

Note: 1) Q no.1 and 2 are compulsory.

2) Write any one question from Q no.3 and 4 and from Q no.5 and 6

Q.1) The following are the balance sheets of M/s P & co. and M/s R & co. as at 31st March 2010:

(15)

Liabilities	P&co.Rs	R&co.Rs	Assets	P&co.Rs	R&co.R
Creditors	60000	300000	Cash in hand	4000	14000
Bank Loan	100000	-	Cash in Bank	-	80000
Outstanding expenses	10000	-	Stock	60000	140000
Bills Payable	-	80000	Debtors	140000	180000
Other Liabilities	-	24000	Furniture	116000	160000
General Reserve	50000	-	Machinery	500000	350000
Capitals:			Building	-	900000
P	400000	-	Prepaid exps.	-	30000
Q	200000	-			
R	-	500000			
S	-	400000			
	820000	2204000		820000	2204000

They agreed to amalgamate their business for this purpose they revalued their assets and liabilities as under:

M/s P & co. Stock Rs.50000; Debtors Rs.124000, Furniture Rs.106000, Machinery Rs.440000, Goodwill Rs.80000, Creditors Rs.50000(including outstanding exps.) Bank Loan will be paid by P and Q.

M/s R & co. Stock Rs.124000, Debtors Rs.160000, Furniture Rs.150000, Building Rs.1040000, Prepaid expenses are to be ignored, Creditors Rs.280000, Bills payable Rs.76000, Goodwill Rs.20000, Other liabilities are to be paid by R and S.

They further decide that:

1) The profits will be shared equally.

2) The total capital of new firm would be Rs.3000000, the difference to be settled in cash.

Prepare 1) Realisation A/c

2) Partner's Capital A/c

3) Balance Sheet of New Firm

Q2)(A) Multiple Choice:

(05)

1) After Amalgamation _____.

- Old firms are dissolved and new firm is established
- Old firms are dissolved
- Old firms are restructured

2) The consequence of conversion is _____.

- Formation of new company
- Dissolution of old firm and formation of new company
- Dissolution of old firm

- / -

(P 10)

3) Del Credere commission is calculated at a certain percentage on _____

- a) Total sales
- b) Credit Sales
- c) Cash Sales

4) Salvage is _____

- a) Stock saved from fire
- b) Stock lost by fire
- c) Stock lying in the warehouse

5) Under Hire purchase _____

- a) Goods are purchased on credit
- b) Goods are purchased on cash
- c) Goods are purchased on instalment

(B) Match the columns:

Column-A	Column-B
1. Insurance Claim	a. Type of Amalgamation
2. Hire purchase price	b. Dissolution of old firm
3. Del credere commission	c. Stock on date of fire - salvage
4. Conversion	d. Cash price + interest
5. 5) Merger	e. Cash price - interest
	f. For extra efforts in selling
	g. Extra commission for recovery from customers

(C) State whether the following statement is True or False:

- 1) Limited capital is the limitation on partnership.
- 2) Hire purchase price includes interest.
- 3) The Objectives of Amalgamation is to enlarge the size of a firm.
- 4) Consignee is a buyer of goods.
- 5) Rate of Gross profit is not important for deciding the stock on the date of fire.

(05)

Q3) M Traders have taken out a fire Insurance policy of Rs.80,000 covering its stock in trade. A fire occurs on 31st March 2007 and stock was destroyed with the exception of Rs. 20,680 worth. Following particulars are available from the books of account of the firm. (15)

Particulars	Rs.
Stock on 1.1.2007	
Purchase to the date of fire	30,000
Sale of the date of fire	1,30,000
Carriage paid on Purchases	90,000
	800

Commission paid on the purchase manager on purchase @ 2%

Average gross profit on cost @ 50%

The policy was subject to average clause

You are requested to calculate the:

Total loss of cost and Amount of claim made against the insurance Co.

OR

Q4) S & N are in partnership sharing profits and losses in proportion of 5:3. Their Balance Sheet as on 31st March, 2009 reads as under: (15)

Liabilities	Rs.	Assets	Rs.
Capital Account:		Property	160000
S	200000	Equipment	240000
N	120000	Furniture	40000
Current Account:		Investments	60000
S	40000	Stocks	100000
N	120000	Debtors	140000
Loans	160000	Cash	20000
Creditors	120000		
	760000		760000

On 31st March 2009, 'AC' private limited is incorporated to take over the running business of the firm on following terms:

- 1) The company will pay consideration as under:
 - a) Allot-15% Preference Shares of nominal value of Rs.320000/- to be distributed in ratio of capital
 - b) Issue equity shares at par of nominal value of Rs.200000/-
 - c) Cash Rs.40000/-
 - 2) The company takes over all assets and liabilities except investment and Bank Balance. The firm owns vehicle worth Rs.100000/- which is fully written off. The vehicle is also taken over by company.
 - 3) Investments are to be taken over by Mr. N at agreed value of Rs. 80000/-
 - 4) The company revalued property at Rs.320000/-, Equipment at Rs.200000/-, Furniture at Rs.20000/-, Vehicles at Rs.100000/-, Stock at Rs.108000/- and Debtors at Rs.66000/-
 - 5) The company allotted 14% Debentures toward of Loan.
- Show (i) Accounts in the books of Firm
(ii) Balance Sheet of 'AC' Private Limited

(15)

Q5) Khoda Ltd purchased a machine from S Ltd. on Installment system on 1st January, 2006. The cash price of the machine was Rs. 3,15,000. An Down payment of Rs. 45,000 was made on the date of delivery. The balance was paid in installment of Rs.90,000 plus interest at 10% per annum. Installments were paid on 30th June every year commencing from 30th June 2006. Khoda Ltd charged depreciation at 10% on the straight line method. They closed their books on 30th June every year.

Show in the books of Khoda Ltd: i) Machinery A/C, ii) Vendor's A/C and iii) Disclosure in Balance Sheet as on 30th June, 2007.

OR

Q6) Pass Journal Entries for the following: (any 1)

(15)

- 1) Show Accounting Entries in respect of Accounting for VAT.
- 2) Journal Entries for the following in the books of Consignor and Consignee:
 - a) Cash Sale
 - b) Credit Sale
 - c) Commission to Consignee
 - d) Del Credere Commission to Consignee
 - e) Bad Debts without Del Credere Commission.

XXXXX