Q. 1 In Similar type business, Red and Yellow are in partnership as Orange Co. and Violet and Blue as Indigo Co. It was Mutually agreed that as on 31st January, 2008; the partnership be amalgamated into one firm, Rainbow Co. The Profit sharing ratio in the various firms were and are to be as follows:

| | Red | Yellow | Violet | Blue |
|---|---|---|---|---|
| Old Firm | 4 | 3 | 3 | 2 |
| New Firm | 6 | 5 | 4 | 3 |

As on 31st December, 2007 the Balance Sheets of the firms were as follow: 15

| Liabilities | Orange ₹ | Inidigo ₹ | Assets | Orange ₹ | Indigo ₹ |
|---|---|---|---|---|---|
| Capital Account | | -- | Property | 7,400 | 10,000 |
| Red | 15,300 | -- | Fixture | 1,800 | 1,400 |
| Yellow | 11,000 | -- | Vehicles | 3,000 | 1,800 |
| Violet | -- | 11,300 | Stock | 8,300 | 6,600 |
| Blue | -- | 7,400 | Investment | 800 | -- |
| Creditors | 5,200 | 6,000 | Debtors | 6,800 | 5,800 |
| Bank Overdraft | -- | 900 | Bank Balance | 3,400 | -- |
| | 31,500 | 25,600 | | 31,500 | 25,600 |

The agreement to amalgamation contains the following provisions:

a) Provision for doubtful debts at the rate of 5% be made in respect of debtors, and a provision for discount receivable at the rate of 2.5% be made in respect of creditors.

b) Rainbow and Co. to take over the old partnership assets at the following values:

| | Orange Co. ₹ | Indigo Co. ₹ |
|---|---|---|
| Stock | 8,450 | 6,390 |
| Vehicles | 2,800 | 1,300 |
| Fixtures | 1,600 | -- |
| Property | 10,000 | -- |
| Goodwill | 6,300 | 4,500 |

c) The Property and fixtures of Indigo Co. not to be taken over by Rainbow Co. (These assets were sold for ₹ 13,500 cash on 1st January, 2008)

d) Yellow to take over his firms investment at a value of ₹ 760.

e) The capital of Rainbow Co. to be ₹ 54,000 and to be contributed by the partners in profit – sharing new firm after taking into account the provision of the agreement.

You are required to prepared ledger accounts to closed the old firms books and draft a new firm balance sheet.

OR

Shri Bright and Shri White are in partnership as Briwhite Company. In the similar type of business Shri Shine and Shri Fine are in partnership as Fineshine Company. It was agreed that on 1st January, 2008, the partnership be amalgamated into one firm, Bright Shine Company. The profit sharing ratio's in the different firms were to be follows:

| | Bright | White | Shine | Fine |
|---|---|---|---|---|
| Old Firms | 4 | 3 | 3 | 2 |
| New Firms | 6 | 5 | 4 | 3 |

As on 31st December, 2007 the Balance Sheet of their enterprises were as follows:

| Labilities | Briwhite, Co. | Fineshine, Co. | Assets | Briwhite, Co. | Fineshine, Co. |
|---|---|---|---|---|---|
| Capital Accounts: | | | Property | 14,800 | 20,000 |
| Bright | 30,600 | --- | Fixtures | 3,600 | 2,800 |
| White22,000 | -- | | Vehicles | 6,000 | 3,600 |
| Shine | 22,600 | 14,800 | Stock | 16,600 | 13,200 |
| Fine | | 12,000 | Investment | 1,600 | |
| Creditors | 10,400 | 1,800 | Debtors | 13,600 | 11,600 |
| Bank Overdraft | | | Bank Balance | 6,800 | -- |
| | 63,000 | 51,200 | | 63,000 | 51,200 |

The Following are the clause of agreement to amalgamate the firm:

1. Provision for doubtful debts at the rate of 5% be made in respect of debtors.
2. Rebate on the liabilities of creditors to be provided for at the rate of 2.5%
3. New company to take over the old business assets as under.

| | Briwhite | Fineshine |
|---|---|---|
| Stcok | 16,900 | 12,780 |
| Vehicles | 5,600 | 2,600 |
| Fixtures | 3,200 | -- |
| Property | 20,000 | --- |
| Goodwill | 12,600 | 9,000 |

4. The Property and fixtures of Fineshine Co. taken over by the new realized ₹ 27,000 (on 1st January, 2008)
5. Shri White takes over Investment for ₹ 1,520.
6. The capital of the partners in the firm to be ₹ 1,08,000 and to be contributed by the partners in profit sharing ratio, and adjustment to be made in cash.
7. Remaining bank balance to be distributed between Fine and Shine in the ratio of 1:2

You are required to prepare:

a) Realisation Accounts

b) Partners Capital Accounts.

c) Bank Accounts.

**Q. 2** M/s Balaji Traders have their branch in shevgaon to which goods are supplied at sellingprice being 30% above cost. The branch remits all cash collection to the head office. immediately. The branch expenses are paid by head office.

From the following details, prepare the Branch Account in the books of the head office:

| | ₹ |
|---|---|
| Stock as on 1.1.2007 | 1,04,000 |
| Debtors as on 1.1.2007 | 70,000 |
| Petty Cash as on 1.1.2007 | 100 |
| Cash sent to Head Office for Cash Sales | 4,42,000 |
| Cash sent to Head office for collection from Debtors | 2,86,000 |
| Goods invoiced to Branch | 7,80,000 |
| Rent and Rates | 24,000 |
| Salaries | 48,000 |
| Sundry Expenses (including petty cash) | 12,000 |
| Goods return to head office | 5,200 |
| Miscellaneous Income | 200 |
| Stock as on 31.12.2007 | 1,30,000 |
| Debtors as on 31.12.2007 | 96,000 |
| Petty Cash as on 31.12.2007 | 200 |

OR

A) On 1st March 2007, Surendra Kapur of Calcutta consigned goods of Rs. 11,000 to Navnithbhai of Nagpur at a proforma invoice value of Rs. 15,000. Surendra Kapur paid ₹ 400 for freight and insurance, Navnithbhai paid ₹ 1000 for carriage and other expenses. Navnithbhai sent a bank draft of ₹ 2,000 to Surendra Kapur as an advance, Navnithbhai sold all the goods for ₹ 16,000. Navnithbhai was entitled to a commission of 5% on sale proceeds. Navnithbhai remitted the balance to Shri Surendra Kapur after deducting his commission and expenses. Give Consignment Accounts and Navnithbhai's Account in the books of Surendra Kapur. 8

B) Mumbai Trading company purchased on 1st January 2005 a machine on installment purchase system. The cash price of the machine was ₹ 15,450 payment was to be made as under.

| | |
|---|---|
| On 1st January 2005 (on signing the contract) | ₹ 3,000 |
| On 31st December 2005 | ₹ 7,500 |
| On 31st December 2006 | ₹ 4,500 |
| On 31st December 2007 | ₹ 3,000 |

You are required to show Interest Account in the books of Mumbai Trading Co. 7

Q. 3 A fire occurred in the godown of X Ltd. on 9th March, 2007; destroyed the entire stock. The books and records were salvaged from which the following particulars were as certained: 15

| | ₹ |
|---|---|
| Sales for the year 2006 | 10,01,000 |
| Sales for the period 1.1.2007 to 8.3.2007 | 3,00,000 |
| Purchase for the year 2006 | 8,00,000 |
| Purchase for the period 1.1.2007 to 8.3.2007 | 1,25,000 |
| Stock on 1.1.2006 | 3,31,100 |
| Stock on 31.12.2006 | 3,85,000 |

The company has been following the practice of valuing the stock of goods at a actual cost plus 10% Included in the stock on 1st January, 2006 were some shop-soiled goods which originally cost ₹ 2,000, but were valued at ₹ 1,100. These goods were sold during the year 2006 for ₹ 1,000. Subjectto these, the rate of Gross profit and the basis of valuation of stock was uniform. You are required to ascertain the value of the Stock destroyed.

**OR**

A) The Loksewa Transport Ltd. purchased truck from the Hindustan Motor Ltd. on Hire Purchase Basis. The cash price of the truck was ₹ 3,20,00. The amount were payable as under: 8

₹ 1,00,000 on the date of purchase i.e 1st January, 2001

₹ 80,000 on 31st December, 2001

₹ 80,000 on 31st December, 2002

₹ 80,000 on 31st December, 2003

The Hindustan Motor Ltd. changed at 5% p.a. on the unpaid amount. The purchaisng company decided to write off as depreciation 20% on the diminishing balance each year. You are required to give Trucks Account, The Hindustan Motor Ltd. Account and Interest Account in books of the Loksewa Transport Ltd.

B) Fire occurred in the factory of B.Co Ltd on 30th June 2007 which had taken an insurance policy for ₹ 50,000 subject to average clause. From the following particulars calculate the claim to be recovered from Insurance company.

| | |
|---|---|
| Stock on 31.12.2006 | ₹ 50,000 |
| Purchases from 1.1.2007 to the date of fire | ₹ 2,00,000 |
| Sales from 1.1.2007 to the date of fire | ₹ 2,40,000 |

It was ascertained that the company for the past five years had made an average gross profit of 20% on sales. The value of goods salvaged was ₹ 14,000. 7

**Q. 4 A) State whether the following statement are True Or False.**

1) On amalgamation old firms are dissolved.
2) If profit on cost is 25% then it is 20% on sales.
3) The relationship between consignor and consignee is that principal and agent.
4) Rights of ownership is transferred to the buyer on payment of first installment under Hire Purchases system.
5) Salvage value is added to stock on the date of fire to get claims.

**B) Match the following colums:**

| Column 'A' | | Column 'B' |
|---|---|---|
| a) AS 14 | 1) | Deals with Stock valuation |
| b) Debtors Systems | 2) | Deals with Amalgamation |
| c) Consignor | 3) | H.O. Considered branch as debtors |
| d) Hire Purchase Price | 4) | Shows transactions related to debtors |
| e) Abnormal Goods | 5) | Who send the goods on consignment |
| | 6) | Who received the goods of consignment |
| | 7) | Cash Price + Interest |
| | 8) | Cash Price – Interest |
| | 9) | Slow moving goods |
| | 10) | Fast moving goods |

**C) Multiple Type Questions:**

1) Assets are transferred to Realistion Accounts at ..........................
   a) Book Value b) Market Value c) Agreed Value d) Cost
2) Branch account under Debtors system is ..........................
   a) Personal Account b) Real Account c) Nominal Account
3) Loss by theft is ..........................
   a) Normal loss b) Abnormal loss c) Consignee's loss
4) Interest is always charged on ..........................
   a) Outstanding H.P. Price
   b) Cash Price
   c) Instalment price
5) Debtors accounts is prepared to find out ..........................
   a) Credit sales b) Cash sales
   c) Credit purchases d) Cash purchases



**OR**

**Q. 4 A)** XYZ and Co. took over assets. i.e. Land and Building ₹ 4,00,000; Plant and Machinery ₹ 3,00,000: furniture ₹ 2,00,000: Stock k ₹ 60,000; Debtors ₹ 1,50,000 and Cash and Bank balance ₹ 90,000. The liabilities taken over include creditors ₹ 1,50,000; Bills Payable ₹ 40,000 and expenses payable ₹ 10,000. Purchase considertion is
   a) ₹ 10,00,000 b) ₹ 12,00,000 c) ₹ 14,00,000

**B)** X and Co. have Branch at Mumbai and H.O at Delhi, Goods are sent to Branch at cost plus 25%. Opening stock Rs. 21,000; calculate loading in opening stock.
   a) ₹ 5,250 b) ₹ 4,200 c) ₹ 4,800

**C)** M of Maharashtra consigned goods of ₹ 30,000 to G of Gujrat and paid ₹ 1,500 for expenses. The consignee paid ₹ 200 for freight and ₹ 250 for godown rent, 90% of the goods are sold. Find the value of closing stock.
   a) ₹ 3,150 b) ₹ 3,195 c) ₹ 3,170 d) ₹ 3,000

**D)** The Madras Transport Company purchased a lorry on installment basis. On 1st January, 2005 paying ₹ 20,000 cash and agreement to pay three further installments of ₹ 20,000 each on 31st December each year. The cash price of the lorry was ₹ 74,500 and lorry company charges interest at 5% p.a. What is the total interest.
   a) ₹ 5,500 b) ₹ 6,000 c) ₹ 5,700

**E)** Goods worth Rs. 20,000 were stolen during the year. Gross profit is 25% on sales. What value would you record?
   a) ₹ 20,000 b) ₹ 15,000 c) ₹ 10,200