**CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2013**
**COMMERCE**
**FINANCIAL ACCOUNTING – IV**

**Time: 3 Hrs** **Max. Marks: 80**

**Note: Provide working notes wherever necessary.**

**SECTION – A**

**Answer any Three questions.** **3 x 20 = 60**

1. Adarsh Mining Company holds a lease of a mine for 10 years commencing from 1st January 2005. According to the lease, the company is to pay `1.50 as royalty per ton with a minimum rent of `30,000 a year. Short workings can, however, be recovered out of the excess royalty of the next two years only. In the year of a strike, the minimum rent is to be reduced proportionately. The output for the six years has been as under:

| Year | Output (tons) |
|---|---|
| 2005 | 10,000 |
| 2006 | 12,000 |
| 2007 | 28,000 |
| 2008 | 25,000 |
| 2009 | 50,000 |
| 2010 | 15,000 (strike for 3 months) |

Prepare the ledger accounts in the books of Adarsh mining company

2. X, Y and Z were in partnership sharing profits and losses in the ratio of ½ , 1/3 and 1/6 respectively. The partnership was dissolved on 31 – 3 – 2012, when the position was as follows:

Balance Sheet as on 31 – 3 – 2012

| Liabilities | ` | Assets | ` |
|---|---|---|---|
| Creditors | 60,000 | Machinery | 40,000 |
| General reserve | 15,000 | Stock | 32,000 |
| Capital X | 34,000 | Debtors | 44,000 |
| Y | 16,000 | Cash | 8,000 |
| Z | 2,000 | Profit & Loss A/c | 3,000 |
| | 1,27,000 | | 1,27,000 |

The net realization of the month should be distributed in their due order at the end of each month. The realizations and expenses were:

| Month | Assets realised ` | Expenses ` |
|---|---|---|
| May | 24,000 | 2,000 |
| June | 38,000 | 3,600 |
| July | 20,000 | 1,400 |
| August | 23,000 | 2,000 |
| September | 12,000 | 2,000 |

Y took the remaining stock at `4,200.

Prepare a statement of piecemeal distribution of cash under the proportionate capital method.

3. From the following Trial Balance of Urva Departmental Stores, Prepare Columnar Trading Account and General Profit and Loss A/c and consolidated Balance Sheet as on 31st December 2012.

| Particulars | Dr. (`) | Cr. (`) |
|---|---|---|
| Share Capital | | 8,00,000 |
| Buildings | 4,00,000 | |
| Machinery | 2,50,000 | |
| Opening stock – Dept A | 30,000 | |
| Dept B | 40,000 | |
| Purchases & Sales | | |
| Dept A | 10,00,000 | 20,00,000 |
| Dept B | 15,00,000 | 32,00,000 |
| General Expenses | 14,00,000 | |
| Debtors & Creditors | 2,00,000 | 1,00,000 |
| Cash at Bank | 12,80,000 | |
| | 61,00,000 | 61,00,000 |

Additional information:

1) Closing stock of Dept. A `1,30,000 including goods from Dept. B of `40,000. Closing Stock of Dept. B `2,60,000 including goods from Dept A `90,000. Both the departments supplied goods at their selling price.
2) Sales of Dept. A includes `2,00,000 transferred to Dept B and that of Dept. B includes `3,00,000 transferred to Dept A, both at market price to the transferee Dept.
3) Depreciation on buildings at 5% p.a. and Machinery at 10% p.a. is to be provided.
4) Create RBD at 5% on Debtors and 3% as reserve for discount on creditors.
5) Manager's salary due was `8,000.

4. Firms A & B and C & D decided to amalgamate as on 1st January 2013 under the name Bharat Trading Company. Their Balance Sheets were as follows as on 31st December 2012.

A & B

| Liabilities | ` | Assets | ` |
|---|---|---|---|
| Creditors | 10,000 | Buildings | 18,000 |
| Reserve | 20,000 | Stock | 30,000 |
| Capital A | 30,000 | Debtors | 12,000 |
| B | 20,000 | Investments | 20,000 |
| | 80,000 | | 80,000 |

C & D

| Liabilities | ` | Assets | ` |
|---|---|---|---|
| Bank loan | 8,000 | Goodwill | 10,000 |
| Creditors | 22,000 | Stock | 26,000 |
| Capital C | 15,000 | Debtors | 24,000 |
| D | 15,000 | | |
| | 60,000 | | 60,000 |

A and B shared profits in proportion to their capitals, while C & D shared profits equally. The terms of amalgamation were:

i) A, B, C & D to be partners in the new firm and to share profits & losses in the same ratio as their capitals in the new firm after all adjustments had been made.
ii) The buildings owned by A & B to be taken over by the new firm at a valuation of `23,000. However, the new firm does not take over their investments.
iii) The goodwill appearing in the Balance Sheet of C and D was worthless.
iv) After the above adjustments have been made, C & D each to bring in `5,000 as additional capitals.

Show necessary ledger accounts in the books of the old firms and the Balance Sheet of the new firm.

## SECTION – B

**Answer any Three questions.** **3 x 5 = 15**

5. From the following information prepare Branch Account in the books of Head office when goods are supplied at cost price.

| | | |
|---|---|---|
| Opening stock | | 10,000 |
| Closing stock | | 15,000 |
| Goods sent to Branch | | 50,000 |
| Goods returned by branch | | 1,000 |
| Opening Petty Cash | | 200 |
| Closing Petty Cash | | 300 |
| Cash sent to branch for: | | |
| Salary | 4,000 | |
| Rent | 1,000 | |
| Petty Cash | 2,000 | 7,000 |
| Cash remitted by branch to H. O. | | 30,000 |

6. A, B, and C were partners sharing profits and losses in the ratio of 3:2:1. They dissolved their firm on 1 – 1 – 2012 when their position was as under:

| Liabilities | | Assets | |
|---|---|---|---|
| Creditors | 70,000 | Land & Building | 60,000 |
| General Reserve | 10,000 | Plant & Machinery | 80,000 |
| Capital A | 40,000 | Stock | 60,000 |
| B | 60,000 | Cash in hand | 10,000 |
| C | 35,000 | Profit and Loss A/c | 5,000 |
| | 2,15,000 | | 2,15,000 |

Ascertain the surplus capital of the partners under proportionate capital method.

7. A, B, and C are partners in a firm sharing profit & losses in the ratio of 3:2:1. On 31–12–2012 they agreed to sell their business to a Limited Company, on which date their Balance Sheet was as follows:-

| Liabilities | | Assets | |
|---|---|---|---|
| Capital A | 20,000 | Freehold property | 18,000 |
| B | 15,000 | Machinery | 12,000 |
| C | 13,000 | Book debts | 15,000 |
| Loan on mortgage | 4,000 | Stock | 13,000 |
| creditors | 8,000 | Cash | 2,000 |
| | 60,000 | | 60,000 |

The company took the following assets at valuations shown below:
Freehold property `22,000, Machinery `11,000, Book debts `14,000, Stock `12,000, Goodwill `4,000
The company also agreed to pay the creditors at `7,700. Expenses of realization amounted to `500.
Prepare the Realisation Account.

8. From the following information prepare Minimum Rent Account and short workings account in the books of lessee.

| Year | Royalty |
|---|---|
| 2010 | 80,000 |
| 2011 | 95,000 |

2012 1,00,000

Minimum rent is `1,00,000 with a right to recoup short workings in the subsequent year following the short workings.

**SECTION – C**

**Answer all the questions:** **5 x 1 = 5**

9. How do you allocate the following items in departmental accounts?
   a) Discount received b) Rent c) Lighting d) Carriage inwards

10. State any two features of dependent branches.

11. What is meant by royalty and minimum rent?

12. What is the significance of piece meal distribution of cash?

13. State two methods of calculating purchase consideration on sale of partnership firm.

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COM 401 Reg. No. ……

CREDIT BASED FOURTH SEMESTER B.Com DEGREE EXAMINATION

APRIL 2014

COMMERCE

FINANCIAL ACCOUNTING - IV

Time: 3 Hrs Max. Marks: 80

SECTION – A

**Answer any THREE questions:** **3X20=60**

1. From the following trial balance, prepare departmental trading and profit and loss account and balance sheet for the year ended 31-12-2009.

| | |
|---|---|
| Stock on 1-1-09 | |
| A Dept. | 17,400 |
| B Dept. | 14,700 |
| Purchases: | |

| | | |
|---|---|---|
| A Dept. | 35,000 | |
| B Dept. | 30,000 | |
| Sales: | | |
| A Dept. | | 60,000 |
| B Dept. | | 40,000 |
| Wages: | | |
| A Dept. | 8,700 | |
| B Dept. | 2,200 | |
| Rent and rates | 9,390 | |
| Sundry expenses | 3,600 | |
| Salaries | 3,000 | |
| Lighting and heating | 2,100 | |
| Discount allowed | 2,220 | |
| Discount received | | 650 |
| Advertising | 3,680 | |
| Carriage inward | 2,340 | |
| Furniture | 3,000 | |
| Plant | 21,000 | |
| Debtors | 6,060 | |
| Creditors | | 30,650 |
| Capital | | 47,660 |
| Drawings | 4,500 | |
| Cash at bank | 9,900 | |
| Cash in hand | 170 | |
| | 1,78,960 | 1,78,960 |

Additional information:

i) Internal transfer of goods from Dept A to Dept B is `420
ii) The items Rent and Rates, Sundry expenses lighting and heating, salaries and carriage inward to be apportioned $^2/_3$ to Dept A and $^1/_3$ to Dept B.
iii) Advertising is to be apportioned equally.
iv) Discount allowed and received are to be apportioned on the basis of sales and purchases. (excluding transfers)
v) Depreciation at 10% per annum on furniture and plant to be charged ¾ to Dept A and ¼ to Dept B.
vi) The stock on 31-12-09 Dept A 16,740, Dept B 12,050.

2. Shimoga head office has a branch at Koppa. The goods are invoiced to the branch at cost plus 50%. From the following particulars prepare the necessary ledger accounts in the books of head office under "Stock and Debtor System".

| | ` |
|---|---|
| Stock on 1-1-09 (at invoice price) | 1,20,000 |
| Debtors on 1-1-09 | 60,000 |
| Goods sent to branch (at invoice price) | 6,00,000 |
| Cash sales | 2,14,000 |
| Credit sales | 3,40,000 |
| Cash received from debtors | 2,92,000 |

| | | |
|---|---|---|
| Discount allowed to debtors | | 8,000 |
| Goods returned from debtors | | 20,000 |
| Goods returned by branch | | 30,000 |
| Cash sent to branch for | 40,000 | |
| Salary | 20,000 | |
| Rent | 6,000 | |
| Sundry expenses | | 66,000 |
| Deficit in goods at branch (at invoice price) | | 6,000 |
| Stock on 31-12-09 (at invoice price) | | 1,50,000 |

3. Bengal Coal Co. worked under a lease which provided for a payment of royalty at 50 paise per ton with a minimum rent of 8,500p.a. Each years excess of minimum rent over royalty were recoverable during the subsequent 3 years. The lease however stipulated that if in any year the annual rent not being reached due to strike, the minimum rent was to be regarded as having been reduced proportionately having regard to the length of stoppage.

   Following particulars are made available to you:

| Years | Royalty ` |
|---|---|
| 2006 | 1000 |
| 2007 | 7000 |
| 2008 | 7500 |
| 2009 | 11500 |
| 2010 | 7500 (Strike for 3 months) |

   Prepare Royalty A/c, Short workings A/c and Landlord's A/c in the books of Coal Company.

4. X, Y and Z were in partnership sharing profits and losses in the ratio of ½, $^1/_3$ and $^1/_6$ respectively. The partnership was dissolved on 31st March, 2009 when the position was:

| | ` | | ` |
|---|---|---|---|
| Creditors | 30,000 | Cash | 4,000 |
| Reserve | 6,000 | Debtors | 42,000 |
| Capital X | 17,000 | Stock | 16,000 |
| Y | 8,000 | | |
| Z | 1,000 | | |
| | 62,000 | | 62,000 |

   It was agreed that the net realization should be distributed in their due order at the end of each month. The realization and expenses were:

| Month | Debtors ` | Stock ` | Expenses ` |
|---|---|---|---|
| April | 12,000 | 6,000 | 800 |
| May | 8,000 | 4,000 | 1,000 |
| June | 7,000 | 3,000 | 700 |
| July | 10,000 | 1,000 | 500 |
| August | 2,000 | 3,500 | 500 |

The stock having been completely disposed off, it was agreed that Z should take over the remaining debtors at `600.
Prepare a statement of cash distribution using 'Proportionate Capital Method'.

## SECTION – B

**Answer any three questions:** **3x5=15**

5. ABC Ltd is having a Branch at Bangalore. Head office sends the goods at cost. Branch sells the goods only for cash.
The following information is available.

| | ` |
|---|---|
| Stock on 1-1-12 | 25,000 |
| Stock on 31-12-12 | 29,000 |
| Goods sent to branch | 90,800 |
| Goods returned by branch | 1,200 |
| Petty cash balance on 1-1-12 | 300 |
| Petty cash balance on 31-12-12 | 640 |
| Cash sales | 1,62,400 |
| Cash remitted by head office for expenses | 13,400 |

Prepare Bangalore Branch Account

6. A, B and C share profits and losses in the proportions of $^{4}/_{10}$, $^{5}/_{10}$ and $^{1}/_{10}$. Their Balance Sheet as on 31-12-2010 was as follows:

| | ` | | ` |
|---|---|---|---|
| Sundry creditors | 10,000 | Cash in hand | 3,000 |
| A's loan | 6,000 | Other assets | 56,000 |
| B's loan | 3,000 | | |
| Reserve fund | 6,000 | | |
| Profit & Loss A/c | 4,000 | | |
| Capital accounts: | | | |
| A | 15,000 | | |
| B | 12,000 | | |
| C | 3,000 | | |
| | 59,000 | | 59,000 |

Ascertain the surplus capital of the partners under proportionate capital method

7. Pass necessary journal entries in the books of lessee to record the following transactions with minimum Rent Account.
Minimum Rent `2,00,000
Royalties `1,60,000
Short workings not recouped `40,000

8. The following is the balance sheet of A, B and C who share profits and losses in proportions of $^{1}/_{2}$, $^{1}/_{3}$ and $^{1}/_{6}$ respectively.

| Liabilities | ` | Assets | ` |
|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Creditors | | 12,000 | Cash in hand | | 5,000 |
| Bank loan | | 5,000 | Debtors | 8,000 | |
| A's loan A/c | | 8,000 | Less: Reserve | 400 | 7,600 |
| Capital: | | | Stock | | 12,400 |
| A | 20,000 | | Motor van | | 15,000 |
| B | 15,000 | | Furniture | | 5,000 |
| C | 10,000 | 45,000 | Buildings | | 25,000 |
| | | 70,000 | | | 70,000 |

The assets realized as follows. Buildings `28,000, Motor Van `13,000, Furniture `6,000, Stock `14,000, Debtors `7,800, and Goodwill `3,000. The expenses of realization amounted to `600. The sundry creditors and loan were paid in full. An outstanding liability of `200 not included in the Balance Sheet was also paid off. Prepare Realisation Account.

## SECTION – C

**Answer all the questions:** **5x1=5**

9. What is meant by short workings?
10. How do you allocate the following items in departmental accounts?
    a) Rent b) Debt collection charges.
11. What is goods in transit and cash in transit?
12. State two methods of calculating purchase consideration on sale of partnership firm.
13. What is Piecemeal distribution of cash?

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**CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2015**
**COMMERCE**
**FINANCIAL ACCOUNTING - IV**

**Time: 3 Hrs** **Max. Marks:**

## SECTION – A

**Answer any THREE questions:** **3×20=**

1. Mr. Raman wrote a book on marketing and got it published with United Publishers, Mangalore on the terms that royalty be paid at `50 per copy sold subject to a minimum rent of `15,00,000 per year. With a right to recoup short workings over the first three years only. The details are as under.

| Year | No. of copies printed | No. of closing stock |
|---|---|---|
| 2010 | 20000 | 2000 |
| 2011 | 30000 | 3000 |
| 2012 | 40000 | 4000 |
| 2013 | 50000 | 5000 |

Prepare i) Minimum Rent A/c ii) Royalty A/c
iii) Short workings A/c iv) Raman's A/c in the books of United Publishers

2. Vijaya Merchant of Bangalore has a branch at Mangalore. Goods are invoiced to the branch at cost plus 25%. Branch is instructed to deposit cash every day in the head office account with bank. All expenses are paid through cheques by the head office except the petty expenses which are paid by the Branch Manager.

   Prepare Branch Account in the books of Head Office after taking into account the following information.

| | |
|---|---|
| Stock at invoice price on 1st January 2011 | 82,000 |
| Stock at invoice price on 31st December 2011 | 96,000 |
| Debtors on 1st January 2011 | 31,700 |
| Debtors 31st December 2011 | 42,150 |
| Furniture on 1st January 2011 | 23,400 |
| Cash sales | 4,01,300 |
| Credit sales | 3,72,100 |
| Cash collected from debtors | ? |
| Goods invoiced to branch by the head office | 6,28,000 |
| Furniture purchased on 30th June 2011 by the branch manager out of cash sales and collection from debtors | 2,500 |
| Branch expenses paid by the head office | 1,32,000 |
| Petty expenses paid by the branch | 10,450 |

   Charge depreciation on branch furniture at 10% p.a.

3. Following are the balance sheets of two firms.

Balance sheet of A and B

| Liabilities | ` | Assets | ` |
|---|---|---|---|
| Creditors | 2,00,000 | Cash | 60,000 |
| Mrs. A's loan | 50,000 | Stock | 2,00,000 |
| Reserve | 40,000 | Debtors | 1,50,000 |
| Capital A | 4,00,000 | Furniture | 40,000 |
| B | 2,00,000 | Premises | 4,40,000 |
| | 8,90,000 | | 8,90,000 |

Balance sheet of C

| Liabilities | ` | Assets | ` |
|---|---|---|---|
| Creditors | 2,00,000 | Cash | 70,000 |
| Bills payable | 50,000 | Stock | 18,000 |
| C's capital | 4,00,000 | Debtors | 2,00,000 |
| | | Furniture | 50,000 |
| | | Investment | 1,10,000 |
| | | Loss | 40,000 |
| | 6,50,000 | | 6,50,000 |

   The two firms are amalgamated the terms are:-

   i) Transfer the trade liabilities of both the firms to new books at book values. But Mrs. A's loan is to be paid off.
   ii) Goodwill of two firms is agreed as follows A & B `80,000, C `1,00,000.

iii) Stock of A and B is found overvalued by `40,000 and that of C undervalued by `2,00,000.
iv) Premises are revalued at `5,00,000, debtors 5% less than book values.
v) Investment of C is considered useless.
vi) Capitals in the new firm are to be contributed equally by all partners and that the capital of the new firm is fixed at `1,20,000 (Actual cash to be withdrawn or brought in as the case may be).

Prepare Revaluation account and capital accounts in the books of 'A', 'B' and 'C'. Pass the opening entries in the books of A, B and C. Draft the balance sheet of the amalgamated firm.

4. X, Y and Z were in partnership sharing profits and losses in the ratio of $^1/_2$, $^1/_3$ and $^1/_6$ respectively.
The partnership was dissolved on 30/6/2014 on which date their balance sheet was as follows:

| | ` | | ` |
|---|---|---|---|
| X's capital | 1,40,000 | Cash | 28,000 |
| Y's capital | 70,000 | Debtors | 2,94,000 |
| Z' capital | 14,000 | Stock | 1,12,000 |
| Creditors | 2,10,000 | | |
| | 4,34,000 | | 4,34,000 |

It was agreed that the act realizations should be distributed in their due order at the end of each month.
The realizations and expenses were as under.

| Month | Stock & debtors | Expenses |
|---|---|---|
| August | 84,000 | 7,000 |
| September | 1,26,000 | 5,400 |
| October | 70,000 | 4,900 |
| November | 77,000 | 3,500 |
| December | 35,500 | 3,500 |

Show how cash was distributed in the form of a statement.

## SECTION – B

**Answer any THREE questions:** **3×5=**

5. Write the journal entries in the books of the Head Office to record the following transactions:
a) Branch office pays dividend on behalf of head office.
b) Branch office collects the amount of calls in arrears on behalf of head office.
c) Depreciation on branch machinery, the account of which is maintained at head office.
d) Branch expenses paid by the head office.
e) Goods sent by head office but not reached to the branch by the end of accounting year.

6. What basis would you consider best to allocate the following expenses in the Departmental A/c.
a) Labour welfare expenses b) Bad debts c) Carriage inward
d) Rent e) Repairs to machinery

7. Ashok, Balram and Chandran were partners in a firm sharing profit and losses in the Ratio of 2:1:2. They decided to convert their business into a Joint Stock Company with effect from 1-1-1990 on which date their balance sheet stood as under.

| Liabilities | ` | Assets | ` |
|---|---|---|---|
| Capitals: Ashok | 2,500 | Goodwill | 8,000 |
| Chandran | 8,500 | Motor car | 5,000 |
| Loan from Chandran | 5,000 | Stock | 5,000 |
| Bank overdraft | 3,000 | Debtors | 8,000 |
| Creditors | 6,000 | Cash | 1,000 |
| Bills of exchange | 5,000 | Balram's capital | 3,000 |
| | 30,000 | | 30,000 |

All assets (except cash) and all outside liabilities are taken over by the company for a consideration of `20,000 to be discharged through a 2000 equity shares of `10 each treated as fully paid. Prepare the Realisation A/c.

8. From the following information, prepare minimum Rent Account and Short workings A/c.
2011 – `80,000; 2012 – `95,000; 2013 – `1,00,000.
Minimum Rent is `1,00,000 with a right to recoup short workings in the subsequent years following the short workings.

## SECTION – C

**Answer all the questions:** **5×1=**

9. What is meant by purchase consideration?
10. State the order of payment on dissolution of partnership firm.
11. What is meant by invoice price (loaded)?
12. What is 'Dead Rent'?
13. Mention any two objects of Departmental Accounting.

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It was agreed by the company to take over the assets at book value with the exception of land and buildings and stock which are taken over at ₹45,000 and ₹20,000 respectively. The investments were retained by the firm and sold for ₹4,000. They discharged the loan of Mrs. A. The company takes over the remaining liabilities. The value of goodwill is fixed at ₹28,800.

Prepare the Realisation Account.

## SECTION – C

**Answer ALL the questions:** **5×1=5**

9. What is the significance of piece meal distribution of cash?

10. What basis you consider the best to allocate the following expenses in the departmental accounts?
    a) Discount allowed
    b) Repairs to Machinery
    c) Bad Debts
    d) Freight

11. What is meant by"Cash in transit" and "Goods in transit" in branch accounts?

12. What is meant by short workings and recoupment of short workings?

13. What is Purchase Consideration?

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**COM 401** **Reg. No. .....**

## CREDIT BASED FOURTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2016
## COMMERCE
## FINANCIAL ACCOUNTING – IV

**Time: 3 Hrs.** **Max. Marks: 80**

## SECTION – A

**Answer any THREE questions:** **3×20=60**

1. Shukla wrote a book on Accounting and got it published by Chand & Co., on the following terms:

   The publishers were to pay a royalty at 15% of the sale proceeds of each year, subject to minimum rent of ₹10,000 a year. The difficiency in sales, if any, could be recouped out of the surplus of the next year only. The details of the sales are given below:-

| Year | No. of copies sold | Price per copy (₹) |
|---|---|---|
| 2008 | 2000 | 20 |
| 2009 | 4000 | 20 |
| 2010 | 5000 | 25 |
| 2011 | 5500 | 25 |
| 2012 | 6000 | 30 |

   Prepare the ledger accounts in the books of Chand and Company.

2. East, South and North are in partnership sharing Profits and Losses in the ratio of 3:2:1. They decide to close the business on 31-12-2011 on which date their Balance Sheet was as follows:

| Liability | ₹ | Assets | ₹ |
|---|---|---|---|
| Creditors | 10,320 | Land & Building | 34,810 |
| Loan from North | 3,000 | Motor Car | 1,160 |
| Capitals – East | 38,700 | Investments | 1,080 |
| South | 10,680 | Stock | 19,530 |
| North | 11,100 | Debtors | 11,280 |
| | | Cash | 5,940 |
| | 73,800 | | 73,800 |

   The assets were realized in piece meal and it was agreed that cash should be distributed as and when realized. The assets realized were:

   January ₹10,380, February ₹27,900, March ₹3,600, in the month of April North took over investments at ₹1,260 and assets realized ₹19,200.

   Dissolution expenses were originally provided for an estimated amount of ₹2,700. But actual amount spent on March was ₹1,920.

   Prepare statement showing the piecemeal distribution of cash among the partners.

3. A company has 2 departments A and B. Dept. A transfers goods to Dept. B at normal selling price. From the following particulars prepare departmental trading and Profit & Loss A/c and General Profit & Loss A/c for the year ended 31-12-2012.

| Particulars | Dept. A (₹) | Dept. B (₹) |
|---|---|---|
| Opening stock | 2,00,000 | Nil |
| Purchases | 22,00,000 | 2,00,000 |
| Wages | 1,00,000 | 1,60,000 |
| Sales | 23,00,000 | 15,00,000 |
| Closing stock (at cost to respective dept) | 5,00,000 | 1,80,000 |

Goods transferred from A Dept to B Dept is ₹7,00,000. The following expenses are to be apportioned between A and B.

| Item of expense | Basis of apportionment | Amount (₹) |
|---|---|---|
| Travelling expenses | 1:2 | 1,50,000 |
| Printing & Stationery | Ratio of sales (including inter-dept transfers) | 36,000 |
| Salaries | Ratio of sales (including inter-dept transfers) | 2,70,000 |
| Advertisement | Ratio of sales (Excluding transfers) | 76,000 |
| General expenses | 3:1 | 8,00,000 |
| Depreciation on machinery | 1:3 | 12,000 |

Some of the common expenses which cannot be apportioned are as follows:-
Audit fees ₹25,000
General Managers salary ₹50,000
Office expenses ₹15,000
Out of the closing stock of B Dept ₹1,35,000 represents goods transferred from A Dept.

4. Following were the Balance Sheets of two firms M/s A & B and M/s X & Y as at 31-3-2012.

| Liabilities | A & B (₹) | X & Y (₹) | Assets | A & B (₹) | X & Y (₹) |
|---|---|---|---|---|---|
| Creditors | 20,000 | 25,000 | Cash at Bank | 5,600 | 6,700 |
| Mrs. A's loan | 5,000 | --- | Stock | 20,400 | 18,300 |
| Capitals: A | 40,000 | --- | Debtors | 15,000 | 20,000 |
| B | 20,000 | --- | Office furniture | 4,000 | 5,000 |
| X | | 24,000 | Premises | 40,000 | ---- |
| Y | | 16,000 | Investments | ---- | 15,000 |
| | 85,000 | 65,000 | | 85,000 | 65,000 |

The two firms decided to amalgamate their business as from 1st April 2012. For this purpose it was agreed that:
a) Mrs. A's loan should be repaid
b) Goodwill of M/s A & B be fixed at ₹8,000 and that of X & Y at ₹10,000.
c) Premises be valued at ₹50,000
d) Stock of M/s A & B be written down by ₹4,000 and that of M/s X & Y be written up by ₹2,000.
e) A provision of debtors be created in both firms at 5%.
f) The total capital of the new firm be fixed at ₹80,000 to be contributed in profit sharing ratio of A – 3, B – 2, X – 3 & Y – 2
g) Goodwill A/c in the new firm be written off.
Close the books of the two firms and give the balance sheet of the new firm.

## SECTION – B

**Answer any THREE questions:** **3×5=15**

5. Anil, Sunil and Vimal are partners in a firm sharing profits and losses in the ratio of 4:3:2. Their balance sheet as on 31-3-2012 was as follows:

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Capitals: Anil | 1,00,000 | S. Assets | 3,00,000 |
| Sunil | 70,000 | | |
| Vimal | 40,000 | | |
| General Reserve | 90,000 | | |
| | 3,00,000 | | 3,00,000 |

Calculate surplus capital under proportionate capital method.

6. Raja Ltd., invoices goods to its Sringeri branch at cost. The branch sells the goods only for cash. From the following information, prepare Branch A/c for the year ending 31st December 2012.
Stock on 1-1-2012 ₹12,500
Stock on 31-12-2012 ₹14,500
Goods sent to branch ₹45,000
Goods returned by branch ₹600
Petty cash on 1-1-2012 ₹150
Petty cash on 31-12-2012 ₹320
Cash remitted to branch for
Salary ₹4,500
Rent ₹1,200
Petty cash ₹1,000 ₹6,700
Cash sales ₹81,300

7. A colliery worked out a coal under a lease which provides for the payment of royalty at 50 paise per ton with a minimum rent of ₹17,000p.a. Each year short workings were recoverable during subsequent 3 years. The lease, however, stipulated that if in any year the normal rent was not attained due to strike or accident, the minimum rent was to be reduced proportionately with regard to the length of stoppage.
The output was as follows:-

| Year | Output |
|---|---|
| 2007 | 4,000 Tons |
| 2008 | 28,000 Tons |
| 2009 | 30,000 Tons (strike for 3 months) |
| 2010 | 46,000 Tons |

Prepare analytical table of royalty.

8. The Sunshine Co. Ltd., was formed to acquire the business of A and B who share profits in the ration of 2:1. The Balance Sheet of A and B as on 31-12-2012 was as follows:

| Liabilities | ₹ | Assets | ₹ |
|---|---|---|---|
| Bills payable | 7,200 | Land & Buildings | 40,000 |
| Creditors | 21,600 | Machinery | 20,000 |
| Mrs. A's loan | 3,200 | Stock | 24,000 |
| Capitals: A | 64,000 | Debtors | 23,200 |
| B | 40,000 | Goodwill | 8,000 |
| | | Bills Receivable | 6,400 |
| | | Investments | 4,800 |
| | | Cash at bank | 9,600 |
| | 1,36,000 | | 1,36,000 |