

ARACHNOID

TIME : 2 hrs.

MARKS : 50

- Instruction :**
- 1) Question No.1 carries 14 marks and the remaining questions carry 12 marks each.
 - 2) Question No.1 and Question No.2 are compulsory.
 - 3) Question No.3 contains internal option i.e. Q.No.3 or Q.No.3, out of which, any one is to be attempted.
 - 4) Question No.4 contains internal option i.e. Q.No.4 or Q.No.4, out of which any one is to be attempted.
 - 5) In all, four questions are to be attempted i.e. Q.No.1, Q.No.2, Q.No.3 and Q.No.4.

Q.1 A and B were partners in AB & Co. sharing profits and losses in the ratio of 1:3. C and D were partners in CD & Co. sharing profits and losses in the ratio of 1 : 2.

The balance sheets of the two firms as on 31.3.2008 were as follows :-
Balance sheet as on 31.3.2008.

	AB & Co.	CD & Co.		AB & Co.	CD & Co.
Liabilities	Rs.	Rs.	Assets	Rs.	Rs.
Partner's Capital			Good will	5,000	30,000
A	51,000	-	Building	80,000	2,50,000
B	85,000	-	Furniture	18,000	32,000
C	-	1,00,000	Stock	40,000	70,000
D	-	2,80,000	Debtors	50,000	2,00,000
General Reserve	24,000	1,00,000	Cash	7,000	18,000
Creditors	32,000	90,000			
Bills Payable	8,000	8,000	30,000		
	2,00,000	6,00,000		2,00,000	6,00,000

It was decided to amalgamate the two firms with effect from 1.4.2008

The terms of the amalgamation were as follows

- a) The new firm ABCD & Co. will take over all the assets and liabilities of the two old firms at the following agreed values :-

	AB & Co.	CD & Co.
Particulars	Rs.	Rs.
Goodwill	20,000	50,000
Building	1,22,000	3,92,000
Furniture	16,000	30,000
Stock	35,000	60,000
Debtors	Book value	1,80,000
Creditors	40,000	95,000
Bills Payable	10,000	35,000

- b) A, B, C and D would become partners in the new firm ABCD & Co. sharing profits and losses in the ratio of 3 : 9 : 4 : 8 respectively.
- c) The total capital in the new firm ABCD & Co. was fixed at Rs.9,60,000 and the

- d) Realisation A/C and Partner's capital Accounts in the books of CD & Co.
- e) Opening Balance Sheet of New firm ABCD & Co. immediately after amalgamation is completed.

Q.2 (Objective) - (12 Sub - questions carrying one mark each)

In each of the following cases, state whether the given statement is TRUE OR FALSE. Reasons need not be given.

- a) Consignee is entitled to share in the profits earned on the consignment.
- b) When two firms AB & Co. and CD & Co. are amalgamated to form a new firm ABCD & Co., both the old firms AB & Co. and CD & Co. will be dissolved.
- c) Under Stock and Debtors Method, shortage of stock can be found out from Branch Debtors A/C.
- d) If policy amount is more than the asset value on the date of fire, average clause will be applicable.
- e) On payment of the last instalment, the hire-purchaser becomes the owner of the goods.
- f) Under Stock and Debtors Method, balancing figure in Branch Stock A/C after all other entries are made is taken as Closing Stock at the Branch
- g) In amalgamation, sundry assets are transferred to the Realisation account at agreed values.
- h) Consignment stock of goods in the possession of the consignee will appear as asset in the balance sheet of the consignee on that date.
- i) In hire-purchase, the down payment is payable at the end of one year from the date of signing of agreement.
- j) Loss on account of bad debts must be borne by Consignor whenever del credere commission is given.
- k) Hire - purchase system is a form of credit facility given to the customers by the seller
- l) If insurance premium remains unpaid on the date of fire, no claim can be made for loss of stock by fire.

Q.3 On 1st January, 2006, PR & Co. purchased machinery from SR & Co. on hire-purchase basis.

The following were the terms of the Hire-purchase agreement

- a) Cash down payment of Rs.10,000 at the time of signing of agreement on 01/01/2006.
- b) Three instalments of Rs.20,000, Rs.30,000 and Rs.40,000 payable on 31st December 2006, 2007, and 2008 respectively
- c) Interest to be charged by the seller @ 12% p.a. on outstanding balances of cash price
- d) The cash price of the machinery was Rs.80,244.

The entire transaction was duly completed. PR & Co. provides depreciation on machinery @ 15% p.a. on the reducing balance method. The books of PR & Co. as well as of SR & Co. are closed on 31st December, every year.

All calculations are to be rounded off to the nearest rupee.

Using the Outright Sale Method, you are required to show the following ledger accounts :-

- i) PR & Co. A/C in the books of SR & Co.

Q.3 Sumit of Surat consigned 600 packed gift articles to his agent Amit of Ahmedabad at a cost of Rs.60 per article, and paid freight and cartage Rs.4,200.

Amit sold 250 articles @ Rs.80 per article, and further 200 articles @ Rs.100 per article. He sent an account sale to Sumit, deducting Rs.2,400 for storage charges and Rs.3,600 for selling expenses incurred by him. He charged 10% commission on the gross sale proceeds and remitted the balance amount due to Sumit by bank draft.

Prepare the following in the books of Sumit :-

- a) Consignment A/C b) Amit's A/C

Q.4 Amtrex Trading Co. with H.O. at Mumbai has a Branch at Chennai.

The following information relating to transactions at the Branch for the year ended 31st March, 2008 is available :

		Rs.
Stock on 1/4/2007 at cost		75,000
Debtors on 1/4/2007		1,50,000
Petty Cash on 1/4/2007		1,600
Goods sent to Branch		9,00,000
Goods returned by Branch to H.O.		7,500
Credit sales		9,00,000
Cash sales		3,50,000
Sales Returns		10,000
Cash received from Debtors		8,82,000
Discount allowed		8,000
Bad debts W/o		20,000
Cash sent to Branch :-		
for Salaries	24,000	
for Rent	36,000	
for petty Cash	12,400	2,400
Stock on 31/3/2008 at cost		75,500
Petty Cash on 31/3/2008		2,000

You are required to prepare "Chennai Branch" A/C in the books of H.O. and ascertain the net profit or net loss for the year at Chennai Branch.

OR

Q.4 A fire occurred in the premises of Deluxe Trading Co. on 13th July 2008, destroying all the stock in the premises. Fortunately, the stock was fully insured.

The following details could be ascertained :-

	Year ended 31.3.2007	Year ended 31.3.2008	From 1.4.2008 to 13.7.2008
Cash Sales	2,66,340	2,15,528	1,35,792
Credit Sales	10,66,740	14,00,072	5,42,616
Sales Returns	8,280	3,300	2,208
Closing Stock	1,26,960	1,12,120	?