

TIME : 2 hrs

IJ3ABH

MARKS :50

Instructions :

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 Question No.3, out of which any one is to be attempted.
4. Question No. 4 contains internal option, i.e. Q. No. 4 or Question 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 The Balance sheets of M/s AB & Co. and M/s CD & Co. as on 31/3/2010 were as follows :-

Liabilities	AB & Co.	CD & Co.	Assets	AB & Co.	CD & Co.
	Rs.	Rs.		Rs.	Rs.
Creditors	1,44,000	72,000	Building	96,000	--
Bills Payable	50,400	43,200	Machinery	1,20,000	84,000
Capital A/cs :-			Furniture	24,000	16,800
A	1,80,000		Stock	1,05,600	50,400
B	60,000		Debtors	86,400	84,000
C		64,800	Cash	2,400	9,600
D		64,800			
	4,34,400	2,44,800		4,34,400	2,44,800

Partners A and B were sharing profit and losses in the ratio of 3:1 and partners C and D were sharing profits and losses equally.

The two firms amalgamated on 31/3/2010 on the following terms to form a new firm M/s ABCD & Co :-

- a. Building was to be appreciated by 30%, but machinery was to be depreciated by 10%.
- b. Furniture of M/s AB and Co. was revalued at Rs. 21,600 and that of M/s CD and Co at Rs. 14,000.
- c. Stocks of the two firms were revalued at Rs. 1,00,000 and Rs. 50,000 respectively.
- d. Provision for doubtful debts was to be made @ 5% on Debtors.
- e. Other assets and liabilities were taken over at book values.

Prepare the following :-

- i. Statement of purchase consideration of the two firms.
- ii. Realisation Account and Partner's Capital Accounts in the books of the old firms.
- iii. Opening Balance sheet of new firm.

Q.2 Objective

State whether following statements are TRUE or FALSE.

(Reasons are not required)

- a. On amalgamation, Capital Accounts of Partners in old firms will show credit balances carried forward.
- b. When Average Clause is applied, the claim amount becomes more

P.T.O.

- than the stock lost.
- Selling expenses must be proportionately included in the valuation of unsold stock with consignee.
 - Under stock and Debtors system, branch stock account is maintained at invoice price.
 - Cash price is always more than Hire Purchase Price.
 - Difference between Hire Purchase Price and Cash Price is due to depreciation.
 - Consignment Account shows balance amount due from consignee.
 - Consignor is the owner of the unsold stock lying with consignee.
 - If stock lost by fire is Rs. 90,000 policy amount is Rs. 1,00,000, stock on date of fire is Rs. 1,20,000, then claim amount will be Rs. 75,000.
 - Purchase consideration is the price payable by the new firm to the old firms for assets and liabilities taken over on amalgamation.
 - A businessman is not allowed to make a profit out of insurance claims.
 - On amalgamation of two partnership firms, the old firms are dissolved.

Q.3 Mr. Agarwal is having his Head Office at Mumbai and Branch Office at Surat. From the following details for the year ended 31/3/2010, prepare Surat Branch Account in the books of H.O.

Particulars	Rs.
Opening balances at Branch :	
Stock	1,89,600
Debtors	1,00,800
Petty Cash	4,800
 Goods sent to Branch	 14,88,000
 Amount remitted by Branch:	
Cash Sales	5,43,360
Collection from Debtors	11,05,440
 Amount remitted to Branch for :-	
Salaries	57,600
Rent and Taxes	16,800
Petty expenses	19,200
 Closing balance at Branch	
Stock	1,27,200
Debtors	2,54,400
Petty Cash	4,560
 Other details :	
Discount allowed	14,400
Bad debts W/o.	4,600

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OR

Q.3 Lalchand of Ludhiana consigned 2500 cycles to his agent Mehta of Mumbai at a cost of Rs. 2000 per cycle and paid freight Rs. 1,25,000 and loading charges Rs. 5000.

Mehta paid unloading charges Rs. 5000 on receiving the consignment. He also incurred Rs. 6000 towards storage charges.

Mehta was entitled to 10% commission on all sales effected by him.

Mehta sold 1500 cycles @ Rs. 3000 each and further 500 cycles @ Rs. 3200 each. He sent an account sale to Lalchand, deducting unloading charges and storage charges incurred by him, and also deducting the commission due to him. He remitted the balance due to Lalchand by bank draft.

Prepare the following accounts in the books of Lalchand :-

- a. Consignment A/c
- b. Mehta's A/c

Q.4 On 1st January 2007, C Ltd. purchased machinery from S Ltd. on hire-purchase basis. The following were the terms of the hire-purchase agreement.

- a. Cash down payment of Rs. 10,000 to be made by the buyer on 1st January 2007.
- b. Three instalments of Rs. 7,777, Rs. 8,888 and Rs. 9,999 payable by the buyer on 31st December 2007, 2008 and 2009 respectively.
- c. Interest to be charged by the seller @ 14% p.a. on outstanding balance of cash price.
- d. The cash price of the machinery was Rs. 30,410.

The entire transaction was duly completed. C Ltd. provided depreciation on its machinery @ 15% p.a. on the reducing balance method. The books of C Ltd. are closed on 31st December every year.

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

Using "As if Outright Purchase" method, show the following accounts in the books of C Ltd. for the years 2007, 2008 and 2009.

- i. Machinery A/c
- ii. S Ltd A/c
- iii. Interest A/c
- iv. Depreciation A/c

OR

Q.4 Write short notes on (ANY THREE)

- a. Valuation of Unsold Stock with consignee.
- b. Average Clause.
- c. Advantages and Disadvantages of Fire Insurance Policies.
- d. Purchase Consideration.
