



Date: 03-04-2019

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

SECTION A (10 X 2 =20 MARKS)

Answer ALL Questions(10x2=20)

1. State the need for providing depreciation.
2. Compute opening branch of debtors balance from the following transaction. Credit sales Rs.51,000, Received from debtors by the branch Rs.42,500, Branch debtors (closing) Rs. 7,700 Discount allowed to customers by branch Rs. 1,800
3. Distinguish between the Sacrificing and Gaining Ratio
4. From the following facts, you are required to determine the amount of total sales: Opening Stock Rs.8,000; Purchases Rs. 40,000; Closing Stock Rs. 7,000; Gross profit on sale = $\frac{1}{6}$.
5. At the time of retirement of a partner, give journal entry for writing off the existing goodwill.
6. On 12th June, 2007 Fire occurred in the premise of Patel. Cost of stock salvaged being 11,200. In addition, some stock was salvaged in a damaged condition and its value was agreed at Rs.10,500. From the books of his A/c, the following particulars are available: Stock on 31-12-2006 was Rs.83,500. Purchases from 1-1-07 to 12-6-07 amounted to Rs.1,12,000 and sales during that period was Rs.1,54,000. On the basis of his A/cs from the past three years it appears that he earns on an average a gross profit of 30% On sales. Patel has insured his stock for Rs.60,000. Compute the amount of the claim.
7. Navneet purchases motor car from Rakesh whose cash price is Rs.56,000 on 1.1.2012. Rs.15,000 is paid on signing the contract and the balance is to be paid in three equal annual instalments of Rs.15,000 each. The Rate of interest is 5% per annum. Calculate the amount of interest included in each instalment.
8. What are the fundamental assumptions underlying the preparation and presentation of financial statements with respect to IAS 1?
9. A and B share profits and losses in the Ratio of 4:3, they admit C with $\frac{3}{7}$ th share; which he gets $\frac{2}{7}$ th from A and $\frac{1}{7}$ from B. What is the new profit sharing ratio?
10. State the expenses which can be apportioned.

SECTION B (4X10= 40 MARKS)

Answer Any FOUR Questions

11. Define Accounting Standards. Explain its objectives and importance.
12. A head office at Jaipur has a branch at Kota to which goods are invoiced by the head office at cost plus 25%. All cash received by the branch is daily remitted to the Head office. All expenses are paid from Jaipur. From the following particulars, show how the branch account will appear in the head office books

		Rs.
Stock on January 1, 1996 (invoice price)		12,000
Cash in hand on January 1, 1996		200
Debtors on January 1, 1996		30,000
Goods invoiced from Jaipur		80,000
Cash Sales		35,000
Credit Sales		52,000
Goods returned by debtors		3,000
Discount allowed to debtors		300
Cheques received from Jaipur		
Wages and salaries	11,000	
Rent	4,000	
Office Furniture	<u>1,500</u>	16,500
Balance of stock on December 31, 1996 (invoice price)		20,000
Balance of debtors on December 31, 1996		27,000

13. Ramesh of Ram Nagar purchased goods for his three departments as follows:

Dept X – 200 units
Dept Y – 1,400 units Total cost Rs. 5,100
Dept Z – 400 units

Sales of the three departments were as follows:

Dept X – 180 units @ Rs.15 per unit
Dept Y – 1,500 units @ Rs.18 per unit
Dept Z – 450 units @ Rs.6 per unit

Other information about stock in the beginning was as follows:

Dept X – 100 units
Dept Y – 400 units
Dept Z – 60 units

Ramesh informs you that the rate of gross profit is the same in all departments. You are required to prepare Departmental Trading account.

14. A, B and C are partners in a firm sharing profits and losses in the ratio 1/3,1/2,1/6 respectively. Their Balance Sheet as on 31.03.2006 was as follows:

Liabilities	Rs	Assets	Rs
Creditors	25,000	Cash	8,500
Loan Payable	15,000	Furniture	10,000
Reserve Fund	16,000	Debtors 18,000	
Capital		Less: Provision 500	17,500
A	30,000	Stock	25,000
B	40,000	Machinery	40,000
C	25,000	Building	50,000
Total	1,51,000	Total	1,51,000

‘C’ retires on 31.03.2006 subject to the following conditions:

- a. Goodwill of the firm is valued at Rs. 24,000
- b. Machinery to be depreciated by 10%
- c. Furniture to be depreciated by 5%
- d. Stock to be appreciated by 15% and buildings to be appreciated by 10%
- e. Reserve for doubtful debts to be raised to R. 2,000. Prepare necessary ledger accounts and show the Balance Sheet of the new firm.

15. The following was the Balance Sheet of A, B and C sharing profits and losses in the proportion of 6/14, 5/14 and 3/14 respectively:

LIABILITIES		Rs.	ASSETS		Rs.
Creditors		56,700	Land & Building		1,51,200
Bills payable		48,900	Furniture		52,050
General Reserve		21,000	Stock		88,200
Capital			Debtors		79,380
A	1,19,700		Cash at Bank		26,670
B	1,00,800				
C	<u>50,400</u>	2,70,900			
Total		3,97,500	Total		3,97,500

They agreed to take D into partnership and give 1/8th share of profits on the following terms:

- (1) That D brings in Rs. 48,000 as his capital.
- (2) That furniture be written down by Rs 2,760 and stock be depreciated by 10%.
- (3) That provision of Rs 3,960 be made for outstanding repair bills.
- (4) That the value of land and buildings be written up to Rs 1,95,300.
- (5) That the firm's goodwill is valued at Rs 28,000 and an adjustment entry to be passed for D's share of goodwill.
- (6) That the capitals of A, B and C be adjusted on the basis of D's capital by opening current accounts.

Give the necessary journal entries, and the balance sheet of the firm as newly constituted.

16. Madras Trading Co. Purchased a motor car from Bombay Motor Co. on hire purchase agreement on 1.1.80 paying cash Rs.10,000 and agreeing to pay further instalments Rs.10,000 each on December 31st each year. The cash price of the car was Rs.37,250 and the Bombay Motor Co. charges interest at 5% p.a. The Madras Motor Co depreciates the car at 10% p.a. on WDV basis. From the above particulars give relevant accounts in the books of Madras Trading Co.

17. Vinod Ltd. whose accounting year is the financial year, purchased on 1st April 1980, machinery costing Rs. 30,000 and paid cash immediately. It purchased further machinery in cash on 1st October, 1980, costing Rs. 20,000 and on 1st July, 1981 costing Rs. 10,000. On 1st January, 1982, one third of the machinery which was installed on 1st April, 1980 became obsolete and was sold for Rs. 3,000. Show how the machinery account would appear in the books of the company, given that machinery was depreciated by written down value method at 10% p.a.

SECTION C (2X20= 40 MARKS)

Answer Any TWO Questions

18. Distinguish between Hire Purchase & Instalment system.

19. From the following Trial Balance of Mr. Xavier as on 31-3-1993, Prepare Trading A/c. Profit & Loss A/c. for the year ended 31-3-1993 and a Balance Sheet as on that date after making necessary adjustments:

Trial Balance

Debit	Rs.	Credit	Rs.
Xavier's Drawings	12,000	Xavier's Capital	60,000
Furniture & Fixture	4,000	Returns Outward	2,000
Plant & Machinery	30,000	Sales	1,30,000
Opening Stock	20,000	Creditors	12,000
Purchases	80,000	Loan at 6% p.a. taken from P.Abdul on 1-1-93	10,000

Salaries & Wages	22,400	Discount	600
Debtors	20,400		
Returns Inward	5,000		
Postage & Telegrams	1,500		
Rent, Rates,taxes	3,600		
Bad debts written off	400		
Trade Expenses	200		
Interest on loan from P.Abdul	150		
Insurance	800		
Travelling Expenses	500		
Sundry Expenses	300		
Cash in hand	3,050		
Cash at Bank	10,300		
Total	2,14,600	Total	2,14,600

Adjustments:

- (i) Closing Stock: Cost Price - Rs.21,000
Market Price : Rs.25,000
- (ii) Of the debtors, Rs.400 are bad and should be written off. Create a reserve for discount on debtors 2.5%.
- (iii) Salaries Rs.800 for March 1993 were not paid.
- (iv) Interest on Capital is to be calculated at 6% p.a. and on drawings Rs.330.
- (v) Prepaid insurance amounted to Rs.100.
- (vi) Depreciate furniture & fixtures by 5% and Plant and Machinery by 10% .’
- (vii) Make a reserve for discount on creditors @ 2%.

20. A head office invoices goods to its branch at cost plus 50%. Branch remits all cash received to the head office and all expenses are met by the H.O. From the following particulars, prepare the necessary accounts on the stock & debtors system to show the profit or loss at the branch.

	Rs.		Rs.
Stock on 1.1.89 (Invoice price)	27,900	Goods returned by debtors	3,600
Debtors on 1.1.89	20,400	Goods returned to H.O. by branch	4,500
Goods invoiced to the branch(Invoice Price)	1,53,000	Shortage of stock	1,350
Cash Sales	75,000	Discount allowed	600
Credit Sales	93,000	Expenses at the branch	16,200
Cash Collected from debtors	91,200	Bad debts	600

21. Madras Transport Ltd. Purchased from Anil Auto Distributors 5 trucks costing Rs. 40,000 each on the hire purchase system. Payment was to be made Rs. 50,000 down and the remainder in three instalments of Rs. 60,000 each at the end of each year. Interest is charged at 10% p.a. Madras Transport Ltd writes of depreciation at 20% p.a. on the diminishing balance method. It paid the instalment due at the end of first year and second year but could not pay the last instalment. Anil Auto Distributors agreed to leave two truck with the purchaser, adjusting the value of other three trucks against the amount due. The trucks repossessed were valued on the basis of 30% depreciation annually on the diminishing balance method. The trucks repossessed were sold by Anil Auto for Rs. 60,000 after necessary repairs amounting to Rs. 10,000. Prepare the necessary ledger accounts in the book of both the parties.