20. A, B and C are partners sharing profits and losses in the ratio of 3:2:1 respectively. The firm was dissolved on 31.12.1956 on which date its balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Capital :		Plant and machinery	28,500
A	45,000	Stock	25,000
B	5,000	Sundry debtors	25,000
C	5,000	Cash at bank	1,500
A's current a/c	750	B's current a/c	1,000
Sundry creditors	20,000	B's current a/c	2,500
Bills payable	3,500	Profit and loss a/c	750
A's loan	5,000		
	84,250		84,250

Plant and Machinery realized for Rs. 20,000, stock realized Rs.15,000 debtors realized Rs.21,000, good will was sold for Rs.300. The dissolution expenses amounted to Rs.600. 'C' is insolvent and a dividend of 50 paise in the rupee is received from his private estate.

Pass journal entries and prepare ledger accounts to close the books of the firm applying the rule in Garner Vs Murray.

APRIL/MAY 2019

BAIM22B — FINANCIAL ACCOUNTING – II

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL questions.

1. Define branch accounts.

2. What is independent branch?

3. What is departmental accounts?

4. What is sales book?

5. Define Installment purchase System.

6. What is Default and Repossession?

7. What is revaluation of assets and liabilities?

8. What is goodwill?

9. What are the modes of dissolution of a firm?

10. What is accounting treatment?

Sales at the branch	1,80,000
Expenses:	
Salaries	15,000
Other expenses	6,000

The branch manager is entitled to a commission of 5% before charging such commission. Closing stock could not be ascertained, but it is known that the branch usually sells at cost plus 20 percent.

17. A company had two departments M and N. M department supplies goods to N department at its usual selling price. From the following figures, prepare departmental Trading and Profit and Loss account for the year 2000.

	M Rs.	N Rs.
Opening stock 1-1-2000	30,000	-
Purchases	2,10,000	–
Transfer to N Department	50,000	50,000
Sales	2,00,000	60,000
Closing Stock (31-12-2000)	40,000	10,000
Salaries	12,000	1,000
Other Expenses	3,000	500
Postages	500	100
Discount Received	2,500	1,000

12. (a) Discuss the methods and techniques of departmental accounting.

Or

(b) A company has two departments A and B. Dept. A supplies goods to Dept.B at its usual selling price. From the following figures prepare Departmental Trading A/c for the year 1982.

	A Rs.	B Rs.
Opening Stock (1-1-82)	30,000	–
Purchases	2,10,000	–
Transfer to B	50,000	50,000
Sales	2,00,000	60,000
Closing Stock (3 1-12-82)	40,000	10,000

13. (a) X purchased a machine under hire purchase system. According to the terms of the agreement Rs. 40,000 was to be paid on signing of the contract. The balance was to be paid in four installments of Rs. 25,000 each plus interest. The cash price was Rs. 1,40,000. Interest is chargeable on outstanding balance at 20% per annum. Calculate interest for each year and installment amount.

Or

(b) On 1.1.93 a firm purchases a truck on installment system. The cash price of the truck was Rs. 11,175 and payment was to be made as follows. Rs. 3,000 was to be paid on signing of the agreement and the balance in three installments of Rs. 3,000 each at the end of each year. Interest at 5% is charged by the vendor. The firm has decided to write off 10% annually on the diminishing balance of the cash price. Give journal entries and ledger account in the books of the purchaser and Hire vendor.

14. (a) X and Y are sharing profits and losses in the ratio of 7:3. They admit Z for 317th share in the new firm which he takes 2/7 from X and 1/7 from Y. Calculate the new profit sharing ratio of partners.

Or

(b) While admitting Ravi as partner, goodwill in the books of account was Rs.4,500. On his admission the goodwill was valued on the basis of two year's purchase of the average profits of the preceding 5 years. The profit of the previous five years were 1995-96 Profit Rs. 9,000 1996-97 profit Rs.10,000 1997-98 profit Rs. 15,000 1998-99 Loss Rs.12,000 1999-2000 profit Rs.30,000. Find out goodwill.

15. (a) A, B and are sharing profit and losses in the ratio of 5:2;3 respectively. C become insolvent and was able to contribute only 40 paisa in the rupee. Calculate deficiency in. C's Capital A/c and how it will be shared by A and B from the following information:

C's capital balance	: Rs.6,360 (Dr)
Reserve :	Rs.4,000
Realization Loss :	Rs.4,900
A's Capital balance	; Rs.10,000
B's Capital balance	: Rs.5,000

Or

(b) A partnership firm has three partners A, B and C with capital as A Rs. 40,000, B Rs. 20,000 and C Rs. 20,000. The partners share profits and losses in the ratio of 3:2:1. You are required to calculate absolute sulplus capital under proportionate capital method of piecemeal distribution.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. From the following particulars ascertain the profit or loss from the branch.

	Rs.
Opening stock at the branch	45,000
Goods sent to the branch	1,35,000

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Explain the procedure to maintain accounts of a branch under stock and debtor system.

Or

(b) Goods Luck Ltd. opened a branch on 1-1-95 at Calcutta. The following information is supplied to you. Prepare Branch account.

	Rs.
Goods sent to branch	50,000
Sales : Cash Rs. 20,000	
and credit Rs. 36,000	56,000
Cash received from Debtors	32,000
Discount allowed them	600
Cash sent to branch for expenses	7,000
Stock on 3 1-12-95	8,000
Debtors on 3 1-12-95	3,400

18. Knight purchased a truck for Rs. 1,60,000 from S. Waugh on 1.1.93 payment to be made Rs.40,000 down and Rs. 46,000 at the end of first year, Rs. 44,000 at the end of second year and Rs. 42,000 at the end of third year. Interest was charged at 5%. Knight depreciates the truck at 10% per annum on written down value method.

Knight, after having paid down payment and, first installment at the end of the first year, could not pay second installment. The seller took possession of the truck and after spending Rs. 4,000 on repairs of the asset sold it way for Rs. 91,500. Give journal entries and ledger accounts in the books of the both the parties.

19. A and B are partners sharing profits in the ratio of 3:2 'C. is admitted and new profits sharing ratio is 2:2:1 C brings in cash Rs.8,000 for capital and Rs. 2,000 for goodwill. The Balance sheet of A and B is as follows :

Liabilities	Rs.	Assets	Rs.
Capital :		Goodwill	2,500
A	8 000	Assets	17,500
B	8 000		
Reserve	4 000		
	20 000		20,000

Give Journal entries and prepare Balance sheet of the new firm.