

**Group A**

(Answer any two questions)

**FM: 50**

1. A, B, C and D are partners sharing profits in the ratio of 3:3:2:2 respectively. The following is the Balance Sheet as on December 31, 2018 when the firm was dissolved.

**Balance Sheet as at 31.12.2018**

Liabilities		Assets	
	Rs.		Rs.
Creditors	18,000	Cash at Bank	3,000
General Reserve	20,000	Debtors	16,000
Capital Accounts		Stock	22,000
A 21,000		Furniture	7,000
B 12,000	33,000	Capital Accounts	
		C 16,000	
		D 7,000	23,000
	<u>71,000</u>		<u>71,000</u>

Debtors realised Rs. 12,000; Stock Rs. 16,000 and Furniture Rs. 5,000. Creditors were paid in full. Outstanding repairs bill for Rs. 3,500 was not recorded in the books. Partners' joint life policy for Rs. 20,000 was surrendered for Rs. 3,500. The expenses of realisation came to Rs. 500. C was insolvent but a sum of Rs. 4,200 was recovered from his estate. Write up accounts to close the books of the firm as per *Garner vs. Murray rule*. You are also required to give proper working notes wherever necessary. (20)

2. Kishna Ltd issued 15,000 shares of Rs.100 each at a premium of Rs.10 per share, payable as follows:

	(₹)
On Application	30
On Allotment	50 (including premium)
On First and Final Call	30

All the shares were subscribed and the company received all the money due, with the exception of the allotment and call money on 150 shares. These shares were forfeited and reissued to Neha as fully paid share of Rs.12 each.

Give journal entries in the books of the company. (20)

3. Concept & Co., with its Head Office in Mumbai has a branch at Nagpur. Goods are invoiced to the Branch at cost plus 31.33%. The following information is given in respect of the branch for the year ended 31st March, 2018:

<u>Particulars</u>	<u>Rs</u>
Goods sent to Branch (Invoice price)	4,80,000
Stock at Branch on 1.4.2017 (Invoice price)	24,000
Cash sales	1,80,000
Return of goods by customers to the Branch	6,000
Branch expenses (paid in cash)	53,500
Branch debtors balance on 1.4.2017	30,000
Discount allowed	1,000
Bad debts	1,500
Collection from Debtors	2,70,000
Branch debtors cheques returned dishonoured	5,000
Stock at Branch on 31.3.2018 (Invoice price)	48,000
Branch debtors balance on 31.3.2018	36,500

Prepare, under the Stock and Debtors system, the following Ledger Accounts in the books of the Head Office: (i) Nagpur Branch Stock Account (ii) Nagpur Branch Debtors Account (iii) Nagpur Branch Adjustment Account Also compute shortage of Stock at Branch, if any. (20)

**Group B**

(Answer any one question)

4. A firm has two departments, Timber and Furniture. Furniture was made by the firm itself out of timber supplied by the Timber Department. The trading and Profit and Loss Accounts for the year 2019 is as follows:

	Timber (Rs)	Furniture (Rs)
Opening Stock (1.1.2019)	3,00,000	50,000
Purchases	20,00,000	15,000
Sales	22,00,000	4,50,000
Transfer to Furniture Department	3,00,000	-
Expenses		
.---- <i>Manufacturing</i>	-	60,000
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Stock – 31-12-2019	2,00,000	60,000

The Stocks in the Furniture Department may be considered as consisting of 75 percent of timber and 25 percent other expenses. Timber Department earned gross profit at the rate of 20 percent in 2018. General expenses of the business as a whole came to Rs. 1,00,000. (10)

5. On 31<sup>st</sup> March 2018, G Ltd had 800000, 9% Debentures due for redemption. The company had a balance of Rs 140000 in its Debenture Redemption Reserve. Pass necessary journal entries for redemption of debentures. (10)