

Note:-All questions are compulsory.

Marks:-100

Question 1

Concept & Co., with its Head Office at Mumbai has a branch at Nagpur. Goods are invoiced to the Branch at cost plus 33 1/3%. The following information is given in respect of the branch for the year ended 31st March, 2006:

	Rs.
<i>Goods sent to Branch (Invoice price)</i>	4,80,000
<i>Stock at Branch on 1.4.2005 (Invoice price)</i>	24,000
<i>Cash sales</i>	1,80,000
<i>Return of goods by customers to the Branch</i>	6,000
<i>Branch expenses (paid in cash)</i>	53,500
<i>Branch debtors balance on 1.4.2005</i>	30,000
<i>Discount allowed</i>	1,000
<i>Bad debts</i>	1,500
<i>Collection from Debtors</i>	2,70,000
<i>Branch debtors cheques returned dishonoured</i>	5,000
<i>Stock at Branch on 31.3.2006 (Invoice price)</i>	48,000
<i>Branch debtors balance on 31.3.2006</i>	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.

(16 Marks) (PE-II – May 2006)

Question 2

'X' and 'Y' carrying on business in partnership sharing Profit and Losses equally, wished to dissolve the firm and sell the business to 'X' Limited Company on 31-3-2006, when the firm's position was as follows:

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
<i>X's Capital</i>	1,50,000	<i>Land and Building</i>	1,00,000
<i>Y's Capital</i>	1,00,000	<i>Furniture</i>	40,000
<i>Sundry Creditors</i>	60,000	<i>Stock</i>	1,00,000
		<i>Debtors</i>	66,000
		<i>Cash</i>	4,000
	<u>3,10,000</u>		<u>3,10,000</u>

The arrangement with X Limited Company was as follows:

- (i) Land and Building was purchased at 20% more than the book value.*

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- (ii) Furniture and stock were purchased at book values less 15%.
- (iii) The goodwill of the firm was valued at Rs.40,000.
- (iv) The firm's debtors, cash and creditors were not to be taken over, but the company agreed to collect the book debts of the firm and discharge the creditors of the firm as an agent, for which services, the company was to be paid 5% on all collections from the firm's debtors and 3% on cash paid to firm's creditors.
- (v) The purchase price was to be discharged by the company in fully paid equity shares of Rs.10 each at a premium of Rs.2 per share.

The company collected all the amounts from debtors. The creditors were paid off less by Rs.1,000 allowed by them as discount. The company paid the balance due to the vendors in cash.

Prepare the Realisation account, the Capital accounts of the partners and the Cash account in the books of partnership firm.
(16 Marks) (PE-II – Nov. 2006)

Question 3

From the following information of details of advances of X Bank Limited calculate the amount of provisions to be made in profit and loss account for the year ended 31.3.2007:

Asset classification	Rs. in lakhs
Standard	6,000
Sub-standard	4,400
Doubtful:	
For one year	1,800
For two years	1,200
For three years	800
For more than three years	600
Loss assets	1,600

(6 Marks) (PE II- May, 2007)

Question 4

X Fire Insurance Co. Ltd. commenced its business on 1.4.2005. It submits you the following information for the year ended 31.3.2006:

	Rs.
Premiums received	15,00,000
Re-insurance premiums paid	1,00,000
Claims paid	7,00,000
Expenses of Management	3,00,000
Commission paid	50,000
Claims outstanding on 31.3.2006	1,00,000
Create reserve for unexpired risk @40%	

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Prepare Revenue account for the year ended 31.3.2006.

(4 Marks) (PE-II – May 2006)

Question 5

Power Electric Company decides to replace one of its old plant by an improved plant with larger capacity. The cost of the new plant is Rs. 16,00,000.

Materials and Labour earlier and now are in the ratio of 4 : 6.

Original cost of the old plant is Rs. 3,00,000. Materials cost has gone up by 2½ times and Labour cost by 3 times since then. Old materials worth Rs. 10,000 were used in the construction of the new plant and Rs. 20,000 were realised from the sale of old materials.

Give the necessary Journal Entries for recording the above transactions.

(6 marks) (PE-II–Nov. 2004)

Question 6

Liquidation of YZ Ltd. commenced on 2nd April, 2004. Certain creditors could not receive payments out of the realisation of assets and out of the contributions from A list contributories. The following are the details of certain transfers which took place in 2003 and 2004:

<i>Shareholders</i>	<i>No. of Shares transferred</i>	<i>Date of Ceasing to be a member</i>	<i>Creditors remaining unpaid and outstanding on the date of such transfer</i>
<i>A</i>	<i>2,000</i>	<i>1st March, 2003</i>	<i>Rs. 5,000</i>
<i>P</i>	<i>1,500</i>	<i>1st May, 2003</i>	<i>Rs. 3,300</i>
<i>Q</i>	<i>1,000</i>	<i>1st October, 2003</i>	<i>Rs. 4,300</i>
<i>R</i>	<i>500</i>	<i>1st November, 2003</i>	<i>Rs. 4,600</i>
<i>S</i>	<i>300</i>	<i>1st February, 2004</i>	<i>Rs. 6,000</i>

All the shares were of Rs. 10 each, Rs. 8 per share paid up. Show the amount to be realised from the various persons listed above ignoring expenses and remuneration to liquidator etc.

(8 marks) (PE-II–Nov. 2004)

Question 7

A joint stock company resolved to issue 10 lakh equity shares of Rs. 10 each at a premium of Re. 1 per share. One lakh of these shares were taken up by the directors of the company, their relatives, associates and friends, the entire amount being received forthwith. The remaining shares were offered to the public, the entire amount being asked for with applications.

The issue was underwritten by X, Y and Z for a commission @2% of the issue price, 65% of the issue was underwritten by X, while Y's and Z's shares were 25% and 10% respectively. Their firm underwriting was as follows :

X 30,000 shares, Y 20,000 shares and Z 10,000 shares. The underwriters were to submit unmarked applications for shares underwritten firm with full application money along with members of the general public.

Marked applications were as follows:

X 1,19,500 shares, Y 57,500 shares and Z 10,500 shares.

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Unmarked applications totalled 7,00,000 shares.

Accounts with the underwriters were promptly settled.

You are required to :

- (i) *Prepare a statements calculating underwriters' liability for shares other than shares underwritten firm.*
- (ii) *Pass journal entries for all the transactions including cash transactions.*

(16 marks) (Intermediate–May 2001)

Question 8

M/s Shah & Co. commenced business on 1.4.2004 with Head Office at Mumbai and a Branch at Chennai. Purchases were made exclusively by the Head Office, where the goods were processed before sale. There was no loss or wastage in processing.

Only the processed goods received from Head Office were handled by the Branch. The goods were sent to branch at processed cost plus 10%.

All sales, whether by Head Office or by the Branch, were at uniform gross profit of 25% on their respective cost.

Following is the Trial Balance as on 31.3.2005.

	Head Office		Branch	
	Dr. Rs.	Cr. Rs.	Dr. Rs.	Cr. Rs.
Capital		3,10,000		
Drawings	55,000			
Purchases	19,69,500			
Cost of processing	50,500			
Sales		12,80,000		8,20,000
Goods sent to Branch		9,24,000		
Administrative expenses	1,39,000		15,000	
Selling expenses	50,000		6,200	
Debtors	3,09,600		1,13,600	
Branch Current account	3,89,800			
Creditors		6,01,400		10,800
Bank Balance	1,52,000		77,500	
Head Office Current account				2,61,500
Goods received from H.O.			8,80,000	
	<u>31,15,400</u>	<u>31,15,400</u>	<u>10,92,300</u>	<u>10,92,300</u>

Following further information is provided:

- (i) *Goods sent by Head Office to the Branch in March, 2005 of Rs. 44,000 were not received by the Branch till 2.4.2005.*

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(ii) A remittance of Rs. 84,300 sent by the Branch to Head Office was also similarly not received upto 31.3.2005.

(iii) Stock taking at the Branch disclosed a shortage of Rs. 20,000 (at selling price to the branch).

(iv) Cost of unprocessed goods at Head Office on 31.3.2005 was Rs. 1,00,000.

Prepare Trading and Profit and Loss account in columnar form and Balance Sheet of the business as a whole as at 31.3.2005. (16 Marks) (PE-II – Nov. 2006)

Question 9

Electric Supply Ltd. rebuilt and re-equipped one of their Mains at a Cash Cost of Rs. 40,00,000. The old Mains thus superseded cost Rs. 15,00,000. The capacity of the new Main is double that of the old Main.

Rs. 70,000 was realised from sale of old materials. Four old motors valued at Rs. 2,00,000 salvaged from the old Main were used in the reconstruction. The cost of Labour and Materials is respectively 30% and 25% higher now than when the old Main was built. The proportion of Labour to Materials in the Main then and now is 2 : 3.

Show the Journal entries for recording the above transactions, if accounts are maintained under Double Account System. (8 marks) (Intermediate–Nov. 1999)

Question 10

Reasonable returns in electricity supply companies. (5 marks)(Intermediate–Nov. 2000)