

12.a. Yes Coal Ltd are lessee of a mine on a royalty of 50 paise per tonne of coal raised , with a dead rent of Rs.30,000 per annum and power to recoup shortworkings during the first five years of lease.

The output for the first three years was as follows:

1st Year – 15000 tons, 2nd Year – 50,000 tons and 3rd Year – 75,000 tons.

Draft the necessary journal entries in the books of the company giving effect to the above.

You are also required to write up the Minimum rent account , Royalties account and Shortworkings account.

CO2 K3

(or)

12.b. Raji sent out goods costing Rs.80,000 to Clara so as to show 20% profit on invoice price. 40% goods were lost in transit. 60% of the goods received were sold half at invoice price and the balance at 25% above the invoice price. Rate of Commission is 10% on sales at invoice plus 50% of gross sales less all commission exceeds sales at invoice price. Calculate the amount of commission.

CO2 K3

13.a. State the objectives of amalgamation of firms.

CO3 K3

(or)

13.b. Explain the accounting treatment in the books of amalgamating firms.

CO3 K3

14.a. On 29th August, 2023, the godown of a trader caught fire and a large part of the stock of goods was destroyed. However, goods costing Rs.1,08,000 could be salvaged incurring the fire expenses amounting to Rs.4,700. Trader provides you the following additional information:

Cost of stock on 1 st April,2020	Rs.7,10,500
Cost of stock on 31 st March,2021	Rs.7,90,100
Purchases during the year ended 31 st March,2021	Rs.56,79,600
Purchases from 1 st April,2021 to the date of fire	Rs.33,10,700
Cost of goods distributed as samples from 1 st April,2021 to the date of fire	Rs.41,000
Cost of goods withdrawn for personal use from 1 st April,2021 to the date of fire	Rs.2,000
Sales for the year ended 31 st March,2021	Rs.80,00,000
Sales from 1 st April,2021 to the date of fire	Rs.45,36,000

The insurance company also admitted firefighting expenses. Trader had taken the fire insurance policy for Rs. 9,00,000 with an average clause.

Calculate the amount of the claim that will be admitted by the insurance company.

CO4 K3

(or)

14.b. Department R sells goods to Department S at a profit of 25% on cost and Department T at 10% profit on cost. Department S sells goods to R and T at a profit of 15% and 20% on sales respectively. Department T charges 20% and 25% profit on cost to Department R and S respectively.

Department managers are entitled to 10% commission on net profit subject to unrealized profit on departmental sales being eliminated. Departmental profits after charging manager's commission, but before adjustment of unrealized profit are as under:

Department R Rs. 54,000; Department S Rs.40,500 and Department T Rs. 27,000.

Stocks lying at different departments at the end of the year are as under:

	Department R	Department S	Department T
Transfer from Department R	-	22,500	16,500
Transfer from Department S	21,000	-	18,000
Transfer from Department T	9,000	7,500	-

Find out the correct departmental profits after charging manager's commission.

CO4 K4

15.a. Explain the features and characteristics of Governmental Accounting.

CO5 K3

(or)

15.b. Bring out the basic structure of Government Accounts.

CO5 K2

Part C

Answer ALL questions

5 x 12 = 60

Each Answer should not exceed 800 words or four pages

16.a. X Ltd. had purchased a machinery on hire purchase system from Y Ltd. The terms are that X Ltd. would pay Rs. 20,000 down on signing the agreement and 4 annual instalments of Rs. 11,000 each commencing from the beginning of the next year. X Ltd. charged depreciation at the rate of 10 per cent per annum on cost under diminishing balance system. Y Ltd. charged interest at the rate of 10 per cent per annum in their hire purchase contract. Prepare Machinery Account and Y Ltd. Account for 5 years in the books of X Ltd.

CO1 K4

(or)

16.b. Delhi Ltd. purchased from Mumbai Co. three machines costing Rs. 40,000 each on Hire-Purchase System. Payment was to be made Rs. 30,000 down and the remainder in three equal instalments together with interests at 5%. Delhi Ltd. writes off depreciation @20% on the diminishing balance. It paid the instalment due at the end of the first year but could not pay the next.

Give the necessary Ledger Accounts in the books of both of both the parties for two years if the hire vendor took possession of all the three machines. The hire vendor spent Rs. 5,800 on getting the machines thoroughly overhauled and sold them for Rs. 70,000.

CO1 K4

- 17.a. The Bharat Mining Company holds a lease of a coal mine for a period of 20 years, commencing from 1st April 2015. The lease provided for the payment on 15th April, 2016 and (annually thereafter) a royalty of Rs. 2 per ton on coal produced in the previous year subject to a minimum rent of Rs. 8,000 per year. Shortworkings can be recouped out of royalty in excess of the minimum rent for the next two years only. In the year of strike the minimum rent was to be regarded as having been reduced proportionately having regard to the length of stoppage. The first year in respect of which minimum rent was payable expired on 31st March, 2016. The excess paid for the first year was Rs. 3,750, of the second year Rs. 3,000. In the third year the surplus was Rs. 3,200 and of the fourth year Rs. 4,000. In the fifth-year actual royalties amounted to Rs. 14,000 and in the sixth year Rs. 7,500 only. During the sixth year there was a stoppage due to strike lasting three months.

Write up the Necessary Accounts in the book of Bharath Mining Company.

CO2 K3

(or)

- 17.b. The Cochin Consignment Account in the books of Ranaji of Bombay showed a debit balance of Rs. 1,500 representing the cost of 10 bicycles on 1st January, 2021. On March 1, Ranaji sent a further consignment to Cochin of 40 bicycles costing Rs. 160 each. The freight and other charges amounted to Rs. 210. On 1st June, the Cochin Agent sent an account sales showing that 8 bicycles from the old stock realised Rs. 140 each and 25 bicycles from the second consignment realised Rs. 200 each and 15 bicycles remained in stock unsold. Two bicycles from the old stock being unsaleable at Cochin were returned to Bombay, for which the Cochin Agent sent a separate debit note for Rs. 30 being expenses incurred by him.

The Cochin agent is entitled to a selling commission of 5 per cent which covers all out-of-pocket expenses in respect of the consignment. Show the necessary accounts in the books of the consignor, supposing that he closes his accounts on 30th June and uses FIFO method for selling the goods.

CO2 K4

- 18.a. Amit and Asit were in partnership sharing profits and losses: Amit two thirds; Asit one third. The summarised partnership Balance Sheet as on March 31, 2021, was as follows:

Liabilities	Rs.	Assets	Rs.
Fixed Capital Accounts:		Fixed Assets	70,000
Amit 50,000		Current Assets:	
Asit 40,000	90,000	Stock	35,000
Current Accounts:		Debtors	65,000
Amit 20,000		Balance at Bank	15,000
Less: Asit 10,000	10,000		
Loan- Asit	30,000		
Creditors	55,000		
	1,85,000		1,85,000

The fixed assets included two motor cars having book values of Rs. 8,000 and Rs. 6,000 respectively. The partners desiring to retire from business accepted the offer of Western India Limited to acquire the stock and fixed assets, other than the motor cars, at an agreed purchase price of Rs. 1,60,000.

The purchase consideration was to be satisfied by a cash payment of Rs. 56,000, the allotment by the company to the partners of 400, 5% preference shares of Rs.100 each and the balance by the allotment by the company to the partners of 900 equity shares of Rs. 100 each.

The debtors realised Rs. 61,000 and the creditors were settled for Rs. 51,000.

The partners agreed that the following should be the basis of distribution on dissolution of the partnership.

- 1) Amit to take over one car at a valuation of Rs. 12,000 and Asit the other at Rs. 8,000.
- 2) Asit to be allotted preference shares to the value of his loan, the remainder to be allotted to Amit.
- 3) The equity shares to be allotted in proportion of fixed capitals.
- 4) Both the preference and equity shares to be valued at Rs. 80 per share.
- 5) The balances to be settled in cash. You are required to prepare:
 - a) Realisation account
 - b) The Bank Account; and
 - c) The Partner's Capital Accounts showing the final settlement between them.

CO3 K5

(or)

- 18.b. Following were the Balance Sheets as at 31st March, 2021 of two firms M/s A & B and M/s C & D.

Liabilities	A & B	C & D	Assets	A & B	C & D
	Rs.	Rs.		Rs.	Rs.
Creditors	3,000	25,000	Stock	50,000	75,000
Bills Payable	6,000	-	Debtors	30,000	45,000
Bank Overdraft	-	10,300	Premises	20,000	-
Capitals:			Plant & Machinery	5,000	20,000
A	50,000		Bank	1,500	-
B	50,000		Furniture	500	300
C		52,500	Defence Bonds	2,000	-
D		52,500			-
	1,09,000	1,40,300		1,09,000	1,40,300

The two firms decided to amalgamate their businesses as from 1st April, 2021. For this purpose, it was agreed that the Premises and Plant and Machinery belonging to A and B should be taken over by the new firm M/s ABC & D at Rs. 25,000 and Rs. 10,000 respectively. C & D were to be credited with Rs.5,000 for the value of certain patent rights they possessed, which became the property of the partnership and which were not included in their balance Sheet. All the other assets were taken over at the values stated in the respective Balance Sheets, except the Defence Bonds belonging to A & B, which were not taken over. Both firms undertook to discharge their own liabilities, and it was agreed that A & B should introduce cash to make their capitals equal to that of C & D. Prepare the necessary Journal Entries in the books of the old firms and the opening entries in the books of M/s ABC & D. Prepare also Balance Sheet of the new firm. CO3 K4

- 19.a. Fire occurred in the premises of Gharib Dass on 1st April, 2021 and a considerable part of the stock was destroyed. The stock salvaged was Rs. 56,000. A fire insurance policy for Rs. 3,42,000 was taken to cover loss of stock by fire. You are required to ascertain the insurance claim which the company should claim from the insurance company for the loss of stock by the fire from the following particulars:

	Rs.		Rs.
Purchases for the year 2020	18,76,000	Stock on 1 st January, 2020	2,88,000
Sales for the year 2020	23,20,000	Stock on 31 st December, 2020	4,84,000
Purchases from 1 st January, 2021 to 1 st April, 2021	3,64,000	Wages paid during the year 2020	2,00,000
Sales from 1 st January, 2021 to 1 st April, 2021	4,80,000	Wages paid during 1 st January, 2021 to 1 st April, 2021	36,000

Fire also broke out on 21st December, 2020 and destroyed stock of the estimated cost of Rs. 1,00,000. There was a practice in the concern to value stock at cost less 10%, but all of a sudden, this practice was changed and stock on 31st December, 2020 was valued at cost plus 10%. CO4 K4

(or)

- 19.b. From the following data, prepare Departmental Trading and Profit and Loss Account and thereafter the Combined Income Account revealing the concern's true results for the year ended 31st March, 2021.

	Departments	
	A	B
	Rs.	Rs.
Stock (1 st April)	40,000	-
Purchases from outside	2,00,000	20,000
Wages	10,000	1,000
Transfer of goods from Department A	-	50,000
Stock (31 st March) at cost to the Department	30,000	10,000
Sales to outsiders	2,00,000	71,000

B's entire stock represents goods from Department A which transfers them at 25% above its cost. Administrative and selling expenses amount to Rs. 15,000 which are to be allotted between departments A and B in the ratio 4:1 respectively. CO4 K4

- 20.a. Explain the difference between Government Accounting and Commercial Accounting. CO5 K3

(or)

- 20.b. What are the main principles followed by the Government while allocating expenditure on a capital scheme between capital and revenue items. CO5 K3
