

Reg. No. : .....

Name : .....

**Third Semester B.Com. Degree Examination, December 2017**  
**First Degree Programme Under CBCSS**  
**Core Course : CO 1343/CC 1344**  
**ADVANCED FINANCIAL ACCOUNTING**  
**(Common for Commerce/Commerce with Computer Application)**  
**(2014 Admn. Onwards)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in **one** or **two** sentences **each**. **Each** question carries **1** mark.

1. Who is Consignee ?
2. What is over-riding commission ?
3. What is the treatment of goods in transit in Branch Account ?
4. Explain the meaning of Debtors System.
5. What is Joint Venture ?
6. What is Branch Adjustment Account ?
7. What is Realisation Account ?
8. What is Memorandum Joint Venture Account ?
9. Give the basis of apportionment of the following items in the departmental accounts :
  - a) Power
  - b) Depreciation.
10. What do you mean by interbranch transaction ?

**(10×1=10 Marks)**

P.T.O.



## SECTION - B

Answer **any eight** questions in **not exceeding one** paragraph **each**. **Each** carries **2** marks.

11. What are the features of Joint Venture ?
12. What is Goods in transit and Cash in transit ?
13. What is recurring and non-recurring expenses on consignment ?
14. What is Delcredre commission ?
15. What is Branch Profits and Loss Account ?
16. What are the differences between branches and departments ?
17. Distinguish between dissolution of partnership and firm.
18. What do you mean by incorporation of branch Trial Balance ?
19. What are the ways in which head office may keep the branch accounts in its books ?
20. Distinguish between Account Sales and Invoices.
21. What are the different modes of dissolution of partnership firm ?
22. X sent goods worth ₹ 5,000 to 'Y' and paid ₹ 600 for packing and ₹ 400 for insurance. 'Y' took the delivery of the goods and paid ₹ 1,000 for freight, ₹ 200 for cartage and unloading ₹ 300 for godown rent, ₹ 200 as selling expenses and ₹ 400 for insurance of sold three fourth of the goods for ₹ 9,000. Compute the value of closing stock. **(8×2=16 Marks)**

## SECTION - C

Answer **any six** questions in **not exceeding 120** words **each**. **Each** question carries **4** marks.

23. Distinguish between consignment and sale.
24. Define joint venture. What are the features of joint venture ?





25. Ramu of Cochin consigned goods of the cost of ₹ 10,000 to his agent, Ajith of Agra and incurred ₹ 2,000 for packing, forwarding and freight. Ajith took delivery of the goods after spending ₹ 3,000 for duty and clearing charges. He sold  $\frac{3}{4}$ <sup>th</sup> of the goods for ₹ 15,000 for which he is entitled to a commission of 5%. His sales expenses amounted to ₹ 300. Prepare Consignment Account after showing the valuation of unsold stock.
26. C of Calcutta entered into a joint venture with A of Amritsar and M of Mirzapur on the following arrangement :
- A would purchase blankets and M would purchase carpets both of whom would send to C goods for sale.
  - C would sell the goods at the best possible price and would send the remittances to A and M in accordance with their respective dues.
  - Profits would be shares equally between the parties A purchased 500 blankets @ ₹ 50 each and spent ₹ 600 for freight etc. M Purchased 100 carpets at ₹ 350 each and spent ₹ 800 for freight etc. C sold all the blankets and carpets at ₹ 78,000 and his expenses amounted to ₹ 1,600. Show the Joint Venture Account and Co-ventures Account in the books of C.
27. Jyothi and Vikas were equal partners in a manufacturing business on June 2008, they dissolved the firm on which date their Balance Sheet was as follows :

	₹		₹
Creditors	28,000	Cash at Bank	2,500
Less : Reserve for discount <u>1,000</u>	27,000	Debtors	42,000
Reserve for contingencies	5,000	Less : Provision <u>2,000</u>	40,000
Mrs. Vikas Loan	10,000	Stock	32,000
Reserve Fund	15,000	Furniture	3,500
Jyothi's Loan	8,000	Plant and Machinery	25,000
Jyothi's Capital A/c	21,000	Prepaid Expenses	1,000
Vikas Capital A/c	18,000		
	<b>1,04,000</b>		<b>1,04,000</b>



Stock, Debtors, Plant and Machinery and Goodwill realised ₹ 27,000, ₹ 38,000, ₹ 20,000 and ₹ 5,000 respectively. Furniture did not realise any value. An amount of ₹ 6,000 was paid on account of contingent liabilities. The expenses of realisation were ₹ 1,000.

The firm had previously made some investment in shares of a Joint Stock Company and had written off this investments on finding it useless. The investment now realised ₹ 1,500.

Prepare Realisation Account and Partners Capital Account.

28. From the following particulars, find out the profit that you consider as having been earned by the Kannur Branch of Cochin Industries Ltd.

	₹
Stock on 1 <sup>st</sup> January 2010 (Invoice Price)	10,000
Goods sent to branch during 2010 (at invoice price)	55,000
Expenses at branch during the year	3,000
Sales during the year	60,000

Goods are invoiced to the branch at cost plus 25%; the sales price is cost plus 50%. Also find out the stock reserve that should be maintained in respect of unrealised profit.

29. The following are extracted from the Trial Balance of Head Office and its Kozhikode Branch.

	H.O.		Kozhikode Branch	
	Dr.	Cr.	Dr.	Cr.
	₹	₹	₹	₹
Branch A/c	16,000	-	-	-
Goods sent to Kozhikode Branch	-	12,000	-	-
Goods received from H.O.	-	-	10,500	-
Head Office Account	-	-	-	13,500

Show how the adjusting entry will appear if it is given by H.O. Also prepare a Reconciliation Statement.





30. Mr. Arun of Kollam has opened a Branch of Mumbai which sells goods for Cash only. The following are the transaction between the Branch Office and H.O. for the year ended 31<sup>st</sup> December 2010

	₹
Opening Stock on 1 <sup>st</sup> January 2010	1,00,000
Goods supplied to Branch	2,50,000
Cash sent to Branch for rent	1,000
Cash sent for other expenses	500
Cash received from Branch during 2010	3,00,000
Closing stock on 31 <sup>st</sup> Dec. 2010	75,000
Petty Cash balance on 31 <sup>st</sup> Dec. 2010	50

From the above, pass Journal Entries and prepare Mumbai Branch Account.

31. Shri Gangaram sells two products manufactured in his own factory. The goods are made in two departments A and B for which separate sets of accounts are maintained. Some of the manufactured goods of Departments A used as raw materials by Department B and vice versa.

From the following particulars, you are required to ascertain the total cost of goods manufactured in Dept. A and B.

	Dept. A	Dept. B
Total units manufactured	10,00,000	5,00,000
Total cost to manufacturer	10,000	5,000

Dept. A transferred ₹ 2,50,000 units to Dept. B and the latter transferred 1,00,000 units to the former.

**(6×4=24 Marks)**

### SECTION - D

Answer any two questions in not exceeding four pages each. Each question carries 15 marks.

32. X, Y and Z were partners. Their Balance Sheet stood as under on the date when the firm was dissolved :

	₹		₹
Sundry creditors	60,000	Sundry Assets	55,000
X's Capital A/c	22,000	P/L A/c	12,000
Z's Capital A/c	10,000	Y's Capital A/c	25,000
	<b>92,000</b>		<b>92,000</b>



The assets realised ₹ 40,000. The expenses of realisation amounted to ₹ 1,000. The position of the partners was as follows :

	Private Estate	Private Liabilities
	₹	₹
X	18,000	20,000
Y	12,000	21,000
Z	12,000	10,000

Prepare the necessary Ledger Accounts to close the books of the firm.

33. M/S Gulabi and Sons has two departments cloth and readymade clothes. Readymade clothes are manufactured by the firm itself out of cloth supplied by the cloth department at its usual selling rate. From the following figures, prepare departmental Trading and P/L A/c and General P/L A/c for the year ending 31<sup>st</sup> Dec. 2004 :

	Cloth dept.	Readymade Cloth dept.
	₹	₹
Opening stock on 1-1-2004	3,60,000	60,000
Purchases	29,00,000	20,000
Transfer to readymade clothes depts.	4,50,000	—
Manufacturing expenses	—	1,40,000
Closing stock on 31-Dec.-2014	1,00,000	48,000

General expenses incurred for both the departments were ₹ 1,20,000. The stocks in the readymade clothes departments may be considered as consisting of  $66\frac{2}{3}\%$  cloth and  $33\frac{1}{2}\%$  other expenses. The cloth department earned profit at the rate of 18% in 2004.

34. Crown Industries Mumbai has a branch of Madurai to which goods are invoiced at cost plus 25%. The branch makes sales both for cash and on credit. Branch expenses are paid direct from Head Office and the branch remits all cash to Head office.

From the following details, prepare the necessary Ledger Accounts in Head Office books to calculate branch profits as per the stock and debtors system.

	₹
Goods Received from Head Office at invoice price	60,000
Returns to Head Office at invoice price	1,200





Branch stock on 1-1-2009 at invoice price	6,000
Cash sales	20,000
Credit sales	36,000
Branch Debtors on 1-1-2009	7,200
Cash collected from Debtors	32,000
Discount allowed to Debtors	600
Bad debts in the year	400
Goods returned by debtors to Branch	800
Rent, Rates and Taxes at branch	1,800
Branch office expenses	600
Branch stock of invoice price on 31-12-2009	12,000

The difference in Branch Stock Account is to be treated as surplus.

35. A of Ajmer consigned goods to B of Baroda for sale at invoice price or over. B was entitled to a commission of 3% on invoice price and 20% of any surplus price realised.

Goods costing ₹ 24,000 were consigned to Baroda. There were invoiced at a price so as to show a profit of 25% on invoice price. A paid there on ₹ 1,500 for freight and ₹ 500 for insurance on arrival of the goods, B paid ₹ 800 as lending charges and ₹ 2,000 for selling and godown expenses.

An account sale was received from B showing that he had effected sales of ₹ 30,000 in respect of 4/5<sup>th</sup> of the quantity of goods consigned to him. B sent a Bank overdraft for the amount so far due from him.

Prepare Consignment Account and B's account in the books of A. (2×15=30 Marks)



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Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in **one** or **two** sentences **each**. Each question carries **1** mark.

1. Who is a Delcredere Agent ?
2. Define the term Departmental Accounting.
3. Explain the term unrealized profit.
4. What do you mean by independent branch ?
5. Define partnership.
6. What do you mean by Abnormal loss ?
7. Explain the term Inter Departmental Transfer.
8. Define the term Capital Account.
9. What do you mean by Dissolution ?
10. Define a Foreign Branch.

**(10×1=10 Marks)**

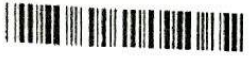
**SECTION – B**

Answer **any 8** questions in **not** exceeding **one** paragraph **each**. Each question carries **2** marks.

11. Write a short note on account sales.
12. Give a note on realization account.
13. Explain the term Goods in transit.

P.T.O.





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**SECTION – A**

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9. What do you mean by Dissolution ?
10. Define a Foreign Branch. **(10×1=10 Marks)**

**SECTION – B**

Answer **any 8** questions in **not** exceeding **one** paragraph **each**. **Each** question carries **2** marks.

11. Write a short note on account sales.
12. Give a note on realization account.
13. Explain the term Goods in transit.



14. Write down the features of Partnership.
15. Explain the Caution Money.
16. Write a short note on Garner Vs. Murray Principle.
17. Explain the advantages of Departmental accounting.
18. Differentiate between a Branch and a Department.
19. Write a short note on Stock and Debtors system.
20. Explain the term branch accounting.
21. How do you treat Inter Departmental transfer of goods at Market price ?
22. Explain the term Joint Bank Account. (8x2=16 Marks)

### SECTION – C

Answer **any six** questions in **not** exceeding **120** words **each**. **Each** question carries **4** marks.

23. Differentiate between joint venture and consignment.
24. Explain the differences between dissolution of Partnership and Firm.
25. Explain the different types of dependent branches.
26. Give the differences between Joint Venture and Partnership.
27. A, B and C entered a Joint Venture agreement and according to it, A is to supervise the overall working of the venture and keep the necessary accounts. He is entitled to a commission of 5% on sales for his service. Each venturer contributes Rs. 10,000. A purchased goods for Rs. 20,000, and supplied goods worth Rs. 5,000 from his stock. C also supplied goods of the value of Rs. 4,000 from his stock. A paid Rs. 3,000 for expenses in connection with his joint Venture. A sold goods for Rs. 40,000. Unsold goods amounts to Rs. 3,000 were taken over by B. A settled the accounts of B and C by bank draft. The ventures share profit and losses equally. Prepare joint venture account.





28. Mr. Anand of Kolkata sends goods to his agent Mr. B at Mumbai on Consignment basis. The agents sends the reports regarding sales and collection of debts by his every month. He is entitled to a commission of 10% on cash collected from debtors and a further sum of Rs. 15,000 per quarter towards expenses. During the half year ended 30<sup>th</sup> June 2008, goods invoiced by Mr. Anand were purchased by him for Rs. 11,00,000. Freight, insurance and other expenses amounts to Rs. 1,10,000. During the same period sales were made by the agent amounting to Rs. 13,00,000. Debts collected were 10,80,000 and discount allowed to debtors amounts to Rs. 10,000. The agent remitted to Anand Rs. 9,50,000.

Included in the consignment to the agent was one lot of goods partly damaged in transit. Anand received Rs. 19,000 from the insurance company towards claim. As on 30<sup>th</sup> June 2008, the agent was having certain goods in stock and the original purchase price of such stock (Paid by Anand) was Rs. 2,50,000.

Prepare Consignment account in the books of Anand.

29. From the following details of a XYZ Ltd., which has a branch at Cochin to which the goods were invoiced at cost plus 25%. Following are the details of the branch for the year 2015.

Stock on 1-1-2015	11,000	Debtors on 1-1-2015	100
Petty cash on 1-1-2015	100	Cash sales	2,650
Credit sales	23,950	Bad debts	550
Goods sent to branch at invoice price	20,000		
Cash received from debtors	21,000		
Goods returned to HO at invoice price	300		
Returns by customers	500		

Cheques sent to branch for - rent – 600, wages – 200, salary – 900, Stock on 31-12-2015 – 13,000, Debtors on 31-12-2015 – 2000, Petty cash on 31-12-2015 – 75.

Prepare Branch Trading and P & L a/c for the year 2015.



30. ABC Ltd. has two departments, Textiles and Readymade. For the last so many years Readymade Dept. get all its requirements of cloth from Textiles Dept. by way of transfer at its usual selling price. The following figures relate to the year ending 31-12-2015.

	Textiles	Readymade
Stock (1-1-2015)	30,000	40,000
Purchases	4,00,000	20,000
Sales	8,00,000	3,60,000
Manufacturing expenses	—	60,000
Transfer from Textiles to Readymade Dept.	2,00,000	2,00,000
Stock (31-12-2015)	30,000	70,000

General expenses of the business is Rs. 40,000. Stock of readymade Dept. Consist of 90% clothes received from Textiles Dept. Textiles Dept. earns a gross profit of 50% on sales in the year ending 31-12-15.  
Prepare departmental trading A/c and General P/L A/c.

31. X, Y and Z are in partnership sharing profit and losses equally. Their capital accounts are : X Rs. 3,000, Y Rs. 2,000 and Z Rs. 300 (Dr). They dissolved the firm and a loss of Rs. 1,800 is incurred after meeting all expenses and outside liabilities. Z is insolvent and is unable to contribute anything towards his deficiency.

Show the partners' capital account as per Garner Vs. Murray principle.

(6×4=24 Marks)



## SECTION – D

Answer **any two** questions in **not** exceeding **4** pages **each**. **Each** question carries **15** marks.

32. Explain the different modes of Dissolution of a partnership firm in detail.

33. The following is the balance sheet of a firm as on 31-12-2012, when D has become insolvent.

### Balance Sheet

Sundry Creditor	10,000	Sundry assets	50,000
General Reserve	10,000	C's Capital A/c	10,000
A's capital A/c	30,000	D's capital A/c	10,000
B's capital A/c	20,000		
	<b>70,000</b>		<b>70,000</b>

The assets realized Rs. 40,000. Creditors were paid in full. Partners share profit and losses equally. You are required to close the books of the firm applying Garner vs. Murray rule.

34. PQR Ltd. has two departments - P and Q. Dept. P sells goods to Dept. Q at normal selling price. From the following particulars prepare Departmental Trading and P/L A/c for the year ended 31.3.2015 and also ascertain the Net profit to be transferred to Balance Sheet.

	Dept. P		Dept. Q
Opening stock	50,000		Nil
Purchases	28,00,000		3,00,000
Goods from P	–		8,00,000



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Wages	3,50,000	2,00,000
Travelling expenses	20,000	1,60,000
Closing stock at cost to the department	8,00,000	2,09,000
Sales	30,00,000	20,00,000
Printing and stationary	30,000	25,000

The following expenses incurred for both the departments, were not apportioned between the departments.

- a) Salaries – 3,30,000
- b) Advertisement expenses 1,20,000
- c) General expenses 5,00,000
- d) Depreciation is to be charged @ 30% on the machinery value – 96,000.


The advertisement expenses of the departments are to be apportioned in the turnover ratio. Salaries and Depreciation are apportioned in the ratio of 2 : 1 and 1 : 3 respectively. General expenses are to be apportioned in the ratio of 3:1.

35. X Ltd. Mumbai has opened a Branch at Chennai on 1<sup>st</sup> July 2014. The goods were invoiced at selling price which was 125% of the cost price of HO.

From the following particulars, show the necessary ledger accounts in the books of HO for the year ended 30<sup>th</sup> June 2015.

Goods sent to branch (at cost to H O)		1,00,000
Sales –	Cash	30,000
	Credit	74,000





Cash received from debtors		50,000
Cheques sent to branch for – Rent	4,000	
Salaries	6,000	
Miscellaneous	<u>1,000</u>	11,000
Discount allowed		3,000
Returns from customers		1,000
Goods spoiled written off (invoice price)		5,000
Stock (on 30-6-2015 at invoice price)		15,000

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(2×15=30 Marks)

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**Third Semester B.Com. Degree Examination, October 2019**

**First Degree Programme under CBCSS**

**Core Course**

**ADVANCED FINANCIAL ACCOUNTING**

**(Common for CO 1343/CC 1344 (2014 to 2017 Admission)/CO1342/CX1342/TT1342/HM1342/CC1343 (2018 Admission))**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer **all** questions in one word to maximum of two sentences. Each question carries **1** mark.

1. What is meant by partnership deed?
2. What is dissolution of firm?
3. What is consignment?
4. What is proforma invoice?
5. What is Joint Venture?
6. Write a short note on Memorandum Joint Venture Account.
7. What are the main types of branches from accounting point of view?
8. What is 'goods in transit'?
9. What are departmental accounts?
10. What is dual pricing?

**(10 × 1 = 10 Marks)**

P.T.O.



## SECTION – B

Answer **any eight** questions not to exceed one paragraph. Each question carries 2 marks.

11. Explain the circumstances under which a firm is dissolved.
12. What is meant by 'fixed capital' of partners?
13. Bring out two important decisions of Garner Vs. Murray.
14. Who is consignee?
15. Name the various methods of recording Joint Venture transactions.
16. Distinguish between joint venture and consignment.
17. What is meant by dependent Branch?
18. What is meant by 'Branch Adjustment Account'?
19. What are inter departmental transfers?
20. List the bases for apportionment of common expenses in departmental accounts.
21. Invoice price of goods sent out is ₹.4,00,000.  $\frac{4}{5}$ <sup>th</sup> of the goods were sold by consignee at ₹.3,52,000. The rate of commission is 2% upto invoice value and 10% of any surplus above invoice value. Calculate the amount of commission.
22. Calculate invoice price of Goods sent to branch and profit included therein:  
Goods sent to Branch (at cost) ₹.1,20,000  
Goods are invoiced to the Branch at 25% above the cost.

(8 × 2 = 16 Marks)

## SECTION – C

Answer **any six** questions not to exceed in 120 words. Each question carries 4 marks.

23. What is realisation account? How and when is it prepared?
24. Distinguish between consignment and sale.
25. What are the objectives of Branch accounting?
26. What are the advantages of departmental accounting?
27. Pass necessary journal entries for the following transactions at the time of dissolution of the firm
  - (a) X, a partner takes over an unrecorded asset (typewriter) at ₹3,000
  - (b) Undistributed balance (debit) of Profit and Loss account ₹30,000. The firm has three partners X, Y and Z
  - (c) The assets of the firm realised ₹1,25,000
  - (d) Creditors paid ₹28,000 in full settlement of their account of ₹30,000.
28. Mr. X provides the following information:
  - (a) Goods sent by Mr. X to his agent Mr. Y—10,000 units @ ₹20 per unit.
  - (b) Mr. X's forwarding expenses ₹.50,000.
  - (c) Agent took delivery and brought goods to his godown after incurring expenses @ ₹1 per unit.
  - (d) Goods sold by agent – 7,300 units @ ₹30.
  - (e) Agents commission — 6%

Calculate the amount of closing stock.



29. X Ltd. Provides you the following information:

	Stock as on 1.4.2014	Purchases	Sales
Dept. A	120 units	1,000 units	1,020 units @ ₹20.00
Dept. B	80 units	2,000 units	1,920 units @ ₹22.50
Dept. C	152 units	2,400 units	2,496 units @ ₹25.00

Total purchases for the period is ₹.1,00,000

The rate of gross profit is 20%, same for all the departments.

Prepare departmental trading account for the year 2014-15

30. Give journal entries in the books of Branch A to adjust the following

- Head office exp. ₹35,000 allocated to the Branch, but not recorded in Branch Books
- Depreciation of branch assets, whose accounts are kept by the Head office not provided earlier for ₹25,000
- Branch paid ₹40,000 as salary to a H.O Inspector, but the amount paid has been debited by the branch to salaries account.
- A remittance of ₹1,50,000 sent by the branch has not yet been received by Head Office.

31. X and Y entered into a joint venture, agreeing to share profits and losses in the ratio of their respective contributions. X and Y deposited ₹65,000 and ₹32,500 respectively into a joint bank account. Goods bought for ₹75,000. Expenses incurred ₹.10,950. Goods sold for ₹90,000. Goods taken over by X amounted to ₹2,700.

Prepare joint venture account and find out the profit.

(6 × 4 = 24 Marks)

SECTION – D

Answer **any two** questions not exceeding four pages. Each question carries 15 marks.

32. Write short notes on:

- (a) Treatment of normal and abnormal losses in consignment
- (b) Recurring and non-recurring expenses relevant in consignment
- (c) Delcredere and overriding commission in consignment

33. Jeevan and sons has two departments' cloths and readymade clothes. Readymade clothes are manufactured by the firm itself out of clothes supplied by the cloth department at its usual selling rate. From the following figures prepare Departmental Trading and Profit and Loss account and General Profit and Loss account for the year ending 31 December 2017.

	Cloth	Readymade
	(₹.)	(₹.)
Opening stock on 1.1 .2017	3,60,000	60,000
Purchases	29,00,000	20,000
Sales	35,00,000	7,00,000
Transfer to readymade cloth department	4,50,000	-
Manufacturing expenses	-	1,40,000
Closing stock on 31.12.2017	1,00,000	48,000

General expenses incurred for both the department were ₹1,20,000. The stocks in the readymade cloth department may be considered as consisting of 66 2/3% cloth and 33 1/3% other expenses. The cloth department earned profit at the rate of 18% in 2016.



34. A Delhi merchant has a Branch at Chennai to which he charges out the goods at cost plus 25%. The Chennai Branch keeps its own Sales ledger and transmits all cash received to the Head Office every day. All the expenses are paid from the head Office. The transactions for the Branch were as follows.

	₹
Stock (1 .4.2007) at invoice price	11,000
Debtors (1 .4.2007)	100
Petty cash	100
Cash sales	2,650
Credit sales	23,950
Goods sent to Branch at invoice price	20,000
Collection from Branch debtors	21,000
Goods returned to Head Office at invoice price	300
Bad debts	300
Allowances to customers	250
Returns inwards	500
Cheque sent to Branch:	
Rent	600
Wages	200
Salaries	900
Stock (31.3.2008)	13,000
Debtors (31.3.2008)	2,000
Petty cash (31.3.2008) including miscellaneous	
Income not remitted	125

Prepare Branch Trading and Profit and Loss account.

Ram and Lal shared profits in the ratio of 2:3. Their Balance Sheet on March 31, 2016 was as follows

Balance sheet			
Liabilities	₹	Assets	₹
Creditors	40,000	Cash	16,000
Lal's loan	32,000	Debtors	80,000
Profit and loss account	50,000	Less: Provision	<u>3,600</u>
			76,400
Capital:		Inventory	1,09,600
Lal	1,60,000	Bills receivable	40,000
Ram	<u>2,40,000</u>	Buildings	<u>2,80,000</u>
	<u>5,22,000</u>		<u>5,22,000</u>

Ram and Lal decided to dissolve the firm on the above date. Assets except bills receivable realized ₹4,84,000. Creditors agreed to take ₹38,000. Cost of realisation was ₹2,400. There was an unrecorded motor cycle in the firm and it was sold for ₹10,000. There was a contingent liability of ₹5,000 in respect of outstanding electricity bill. Ram took bills receivable at ₹33,000.

Prepare necessary accounts to close the books of the firm.

**(2 × 15 = 30 Marks)**