

**Required:** Joint venture account showing profit or loss to each of them.

[5]

**Ans:** Hari's Share on Profit = 24,000 Kumar's Share on Profit = Rs. 12,000

**23. 2062 (C) Q. No. 6**

XP and MP took joint venture business sharing profit and loss in the ratio of 4.5:3.5

The joint venture deals till the closing of joint venture business are given below:

|  | XP                         | MP                         |
|--|----------------------------|----------------------------|
| Material provided for joint venture                      | 70,000                     | 50,000                     |
| Payment for expenses                                     | 20,000                     | 18,000                     |
| Sales revenue received (gross)                           | 120,000                    | 70,000                     |
| Unsold stock taken by co-ventures out of their purchases | 10% plus expenses in ratio | 15% plus expenses in ratio |

**Required:** Joint Venture Account assuming that a separate officer was rendered for the joint venture business

[5]

**Ans:** Profit: XP = Rs. 28,800; MP = Rs. 22,400

**24. 2062 (F) Q. No. 6**

X and Y entered into a joint venture sharing profit and loss in the ratio of 3:2. X despatched goods costing Rs. 85,000 to Y. Y reported that the goods costing Rs. 5,000 were damaged in transit and received delivery of the remaining goods by incurring carriage expenses of Rs. 15,000. X recovered Rs. 4,000 from the insurance company for the goods damaged in transit.

Y sold 90% of the goods at a profit of 30% on cost and closed joint venture account by retaining the remaining goods at cost plus proportionate expenses.

**Required:** Joint Venture Account in the books of X.

[5]

**Ans:** Profit Y Rs. 9,860 and P/L a/c Rs. 17,790

**25. 2061 (C) Q. No. 11**

Phewa entered into a joint venture with Rupa for the purchases and sales of two wheelers. They agreed that profits and losses should be shared equally.

The following transactions took place:

- Phewa purchased two wheelers for Rs. 889,000 and paid carriage Rs. 27,300.
- Rupa purchased two wheelers for Rs. 756,000 and paid carriage Rs. 15,000
- Rupa paid Phewa Rs. 140,000.
- Phewa sold two wheelers for Rs. 734,000 and sent a cheque for Rs. 300,000 to Rupa.
- Rupa sold all two wheelers it had purchased for Rs. 1,023,000.
- The unsold two wheelers in the possession of Phewa were taken over by her of a valuation of Rs. 360,000.
- The amount due from Co. Ventures were paid and their joint venture was dissolved.

**Required:** Joint Venture A/c in the book of Phewa.

5

**Ans:** Profit on Rupa a/c Rs. 214,850 and profit & loss a/c Rs. 214,850

**26. 2061 (F) Q. No. 6**

Ajaya and Bijaya entered into a joint venture to produce a tele-film for TV Channel. They agreed to share profits equally. They provide the following information regarding the expenditures incurred by them.

|                              | Ajaya       | Bijaya      |
|------------------------------|-------------|-------------|
| Remuneration to artists      | Rs. 240,000 | Rs. 200,000 |
| Paid to technician           | Rs. 40,000  | Rs. 60,000  |
| Paid to musician             | ---         | Rs. 40,000  |
| Paid to singers              | ---         | Rs. 20,000  |
| Paid to story writers        | Rs. 10,000  | ---         |
| Paid to directory and others | ---         | Rs. 50,000  |
| Others expenses              | Rs. 60,000  | ---         |

The contract amount of Rs. 800,000 from TV Channel was received by Bijaya on the completion of telefilm.

**Required:** Joint venture account and Bijaya's account in the books of Ajaya.

[3]

**Ans:** Profit on Bijaya = Rs. 40,000 and Profit and loss a/c = Rs. 40,000

**27. 2060 (C) Q. No. 7**

Two co-venturers S and M undertook a joint venture business to supply goods to a newly developed shopping complex. Under the joint venture agreement the co-ventures have agreed to contribute in the ratio 3:2 for any purchase and expenses connected with joint venture dealings. The profit and loss if any is to be shared in the same ratio.

- Purchased goods costing Rs. 65,000 for joint venture business.
- Paid expenses of Rs. 15,000 for carriage and supply of goods to the shopping complex.
- S delivered the goods to the shopping complex for Rs. 140,000 after proper packing for which he spent Rs. 25,000.
- The co-venture S was given 5% commission on the supply price.
- The co-venture M took the goods valuing Rs. 4,000 rejected by the shopping complex after which entire accounts were closed making necessary remittance to clear the accounts of co-ventures.
- The books of joint venture were maintained by the co-venture S.

**Required:** (a) Joint venture account (b) The co-venture M's Account

[3+2]

**Ans:** (a) Profit: M's a/c Rs. 12,800 & Profit = Rs. 19,200

**28. 2060 (F) Q. No. 11**

Blue and Black enter into a joint venture. Blue is to supply the goods and pay the expenses relating to supply. Black is to sell the goods, receive the cash and pays the remaining expenses. Profits and losses are to be shared equally.

Details of the transactions are given as below:

|        |                            | Rs.     |
|--------|----------------------------|---------|
| Blue:  | Supplied the goods costing | 180,000 |
|        | Paid wages                 | 20,000  |
|        | Paid storage charges       | 16,000  |
| Black: | Paid transport expenses    | 12,000  |
|        | Paid selling expenses      | 32,000  |
|        | Sold all goods for cash    | 320,000 |

**Required:** Joint venture account in the books of blue.

[5]

**Ans:** Profit: Blue and Black = Rs. 30,000 (Both)

**29. 2059 (C) Q. No. 14**

A and B entered into a joint venture business with a motive to share profit or loss equally. They contributed equal amount for the purchases of goods at a catalogue price of Rs. 60,000 less trade discount of 10%. A paid Rs. 5,000 for carriage and packing. B sold 90% of the goods for Rs. 63,180 and paid advertising expenses of Rs. 2,000. B retained rest of the goods at a value to give similar percentage of gross profit on the cost of goods sold. Such cost did not include any other expenses other than purchase cost. The joint venture business terminated after making cash payment towards clearance of the accounts maintained in Joint Venture Office.

**Required:** (a) Journal entries (b) A's Account (c) B's Account

[4+2+2]

**Ans:** (b) Total Rs. 36,600 (c) 70,200

**30. 2059 (F) Q. No. 7**

C and D made understanding to import goods from foreign country and sale them in local market sharing profit and loss arising out of joint venture business equally. C remitted Rs. 50,000 to D. D paid Rs. 60,000 to a local agent for the goods imported from foreign country. Besides that he paid Rs. 15,000 as import duty and carriage inwards. He sold the goods in the local market for Rs. 96,000 by accepting a 3 months bill. He discounted the bill with the bank at 5 percent p.a. C and D closed joint ventures business after making necessary remittance for the settlement of accounts. The joint venture accounts were maintained by C only.

**Required:** (a) Joint Venture Account (b) Co-venture D's Account

[3+2]

**Ans:** Profit: C and D = Rs. 9,900 (both) (b) Bank = Rs. 59,900

**31. 2058 (C) Q. No. 10**

Sun and Star undertook construction work jointly. The contract price is Rs. 150,000 payable after the completion of contract work. The profits and losses are shared equally. The transactions relating to construction work are given below:

|  |                           |
|--|---------------------------|
| Bank Account opened by Sun and Star  | Rs. 30,000 and Rs. 25,000 |
| Wages paid   | 15,000                    |
| Materials purchased  | 30,000                    |
| Other expenses   | 5,000                     |
| Materials supplied by Sun  | 5,000                     |
| Materials supplied by Star   | 10,000                    |
| Value of materials taken by Star after the completion of contract work                         | 5,000                     |
| Joint venture duly received contract price and the business is closed after necessary payments |                           |

Required: Joint Venture Account

Ans: Profit: Sun = Rs. 45,000 & Star = Rs. 45,000 [4]

35. 2058 (F) Q. No. 5

The following are the joint venture transactions of A and B agreeing to share profits and losses equally:

- Goods of Rs. 24,000 was purchased by A for joint venture.
- Rs. 20,000 cash was received from B as capital.
- Expenses paid by A for joint venture expenses amounting to Rs. 10,000
- A sold goods worth Rs. 56,000.
- A is entitled to a commission at 2% on sales.
- Unsold goods taken by B amounting to Rs. 10,000.

Required: Joint venture account in the books of A.

Ans: Profit A and B = Rs. 15,440 (both) [4]

36. 2058 (F) Q. No. 14

X and Y entered into a joint venture to undertake construction work. The joint venture accounts were closed making necessary payments after the completion of construction work. They decided to share profit and losses in the ratio of their contribution. The joint venture transactions are reported below:

|   | X Rs.  | Y Rs.  |
|---|--------|--------|
| Cash deposited with bank  | 50,000 | 25,000 |
| Construction materials purchased                                  | 10,000 | 35,000 |
| Unused materials taken after the completion of construction work. | 3,500  | 2,500  |

Further particulars about the joint venture transaction recorded in joint bank account are:

**Joint Bank Account**

|  |                |                                |                |
|--|----------------|--------------------------------|----------------|
| To X's A/c   | 50,000         | By Joint venture A/c           |                |
| To Y's A/c   | 25,000         | (construction materials)       | 60,000         |
| To joint venture (amount received after the completion of construction work) | 125,000        | By joint venture A/c (freight) | 10,000         |
|  |                | By joint venture (expenses)    | 2,000          |
|  |                | By X's A/c                     | 63,500         |
|  |                | By Y's A/c                     | 64,500         |
|  | <b>200,000</b> |                                | <b>200,000</b> |

Required: (a) Joint venture a/c (b) Co-venture's account

[4+(2+2)]

Ans: (a) Profit X and Y = Rs. 7,000 (both)

37. 2057 (C) Q. No. 12

The transactions of the joint venture business started by Moon and Star are given below:

Moon purchased goods for Rs. 80,000

Joint bank account of Rs. 100,000 was opened with the cash contributed by Star.

Paid by cheque for goods purchased costing Rs. 75,000

Sold goods:

- for cash amounting to Rs. 150,000 and
- on credit to the Rising textile amounting to Rs. 120,000 for which acceptance of a draft of two month was received.

- The accepted bill was discounted with bank at 5% p.a.
- Moon was provided a commission of 4% on cash sales.
- The total expenses of Rs. 27,000 was paid by cheque.
- Profit and Loss are shared in the ratio of the contributions made by the co-venturers.
- Settled the books by paying necessary cash.

**Required:** Joint Venture Account and Co-venturers Accounts in the book of the business. [3+2+2]  
**Ans:** Profit Moon = Rs. 36,000 & Star = Rs. 45,000

**38. 2057 (F) Q. No. 12**

Mr. M and Mr. N undertook construction of a college building under joint venture for a sum of Rs. 1,000,000. Profit or loss is shared equally. Joint venture transaction on completion of construction work are given below:

- Joint Bank Account was opened by contributing Rs. 250,000 each by co-venturers.
- Building materials of Rs. 300,000 was purchased from local market.
- Mr. M supplied Rs. 200,000 worth of construction materials.
- Mr. N purchased construction materials costing Rs. 250,000 for joint venture.
- Rs. 125,000 paid as wages.
- Rs. 50,000 was paid as hire charges of concrete mixer.
- Mr. M took 1/6<sup>th</sup> of the building materials purchased from local market on account of rejection for use in construction work at an agreed value of 20 percent less than the purchase cost.
- Construction work lasted for 10 month and co-venturers recovered agreed sum on completion and joint venture accounts were settled after making necessary payments.

**Required:** Joint venture account and joint bank account. [4+3]  
**Ans:** Profit Rs. 57,500 (both) and final payment Mr. M = Rs. 467,500 and Mr. N = Rs. 557,500

**39. 2056 (C) Q. No. 7**

Moon and Star entered into joint venture agreeing to share profits and losses in the ratio of 3:2. Moon is appointed to look after the joint venture business for which he is entitled to get 5% commission on the profit of joint venture.

|  |            |
|--|------------|
| a. Goods purchased for joint venture   | Rs. 40,000 |
| b. Cash received from Star for joint venture                                       | 25,000     |
| c. Cash paid by way of freight & insurance   | 10,000     |
| d. Cash received from sales  | 65,000     |
| e. Goods taken by star out of joint venture stock                                  | 5,000      |
| f. Joint venture account is closed by making necessary payments to co-venture Star |            |

**Required:** Joint Venture A/c in the book of Moon. [5]  
**Ans:** Profit: Moon = Rs. 11,400, Star = Rs. 7,600

**40. 2056 (F) Q. No. 7**

Joint venture business of M and N disclosed the following transactions in connection with joint venture. They agreed to share profits and losses equally.

|  | Rs.    |
|--|--------|
| (i) Cash contributed by M as capital                                       | 13,000 |
| (ii) Cash contributed by N as capital                                      | 10,000 |
| (iii) Expenses incurred by N   | 2,000  |
| (iv) Goods purchased   | 6,000  |
| Interest on the capital contributed by coventurers is allowed at 10% p.a.  |        |
| (v) Sales  | 15,000 |
| (vi) Sales made by N on the closing day                                    | 10,000 |
| Joint venture account is closed after 6 months by making necessary payment |        |

**Required:** Journal Entries in the book of joint venture. [5]  
**Ans:** Profit on joint venture = Rs. 15,850

**11. ACCOUNTING FOR BRANCH AND DEPARTMENT ACTIVITY****A. ACCOUNTING FOR BRANCH ACTIVITY****THEORETICAL QUESTIONS****1. 2068 Q.No. 2**

What is Invoice Price? How is it treated in Branch Account? [2+3]

**2. 2067 Q.No. 3**

Write the features of Dependent Branch. [5]

**3. 2066 Q.No. 1**

Why goods are supplied at invoice by the Head Office to its branches? How invoice price is treated in Branch Account. [5]

**4. 2065 Q.No. 4**

How are goods in transit and cash in transit treated in branch account? [2.5+2.5]

**5. 2064 Q.No. 2**

Define branch and differentiate between dependent and independent branch. [2+3]

**6. 2062 (C) Q. No. 3**

Write about the accounting treatment normally made for "Goods-in-transit" and "Cash-in-transit" in branch accounting. [5]

**7. 2060 (F) Q. No. 3**

What is invoice price? How is it treated in branch account? [2+3]

**8. 2059 (C) Q. No. 3 (OR)**

Why and how Branch Accounts are maintained in Head Office? [5]

**9. 2057 (C) Q. No. 3**

Why goods are supplied at market price by the Head Office to its branches? [5]

**10. 2057 (F) Q. No. 3**

List the books of account to be maintained by an independent branch by giving reasonable reasons. [5]

**NUMERICAL PROBLEMS****11. 2069 Q.No. 12**

The information relating to a branch are:

**Branch Debtor's Account**

| Particulars                   | Amount (Rs.)   | Particulars                   | Amount (Rs.)   |
|-------------------------------|----------------|-------------------------------|----------------|
| To Balance b/d                | 10,000         | By Cash received from debtors | 80,000         |
| To Credit sale (50% of sales) | 100,000        | By Discount allowed           | 10,000         |
|                               |                | By Balance c/d                | 20,000         |
|                               | <b>110,000</b> |                               | <b>110,000</b> |

Other relevant balances appeared in the branch books are:

|   |            |
|---|------------|
| Opening stock of goods                                    | Rs. 15,000 |
| Closing stock of goods                                    | 25,000     |
| Goods sent to branch                                      | 150,000    |
| <b>Cash sent to branch for expenses:</b>                  |            |
| Salaries  | 10,000     |
| Rent  | 5,000      |
| Insurance (for 18 months covering next year's six months) | 15,000     |

**Required:** Branch account in the book of Head Office

Ans: Total Rs. 230,000 [7]

**12. 2068 Q.No. 12**

The followings are the transactions of a Branch Office operating at Pokhara.

|   | Rs.     |
|---|---------|
| Opening stock                               | 40,000  |
| Goods dispatched by the Head Office at cost | 150,000 |

|                  |         |
|------------------|---------|
| Cash sales       | 240,000 |
| Credit sales     | 80,000  |
| Closing stock    | 50,000  |
| Opening debtors  | 60,000  |
| Closing debtors  | 30,000  |
| Salaries         | 20,000  |
| General expenses | 36,000  |
| Bad debts        | 10,000  |

**Required:** (a) Pokhara Branch Office in the book of head Office (b) Branch debtors' account [5+2]

**Ans:** NP = Rs. 114,000; Collection from Drs = Rs. 100,000

**13. 2067 Q.No. 12**

The statement of the transactions of Pokhara Branch are as follows: Cheque received from head office.

|                    |            |
|--------------------|------------|
| For salaries       | Rs. 25,000 |
| For rent and taxes | Rs. 15,000 |
| For petty cash     | Rs. 2,500  |

The value of the goods received from head office was Rs. 540,000.

The sales made by the branch were Rs. 650,000 which included credit sales amounting to Rs. 285,000.

The balances of inventory, debtors and petty cash accounts are given below:

|                     | Beginning  | Ending     |
|---------------------|------------|------------|
| Inventory at branch | Rs. 40,000 | Rs. 50,000 |
| Branch debtors      | Rs. 60,000 | Rs. 80,000 |
| Petty cash          | Rs. 3,000  | Rs. 2,000  |

**Required:** (a) Pokhara Branch Debtors Account (b) Pokhara Branch Account in the book of Head Office [3+5]

**Ans:** (a) Cash collection from debtors Rs. 265,000 (b) Profit Rs. 76,500

**14. 2066 Q.No. 12**

A company with its Head Office at Biratnagar has a branch at Bharatpur. The branch receives all goods from Head Office, who also remits cash for all expenses. Sales are made by the branch on credit as well as for cash. The following information are provided:

|  |            |
|--|------------|
| Beginning stock                                  | Rs. 56,000 |
| Goods received from Head Office at invoice price | 104,000    |
| Cash sales                                       | 100,000    |
| Credit sales                                     | 80,000     |
| Ending stock                                     | 32,000     |
| Beginning debtors                                | 20,000     |
| Closing debtors                                  | 10,000     |
| Salaries   | 16,000     |
| Rent and Other expenses                          | 24,000     |

The Head Office supplies goods to the branch at cost plus 25%.

**Required:** Biratnagar Branch Account and Branch Debtors Account. [5+2]

**Ans:** Cash collection from debtors = Rs. 90,000; Net profit = Rs. 37,600

**15. 2065 Q.No. 10 OR**

The financial transactions of a branch at Gorkha are as follows:

|                                |             |
|--------------------------------|-------------|
| Beginning stock at branch      | Rs. 50,000  |
| Beginning petty cash at branch | Rs. 1,300   |
| Goods supplied to branch       | Rs. 150,000 |
| Cash sales                     | Rs. 200,000 |
| Remittance to branch for       |             |
| Salary                         | Rs. 20,000  |
| Rent                           | Rs. 4,000   |

|                             |           |
|-----------------------------|-----------|
| Petty cash                  | Rs. 2,000 |
| Ending petty cash at branch | Rs. 2,000 |

The branch sold the goods at cost plus 25%.

The branch manager is entitled to a commission of 5% on the profit after charging such commission.

**Required:** (i) Ending stock at branch (ii) Branch Account. [2+5]

Ans: (i) Rs. 40,000 (ii) Profit = Rs. 14,000; Total Rs. 242,000

**16. 2064 Q.No. 15**

Pokhara Head Office has a branch at Birgunj to which goods are invoiced at cost +25%. The following details relating to branch transactions are given to you.

|                                    |            |
|------------------------------------|------------|
| Goods from HO at invoice price     | Rs. 60,000 |
| Return to HO                       | 1,200      |
| Stock at the beginning of the year | 6,000      |
| Sales during the year: Cash        | 20,000     |
| Credit                             | 36,000     |
| Debtors at the start of the year   | 7,200      |
| Cash collected from debtors        | 32,000     |
| Discount allowed                   | 600        |
| Bad debts written off              | 400        |
| Return from customers              | 800        |
| Rent, rates and taxes paid by HO   | 1,800      |
| Salaries and wages paid by HO      | 6,000      |
| Office expenses disbursed by HO    | 600        |
| Stock at end of the year           | 12,000     |

**Required:** Branch Account at Head Office. [7]

Ans: Amount of profit Rs. 3,560; Closing balance of debtors Rs. 9,400

**17. 2064 (Old-C) Q.No. 13**

National Trading Ltd. has a branch at Dang. Goods are invoiced to branch at the selling price, being cost + 25%. The branch keeps its own sales ledger and deposits all cash received daily to the credit of HO account. All expenses are paid by cheque from HO. Following particulars are supplied to you relating to branch.

|                                     |            |
|-------------------------------------|------------|
| Stock at the beginning of 2060      | Rs. 20,000 |
| Debtors at the start of 2060        | 30,000     |
| Petty cash balance at start of 2060 | 200        |
| Goods sent to branch                | 230,000    |
| Sales (20% of sales for cash)       | 270,000    |
| Received from debtors               | 181,000    |
| Cheques sent to branch:             |            |
| Salaries                            | 8,000      |
| Rent and taxes                      | 1,800      |
| Petty expenses                      | 150        |
| Stock at the end of 2060            | 15,000     |
| Petty cash balance at end           | 100        |
| Goods return by branch              | 2,500      |

**Required:** Branch account at year end at Head Office. [7]

Ans: General profit = Rs. 73,950

**18. 2063 Q. No. 6**

Kathmandu head Office supplies goods to its branch at Bhairahawa at invoice price, which is cost +50%. The following particulars relating to Bhairahawa Branch are given to you:

|   |            |
|---|------------|
| Stock at the beginning of current year          | Rs. 63,000 |
| Debtors at the start of current year            | 10,000     |
| Petty cash balance at the start of current year | 200        |
| Goods from head office                          | 195,000    |

|   |         |
|---|---------|
| Goods sent to head office as return           | 2,100   |
| Allowance to customers                        | 1,800   |
| Cash collected from debtors                   | 95,000  |
| Cash from Head office for                     |         |
| • Rent  | 3,600   |
| • Salary                                      | 24,000  |
| • Petty cash                                  | 800     |
| Cash sales                                    | 108,000 |
| Petty cash balance at the end of current year | 100     |
| Debtors at end of current year                | 4,000   |
| Stock at the end of current year              | 54,000  |

**Required:** Bhairahawa Branch Account in Head Office showing amount of credit sales and branch profit. [5]

Ans.: Profit = Rs. 33,900, credit sales Rs. 90,800

**19. 2063 (Partial) Q. No. 12**

Biratnagar Head Office has a branch at Kathmandu. Goods are sent by the HO at invoice price which is at the profit of 25% on cost price. The following particulars relating to Kathmandu Branch are given to you:

Balance at the beginning of the current year:

|   |            |
|---|------------|
| Stock at invoice price.....                 | Rs. 11,000 |
| Debtors .....                               | 1,800      |
| Petty cash .....                            | 100        |
| Goods sent to branch at invoice price ..... | Rs. 22,000 |
| Expenses paid by HO                         |            |
| Rent.....                                   | 720        |
| Wages.....                                  | 250        |
| Salary.....                                 | 1,500      |
| Remittances made to HO Cash sales .....     | 3,000      |
| Cash collection from debtors .....          | 22,000     |
| Goods returned by Branch .....              | 1,500      |
| Balance at the end of the current year:     |            |
| Stock .....                                 | Rs. 14,000 |
| Debtors .....                               | 2,000      |
| Petty cash .....                            | 50         |

Branch manager is entitled to 5% commission on net profit after charging such commission.

**Required:** (a) Kathmandu Branch account at Biratnagar Head Office showing branch profit. (b) Branch debtors account [5 + 2]

Ans: (a) Net profit Rs. 6,838 (b) Credit sales Rs. 22,200

**20. 2061 (C) Q. No. 12**

The Valley Company Ltd. Has a sales branch at Bharatpur, Chitwan to which charges all goods sent at cost price plus 33.33%. The branch is required to pay on daily basis; all cash received into HO account maintained in local bank branch and necessary advice sent to the HO. All branch expenses to be paid by HO.

Following particulars were furnished for the year ended Chaitra 31, year 5.

|   | Rs.     |
|---|---------|
| On Baishak 1, year 5:   |         |
| Stock at Branch   | 60,000  |
| Branch Debtors  | 7,500   |
| Goods sent to branch  | 410,000 |
| Branch rent, rates and taxes  | 16,000  |
| Goods return by branch  | 10,000  |
| Cash sent to HO a/c in bank (Including Rs. 100,000 collected from Drs.) | 595,000 |
| Branch official expenses  | 24,000  |
| On Chaitra 31 year 5:   |         |
| Stock at Branch   | 90,000  |
| Branch Debtors  | 17,000  |



**Required:** (i) Branch Debtor's Account (ii) Bharatpur Branch Accounting HO

3+5

**Ans:** (i) Credit sales Rs. 109,500 (ii) Profit at branch = Rs. 287,000

**21. 2061 (F) Q. No. 7**

Mr. B had a branch at Biratnagar Goods are supplied to branch at cost plus 25%. All expenses are paid from the head office.

The following beginning and ending balance are given:

|         | 1.4.20X3   | 31.3.20X4  |
|---------|------------|------------|
| Stock   | Rs. 50,000 | Rs. 70,000 |
| Debtors | Rs. 20,000 | Rs. 30,000 |

Following further details are given for the year-ended 31.3.20X4.

|                           |             |
|---------------------------|-------------|
| Goods sent to branch      | Rs. 200,000 |
| Cash sent to Head office  | Rs. 240,000 |
| Goods returned by debtors | Rs. 10,000  |
| Credit sale               | Rs. 70,000  |

Cash sent to branch:

|                    |            |
|--------------------|------------|
| For Rent and taxes | Rs. 20,000 |
| For salaries       | Rs. 20,000 |
| For other expenses | Rs. 5,000  |

**Required:** Branch Debtors Account and Branch Account in the books of B.

2+5

**Ans:** Cash collection from debtors = Rs. 50,000, profit at branch = Rs. 61,000

**22. 2060 (C) Q. No. 13**

National Company Ltd. provides you the following information relating to its Dhangadhi Branch for the year ending Chaitra end, year 6

|                        | Starting | Ending  |
|------------------------|----------|---------|
| Stock at branch        | 37,500   | 62,500  |
| Branch debtors         | 75,000   | 120,000 |
| Petty cash             | 750      | 500     |
| Cheque sent to branch: |          |         |
| Salaries               | 22,500   |         |
| Rent and taxes         | 3,750    |         |
| Petty cash             | 2,750    |         |
| Goods sent to branch   | 625,000  |         |

Total Branch sales during the year amounted to Rs. 720,000 of which credit sales amounted to Rs. 570,000

Branch sold goods at cost plus 20%

**Required:** (a) Branch Debtors Account (b) Branch Account in HO

[3+5]

**Ans:** (a) Cash collection from debtors Rs. 525,000; (b) Closing stock Rs. 62,500, Profit Rs. 90,750

**23. 2060 (F) Q. No. 12**

Gandaki Company Ltd. operates a branch at New City Bhairahawa. All goods are invoiced to the branch at cost plus 25%.

The following particulars are given about the transactions at the branch during the year ended Chaitra 31<sup>st</sup>, year 6.

|  | Rs.    |
|--|--------|
| Stock on Baishakh 1 <sup>st</sup> , year 6 | 2,000  |
| Goods sent to New City                     | 29,200 |
| Stock on Chaitra 31 <sup>st</sup> , year 6 | 4,000  |
| Credit sales                               | 25,000 |
| Cash sales                                 | 2,400  |
| Return from New City                       | 1,000  |
| Goods stolen                               | 600    |
| Bad debts written off                      | 225    |
| Cash from debtors                          | 22,400 |
| Discount allowed to debtors                | 400    |

**Required:** ① New City Branch Account in the book of Gandaki Company Ltd. [5]

② Branch Debtors a/c [3]

Ans: (a) Profit = Rs. 6,295 (b) Closing = Rs. 1,975

**24. 2059 (C) Q. No. 13**

Kathmandu Trading Company provides you the following transactions relating to its Dhankuta Branch Office for the year ending Chaitra, 2057.

**Expenses paid by the head office:**

Salaries & Wages – Rs. 8,400

Sundry expenses – Rs. 3,600

Rent – Rs. 5,250

Petty cash expenses – Rs. 1,200

| Balance at Branch |             |             |
|-------------------|-------------|-------------|
|                   | Opening Rs. | Closing Rs. |
| Stock of goods    | 12,000      | 9,600       |
| Debts             | 10,000      | 11,500      |
| Petty cash        | 500         | 700         |
| Furniture         | 5,000       | 4,500       |

Goods sent to Branch during the year Rs. 42,000

Returns to head office Rs. 4,800

Sales of goods on: Credit Rs. 36,000; Cash Rs. 25,800

**Required:** Branch Account in Head Office [5]

Ans: Profit = Rs. 3,450

**25. 2059 (F) Q. No. 13 OR**

A Kathmandu merchant has a branch at Biratnagar to which he charges out the goods at cost plus 25%. The Biratnagar branch keeps its own sales ledger and transmits all cash received to the Head Office everyday. All expenses are paid from the Head Office. The transactions for the Branch are as follows:

| Departments |             |             |
|-------------|-------------|-------------|
|             | Opening Rs. | Closing Rs. |
| Stock       | 11,000      | 13,000      |
| Debtors     | 1,700       | 2,000       |
| Petty cash  | 100         | 125         |

Cheques sent to Branch for:

Salary & Other expenses ..... Rs. 1,000

Rent ..... Rs. 600

Wages ..... Rs. 250

Petty expenses ..... Rs. 100

Goods sent to branch ..... Rs. 20,000

Cash sales ..... Rs. 8,000

Goods returned to Head Office ..... Rs. 400

Collection on ledger accounts ..... Rs. 21,000

Bad debts ..... Rs. 300

Allowances to customers ..... Rs. 250

Return inward ..... Rs. 500

**Required:** (a) Branch Debtors Account (b) Biratnagar Branch Account [3+5]

Ans: (a) Credit sales = Rs. 22,350 (b) Profit = Rs. 13,295

**26. 2058 (C) Q. No. 6**

The details of the transactions for the year connected with branch are mentioned below:

|  | Rs.     |
|--|---------|
| Stock at the beginning                               | 40,000  |
| Petty cash at the beginning                          | 500     |
| Furniture at the beginning (depreciated at 10% p.a.) | 20,000  |
| Goods received from Head Office                      | 175,000 |
| Sales (Credit sales 60% and cash sales 40%)          | 200,000 |
| Cash received directly from Branch customers         | 60,000  |

|                                   |                  |        |
|-----------------------------------|------------------|--------|
| Cheque sent for branch expenses:  |                  |        |
|                                   | For Salaries     | 25,000 |
|                                   | For Rent & taxes | 10,000 |
|                                   | For Petty cash   | 400    |
| Stock at the end                  |                  | 25,000 |
| Petty expenses paid by the branch |                  | 700    |

Required: Branch Account

[5]

Ans: Loss Rs. 27,700

27. 2058 (C) Q. No. 13

The particulars of Birgunj Head Office and Biratnagar Branch Office for the last year ending Chaitra are given below:

|                          | Birgunj Head Office (Rs.) | Biratnagar Branch Office (Rs.) |
|--------------------------|---------------------------|--------------------------------|
| Opening stock            | 60,000                    | 50,400                         |
| Purchases                | 190,000                   | -                              |
| Goods supplied to branch | 151,200                   | -                              |
| Sales                    | 150,000                   | 180,000                        |
| Chargeable expenses      | 25,000                    | 16,000                         |

Birgunj Head Office supplied goods to Biratnagar Branch at 20% less than the list price. Both Offices sold goods to customers at cost plus 50%.

Required:

- (a) Ascertain value of closing goods of Head Office and Branch Office in a separate sheet.  
 (b) Prepare Trading and Profit and Loss Accounts of Head Office and Branch Office. [3 + 4]

Ans: (a) HO = Rs. 24,000 & BO = Rs. 57,600; (b) GP: HO = Rs. 75,200 & BO = Rs. 36,000; NP: HO = Rs. 49,000 and BO = Rs. 20,000

28. 2058 (F) Q. No. 8

Janakpur Rice mill has branch office at Dhankuta. The following are the balances shown by Dhankuta Branch at the year-end Chaitra.

|  | Rs.     |  | Rs.    |
|--|---------|--|--------|
| Balances at the beginning stock at branch            | 72,000  | Payment made by branch:  |        |
| Debtors at branch                                    | 50,000  | Salaries   | 25,000 |
| Prepaid insurance (Cover upto Ashadh)                | 4,500   | Rent & rates   | 12,000 |
| Goods sent to branch                                 | 330,000 | Insurance for one year upto 1 <sup>st</sup> Shrawan of the next year | 18,000 |
| Cash sales   | 310,000 | Balance at the end stock at branch                                   | 65,000 |
| Cash received from customers remitted to Head Office | 95,000  | Debtors at branch  | 30,000 |

Required: Branch Account in the book of head office.

[5]

Ans: Loss Rs. 7,000

29. 2057 (C) Q. No. 5

The branch debtor's account of a dependent branch is given below:

[5]

| Branch Debtors Account |         |                    |         |
|------------------------|---------|--------------------|---------|
| Particulars            | Rs.     | Particulars        | Rs.     |
| To opening balance     | 20,000  | By bank            | 150,000 |
| To credit sales        | 180,000 | By closing balance | 50,000  |
|                        | 200,000 |                    | 200,000 |

Additional information:

- Branch Stock – Beginning Rs. 30,000; Closing Rs. 20,000
- Goods sent to branch Rs. 150,000
- Cash sale Rs. 50,000
- Cash remitted to branch for operating expenses Rs. 30,000

Required: Branch Account in the book of Head Office

[4]

Ans: General profit & Loss = Rs. 40,000

## 30. 2057 (F) Q. No. 5

The following transactions of a dependent branch are provided:

|  | Beginning  | Ending     |
|--|------------|------------|
| (i) Stock  | Rs. 50,000 | Rs. 40,000 |
| Debtors  | Rs. 10,000 | Rs. 15,000 |
| (ii) Credit sales are Rs. 30,000 and collection from debtors Rs. 25,000                |            |            |
| (iii) Cash sales Rs. 100,000   |            |            |
| (iv) The goods were invoiced at 25% above cost and value of goods sent was Rs. 100,000 |            |            |
| (v) Branch operating expenses incurred for the year Rs. 25,000                         |            |            |

**Required:** Branch Account in the books of Head Office.

[4]

Ans: Net profit Rs. 17,000

## 31. 2056 (C) Q. No. 13 (OR)

(a) Branch expenses of the last year were:

|               |            |
|---------------|------------|
| Salaries      | Rs. 25,000 |
| Advertisement | 2,000      |
| Petty Cash    | 3,400      |

(b) Branch balances:

|                    | Beginning (Rs.) | Ending (Rs.) |
|--------------------|-----------------|--------------|
| Goods              | 30,000          | 28,000       |
| Debts (receivable) | 45,000          | 32,000       |
| Petty Cash         | 2,000           | 1,200        |

(c) Last year's sales were of Rs. 600,000 representing 70% cash sales.

(d) Branch sold goods at cost plus 25%.

**Required:** (a) Goods sent to Branch (b) Branch Debtors a/c (c) Branch a/c

[2+2+4]

Ans: (a) Rs. 478,000 (b) Bank Rs. 193,000 (c) Profit Rs. 88,800

## 32. 2056 (F) Q. No. 8

The information relating to a branch are:

**Branch Debtor's Account**

|                                      | Rs.           |                               | Rs.           |
|--------------------------------------|---------------|-------------------------------|---------------|
| To Balance b/d                       | 10,000        | By Cash received from debtors | 65,000        |
| To Credit sales (40% of total sales) | 80,000        | By Sales return               | 4,000         |
|                                      |               | By Discount allowed           | 1,000         |
|                                      |               | By Balance c/d                | 20,000        |
|                                      | <b>90,000</b> |                               | <b>90,000</b> |

Other relevant balances appeared in branch books are:

|   | Rs.     |
|---|---------|
| Stock at the beginning  | 15,000  |
| Stock at the end  | 20,000  |
| Goods sent to branch  | 130,000 |
| Compensation by Head Office for branch expenses salaries        | 6,000   |
| Rent  | 2,000   |
| Insurance (for 18 months till the last Ashwin of the next year) | 9,000   |

**Required:** Branch Account in the book of Head Office.

[5]

Ans: Profit Rs. 56,000

## 33. 2056 (F) Q. No. 16 (OR)

The Trail Balance of a company and its branch at Bhairahawa as on the last day of Chaitra of last year are as follows:

| Particulars                    | H. Office | B. Office | Particulars          | H. Office | B. Office |
|--------------------------------|-----------|-----------|----------------------|-----------|-----------|
| Stock 1 <sup>st</sup> Baishakh | 75,000    | 25,000    | Head Office Account  |           | 20,000    |
| Purchases                      | 170,000   | 65,000    | Goods sent to Branch | 40,000    |           |
| Wages                          | 80,000    | 20,000    | Office               |           |           |

|                              |                |                |                 |                |                |
|------------------------------|----------------|----------------|-----------------|----------------|----------------|
| Plant:                       |                |                |                 |                |                |
| H Office                     | 145,000        |                | Sales           | 342,000        | 170,000        |
| B Office                     | 60,000         |                | Capital         | 250,000        |                |
| Furniture:                   |                |                | Bank Loan       | 50,000         |                |
| H Office                     | 25,000         |                | Creditors       | 12,000         | 10,000         |
| B Office                     | 15,000         |                | Discount earned | 8,000          | 3,000          |
| Productive:                  |                |                |                 |                |                |
| Expenses                     | 40,000         | 15,000         |                 |                |                |
| Salaries                     | 20,000         | 12,000         |                 |                |                |
| Rent                         | 8,000          | 3,000          |                 |                |                |
| General expenses             | 14,000         | 8,000          |                 |                |                |
| Goods received from H office |                | 40,000         |                 |                |                |
| Debtors                      | 16,000         | 9,000          |                 |                |                |
| Cash in hand                 | 10,000         | 6,000          |                 |                |                |
| Branch Account               | 24,000         |                |                 |                |                |
|                              | <b>702,000</b> | <b>203,000</b> |                 | <b>702,000</b> | <b>203,000</b> |

**Further information:**

- Closing stock at Head Office was of Rs. 90,000 and at Branch of Rs. 70,000
- Branch Office salaries not yet paid of Rs. 2,000
- Interest at 10% p.a. on Bank Loan due.
- Plant and Furniture are to be depreciated at 10% p.a.

**Required:** (a) Journal entries in the book of office to carry out incorporation

(b) Trading a/c of head office and branch office

(c) Profit & Loss A/c of head office and branch office

(d) Consolidated Balance Sheet

Ans: (b) GP: HO = Rs. 107,000 & BO = Rs. 75,000 (c) NP: HO = Rs. 51,000 & BO = Rs. 45,500, (d) Total = Rs. 425,500

[6]

[2]

[3]

[4]

**B. ACCOUNTING FOR DEPARTMENT ACTIVITY****THEORETICAL QUESTIONS****1. 2064 (Old- C) Q.No. 2**

With suitable example give the treatment of inter-departmental transfer under departmental account.

[5]

**2. 2063 (Partial) Q. No. 1**

Write the meaning of Departmental Accounts. How the expenses are allocated in Departmental Accounts.

[2+3]

**3. 2062 (F) Q. No. 2**

How would you treat inter-departmental transfers at cost? Write your answer with suitable examples.

[5]

**4. 2061 (F) Q. No. 4**

Write the meaning of Inter Department Transfer and its treatment in the preparation of Trading and Profit and Loss Account.

[2+3]

**5. 2058 (C) Q. No. 3**

"Departments should share the common cost to arrived at departmental profit." Justify the statement mentioning the major basis of allocation of joint cost.

5

**6. 2058 (C) Q. No. 4**

Write the accounting treatment normally made for department unrealised profit with suitable example.

5

**NUMERICAL PROBLEMS****7. 2069 Q.No. 11 Or**

A Trading Co. has two departments P and Q. Department P sells goods to Department Q at normal selling prices quoted at cost plus 25%. Following particulars are supplied as on December 31, 2007 relating to Departments.

| Particulars                          | Departments |           |
|--------------------------------------|-------------|-----------|
|                                      | P           | Q         |
| Opening stock                        | 100,000     | -         |
| Purchases                            | 2,300,000   | 200,000   |
| Goods from P Dept.                   | -           | 700,000   |
| Printing & stationery                | 20,000      | 16,000    |
| Sales                                | 2,300,000   | 1,500,000 |
| Travelling expenses                  | 10,000      | 40,000    |
| Wages & Salaries                     | 100,000     | 160,000   |
| Closing stock at cost to Departments | 500,000     | 180,000   |

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

|                     |             |
|---------------------|-------------|
| a. Salaries         | Rs. 270,000 |
| b. Office expenses  | 90,000      |
| c. General expenses | 120,000     |

Apportioned: Salaries in 2 : 1 ratio, office expenses in 3 : 1 ratio. General expenses is to be charged to general profit & loss account.

Required:

- Departmental Trading, Profit & Loss Account
- General Profit & Loss Account

[3 + 3 + 2]

Ans: ● Gross profit Rs. 10,00,000 & Rs. 620,000; General profit and loss a/c Rs. 722,500 and Rs. 451,500 ● Rs. Net profit Rs. 10,26,000

8. 2068 Q.No. 11 OR

A manufacturing firm's financial transactions for a fiscal year are as follows:

|                                | Departments |         |
|--------------------------------|-------------|---------|
|                                | Cable       | Fan     |
| Opening inventory value        | 80,000      | 60,000  |
| Purchase from the local market | 270,000     | 80,000  |
| Purchase from cable department | —           | 60,000  |
| Direct wages                   | 60,000      | 40,000  |
| Sales to outside customers     | 370,000     | 200,000 |
| Closing inventory value        | 50,000      | 84,000  |

Further information for incorporation

- The cable department supplied goods to the Fan department cost plus 20%.
- 50% of opening inventory value and 40% of closing inventory value of the Fan department were the goods obtained from the Cable department.
- The selling and distribution expenses of the firm were Rs. 20,000.
- The total administrative overhead of the fiscal year was Rs. 70,000. The management decided to allocate the overhead to the Cable and the Fan departments in the ratio of purchase from the local market.

Required: Departmental Trading, Profit & Loss Account and General Profit & Loss Account

[4+2+2]

Ans: GP = Rs. 70,000 and Rs. 44,000; NP = Rs. 3,018 and Rs. 20,982; General profit = Rs. 23,400

9. 2067 Q.No. 11 OR

A firm had two departments: Production and Finishing. Production department supplies its product to finishing department at its usual selling price. Other related information are provided below:

|                       | Production (Rs.) | Finishing (Rs.) |
|-----------------------|------------------|-----------------|
| Opening stock         | 600,000          | 100,000         |
| Purchases             | 4,000,000        | 30,000          |
| Sales                 | 4,400,000        | 900,000         |
| Transfer to finishing | 600,000          | —               |

|                    |         |         |
|--------------------|---------|---------|
| Finishing expenses | —       | 120,000 |
| Selling expenses   | 40,000  | 12,000  |
| Closing stock      | 400,000 | 120,000 |

General expenses of the firm is Rs. 220000

**Required:**

- Departmental Trading and Profit & Loss Account
- General Profit & Loss Account

Ans: (a) Gross profit: Production = Rs. 800,000; Finished = Rs. 170,000; Net profit = Production Rs. 760,000; Finished = Rs. 158,000 (b) General profit = Rs. 694,800 [5+3]

**10. 2066 Q.No. 16 Or**

A company has three departments A, B and C. The extracted balances from their accounts are:

|                     | Department A | Department B | Department C |
|---------------------|--------------|--------------|--------------|
| Wages and materials | Rs. 65,000   | Rs. 110,000  | —            |
| Sales               | —            | —            | Rs. 170,000  |
| Beginning stock     | 15,000       | 20,000       | 30,000       |
| Ending stock        | 25,000       | 75,000       | 50,000       |

The other expenses and incomes and their apportioned ratios are:

|                         | Rs.    | A:B:C |
|-------------------------|--------|-------|
| Salaries                | 15,000 | 1:1:1 |
| Rent                    | 30,000 | 1:2:3 |
| Insurance               | 10,000 | 1:2:1 |
| Depreciation            | 15,000 | 2:2:1 |
| Discount received [A:B] | 4,000  | 2:3   |

Additional information:

- Opening figures of reserve for unrealized profit on departmental stocks were:

|                |            |
|----------------|------------|
| Department 'B' | Rs. 5,000  |
| Department 'c' | Rs. 10,000 |

- Stocks transferred at a margin of percentage above to departmental costs are:

|                                  |     |
|----------------------------------|-----|
| 'A' Department to 'B' Department | 50% |
| 'B' Department to 'C' Department | 20% |

**Required:** Department Trading and Profit and Loss Account and General Profit and Loss Account by showing working notes in details. [10 + 5]

Ans: GP: A = (Rs. 55,000); B = (Rs. 55,000); C = Rs 190,000; NP: A = (Rs. 71,900); B = (Rs. 78,600); C = Rs. 164,500

**11. 2065 Q.No. 7**

A company carries its business through two departments x and y. The balances on 31st December, last year were as under:

|                                    | Department x (Rs.) | Department y (Rs.) |
|------------------------------------|--------------------|--------------------|
| Beginning stock                    | 40,000             | 30,000             |
| Purchases                          | 600,000            | 1,000,000          |
| Sales                              | 1,000,000          | 1,400,000          |
| Closing stock                      | 100,000            | 200,000            |
| Carriage and other direct expenses | 60,000             | 150,000            |

**Additional information:**

- The selling expenses incurred for Department x and y were Rs. 240,000.
- Closing stock of Department x includes goods from Department y for Rs. 20,000 at cost to Department x.
- Closing stock of Department y includes goods from Department x for Rs. 30,000 at cost to Department y.
- Opening stock of Department x and Department y include goods of Rs. 10,000 and Rs. 15,000 taken from Department y and Department x respectively, at cost to transferred department.
- Assume that the percentage of gross profit is same from year to year.

**Required:** (i) Departmental Trading and Profit and Loss Account.

(ii) General Profit and Loss Account.

[6+2]

**Ans:** (i) GP Rs. 400,000 & Rs. 420,000; NP = Rs. 300,000 & Rs. 280,000 (ii) General Profit Rs. 571,000

**11. 2064 Q.No. 8**

The following balances were extracted from books of a company:

|                 | Department x | Department y  |
|-----------------|--------------|---------------|
| Beginning stock | Rs. 35,000   | Rs. 28,000    |
| Purchases       | Rs. 455,000  | Rs. 637,000   |
| Sales           | Rs. 700,000  | Rs. 1,050,000 |
| Ending stock    | Rs. 70,000   | Rs. 140,000   |

**Additional information:**

- Ending stock of x includes goods from department y for Rs. 14,000 at cost to department y.
- Ending stock of y includes goods from department x for Rs. 21,000 at cost to department x.
- Beginning stock of department x and department y includes goods of the value Rs. 7,000 and Rs. 10,000, taken from department y and department x respectively, at cost to transferee department.
- The gross profit is uniform in each year.
- Selling expenses incurred for x and y Rs. 140,000 is to be apportioned on turnover basis.

**Required:** Department trading and profit and loss account for the year ended 31st December, after adjusting the unrealised profit on stock.

[3+5]

**Ans:** Gross profit: Dept X: Rs. 280,000 and Dept Y: Rs. 525,000; Net profit: Dept X: Rs. 220,500; Dept Y: Rs. 436,600

**12. 2064 (Old- C) Q.No. 8**

A firm has three departments D<sub>1</sub>, D<sub>2</sub> and D<sub>3</sub>. The following for 20X5 are made available to you:

| Year                       | Dept. D <sub>1</sub> | Dept. D <sub>2</sub> | Dept. D <sub>3</sub> |
|----------------------------|----------------------|----------------------|----------------------|
| Beginning stock (1.1.20X5) | Rs. 50,000           | Rs. 80,000           | Rs. 40,000           |
| Purchases                  | 80,000               | 60,000               | 30,000               |
| Sales                      | 120,000              | 180,000              | 60,000               |
| Direct expenses            | 30,000               | 15,000               | 7,000                |
| Normal gross profit        | 40%                  | 20%                  | 30%                  |

Total indirect expenses for the period were Rs. 18,000 and charged in proportion to departmental turnover. The firm decided to maintain reserve for stock at 10% in respect of each department.

**Required:** Departmental trading and profit and loss account.

[4+4]

**Ans:** Gross profit: D<sub>1</sub> = Rs. 56,800; D<sub>2</sub> = Rs. 37,100; D<sub>3</sub> = Rs. 21,500; Net profit: D<sub>1</sub> = Rs. 50,800; D<sub>2</sub> = Rs. 28,100; D<sub>3</sub> = Rs. 18,500; General profit = Rs. 84,000

**13. 2063 Q. No. 11**

The particulars of the purchases and sales and other details of Tube and Bulb Department of Moon Light Company for the year 2060 are as follows:

|                     | Departments |            |
|---------------------|-------------|------------|
|                     | Tube (Rs.)  | Bulb (Rs.) |
| Inventory-beginning | 30,000      | 40,000     |
| Purchases           | 300,000     | 450,000    |
| Sales               | 750,000     | 900,000    |
| Productive wages    | 150,000     | 200,000    |
| Return outwards     | 25,000      | 30,000     |
| Return inwards      | 30,000      | 25,000     |
| Inventory-ending    | 20,000      | 60,000     |

The sales of Tube department include goods costing Rs. 120,000 sold to Bulb department at cost plus 25% profit. The administrative expenses amounting to Rs. 150,000 of the period need to be allocated in the ratio of purchases from market.

The selling and distribution expenses of Rs. 90,000 were incurred on the basis of sales to outsiders. The miscellaneous expenses of Rs. 50,000 were incurred during the period.



The beginning and ending inventories of Bulb department contain 60% and 50% goods purchased from Tube department.

**Required:** Department trading profit and loss account and general profit and loss account. [3+2+2]

Ans: Gross profit = Rs. 285,000 and Rs. 275,000; Net profit = Rs. 180,000 and 140,000

14. 2063 (Partial) Q. No. 11

The following are the transactions of Juice and Pickle manufacturing departments for the year 2061.

|   | Departments |              |
|---|-------------|--------------|
|   | Juice (Rs.) | Pickle (Rs.) |
| Opening inventory   | 40,000      | 25,000       |
| Purchase from local market                                      | 320,000     | 150,000      |
| Purchase from juice department<br>(includes 20% profit on cost) | -           | 60,000       |
| Wages for productive workers                                    | 80,000      | 70,000       |
| Sales through agents<br>(excluding inter department sales)      | 475,000     | 325,000      |
| Closing inventory   | 60,000      | 35,000       |

The office expenses amounting to Rs. 50,000 were incurred during the year, which needed to be allocated in the ratio of value of materials purchased. The selling expenses of Rs. 60,000 were incurred on the basis of sales transactions excluding inter-department sales.

The payment for general overheads during the period was Rs. 40,000.

Opening inventory consisting 40% and closing inventory consisting 50% of Pickle department represent goods received from Juice department.

**Required:**

Department Trading, Profit and Loss Account and General Profit and Loss Account. [3+2+2]

Ans: Gross profit = Rs. 155,000 and Rs. 55,000; General Profit = Rs. 89,186 and Rs. 10,814; Net profit = Rs. 61,416

15. 2062 (C) Q. No. 7

The summarized figures of the year ended 31.12.2003 of a Metal Craft Firm where Assembly Department purchased entire materials from Casting Department are listed below:

|                                | Casting department Rs. | Assembly department Rs. |
|--------------------------------|------------------------|-------------------------|
| Opening stock                  | 40,000                 | 75,000                  |
| Purchase of material           | 250,000                | 100,000                 |
| Sales revenue (outsiders only) | 400,000                | 500,000                 |
| Closing stock                  | 25,000                 | 50,000                  |
| Wages                          | 80,000                 | 180,000                 |
| Manufacturing overheads        | 70,000                 | 90,000                  |

General expenses to Rs. 45,000 were shared in the ratio of total sales revenue.

The despatch of the computer appliances by Casting Department to Assembly Department were made by adding 25% profit on cost.

Other miscellaneous expenses of Rs. 40,000 were incurred.

**Required:** Trading and Profit and Loss Account of Departments and General Profit and Loss Account. [4+2+2]

Ans: GP: Casting Rs. 85,000, Assembly Rs. 105,000; NP: Rs. 62,500 & 82,500 and Net profit after adjustment = Rs. 110,000

16. 2062 (F) Q. No. 7

Appliances Division of Computer Enterprises Nepal provided computer appliances at cost plus 20% profit to computer Supplies Division.

The purchases, sales, stock positions and other figures at the year-ended 31.12.2059 are reported below:

|                                    | Appliances Division Rs. | Suppliers Divisions Rs. |
|------------------------------------|-------------------------|-------------------------|
| Stock 1.1.2059                     | 120,000                 | 90,000                  |
| Purchases excluding inter-division | 450,000                 | 250,000                 |

|                                |         |         |
|--------------------------------|---------|---------|
| Sales excluding inter-division | 500,000 | 750,000 |
| Stock 31.12.2059               | 90,000  | 120,000 |
| Direct labour cost             | 80,000  | 70,000  |

Further information available for necessary incorporation

- Opening and closing stocks of Supplies Division contained 50% of the components received from Appliances Division.
- Computer appliance costing Rs. 150,000 were supplied by the Appliances Division to Supplies Division.
- Selling and distribution expenses of Rs. 120,000 were incurred requiring to be shared in the ratio of 2:3 by the Appliance and Supplies Divisions.
- General expenses of Rs. 20,000 were incurred.

**Required:** Trading and Profit and Loss Accounts for the two division and General Profit and Loss Account

[4+2+2]

**Ans:** GP Rs. 120,000 & Rs. 280,000; General P/L a/c Rs. 72,000 and Rs. 208,000; NP = Rs. 257,500

**18. 2061 (C) Q. No. 10**

The balance of the annual accounts of 2058 of Electronic Manufacturing concern that has produced 'Two Bands' and 'Four Bands' Transistors are as given below:

|                   | 'Two Bands' Transistors<br>in Rs. | 'Four Bands' Transistor<br>in Rs. |
|-------------------|-----------------------------------|-----------------------------------|
| Opening materials | 40,000                            | 60,000                            |
| Purchases         | 250,000                           | 200,000                           |
| Purchases returns | 20,000                            | 40,000                            |
| Closing materials | 50,000                            | 40,000                            |
| Sales             | 230,000                           | 450,000                           |
| Sales returns     | 55,000                            | 50,000                            |
| Wages             | 70,000                            | 90,000                            |

'Two Bands' Transistor Department supplied its product at a sale price of Rs. 20,000 to 'Four Bands' Transistor Departments quoting cost plus 25% profit still in stock. Office and selling expenses of Rs. 70,000 requiring allocation in the ratio of sales.

Miscellaneous overhead of Rs.78,000 requiring allocation in the ratio of value of material consumed.

General salaries during the period was Rs. 60,000.

**Required:** Department Trading and Profit and Loss Account for the year and General Profit and Loss Account.

3+3+2

**Ans:** (i) GP of Four Bands = Rs. 110,000 and GL of Two Bands = Rs. 95,000 (ii) NP of Four Bands Rs. 24,161, NL of Two Bands Rs. 157,161

**19. 2061 (F) Q. No. 12**

The following particulars are associated with materials levels, purchases and sales of Engineering and Electronic Departments.

|                     | Materials<br>(1.1.2058) | Purchases   | Materials<br>(31.12.2058) | Sales       |
|---------------------|-------------------------|-------------|---------------------------|-------------|
| Engineering Depart. | Rs. 20,000              | Rs. 200,000 | Rs. 70,000                | Rs. 400,000 |
| Electronic Depart.  | Rs. 70,000              | Rs. 300,000 | Rs. 20,000                | Rs. 650,000 |

The expenses during the year were:

Direct wages Rs. 120,000; salaries Rs. 60,000

General expenses Rs. 45,000 and rent and rates Rs. 50,000

Those expenses were charged to each department in the ratio of the value of material consumed.

**Required:** Department Trading and profit and loss account.

2.5+2.5

**Ans:** (i) GP: Eng Dept = Rs. 205,000 and Elec. Dept = Rs. 225,000(ii) NP: Rs. 158,500 and Rs. 116,500

**20. 2060 (C) Q. No. 10**

A Business Firm has two departments A and B. Department B gets all its requirements from Department A at the usual selling price. The particulars relating to Department A and B are given below:

|                          | A Rs.     | B Rs.   | Common Rs. |
|--------------------------|-----------|---------|------------|
| Purchases                | 3,000,000 | 45,000  | -          |
| Sales                    | 3,600,000 | 720,000 | -          |
| Opening stock            | 500,000   | 72,000  | -          |
| Goods transfer to Dept B | 450,000   | -       | -          |
| Closing Stock            | 800,000   | 135,000 | -          |
| Selling expenses         | 45,000    | 18,000  | -          |
| Labour cost              | -         | 108,000 | -          |
| Common cost              | -         | -       | 207,000    |

Department A earned a profit of 30% of sales.

Common cost is to be divided in the ratio of 8:1 to Department A and B respectively.

**Required:** Departmental Profit and Loss A/c

[5]

**Ans:** Profit A = Rs. 1,121,000 & B = Rs. 139,000

**21. 2060 (F) Q. No. 10**

Paper making and printing are the two departments of a publication enterprise. The particulars for the year ended Chaitra 30<sup>th</sup> of 2058 are as follows:

|                    | Departments        |                |
|--------------------|--------------------|----------------|
|                    | Paper making (Rs.) | Printing (Rs.) |
| Stock (1.1.2058)   | 40,000             | 50,000         |
| Purchases          | 1,000,000          | 700,000        |
| Stock (31.12.2058) | 80,000             | 330,000        |
| Sales              | 1,400,000          | 1,000,000      |
| Direct wages       | 400,000            | 200,000        |

**Additional information for incorporation:**

- General expenses Rs. 84,000 (allocation in material consumption ratio)
- Advertisement Rs. 89,000 (allocation is sales ratio)
- Lighting and heating Rs. 40,000 (unallocated)
- Paper making department has supplied products to printing department at a sale price of Rs. 200,000 included in stock.

**Required:** Departmental Trading and Profit and Loss Account and General Profit and Loss Account.

**Ans:** GP:PM = Rs. 240,000 & P = Rs. 180,000; NP:PM = Rs. 137,045 & P = Rs. 109,955.  
NP Transfer to capital = Rs. 177,000

**22. 2059 (C) Q. No. 10**

A business firm having A, B and C departments, provides the following operating results for the year ending December, year 10.

| (Rs. '000)              | Departments |       |       | Unspecified Rs. |
|-------------------------|-------------|-------|-------|-----------------|
|                         | A Rs.       | B Rs. | C Rs. |                 |
| Opening stock           | 120         | 84    | 100   |                 |
| Closing stock           | 158         | 76    | 130   |                 |
| Purchases               | 689         | 840   | 562   |                 |
| Sales                   | 1031        | 1150  | 954   |                 |
| Labour                  | 104         | 60    | 101   | 48              |
| Occupancy costs         | -           | -     | -     | 215             |
| Building at cost        | -           | -     | -     | 820             |
| Administrative expenses | 20          | 15    | 30    | 129             |
| Equipment at cost       | 120         | 50    | 120   | 160             |

**Additional information:**

- Depreciation is 15% on cost of equipment and 5% on cost of building
- Common depreciation is to be absorbed in proportion to administrative expenses
- Occupancy costs are to be divided in proportion to sales.
- Unspecified administrative expenses are to be shared equally.

- Each department head is entitled to a commission of 5% of gross profit +3% net profit before charging commission.

**Required:** Department Profit and Loss A/c

[2+2+2+2]

**Ans:** NP: A = Rs. 69, B = Rs. 57 & C = Rs. 98

**22. 2059 (F) Q. No. 10**

A business firm having trading departments A and B provides you the following operating results for the year ending Chaitra, 2058.

|                    | Departments |        |       |
|--------------------|-------------|--------|-------|
|                    | A Rs.       | B Rs.  | C Rs. |
| Opening stock      | 22,000      | 32,000 |       |
| Purchases          | 176,000     | 78,000 |       |
| Closing stock      | 19,000      | 34,000 |       |
| Sales              | 200,000     | 90,000 |       |
| Salaries and wages | 12,000      | 4,300  |       |
| Bad debts          | 200         | 150    |       |
| Trade expenses     |             |        | 2,850 |
| Rent of premises   |             |        | 4,000 |
| Other expenses     | 900         | 500    |       |
| Upkeep of premises |             |        | 1,500 |
| Lighting expenses  |             |        | 2,300 |
| Selling expenses   |             |        | 1,050 |

**Additional information:**

- All expenses relating to premises should be shared in the ratio of 2:1 to A:B
- Common costs other than expenses relating to premises are to be charged in proportions to sales of each department.

**Required:** Department profit and loss a/c

[5]

**Ans:** Loss A = Rs. 43 and Profit B = Rs. 5,293

**23. 2058 (F) Q. No. 15**

The figures of balances at the year ending Chaitra are given:

|                                     | Departments |         |
|-------------------------------------|-------------|---------|
|                                     | I Rs.       | II Rs.  |
| Stock (beginning)                   | 75,000      | 40,000  |
| Purchases                           | 240,000     | 25,000  |
| Transfer of goods from Department I |             | 80,000  |
| Chargeable labour                   | 20,000      | 5,000   |
| Sales to customers                  | 250,000     | 160,000 |
| Stock (ending)                      | 60,000      | 30,000  |

**Additional information:**

- Dept. I transferred goods to Dept. II at cost plus 25%
- 25% of stock at the beginning and 50% of stock at the end of Dept. II represents goods received from Dept. I.
- Office expenses of Rs. 20,000 needs allocation to Dept. I and II in the ratio of chargeable labour.
- Selling and distribution of Rs. 16,000 to be allocated between Dept I and II in the ratio of sales.

**Required:** Departmental Trading Profit and Loss a/c and composite income statement. [3+3+2]

**Ans:** GP Dept. I = Rs. 55,000 & Dept II = Rs. 40,000; NP Dept I = Rs. 29,244 & Dept II Rs 29,756

**24. 2057 (C) Q. No. 11**

Paper making section and greeting cards printing section of a printing house furnishes the following details:

|                           | Paper making Section (Rs.) | Greeting cards Section (Rs.) |
|---------------------------|----------------------------|------------------------------|
| Stock at the commencement | 250,000                    | 20,000                       |
| Purchases                 | 10,00,000                  | 250,000                      |

|   |           |         |
|---|-----------|---------|
| Supplied to greeting cards Section at sales price | 100,000   | -       |
| Sales   | 1,200,000 | 500,000 |
| Stock at the end                                  | 300,000   | 50,000  |
| Productive expenses                               | 50,000    | -       |
| Printing expenses                                 | -         | 10,000  |
| General expenses                                  | 40,000    | 25,000  |
| Selling expenses                                  | 20,000    | 15,000  |

Greeting card section's stocks (both beginning and ending) include 80% goods obtained from paper making section. Paper making section made a gross profit of 10% on sales last year. Salary of Rs. 50,000 was paid to the staff of the printing house.

**Required:** Departmental Trading and P/L and General P/L Account. [2+2+1]

Ans: GP Rs. 300,000 & Rs. 180,000; NP = Rs. 240,000 & Rs. 130,000; Net profit = Rs. 312,368

**25. 2057 (F) Q. No. 11**

The department-wise stock positions, purchases and sales for a year are given below:

| Departments | Opening stock<br>(in units) | Purchases<br>(in units) | Sales<br>(in units) | Units sales price<br>(in Rs.) |
|-------------|-----------------------------|-------------------------|---------------------|-------------------------------|
| I           | 10,000                      | 100,000                 | 105,000             | 3.50                          |
| II          | 20,000                      | 120,000                 | 135,000             | 4.00                          |

The cost price of 220,000 units of goods purchased is Rs. 550,000. Opening and closing stocks are valued at the cost price.

**Required:** (a) Closing stocks of two departments (b) Departmental Trading account showing total gross profit also. [2+3]

Ans: (a) 5,000 units (both) (b) Dept. I = Rs. 123,900 & Dept II = Rs. 182,250

**26. 2056 (C) Q. No. 10**

The closing balance of two departments at the year end are:

|                       | Departments |         |
|-----------------------|-------------|---------|
|                       | A (Rs.)     | B (Rs.) |
| Opening stock at cost | 60,000      | 50,000  |
| Purchases             | 120,000     | 130,000 |
| Sales                 | 160,000     | 200,000 |
| Closing stock at cost | 50,000      | 50,000  |

The details of expenses requiring apportionment to each department in proportion to the cost of goods sold are:

|                        |            |
|------------------------|------------|
| Salaries               | Rs. 24,000 |
| Insurance              | 6,000      |
| Rent and Rates         | 3,000      |
| Miscellaneous expenses | 2,000      |

**Required:** Trading and Profit and Loss Accounts of departments. [2+3]

Ans: Net profit A = Rs. 12,500 & B = Rs. 52,500

## 12. ACCOUNTING FOR PACKAGE OR CONTAINER

### THEORETICAL QUESTIONS

**1. 2064 Q.No. 1**

Write what you know about the accounting treatment of containers when these are non-returnable. [5]

**2. 2064 (Old- C) Q.No. 3**

Write the meaning of valuation of shares. Under what circumstances the valuation of shares becomes necessary? [5]

**3. 2060 (C) Q. No. 4 (OR)**

Why a provision has to be made for the packages not returned by the customers before the expiry of due date? Illustrate with a suitable example. [5]

**4. 2058 (F) Q. No. 1 (OR)**

Write in 5 to 7 effective sentences about the way of treatment of losses in connection with packages and containers account. [5]

**5. 2056 (F) Q. No. 4**

Write in 7 to 10 effective sentences, the sets of books and accounts required to be maintained by a professional. [5]

**NUMERICAL PROBLEMS****6. 2069 Q.No. 14**

Ram & Co. supplies their product in returnable containers. A container is invoiced to consumer at Rs. 80, but if it is returned within two months a credit of Rs. 70 is given to the customer. A container cost Rs. 60 to the company and its estimated life is 5 years at the end of which the scrap value is likely to be Rs. 10. The following particulars are supplied to you.

| Particulars               | No. of Containers |
|---------------------------|-------------------|
| Opening Stock             |                   |
| with customers            | 10,000            |
| in store                  | 14,000            |
| Sent to customers         | 60,000            |
| Purchase during the year  | 2,000             |
| Returnable                | 11,000            |
| Returned by the customer  | 58,000            |
| Condemned during the year | 3,000             |

Amount realised from sales of condemned containers Rs. 160,000.

**Required:** ① Container's Provision a/c ② Container Trading Account. [3+4]

**Ans:** ① Total Rs. 49,00,000 ② Total Rs. 23,00,000

**7. 2068 Q.No. 14**

A firm sells fruits juice to customers in bottles which are returnable after use. Customers are charged at Rs. 4 per bottle and are allowed Rs. 3.50 per bottle with a given period. A bottle costs Rs. 3.50 to the firm and its life is estimated at 6 years at the end of which the scrap value is likely to be Rs. 0.50. For stock taking purposes all bottles in the factory and in the hands of customers are as under:

|                                  |              |
|----------------------------------|--------------|
| Beginning bottles in hand        | 7,000 units  |
| Beginning bottles with customers | 5,000 units  |
| Purchases during the period      | 500 units    |
| Invoiced to customers            | 30,000 units |
| Returned by customers            | 31,500 units |
| Scrapped sold for Rs. 400        | 750 units    |
| Ending stock with customers      | 3,000 units  |

**Required:** Bottles Trading and Profit & Loss Account [5+2]

**Ans:** GP = Rs. 15,775; NP = Rs. 10,150

**8. 2067 Q.No. 14**

A Trading Ltd. buys containers for Rs. 10 which is charged out at Rs. 12.5, allowing Rs. 7.5 on return. All stocks are valued at Rs. 5.0 at stock taking.

On January 1, 2007, the stock at warehouse was 8,000 and 16,000 were in the hands of customers. Company purchased 12,000, sent 26,000 to customers and 19,000 return received. 200 containers were destroyed and 100 were sold as scrap for Rs. 200. At the end of the period 14,000 were in the hands of customers (return period unexpired).

**Required:** (a) Containers Stock Account (b) Containers Trading Account [4+3]

**Ans:** (a) Closing stock in warehouse/hand 12,700 @ Rs. 10 Rs. 127,000 (b) Profit Rs 86,700

**9. 2066 Q.No. 14**

A company supplies its product in a container which is returnable after use. The cost of container is Rs. 20 and is charged to the customer on sale or return within six months at Rs. 40. The customers are given credit of Rs. 30 per container if the containers are returned within six months.

The related information are:

At the beginning of the year:

Containers held by the company 4,000 units

Returnable containers held by the customers 8,000 units

At the end of the year:

Containers held by the company 5,100 units

Returnable containers held by the customers 7,000 units

During the year 6,500 containers were purchased and 13,000 containers were sent to the customers. The customers have returned 9,000 containers and 200 containers destroyed in accident. The scrap realized by the sales of containers, Rs. 2,000. The containers were valued at cost price for stock taking.

**Required:** (a) Container Trading Account (b) Container Reserve Account [4+3]

**Ans:** (a) Profit = Rs. 158,000 (b) Balance Rs. 210,000

**10. 2065 Q.No. 15**

A company supplied its products in returnable drums which are charged at Rs. 300 each. Customers returning the drums within two months are credited with Rs. 270. (The company's procedure is to retain Rs. 270 in deposit accounts till the expiry of the option period for the return of drums).

The following particulars are available from the books:

| Particulars                                     | Units   |
|---|---------|
| Drums in stock as on 1-1-2062                   | 14,000  |
| Drums with customers as on 1-1-2062             | 10,000  |
| Drums purchased during 2062 at Rs. 225 per drum | 20,000  |
| Drums sent to customers during 2062             | 280,000 |
| Drums returned by customers during 2062         | 270,000 |
| Drums returnable on 31-12-2062                  | 10,000  |
| Drums scrapped during 2062 sold for Rs. 375,000 | 5,000   |

All drums as on 1-1-2062 and 31-12-2062 are to be valued at Rs. 150 each. All the amounts due in respect of drums have been collected from debtors.

**Required:** (i) Drum Trading Account (ii) Drums Deposit Account (provision) [4+3]

**Ans:** (i) Profit Rs. 77,25,000 (ii) Balance 290,000 units @ Rs. 270 = Rs. 78,300,000

**11. 2064 Q.No. 14**

A spring water distributing centre purchased water containers at Rs. 50 each. The customers were charged at Rs. 68 each in despatching water and the customer's account was given credit by Rs. 60 each if returned within reasonable time limit.

| The Statement of Container with Customers |        |                     |        |
|---|--------|---------------------|--------|
| Beginning containers                      | 7,000  | Containers returned | 9,500  |
| Containers sent to customers              | 8,000  | Containers retained | 3,000  |
|   |        | Ending containers   | 2,500  |
|   | 15,000 |                     | 15,000 |

Rs. 67,500 was recovered by selling 1,500 scrapped containers.

The stock in hand as on January 1, 20XX was 4,500 containers and as on December 31, 20XX it was 7,500 containers.

**Required:** (a) Number of containers purchased (b) Containers trading account

(c) Containers provision account.

[1+3+3=7]

**Ans:** (a) 3,000 units (b) Gross profit Rs. 86,500 (c) Total Rs. 9,00,000

**12. 2064 (Old-C) Q.No. 10**

The statement of Jar with the customers of Cooking Oil Mill is given below:

|                       | Nos.   |                      | Nos.   |
|-----------------------|--------|----------------------|--------|
| Opening stock of jar  | 6,000  | Jar returned         | 6,000  |
| Jar sent to customers | 6,500  | Jar retained         | 2,000  |
|                       |        | Closing stock of jar | 4,500  |
|                       | 12,500 |                      | 12,500 |

The jars were purchased at Rs. 30 each. The customers' account was charged by Rs. 44 each in delivering cooking oil. The customers' account was credited by Rs. 40 each for the jars timely returned.

The opening stock in hand was 3,000 jars and a total of 2,500 jars were purchased during the period.

**Required:** (a) Jar Trading Account (b) Jar Provision Account.

[4 + 3 = 7]

Ans: Gross profit = Rs. 46,000; Total provision = Rs. 25,00,000

**13. 2063 Q. No. 13**

Kathmandu Dairy Ltd., delivers its milk or milk products to its customers in a 20 liter containers costing Rs. 100 each. The customers are debited by Rs. 130 per unit of container delivered, and they are given credit of Rs. 120 for containers returned within a fortnight. The details of business activities for the year 2061 are presented below:

Beginning inventory of containers

|                                       |             |                      |              |
|---------------------------------------|-------------|----------------------|--------------|
| In hand                               | 2,000 units | With customers       | 2,000 units  |
| Container purchased                   | 4,000 units | container dispatched | 12,000 units |
| Container returned by customers       |             | 8,000 units          |              |
| Container to be returned by customers |             | 4,000 units          |              |
| Containers written off                |             | 200 units            |              |
| Container accidentally destroyed      |             | 300 units            |              |

Compensation received from insurance company for container receiving accident Rs. 90 per unit.

**Required:** (a) Container Trading Account (b) Container Provision Account

[5 + 3]

Ans: Gross profit Rs. 160,000

**14. 2063 (Partial) Q. No. 15**

Nepal Soft Drink Ltd. Sells its product in a five letter metal jars. The jars are delivered to the customers at Rs. 40 each with the options to return within 10 days. The customers were given credit of Rs. 20 for the jars returned. The details of working for 2061 have been presented below. Jars were purchased at Rs. 25 per unit last year.

Beginning stock of jar at book value of Rs. 20

|                           |                                |
|---------------------------|--------------------------------|
| With customers            | 4,000 units                    |
| In hand                   | 6,000 units                    |
| New jars purchased        | 10,000 units (Rs. 25 per unit) |
| Jar sent to customers     | 20,000 units                   |
| Jar with customers        | 3,000 (all new at the end)     |
| Jar retained by customers | 3,000 (all new)                |
| Jar destroyed by fire     | 500 (all old)                  |

The compensation received from Insurance company Rs. 10 per unit

The company depreciates jars within five years of life to a zero book value.

**Required:** (a) Jar Trading Account (b) Jar Provision Account

[5 + 3]

Ans: (a) Profit = Rs. 270,000 (b) Jar return by customer = Rs. 18,000

**15. 2062 (C) Q. No. 14**

A Manufacturing Company deliver its products to customers in containers.

The company provides the following information

| Containers With Customers A/c              |               |                               |               |
|--|---------------|-------------------------------|---------------|
|  | Units         |                               | Units         |
| To opening balance                         | 5,500         | By returned                   | 4,200         |
| To sent out                                | 6,000         | By retained                   | 3,800         |
|  |               | By closing balance (bal. fig) | 3,500         |
|  | <b>11,500</b> |                               | <b>11,500</b> |
| Containers in hand A/c                     |               |                               |               |
|  | Units         |                               | Units         |
| To opening balance (valued at Rs. 60 each) | 2,000         | By sent out                   | 6,000         |



|                               |               |                                     |               |
|-------------------------------|---------------|-------------------------------------|---------------|
| To returned                   | 4,200         | By closing balance (at Rs. 60 each) | 4,700         |
| To purchases (at Rs. 90 each) | 4,500         |                                     |               |
|                               | <b>10,700</b> |                                     | <b>10,700</b> |

Containers are charged out to the customers at Rs. 125 each. And customers are credited with Rs. 105 if the containers are returned within a month. Repairs to containers amount to Rs. 6,200. all stocks are valued at Rs. 60 per unit.

**Required:** ① Containers provisions A/c ② Containers Trading A/c [4+4]  
**Ans:** (a) Balance Rs. 3,500 units @ Rs. 105 (b) Profit and loss a/c Rs. 149,800

## 16. 2062 (F) Q. No. 14

A Chemical Industry deliver its product to customers in containers provides you the following information.

| Containers in hand A/c                     |              |  |              |
|--|--------------|--|--------------|
|  | Units        |  | Units        |
| To opening balance (valued at Rs. 30 each) | 2,000        | By sent out                            | 6,400        |
| To purchased (at Rs. 50 each)              | 3,000        | By destroyed in accident               | 100          |
| To returned from customers                 | 4,600        | By scrapped (sold for Rs. 1,500)       | 100          |
|  |              | By balance c/d (valued at Rs. 30 each) | 3,000        |
|  | <b>9,600</b> |  | <b>9,600</b> |

## Containers with customers A/c

|                    | Units         |                        | Units         |
|--------------------|---------------|------------------------|---------------|
| To opening balance | 4,200         | By returned            | 4,600         |
| To sent out        | 6,400         | By closing balance     | 4,000         |
|                    |               | By retained (bal. Fig) | 2,000         |
|                    | <b>10,600</b> |                        | <b>10,600</b> |

The containers are charged out to customers at Rs. 65 each. And customer are credited with Rs. 40 if the containers are returned in due time of two months. The maintenance cost of the containers amount Rs. 5,000. all stocks are valued at Rs. 30 per unit in the book.

**Required:** ① Containers Provision A/c ② Containers Trading A/c [4+4]  
**Ans:** (i) Total 10,600 units @ Rs. 40 = Rs. 424,000; (ii) Profit Rs. 113,500

## 17. 2061 (C) Q. No. 15

The particulars about the package are stated below:

**Costing modalities:**

- Packages were valued in books at Rs. 60 each
- Packages were charged to customers at Rs. 75 each.
- Customers' returning packages within 3 months given credit at the rate of Rs. 70 each.

**Transactions relating to packages**

- Packages on 1.1.2058 in hand 4,000 and with customers 2,000
- Packages purchased 6,000 at Rs. 65, each.
- Packages destroyed by fire 500 old.
- Packages sent to customers (6000 fresh lot plus 9,000 old)
- Packages returned by customers 14,000.
- Packages not returned lapsing 3 months till 31.6.2058 were 1,000.
- Packages on 31.6.2058 in hand 8,500 and with customers 2,000.

**Required:** (i) Packages Provision Account. (ii) Packages Trading Account. [3+4]  
**Ans:** GP = Rs. 55,000

## 18. 2061 (F) Q. No. 15

Cold storage firm delivered its product to customers in containers at a cost of Rs. 55 each. Containers charge made to customers while delivering goods were Rs. 60 each and returnable credited at Rs. 50 each within 25 days.

The positions of containers for the month of Falgun 2058 are as follows:

### Containers on 1.11.2058

In hand 6,000 and with customers 8,000.

5,000 containers were purchased during 2058 at Rs. 60 each.

9,000 containers were supplied to customers during 2058.

6,500 containers were returned and 3,500 containers were not returned.

### Containers on 30.11.2058

In hand 8,000 and with customers 7,000

500 containers were scrapped and recovered scrapped value of Rs. 25 each.

**Required:** (i) Containers Trading account (ii) Containers Provision Account

4+4

Ans: (i) GP = Rs. 57,500

### 19. 2060 (C) Q. No. 12

A distillery industry delivers its products to customers in containers under returnable term. The containers are purchased at a cost of Rs. 40 per container. The customers' accounts are given credit by Rs. 44 per container for the containers returned within a given time frame. The charge to customers for despatch of products in containers is Rs. 50 per container.

#### Statement of the containers with customers

|                   | Nos.          |                     | Nos.          |
|-------------------|---------------|---------------------|---------------|
| Opening stock     | 8,000         | Containers returned | 10,000        |
| Sent to customers | 9,000         | Containers retained | 4,000         |
|                   |               | Closing stock       | 3,000         |
|                   | <b>17,000</b> |                     | <b>17,000</b> |

#### Other particulars are:

a. Containers in hand as on Baishakh 1, 20X2 4,000 Nos.

b. Containers in hand as on Chaitra 31, 20X2 8,000 Nos.

c. Rs. 60,000 was recovered by selling 2,000 scrapped containers.

**Required:** (a) Number of containers purchased (b) Containers Trading a/c

(c) Containers Provision a/c

[1+3+3]

Ans: (a) 5,000 units (b) Profit = Rs. 50,000

### 20. 2060 (F) Q. No. 15

The necessary details about the crates of a firm supplying milk products are listed below:

#### Crates on 1.1.2058

In hand 4,000 and with customers 2,000

6,000 crates were purchased during 2058

10,000 crates were sent to customers during 2058

7,000 crates were returned and 3,000 crates were retained by customers

#### Crates on 31.12.2058

In hand 7,000 and with customers 2,000

The firm despatched milk products in crates costing Rs. 50 each

Crates charged to the customers while despatching milk product were Rs. 55 each and credited at the rate of Rs. 48 each for the crate returned within 3 months.

Crates were valued at Rs. 45 each for stock valuing.

**Required:** ① Crates Provision Account ② Crates Trading Account

[3+4]

Ans: (b) Gross profit = Rs. 49,000

### 21. 2059 (C) Q. No. 12

A juice-manufacturing factory supplied products in specific jars. The jars are valued in books of the factory at Rs. 50 per jar.

Necessary details about the jars are given below:

|  |             |
|--|-------------|
| Jar to customers are changed at Rs. 80 per jar   |             |
| Customers are given credit with Rs. 70 per jar if returned in good conditions in 30 days |             |
| Stock of jars in hand on Baishakh 1 <sup>st</sup> , 20X2                                 | 6,000 jars  |
| Stock of jars with customers on Baishakh 1 <sup>st</sup> , 20X2                          | 11,000 jars |
| Jars purchased (at Rs. 60 per jar)   | 9,000 jars  |

|   |             |
|---|-------------|
| Jars sent to customers (new 6000 jars)  | 14,000 jars |
| Jars returned by customers  | 13,500 jars |
| Jars destroyed by fire  | 100 jars    |
| Jars (lapsing 30 days) retained by customers till Chaitra 31 <sup>st</sup> , 20X2 | 5,000 jars  |
| Total amount of Rs. 10,000 is incurred as repairs charges for jars                |             |

Required: (a) Jars Provision Account (b) Jars Trading Account [3.5+3.5]

Ans: (a) Closing balance of jars: On hand: 14,400 with customers: 6,500 (b) Profit = Rs. 170,000

22. 2059 (F) Q. No. 12

Ice cream manufacturing concern dispatches its products in crates to customers.

Additional information about the crates is stated below:

- Crates are supplied to customers charging Rs. 64 per crate.
- Customers' account is credited by Rs. 60 per crate if returned within six weeks
- Opening and closing stocks of crates are valued at Rs. 40 per crates.

Summary of the crates in hand

|                                 | Nos.          |                            | Nos.          |
|---------------------------------|---------------|----------------------------|---------------|
| Stock in hand [1.1.20X1]        | 2,000         | Supplied to customers      | 10,000        |
| Purchased [at Rs. 50 per crate] | 8,000         | Lost in store              | 50            |
| Retained by customers           | 6,000         | Stock in hand [31.12.20X1] | 5,950         |
|                                 | <b>16,000</b> |                            | <b>16,000</b> |

Crates with customers expiring six week 2,000 nos.

Crates lying with customers as on 31.12.20X1 3,000 nos.

Required: (a) Crates with customers as on 1.1.20X1

(b) Crates stock a/c (c) Crates Trading a/c [1+3+3]

Ans: (a) Opening balance = 1,000 Crates, (b) In hand = 5,950 crates & with customers = 3,000 crates

23. 2058 (C) Q. No. 15

Chitwan Chemicals Ltd. delivers the goods to customers in package costing Rs. 15 each, charging them at Rs. 30 each. Customers are credited with Rs. 24 if the purchases are returned within 45 days. The following information are supplied to you:

|  | No. of packages |
|--|-----------------|
| Stock at the beginning: In stores  | 2,500           |
| In the hand of customers   | 5,250           |
| Purchases at Rs. 25 each   | 3,750           |
| Package sent to customers  | 8,000           |
| Returned from customers  | 5,750           |
| Old lost completely destroyed by fire in warehouse                         | 75              |
| Old lost destroyed in accident and sold as scrap at a value of Rs. 10 each | 125             |

At the end of the year 4,750 packages were with the customers from the old lot. Stock in godown of the company included all new packages plus some old ones. The packages are valued at their cost price for stock taking purposes.

Required: (a) Package Trading A/c (b) Package Provision A/c [6+2]

Ans: (a) Gross profit = Rs. 72,750 (b) Package retained = 2,750 units

24. 2058 (F) Q. No. 11

Morang Oil Mill sells oil in bottle, which is charged at Rs. 20 each. Customers will be given credit of Rs. 14 each, if they return bottle within stipulated time. The following information is available from the books:

|  | No. of bottles |
|--|----------------|
| Stock in hand, at the beginning of the year        | 6,000          |
| Stock with customers, at the beginning of the year | 7,500          |
| Purchases @ Rs. 10 each                            | 5,000          |
| Bottles retained by the customers                  | 500            |

|   |        |
|---|--------|
| Sales of scrap @ Rs. 3 each                 | 200    |
| Bottle sent out, still returnable           | 15,000 |
| Bottle destroyed                            | 100    |
| Stock in hand at the end of the year        | 9,700  |
| Stock with customers at the end of the year | 8,000  |

For accounting purpose, all bottles within the factory and with customer are valued at Rs. 5 each.

**Required:** Determine the profit or loss with the help of bottle Stock Account.

**Ans:** Profit Rs. 69,100

**25. 2057 (C) Q. NO. 15**

A company supplies their product in returnable containers. A container is invoiced to consumer at Rs. 8, but if it is returned within two months, a credit of Rs. 7 is given to the customer. A container cost Rs. 6 to the company and its life is estimated at 5 years at the end of which the scrap value is likely to be Rs. 1. The following particulars are supplied to you:

|                              | Nos.   |
|------------------------------|--------|
| Opening stock: with customer | 10,000 |
| In stores                    | 14,000 |
| Sent to customers            | 60,000 |
| Purchased during the year    | 2,000  |
| Returnable                   | 11,000 |
| Returned by customers        | 58,000 |
| Condemned during the year    | 3,000  |

Amount realised from sale of condemned containers Rs. 1,600.

**Required:** (a) Container Provision Account (b) Container Trading Account

[3+5]

**Ans:** (a) Balance = Rs. 77,000 (b) Profit = Rs. 37,600

**26. 2057 (F) Q. No. 15**

A company supplies its product in a box, which is returnable after use. The cost of box is Rs. 40 each and is charged to customer at 20% above cost. The customers are given credit of Rs. 32 per box if the boxes are returned within a given period.

The following information is given in respect to the year 2056:

|                  | Held by the Co. | Held by the customers |
|------------------|-----------------|-----------------------|
| At the beginning | 6,000           | 3,000                 |
| At the end       | 12,700          | 5,000                 |

During the year 30,000 boxes were purchased and 25,000 boxes were sent out to customers. During the year 200 boxes were scrapped for Rs. 1,600 and 100 boxes were destroyed being useless.

**Required:** (a) Box reserve account (b) Box Trading account

[3+5]

**Ans:** (a) Returned boxes = 2,000 (b) Profit = Rs. 225,600

**27. 2056 (C) Q. No. 12**

A company supplies its products in a box, which is refundable after uses. The cost of the box is Rs. 30 and is charged to customers on sale or return with 6 months at Rs. 50. The customers are given credit of Rs. 40 per box, if the boxes are returned within six months. You are informed that:

|                                      | At the beginning of the year | At the end of the year |
|--------------------------------------|------------------------------|------------------------|
| Boxes held by the company            | 4,000                        | 6,080                  |
| Returnable box held by the customers | 8,400                        | 7,600                  |

During the year 6,000 boxes were purchased, 12,800 were invoiced to customers, 9,200 were returned and 120 were destroyed in accident. 200 boxes had to be sold as scrap for Rs. 2,000. The boxes are valued at their cost price for stock taking purpose.

**Required:** (a) Box Trading account (b) Box Provision Account

[4+3]

**Ans:** (a) Profit = Rs. 168,000 (b) Balance = Rs. 304,000

**28. 2056 (F) Q. No. 11**

The packages provision account of a company is given below: