

## QUESTION BANK (2017-2018)

### Class XII

#### Subject:- ACCOUNTANCY

1. Give any one rule in absence of partnership deed. 1
2. Write two items of debit side of partner's current Accounts. 1
3. Mention two items that appear on the credit side of a partner's Fixed capital Account. 1
4. Give one point of difference between Profit & Loss A/C and Profit & Loss Appropriation A/C. 1
5. What is profit & loss Appropriation A/C. 1
6. If a fixed amount is withdrawn on the first day of every month for what period the interest on total drawings will be calculated. 1
7. Give the formula for calculating gaining ratio of a partner in a partnership firm. 1
8. Give two characteristics of goodwill.\* 1
9. Name any two factor affecting goodwill of a partnership firm. 1
10. What is the nature of Revaluation Account? 1
11. State two main rights acquired by a new partner. 1
12. What will happen if retired or deceased partner's dues are not settled immediately? 1
13. Write one distinction between dissolution of partnership and dissolution of firm. 1
14. Give two circumstances under which a partnership firm is dissolved? 1
15. What do you mean by non redeemable preference shares? 1
16. What is meant by Reserve capital? 1
17. Distinguish between over subscription and under subscription. 1
18. What is meant by calls in Advance?\* 1
19. What is meant by minimum subscription?\* 1
20. What is meant by secured Debentures? 1
21. What is the nature of Interest on debentures? 1
22. A, B and C were partners in a firm having capitals of Rs. 200,000 Rs. 2,00,000 and Rs. 80000 respectively. Their current Account balances were A = Rs. 20000, B= Rs. 10000 and C= Rs. 5000 (Dr.) According to the partnership deed the partners were entitled to interest on Capital @10% p.a. B is entitled to a salary of Rs. 6000 per quarter. the profits were to divided as follows. \*
  - a) First 60,000 in proportion to their capitals
  - b) Next 1,00,000 in the ratio of 4:3:1.
  - c) Remaining profits to be shared equally. The firm made a profit of Rs. 2,80,000 before charging any of the above items.Prepare Profit & Loss Appropriation Account and pass necessary journal entry for apportionment of profits. 3



26. On 9<sup>th</sup> April 2013, Vivek Ltd was formed with an authorized Capital of Rs 1,00,00,000 divided into 2,00,000 Equity Shares of Rs 50 each. The company issued prospectus inviting application for 1, 80,000 shares. The issue price was payable as under:

On application	Rs 15
On allotment	Rs 20
On Call	Balance amount.

The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year.

Show the following:

- a) Share capital in the Balance Sheet of the company as per Schedule III, part – I of the companies Act 2013.
- b) Also prepare notes to accounts. (3)

27. A ltd had Rs 2,00,000; 10% Debentures of Rs 100 each redeemable at a company option by drawing at par or by purchase of debentures from open market.

On 1<sup>st</sup> Oct, 2015, company decided to redeem Rs 50,000 debentures by purchase of Rs 30,000 debentures in the open market @ 98 each and Rs 20,000 by drawing method.

Show the necessary Journal entries in the books of A ltd.

28. The net assets of a firm as on Dec 31, 2001 were Rs 4,00,000. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs. 125,000 at 5 year's purchase of Super profits find the average profits of the firm

29. X, Y and Z have been sharing profits in the ration of 2:2:1 respectively. Z wants that he should be given equal share in profits with X and Y and he further wants that the change in the profits sharing ratio should come in to effects retrospectively for last three years. X and Y have no objection to this. The profits for last three Years were Rs. 52000, Rs. 44,200 and Rs. 51,610.

Show adjustment in profit for last three years by means of a journal entry. 3

30. The net assets of a firm as on Dec 31, 2001 were Rs 4,00,000. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs. 125,000 at 5 year's purchase of Super profits find the average profits of the firm. 3

31. A, B and C was partner in a firm sharing profits and losses in the ration of 7:3:2. From 1st January 2003, they decided to share profits in the ration 8:4:3. Goodwill is to be valued at the average of three year's profit preceding the date of change in profit sharing ratio. The profits for 1999, 2000, 2001 and 2002 were Rs. 52000, Rs. 48000, Rs. 60000 and Rs. 90000 respectively. Give the necessary Journal entry. 3

32. X, Y and Z were sharing profits and losses in the ratio of 5:3:2. They decided to share profits and losses in future in the ratio of 2:3:5 with effect from 1.4.2007. They decided to record the effect of the following without effecting their book values. 3
- Profit and Loss Account Rs. 24000\*
  - Advertisement Suspense Account Rs. 12000
- Pass the necessary adjusting entry.
33. A and B are partners sharing profits and loss in the ratio of 4:1. A Surrenders  $\frac{1}{4}$  of his Share and B surrenders  $\frac{1}{2}$  of his share in favour of C a new partner. What is the sacrificing ratio and new ratio? 3
34. K, L and M are partners sharing in the ratio of 3:2:1. They admit N for  $\frac{1}{6}$  share. It is agreed that M would retain his original share. Calculate the new ratios and sacrificing ratios. 3
35. P, Q, R and S were partners sharing profits in 'the' ratio of 2:3:5:2. S retires and his shares are acquired by Q and R in the ratio of 3:2. Calculate the new ratio and gaining ratio. 3
36. X, Y and Z are partners sharing profits in the ratio of  $\frac{1}{9}$ ,  $\frac{1}{3}$  and  $\frac{5}{9}$ . Z retires and surrenders  $\frac{3}{4}$  of his shares to X and remaining in favour of Y . Calculate the new profit sharing Ratio. 3
37. B Ltd forfeited 1,000 shares of Rs. 10 each Rs 7 called up, issued at a premium of 20% (to be paid at time of allotment) for nonpayment of first call of Rs 2 per share Out of these, 600 shares were reissued as Rs 7 Paid up for Rs 4 per share. Journalise. 3
38. Give journal entries for forfeiture and reissued shares.
- X Ltd forfeited 500 shares o Rs 10 each (Rs 6 called up) issued to Ram on which he has paid Rs 3 per share. Out of these 300 shares were reissued to Z as Rs 8 paid up for Rs 6 per share.
  - X Ltd forfeited 500 shares of Rs 10 each Rs 8 called up on which vimal has paid application and allotment money of Rs 6 per share. Of these, 4000 shares were reissued to Kamal as fully paid for Rs 9 per share. 3
39. Meena Ltd issued 60,000 shares of Rs 10 each at a premium of Rs 2 per share payable as Rs 3 on application Rs 5 (Including premium) on allotment all and the balance of First call & final call. Application were received for 1,02,000 shares the Directors resolved to allot as follows.\*
- Applicants of 60,000 shares 3000 shares
  - Applicants of 40,000 shares 3000 shares
  - Applicants of 2,000 shares Nil
- Nikhil who applied for 1000 shares in category A, and Vish who was allotted 600 shares in category B failed to pay the allotment money. Calculate the amount received on Allotment. 3
40. A company purchased Asset of the book value of Rs 1200,000 and liabilities of Rs, 2,20,000 of another company for a purchase consideration of Rs 9,35,000. The purchase

- consideration was discharged by the issue of debentures of Rs 500 each at a premium of 10% Pass journal entries in the books of purchasing company. 4
41. L Ltd issued 30,000, 9% Debentures of Rs 500 each at premium of 5%, redeemable at a premium of 10% after 4 years payable Rs 200 on application and balance on allotment. Record necessary journal entries for issue of debentures. 4
42. Give the journal entries at the time of issue of debentures in the following cases
- 1) X Limited issued 30,000, 12% Debentures of Rs 100 each at par, redeemable at a premium of 5%.
  - 2) Y Limited issued 50,000, 12% Debentures Rs 100 each at a premium of 5% redeemable at par. 4
43. A and B were partners in a firm sharing profits in the ratio of 4:1. They admitted C as new partner on 1-3-2005 for 1/5 share. It was decided that A, B and C will share future profits in the ratio of 5:3:2. C brought Rs. 20,000 in Cash and Machinery worth Rs 60,000 for his share of profit as premium for goodwill. Showing your calculation clearly, pass necessary journal entries in the books of the firm. 4
44. (A) Journalise the following transaction in the books of company:
- i) A debenture issued at Rs110, repayable at Rs 105
  - ii) A debenture issued at Rs 95, repayable at Rs 105
  - iii) A debenture issued at Rs100, repayable at Rs 105
45. X Ltd issued 1000 10% debentures of Rs 100 each on 1<sup>st</sup> Jan 2006 at discount of 5%. Pass the entries for issue of debenture and interest payment for the year ending 31<sup>st</sup> December 2006, assuming interest was payable for the whole year and tax is deducted at source is 10%.
46. A and B are partners in a firm sharing profits in the ratio of 4:1. They admit C into the firm for 3/7 profits (which he takes 2/7 from A and 1/7 from B) and brings Rs 6,000 as premium out of his share of Rs 7200. Goodwill account does not appear in the books of A and B. Pass journal entries for above transactions. 4
47. Ramesh, Naresh and Suresh were partners in a firm sharing profits in the ratio of 5:3:2 Naresh retired and the new profit sharing ratio between Ramesh and Suresh was 2:3. On Naresh retirement goodwill of the firm was valued at Rs 1,20,000. Pass necessary journal entry for the treatment of of goodwill on Naresh retirement without opening goodwill account. 4
48. A, B, C, and d are partners sharing profits in the ratio of 1:4:2:3. D retired and the goodwill of the firm was valued at Rs 2,00,000 D's share of goodwill is to be adjusted in is capital of A ,B, and C who decide to share future profits in the ration of 4:3:3. Pass necessary journal entry. 4
49. Mona Ltd has issued 20,000, 9% Debentures of Rs 100 each of which half the amount is due for redemption on Mach 31, 2088. The company has in its Debenture Redemption

Reserve Account a balance of Rs 4,40,000. Record necessary journal entries at time of redemption of debentures. 4

50. Vandana Ltd redeemed Rs 25,00,000, 9% debentures at a premium of 5% out of profits on 31-03-2006. Pass necessary journal entries for redemption of debentures. 4

51. A, B and C are partners sharing profits of 2:1:1. They close their books on 31st December each year. A dies on 28th February 1991 when their Balance sheet was as follows:-

<b>Balance Sheet</b>			
<u>Liabilities</u>	<u>Rs</u>	<u>Assets</u>	<u>Rs</u>
Creditors	3790	Cash	20000
General Reserve	3600	Debtors	7500
Profit for Two months (Before Interest & Salaries)	3110	Loan to A	4000
Capitals		By Stationery	60,000
A   10000		By Balance c/d	3,70,000
B    6000			
C    5000	21000		
	<b><u>31500</u></b>		<b><u>31500</u></b>

According to the partnership deed

- a) Interest on capital is allowed @ 6% per annum.
- b) A and B are entitled to salaries at Rs. 300 and Rs. 250 per month.
- c) In the event of death of a partner Goodwill was to be valued at 2 years purchase of the average net profit of 3 completed years preceding death. The net profits for the year 1988, 1989 and 1990 was Rs. 5500, Rs. 48000 and Rs. 6500 respectively.

A's share was paid to his execution B and C continued the firm. Prepare Profit & Loss Appropriation A/C, Partner's capital Accounts and Balance Sheet of B and C. 6

52. X, Y and Z were partners sharing profits and losses in 5:3:2 respectively on 31st December 1990 their Balance sheet stood as under

<u>Liabilities</u>	<u>Rs</u>	<u>Assets</u>	<u>Rs</u>
Creditors	27500	Goodwill	12500
Reserve Fund	15000	Buildings	50000
Capital Accounts		Patents	15000
X   75000		Machinery	75000
Y   62500		Stock	25000
Z   37500	175000	Debtors	20000
	<b><u>217500</u></b>	Bank	20000
			<b><u>217500</u></b>

Z died on 1st May 1991. It was agreed that

- a) Goodwill be valued at 2½ years purchase of the average profits of last 4 years which were 1987-32500; 1988-30,000; 1989-40000 and 1990 Rs. 37500.

- b) Machinery be valued at Rs. 70,000; patents at Rs. 20,000 and Buildings at Rs. 62,500.
- c) For the purpose of calculating Z's share in profits of 1991 the profits in 1991 should be taken to have been earned on the same scale as in 1990.
- d) A sum of Rs. 10,500 is to be paid immediately to executor's of Z and balance to be paid in four equal half yearly investments together with interest @ 15% p.a. Prepare Z's capital A/c and Z's executor Account. 6

53. The balance sheet of Siddhartha and Veenu sharing profits and losses in the ratio of 3:2 at 31.3.2007 is as under:

<u>Liabilities</u>	<u>Rs</u>	<u>Assets</u>	<u>Rs</u>
Creditors	15000	Cash	12000
Siddhartha's Capital	46000	Debtors	16000
Venu's capital	34000	less Provision	800
		Stock	2800
		Machinery	35000
		Building	30000
	<b><u>95000</u></b>		<b><u>95000</u></b>

On the same date, Beenu was admitted as partner on the following terms.

- a) To write off bad debts amounting is Rs. 1000.
- b) A provision for bad and doubtful debt is maintained at an existing rate.
- c) Stock to be decreased to 1800.
- d) Building be increased to 41000
- e) Machinery was found over valued by Rs 1000
- f) An amount of Rs. 700 included in creditors is written back as no longer payable.
- g) Beenu shall introduce Rs. 45,000 as capital for 1/5 share in profits.
- h) Goodwill is valued at Rs. 1,00,000 and Beenu could not bring his share of goodwill in cash.
- i) Capitals of old partners be adjusted on the basis of Beenu's capital adjustment be made through Cash. Prepare Revaluation Account, partner capital Account and balance sheet of New firm. 8

54. The Balance Sheet of Pankhu and Tutu who share profits and losses in the ratio of 3:1 as at 31st March 2007 was as follows.\*

<u>Balance Sheet</u>			
<u>Liabilities</u>	<u>Rs</u>	<u>Assets</u>	<u>Rs</u>
Creditors	15000	Cash	2500
Workman compensation fund	4000	Debtors	6000
		less Provision	500
Investment Fluctuation fund	1000	Stock	2000
General Reserve	2000	Investments	6000

	Goodwill	2000
Tutu's Capital	4000	
	<b><u>18000</u></b>	<b><u>18000</u></b>

On 1.4.2007, Kaku was admitted for 1/5 share on the following terms.

- The market value of Investments is to be taken as Rs. 4200
- Unaccounted Accrued Income of Rs. 200 is accounted for.
- A claim on account of workmen's compensation for Rs. 1000 be provided for.
- Provision for bad debt be found in excess by Rs. 200.
- Kaku shall bring Rs. 2,000 as his share of goodwill and Rs. 5000 for capital.
- The total capital of all partners of the new firm is agreed upon 19,600 and the same were to be in profit sharing ratio adjustment to be made through current account. Prepare Revaluation A/C. Partners capital A/C and Balance Sheet of New Firm.

8

55. The following is the balance sheet of A and B who share profits in the ratio of 3:2.\*

<b><u>Liabilities</u></b>	<b><u>Rs</u></b>	<b><u>Assets</u></b>	<b><u>Rs</u></b>
Bank overdraft	20000	Cash	30000
Creditors	30000	Debtors	30000
Workmen compensation fund	2000	less Provision	2000
		Prepaid Insurance	2000
General Reserve	15000	Land	40000
Capitals		Machinery	30000
A 45000		Patents	12000
B 30000	75000		
	<b><u>142000</u></b>		<b><u>142000</u></b>

On 1.4.2007, they admitted C into partnership. New Profit sharing ratio is agreed to be 5:4:1. C brings in proportionate capital after the following adjustments.

- C brings in Rs. 15,000 in cash as his shares of goodwill
- Provision for doubtful debts is to be raised to Rs. 3,000.
- There is an old Type writer valued at Rs. 5,000 which is now to be recorded in the books.
- Patents are reduced to Rs. 9000.

Prepare Revaluation A/C, Partners capital A/C and Balance Sheet of the new firm. 8

56. Below is the Balance Sheet of A and B who share profits and losses in the ratio of 4:1

<b><u>Liabilities</u></b>	<b><u>Rs</u></b>	<b><u>Assets</u></b>	<b><u>Rs</u></b>
Creditor	30000	Cash	20000
Bills Payable	5000	Sundry Debtors	20000
General Reserve	25000	Stock	20000
Capital Accounts		Furniture	10000
A 45000		Plant	40000



B 35000	80000	Goodwill	30000
	<b><u>140000</u></b>		<b><u>140000</u></b>

On that date of Balance Sheet, C is admitted as a partner with 1/6 share in profits upon the following conditions.

- i) C is to contribute proportionate capital.
- ii) Goodwill is valued at Rs. 50,000 and C brings necessary amount for his share of goodwill.
- iii) Plant & Machinery is to be written down to Rs. 35000. A provision of Rs. 3000 on Debtors is required.

i) A Liability of Rs. 3000 included in creditors not likely to arise Prepare Revaluation A/C, partners capital A/C and Balance Sheet of New Firm. 8

57. Pankaj, Naresh and Saurabh are partners sharing profits in the ratio of 3:2:1. Naresh retired from the firm due to his illness. On the date of Balance Sheet of the firm was as follows:

<b><u>Liabilities</u></b>	<b><u>Rs</u></b>	<b><u>Assets</u></b>	<b><u>Rs</u></b>
General Reserve	12000	Bank	7600
Creditor	15000	Debtors	6000
Bills Payable	12000	Less provision	400
O/S salary	2200	For doubtful debt	
Provision for Legal damages		Stock	9000
	6000	Furniture	41000
Capitals		Premises	80000
Pankaj	46000		
Naresh	30000		
Saurabh	20000		
	<b><u>143200</u></b>		<b><u>143200</u></b>

Additional information:

- i) Premises have appreciated by 20%, stock depreciated by 10% and provision for doubtful debts be made 5% on Debtors. Further provision for legal damages is to be made for Rs. 1,200 and furniture to be brought upto Rs. 45000.
- ii) Goodwill of the firm be valued at Rs. 42000.
- iii) Rs. 26000 from Naresh capital account be transferred to his loan account and balance be paid through bank; if required, necessary loan may be obtained from bank.
- iv) New profit sharing ratio of Pankaj and Saurabh is decided at 5:1. give necessary ledger accounts and balance sheet of the firm after Naresh's retirement. 8

58. The Balance Sheet of P, Q and R who are sharing profits in the ratio of 2:3:4 is as follows.

<b><u>Liabilities</u></b>	<b><u>Rs</u></b>	<b><u>Assets</u></b>	<b><u>Rs</u></b>
Creditors	35000	Plant and Machinery	300000

Reserve	45000	Patents	20000
Capitals		Stock	400000
P	130000	Debtors	150000
Q	350000	Less Provision	20000
R	440000	for Bad Debt	130000
		Cash at Bank	150000
	<b><u>1000000</u></b>		<b><u>1000000</u></b>

On that date P decided to retire from the firm on the following terms.

- Plant and machinery be depreciated by 20%.
- Patents are valueless
- Stock be valued at Rs. 385000
- Provision for bad Debt be kept at 10% on Debtors
- Goodwill of the firm be valued at 126000
  - P 'S' share of goodwill be adjusted into the accounts of Q and R.
- Amount due to P is to be paid on the date of his retirement.
- The capital of the new firm be fixed at Rs. 700000.

Prepare Revaluation A/C, Partner's capital A/C and balance sheet of New Firm after retirement. 8

59. Raja, Nawab and Badshah were partners sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet on 1.1.1993 was as under:

<b><u>Liabilities</u></b>	<b><u>Rs</u></b>	<b><u>Assets</u></b>	<b><u>Rs</u></b>
Creditors	16000	Cash	2000
Reserve	4000	Debtors	5000
Capitals		Stock	11000
Raja	20000	Machinery	39000
Nawab	15000	Investments	8000
Badshah	10000		
	<b><u>65000</u></b>		<b><u>65000</u></b>

Nawab retired on that date and it was decided that Raja and Badshah would now share profit 3:2. Goodwill was valued at 10000, Machinery Rs. 45000; Investment at Rs. 7000; stock at Rs. 10000 and bad debts amounting to Rs. 500 be written off.

It was decided to fix the capital of the new firm at Rs. 40000 and capital accounts of Raja and Badshah be adjusted accordingly and any difference be either paid or brought in cash. Prepare Revaluation A/C, Partners capital and Balance Sheets of new firm assuming that 1/3 of amount due to Nawab was paid in cash and balance was carried to loan A/C. 8

60. A, B and C were partners sharing profits and losses in the ratio of 5:3:2. Their Balance sheet as at 31st December 1996 was as follows:

<b><u>Liabilities</u></b>	<b><u>Amount</u></b>	<b><u>Assets</u></b>	<b><u>Amount</u></b>
---------------------------	----------------------	----------------------	----------------------

Creditors	29000	Goodwill	24000
Provision for bad Debt	5000	Debtors	80000
		Investment	30000
Capitals		Land and Building	142000
A	140000	Machinery	50000
B	90000	Patents	4000
C	76000	Bank	10000
	<b>306000</b>		
	<b><u>340000</u></b>		<b><u>340000</u></b>

C retired on the above date as per the following conditions.

i) Goodwill of the firm is to be valued at 3 years purchase of average profits of last 5 years which were Rs. 20000, 12000, 30000, 6000 (Loss) and Rs 34000 respectively.

ii) Machinery is to be reduced to Rs. 40000 and patents are valueless.

iii) There is no need of any provision for doubtful debts.

iv) An unclaimed liability of Rs. 2000 is to be written off.

ii) Out of the total insurance premium paid, Rs. 1000 be treated as prepaid.

iii) Investment is revalued at Rs. 16000 and these are taken by C at this value. Entire sum payable to C is to be brought in by A and B in such a way that so as to make their capital proportionate to their new ratio which is 2:1.

Prepare Revaluation A/C, partner's capital A/C and Balance Sheet of new firm. 8

61. A and B were partners in a firm from 1.4.2001 with capital of Rs. 60000 and Rs. 40000 respectively. They share profit and losses in the ratio of 3:2. They carried on business for two years. In the first year they made a profit of Rs. 50000 and in the second year ending 3.1.3.2003 they incurred a loss of Rs. 20000. As the business was no longer profitable they decided to wind up. Creditors on the date were Rs. 20000. The partners withdrew Rs. 8000 each per year for their personal expenses. the assets realized Rs 100000. The expenses on realization amounted to Rs. 3000. Prepare realization A/C and show your working clearly. 8

62. A, B and C sharing profits equally dissolved their firm on 30th June 1994 on which date their Balance Sheet was as follows.\*

Creditors	31000	Bank	6300
Reserve for contingency	18000	Debtors	55000
General Reserve	12000	Stock	81000
A'S wife loan	12000	Furniture	20000
Bank Loan at 12%	20000	Plant	53700
Capital A/C		C's Current A/C	22000
A	60000		
B	50000		
C	20000		

Current A/C		
A	10000	
B	5000	
	<u>238000</u>	<u>238000</u>

- i) There is a bill for 5,000 under discount. This Bill was received from R. R proved insolvent and 60% were received from his estate.
- ii) It was found that an investment not recorded in the books is worth Rs 8,000. This is taken by one of the creditor at this value.
- iii) A agreed to accept furniture in full settlement of his wife's loan.
- iv) Bank Loan was repaid along with interest for 9 months.
- v) Asset realized as follows.  
Debtors Rs 24500; stock Rs 60,000; Plant Rs 28000  
Prepare necessary A/C 8

63. A and B share profits and losses in the ratio of 3:2 They have decided to dissolve their firm. Assets and external liabilities have been transferred to Realization A/C. Pass the journal entries to effect the following.

- i) Bank Loan Rs 12000 is paid off.
- ii) A was to bear all expenses of Realization for which he is given a commission of Rs 400.
- iii) Deferred Advertisement expenditure A/C in books appeared at Rs 28000.
- iv) Stock worth Rs 1,600 was taken over by B at Rs 1200.
- v) An unrecorded computer realized Rs 7000
- vi) There was an outstanding bill for repair for Rs 2,000 which was paid off. 8

64. A limited company issued a prospectus inviting applications for 2,00,000 shares of Rs 10 each at a premium of Rs 2 per share payable as follows: on Application Rs3, on Allotment Rs 4(including premium), on First call Rs 3 and on second call Rs 2. Applications were received for 3,00,000 shares and allotment was made on prorata basis. Money overpaid on applications was employed on account of sums due on allotment.

R, to whom 400 shares were allotted failed to pay the allotment money and on his subsequent failure to pay first call his shares were forfeited. M, a the holder of 600 shares failed to pay two calls and his shares were forfeited after second call Of the shares forfeited 800 shares were sold to K as fully paid. K Paying Rs9 per share, the whole of R's share being included. Pass journal entries. 8

65. R Ltd issued a prospectus inviting application for 3,00,000 shares of Rs10 each at a premium of Rs 4 per share. payable as follows:

- On application Rs4 (including Re 1 Premium)
- On Allotment Rs3(including Re 1 Premium)
- On First call Rs 4 (including Re 1 Premium)

On Final call Rs 3 (including Re 1 Premium)

Applications were received for 3,80,000 shares and pro rata allotment was made on the applications for 3,50,000 shares.

It was decided to utilize excess application money towards sums due on allotment.

X to whom 6000 shares were allotted failed to pay allotment money and his share were forfeited after allotment. Y, who applied for 10,500 shares failed to pay the two calls and on his such failures his shares were forfeited.

Z, who was allotted 3,000 shares did not pay final call.

Of the shares forfeited, 11,000 shares were reissued as fully paid up for Rs 9 per share, the whole of Y's shares being included.

Pass journal entries for above transactions.

8

66. Y Ltd invited applications for issuing 10,000 equity shares of Rs 100 each at a premium of 10%. The amount was payable as follows:

On Application Rs 20 per share.

On Allotment Rs 50 per share (including per share).

On first & Final Call- Balance

Applications for 13000 shares were received. Applications for 500 shares were rejected and pro rata allotment was made to the remaining applicants. Over payment received with applications were adjusted towards sums due on allotment. All calls were made and were duly received except Kanwar who has applied for 250 shares failed to pay allotment and call money. His shares were forfeited. The forfeited shares were reissued at Rs 22,000 fully paid up. Pass necessary journal entries in the books of the company.

67. Vinod Paper Ltd invited applications for issuing 1,00,000 shares of Rs 10 each at a Premium of Rs 4. per share payable as follows:\*

On Application Rs4 (Including premium Rs2)

On Allotment Rs4 (Including premium Rs2)

On First and Final call 6

Applications were received for 1,30,000 shares and pro rata allotment was made to applicants as follows.

i) Applications for 80000 shares were allotted 60,000 shares and

ii) Applications for 50000 shares were allotted 40,000 shares.

X who belonged to the First category and was allotted 900 shares failed to pay the allotment and call money.

Y who belonged to the second category & who applied for 1000 shares also failed to pay the allotment and call money. Their shares were forfeited and 1,400 of the forfeited shares were reissued @ Rs 9 per share as fully paid. Reissued shares included whole of Y's Share.

8

Prepare necessary journal entries.

68. Show the following items in the capital account of the partners Sita & Gita assuming their Capitals are fluctuating :

	Sita	Gita
Capital on 1/4/2004	350000	275000
Drawing during the year	30000	35000
Interest on drawing	1450	2030
Partners Salary	1500 per month	---
Partners Commission	12200	10800
Interest on Partners Loan	-----	3000
Interest on Capital	7%	6.5%

Profits of the firm before any of adjustments are Rs 100000.

69. A, B, C are Partners in a firm sharing profits and losses in the ratio of 3:2:1. Their capitals were Rs 100000, 75000, 50000 respectively. They agree to allow interest on Capital @10% PA and agree to Charge on drawing @ 10% PA. their drawing for the year were Rs 10000, 8000, 6000 respectively.

C was getting a salary of Rs 2000 pm and in return, he guaranteed that firms profit would not be less than Rs 80000 before charging interest and salary payable to C. Actual Profit for the year 2007 was Rs 75000.

Prepare Profit and loss Appropriation A/C and partners Capital Account.

## PART - B ANALYSIS OF FINANCIAL STATEMENTS

70. List any two items that can be shown under the heading "Reserves & Surplus" in a company's Balance Sheet. 1
71. Give any two examples of current Assets. 1
72. What are contingent liabilities? 1
73. Under what heads the following items on the Assets side of Balance Sheet will be presented. 1
- i) Sundry Debtor
- ii) Bills Receivable
68. Give two objectives of comparative financial statements. 1
74. Give one point of distinction between current Ratio and quick Ratio\*. 1

75. What is the significance of Debtors Turnover ratio? 1
76. Interest received by a finance company is classified under which kind of activity while preparing a cash Flow statement? 1
77. State whether cash deposited in bank will result in inflow, outflow or no flow of cash. 1
78. What do you mean by cash equivalents? 1
79. Briefly explain the limitation of analysis of financial statements? 1
80. From the following information prepare a comparative Income Statement. 3

	2006	2007
	Rs	Rs
Sales	600000	800000
Cost of goods sold	450000	480000
Indirect Expenses	10% of Gross Profit	20% of Gross Profit
Income Tax	40%	40%

81. From the following information prepare a comparative Balance Sheet on D Ltd.\* 3

	31.03.1996	31.03.1995
Equity share capital	2500000	2500000
Non Current Assets	3600000	3000000
Reserve & Surplus	600000	500000
Investments	500000	500000
Long term loans	1500000	1500000
Current Assets	1050000	1500000
Current Liabilities	550000	550000

82. Prepare the common size Income Statement from the following information 3

	<u>2006</u>	<u>2007</u>
	<u>Rs</u>	<u>Rs</u>
Net Revenue from Operations	100000	100000
Cost of revenue from operations	70% of sales	74.8% of sales
Operating expenses	8000	9800
Income Tax rate	50%	50%

83. Current Ratio 2:5:1, Quick Ratio 1:5:1, Current Assets Rs. 200000. Calculate current liabilities, Quick Assets and Stock. 4

84. Rs. 30000 is the cost of goods sold; inventory turnover 8 times, inventory at the beginning is 2 times more than inventory at the end. Calculate the values of opening & closing inventory. 4

85. Gross profit of a company is 20% of cost of revenue from Operations. Its cash sales are 1/3 of its credit sales. Calculate the G.P ratio if the cash sales are Rs. 300000.

4

86. Calculate Return on investment from the following details:-

4

Equity share capital	500000
12% preference share capital	100000
Reserves	154000
15% Loans	240000
10% Debentures	120000
Current Liabilities	75000
Preliminary expenses	10000
Net Profit (after Interest and Income Tax)	96000
Rate of Income Tax	50%

87. A company has a loan of Rs. 30,00,000 as part of its capital employed. Interest payable on loan is 12% and Role of company is 25%. The rule of income tax is 40%.

What is the gain to the shareholders due to the loan raised by the company? 4

88. Calculate Debt Equity ratio and proprietary ratio from the following.

4

Equity share capital	20,00,000
General Reserve	10,00,000
Securities premium	6,00,000
10% Debentures	3,00,000
Loan from IDBI	12,00,000
Current Liabilities	10,00,000
Preliminary expenses	80,000
Under writing commission	20,000
Fixed Assets	40,00,000
Current Assts	20,00,000

89. Calculate current assets of a company from the following information.

4

- i) inventory Turnover ratio 4 times
- ii) inventory in the end is Rs 20,000 more than inventory in the beginning
- iii) Sales Rs 3,00,000.
- iv) Gross profit ratio 20%
- v) Current Liabilities Rs 40,000
- vi) Quick Ratio 0.75

90. Calculate the amount of opening Debtors and closing Debtors from the following:- 4

Debtor Turnover Ratio 10 times

Cost of goods sold	Rs 7,00,000
GP Ratio	30% of sales.



You are informed that closing Debtors were three times than that in the beginning.  
Cash sales being 25% of credit sales.

91. On the basis of information given below calculate the following ratios 4
- i) Gross profit ratio
  - ii) Debt Equity Ratio
  - iii) Working capital turnover ratio

<u>Information</u>	<u>Rs</u>
net Sales	3,75,000
Cost of goods sold	2,50,000
Current Liabilities	1,20,000
Loan	60,000
Current Assets	4,25,000
Equity share capital	1,90,000
Debentures	75,000

92. Raj Ltd had a profit of Rs 17,50,000 for the year ended 31.3.2006 after Considering the following

	<u>Rs</u>
Depreciation on building	1,30,000
Depreciation on plant	40,000
Goodwill written off	25,000
Loss on sale of machinery	9,000

Following was the position of current assets and current Liabilities of the company as on 31.3.2005 and 31.3.2006

	<u>Mar 31,2005</u>	<u>Mar 31,2006</u>
Stock	70,000	87,000
Bills Receivable	67,000	58,000
Cash	60,000	75,000
Creditors	68,000	77,000
Outstanding Salary	7000	4000
Bills payable	43,000	29,000

Calculate cash flow from operating activities.

93. From the following balance sheet of ABC LTD find out cash from operating activities only. \* 6

<u>Liabilities</u>	<u>31.03.06</u>	<u>31.03.07</u>	<u>Assets</u>	<u>31.03.06</u>	<u>31.03.07</u>
Share capital	30,000	35,000	Goodwill	10000	8000
General Reserve	10,000	15,000	Machinery	41000	54000
P&L A/C	-	7,000	10% Investment	3000	8000
10% Debentures	21,000	25,000	Stock	6000	24500
Creditors	8,500	1,2500	Cash& Bank	12000	13000
Provision for	9,000	13,00	Discount on Debentures	500	-

Depreciation on Machinery		Profit & Loss A/C	6000	-
	<b>78500</b>	<b>107500</b>	<b>78500</b>	<b>107500</b>

**Additional information**

Debentures were issued on 31.03.2007

Investments were made on 31.03.2007

94. The balance sheet of Kewl Ltd as on 31st December, 2006 and 31st December 2007 were as follows\*

<b>Liabilities</b>	<b>2007</b>	<b>2006</b>	<b>Assets</b>	<b>2007</b>	<b>2006</b>
Share capital	10,00,000	7,00,000	Plant and Machinery	8,00,000	5,00,000
P&L A/C	2,50,000	1,50,000	Stock	1,00,000	75,000
Proposed Dividend	50,000	40,000	Cash	4,00,000	3,15,000
	<b>13,00,000</b>	<b>8,90,000</b>		<b>13,00,000</b>	<b>8,90,000</b>

- Rs 50000 depreciations has been charged on plant and machinery during the year 2007.
- A piece of machinery costing Rs 12000 (Book value Rs 5000) was sold at 60% profit on book value.
- Prepare cash flow statement.

95. From the following Balance Sheet of Vikas Ltd as at 31-3-2013 and 31-3-2012

Prepare Cash Flow Statement:

(6)

Particulars	Notes No.	31-3-2013	31-3-2012
<b>I EQUITY AND LIABILITY</b>		Rs	Rs
(1) Shareholder fund			
a) Share Capital		1,30,000	90,000
b) Reserve & Surplus	1	85,000	50,000
2)Current Liabilities			
a) Trade Payables		22,000	17,400

Total		<b><u>2,37,000</u></b>	<b><u>1,57,400</u></b>
<b>II ASSETS</b>			
<b>Non Current Assets:</b>			
Fixed Tangible Assets		1,66,000	93,400
<b>Current Assets:</b>			
Inventories		27,000	24,000
Trade Receivables		39,000	36,000
Cash and Cash Equivalents		5,000	4000
Total		<b><u>2,37,000</u></b>	<b><u>1,57,400</u></b>

Notes to Accounts no; 1

Particulars	31-3-2013	31-3-2012
<b>Reserve &amp; Surplus:</b>		
General Reserve	55,000	30,000
Profit & Loss Account	30,000	20,000
	<b><u>85,000</u></b>	<b><u>50,000</u></b>

### **Additional Information**

Depreciation charged on fixed tangible assets for the year 2012-2013 was Rs 20,000.

Income tax of Rs 5,000 has been paid during the year.

96. Prepare Cash Flow Statement as per AS-3 from the following Balance Sheet of A Ltd:

Particulars	Notes No.	31 <sup>st</sup> March 2015 (Rs)	31 <sup>st</sup> March 2014(Rs)
<b>I EQUITY AND LIABILITY</b>			
<b>(1) Shareholder fund</b>			
a) Share Capital		2,00,000	2,00,000
b) Reserve & Surplus			
Surplus,i.e Balance in statement of Profit & Loss		90,000	50,000
<b>2) Non Current Liabilities</b>		-----	-----
<b>3) Current Liabilities</b>			
a) Short Term Borrowings; Cash Credit		-----	10,000
b) Trade Payables		20,000	15,000
c) Other Current Liabilities	1.	5,000	5,000
d) Short Term Provisions:(Provision for Tax)		25,000	20,000
Total		<b><u>3,40,000</u></b>	<b><u>3,00,000</u></b>
<b>II ASSETS</b>			
<b>1) Non Current Assets:</b>		2,75,000	2,35,000
Fixed Assets			
<b>II)Current Assets:</b>			
a) Inventories		15,000	25,000
b) Trade Receivables		20,000	10,000
c) Cash and Cash Equivalents	2	30,000	30,000

Total		<u>3,40,000</u>	<u>3,00,000</u>
-------	--	-----------------	-----------------

Notes to Accounts;

Particulars	31 <sup>st</sup> March 2014 (Rs)	31 <sup>st</sup> March 2013(Rs)
1. Other Current Liabilities		
Outstanding Expenses	1,000	5,000
Unclaimed Dividend	4,000	-----
	<u>5,000</u>	<u>5,000</u>
2. Cash & Cash Equivalents		
Cash	10,000	8,000
Bank	20,000	22,000
	<u>30,000</u>	<u>30,000</u>

**Additional Information**

Net Profit for the year after providing Rs 20,000 for depreciation was Rs 60,000. During the year, the company declared the equity dividend @ 10% and paid Rs 15,000 as income tax.

(6)

---