CBSE-2003 CLASS XII ACCOUNTANCY

PART A: PARTNERSHIP AND COMPANY ACCOUNTS

Q. 1. Define partnership. What are the essential characteristics of a partnership

Q. 2. L and M are partners in a firm sharing profits and losses in the ratio of 7 : 3. They admit N on 3/7 share, which he takes 2/7 from L and 1/7 from M. Calculate the new profit sharing ratio.

Q. 3. XYZ Ltd. offers new shares of Rs. 100 each at 10% premium to the existing shareholders in the ratio of two shares for every five shares held. The market price of share Is Rs. 124. Calculate the value of right.

Q. 4. What is zero Coupon Bond?

Q. 5. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2.
They admit C into partnership for 1/5th share. C brings Rs. 30,000 as capital and Rs. 10,000 as good will. At the tune of admission of C goodwill appears in the Balance Sheet of A and B at Rs. 3,000. New profit sharing ratio of the partners shall he 5 : 3 : 2. Pass necessary entries.

Q. 6. Sachin, Kapil and Rashmi have been sharing profits in the ratio of 3 : 2 : 1 respectively. Rashmi wants that she should share the profits equally with Sachin and Kapil. She further wants that change in profit sharing ratio should b retrospectively for the last three years. Other partners have no objection to this. The profits for the last three years were Rs. 60,000, Rs. 47,000 and Rs. 55,000.
Record the adjustment by means of Journal entry. Give working.

Q. 7. A Limited Company has Issued Rs. 1,00,000 9 % Debentures at a discount of 6%. These debentures are to be redeemed equally spread over 5 annual instalments. Show Discount on Issue of Debentures A/c for five years.

Q. 8. State the conditions under which the shares can be issued at a discount by a limited company.

Q. 9. On April 1, 2001 -X Ltd. raised a loan of Rs. 50 crores @ 12% p.a. payable half-yearly on September 30 and March 31 repayable after 3 years and offered its land and building at Mumbai as primary security. 12% of the company for Rs. 30 crores were also pledged as collateral security. The company started facing the financial distress towards the end of the year 2002 and could not pay interest on loan w.e.f. October 2,2002 onwards. The company was not in a position to repay the loan on due date. The Lender took over the possession of land and building In Mumbai at Rs. 48 crores and invoked his right vested in collateral security on 30th June, 2004 after duly following legal process.
Required: Record Journal entries to give effect to above transactions.

Q. 10. The following balances appeared in the books of a company on 1st January,

	Rs.
12% Debentures 4,00,000	4,00,000

12% Debentures Sinking Fund 3,00,000	3,00,000
12% Debentures Sinking Fund investment 3,00,000 (represented by 10% Rs. 4,00,000 secured bonds of Govt. of India)	3,00,000

Annual contribution to the Sinking Fund was Ra. 60,000 made on 31st December each year. On 31st December, 2000, balance at Bank was Rs. 3,00,000 after receipt of interest on Debenture Sinking Fund Investment. The company sold the investment at a loss of 18% and the Debentures were paid off. You are required to prepare the following accounts for the year 2000:
(i) Debentures Account
(ii) Debentures Sinking Fund Account
(iii) Debentures Slaking Fund Investment Account
(iv) Sank Account

Q. 11. A and B are partners sharing profit in the ratio of 3 : 2 with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6% p.a. B is to be allowed an annual salary of Rs. 2,500. During 2004 the profits of the year prior to calculation of interest on capital but after charing B's salary amounted to Rs. 12,500. A provision of 5% of the profit is to be made In respect of manager's commission. Prepare an account showing the allocation of profits and partners' capital accounts.

Q. 12. The following is the Balance Sheet as on 31st December, 2002 of A and B, who share profits and losses in the ratio of 3 : 2 :

Liabilities	Rs.	Assets		Rs.
Capital Accounts:		Plant & Machinery		10,000
A	10,000	Land and Buildings		8,000
B	10,000	Debtors	12,000	
General Reserve	15,000	Less: Provision		
		For doubtful debts	1,000	11,000
Workmen's		Stock		12,000
Compensation Fund	5,000			
Creditors	10,000	Cash		9,000
	50,000			50,000

On 1st January, 2003, they agreed to admit C into partnership on the following terms:
(i) Provision of doubtful debts would be increased by Rs. 2,000.
(ii) The value of Land and building would be increased to Rs. 18,000.
(iii) The value of stock would be increased by Rs. 4,000.
(iv) The liability against Workmen's Compensation Fund is determined at Rs. 2,000.
(v) C brought in as his share of goodwill Rs. 10,000 in cash.
(vi) C would bring further cash as would make his capital equal to 20% of the total capital of the new firm after the above revaluation and adjustments are carried out.
Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the firm after C's admission.

Q. 13. A, B and Care partners sharing profits and loss in the ratio of 3 : 2 : 1 On 31st December, 2004, their Balance sheet stood as under:

Lianilities	Rs.	Assets	Rs.
A's Capital A/c	16,000	Fixed Assets	40,000
B's Capital A/c	12,000	Joint Life policy	6,000
C's Capital A/c	10,000	Current Assets	68,000
A's Current A/c	4,000	Advertisement Expenditure	6,000
B's Current A/c	3,000		
C's Current A/c	1,000		
Reserve	24,000		
Profit and Loss A/c			
Opening Balance 6,000			
Profit for the year 14,000	20,000		
Creditors	30,000		
	1,20,000		1,20,000

B died on 31.3.2005. His account has to be settled and paid. For the year 2005, proportionate profits on 2004 basis are to be taken into account. For 2004 a bad debt of Rs. 2,000 has to be adjusted. Goodwill has to be calculated at three time of the four year's average profits. A policy is taken on the joint life of partners for Rs. 35,000 and the annual premium of Rs. 2,000 has to be paid on February 1 every year. The profits for 2003 Rs. 16,000, 2002 Rs. 20,000 and 2001 Rs. 12,000. Goodwill account need not be kept in the accounts
Required: Calculate the amount payable to B's heirs.
Or
The Balance Sheet of Ram, Han and Mohan who were sharing, profits as 2 : 3 : 2 respectively stood as follows on 31st March, 2004:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		L and & Buildings	10,00,000
Ram	10,00,000	Machinery	17,00,000
Hari	15,00,000	Closing Stock	5,00,000
Mohan	10,00,000	Sundry Debtors	6,00,000
Sundry Creditors	5,00,000	Cash and Bank Balances	2,00,000
	40,00,000		40,00,000

On 31st March, 2004 Han desired to retire from the firm and the remaining partners decided to carry on. It was agreed to revalue the Assets and Liabilities on that date on the following basis:
(a) L and & Buildings be appreciated by 30%.
(b) Machinery be depreciated by 20%.
(c) Closing Stock to be valued at Rs. 4,50,000.
(d) Provision for doubtful debts be made at 5%.
(e) Old credit balances of Sundry Creditors Rs. 5,00,000 be written back.
(f) Joint Life Policy of the partners surrendered and cash obtained Rs. 3,50,000.
(g) Goodwill of the entire firm be valued at Rs. 6,30,000 and Han's share of the Goodwill be adjusted in the accounts of Ram and Mohan who share the future profits & losses in the ratio of 3 : 2.
(h) The total capital of the firm is to be the same as before retirement. Individual capitals be in their profit sharing ratio.
(i) Amount due to Hail is to be settled on the following basis 50% on retirement and the balance

50% with in one year.
Prepare Revaluation Account, Capital Accounts of Partners, Cash Accounts and Balance Sheet as 1.4 of M/s Ram & Mohan.

Q. 14. (a) ABC Ltd. forfeited 150 Equity Shares of Rs. 10 each issued at a premium of Rs. 5 per share, for non-payment of allotment money of Rs. 8 per share (including premium of 5 per share), the first call of Rs. 2 per share and the final call of Rs. 3 per share. Out of these 100 equity shares were reissued at Rs. 14 per share. Give journal entries in the books of the company to record the forfeiture and reissue of shares.
(b) V.K. Ltd. forfeited 10 shares of Rs. 10 each (Rs. 6 called up) issued at a discount of 10% to Y on which he had paid the application money of Rs. 2 per share. Out of these, 8 shares were reissued to Z at Rs. 6 per share, Rs. 8 called up.
Give journal entries to record forfeiture and reissue of shares in the books of the company.

Q. 15. The following is the Balance Sheet of A and B on 31" December, 2004:

Liabilities	**Rs.**	**Assets**		**Rs.**
Sundry Creditors	30,000	Cash in hand		500
Bills Payable	8,000	Cash at Bank		8,000
Mrs. A's Loan	5,000	Stock-in-Trade		5,000
Mrs. B's Loan	10,000	Investment		10,000
General Reserve	10,000	Debtors	20,000	
Salaries Outstanding	1,000	Less: Provision for Doubtful Debts	2.000	18,000
A's Capital	10,000	Plant		20,000
B's Capital	10,000	Building		15,000
		Goodwill		4,000
		Profit & Loss A/c		3.5000
	84,000			84,000

The firm was dissolved on 31st December, 2004 on the following terms:
(a) A promised to pay off Mrs. A's loan and took away stock-in-trade at Rs. 4,000.
(b) B tool away half the investment at 10% discount.
(c) Debtors realized Rs. 19,000.
(d) Creditors and Bills Payable were due, on an average basis, on month after 31st December, but they were paid immediately on 31st December, at a discount of 6% per annum.
(e) Plant realized Rs. 25,000, Building Rs. 40,000, Goodwill Rs. 6,000 and remaining investments at Rs. 4,500.
(f) There was an old typewriter in the firm which had been written off completely from the books of the firm. It was now estimated to realize Rs 300. It was taken away by B at this estimated price.
(g) Realization expenses were Rs. 1000.
You are required to give necessary ledger accounts to close the books of the firm.

PART B: ANALYSIS OF FINANCIALS STATEMENTS

Q. 16. Differentiate between a Funds Flow Statement and Balance Sheet.

Q. 17. Explain meaning and significance of the following:
(a) Debt-Equity Ratio (b) Debtors Turnover Ratio

Q. 18. The following balances appear in the books of Roop Publications Ltd:

	Rs.
Goodwill	20,000
Plant and Machinery	1,60,000
Building	1,45,000
Cash at hand	10,000
Stock in trade	70,000
Stock Capital: 1,000 Equity shares of Rs. 100 each issued at par Rs. 80 per share called up and paid up	80,000
8% Debentures	2,50,000
Preliminary Expenses	5,000
Creditors	55,000
Dividends payable	25,000

Showing the above items under the major heads in accordance with Section 211 and Part I of Schedule VI of the Companies Act 1956, prepare a Balance Sheet of the company.

Q. 19. From the following summarized Balance Sheets as at 31st December pre pare a comparative Balance Sheet of X Ltd. as at that date:

Liabilities	**1995 Rs.**	**1996 Rs.**	**Assets**	**1995 Rs.**	**1996 Rs.**
Equity Share Capital	60,00,000	60,00,000	Fixed Assets	90,00,000	1,08,00,000
Preference share Capital	15,00,000	15,00,000	Investments	15,00,000	15,00,000
Reserves and Surplus	15,00,000	18,00,000	C. Assets	45,00,000	31,50,000
Secured Loans	30,00,000	27,00,000			
Unsecured Loans	15,00,000	18,00,000			
Current Liabilities	12,00,000	13,20,000			
Provision for Taxation	3,00,000	3,30,000			
	1,50,00,000	1,54,50,000		1,50,00,000	1,54,50,000

Or
Discuss the purpose of financial statement analysis.

Q. 20. From the following information, calculate Stock Turnover Ratio, Operating Ratio and Capital Turnover Ratio:

	Rs.
Opening Stock	28,000
Closing Stock	22,000
Purchases	46,000
Sales	90,000
Sales Returns	10,000

Carriage Inwards	4,000
Office Expenses	4,000
Selling and Distribution Expenses	2,000
Capital Employed	2,00,000

Q. 21. Calculate 'cash Flows from operating activities' from the following information:

Particulars	**2003 Rs.**	**2004 Rs.**
Debtors	42,000	46,000
Prepaid Expenses	2,000	2,700
Accrued Income	1,500	1,200
Income Received in Advance	800	1,000
Creditors	26,000	28,000
Bills payable	13,000	11,000
Outstanding Expenses	8,000	6,000

Profit made during 2004 amounted to Rs. 1,00,000 after taking into account the following adjustments:

	Rs.
(i) Profit on Sale of Investment	2,000
(ii) Loss on Sale of Machine	900
(iii) Goodwill Amortized	3,000
(iv) Depreciation Charged	2,900

Or

From the following Balance Sheets of DJA Co. LTD., prepare 'Funds Flow statements' and 'Statement of Changes in Working Capital':

Liabilities	31-3-03 Rs.	31-3-04 Rs.	Assets	31-3-03 Rs.	31-3-04 Rs.
Share Capital	60,000	70,000	Goodwill	20,000	16,000
Debentures	30,000	50,000	Machinery	82,000	1.08,000
General Reserve	20,000	30,000	Investments	6,000	16,000
Profit & Loss A/c	12,000	14,000	Cash at Bank	24,000	26,000
Income Tax Payable	18,000	26,000	Sundry Debtors	16,000	38,000
Sundry Creditors	15,000	22,000	Stock in Trade	8,000	11,000
Bills Payable	2,000	3,000	Discount on Issue Of Debentures	1.000	
	1,57,000	2,15,000		1,57,000	2,15,000

(a) During the year investment costing Rs. 6,000 was sold for Rs. 5,600.
(b) Depreciation pro on machinery was Rs. 10,000