CBSE-2003 CLASS XII ACCOUNTANCY

PART A: PARTNERSHIP AND COMPANY ACCOUNTS

Q. 1. In the absence of a partnership deed, how are mutual relations of partners governed?

Q. 2. Rand S are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admit T as a new partner R surrenders 1/5th share of his profit in favour of T and S surrenders 2/5th of his share in favour of T. Calculate their new profit sharing ratio.

Q. 3. A and B are partners sharing profit and losses in the ratio of 3 : 2. They admit C into the partnership for ¼ share lit profits. C brings Rs. 30,000 as capital and Rs. 10,000 as goodwill New profit sharing ratio of the partners shall be 3 : 3 : 2. Pass necessary journal entries.

Q. 4. On 1st Jan., 2004, ABC Ltd. had 1,000, 12% Debentures of Rs. 100 each. Interest on debentures is payable half yearly on 30th June and on 31st December. On 1st May, 2004, the company purchased 300 own Debentures at Rs. 93 Ex-interest for the Investment purpose and sold the same @ Rs. 99 cum-interest after six months.
Record the necessary Journal entries on date of purchase and sale.

Q. 5. Anu, Beena, Ceema, Deeps share' profits in the ratio of 5 : 3 : 2 : 2 and their capitals are Rs. 5,000, Rs. 6,500, Rs. 6,000 and Rs. 6500 respectively. On 31 December, 2002, after closing the books it is found that interest on capital @ 5% p.a. was omitted. Instead of altering the signed accounts, it was decided to pass a. single: adjustment entry at the beginning of the next the necessary journal entry.

Q. 6. What do you mean by Issuing shares at premium? State the provisions of Sec. 78 of the Companies Act, 1956 regarding the utilization of Share (Securities) Premium Account.

Q. 7. X Ltd. issued debentures amounting to Rs. 10,00,000 at a discount of 6%, repayable by annual drawings of Rs. 2,00,000 each year, beginning With the end of first year The directors decided to write off discount based on debentures outstanding at the end of each year Calculate the amount of discount to be written off each year. Prepare Discount on Issue of Debentures Account also for each year.

Q. 8. Disha Ltd. had 2,000, 12% Debentures of Rs. 50 each on December 2002 redeemable at a premium of 10%. They are to be converted into equity shares of Rs. 10 each issued.
Case (i) at par
Case (ii) at a premium of Rs. 15 *i.e.*, at Rs. 25
Case (iii) at a discount of Rs. 2 *i.e*., at Rs. 8

Q. 9. Give any four points of distinction between a Share and a Debenture.

Q. 10. X, Y and Z were partners in a firm sharing profits in the ratio of 4 : 3 : 3. They had a Joint Life Policy of Rs. 1,00,000. The annual pr paid was Rs. 1,000 and was considered as an asset. Y died on 15.3.2003. On that date the surrender value of the Policy was Rs. 15,000. Pass necessary journal entries on Y's death related to Joint Life Policy transactions.

Q. 11. The Balance Sheet of Seem Ltd. disclosed the following information of 1' January, 2000:

	Rs.
16% Debentures	10,00,000

Debenture Redemption Fund	8,00,000
15% Debenture Redemption Fund Investments	8,00,000

The annual contribution to the Debenture Redemption Fund was Rs. 80,000 for the year 2000. The debentures were redeemable on 31st December, 2000. On 31st December, 2000 the investments were sold for Rs. 8,20,000 and the debentures were redeemed. The bank balance on 31st December, 2000 prior of interest from Debenture Redemption Fund Investments was Rs. 90,000.
Prepare Debenture Account, Bank Account, Debenture Redemption Fund Account and Debenture Redemption Fund Investments Account for the year 2000.

Q. 12. A and B are partners in a firm sharing profits and losses in the ratio of 3:
2. They admit C Into partnership of 1/5th share in profit on 31st December, 1996. On that date their Balance Sheet stood as under:

Liabilities:	Rs.	Assets	Rs.
Capital Accounts:		Good will	5,000
A	60,000	Plant & Machinery	65,000
B	50,000	Furniture	15,000
General Reserves	10,000	Investments	20,000
Sundry Creditors	50,000	Stock	20,000
		Sundry Debtors	30,000
		Cash in hand	15,000
	1,70,000		1,70,000

C was admitted on the following terms:
(i) C is to bring capital Rs. 40,000 and goodwill Rs. 15,000.
(ii) Partners agreed to share the future profit in the ratio of 5 : 3 : 2.
(iii) Investments will be appreciated by 20% and furniture depreciated by 10%.
(iv) One customer who owed the firm Rs. 2,000 become insolvent and nothing could be realized from him.
(v) Creditors will be written back by Rs. 2,000.
(vi) Outstanding bills for repairs Rs. 1,000 will be provided for.
(vii) Interest accrued on investments Rs. 2,000.
(viii) Capital of the partners shall be in proportion to their profit sharing ratio. For this, adjustment be made through cash.
Prepare Revaluation Account, Capital Accounts and Balance Sheet of the new firm.

Q. 13. (a) XYZ Ltd. forfeited 200 equity shares of Rs. 10 each issued at a premium of Rs. 5 per share, held by Shyam for non-payment of allotment money of Rs. 8 per share (including share premium Rs. 5 per share), first call of Rs. 2 per share and final call of Rs. 3 per share. Out of these, 125 equity shares were reissued to Bhajanlal at Rs. 9 per share as fully paid. .Journalise. 5
(b) VT Ltd. forfeited 20 shares of Rs. 10 each (Rs. 7 called up), issued at a discount of 10% to Meena on which she had paid Rs. 2 per share. Out of these, 18 shares were reissued to Neeta as Rs. 8 called up for Rs. 6 per share. Give journal entries to record forfeiture and reissue of shares.

Q. 14. A, B and C are partners sharing profits of 2 : 1 : 1. They closed their books on 31st December each year. A died on 28th February, 2001 when their Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	3,790	Cash	20,000
Joint Life Policy Reserve	3,600	Sundry Debtors	3,900
Profit for Two Months	3,110	Loan to A	4,000
(Before interest & Salaries)		Joint Life policy	3,600
Capitals:			

A 10,000 B 6,000 C 5,000	21,000 31,500		31,500

Accounting to the partnership deed:
(a) Interest on capital is allowed @ 6% per annum A and B are entitled to salaries at Rs. 300 and Rs. 250 per month.
(b) In the event of death of a partner Goodwill was to be valued at 2 years purchase of the average net profits of 3 completed years preceding death. The net profits for the year 1998, 1999 and 2000 was Rs. 5,500. Rs. 4,800 and Rs. 6,500 respectively.
Firm had taken a Joint Life Policy (with profit policy) of Rs. 10,000. The insurance company admitted a claim of Rs. 12,600 including bonus. A's share was paid to his executors. B and C continued the firm.
Prepare Profit and Loss Appropriation Account, Partners' Capital Accounts and Balance Sheet of B and C.
Or
X,Y,Z were partners in a firm whose Balance Sheet as on 31st Dec., 2002 was as under:

Balance Sheet
as at 31.12.2002

Liabilities	Rs.	Assets	Rs.
Creditors	18,240	Cash	16,240
General Reserve	7,500	Debtors	22,500
X's Capital	20,000	Stock	26,500
Y's Capital	14,500	Furniture	5,000
Z's Capital	10,000		
	70,240		70,240

Y retired on that date in this connection it was derided to make the following adjustments:
(a) To reduce Stock and Furniture by 5% and 10% respectively.
(b) To provide for Doubtful Debts at 5% on Debtors.
(c) A long dispute with the Creditors was settled and firm has to pay R 9,050. In anticipation Rs. 6,000 have already been Included In sundry creditors for this purpose. –
(d) Goodwill was valued at Rs. 12,000.
(e) To share profits and losses in 5:3 respectively.
(f) Y should be paid off and the satire sum payable to Y shall be brought In by X and Z in such a way that their capitals should be in their new profit sharing ratio.
Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet after Y's retirement.

Q. 15. A, B and C who shared profits in the ratio of 3 : 2 : 1 agreed upon the
Dissolution of their partnership on 31st December, 1998, on which date their Balance Sheet was as under:

Liabilities	Rs.	Assets	Rs.
Capital Accounts:		Machinery	40,000
A	50,000	Cash	8,000
B	10,000	Investments	20,000
Mrs. A's loan	8,000	Joint Life Policy	14,000
Creditors	20,500	Debtors	9,000
Joint Life policy Fund	14,000	Cash at Bank	6,000
Investment Fluctuation Fund	6,000	C's Capital A/c	11,500

	1,0,500		1,08,500

Following transactions took place:
(i) The joint life policy was surrendered for Rs. 15,000.
(ii) The Investments were taken over by A for Rs. 11,500. He also agreed to discharge his wife's loan.
(iii) B took over the stock at Rs. 7,500 and Debtors amounting to Rs. 5,000 for Rs. 4,000.
(iv) Machinery realized Rs. 50,000 and the remaining Debtors realized 50% of the book value.
(v) The expenses of realization amounted to Rs. 1,000.
(vi) Investments worth Rs. 3,000 were not recorded in the books and realised at the same price.
Prepare necessary ledger accounts to close the books of the firm.

PART B: ANALYSIS OF FINANCIAL STATEMENTS

Q. 16. Mention the advantage of Funds Flow Statement.

Q. 17. Explain the meaning and significance of the following ratios:
(a) Current Ratio (b) Stock Turnover Ratio

Q. 18. Under which of the major heads will the following items be shown, while preparing the Balance Sheet of a company, as per provisions of companies Act, 1956, as contained in Schedule VI?

	Rs.
Preliminary Expenses	1,40,000
Discount on issue of Debentures	10,000
10% Debentures	1,90,000
Stock-in-trade	40,000
Cash at Bank	35,000
Bills Receivable	12,000
Goodwill	20,000
Loose Tools	12,000
Horses and Carts	22,000
Motor Truck	75,000
Provision for Taxation	6,000
Bank Overdraft	30,000

Q. 19. From the following information prepare a comparative Balance Sheet of Deep Ltd. as on 31st December:

Particulars	31-12-1995 Rs.	31-12-1996 Rs.
Equity Share Capital	25,00,000	25,00,000
Fixed Assets	30,00,000	36,00,000
Reserves and Surpluses	5,00,000	6,00,000
Investments	5,00,000	5,00,000
Long Term Loans	15,00,000	15,00,000
Current Assets	15,00,000	10,50,000
Current Liabilities	5,00,000	5,50,000

Q. 20. The current ratio of a company is 2 : 1. State giving reasons which of the following would improve, reduce, or not change the ratio:
(a) repayment of a current liability
(b) purchasing goods on cash
(c) sale of office equipment for Rs. 4,000 (Book Value Rs. 5,000)
(d) sale of goods Rs. 11,000 (cost Rs. 10,000)

(e) payment of dividend
Or
Explain any four limitations of financial statement analysis.

Q. 21. Calculate net-cash flows from operating activities from the following in formation:

	Rs.
Profits made during 1996	50,000
Transfer to General Reserve	10,000
Depreciation provided	20,000
Profit on sale of furniture	5,000
Loss on sale of machine	10,000
Preliminary expenses written off	10,000

Additional Information:

	1995 Rs.	1996 Rs.
Debtors	10,000	15,000
Bills Receivable	7,000	5,000
Stock	15,000	18,000
Prepaid Expenses	2,000	3,000
Creditors	20,000	18,000
Bills Payable	15,000	25,000
Outstanding Expenses	3,000	4,000

Or
Prepare Funds Flows Statement and Schedule of Changes in Working Capital from the following Balance Sheets:

Liabilities	1995 Rs.	1996 Rs.	Assets	1995 Rs.	1996 Rs.
Share Capital	1,00,000	1,50,000	Fixed Assets	1,80,000	2,70,000
Share Premium		10,000	Sundry Debtors	20,000	30,000
General Reserve	50,000	70,000	Cash	10,000	5,000
Profit & Loss A/c	45,000	65,000	Bank	15,000	17,000
16% Debentures	70,000	50,000	Stock	75,000	80,000
Proposed Dividend	30,000	40,000	B/R	20,000	30,000
Provision for Tax	15,000	20,000	Good will	30,000	20,000
Creditors	25,000	20,000			
Bills Payable	15,000	27,000			
	3,50,000	4,52,000		3,50,000	4,52,000

Additional Information:
(a) Depreciation on Fixed Assets Rs. 20,000.
(b) Fixed Assets of the value of Rs. 10,000 sold for Rs. 15,000.