QUESTION BANK (2011-2012)
Class XII
Subject:- ACCOUNTANCY

1. State two characteristics of Not for profit organization. 1
2. Give any one point of difference between a Cash Book and receipts and Payments Account. 1
3. Distinguish between receipts and payments account and income and expenditure account on the basis of nature of items recorded therein. 1
4. When Receipts and Payments Account is converted into an Income and Expenditure Account an accounting concept is to be followed for the provisions of the accruals and outstanding. Name the concept that is followed. 1
5. How will you treat sale of old newspapers while preparing final accounts of a not for profit organization. 1
6. Write two items of debit side of current Accounts. 1
7. Mention two items that appear on the credit side of a partner's Fixed capital Account. 1
8. Give one point of difference between Profit & Loss A/C and Profit & Loan Appropriation A/C. 1
9. What is profit & loss Appropriation A/C. 1
10. If a fixed amount is withdrawn on the first day of every month for what period the interest on total drawings will be calculated. 1
11. Give the formula for calculating gaining ratio of a partner in a partnership firm. 1
12. Give two characteristics of goodwill.* 1
13. Name any two factor affecting goodwill of a partnership firm. 1
14. What is the nature of Revaluation Account? 1
15. State two main rights acquired by a new partner. 1
16. What will happen if retired or deceased partner's dues are not settled immediately? 1
17. Write one distinction between dissolution of partnership and dissolution of firm. 1
18. Give two circumstances under which a partnership firm is dissolved? 1
19. What do you mean by non redeemable preference shares? 1
20. What is meant by Reserve capital? 1
21. Distinguish between over subscription and under subscription. 1
22. What is meant by calls in Advance?* 1
23. What is meant by minimum subscription?* 1
24. What is meant by secured Debentures? 1
25. What is the nature of Interest on debentures? 1
26. From the following intermation calculate the amount of subscription to be credited to income & Expenditure Account for the year 2007-2008. 3

	Rs.
Subscription received during the year	80000
Subscription outstanding on 31st March 2007	26000
Subscription outstanding on 31st March 2008	6000
Subscription received in Advance on 31-3-2007	15000
Subscription received in Advance on 31-3-2008	10000

Subscription of Rs. 2000 are still in arrears for the year 2006-07

27. On the basis of information calculate the amount of stationery to be debited to Income and Expenditure Account. 3

	April 2006	**March 31, 2007**
Stock of stationery	8000	6000
Creditor of stationery	9000	11000

Stationery purchased during the year ended 31-3-2007 was Rs. 47000

28. From the following Receipts and Payments Account of National Sports Club and from the given additional information, show the salaries item in the income and expenditure account for the year ending 31 December 2006 and Balance sheet as on December 31, 2005 and 31st December 2006. 3

RECEIPT & PAYMENT ACCOUNT

By salaries	
2005	30000
2006	400000
2007	6000

Additional information:

i) Salaries outstanding on 31st December 2005	40000
ii) Salaries outstanding on 31st December 2006	62000
iii) Salaries paid in advance on 31st December 2005	18000

29. 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

30. Suresh and Ramesh were partner in a firm sharing profits in the ratio of 3:2. Their fixed capitals were Suresh Rs. 9,00,000 and Ramesh Rs. 6,00,000. The partnership deed provided for the following.

i) Interest on capital @ 5% per annum.

ii) Rs. 60,000 per annum salary to Suresh and Rs. 2000 per month to Ramesh.

The profit earned by the firm for the year ended 31-3-2007 was Rs. 2,34,000. The profits were divided equally without providing for the above. Pass adjustment entry. 3

31. X, Y and Z are partner in a firm sharing profits and losses in the ration of 5:3:2. Their capitals (fixed) are Rs. 200000, Rs. 150000, Rs. 125000 respectively. For the year 1993 interest on capital was credited to them @8% instead of 10% Give adjustment journal entry. * 3

32. 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 effect retrospectively for last three years. X and Y have no objection to this. The profits for last three Year 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

33. 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

34. A, B and C were 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

35. 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

i) Profit and Loss Account Rs. 24000*

ii) Advertisement Suspense Account Rs. 12000

Pass the necessary adjusting entry.

36. A and B are partners sharing profits and loss in the ratio of 4:1. A surrenders ¼ of his Share and B surrenders ½ of his share in favour of C a new partner. What is the sacrificing ratio and new ratio. 3

37. K, L and M are partners sharing in the ratio of 3:2:1. they admit N for 1/6 share. It is agreed that M would retain his original share. Calculate the new ratios and sacrificing ratios. 3

38. P, Q, R and S were partners sharing profits in 'the' ratio of 2:3:5:2. S retires and his shares is acquired by Q and R in the ratio of 3:2. Calculate the new ratio and gaining ratio. 3

39. X, Y and Z are partners sharing profits in the ratio of 1/9, 1/3 and 5/9. Z retires and surrenders $^3/_4$ of his shares to X and remaining in favour 3

40. 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 non payment of first call of of Rs 2 per share Out of these, 600 shares were reissued as Rs 7 Paid up for Rs 4 per share. Journalise. 3

41. Give journal entries for forfeiture and reissued shares.
    i) X Ltd forfeited 500 shares o Rs 10 each (Rs 6 called up) issued at discount of 10% 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.
    ii) 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

42. 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 followers.*
    a) Applicants of 60,000 shares 3000 shares
    b) Applicants of 40,000 shares 3000 shares
    c) 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

43. 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

44. 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

45. 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

46. 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

47. 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
48. 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
49. 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
50. 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
51. 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
52. A company redeemed 1,000 15% debentures of Rs 100 each by converting them into 12% preference shares of Rs 100 each at 25% premium and 500, 15% debentures of Rs 100 each by purchasing from market for immediate cancellation at Rs 95 a debenture. Give journal entries.* 4
53. From the following Receipt and Payment Account of Citizen Club for the Year ended 31st March, 2008. Prepare an income and expenditure Account and a balance sheet as on 31st March 2008.* 6

Receipts	**Rs**	**Payment**	**Rs**
To Balance b/d	2,40,000	By rent (Paid for 11 Months)	1,76,000
To subscription (Including 10000 for 2008-09)	5,80,000	By Insurance	3000`
To life membership fees	25000	By Salaries	2,64,000
To interest on Investment @7% p.a. for full year	28000	By Stationery	60,000
		By Balance c/d	3,70,000
	873000		**873000**

Prepare - Investment - Expenditure Account

The following adjustments were duly carried out.

i) subscription in arrear on 31st March 2007 were Rs 30,000 and on 31st 2008 Rs 48000.

ii) Stock of Stationery on 31st March 2007 was Rs 5,000 and on 31st March 2008 Rs 14000.

iii) Insurance was paid on Ist January 2008 to run January 2008 to run for one Year.

54. Following is the receipts and payment Account of Rajadhani Club for the Year ended 31st Dec. 1998:

Receipts	Rs	Payments	Rs
To bill d/b (1-1-1998)		By staff Salary	35,400
Cash in hand	4,000	By Canteen Expenses	3,500
Cash in Deposit A/c	16,000	By Misc. Expenses	800
cash in C/A	5,200	By Insurance	2,000
To subscriptions	80,000	By Telephone expenses	4,800
To entrance fees	12,000	By Furniture purchased	15,000
To life membership fees	15,000	By Investment purchase	46,000
To newspaper(sales)	200	By balance c/d (31-12-98)	
To Canteen collection	4,400	Cash in hand	6,700
To interest on Deposits	1,600	Cash in deposit A/C	20,000
		Cash in C/A	4,200
	1,38,400		**1,38,400**

Additional information-

		31-12-997	31-12-1998
1)	Outstanding subscriptions	7,000	5,600
2)	subscriptions Received in Advance	2,000	2,500
3)	Salaries Outstanding	1,200	1,800
4)	Insurance Prepaid	400	500
5)	Furniture	10,000	-
6)	Sports equipment	20,000	-

Depreciate furniture by 20% and sports equipments by 30%.

You are required to prepare an income and expenditure Account for the Year ended 31st Dec., 1998 and Balance sheet as on that date. 6

55. From the following Receipt and Payment Account and additional information of Ashoka Club for the year ended 31-03-2007 prepare.*

i) Income & Expenditure Account of the club for the year ended 31-03-2007 and

ii) The Balance Sheet as on 31-03-2007

Receipts		Rs	Payments	Rs
Balance b/d		25,000	Salary	6,000
Subscription:			Newspapers	4.100
2005-2006	2,400		Electricity bill	2,000
2006-2007	53,000		Fixed deposit	
2007-2008	1,000	56,400	(on 1-1-2007 @ 9% p.a)	40,000

Entrance fees	2,500	Books	21,200
Municipal Grant	20,000	Rent	13,600
Sale of Old furniture	11,400	Balance c/d	7,400
	1,15,300		**1,15,300**

Additional information:

i) Subscriptions outstanding as on 31-03-2006 were Rs. 3,000 and on 31-03-2007 Rs. 6,000.

ii) On 31-03-2006 salary outstanding was Rs. 900 and on 31-03-2007 salary outstanding was Rs. 1,200.

iii) The club owned furniture Rs. 30,000 and books Rs. 14,000 on 1-4-2006 6

56. Given below is the Receipts and Payment Account of 'Old Men Association Club' for the year ended on 31-3-2007

Receipts	**Rs.**	**Payments**	**Rs.**
To Balance b/d	1,025	By salaries	5,500
To subscription		By General expenses	800
1999-2000	400	By Ent. Expenses	3,500
2000-2001	20,500	By Newspaper	1,500
2001-2002	600	By Municipal taxes	500
To Donations	9,500	By charity	3,500
To proceed from Entertainment	5,400	By 12% Investments	20,000
To sale of Newspaper	450	By bal.c/d	1,175
	37,875		**37,875**

Prepare income & expenditure Account for the year ended 31 March, 2001 and the Balance Sheet as on that date. after taking the following into account :-

a) There are 500 members each paying an annual subscription of Rs. 50, and Rs. 500 is still in arrear for 1999-2000.'

b) Municipal Taxes amounting for Rs. 400 per annum have been paid up to 30th June, 2001 and Rs. 1,000 for salaries is outstanding.

c) Building stands in the book at Rs. 50,000 and it is required to write off depreciation at 5% p.a.

d) Interest on investments is accrued for 5 months. 6

57. Ram Ltd issued 2,000, 10% Debentures of Rs. 100 each at par on 31.03.99 repayable at 20% premium after 4 years. Debenture holders have on option their Holdings in to 8% Preference shares of Rs. 100 each at a premium of Rs. 20 per shares at any time after one year but before 3 years. On 31.03.2000, Ram a holder of 100 Debenture notified to exercise the options make necessary journal. entries relating to issue and redemption of debentures on 31.03.99 and 31.03.99 and 31.03 .2000.

58. Pass necessary journal entries in the books of the company in the following cases for redemption of 1,000, 12% Debentures of Rs. 10 each at par:*

a) Debentures redeemed at par by conversion into 12% preference shares of Rs. 100 each.

b) Debentures redeemed at a premium of 10% by conversion into Equity shares issued at par.

c) Debentures redeemed at a premium of 10% by conversion into Equity shares at a premium of 25%.

59. 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:-

Balance Sheet

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

According 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 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

60. 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

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

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

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

Liabilities	**Rs**	**Assets**		**Rs**
Creditors	15000	Cash		12000
Siddhartha's Capital	46000	Debtors		16000
Venu's capital	34000	less Provision	800	15200
		Stock		2800
		Machinery		35000
		Building		30000
	95000			**95000**

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 be 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 be 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

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

Balance Sheet

Liabilities	**Rs**	**Assets**		**Rs**
Creditors	15000	Cash		2500
Workman compensation fund	4000	Debtors	6000	

		less Provision	500	5500
Investment Fluctuation fund	1000	Stock		2000
General Reserve	2000	Investments		6000
		Goodwill		2000
Tutu's Capital	4000			
	18000			**18000**

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

a) The market value of Investments is to be taken as Rs. 4200
b) Unaccounted Accrued Income of Rs. 200 be accounted for.
c) a claim on account of workmen's compensation for Rs. 1000 be provided for.
d) Provision for bad debt be found in excess by Rs. 200.
e) Kaku shall bring Rs. 2,000 as his share of goodwill and Rs. 5000 for capital.
f) 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

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

Liabilities	**Rs**	**Assets**		**Rs**
Bank overdraft	20000	Cash		30000
Creditors	30000	Debtors	30000	
Workmen compensation fund	2000	less Provision	2000	28000
		Prepaid Insurance		2000
General Reserve	15000	Land		40000
Capitals		Machinery		30000
A 45000		Patents		12000
B 30000	75000			
	142000			**142000**

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.

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

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

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

Liabilities	**Rs**	**Assets**	**Rs**
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
	140000		**140000**

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.

iv) 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

65. 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:

Liabilities		**Rs**	**Assets**		**Rs**
General Reserve		12000	Bank		7600
Creditor		15000	Debtors	6000	
Bills Payable		12000	Less provision	400	5600
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	96000			
		143200			**143200**

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

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

Liabilities		**Rs**	**Assets**		**Rs**
Creditors		35000	Plant and Machinery		300000
Reserve		45000	Patents		20000
Capitals			Stock		400000
P	130000		Debtors	150000	
Q	350000		Less Provision	20000	130000
R	440000	920000	for Bad Debt		
			Cash at Bank		150000
		1000000			**1000000**

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

i) Plant and machinery be depreciated by 20%.

ii) Patents are valueless

iii) Stock be valued at Rs. 385000

iv) Provision for bad Debt be kept at 10% on Debtors

v) Goodwill of the firm be valued at 126000

P 'S' share of goodwill be adjusted into the accounts of Q and R.

vi) Amount due to P is to be paid on the date of his retirement.

vii) 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

67. 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:

Liabilities		**Rs**	**Assets**	**Rs**
Creditors		16000	Cash	2000
Reserve		4000	Debtors	5000
Capitals			Stock	11000
Raja	20000		Machinery	39000
Nawab	15000		Investments	8000
Badshah	10000	45000		
		65000		**65000**

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 assumig that 1/3 of amount due to Nawab was paid in cash and balance was carried to loan A/C. 8

68. 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:

Liabilities		**Amount**	**Assets**	**Amount**
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	306000	Bank	10000
		340000		**340000**

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.

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

vi) Investment are 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, partners capital A/C and Balance Sheet of new firm. 8

69. A and B were partners in a firm form 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

70. 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
PQ A/C	12000	Stock	81000
A'S wife loan	12000	Fumiture	20000

Bank Loan at 12%	20000	Plant	53700
Capital A/C		Capital A/C	22000
A	60000		
B	50000		
C	20000		
Current A/C			
A	10000		
B	5000		
	238000		**238000**

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

71. 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

72. 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 33,00,000 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. Ma 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

73. 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)

Application 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

74. Y Ltd invited applications for issuing 10,000 equity shares of Rs 100 each at a discount of 6% The amount was payable as follows:
    On Application Rs 20 per share.
    On Allotment Rs 44 per share.
    On first & Final Call- Balance

Application 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.

75. Vinod Paper Ltd invited applications for issuing 1,00,000 shares of Rs 10 each at a Premium of Rs 4. per share payable s follows:*
    On Application Rs4 (Including premium Rs2)
    On Allotment Rs4 (Including premium Rs2)
    On First and Final call 6

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

i) Application s 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.

PART - B
ANALYSIS OF FINANCIAL STATEMENTS

76. List any two items that can be shown under the heading "Reserves & Surplus" in a company's Balance Sheet. 1

77. Give any two examples of current Assets. 1

78. What are contingent liabilities? 1

79. Under what heads the following items on the Assets side of Balance Sheet will be presented. 1

i) Sundry Debtor

ii) Bills Receivable

80. Give two objectives of comparative Financial statements. 1

81. Give one point of distinction between current Ratio and quick Ratio*. 1

82. What is the significance of Debtors Turnover ratio. 1

83. Interest received by a finance company is classified under which kind of activity while preparing a cash Flow statement? 1

84. State whether cash deposited in bank will result in inflow, outflow or no flow of cash. 1

85. What do you mean by cash equivalents. 1

86. Briefly explain the limitation of analysis of financial statements? 1

87. From the following information prepare a comparative Income Statement. 3

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

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

	31.03.1996	31.03.1995
Equity share capital	2500000	2500000
Fixed Assets	3600000	3000000
Reserve & Surplus	600000	500000
Investments	500000	500000

Long term loans	1500000	1500000
Current Assets	1050000	1500000
Current Liabilities	550000	550000

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

	2006 **Rs**	**2007** **Rs**
Net Sales	100000	100000
Cost of goods sold	70% of sales	74.8% of sales
Operating expenses	8000	9800
Income Tax rate	50%	50%

90. Current Ratio 2:5:1, Quick Ratio 1:5:1, Current Assets Rs. 200000. Calculate current liabilities, Quick Assets and Stock. 4
91. Rs. 30000 is the cost of goods sold, inventory turnover 8 times, stock at the beginning is 2 times more than stock at the end. Calculate the values of opening & closing stock. 4
92. Gross profit of a company is 20% of cost of goods sold. Its cash sales are 1/3 of its credit sales. Calculate the G.P ratio if the cash sales are Rs. 300000. 4
93. 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
Currant Liabilities	75000
Preliminary expenses	10000
Net Profit (after Interest and Income Tax)	96000
Rate of Income Tax	50%

94. 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
95. The capital of Z Ltd is as follows:-

10% preference shaer capital of Rs. 10 each	800000
Equity shares of Rs. 100 each	4000000
	4800000
Additional Information	**Rs.**
Profit after tax (at 50%)	1560000
Profit distributed as dividend	40%
Market price per equity share	185
Rate of Income Tax	50%

Calculate

i) Earning per share

ii) Dividned per share

iii) Price Earning Ratio. 4

96. Calculate Debt Equity ratio and proprietory 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

97. Calculate current assets of a company from the following information. 4

i) Stock Turnover ratio 4 times

ii) Stock in the end is Rs 20,000 more than stock 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

98. 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.

99. On the bseis of information given below calculate the following ratios 4

i) Gross profit ratio

ii) Debt Equity Ratio

iii) Working capital turnover ratio

Information	**Rs**
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

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

	Rs
Depreciation on building	1,30,000
Deprectiation 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

	Mar 31,2005	**Mar 31,2006**
Stock	70,000	87,000
Bills Receivable	67,000	58,000
Cash	60,000	75,000
Crditors	68,000	77,000
Outstanding Salary	7000	4000
Bills payable	43,000	29,000

Calculate cash flow from operating activities.

101. From the following balance sheets of ABC LTD find out cash form operating activities only. * 6

Liabilities	**31.03.06**	**31.03.07**	**Assets**	**31.03.06**	**31.03.07**
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 Depreciation on Machinery	9,000	13,00	Discount on Debentures	500	-
			Profit & Loss A/C	6000	-
	78500	**107500**		**78500**	**107500**

Additional information

Debentures were issued on 31.03.2007

Investments were made on 31.03.2007

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

Liabilities	**2007**	**2006**	**Assets**	**2007**	**2006**
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
	13,00,000	**8,90,000**		**13,00,000**	**8,90,000**

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