

ACCOUNTANCY: XII

Code No. :67/1

General Instructions:-

- a). All questions are compulsory. However there is an internal choice in questions.
b). The Question papers contains 1 mark HOTs, not theoretical Question.

Time Allowed: 3 ¼ Hrs.]**[Max. Marks: 80**

1. What is the other name of "Unrestricted Fund" in context of "Not-for Profit Organisation"? (1)
2. Which Act of the Parliament specified the number partners in Partnership? (1)
3. What is meant by reconstruction of a partnership firm? (1)
4. What are the guidelines of SEBI and Companies Acts, 1956 regarding application money on shares? (1)
5. How can a partner retire from the firm in case the partnership is at will? (1)
6. A club has 450 members during at end of last year (31.3.2009) each paying annual subscription of Rs. 100. Other particulars are as under:

Subscription outstanding as on 31.3.2009	Rs. 3,000
Subscription paid advance by 12 members in 2008-09	
Subscription received in advance on 31.3 2010	Rs. 5,000
Subscription received in 2009-10	Rs. 46,500

 During the current year 2009-10, 10 members left while 25 new members joined the club. Subscription written off as bad debts Rs. 500. Calculate the net amount of subscription credited to Income and Expenditure Account. (3)
7. (a). A Ltd. issued 40,000 equity shares of Rs. 100 each at 10% premium, full amount payable on application. Applications were received for 35,000 shares. Pass necessary journal entries to record the above transactions.
(b). What is the nature of securities premium A/c? (2+1)
8. a). Which is the best way of utilizing securities premium?
b). Give 2 methods of calculating the amount of loss on debentures to be written off.
(c). What do you mean by "Bearer Debentures"? (1 x3=3)
9. A and B are partners in a firm sharing profit in the ratio of 3:2. They admitted C as a new partner. A surrenders 1/3rd of his share, and B surrenders 1/4th share in favour of C. He brings Rs. 2,90,000 as his capital, and premium for goodwill in cash. Goodwill of the firm valued at Rs. 2,00,000. Calculate new profit sharing ratio and pass necessary journal entries to record the above transactions. (4)
10. AIRTEL India Ltd. issued 10,000, 6% Debentures of Rs. 100 each at 10% premium, redeemable after 6 years at par. Pass necessary journal entries for issue and redemption of debentures. (4)
11. Amal, Bimal and Kamal are three partners. On 1st April, 2009, their capitals stood as: Amal Rs. 40,000, Bimal Rs. 30,000 and Kamal Rs. 25,000. It was decided that: (a). they would received interest on capital at 5% p.a.; (b). Amal would get a salary of Rs. 250 per month, (c). Bimal would receive commission at 4% on the net profit after deduction of the commission from it, and (d). after deducting all of these 10% of the profit should be transferred to the General Reserve. Before making the above items were taken into account, the profits for the year ended 31st March, 2010 were Rs. 33,360. Prepare Profit & Loss Appropriation Account. (4)
12. (a). In the partnership agreement A, B and C who were sharing profits 4:2:2, the goodwill was to be valued on the death of any partner on the basis of such partner's share of two years' profits calculated on the average of five years' profits immediately preceding the year of death less 10%. The firm's profits were Rs. 15,000 in 2002, Rs. 25,000 in 2003, Rs. 40,000 in 2004 and losses of Rs. 5,000 in 2005 and Rs. 2,000 in 2006. The deceased partner's share of profits for the period of his lifetime in the year of death was to be based on the average of the profits of three previous three years plus 10%. A died on 31st May, 2007. His Capital Account showed a credit of 10,000 on 1st January, 2007 and he had drawn Rs. 1,500 since that date. Show the amount of goodwill and the share of profits payable to him.
(b). What is "Hidden Goodwill"?
(c). What is the significance of calculating sacrificing and gaining ratio?
(d). What is meant by "Gaining Partners"? (3+1+1+1=6)

13. Sudershan Ltd., invited applications for 1,00,000 Equity shares of Rs. 10 each. The shares were issued at a premium of Rs. 5 per share. The amount was payable as follows:

On Application and allotment Rs. 8 per share [including premium Rs. 3]

Balance including premium on the first and final call.

Applications for 1,50,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants on the following basis:

- a). Applications for 80,000 shares were allotted 60,000 shares,
- b). Applications for 60,000 shares were allotted 40,000 shares.

X, who belonged to the first category and was allotted 300 shares, failed to pay the first call money. Y, who belonged to the second category and was allotted 200 shares also failed to pay the first call money. Their shares were forfeited. The forfeited shares were re-issued @ Rs. 12 per share fully paid up. Pass necessary Journal entries. (6)

14. From the following Receipts and Payments Account of Mumbai Club, prepare Income and Expenditure Account for the year ended 31.12.2006 and Balance Sheet as on that date:

Receipts	Rs.	Payments	Rs.
To Balance b/d		By Salary	4,400
Cash in hand	4,000	By Purchase of Furniture	10,000
Cash at Bank	10,000	By Insurance Premium	800
8% Fixed Deposits	20,000	By Billiard Table	30,000
To Subscriptions	42,000	By Balance b/d	
To Entrance Fees	7,200	Cash in Hand	3,300
To Interest on Fixed Deposits	100	Cash at Bank	9,200
To Interest received from bank	400	8% Fixed Deposits	26,000
Total	83,700	Total	83,700

Additional Information:

- a). Subscription in arrear for 2005 Rs. 5,000 (of which Rs. 4,000 has been received) and subscriptions in arrears for 2006 Rs. 6,000.
 - b). At the end of 2006 the Insurance premium were prepaid to the following 31st March, the yearly insurance premium payable the club by being Rs. 800.
 - c). Assets were purchased evenly throughout the year.
 - d). Billiard Table costing Rs. 30,000 was purchased during the last year, of which only Rs. 10,000 are to be paid.
15. A and B are partners sharing profits as 2:1. Following is their Balance Sheet as on December, 2005:

Liabilities	Rs.	Assets	Rs.
Creditors	7,000	Cash in hand	1,000
Loan	6,000	Debtors	11,000
General Reserve	3,000	Less: Provision for D/D	<u>1,000</u>
Capitals:		Stock	20,000
A	18,000	Land & Building	20,000
B	<u>17,000</u>		
Total	51,000	Total	51,000

On 1st January, 2006, C is admitted into partnership for 1/4th share on the following terms:

- a). That he should bring in Rs. 6,000 as his share of premium and Rs. 15,000 as his capital;
- b). That land and building be revalued at Rs. 25,000 and Stock at Rs. 19,000.
- c). That Rs. 500 is not recoverable out of debtors, and a provision of 10% is to be made for doubtful debts.
- d). A brings investment worth Rs. 10,000.
- e). That after making the above adjustments, the capital of the old partners be adjusted on the basis of the new partner's capital, having regard to profit sharing ratio. Excess or shortage will be adjusted through actual cash.

Prepare Revaluation Account; Capital Accounts and the Balance Sheet of the new firm.

Or

A, B and C are partners sharing profits and losses in the ratio of 5:3:2. On 31.3.2005 their Balance Sheet was as under:

Liabilities	(Rs.)	Assets	(Rs.)
Sundry Creditors	30,000	Bank (Minimum Balance)	20,000
General Reserve	20,000	Debtors	30,000
Capitals:		Stock	55,000
A	1,00,000	Fixed Assets	1,15,000
B	50,000	Goodwill	15,000
C	40,000	Advertisement Expenditure	5,000
Total	2,40,000	Total	2,40,000

B retires and the following terms have been agreed upon:

- a). Goodwill of the valued at Rs. 90,000..
- b). The fixed assets were found undervalued by Rs. 25,000.
- c). Stock was found overvalued by Rs. 5,000
- d). The new profit sharing ratio will be 3:2.
- e). There was a claim of Rs. 10,000 disputed by the firm, now settled at Rs. 8,000.
- f). That B be paid through cash brought in by A and C in such a way to make their capitals proportionate to their profit sharing ratio.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet after B's retirement. (8)

16. XYZ Ltd. issued a prospectus inviting applications for 2,000 shares of Rs. 10 each at a premium of Rs. 4 per share, payable as:

- On Application Rs. 6 per share (including Premium Re. 1)
- On Allotment Rs. 2 per share (including Premium Re. 1)
- On First Call Rs. 3 per share (including Premium Re. 1)
- On Final call Rs. 3 per share (including Premium Re. 1)

Applications were received for 3,000 shares and pro-rata allotment was made on the applications for 2,400 shares. It was decided to utilize excess application money towards the amount due on allotment.

X, to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited.

Y, who applied for 72 shares failed to pay the two calls and on his failure, his shares were forfeited.

Of the shares forfeited, 80 shares were re-issued as fully credited for Rs. 9 per share. Pass necessary journal entries to record the above transactions, without narration.

Or

Sangita Limited invited application for issuing 60,000 shares of Rs. 10 each at par. The amount was payable as follows:

- On Application Rs. 2 per share; On Allotment Rs. 5 per share; and
- On First and Final Call Rs. 3 per share

Applications were received for 92,000 shares. Allotment was made on the following basis :

- i). To applicants for 40,000 shares – Full
- ii). To applicants for 50,000 shares - 40%
- iii). To applicants for 2,000 Shares - Nil

Rs. 2,36,000 was realised on account of allotment (excluding the amount carried from application money) and Rs. 1,65,000 on account of call.

The directors decided to forfeit shares of those applicants to whom pro-rata allotment was made and on which allotment money was overdue and later on half of the forfeited shares were re-issued at Rs. 9 per share as fully paid.

Pass journal entries in the books of Sangita Limited to record the above transactions. (8)

Part- B

- 17. How does 'subjectivity' become a limitation of Financial Statement Analysis? (1)
- 18. State how Cash Flow Statements are historical in nature. (1)
- 19. Give two examples of movements between cash and cash equivalents. (1)
- 20. What is the significance of analysis of financial statements? (3)
- 21. Followings are the Balance Sheet of Rachna Ltd. on 31st December, 2003 and 2004:

Liabilities	2003(Rs.)	2004(Rs.)	Assets	2003(Rs.)	2004(Rs.)
Share Capital	1,00,000	1,50,000	Current Assets	2,00,000	3,00,000
Reserves	1,00,000	1,00,000	Fixed Assets	50,000	80,000
Loan	20,000	80,000			
Current Liabilities	30,000	50,000			

Prepare a Comparative Balance Sheet. (4)

- 22. Calculate any two of the following ratios from the given information:

- (i). Stock Turnover Ratio, (ii) Operating ratio, and (iii). Proprietary Ratio

Information:

Net Sales Rs. 3,75,000; Cost of Goods Sold Rs. 1,08,500; Administrative Expenses Rs. 42,000; Selling Expenses Rs.47,500; share Capital Rs., 8,00,000; Reserves Rs. 3,50,000; Long Term Loans Rs. 8,20,000; Fixed Assets (Net) Rs. 4,62,000; Investments Rs. 2,42,500; Debtors Rs.72,000; Opening Stock Rs. 2,00,000; Closing Stock Rs. 2,20,000 and Bank Balance Rs. 3,15,000. (4)

23.Y Ltd. earned a profits of Rs. 1,25,000 after charging tax for the year ended March 31, 2006. Some other informations are as under:

Dep. on building	Rs. 3,500
Bad Debt Recovered	7,500
Trf. to General Reserve	1,800
Amortization of Goodwill	1,200
Proposed Dividend	2,000
Provision for Tax	25,000

The following is position of current assets and liabilities

	31.3.2005	31.3.2006	
Account Receivable	3,800	4,200	
Stock in hand	7,500	6,800	
Cash in hand	1,800	3,200	
Accounts Payable	3,400	3,200	
Expenses Payable	700	1,000	
Provision for Tax	10,000	18,000	(6)

HOTs:

1. State one objective of accounting for Not-For-Profit Organisations.
2. What does Not For Profit Organisations keep in mind, while giving a name to their Not For Profit Organisations?
3. Give one point of dissimilarity between Cash Book and Receipts & Payment A/c.
4. How Entrance fee is treated as per Accounting Standard (AS) - 9?
5. What do you mean by subscription?
6. State any two types of funds being operated by a non- profit organisation?
7. Distinguish between Fund based and non-fund based accounting on the basis of utilisation of money.
8. Charitable Hospital run by 5 members can it be called Partnership. Comment.
9. Give anyone right of a partner.
10. Give anyone duty of partner
11. What is the legal status of a firm?
12. What is the status of a firm from Accounting point view?
13. Mr. Ram and Mr. Mohan are partners in a firm. Mr. Mohan does not participate in management. Is he liable for the act of Mr. Ram, who takes part in management?
14. Which shareholder has the right to participate in management of company?
15. How can company be classified on the basis of no. of member?
16. Give two methods of calculating the amount of loss on debentures to be written off.
17. What is an invitation to the public for subscription of shares and debentures called?
18. Name any two kinds of preference shares
19. Name the two forms in which Balance Sheet can be prepared.
20. Give two areas of interest for management while analyzing the financial statement.
21. Give two areas of interest for investors while analyzing the financial statement.
22. What do you mean by inter-firm comparison?
23. What do you mean by intra-firm comparison?
24. What are trade investments?
25. What does Working capital turnover ratio indicates ?