



Institute of Commerce & Science

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Class – XII Accountancy

Time Allowed : 3 Hrs.

Maximum Marks: 80

General Instructions:

- 1) All questions are compulsory.
- 2) All parts of questions should be attempted at one place.

PART-A

PARTNERSHIP AND COMPANY ACCOUNTS

- Q.1.** A and B are partners sharing profits and losses equally with capitals of Rs. 30,000 and Rs. 20,000 respectively. Their drawings during the year are as follow:
- | | | |
|-----------------|-----------|--------|
| A's drawings on | 31-3-1992 | Rs.500 |
| | 30-4-1992 | 600 |
| | 1-7-1992 | 450 |
| | 1-12-1992 | 1,400 |
- B drew Rs.300 at the end of each month. The deed provides interest on capitals and drawings at 6%. Calculate interest on capitals and drawings. (2)
- Q.2.** What do you meant by 'Private Placement of shares'? (2)
- Q.3.** Can the first allotment be made without raising the Minimum Subscription? (2)
- Q.4.** Pass the necessary Journal entries for the following transactions in the books of Y Ltd:
- (a) Purchased machinery Rs. 1,65,000. The vendor was paid by issuing 9% Debentures of Rs. 100 each at a premium of 10%.
 - (b) Issued 9% Debentures of Rs. 1,50,000 as collateral security.

- (c) Paid half-yearly interest on Rs. 1,80,000,9% Debentures.
 (d) Issued 1,000, 9% Debentures of Rs. 100 each at a discount of 5%.
 The debentures were repayable at a premium of 10%. (2)

Q.5. List any four contents of a 'Partnership deed'. (3)

Q.6. What is meant by redemption of debentures? (3)

Q.7. State any four factors which influence the valuation of goodwill of a Partnership firm. (4)

Q.8. Ashok and Kishore were in partnership sharing profits in the ratio of 3 : 1: They agreed to dissolve the firm. The assets (other than cash of Rs. 2,000) of the firm realised Rs. 1,10,000. The liabilities and other particulars on that date were as follows:

		Rs.	
Creditors	40,000		
Ashok's Capital	1,00,000		
Kishore's Capital	10,000		(Dr. Balance)
Profit and Loss Account	8,000		(Dr. Balance)
Realisation Expenses	1,000		

Creditors were settled in full settlement at Rs. 38,000.

Prepare Realisation and Cash Accounts. (4)

Ans. Sundry Assets Rs. 1,20,000; loss on Realisation Rs. 9,000

Q.9. Ankur Jewellery Ltd. issued 50,00,000 8 % Debenture of Rs. 100 at a discount of 6 % on April 1, 2000 redeemable at premium of 4 % by draw of lots as under:
 20,00,000 Debenture on March 31, 2002
 10,00,000 Debenture on March 31, 2004
 20,00,000 Debenture on March 31, 2005
 Compute the amount of discount to be written off in each year till debenture are paid.
 Also prepare discount/loss on issue of debenture account. (4)

Ans. Discount/Loss to be written off
March 31, 2001 Rs. 125,00,000
March 31, 2002 Rs. 125,00,000
March 31, 2003 Rs. 125,00,000
March 31, 2004 Rs. 75,00,000
March 31, 2005 Rs. 50,00,000

Q.10. Indu films Ltd. purchased 50,000, 9% debenture of Rs. 100 at Rs. 92 each cum-interest, the dates of interest being June 30 and December. 31, on September 1, 2003. Record necessary entries assuming that debenture are purchased for cancellation.

- Q.11.** (a) A holds 100 shares of Rs. 10 each, on which he has paid only Rs. 2.50 per share as application money.
 (b) B, who holds 200 shares of Rs. 10 each, has paid Rs. 2.50 and Rs. 2 per share as application and allotment money, respectively.
 (c) C holds 300 shares of Rs. 10 each and has paid Rs. 2.50 per share on application, Rs. 2 per share on allotment and Rs. 3 per share on first call.
 They failed to pay their arrears and the final call. Therefore the Directors forfeited their shares.
 These shares were subsequently reissued for cash at a discount of 10 per cent.
 Record journal entries in the books of the company to give effect to the above.
- (4)**

- Q.12.** Deepika and Rajshree are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2005, their Balance Sheet was as under:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	16,000	Cash in Hand	1,200
Public Deposits	61,000	Cash at Bank	2,800
Bank Overdraft	6,000	Stock	32,000
Outstanding Liabilities	2,000	Prepaid Insurance	1,000
Capital A/c:		Sundry Debtors	28,800
Deepika	48,000	Less: Reserve for Doubtful Debts	800
Rajshree	40,000	Plant and Machinery	48,000
	88,000	Land and Building	50,000
		Furniture	10,000
	1,73,000		1,73,000

On the above date, the partners decided to admit Anshu as a partner on the following terms:

- (a) The new profit-sharing ratio of Deepika, Rajshree and Anshu will be 5 : 3 : 2, respectively.
 (b) Anshu shall bring Rs. 32,000 as his capital.
 (c) Anshu is unable to bring in any cash for his share of goodwill. Partners, therefore, decide to calculate goodwill on the basis of Anshu's share in the profits and the capital contribution made by him to the firm.
 (d) Plant and Machinery is to be valued at Rs. 60,000, Stock at Rs. 40,000 and the Reserve for Doubtful Debts is to be maintained at Rs. 4,000. Value of Land and Building has appreciated by 20%. Furniture has depreciated by 10%.
 (e) There is an additional liability of Rs. 8,000 being outstanding salary payable to employees of the firm. This liability is not included in the outstanding liabilities, stated in the above Balance Sheet. Partners decide to show this liability in the books of accounts of the reconstituted new firm.
 Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of Deepika, Rajshree and Anshu.
- (6)**

Ans. Hidden Goodwill Rs. 22,200; Profit on Revaluation Rs. 17,800; Bank Balance Rs. 28,800; Total of Balance Sheet Rs. 2,24,800

Q.13. A, B and C were partners sharing profits in the ratio of 2 : 2 : 1. They decided to dissolve their firm on 31st March, 2005 when the Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Cash	40,000
Bills Payable	46,000	Debtors	70,000
Employees Provident Fund	32,000	Less: Provision for Doubtful Debts	6,000
Mrs. A's Loan	38,000	Stock	50,000
Cs Loan	30,000	Investments	60,000
Investments Fluctuation Fund	16,000	Furniture	42,000
Capital A/cs:		Machinery	1,36,000
A	1,20,000	Land	1,00,000
B	1,00,000	Goodwill	30,000
C	1,00,000		
	3,20,000		
	5,22,000		5,22,000

Following transactions took place:

- A took over stock at Rs. 36,000. He also took over his wife's loan.
 - B took over half of debtors at Rs. 28,000.
 - C took over investments at Rs. 54,000 and half of creditors at their book value.
 - Remaining debtors realised 60% of their book value. Furniture sold for Rs. 30,000; Machinery Rs. 82,000 and Land Rs. 1,20,000. Joint Life Policy was surrendered for Rs. 22,000.
 - Realisation expenses amounted to Rs. 4,000.
- Prepare necessary ledger accounts to close the books of the firm (6)

Ans. Loss on Realization : Rs. 77,000; Total of cash A/c Rs. 3,15,000

OR

What Journal entries would you make in the following cases:

- Expenses of realisation Rs. 1,500.
- Expenses of realisation Rs. 600 but paid by Mohan, a partner.
- Mohan, one of the partners of the firm, was asked to look into the dissolution of the firm for which he was allowed a commission of Rs. 2,000.
- Motor car of book value Rs. 50,000 taken over by creditors of the book value of Rs. 40,000 in final settlement:
- Sale of Assets-Rs. 50,000
- Payment of Liabilities-Rs. 10,000
- A commission of 5% allowed to Mr. 'X' a partner, on sale of assets.

Q.14. Majestic Auto Parts Limited issued for public subscription 60,000 Equity shares of Rs. 10 each at a premium of Rs. 2 per share payable as under :

With Application Rs. 2.50 per share

On allotment (including premium) Rs. 5 per share

On First Call Rs. 2 per share

On Final Call Rs. 2.50 per share

Applications were received for 1,80,000 shares. Allotment was made on pro-rata basis.

Excess money on application was adjusted against the amount due on allotment.

X, to whom, 2,400 shares were allotted failed to pay the two calls. These shares were subsequently forfeited after the second call was made. All the shares forfeited were reissued to one Z as fully paid at Rs. 7 per share.

Record journal entries in the books of the company to record these transactions relating to share capital. (6)

Ans. Capital Reserve Rs. 6,000.

Q.15. The Balance Sheet of A, Band C who were sharing profits in proportion to their capital, stood as follows on 31st March, 2005:

Liabilities	Rs.	Assets	Rs.
Creditors	27,600	Cash at Bank	22,000
Capital Ncs:		Debtors	20,000
A	80,000	Less: Provision	400
B	60,000	Stock	32,000
C	40,000	Machinery	34,000
		Buildings	1,00,000
	1,80,000		
			2,07,600
	2,07,600		

B retired on the above date and the following was agreed upon:

(a) That stock be depreciated by 6%.

(b) That provision for Doubtful Debts to be brought up to 5% on Debtors.

(c) That Buildings be appreciated by 20%.

(d) That a provision of Rs. 3,080 be made in respect of outstanding Legal charges.

(e) That the Goodwill of the entire firm be valued at Rs. 43,200 and B's share of it be adjusted into the accounts of A and C who are going to share future profits in the ratio of 5 : 3.

(f) That the entire capital of the firm as newly constituted to be fixed at Rs. 1,12,000 between A and C in the ratio of 5 : 3 (actual cash to be brought in or paid off as the case may be).

You are required to prepare the Revaluation Account, the Capital Accounts of the partners and the Balance Sheet of the firm after B's retirement. (8)

Ans. Profit on Revaluation Rs. 14,400; Amount brought in by C Rs. 5,400 and amount paid

off to A Rs. 8,600; Balance Sheet Total Rs. 2,21,880

OR

A, B and C were partners, sharing profits in the proportions of $\frac{1}{2}$, $\frac{1}{4}$ and $\frac{1}{4}$ respectively. Their Balance Sheet on 31st March, 2005 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	4,000	Cash	1,000
Capital A/cs:		Sundry Debtors	4,500
A	10,000	Stock-in-Trade	5,500
B	6,000	A's Loan	3,000
C	4,000	Building	10,000
	20,000		
	24,000		24,000

A dies on 1st April, 2005. The firm had effected an assurance for Rs. 10,000 on the joint lives of the three partners and the amount of the policy was realised on 1st May, 2005. According to the partnership agreement, Goodwill was to be calculated at two years' purchase of the average profits of three completed years preceding the death or retirement of a partner. The deceased partner's share of Capital and Goodwill, etc., was paid out in cash on 1st June, 2005, the available cash balance supplemented by a loan from the firm's banker on the security of the building. The net profits of three preceding years were Rs. 5,500, Rs. 4,800 and Rs. 6,500.

You are required to show the Ledger Accounts of the partners, and the Balance Sheet of Band C as it would stand after A's share is paid out.

PART B

ANALYSIS OF FINANCIAL STATEMENTS

- Q.16.** Explain briefly the meaning of financial statement analysis. (2)
- Q.17.** Write a brief note on comparative statements. (2)
- Q.18.** Who are the users of financial ratio analysis and explain the significance of ratio analysis to them. (3)
- Q.19.** On the basis of the following information calculate: (i) Gross Profit Ratio (ii) Debt-Equity Ratio (iii) Working Capital Turnover Ratio.

	(Rs.)
Net Sales	36,50,000
Cost of Goods Sold	23,60,000

Current Liabilities	7,80,000
Loan Funds	6,25,000
Current Assets	13,29,000
Equity Share Capital	17,80,000
Debentures	840,000

(3)

Ans. Gross Profit Ratio 35.3%

Debt-Equity Ratio .82

Working Capital Turnover Ratio 6.64 times

Q.20. The debt-equity ratio of a company is 1:2. Which of the following would increase, decrease and not change it.

1. Issue of equity shares
2. Cash received from accounts receivables
3. Redemption of debentures
4. Purchased goods on credit.

(4)

Q.21. Ganga Yamuna Ltd. reported profit of Rs. 12,50,000 for the year ended March 31, 2003 after considering the following :

Depreciation on building	Rs. 35,000
Depreciation on Plant and Machinery	Rs. 75,000
Depreciation on furniture	Rs. 18,000
Amortization of goodwill	Rs. 12,000
Loss on sale of machinery	Rs. 20,000

The current assets and liabilities in the beginning and at the end of the year are given below :

	<i>March 31 2002</i>	<i>March 31 2003</i>
Accounts Receivable	Rs. 38,000	Rs. 42,000
Stock on hand	Rs. 75,000	Rs. 68,000
Cash on hand	Rs. 18,000	Rs. 32,000
Accounts Pabable	Rs. 34,000	Rs. 32,000
Expenses Payable	Rs. 7,000	Rs. 10,000

(6)