THE GURUKUL INSTITUTE

PLOT 5C, 2ND FLOOR, GANAPATI COMPLEX, SEC-13, OPP. JAIPURIA
SCHOOL, VASUNDHARA, GHAZIABAD (U.P)

QUESTION PAPER-1
CLASS XII
ACCOUNTS

PART A: PARTNER SHIP AND COMPANY ACCOUNTS

1. Not-for-profit organizations have some distinguishing features from that of profit organizations. State any one of them.
2. Alka, Barkha and Charu are partners in a firm having no partnership agreement. Alka, Barkha and Charu contributed Rs. 2,00,000 , Rs. 3,00,000 and Rs. 1,00,000 respectively. Alka and Barkha desire that the profits should be divided in the ratio of capital contribution. Charu does not agree to this. How will you settle the dispute?
3. Give the formula for calculating 'gaining share' of a partner in a partnership firm.
4. Pawan and Jayshree are partners. Bindu is admitted for 1/4th share. What is the ratio in which Pawan and Jayshree will sacrifice their share in favor of Bindu?
5. What is meant by 'Convertible debentures'?
6. Show the following information in the Balance Sheet of the Cosmos club as on 31st March , 2007:

PARTICULARS	Dr. Rs.	Dr. RS.
Tournament fund	-	1,50,000
Tournament fund Investment	1,50,000	-
Income from Tournament Fund Investment	-	18,000
Tournament Expenses	12,000	

Additional information:
Interest accrued on Tournament fund Investment Rs. 6,000.

7. Shubh Limited has the following balances appearing in its Balance Sheet:

	Rs.
Securities Premium	22,00,000
9% Debentures	1,20,00,000
Underwriting Commission	10,00,000

The company decided to redeem its 9% Debentures at a premium of 10%. You are required to suggest the ways in which the company can utilize the securities premium amount.

8. 20,000 shares of Rs.10 each were issued for public subscription at a premium of 10%. Full amount was payable on application. Applications were received for 30,000 shares and the Board decided to allot the shares on a pro-rata basis. Pass journal entries.
9. A, B and C are partners in a firm. They have omitted interest on capital @ 10%p.a. for three years ended 31st March, 2007.

A	Rs.1, 00,000
B	Rs. 80,000
C	Rs.70,000

Give the necessary adjusting journal entry with working notes.

10. X,Y and Z were sharing profits and losses in the ratio 5 :3 :2. They decided to share future profits and losses 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:

(i) Profit and Loss Account Rs. 24,000
(ii) Advertisement Suspense Account Rs. 12,000

Pass the necessary adjusting entry

11. Sajal Limited had issued shares of Rs. 100 each at a discount of 5% payable as follows:

On application	Rs. 25 per share
On allotment	Rs. 25 per share
On first and final call	Balance

One share holder, Pran holding 50 shares did not pay his first and final call. As a result, his shares were forfeited. Of these 40 shares were reissued to Ram as fully paid up @ Rs.110 per share. Pass the necessary journal entries to record the forfeiture and reissue of shares in the books of Sajal Limited.

12. (a) Raghav Limited purchased a running business from Krishna Traders for a sum of Rs. 15,00,000 payable Rs.3,00,000 by cheque and for the balance issued 9% Debentures of Rs.100 each at par.

The assets and liabilities consisted of the following:

	Rs.
Plant and Machinery	4, 00,000
Buildings	6, 00,000
Stock	5, 00,000
Sundry Debtors	3, 00,000
Sundry creditors	2, 00,000

Record necessary journal entries in the books of Raghav Limited.

(b) On January 1, 2004, Rhythm Limited issued 1,000 10% debentures of Rs. 500 each at par. Debentures are redeemable after 7 years. However, the company gave n option to debenture holders to get their debentures converted into equity shares of Rs. 100 each at a premium of Rs.25 per share anytime after the expiry of one year.

Shivansh, holder of 200 debentures, informed on Jan. 1, 2006 that he wanted to exercise the option of conversion of debentures into equity shares.

The company accepted his request and converted debentures into equity shares.

Pass necessary journal entries to record the issue of debentures on Jan. 1, 2004 and conversion of debentures on Jan. 1, 2006.

13. From the following Receipts and Payments Account of Sonic Club and from the given additional information; prepare Income and Expenditure Account for the year ending 31st December, 2006 and the balance sheet as on that date:

Receipts and Payments A/c

for the year ending 31st December, 2006

Dr.

Cr.

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,90,000	By Salaries	3,30,000
To Subscriptions	6,60,000	By Sports Equipment	4,00,000
To interest on Investments @8%p.a. for full year	40,000	By Balance c/d	1,60,000
	8,90,000		8,90,000

Additional information:

(a) The club had received Rs.20,000 for subscription in 2005 for 2006.

(b) Salaries had been paid only for 11 months

(c) Stock of Sports Equipment on 31st December, 2005 was Rs. 3,00,000 and on 31st December , 2006 Rs. 6,50,000.

14. Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5: 3 :2. On 31st March , 2006 their Balance Sheet was as under:

Liabilities		Rs.	Assets	Rs.
Capitals:			Lease hold	1, 25,000
Ram	1, 50,000		Patents	30,000
Mohan	1, 25,000		Machinery	1, 50,000
Sohan	75,000	3, 50,000	Stock	1, 90,000
Creditors		1, 55,000	Cash at bank	40,000
Workmen's Compensation reserve		30,000		
		5, 35,000		5, 35, 000

Sohan died on 1st August. It was agreed that:

(i) Goodwill of the firm is to be valued at Rs. 1, 75,000

(ii) Machinery be valued at Rs. 1, 40,000; Patents at Rs. 40,000; Leasehold at rs. 1,50,000 on this date.

(iii) For the purpose of calculating Sohan's share in the profits of 2006-07, the profits should be taken to have accrued on the same scale as in 2005-06, which were Rs. 75,000.

Prepare Sohan's Capital Account and Revaluation Account.

15. Srijan Limited issued Rs. 10,00,000 new capital divided into Rs. 100 shares at a premium of Rs. 20 per share, payable as under:

On Application	Rs.10 per share
On Allotment	Rs. 40 per share (including premium of Rs. 10 per share)
On First and Final Call	Balance

Over –payments on application were to be applied towards sums due on allotment and first and final call. Where no allotment was made, money was to be refunded in full.

The issue was oversubscribed to the extent 13,000 shares. Applicants for 12,000 shares were allotted only 2,000 shares and applicants for 3,000 shares were sent letter of regret and application money was returned to them.

All the money due was duly received.

Give journal Entries to record the above transaction (including cash transactions) in the books of the company.

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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. 3 per share
On First and Final call	Rs. 5 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. 1, 08,000 was realized on account of allotment (excluding the amount carried from application money) and Rs. 2,50,000 on account of call.

The directors decided to forfeit shares of those applications to whom full allotment was made and on which allotment money was overdue.

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

16. L and M share profits of a business in the ratio of 5: 3. They admit N into the firm for a fourth share in the profits to be contributed equally by L and M. On the date of admission, the Balance Sheet of L and M is as follows:

Balance Sheet

As at

Liabilities	Rs.	Assets	Rs.
L's Capital	30,000	Machinery	26,000
M's Capital	20,000	Furniture	18,000
Reserve Fund	4,000	Stock	10,000
Bank loan	12,000	Debtors	8,000
Creditors	2,000	Cash	6,000
	68,000		68,000

Terms of N's admission were as follows:

(i) N will bring Rs. 25,000 as his capital.

(ii) Goodwill of the firm is to be valued at 4 years' purchase of the average super profits of the last three years. Average profits of the last three years are Rs. 20,000; while the normal profits that can be earned on the capital employed are Rs. 12,000.

(iii) Furniture is to be appreciated to Rs. 24,000 and the value of stocks to be reduced by 20%.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the firm after admission of N.

OR

On 31st December, 2006 the Balance Sheet of A, B and C, who were sharing profits and losses in proportion to their capitals, stood as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	10,8000	Cash at bank	8,000
Capitals		Debtors	
A 45,000		10,000	9,800
B 30,000		*Less:* Provision	9,000
C 15,000	90,000	200	24,000
		Stock	50,000
		Machinery	
		Land and buildings	
	1, 00,800		1,00,800

B retires and the following readjustments of assets and liabilities have been agreed upon before the ascertainment of the amount payable to B:

(i) That Land and Buildings be appreciated by 12%

(ii) That provision for Doubtful Debts be brought up to 5% of debtors.

(iii) That a provision of Rs. 3,900 be made in respect of an outstanding bill for repairs.

(iv) That Goodwill of the entire firm be fixed at Rs. 18,000 and B's share of the same be adjusted into the accounts of A and C, who are going to share future profits in the proportion of 3/4th and 1/4th respectively.

(v) That B be paid Rs. 5,000 immediately and the balance to be transferred to his Loan Account.

Prepare Revaluation Account, Capital Accounts of Partners and the Balance sheet of the firm of A and C.

PART –B : ANALYSIS OF FINANCIAL STATEMENTS

17. Assuming that the Current ratio is 2:1, state giving reason whether the ratio will improve , decline or will have no change in case a Bill Receivable is dishonored.
18. State whether cash deposited in bank will result in inflow, outflow or no flow of cash.
19. Interest received by a finance company is classified under which activity while preparing a cash flow statement.
20. Show the major headings into which the liabilities side of a Company's Balance Sheet is organized and presented as per Schedule VI part I of the Companies Act, 1956.
21. Prepare a Comparative Income Statement with the help of the following information:

Particulars	2006	2007
Sales	Rs. 20,00,000	Rs. 30,00,000
Gross profit	40%	30%
Indirect expenses	50% of G.P.	40% of G.P.
Income tax	50%	50%

22. Following is the Balance Sheet of X Ltd. As on 31st March, 2006:

Liabilities	Rs.	Assets	Rs.
Share capital	20,00,000	Fixed Assets (Net)	29,00,000
Reserves	5,00,000	Current Assets	25,00,000
10% loan	10,00,000	Underwriting Commission	1,00,000
Current Liabilities	8,00,000		
Profit for the year	12,00,000		
			55,00,000

Find out 'Return on Capital Employed'.

23. From the following balance sheets ABC Ltd. ,find out cash from operating activities only:

Liabilities	31.3.2006 Rs.	31.3.2007 Rs.	Assets	31.3.2006 Rs.	31.3.2007 Rs.
Equity Share Capital	30,000	35,000	Goodwill	10,000	8,000
General Reserve	10,000	15,000	Machinery	41,000	54,000
Profit & Loss Account	-	7,000	10% investments	3,000	8,000
10% Debentures	21,000	25,000	Stock	6,000	24,000
Sundry creditors	8,500	12,500	Cash and bank	12,000	13,000
Provision for Depreciation on machinery	9,000	13,000	Discount o Debentures	500	-
			Profits & Loss Accounts	6,000	-
	78,500	1,07,500		78,500	1,07,500

Additional information:

(i) Debentures were issued on 31.3.2007.

(ii) Investments were made on 31.3.2007.

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ACCOUNTS TEST XII-2

PART A: PARTNER SHIP AND COMPANY ACCOUNTS

1. Name the account which shows the classified summary of transactions of a Cash Book in a not for profit organization.
2. List two items that may appear on the credit side of a partner's fixed capital account.
3. Give two circumstances in which sacrificing ratio may be applied.
4. Name any two factors affecting goodwill of a partnership firm.
5. What is the nature of Interest on Debentures?
6. On the basis of the following information, calculate the amount of stationery to be shown in Income and Expenditure Account for the year ended 31st March, 2007:

	Rs.
Stock of stationery on 1.4.2006	50,000
Stock of stationery on 31.3.2007	40,000
Amount paid for stationery during the year	2,00,000
Creditors for stationery on 1.4.2006	20,000
Creditors for stationery on 31.3.2007	10,000

7. State the exceptions on the creation of Debenture Redemption Reserve as per SEBI guidelines.
8. Akash Ltd. Issued 1,00,000 shares of Rs. 10 each, payable as follows:
   Rs. 2 on application payable on 1st March, 2006; Rs. 3 on allotment payable on 1st May, 2006; Rs.2 on first call payable on 1st August, 2006 and Rs. 3 on second and final call payable on 1st December, 2006. All these shares were subscribed for and amounts duly received. Akriti, who had 8,000 shares, paid the amount of both the calls along with allotment.
   Suniti, who had 4,000 shares, paid the amount of second and final call with the first call. Calculate the amount of interest on calls in-advance payable to Akriti and Suniti.
   The Company adopts Table A.
9. X, Y and Z are partners sharing profits and losses in the ratio of 3 : 2: 1. After the final accounts have been prepared, it was discovered that interest on drawings @ 5% p.a. had not been taken into consideration. The drawings of the partners were: X Rs. 15,000; Y Rs. 12,600; Z Rs. 12,000. Give the necessary adjusting journal entry.
10. P, Q and R are partners sharing profits and losses in the ratio of 5 : 3 : 2. From 1st January, 2006, they decide to share profits and losses in equal proportions. The partnership deed provides that in the event of any change in profit sharing ratio, the goodwill should be valued at three years' purchase of the average of five years' profits. The profits and losses of the preceding five years are:
    Profits : 2001-Rs. 60,000 2002 Rs. 1,50,000 2003-Rs 1,70,000 2004-Rs. 1,90,000
    Loss : 2005-Rs.70,000.
    Give the necessary journal entry to record the above change.
11. Raja Ltd. Forfeited 400 shares of Rs. 25 each (Rs. 20 called up) held by Asha, for non-payment of allotment money of Rs. 10 per share (including Rs. 5 per share premium) and the first call of Rs. 6 per share. Out of these, 300 shares were reissued to X as Rs.20 called for Rs. 16 per share.
    Give journal entries for forfeiture and reissue of share.
12. (a) Alpha Ltd. Has 5,000 8% Debentures of Rs. 100 each due for redemption on March 31,2007. Assume that Debenture Redemption Reserve has a balance of Rs. 1, 90,000 on that date. Record the necessary entries at the time of Redemption of debentures.
    (b) What journal entries should be made for the issue of debentures in the following cases:

(i) X Limited issued 30,000 12% Debentures of Rs. 100 each at par, redeemable at a premium of 5%.
(ii) Y Limited issued 50,000 12% Debentures of Rs. 100 each at a premium of 5%, redeemable at par.

13. From the following Receipts and Payments Account of Sonic club and from the given additional information, prepare the expenditure on account of salaries for the year ending 31st December, 2006 and show the salaries items in the Income and Expenditure Account and the Balance sheet as on 31st December, 2005 and 31st December, 2006.

An Extract of Receipts and Payments A/c
For the year ending 31st December, 2006

Receipts	Rs.	Payments	Rs.
		By salaries	
		2005	**20,000**
		2006	**2,80,000**
		2007	**18,000**

Additional information:

		Rs.
(a)	Salaries outstanding on 31.12.2005	25,000
(b)	Salaries outstanding on 31.12.2006	45,000
(c)	Salaries paid in advance on 31.12.2005	10,000

14. Risha and Nisha were partners. The partnership deed provides:
   (i) That the accounts be balanced on 31st December each year.
   (ii) The profits be divided as follows:
   Risha one –half, Nisha one – third and carried to Reserve account one-sixth.
   (iii) That in the event of death of a partner, her executor will be entitled to the following:
      (a) The capital to her credit at the day of death.
      (b) Her proportion of profit to date of death based on the average profits of the last three completed years.
      (c) Her share of goodwill based on three years' purchase of the average profits for the three preceding completed years.

On 31st December, 2006 the Trial balance was as under:

Particulars	Dr.(Rs.)	Cr. (Rs.)
Risha's Capital	-	90,000
Nisha's Capital	-	60,000
Reserves	-	30,000
Bills receivables	50,000	-
Investments	40,000	-
Cash	1,10,000	-
Creditors	-	20,000
	2,00,000	2,00,000

The profits for the three years were: 2004-Rs. 4,200; 2005- Rs. 3,900 and 2006- Rs. 4,500. Nisha died on 31st May, 2007. Draw up the Deceased Partner's Capital A/c and Executor's A/c.

15. Metallic Ltd. Invited applications for 40,000 equity shares of Rs. 50 each issued at a premium of Rs. 10 per share. The amount was payable as follows:
On application and allotment Rs. 20 per share. Balance (including premium)- on first and final call.
Applications for 70,000 shares were received. Applications for 20,000 were rejected and pro-rata allotment was made the remaining applicants. First and final call was made and duly received except on 400 shares allotted to Nitesh.
Journalize the above transactions.

OR

ARTI Ltd. Invited applications for issuing 80,000 shares of Rs. 10 each at a premium of Rs. 4 per share. The mount was made payable as follows:

On Application	- Rs. 5 per share
On Allotment	-Rs. 9 per share (including premium)

Applications were received for 1, 40,000 shares.
Allotment was made on the following basis:
(i) To applicants for 80,000 shares -60,000 shares.
(ii) To applicants for 60,000 shares -20,000 shares.

Money overpaid on applications was utilized towards sum due on allotment. Rajiv who had applied for 1,200 shares failed to pay his dues and his shares were forfeited.

Pass journal entries in the books of Arti Limited to record the above transactions.

16. Rajat and Ravi are partners in a firm sharing profits and losses in the ratio of 7 : 3. Their Balance Sheets as at 31st March is as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	60,000	Cash in Hand	36,000
Reserve	10,000	Cash in bank	90,000
Capital Accounts:		Debtors	44,000
Rajat 1,00,000		Furniture	30,000
Ravi 80,000	1,80,000	Stock	50,000
	2,50,000		2,50,000

On 1st April, 2007, they admit Rohan on the following items:

(i) Goodwill is valued at Rs. 40,000 and Rohan is to bring in the necessary amount in cash as premium for goodwill and Rs. 60,000 as capital for ¼ share in profits.

(ii) Stock is to be reduced by 40% and furniture is to be reduced to 40%.

(iii) Capitals of the partners shall be proportionate to their profit sharing ratio taking Rohan's Capital as base. Adjustment of capitals to be made by cash.

Requirements:

Prepare Revaluation Account, Partners' Capital Accounts and Cash Account.

OR

The Balance Sheet of X, Y and Z who were sharing profits and losses in the ratio of 5 : 3: 2 as at March 31, 2007:

Liabilities	Rs.	Assets	Rs.
Creditors	50,000	Cash at Bank	40,000
Employees' Provident Fund	10,000	Sundry Debtors	1,00,000
Profit & Loss A/c	85,000	Stock	80,000
Capital A/cs:		Fixed assets	60,000
X 40,000			
Y 62,000			
Z 33,000	1,35,000		
	2,80,000		2,80,000

X retired on March 31, 2007 and Y and Z decided to share profits in the future in the ratio of 2:3 respectively.

The other terms on retirement were as follows:

(i) Goodwill of the firm is to be valued at Rs. 80,000

(ii) Fixed assets are to be depreciated to Rs. 57,500.

(iii) Make a provision for doubtful debts at 5% on debtors.

(iv) A liability for claim, included in creditors for Rs. 10,000, Is settled at Rs. 8,000.

The amount to be paid to X by Y and z in such a way that their capitals are proportionate to their profit sharing ratio and leave a balance of Rs. 15,000 in the Bank Account.

Prepare Profit and Loss Adjustment Account and Partners' Capital Accounts.

PART B : ANALYSIS OF FINANCIAL STATEMENTS

17. Assuming that the Debt equity Ratio is 1: 2, state giving reason, whether the ratio will improve, decline or will have no change in case equity shares are issued for cash.
18. Mention the net amount of 'Source' or 'use' of cash when a fixed asset (having book value of Rs. 15,000) is sold at a loss of Rs. 5,000.
19. Dividend paid by a trading company is classified under which kind of activity while cash flow statement
20. Show the major headings into which the assets side of company's Balance Sheet is organized and presented as per schedule VI Part I of the Companies Act, 1956.
21. Prepare the Common Size Income Statement from the following information:

Particulars	March31, 2006	March 31, 2007
Net sales	Rs. 1,00,000	Rs. 1, 00,000
Cost of Goods Sold	70% of sales	74.8% of sales
Operating Expenses	8,000	9,800
Income Tax rate	50%	50%

22. A company's Stock Turnover is 5 times. Stock at the end is Rs. 20,000 more than at the beginning. Sales are Rs. 8,00,000. Rate of Gross Profit on cost ¼; Current Liabilities Rs. 2, 40,000. Acid test Ratio 0.75.

Calculate Current Ratio.

23. The Balance Sheets of Kewal Ltd. As on 31st December, 2006 and 31st December ,2007 were as follows:

Additional information:

(a) Rs. 50,000 depreciation has been charged to Plant and Machinery during the year 2007.

(b) A piece of machinery costing Rs. 12,000 (book value Rs. 5,000) was sold at 60% profit on book value.

Prepare Cash Flow Statement.

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QUESTION PAPER-3

CLASS XII

PART A: PARTNER SHIP AND COMPANY ACCOUNTS

1. How is life membership fees dealt in case of not-for-profit organization?
2. Define Goodwill.
3. When a partner withdraw same amount at the end of every month for twelve months, interest on drawings will be charged for how many months?
4. The amount due to the retiring partner, if not paid in cash, is transferred to which account?
5. What are registered debentures?
6. Compute the income from subscription for the year 2007 from the following information relating to Hari Nagar Sports Club.

	1.1.2007	31.12.2007
Subscription received in advance	5,000	2,000

Total subscription received during the year 2007 is Rs. 20,000. There are 300 members in the club each paying Rs. 100 per annum.

7. Durga Ltd. purchased office furniture costing Rs. 74,000 from Radha Traders. In consideration they accepted a bill (B/P) for Rs. 20,000 for three months and for remaining amount they issued fully paid equity shares of Rs. 10 each at a discount of 10%. Pass necessary journal entries in the books of Durga Ltd.
8. Briefly explain the conditions for issue of shares at discount as per Section 79 of the Companies Act, 1956?
9. X, Y and Z who divide profits and losses in the ratio of 3: 2: 1 are partners in a firm. Y is allowed a salary of Rs. 4,200 yearly and Z gets commission @ 3% on sales. Total sales amounted to Rs. 1, 20,000. In the year 2007, the firm earned profits @ 10% on total sales. Prepare Profit and Loss Appropriation Account.
10. A and B were partners in a firm sharing profits in the ratio of 3: 2. With effect from 1st January, 2007 they agreed to share profits equally. For this purpose, the goodwill of the firm was valued at Rs. 30,000. Pass the necessary journal entry for the treatment of goodwill.
11. Y Ltd. forfeited 3,000 shares of Rs. 10 each (Rs. 7 called up) for the non-payment of the allotment money of Rs. 4 per share including Re. 1 as premium. Of these 2,000 shares were reissued to M at Rs. 6 per share as Rs. 7 called up. Journalize the above transactions in the books of Y Ltd.
12. (a) On 15.2.2004, Nikon Ltd. invited applications for issue of 1, 00,000, 9% debentures of Rs. 100 each at a discount of 6% redeemable at par after 3 years. The full amount was payable on application and debentures were issued on 15.3.2004. The debentures were redeemed on the maturity date.

    (b) A company redeemed its 1,200, 14%debentures of Rs. 500 each by converting them into 12% preference share of Rs. 10 each to be issued at a premium of Rs. 2 per share. Pass the journal entries.
13. From the following Receipts and Payments Accounts of Leo Club for the year ended 31st Dec. 2007 and the additional information, prepare an Income and Expenditure Account for the year ended 31st Dec. 2007 and a Balance Sheet as on that date:

Receipts	Rs.	Payments	Rs.
To balance b/d	2,000	By salaries	2,500
To Subscription for		By Entertainment Expenses	500
2006	200	By General Expenses	200
2007	2,200	By Investments	1,500
2008	300	By Printing & Stationary	150
To Entertainment Receipts	1,500	By Newspaper	300
To Sale of Old Furniture		By Furniture	500
(Books value Rs. 500)	400	By Balance c/d	950
	6,600		6,600

The club has 300 members, each paying an annual subscription of Rs. 10. Rs. 50 is still areas for subscription for 2006. In 2006, ten members had paid their subscription for 2007. Salaries paid Rs. 150 for 2006 and outstanding salaries for 2007 was Rs. 250. On 31st Dec., 2006 the club had Land & Building worth Rs. 20,000 and Furniture worth Rs. 2,000. Interest for 4 months at 10 % p.a. has accrued on investments.

14. Ramesh, Suresh and Mahesh share profits in the ratio of 3: 2: 1. Suresh dies on 31st March, 2005. On this day, the balance of their capital accounts was Rs. 18,000, Rs. 15,000 and Rs. 12,000 respectively. Goodwill was valued at

Rs.13,500 which is not to be taken into account in the books. On the basis of revaluation, machine and stock are reduced by Rs. 2,400 and Rs. 1,600respectively. Provisions were made for doubtful debts Rs. 320. Building and creditors were increased by Rs. 2,100 and Rs. 600 respectively. Furniture of which the book value was Rs. 360 became valueless.

15. A company issued 1,000 shares of Rs. 100 each , at a premium of Rs. 5 per share, payable as under:

On Application	- Rs. 30
On allotment	- Rs. 25 (including premium)
On First call	- Rs.20
On Final Call	- Rs. 30

Applications were received for 900 shares and allotment was made in full. A shareholder failed to pay the first call on his 100 shares. These shares were forfeited and reissued at rs. 60 per share, considering as Rs. 80 per share paid up. Final call has not been made.

Make entries in the Cash book and the Journal.

OR

A Ltd. issued 20,000 equity share of Rs. 10 each at a discount of Re.1 per share payable as Rs. 3 on application, Rs. 3 on allotment (after discount) and Rs. 3 on call. The issue was oversubscribed to the extent of 15,000 shares, and the allotment was done as follows: (i) Applicants of 5,000 shares were given full allotment; (ii) Other applicants of shares were allotted shares on a *pro rata* basis. The excess application money received was to be adjusted against allotment only. All moneys due were received with the exception of the call money on 400 shares. Pass necessary entries to record the above transactions.

16. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 3: 2: 1. Their balance sheet as at December 31, 2004 is as under:

Liabilities		Rs.	Assets	Rs.
Creditors		30,000	Cash in Hand	28,000
Outstanding Rent		18,000	Debtors	
Profit and Loss A/c		12,000	25,000	22,000
Capital Accounts:			*Less:* Provision for Doubtful Debts	18,000
X	40,000		3,000	30,000
Y	40,000		Stock	72,000
Z	30,000	1,10,000	Furniture	
		1,70,000	Machinery	1,70,000

Y retires on January 01, 2005 on following terms:

(i) Stock was found overvalued by Rs. 1,800 and Furniture by Rs. 1,500.
(ii) Provision for doubtful debts be raised up to 5,000.
(iii) There is an outstanding claim for damages of Rs. 700 and it is to be provided for.
(iv) Goodwill of the firm is valued at Rs. 24,000.
(v) Y is paid in full with the cash brought in by X and Z in such a manner that their capitals are in proportion to their profit having ratio and cash in hand remains at Rs. 18,000.

Prepare Revaluation Account, partners' Capital Accounts and Balance Sheet of the new firm after Y's retirement.

OR

Stayam and Raghav are partners sharing profits in 3: 2. Their Balance Sheet as on March 31, 2005 is as follows:

Liabilities		Rs.	Assets	Rs.
Capital Accounts:			Goodwill	15,000
Satyam	1,40,000		Machinery	80,000
Raghav	90,000	2,30,000	Investments	40,000
Creditors		60,000	Accrued Interest	45,000
General Reserve		30,000	Stock	40,000
Employees' Provident Fund		20,000	Debtors	70,000
Taxation Reserve		10,000	Cash	60,000
		3,50,000		3,50,000

They admit Abhishek on the above date with $1/5^{th}$ share in profits. Abhishek brings Rs. 30,000 s goodwill and sufficient capital to be equal to one-fifth of the total capital of the new firm. It is also agreed that:

(i) Half of the investments were taken over by Satyam and Raghav in their profit sharing ratio and remaining to be valued Rs. 25,000.
(ii) Machinery to be depreciated by 10%.
(iii) Stock is to be appreciated by Rs. 10,000.
(iv) Liability against Employees Provident Fund was estimated at Rs. 18,000.

Give necessary journal entries and prepare the Balance Sheet of the new firm.

PART B : ANALYSIS OF FINANCIAL STATEMENTS

17. If the current ratio of a company is 2: 1, what will be the change in it if cash is paid to creditors?

18. Define Cash Equivalent.
19. Name the head under which the dividend paid by a financing company is placed in cash Flow Statement.
20. Under which of the major heads will the following items be shown while preparing the Balance Sheet of a company.
    (i) Debentures (ii) Loose tools (iii) Securities Premium
21. From the following information, prepare a Comparative Income Statement of rainbow Ltd.:

	2004	2005
Sales	150% of cost of goods sold	200% of cost of goods sold
Cost of goods sold (Rs.)	10,00,000	8,00,00
Indirect Expenses	10% of Gross profit	5% of gross profit
Rate of Income Tax		50%of net profit before tax

22. Calculate any two of the following ratios from the given information:
    (i) Operating Ratio (ii) Stock Turnover Ratio (iii) Quick ratio
    Sales Rs. 25, 00,000; Cost of Goods Sold Rs. 19, 00,000; Operating Expenses Rs. 2, 40,000; Profit before tax Rs. 2, 70,000; Current Assets Rs. $, 87, 500; Current Liabilities Rs. 3, 00,000; Fixed Assets Rs. 2, 62,5000; Opening stock Rs. 2,50,000; Closing Stock Rs. 3, 50,000.
23. From the following particulars, prepare a Cash Flow Statement Of Thukral Sons Ltd. :

Liabilities	1.1.05 Rs.	31.12.05 Rs.	Assets	1.1.05 Rs.	31.12.05 Rs.
Equity Share Capital	2,75,000	4,00,000	Fixed Assets	4,10,000	4,00,000
12% Preference share Capital	1,25,000	1,00,000	*Less :* Accumulated	(1,10,000)	(1,50,000)
Profit & Loss A/c	10,000	8,000	Depreciation	3,00,000	2,50,000
General reserve	20,000	24,000		3,00,000	3,50,000
15% Debentures	60,000	70,000	Stock	2,00,000	2,40,000
Creditors	1,20,000	1,10,000	Debtors	3,000	5,000
Proposed Dividend	50,000	58,000	Prepaid Expenses	12,000	35,000
Provision for Tax	30,000	42,000	Cash		
Bank Overdraft	1,25,000	68,000			
	8,15,000	8,80,000		8,15,000	8,80,000

Additional Information : A part of fixed assets costing Rs. 1,00,000 (accumulated Depreciation 30,000) sold at a profit of 25%.

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ACCOUNTS CLASS XII

PART A: PARTNER SHIP AND COMPANY ACCOUNTS

1. What do you mean by Legacy in case of Not-for-profit organization?
2. Define partnership.
3. Define Sacrificing Ratio.
4. Outgoing partner is compensated for parting with Firm's future profits in favour of remaining partners. In what ratio do the remaining partners contribute to such compensation amount?
5. State the meaning of Debentures.
6. Compute subscription income from the following information for the current year 2007 :

		2006	2007
a.	Subscription outstanding	1,000	5,000
b.	Subscription received in advance	8,000	3,000

   Total subscription received during the year Rs. 20,000.
7. A limited company issued 10,000 equity shares of Rs. 10 each as fully paid up in consideration of the purchase of Plant and Machinery worth Rs. 99,000. Pass necessary Journal entries.
8. State any three purposes for which balance to credit of securities premium can be utilized.
9. The partnership agreement of Maneesh and Ganesh provide that profits and losses will be shared equally. Maneesh will be allowed a salary of Rs. 400 p.m. Ganesh, who manages the sales department , will be allowed a commission equal to 105 of the net profit after allowing Maneesh's salary.
   a. 7% interest will be allowed on Partners' fixed capital.
   b. 5% interest will be changed on partners' annual drawings.
   c. The fixed capital of Maneesh and Ganesh are Rs. 1, 00,000 and Rs. 80,000 respectively. Their annual drawings were Rs. 16,000 and Rs. 14,000 respectively. Maneesh has not drawn his salary. The net profit for the year ending March 31, 2007 amounts to Rs. 40,000.
   d. Prepare firm's Profit and Loss Appropriation Account.
10. A, B and C shared profits and losses in the ratio of 3: 2: 1 respectively. With effect from 1st April 2007, they agreed to share profits equally. The goodwill of the firm was valued at Rs. 18,000. Make the necessary journal entry.
11. X Ltd. issued 1,00,000 shares of Rs. 10 each at a premium of Rs. 2 which were payable as follows:
   a. On Application - Rs. 4 (including Re. 1 premium)
   b. On Allotment -Rs. 4 (including Re. 1 premium)
   c. Balance on First & Final call.
   d. Rajesh a holder of 300 shares failed to pay allotment money and First & Final call. His shares were forfeited after final call. Pass journal entry forfeiture of shares in the books of the company.

12. (a) On September 1, 2005 Magnum films Ltd., purchased 50,000, 9% debentures of Rs. 100 each at Rs. 92. Expenses on purchases of own debenture amounted to Rs. 1,00,000. Record necessary journal entries assuming that debentures are purchased for immediate cancellation.

(b)On 28.2.2005 Wye Ltd. issued 7,00,000, 8% debentures of Rs. 50 each at a discount of 4%. The debentures were redeemable at a premium of 55 after four years. Record necessary journal entries in the books of the company for the issue and redemption of debentures.

13. From the following Receipts and Payments account of a club and from the information supplied , prepare as Income and Expenditure Account for the year ended 31st December 2002 and the balance sheet as on that Date:

Receipts and Payments

Receipts	Rs.	Payments	Rs.
To Balance b/d	250	By Salaries	1,200
To subscription:		By general expenses	300
2001	250	By Electric Charges	200
2002	1,000	By Books	100
2003	200	By newspaper	400
To sale of Old Furniture (costing Rs.	60	By postages	50
100)	740	By furniture	250
To Rent Received for the Use of Hall	400	By Balance c/d	500
To Profit From Entertainment	100		
To sale of newspaper			
	3,000		3,000

Additional Information:

(i) The club has 50 members, each paying annual subscription of Rs. 25. Subscriptions outstanding on 31sy Dec. 2001 were Rs. 300.

(ii) On 31st December, 2002 salaries outstanding amounted to Rs. 100. Salaries paid include Rs. 100 for the year 2001.

(iii) On 1.1.2002, the club owned land and building valued at Rs. 10,000, furniture Rs. 600 and books Rs. 500.

14. A,B and C were partners in a firm sharing profits in the ratio of 3: 2:1 . the Balance Sheet as on March 31, 2005 was as follows :

Liabilities	Rs.	Assets	Rs.
Creditors	8,000	Building	40,000
Reserves	12,000	Plant and Machinery	32,000
A's capital	48,000	Stock	10,200
B's capital	24,000	Debtors	12,000
C;s capital	16,000	Cash at bank	13,800
	1,08,000		1,08,000

A died on September 30, 2005. Under the partnership agreement, the executors of a deceased partner were entitled to:

(i) Amount standing to credit of partner's capital account.

(ii) Interest on capital @ 12% per annum.

(iii) Share of goodwill on the basis of four years' purchase of last three years average profits.

(iv) Share of profit from the closing of the last financial year to the date of death on the basis of last year's profit.

Profits for the year 2003, 2004 and 2005 were as Rs. 24,000 and Rs. 14,000 respectively.

Prepare A's Capital Account to be rendered to his executors.

15. Krishna Limited issued 40,000 equity shares of Rs. 50 each at a discount of 10%. On these shares payments are to be made as follows: Rs. 15 on application, Rs. 10 on allotment (including discount) and Rs. 25 on first and final call. All the amounts have been received but Anurag who is a holder of 600 shares has not paid the first and final call. Hence his shares have been forfeited. Pass the journal entries in the books of Krishna Limited.

OR

A company issued 1,000 shares of Rs. 100 each, at a premium of Rs. 5 per share, payable as under:

On Application	Rs. 30
On Allotment	Rs. 25(including premium)

On First Call Rs. 20

On Final Call Rs. 30

Applications were received for 900 shares and allotment was made in full. A shareholder failed to pay the first call on his 100 shares. These shares were forfeited and reissued at Rs. 60 per share, considering as Rs. 70 per share paid up. Final call has not been made.

Pass the necessary journal entries.

16. Sonu, Monu and Tonu are partners in a firm sharing profits in the ratio of 5: 3: 2. On March 31, 2005 the Balance Sheet of the firm was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Bank	20,000
General Accounts	10,000	Debtors	
Capital Accounts		16,000	14,000
Sonu 40,000		*Less :* Provision for Bad Debts	1,00,400
Monu 36,000		2,000	3,600
Tonu 32,000	1,08,000	Building	
	1,38,000	Profit and Loss A/c	1,38,000

Monu retires from the firm on the following terms:

(i) Goodwill of the firm is valued at Rs. 72,000 which is not to be shown in the books.

(ii) The new profit sharing ratio between Sonu and Tonu will be 2 : 1.

(iii) Provision for Bad debts was found in excess by Rs. 400.

(iv) Creditors of Rs. 4,000 will not be claimed.

(v) Monu to be paid Rs. 5,000 in cash immediately and balance to be transferred to his loan account.

(vi) The total capital of the new firm was fixed at Rs. 1, 20,000. Sonu and Tonu decided to maintain their capital balance in their new profit sharing ratio.

Prepare Revaluation Account, Partners' Capital Accounts, Bank Account and the Balance Sheet of new firm after Monu's retirement.

OR

X and Y are partners sharing profits and losses in the ratio of 3 : 2. On March 31, 2005 their Balance Sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Goodwill	10,000
X		Plant & Machinery	65,000
60,000	1,10,000	Investments	20,000
Y	15,000	Furniture	15,000
50,000	50,000	Stock	20,000
Workmen's Compensation Fund		Sundry Debtors	30,000
Sundry Creditors		Cash in Hand	15,000
			1,75,000

Z was admitted on the following terms:

(i) Z brings Rs. 50,000 as capital but he is unable to bring Rs. 15,000 as goodwill for his share, which is to be adjusted through his capital account.

(ii) Partners agreed to share the future profits in the ratio of 5: 3: 2.

(iii) Investments are to be brought upto Rs. 25,000 and furniture s to be brought down to Rs. 14,000.

(iv) Sundry Creditors will be written back by Rs. 1,000.

(v) One customer became insolvent who owned Rs. 3,000 to the firm and nothing could be realized from him.

(vi) Claim against workmen's compensation fund is Rs. 5,000.

(vii) Capital of the partners shall be in proportion to their profit sharing ratio.

Prepare Revaluation account, Capital account and balance Sheet of the new firm.

PART B : ANALYSIS OF FINANCIAL STATEMENTS

17. State one transaction involving decrease in Debt Equity Ratio and an increase in Current ratio.

18. Which of the following changes will decrease the 'Cash Flow from Operating Activities':

(i) Increase in the amount of creditors?

(ii) Increase in the amount of prepaid expenses?

19. If a Book Seller buys furniture to keep the books and stationary in it, will this furniture be placed under Operating, Investing or financing activity in cash flow statement and Why?

20. Give the main headings on assets side of the balance sheet as per schedule VI, part I of the Indian Companies act, 1956.

21. Prepare comparative Balance Sheet of Deepankur Ltd. :

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.

Equity Share Capital	7,50,000	9,00,000	Fixed Assets	12,45,000	11,55,000
General reserve	1,50,000	2,25,000	Current assets	6,15,000	7,95,000
12% debentures	2,70,000	1,80,000	Preliminary Expenses	45,000	30,000
Unsecured Loans	1,80,000	1,20,000			
Current Liabilities	3,75,000	4,20,000			
Profit and loss A/c	1,80,000	1,35,000			
	19,00,000	19,80,000		19,05,000	19,80,000

22. Calculate opening and closing stock from the following information:
    Inventory Turnover ratio- 5 times
    Gross profit Rs. 1, 60,000 which was 20% on sales
    Closing stock was Rs. 30,000 more than opening stock.
23. Prepare a Cash Flow Statement from the following information of Himanthi Ltd. :

Liabilities	2004 Rs.	2005 Rs.	Assets	2004 Rs.	2005 Rs.
Share Capital	4,00,000	7,00,000	Investments	2,00,000	3,00,000
Profit &loss A/c	1,50,000	2,80,000	Goodwill	30,000	-
10% Debentures	4,00,000	1,00,000	Plant &Machinery	5,50,000	7,00,000
Tax provision	30,000	65,000	Stock	1,50,000	1,60,000
Sundry creditors	30,000	65,000	Debtors	60,000	30,000
Bills Payable	20,000	-	Cash	40,000	20,000
	10,30,000	12,10,000		10,30,000	12, 10,000

Additional information:

(i) Provision for Tax made during the year Rs. 45,000
(ii) Depreciation charged during the year Rs. 22,500 on Plant & Machinery.
(iii) Total interest paid during the year Rs. 15,000.

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QUESTION PAPER-5

CLASS XII

PART A: PARTNER SHIP AND COMPANY ACCOUNTS

1. What does credit balance in Income and Expenditure Account known as?
2. When capital accounts of partners are fixed, how will you treat drawings out of capital?
3. In what ratio the premium brought by the new partner is divided among the partners?
4. A, B and C are partners sharing profits and losses in 2: 2: 1. B died on 31st March, 2007. Profit earned during the year 2006 was Rs. 1, 20,000. What is B's share of profit for the time period he was alive in 2007 assuming the books close on 31st Dec. each year?
5. What does a bearer debenture mean?
6. There are 800 members in a Club. The subscription rate is Rs. 50 per member. The Receipts and Payments account for the year 2007 shows a total receipt of Rs. 85,000 during the year on account of subscription. This includes Rs. 28,000 received for the year 2006 and Rs. 22,000 for the year 2008 in advance. Twenty members had paid their subscription in 2006 for the year 2007. Calculate the amount of subscription to be credited to Income and Expenditure Account.
7. A Limited company issued 2,000 equity shares of Rs. 100 each as fully paid up in consideration of the purpose of Plant and Machinery worth Rs 1, 85,000 from Z Ltd. Make entries in company's journal.
8. Give any three differences between shares and debentures.
9. A and B are partners sharing profits in the ratio of 3:2 with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6 percent per annum. B is to allowed an annual salary of Rs. 2,500. During 2006-7, the profits of the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 12,500. A provision of 5 percent of the profits is to be made in respect of Manager's commission.
10. A, B and C were partners in a firm sharing profits in 3:2:1 ratio. They decided to share profits in the future in 5:3:2 ratio. For this purpose, the goodwill of the firm was valued at Rs. 60,000. Pass an adjustment entry for the treatment of goodwill.
11. 500 shares of Rs. 100 each issued at a discount of 10% were forfeited for the non- payment of allotment money of Rs. 50 per share. The first and final call on these shares at Rs. 20 per share was not made. The forfeited shares were reissued for Rs. 35, 000 fully paid up. Pass journal entries for forfeiture and reissue of shares.
12. (a) On 1st January, 2005, Fast Computers Ltd. issued 20,00,000, 6% debentures of Rs. 100 each at a discount of 4% redeemable at a premium of 5% after three years. The amount was payable as follows:
    On application – Rs. 50 per debenture.
    Balance on allotment.
    Record the necessary journal entries for issue of debentures.
    (b) On August 30, 2005, Radhey Shyam Ltd. buys 1, 25,000, 8½ % debentures of Rs. 44 each. Record necessary entries assuming that debentures are purchased for cancellation.
13. Prepare Income and Expenditure account and Balance Sheet of the West Bank Club from the following information for the year ending 31st Dec. 2007.

Receipts	Rs.	Payments	Rs.
Cash in Hand	50	Ground Roller (purchased in January)	1,100
Cash at bank	3,200	Salaries	4,700
Subscriptions	5,800	Rent	500
Games Fund	1,500	Games Expenses	1,300
Entrance Fees	200	Miscellaneous Office Expenses	2,400
Donations for building	3,000	Sports Material	1,200
Sale of old Newspapers	100	Cash in Hand	200

Life Membership Fee	2,0000	Cash in bank	4,450
	15,850		15,850

Additional information:

	31.12.06	31.12.07
Subscription	900	800
Sports Material	1,100	1,800
Misc. Office expense Due	300	400

Subscriptions for 2008 have been received in advance to the extent of Rs. 1,200. Depreciate Ground roller by 10%.

14. On 31st December, 2003 the Balance Sheet of p, Q and R who were partners in a firm was as under:

Liabilities	Rs.	Assets	Rs.
Sundry creditors	25,000	Buildings	26,000
Reserve Fund	20,000	Investment	15,000
Capital Accounts:		Debtors	15,000
P		Bills Receivable	6,000
15,000		Stock	12,000
Q	35,000	Cash	6,000
10,000	80,000		80,000
R			
10,000			

The Partnership Deep provides that the profits to be shared in the ratio of 2:1:1 and in the event of death of a partner, his executors will be entitled to be paid out:

i. The capital to his credit at the date of last Balance Sheet,
ii. His proportion of Reserve at the date of last Balance Sheet,
iii. His proportion of profits to the date of death based on the average profits of the last three completed years, plus 10 percent,
iv. by way of goodwill, his proportion of the total profits for the three preceding years;
v. The net profit for the last three years was : 2001- Rs. 16,000; 2002- Rs. 16,000; 2003- Rs.15,400.

R died on 1st April, 2004. He had withdrawn Rs. 5,000 to the date of his death. The investments were sold at par. Prepare R's Executor account and Balance sheet if the surviving partners P and Q.

15. Teaching Point Ltd. invited applications for the issue of 1, 00,000 equity shares of Rs. 10 each payable as follows:

On application and allotment	- Rs. 3 per share
On 1st Call	-Rs. 4 per share
On 2nd and Final Call	- Rs. 3 per share

Applications for 1, 50,000 shares were received and Pro-rata allotment was made to all the applicants. Excess application money was adjusted on the sums due on 1st call. When the 1st call was made, one shareholder who had applied for 1,500 shares did not pay the 1st call money and his shares were forfeited. These shares were reissued at Rs. 12 fully paid up.

OR

Vodafone Ltd. invited applications for 1, 00,000 equity shares of Rs. 10 each, payable as Rs. 2 on application, Rs. 3 on allotment and the balance on first and final call. Applications were received for 3, 00,000 shares and the shares were allotted on a pro-rata basis. The excess application money was to be adjusted against allotment only M, a shareholder, who had applied for 3,000 shares, failed to pay the call money and his shares were accordingly forfeited and reissued at Rs. 8 per share as fully paid. Pass necessary journal entries.

16. A and B are partners in firm sharing profits in the ratio of 2:1. C is admitted into the firm with 1/4th share in profits. He will bring Rs. 50,000 as his capital. The Balance sheet of A and B as on 31.3 2005 was as under:

Liabilities		Rs.	Assets	Rs.
Creditors		16,000	Bank	24,000
Bills payable		8,000	Debtors	16,000
Reserve Fund		12,000	Stock	14,000
Capital Accounts:			Furniture	10,000
A	104,000		Machinery	50,000
B	60,000	1,64,000	Building	80,000
			Profit & Loss A/c	6,000
		2,00,000		2,00,000

Other terms of the agreement are as under:
(i) C will bring Rs. 24,000 as his share of goodwill.
(ii) Building was valued at Rs. 90,000 and machinery at Rs. 23,000.
(iii) There was a workmen's claim for Rs. 3,000.
(iv) A provision for bad debts is to be created @ 10% on debtors.
(v) Commission earned but not yey received Rs. 6,000.

Prepare Revaluation Account, Partners' capital accounts, Bank Accounts and the Balance Sheet of the new firm.

OR

The Balance Sheet of a, B and C were sharing profits in the ratio of 5:3:2, is given below as at March 31, 2003:

Liabilities	Rs.	Assets	Rs.
Capital Accounts :		Land	4,00,000
A		Buildings	3,80,000
7,20,000		Plant & Machinery	4,65,000
B	14,80,000	Furniture & fittings	77,000
4,15,000	1,80,000	Stock	1,85,000
C	1,24,000	Sundry Debtors	1,72,000
3,45,000	16,000	Cash in Hand	1,21,000
Reserve Fund			
Sundry Creditors			
Outstanding Expenses			
	18,00,000		18,00,000

B retires on the above date and the following adjustments are agreed upon his retirement:
i. Stock was valued at Rs. 1, 72,000.
ii. Furniture & Fittings were undervalued by Rs. 3,000.
iii. An amount of Rs. 10,000 due from Mr. D was doubtful and a provision for the same was reqired.
iv. Goodwill of the firm was valued at Rs. 2, 00,000 but it was decided not to show goodwill in the books of accounts.
v. B was paid Rs. 40,000 immediately on retirement and the balance was transferred to his Loan Account.
vi. A and C were to share future profits in the ratio 3:2.

Prepare Revaluation Account, partners' Capital Accounts and Balance Sheet of the reconstituted firm.

PART B : ANALYSIS OF FINANCIAL STATEMENTS

17. If the Debt Equity Ratio of a company is 1:2, what will be the effect of issue of equity shares on this ratio?
18. Classify the following items under Operating, Investing and Financing Activity:
    i. Interest paid by a finance company.
    ii. Interest received by a non finance company.
19. Briefly explain any one objective of Cash flow statement.
20. Give any three items under the head ''Provision'' in the company's Balance Sheet as per Schedule VI, Part I of the Indian Companies act, 1956.
21. Prepare a common size Balance Sheet from the following Balance sheet of A Ltd. and B Ltd. as at 31.3.2007.

Liabilities	A Ltd. Rs.	B Ltd. Rs.	Assets	A Ltd. Rs.	B Ltd. Rs.
Share capital	3,00,000	4,00,000	Fixed assets	2,00,000	3,50,000
Reserves and Surplus	1,50,000	1,25,000	Current assets	3,00,000	2,50,000
Current Liabilities	50,000	75,000			
	5,00,000	6,00,000		5,00,000	6,00,000

22. Calculate Debtors Turnover ratio from the following information:
    Total sales =40, 00,000
    Credit Sales are thrice than the cash sales.
    Opening debtors =Rs. 15, 00,000
    Closing debtors = 2/3rd of the opening debtors.
23. Find out Cash Flow from financing Activities of Nokia Pvt. Ltd. from the following information:

	March 31, 2006 Rs.	March 31, 2007 Rs.
i. Debentures	8,50,000	6,50,000
ii. Equity Share Capital	10,00,000	15,00,000
iii. 10% Mortage Loan	5,60,000	8,20,000
iv. Proposed Dividend	4,25,000	6,00,000

Additional information:
i. Interest on Mortage loan paid @ per annum.
ii. Dividend paid during the year Rs. 1,75,000.
iii. Debentures were redeemed at a premium of 5%.

iv. Interim dividend paid Rs. 25,000.

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QUESTION PAPER-6

CLASS XII

1. In which account interest on Partner's drawings is debited to when partner's capital accounts are fixed?
2. Subscription due bur not yet received are shown on which side of the Balance Sheet?
3. A and B are partners sharing profits and losses in 3:2. C joins for $1/5^{th}$ share. A sacrifice $1/8^{th}$ from his share and B sacrifice $1/24^{th}$ from his share. Find sacrificing ratio of A and B.
4. C, D and E are partners sharing profits and losses in the proportion ½, 1/3, 1/6. D retired and the new profit sharing ratio between C and d is 3:2 and the loss on revaluation of assets and liabilities is Rs. 24,000. Show how this loss will be divided among partners.
5. What is meant by Secured Debentures?
6. Calculate the amount of stationery consumed during the year 2007 from the following data:

		Rs.
i.	Opening Stock of stationery on 1^{st} Jan, 2007	25,000
ii.	Purchases of stationery during the year	10,000
iii.	Advance paid to suppliers in the beginning of the current year	5,000
iv.	Amount paid to suppliers at the end of the current year 31^{st} Dec. 2007	8,000
v.	Amount outstanding to suppliers at the beginning of current year	3,000
vi.	Amount outstanding to suppliers at the end of current year	1,000
vii.	Closing stock of stationery	3,500

7. Z Ltd., purchased Plant and Machinery for Rs. 2,00,000 payable as rs. 40,000 in cash and balance by allotment of equity shares of Rs. 100 each for Rs. 150,000. Journalize the above transactions.
8. What are the alternatives available to company for the allotment of debentures when there is over subscription of debentures?
9. Calculate the interest on drawings of Mr. Ashok @ 10% per annum for the year ended 31^{st} March, 2007. In each of the following alternative cases:
   Case I – If he withdraws Rs. 3,600 in the beginning of each quarter.
   Case II—If he withdraws Rs. 3,600 at the end of each quarter.
10. A, B and C were partners in a firm sharing profit in 3: 3: 2 ratio. They decided to share profits equally w.e.f 1.4.2003. On that date the Profits & Loss account showed the credit balance of Rs. 24,000. Instead of closing the profit and loss account it was decided to pass an adjustment entry reflecting the change in the profit sharing ratio. You are therefore, required to pass the necessary journal entry to give effect to the same.
11. Prefexa solutions Ltd. forfeited 600 shares of Rs. 10 each issued at a premium of Rs. 2 per share to Hima. These shares were allotted to Hima on a pro-rata basis in 4:3 ratio. Hima did not pay the allotment money of Rs. 5 (including premium) and the first and final call of Rs. 4 per share. After forfeiture , 400 shares were reissued at Rs. 8 per share fully paid up. Pass journal entries related to forfeiture and reissue of shares.
12. On Jan. 1, 2001 a company issued 1,000 10% Debentures of Rs. 500 each at Rs. 450. The company decides to redeem 100 debentures each year starting from 2004 end, either by purchase or by conversion method.
    On 31.12.2004, the company redeemed its debentures by purchase in the open market at a premium of 10%. On 31.12.2005, the company redeemed its debentures by converting them into equity shares of Rs. 100 each at a premium of Rs. 50 each. Pass necessary journal each.
13. From the following particulars by the accountant of Modern General Club, Delhi for the year ended 31^{st} March, 2007. Prepare Income and Expenditure Account and Balance Sheet:

Receipts and Payment A/c

For the year ended 31^{st} March, 2007

Receipts	Rs.	Payments	Rs.
Balance b/d	2,000	Salaries	2,500
Opening Balance		Investment in 8% Securities(on 1^{st} oct,2006)	10,000
Cash		Furniture	5,400
450	10,000	Salaries	4,500
Bank		Stationery	1,200
9,550		Electricity Charges	1,400
Subscription		Miscellaneous Expenses	1,000
2005-2006	19,100	Closing Balance	
600	350	Cash	
2006-2007	2,800	1,400	8,900
18,000	150	Bank	

2007-2008 500 Entrance fees Income from Entertainment Show Sale of old Newspapers	32,400	7,500	32,400

i. The club has 400 members each paying an annual subscription of Rs. 50. Subscription in arrears for 2005-2006 were Rs. 800 and received in advance for 2006-2007 were Rs. 600.
ii. Stock of stationery on 31st March, 2006 was Rs. 780 and on 31st March, 2007, it was Rs. 860.
iii. On 1st April, 2006 premises were of Rs. 16,000, depreciation to be charged on premises @ 5% and on Furniture @ 10%.

14. A and B are in partnership sharing profits and losses 3:2 dies three months after the date of the last Balance Sheet. According to the partnership deed, the legal representatives of b are entitled to the following payments:
    i. His capital as per the last Balance Sheet.
    ii. Interest on above capital at 8% per annum to date of death.
    iii. His share of profit to date of death, calculated on the basis of average of last three year's profits.
    iv. His share in general reserve. Total general reserve appearing in the Balance Sheet on the date of death was Rs. 75,000.
    v. His share in Joint Life Policy of Rs. 50,000 against which annual premium of Rs. 10,000 was charged to Profit and Loss Account each year. Surrender value of Joint Life Policy on the Day of death was Rs. 40,000. His drawings are to bear interest at an average rate of 1% on the amount irrespective of the period. The net profit for the last three years, after charging insurance premium was Rs. 20,000, Rs. 25,000 and Rs. 30,000 respectively. B's capital as per Balance sheet was Rs. 40,000 and his drawings to date of death were Rs. 2,000. Draw B's account to be rendered to his representatives.

15. A company issued 50,000 equity shares of Rs. 10 each, payable 30% on application, 40% on allotment, 20% on first call and balance on final call. The first call was made. A who holds 200 shares failed to pay allotment and first call money and his shares were forfeited. After forfeiture, the final call was made and B who holds 3,000 shares failed to pay final call and his shares were forfeited. Of these 100 shares were reissued as fully paid up @ Rs. 9 per share. Pass necessary journal entries and prepare a Cash Book.

OR

A Ltd. invited applications for issuing 2, 00,000 equity shares of Rs. 10 each. The amount was payable as follows:
On application Rs. 3 per share, on allotment Rs. 5 per share and on first and final call Rs. 2 per share.
Applications for 3, 00,000 shares were received and pro-rata allotment was made to all the applicants.
B, who was allotted 3,000 shares failed to pay the allotment and call money. His shares were forfeited. Out of the forfeited shares 2,500 shares were reissued as fully paid up @ Rs. 9 per share.
Pass the necessary journal entries to record the above transactions.

16. A, B and C were partners sharing profits in the proportions of ½, 1/3 and 1/6 respectively. The Balance Sheet of the firm on 31st March, 2007 was as follows:

Liabilities		Rs.	Assets		Rs.
Sundry creditors		12,600	Cash At bank		4,100
Provident Fund		3,000	Debtors	30,000	
Reserve Fund		9,000	*Less* : Provision	1,000	29,000
Capitals:			Stock		25,000
A	40,000		Investments		10,000
B	36,500		Patents		5,000
C	20,000	96,000	Plant & Machinery		48,000
		1,21,100			1,21,100

C retired on the above date on the following terms:
  i. Goodwill of the firm was valued at Rs. 27,000, but no goodwill account to be raised in the books of the firm.
  ii. Value of the patents was to be reduced by 20% , and that of Plant and Machinery by 10%.
  iii. Provision for doubtful debts was to be raised to 6%.
  iv. C took over the investments at a value of Rs. 15,800.
  v. Liability on account of Provident Fund was only Rs. 2,500.
  Show the necessary journal entries for the treatment of goodwill. Prepare Revaluation Account, Capital Accounts of the partners and the Balance Sheet of A and B after C's treatment.

OR

Balance sheet of A, B and C sharing profits in the ratio of 3 :2 :1 is given below:

BALANCE SHEET

Liabilities	Rs.	Assets	Rs.
A's capital	4,00,000	Bank	40,000
B's capital	4,00,000	Debtors	
C's capital	2,00,000	2,00,000	1,97,000
Contingency reserve	60,000	Less: provision for D.D	2,03,000
Trade creditors	1,60,000	3,000	30,000
Employees' provident fund	20,000	Stock	5,30,000
Workmen's compensation fund	60,000	Furniture	3,00,000
	13,00,000	Machinery	13,00,000
		Building	

It was decided to admit D into partnership on the following terms and conditions:

i. New profit sharing ratio between A,B, C and D will be 3 : 3: 2: 2.
ii. Goodwill of the firm is valued at Rs. 3, 00,000. D brings his share of goodwill in cash which is credited to the old partners.
iii. D brings Rs. 1, 50,000 as his share of Capital.
iv. Contingency Reserve is not required any more.
v. Provision for doubtful debts to be raised to 5% on debtors.
vi. Machinery is revaluated at Rs. 5, 00,000 and Building is revaluated at Rs. 3,67,000.

Prepare Revaluation Account, Capital Accounts of A, B, C and D and the new Balance Sheet.

PART B : ANALYSIS OF FINANCIAL STATEMENTS

17. State any one transaction that will lead to increase in quick ratio and no effect on current ratio.
18. State any one outflow of cash under financing activity.
19. List any one item of inflow of cash from operating activity.
20. State any three items which are shown under the heading 'Current Assets, Loans and Advances' in the Balance Sheet of a company as per Schedule VI, Part I of the Companies Act, 1956.
21. Prepare a common size income statement of X Ltd., with the help of the following information:

	2006	2007
Sales (Rs.)	1, 00,000	2, 00,000
Cost of Goods Sold	60% of sales	70% of Sales
Indirect Expenses	10% of Gross Profit	
Rate of Income Tax	50% of Net Profit before tax	

22. From the following information, calculate the Return on investment:

	Rs.		Rs.
Net profit after Tax	5,40,000	Fixed Assets	25, 50,000
Rate of Tax 55%		Current Assets	12,75,000
15% Debentures	2,50,000	Depreciation to Date	2, 65,000
Current Liabilities	4,25,000		
Loss on issue of Debentures	15,000		

23. Prepare a Cash Flow Statement from the information given in the Balance Sheet of R.S. Ltd.

Liabilities	2006 Rs.	2007 Rs.	Assets	2006 Rs.	2007 Rs.
Share Capital	2,00,000	2,50,000	Goodwill	10,000	2,000
12% Debentures	1,00,000	80,000	Land and Banking	2,00,000	2,80,000
General Reserve	50,000	70,000	Machinery	1,00,000	1,30,000
Creditors	40,000	60,000	Debtors	40,000	60,000
Bills Payable	20,000	1,00,000	Stock	70,000	90,000
Outstanding Expenses	25,000	20,000	Cash	15,000	18,000
	4,35,000	5,80,000		4,35,000	5,80,000