ACCOUNTANCY: XII

Code No. :67

General Instructions:-

a). All questions are compulsory. However there is an internal choice in questions.
b). Use proper format and show your working notes clearly.
c). Avoid cutting and over writing as much possible.
d). All parts of the questions should be attempted at one place.

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

Part: A

1). What is the other name of Cash Trial in context of "Not-For-Profit Organisations" and why it is called so ? **(1)**

2). What does the incoming partner bring to acquire the right to share the assets and liabilities of the firm?. **(1)**

3). How will you calculate interest on drawings made regularly in the beginning of each quarter for a financial year? **(1)**

4). What is meant by Sacrificing Ratio? **(1)**

5). What do you mean by Share? **(1)**

6). Following is the information given in respect of certain items of a sports club. Show these items in the Financial statements of the club as on 31.12.2009: **(3)**

Details	Amount
Tournament Fund (opening balance, i.e on 1.1.2009)	2,00,000
10% Tournament Fund Investments on 1.1.2009)	2,00,000
The following adjustment for 2009:	
Interest on Tournament fund investment	15,000
Donations for Tournament Fund	35,000
Tournament Expenses	40,000

7). Vijaya Ltd acquired assets of Rs. 40,00,000 and took over creditors of Rs. 4,00,000 from Sunil Enterprises. Vijaya Ltd. issued 12% debentures of Rs. 100 each at a premium of 20% as purchase consideration. Record the necessary journal entries in the books of Vijaya Ltd. **(3)**

8). **(a).** Can a company redeem its debentures purely out of capital?
(b). How debentures are different from the shares related to nature of security? **(2+1=3)**

9). **(a).** A and B are partners in a firm sharing profits in the ratio of 3:1. They admitted C as a new partner. The new profit sharing ratio of A, B and C will be 2:1:1. Partners have fixed capitals. C brought Rs. 2,50,000 for his capital and unable to bring his share of premium for goodwill Rs. 10,000 in cash. Pass the necessary journal entries in the books of the firm.
(b). What do you mean by "Dissolution of Partnership"? **(3+1=4)**

10). **Oxford Ltd.** issued 1,00,000 shares of Rs. 10 each, payable as: Rs. 3 on application, Rs. 5 on allotment and balance on call. Applications were received for 1,55,000 shares and allotment was made as under:
To applicants for 15,000 shares ----------- Nil;
To applicants for 40,000 shares ------------ Full
To applicants for 1,00,000 shares------------- 60,000 shares.
All the shareholders paid the allotment money except Mr. Deepak who had allotted 3,000. Pass journal entries upto allotment. **(4)**

11). X, Y and Z are partners in a firm sharing profit & losses in the ratio of 5:3:2. Their fixed capitals were Rs. 3,00,000; Rs. 2,00,000 and Rs. 1,00,000 respectively. For the year 2005 interest on capital was credited to them @ 10% p.a. instead of 8% p.a. Showing your working notes clearly, pass the necessary adjusting entry. **(4)**

12). **(a).** S. Chand & Co. has 4,000, 8% debentures of Rs. 100 each on 31.3.2005 redeemable at 10% premium. The company has a debenture redemption reserve of Rs. 1,50,000 on that date. The company redeemed 40% debentures. Assuming that no interest is due, record the necessary journal entries at the time of redemption of debentures. Pass necessary journal entries to record the following transactions.
(b). What is meant by "Employee Stock Option Plan"?
(c). What do you mean by issued capital? **(4+1+1=6)**

13). A, B and C were partners in a firm sharing profits in the ratio of 5:3:2. On 31st March, 2005 their Balance Sheet Stood as under:

Liabilities	Rs.	Assets	Rs.
Creditors	11,000	Buildings	20,000
General Reserve	6,000	Machinery	30,000
Capitals A/cs:		Stock	10,000
A 30,000		Patents	11,000
B 25,000		Debtors	8,000
C 15,000	70,000	Cash	8,000
Total	**87,000**	**Total**	**87,000**

A died on 1st October, 2005. It was agreed between his executors and the remaining partners that:

a). Goodwill to be valued at 2½ years, which were:
2001-02 Rs. 13,000, 2002-03 Rs. 12,000, 2003-04 Rs. 20,000 and 2004-05 Rs. 15,000

b). Patents be valued at Rs. 8,000; Machinery Rs. 28,000; and Building Rs. 25,000.

c). Profit for the year 2005-2006 be taken as having accrued at the same rate as that of the previous year.

d). Interest on Capital be provided at 10% per annum..

Prepare A's Capital A/c on the date of death. **(6)**

14). Smith Library Society showed the following position on 31st March, 2006:

Balance Sheet as at March 31, 2006

Liabilities	Rs.	Assets	Rs.
Capital Fund	7,93,000	Electrical Fittings	1,50,000
Expenses Payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in Securities	1,50,000
		Cash at Bank	25,000
		Cash in Hand	25,000
Total	**8,00,000**	**Total**	**8,00,000**

The Receipts and payments Account for the year ended on 31st March, 2007 is given below:

Receipts	Rs.	Payments	Rs.
To Balance B/d		By Electric Charges	7,200
Cash at Bank 25,000		By Postage & Stationery	5,000
Cash in hand 25,000	50,000	By Telephone Charges	5,000
To Entrance Fees	30,000	By Books Purchased	60,000
To Subscription	2,00,000	By Outstanding Expenses paid	7,000
To Sale of old papers	1,500	By Rent	88,000
To Hire of Lecture Hall	20,000	By Investment in Securities	40,000
To Interest on Securities	8,000	By Salaries	66,000
		By Balance c/d	
		Cash at Bank 20,000	
		Cash in hand 11,300	31,300
Total	**3,09,500**	**Total**	**3,09,500**

You are required to prepare an Income and Expenditure Account for the year ended 31st March, 2007 and a Balance Sheet as at 31st March, 2007 after making the following adjustments:

a). Membership Subscription included Rs. 10,000 received in advance.

b). Provided for outstanding rent Rs. 4,000 and Salaries Rs. 3,000.

c). Books to be depreciated @ 10% including additions. Electrical Fittings and Furniture are also depreciated at the same rate.

d). 75% of the Entrance Fees is to be capitalised.

e). Interest on Securities is to be calculated @ 5% p.a. including purchases made on 1.1.2007 for Rs. 40,000.

15). (a). A Ltd. issued 85,000 shares of Rs. 10 each at 10% discount payable as under Rs. 3 on application, Rs. 4 on allotment and balance on call

Applications were received for 1,60,000 shares and allotment was made under:

To applicants for 75,000 shares --- 50,000

To applicants for 85,000 shares ----35,000

Mr. Ram holding 2,000 shares failed to pay allotment money and call money.
Mr. Deepak who had applied for 1,700 shares failed to pay call money.
The shares of Ram and Deepak were forfeited.
Pass necessary journal entries to record the above transactions.

(b). What do you mean by "Prospectus"? **(7+1=8)**

16). Ashok and Kishore were partners in a firm sharing profits and losses in the ratio of 3:2 respectively. The following is the balance Sheet of the firm as on 31st December, 2005:

Liabilities	(Rs.)	Assets	(Rs.)
Creditors	30,000	Cash	2,000
Bills Payable	20,000	Bank	28,000
Capitals:		Debtors 30,000	
Ashok 60,000		Less: PDD 2,000	28,000
Kishore 40,000	1,00,000	Stock	15,000
		Plant	33,000
		Buildings	44,000
	1,50,000		**1,50,000**

They agreed to admit Vinod as partner with effect from 1st January. 2006 with 1/4th Share in profits on the following terms:

- **a).** Vinod will bring in capital to the extent of 1/4th of the total capital of the new firm after all adjustments have been made.
- **b).** Buildings are to be appreciated by Rs. 6,000 and Plant to be depreciated by Rs. 3,000.
- **c).** The provision on debtors is to be raised to Rs. 3,000
- **d).** The goodwill of the firm has been valued at Rs. 30,000.

Prepare Revaluation Account; Partner's Capital Accounts and Balance Sheet of the New firm immediately after Vinod's admission.

Part- B

17). Distinguish between Company's Balance Sheet and Partnership Firm's Balance Sheet on the basis of order of maintained. **(1)**

18). Why is Cash Flow Statement prepared? **(1)**

19). What do you mean by "Operating Activities"? **(1)**

20). Briefly explain any three limitations of Financial Statement Analysis. **(3)**

21). From the given information, calculate any two of the following ratios:
(a). Current Ratio; **(b).** Debt-Equity Ratio; and **(c).** Stock Turnover Ratio:

Information:-

Net Sales Rs. 5,00,000; Operating Stock Rs. 7,000; Closing Stock Rs. 4,000 more than the opening stock; Net Purchases Rs. 1,00,000 less than Net Sales; Operating Expenses Rs. 30,000; Liquid Assets Rs. 75,000; Prepaid Expenses Rs. 2,000; Current Liabilities Rs. 60,000; 9% Debentures Rs. 3,00,000; Long Term Loan from Bank Rs. 1,00,000; Equity Share Capital Rs. 10,00,000; 8% Preference Share Capital Rs. 2,00,000.

22). Prepare the Comparative Income Statement with the help of the following information:

Particulars	Dec.31, 2006	Dec. 31,2007
Sales	Rs. 3,00,000	4,00,000
Sales Returns	Rs. 1,00,000	2,00,000
Cost of Goods Sold	60% of sales	50% of sales
Advertisement Expenses	20% of Gross profit	10% Gross profit
Income Tax	40%	50%

(4)

23). Y Ltd. reported profits of Rs. 1,25,000 for the year ended March 31, 2006 after considering the following:

Dep. on building	Rs. 3,500
Dep. on Plant & Machinery	7,500
Depreciation on Furniture	1,800
Amortization of Goodwill	1,200
Loss on sale of machinery	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)**