10+2 Accounts (Mock Test- 02) ***Max. M. 80***

PART – A

(Accounting for Partnership Firms and Companies)

1. What is meant by IOC charged? **(1)**

2. State the need for treatment of Goodwill at the time of Retirement of a Partner. **(1)**

3. How does location affect the goodwill of business? **(1)**

4. Define gaining ratio. **(1)**

5. What is meant by 'Reserve Capital'? **(1)**

6. What is meant by Private Placement of Shares? **(1)**

7. What are Registered Debentures? **(1)**

8. Mainka, Poonam and Suman have fixed capitals of Rs. 40,000, Rs. 60,000 and Rs. 80,000, respectively. During the year, the rate of interest was fixed at 10% but was wrongly credited to them 12%. Give the necessary adjustment entry. **(3)**

9. Shivani Ltd. purchased Assets of Rs. 5,30,000 and took over Liabilities of Rs. 50,000 at an agreed value of Rs. 4,50,000 from Shubham Ltd. Shivani Ltd. issued 12% Debentures of Rs. 100 each at par in full satisfaction of the purchase price. Draft journal entries in the books of Shivani Ltd. **(3)**

10. Diwjesh Ltd. invited applications for issuing 2,00,000 debentures of Rs. 10 each. The amount was payable as follows:- On Application Rs. 3 per debentures, On Allotment Rs. 5 per debentures, and on First and Final call Rs. 2 per debentures.
Applications for 3,00,000 debentures were received and prorata allotment was made to all the applicants.
Jai who was allotted 3,000 shares failed to pay the allotment and call money. Pass the necessary journal entries to record the above transactions. **(3)**

11. X, Y and Z were partners in a firm sharing profits equally. On 1.4.2012 Y died. On that date goodwill of the firm was Rs. 90,000 and there was a balance of Rs. 2,70,000 in General Reserve. As executors of Y were not financially strong enough so X purposes that the executors of Y shall be given ½ share of General Reserve ad remaining portion shall be distributed between X and Y in new ratio which is equal Z accepted to it.
(a) Identify two values which according to you motivated them to introduce such special clauses in the partnership deed.
(b) Pass necessary journal entries on Y's death. **(2+2=4)**

12. Pass necessary Journal Entries for the following transactions at the time of dissolution of the firm. Assuming assets and liabilities were transferred to Realisation Account at their book values.
(a) Loan of Rs. 15,000 advanced by a partner to the firm of dissolution of the firm.
(b) A, a partner takes over an unrecorded asset (Typewriter) of Rs. 30,000 at Rs. 20,000.
(c) Expenses born by partner A Rs. 12,000 but paid by firm Rs. 10,000.
(d) The assets of the firm realised Rs. 1,25,000 (Book value Rs. 1,50,000). **(4)**

13. Explain the provisions of issuing shares at premium under section 78 of the companies Act, 1956. **(4)**

14. DEEPAK Ltd. has an authorised capital of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 each. It offered 70,000 equity shares of Rs. 10 each. The public applied for 80,000 equity shares, excess money was returned to the applicants. Till 31st March 2012, Rs. 8 was called. An applicant holding 1,000 shares did not pay first call of Rs. 3 per share. His shares were forfeited. Show the relevant items in the Balance Sheet of the company. **(4)**

15. Ram and Rahim were partners sharing profits in the ratio of 3:2. They admit Mohan as a partner. Mohan was to receive a salary of Rs. 45 *per annum*, plus a commission of 10% on the profits after charging such salary and commission or 1/5th of the profits of the firm, whichever is larger. Any excess of later (i.e. profits) over the former (i.e. salary & commission) is to be borne by Ram and Rahim the ratio of 2:1. Prepare the Profit & Loss Appropriation Account, if profit for the year after charging Mohan Salary and commission is Rs. 450. **(6)**

16. Balance Sheet of M, N and O who were sharing profits and losses, in proportion to their capital were as follows:

BALANCE SHEET

As at 1st Jan, 2011

Liabilities		**Rs.**	**Assets**	**Rs.**
Bills Payable		7,000	Cash in hand	19,250
Creditors		27,500	Stock	28,000
Capitals:			Debtors	17,500
M	70,000		Machinery	39,750
N	52,500		Land and Building	87,500
O	35,000	1,57,500		
		1,92,000		1,92,000

N died from the firm on the same date, it was decided that:

(i) Land and Building to be appreciated by 20%.

(ii) Stock to be depreciated by Rs. 1,660.

(iii) Goodwill of the entire firm is to be fixed at Rs. 37,800 and N's share of the same be adjusted into the accounts of M and O who are going to share in future in the proportion of 5/9 and 4/9.

Calculate amount payable the executors of deceased partner. **(6)**

17. Ruchika and Ratika are partners in a firm sharing profits in the ratio of 5:4. Their Balance Sheet as on 31.3.2012 was as follows:

BALANCE SHEET

As at 31.3.2012

Liabilities		**Rs.**	**Assets**	**Rs.**
Creditors		36,000	Cash	1,800
Bills Payable		27,000	Bank	40,500
Loan		20,000	Debtors	45,000
Investment Fluctuation Reserve		7,000	Stock	43,200
Capitals-			Plant and Machinery	31,500
Ruchika	72,000		Furniture	9,000
Ratika	54,000	1,26,000	Investments	18,000
			Goodwill	27,000
		2,16,000		2,16,000

On that date, Sita admitted as a new partner for 1/5th share in the profits. Following adjustments were agreed upon.

(i) Sita will bring Rs. 45,000 as capital.

(ii) Goodwill will be valued at Rs. 10,800 and Ritu brings necessary amount for her share of goodwill in cash.

(iii) The value of Investments is reduced to Rs. 9,020.

(iv) Create a Provision for Bad Debts on Debtors at 5%.

(v) Create a Provision of 2% for Discount on Debtors and 900 included in sundry creditors is not longer payable hence it should be written back.

(vi) Old Partners' Capital are to be adjusted in profit sharing ratio, taking Sita's capital as base. Surplus to be paid off or deficiency is transfer to his current account.

Pass the necessary Journal entries and prepare the new Balance Sheet of the firm. **(8)**

OR

D, N and R were partners in a firm sharing profits and losses in the ratio of 1:2:1. Their Balance Sheet on March 31^{st} 2012 was as under:

BALANCE SHEET

As at 31.03.2012

Liabilities		**Rs.**	**Assets**		**Rs.**
Bank Overdraft		8,500	Cash		2,000
Outstanding Salary		1,500	Debtors	19,000	
Creditors		5,000	Less: Provision	1,000	18,000
Reserves		2,500	Stock		7,500
Capitals:			Investment		30,000
D	30,000		Machinery		27,500
N	45,000		Buildings		32,500
R	25,000	1,00,000			
		1,17,500			1,17,500

On mutual agreement, R decides to retire from the firm and the following terms were agreed upon:

(i) The value of the firm's goodwill was ascertained at Rs. 15,000.

(ii) Building is to be appreciated by Rs. 10,000.

(iii) Machinery should be depreciated to Rs. 25,000.

(iv) There was a Bad Debt amounting Rs. 1,000.Provision on Debtors should be maintained @ 5%.

(v) The amount payable to the retiring partner is to be settled in cash brought in by remaining partners in such a way so as to make their capitals in proportion to their new profit sharing ratio which is equal.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.

18. S Ltd. offers 1,00,000 equity shares of Rs. 10 each payable Rs. 3 on application, Rs. 3 on allotment (including premium Rs. 2) Rs. 4 on first call three months after allotment and Rs. 2 on final call three months after first call. Applications were received for 1,58,500 shares and allotment was made as under:

	Share allotted
Allotment in full	19,000
(Mr. D paid in full on allotment in respect of 4,000 shares)	
Allotment of 2/3 of shares applied for	80,000
Allotment of 1/2 of shares applied for	1,000

Application money of Rs. 52,500 in respect of 17,500 shares upon which no allotment was made was returned to applicants. All amounts were received except final call on 100 shares which were forfeited and re-issued later on @ Rs. 9 each. Interest on calls in advance is paid @ 12% p.a.

Give necessary journal entries and also show the items in Balance Sheet. **(8)**

OR

Journalise the following transactions in the books of PQR Ltd.:

(i) 100 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 were not made. The forfeited shares were re-issued for Rs. 7,000 fully paid up.

(ii) 50 shares of Rs. 10 each issued at premium of Rs. 5 each payable with allotment were forfeited for the non- payment of allotment money of Rs. 9 per share including premium. The first and final call on these shares at Rs. 3 per share were not made. The forfeited shares were re- issued @ 12 per share fully paid up. **(4+4=8)**

PART – B

(FINANCIAL STATEMENT ANALYSIS)

19. The current Ratio of a company is 3:1. The company issues shares for cash. State whether this transaction would increase/ decrease or not alter Current Ratio. **(1)**

20. State whether depreciation charged by a company will result in inflow, outflow or no flow of cash. **(1)**

21. State two transactions that would be shown under 'Cash Flows from Finanancing Activities'? **(1)**

22. List any six items which are shown under the heading 'Non Current Assets' in the Balance Sheet of a company as per provisions of Schedule VI, Part I, of the companies Act, 1956. **(3)**

23. From the given Balance Sheets of XYZ Co. 31st March 2011 and 2012, prepare a Comparative Balance Sheet. **(4)**

Particulars	**31.3.2011 Rs.**	**31.3.2012 Rs.**
I. EQUITY AND LIABILITIES		
Share Capital	4,00,000	7,00,000
Reserve and Surplus	6,00,000	5,00,000
10% Loan	10,00,000	13,00,000
Current Liabilities	4,00,000	6,00,000
Total	24,00,000	31,00,000
II. ASSETS		
Fixed Assets	20,00,000	18,00,000
Less : Accumulated Depreciation	8,00,000	6,00,000
	12,00,000	12,00,000
Current Assets	12,00,000	19,00,000
Total	24,00,000	31,00,000

24. Shiva Ltd. has furnished the following information:

6% Debentures = Rs. 5,50,000
Fixed Assets =Rs. 8,00,000

Current Assets = Rs. 5,40,000
Current Liabilities = Rs. 3,70,000
Profit before interest = Rs. 6,51,000
Tax rate = Rs. 50%

Shiva Ltd. desires to declare dividend on profits after complying all legal provisions.

(a) Identify the value which motivated the Management to declare dividend on profits and that too after complying all legal provisions.

(b) Calculate Return on Investment. **(2+2=4)**

25. From the following Balance Sheets of SSC Ltd., prepare Cash Flow Statement as per AS-3

BALANCE SHEETS

	Particulars			**31.3.2011 Rs.**	**31.3.2012 Rs.**
I.	**EQUITY AND LIABILITIES**				
	Shareholder' Fund :				
	Equity Share Capital			80,000	90,000
	Reserve and Surplus	31.3.2011	31.3.2012		
	Profit and Loss Balance	74,500	80,000		
	Securities Premium	10,000	15,000		
		84,500	95,000	84,500	95,000
	Current Liabilities			25,000	30,000
	Total			1,89,500	2,15,000
II.	**ASSETS**				
	Non Current Assets				
	Machinery			1,40,000	1,90,000
	Less: Accumulated Depreciation			40,500	34,000
				99,500	1,56,000
	Goodwill			10,000	7,000
	Preliminary Expenses			25,000	12,000
	Discount on Issue of Shares			8,000	6,000
	Current Assets				
	Short Term Investments			10,000	6,000
	Other Current Assets			37,000	28,000
	Total			1,89,500	2,15,000

Additional Information:

(i) Depreciation provided during the year 2011- 12 Rs. 3,500. A part of the machinery costing Rs. 15,000 (accumulated depreciation there on Rs. 10,000 was sold for Rs. 6,500).

(ii) Assets of another company were purchased and purchase consideration was paid by issuing Rs. 10,000 Equity Shares at a premium of Rs. 5,000 and balance is cash. **(6)**