

ACCOUNTANCY (055) - XII

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

As per C.B.S.E. Sample paper.

PART A

(Partnership, Company Accounts and Accounting for Not for Profit organisation)

1. One horse of a horse race club died. Insurance company has offered to settle the claim at 60%. How will it be recorded in the Accounts of the club? 1
2. X and Y are partners sharing profits equally. X wants to give half of his share to his daughter Z. Y tells him he cannot do it. State with reason whether X is right or not. 1
3. Is it necessary that all the partners must make a sacrifice in order to give the retiring partner his share of goodwill? 1
4. Can a new company issue shares at discount? 1
5. Name the account which is considered to give the interim profit to the deceased partner. 1
6. How will you deal with the Sports Material while preparing the Income and Expenditure Account for the year ending on March 31st 2009 .

	As at 1.4.2008 (in Rs.)	As at 1.4.2009 (in Rs.)
Creditors for Sports Materials	4,000	2,600
Stock of Sports Material	6,000	1,000

During 2008-2009, the payment made to these creditors was Rs.21, 600. There was no cash purchase. 3

7. Glaxo Ltd. has the following balances appearing in its balance sheet:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity share capital @ Rs. 10 per share	20,00,000		
12% Redeemable preference share capital @ Rs. 20 per share	10,00,000		
<u>Reserves and surplus</u> • Securities premium	8,20,000	<u>Miscellaneous Expenditure</u> • Preliminary Expenses	5,00,000

The company decided to redeem its 12% Redeemable Preference shares at a premium of 5%. They also decided to issue one bonus share of Rs. 10/- each to the holder of 5 equity shares.

You are required to suggest the ways in which the company can utilize the securities premium amount.

3

8. Sahil Ltd. purchased moulding machinery worth Rs. 6,60,000 from Hindustan Machines for their plastic components.

1/3rd of the amount payable to Hindustan Machines was settled by accepting three months bills of exchange. However, 1/3rd of the total amount was settled through bank draft and the balance by issue of 10% convertible debentures of Rs. 100 each at a premium of 10%.

Pass journal entries in the book of Sahil Ltd. for the above transactions.

3

9. Rahul, Rohit and Rajeev were partners sharing profits and losses 5:3:2 and maintaining fixed capital accounts. Each partner draws Rs. 10,000 as on January 1st, for domestic use. After closing the accounts for the year ended December 31st, 2008, it was found that the interest on drawings at the rate of 10% p.a. was omitted at the time of appropriation of profit. The profit for the year 2008 was Rs. 20,000. It was decided to pass an adjusting entry to rectify the error.

4

10. X, Y, and Z were sharing profit in the ratio 3:2:1. The firm closes its books on 31st March every year. Y died on 1st Sept, 2008. On Y's death, it was decided to value goodwill at three years purchase of super profits.

The profits for the last three years were as follows:

31 st March, 2006	24,000
31 st March, 2007	60,000
31 st March, 2008	66,000

The normal profit expected from a similar business is Rs. 35,000.

Pass necessary journal entries for the treatment of goodwill and Y's share of profit on the basis of last year's profit till death. Show your calculations clearly.

4

11. Arushi computers Ltd. issued 10,000 equity shares of Rs.100 each at 10% discount. The net amount payable as follows:

On application	Rs.20 per share
On allotment	Rs. 30 per share
On first call	Rs. 30 per share
And the balance as and when required	

Anshika holder of 200 shares did not pay first call. Her shares were forfeited. Out of these 60% shares were reissued at Rs. 75 per shares.

Pass journal entries to record the forfeited and reissue of shares in the books of Arushi Computers Ltd.

4

12. (a) X Ltd. issued 2000, 10% debentures of Rs. 100 each at a discount of 6% on 1st April, 2003 which are redeemable at par by annual drawings in 4 years commencing from 31st March, 2004 as per the following redemption plan:
1st Draw 10%; 2nd Draw 20%; 3rd Draw 30%; and 4th Draw 40%. Calculate the amount of discount to be written off each year assuming that X Ltd. closes its books on 31st March every year.

(b) Z Ltd. redeemed 2,000, 12% debentures of Rs. 100 each which were issued at a discount of 5% by converting them into equity shares of Rs. 10 each issued at a premium of 25%. Journalize.

3+3

13. From the following Receipt and Payment account of Sunny cricket club for the year ended December 31st, 2008. Prepare Income and Expenditure for the year ended 31st Dec., 2008. Also calculate Capital fund as on 1st January 2008

Receipts and payment account for the year ended December 31st, 2008.

Dr.

Cr.

Receipt	Amount	Payment	Amount
To Bal. b/d		By New building construction	85,000
Cash - 300		By Souvenir printing	2,000
Bank - 4000	4,300	By Salaries	8,000
To Subscription A/c	12,000	By Postage	1,500
To Miscellaneous collection	7,000	By Telephone	500
To Donations	15,000	By Electricity	600
To Sale of old News papers	200	By Maintenance expenses	2,200
To Souvenir advertisement	3,800	By Newspaper and magazines	1,500
To Endowment fund	3,000	By Closing balance c/d	
To Sale of old building at book value	70,000	Cash - 1,300	
To Income from investment @ 10%	5,000	Bank - 17,700	19,000
	1,20,300		1,20,300

Additional information:

i. Subscriptions:

	Rs.
For 2007 (due as on 31/12/2007; 1500) received only	1,000
For 2009 received in advance.	1,500
Due for 2008	900

ii. Expenses outstanding for 2008

Salaries
1,200
Electricity
200
Telephone
150

iii. Provide depreciation on building @ 10% for 6 months.

6

14. Aditi and Bhavana are the partners with equal ratio. They admit Kamini and their new ratio is 3:2:5 respectively. Their goodwill of the firm is valued at Rs. 40,000. Kamini is contributing Rs. 1,60,000 as capital but is not able to pay the whole of her share of goodwill is cash. She pays only Rs. 12,000 on account of goodwill.
Record journal entries in the books of the firm, also calculate their sacrificing ratio.

6

15. Priti and Ashima share profits as 4:1. Their balance sheet as on December 31st, 2008 is as follows.

Balance sheet as on December 31st, 2008

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital:		Cash	1,40,000
Priti – 1,70,000		Bills receivable	30,000
Ashima – 1,80,000	3,50,000	Debtors 1,00,000	
Creditors	50,000	Less Provision 8,000	92,000
Contingency Reserve	10,000	Furniture	38,000
Profit and Loss Account	40,000	Land and building	1,00,000
		Goodwill	30,000
		Stock	20,000
	4,50,000		4,50,000

On the above data they admit Suneha with 1/4th share which she gets only from Priti. She brings Rs. 10,000 as her share of goodwill and also sufficient capital to be equal to 1/2 of the total capital of both Priti and Ashima.

Other terms of admission were as follows:

- Provision for doubtful debts to be increased to Rs. 10,000.
- Stock undervalued to the extent of Rs. 8,000.
- Depreciation on building and furniture is charged @ 5% per annum.

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

8

OR

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

Liabilities	Amount	Assets	Amount
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 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.

16. Danfoss Ltd. invited applications for 4,00,000 of its equity shares of Rs. 10 each on the following terms:

Payable on application	Rs. 5 per share
Payable on allotment	Rs. 3 per share
Payable on first & final call	Rs. 2 per share

Applications for 5,00,000 shares were received. It was decided:

- (a) To refuse allotment to the applicants for 20,000 shares;
- (b) To allot in full to applicants for 80,000 shares;
- (c) To allot the balance of the available shares pro-rata among the other applicants;
and
- (d) To utilize excess applications money in part as payment of allotment money.

One applicant whom shares had been allotted on pro-rata basis did not pay the amount due on allotment and on the call, and his 400 shares were forfeited.

The shares were reissued @ Rs. 9 per share. Show the journal and prepare cash book to record the above.

OR

Life machine Tools Ltd. issued 50,000 equity shares of Rs. 10 each at Rs. 12 per share, payable at Rs. 5 an application (including premium), Rs. 4 on allotment and the balance on first and final call.

Applications for 70,000 shares had been received of the cash received Rs. 40,000 was returned and Rs. 60,000 was applied to the amount due an allotment, the balance of which was paid. All shareholders paid the call due with the exception of one share holder of 500 shares. These shares were forfeited and reissued as fully paid at Rs. 8 per share. Journalize the transactions.

Part B

Analysis of financial statements

17. X Ltd. has a Debt Equity Ratio at 3:1. According to the management it should be maintained at 1:1. What are the two choices to do so? 1

18. State any one example of operating activities of a Film Production house. 1

19. Maruti the leading automobile manufacturer has purchased a machinery worth Rs.5 crores on hire purchase basis under which category will you place this transaction while preparing cash flow statement.

1

20. “Analysis of financial statement suffers from lack of qualitative analysis and difficulty in forecasting”, Comment.

3

21. Prepare a Comparative Income statement with the help of the following information

4

Particulars	2005	2006
Sales	2000000	3000000
Gross Profit	40%	30%
Indirect Expenses	50%	40%
Income Tax	50%	50%

22. Following is the Balance Sheet of X Ltd. as on 31st March, 2008:

Liabilities	Rs.	Assets	Rs.
Share Capital	10,00,000	Fixed Assets (Net)	20,00,000
Reserves	5,00,000	Stock	9,00,000
10% Long Term Loan	10,00,000	Fixed Deposit (6 months)	1,00,000
Creditors	15,00,000	Bills receivable	4,00,000
Bills Payable	10,00,000	Debtors	20,00,000
Profit & Loss A/c	5,00,000	Cash	1,00,000
	55,00,000		55,00,000

The existing liquid ratio stands at 1:1. A liability of Rs. 4,00,000 under dispute has to be paid immediately as per High court order.

Show the effect of this order on Liquid Ratio and Current Ratio as on 31st March, 08.

4

23. From the following information prepare Cash Flow Statement of Bloom Ltd. for the year ended March 31, 2008.

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BALANCE SHEETS OF B. LTD. AS ON MARCH 31, 2008

Liabilities	2007 (Rs.)	2008 (Rs.)	Assets	2007 (Rs.)	2008 (Rs.)
Share Capital	2,00,000	3,50,000	Buildings (Cost)	2,00,000	3,50,000
Profit & Loss Account	1,50,000	3,60,000	Machinery (Cost)	3,00,000	4,00,000
Loan from UTI	3,00,000	1,20,000	Debtors	1,25,000	2,15,000
Loan from LIC	—	2,00,000	Stock	75,000	85,000
Creditors	80,000	70,000	Cash	35,000	30,000
Provision for Depreciation	25,000	34,000	Bank	60,000	99,000
Bills payable	40,000	45,000			
	7,95,000	11,79,000		7,95,000	11,79,000