ACCOUNTANCY: XII

Code No. :67

General Instructions:-

a). All questions are compulsory. However there is an internal choice in questions of 8 marks.
b). Use proper format and show your working notes clearly.
c). Give your assumption wherever required.

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

1. What do you mean by "Grants" in context of Not-for Profit Organisation? **(1)**

2. Which asset is necessary to revalue at the time of reconstitution for partnership firm? **(1)**

3. How partners' are liable to third parties. **(1)**

4. On dissolution of a firm having partners A, B and C. B agree to borne realisation expenses Rs. 5,000 but paid by C. How would you record the above transactions in the books of the firm by way of journal entry. **(1)**

5. Give difference between **company** and **partnership** on the basis of purchase of property. **(1)**

6. X Ltd. decided to redeem Rs. 1,00,000, 12% debentures. It purchased Rs. 75,000 worth of debentures in the open market at 90%, the expenses being Rs. 1,500 and balance by draw of lots. Journalise without narration. **(3)**

7. What do you mean by Endowment Fund? **(3)**

8. DN Ltd. issued 50,000 shares of Rs. 10 each at a discount of 10% payable as Rs. 2 per share on application. Rs. 3 on allotment and Rs. 2 each on first and final call. Applications were received for 70,000 shares. It was decided that:
a). Refuse allotment to the applicants of 10,000 shares,
b). Allot 10,000 shares to Mohan who had applied for a similar number, and
c). Allot the remaining shares on a pro-rata basis.
Mohan failed to pay the allotment money and Sohan who belonged to category (c) and was allotted 3,000 shares, paid both and calls with allotment. Calculate the amount received for allotment. **(3)**

9. Radha Ltd. purchased machinery worth Rs. 4,00,000 from Krishan Ltd. on 1/1/2005. Rs. 1,00,000 was paid immediately & the balance was paid by issue of Rs. 2,80,000, 12% debentures in Radha Ltd. Journalise. **(4)**

10. (a). A and B start business on 1st July, 2004 each contributing Rs. 1,50,000 as his share of capital. Three months later, on 1st October, 2004, B makes an additional contribution of Rs. 1,00,000 which is treated as a loan. The profit for the period ended March 2005 was Rs. 85,000 before charging any interest. All the partners were entitled to a salary of Rs. 3,000 each, per quarter. The partners had drawn Rs. 24,000 each on 1st January, 2005. Prepare the Profit and Loss Appropriation Account for the year ending 31st March, 2005.
(b). In fixed capital method, what is the treatment capital withdrawn by partners. **(3+1=4)**

11. (a). A and B are partners sharing profits in the ratio of 3:2. They admitted C for one-fourth share. After making all adjustments capitals of A and B stood at Rs. 50,000 and Rs. 40,000 respectively. It was agreed between partners' that C has to bring 1/5th of the total capital of the firm. You are required to compute the amount brought by C as his capital.
(b). What do you mean by accumulated losses? **(3+1=4)**

12. Amar, Akbar and Anthony are partners sharing profits & losses in the ratio of 4:4:2. On 31.12.2008 their B/S was as under:

Liabilities	(Rs.)	Assets		(Rs.)
Sundry Creditors	14,000	Plant	25,000	
Amar's Loan	7,000	Less: Depreciation	1,000	24,000
Capitals:		Stock		23,000
Amar	24,000	Sundry Debtors	30,000	
Akbar	20,000	Less: Provision for D/D	2,000	28,000
Anthony	15,000	Cash at Bank		5,000
Total	**80,000**	**Total**		**80,000**

The partners decided to dissolve the firm with effect from 31st Dec., 2008 and the following transactions took place:
a). Amar agree to take over part of the business for which agreed to pay Rs. 10,000 for goodwill, which had not been previously valued.
b). Amar took over Plant at Rs. 20,000.
c). Stock and debtors realised in all Rs. 39,000.
d). Creditors were paid off at a discount of 10%.
e). Realisation expenses paid by the firm Rs. 1,500
Prepare Realisation Account, Partner's Capital Accounts, Bank account. **(6)**

13. A club has 450 members during at end of last year (31.3.2009) each paying annual subscription of Rs. 100. Other particulars are as under:

Subscription outstanding as on 31.3.2009	Rs. 3,000
Subscription paid advance by 12 members in 2008-09	
Subscription received in advance on 31.3 2010	Rs. 5,000
Subscription received in 2009-10	Rs. 46,500

During the current year 2009-10, 10 members left while 25 new members joined the club. Subscription written off as bad debts Rs. 500. Show the above items in the financial statements of a Non-for-profit-organisation of Delhi Citizen Club. **(6)**

14. (a). Y Ltd. issued 15,000, 12% debentures of Rs. 100 each on 31st July, 2005 redeemable at 5% premium on 31st July, 2010. The issue was fully subscribed. Record the necessary journal entries for issue and redemption of Debentures.

(b). What do you mean by "Collateral Security"?

(c). What is the nature of "Securities Premium Account"? **(4+1+1=6)**

15. Zee Ltd. invited applications for 20,000 equity shares of Rs. 20 each at a premium of Rs. 2 per share payable with application. The share was payable as: Rs. 5 on application, Rs. 10 on allotment, Rs. 4 on first call and balance on final call. Whole of the above issue was applied for and the payment for them were received as follows:

On 10,000 shares Rs. 22 per share.
On 5,000 shares Rs. 19 per share.
On 3,000 shares Rs. 15 per share.
On 2,000 shares Rs. 5 per share.

The forfeited those 2,000 shares on which less Rs. 15 has been received and reissued them @ Rs. 17 per share as fully paid. Journalise the above transactions.

Or

Bharat Ltd. invited applications for 2,00,000 equity shares of Rs 10 each payable as: 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 pro rata was made to all the applications on the following basis.

Applicants for 2,00,000 shares were allotted 1,50,000 shares on pro-rat basis.
Applicants for 1,00,000 shares were allotted 50,000 shares on pro-rata basis.

Bajaj, who was allotted 3,000 out of the group applying for 2,00,000 shares failed to pay the allotment money and call money.

Sharma, who had applied for 2,000 shares out of the group applying for 1,00,000 shares failed to pay the first and final call. These shares were forfeited. Out of the forfeited shares 3,500 shares were reissued as fully paid up @ Rs. 8 per share. Journalise.

16. A, B, & C are partners sharing profits and losses in the ratio of 3:2:1. D is admitted as a new partner on 31.12.2010 for an equal share and is to pay Rs. 50,000 as capital. Following is the B/S on the date of admission:

Liabilities		Rs.	Assets	Rs.
Capitals:			**Land and Building**	**50,000**
A	**60,000**		**Plant and Machinery**	**40,000**
B	**60,000**		**Furniture and fixture**	**30,000**
C	**40,000**	**1,60,000**	**Stock**	**20,000**
Creditors		**30,000**	**Debtors**	**30,000**
Bills Payable		**10,000**	**Bills Receivable**	**20,000**
			Bank	**10,000**
		2,00,000		**2,00,000**

Following are the required adjustment on D's admission :

a). Out of the creditors, a sum of Rs. 10,000 is owing to D which will be transferred to his capital account

b). Bills worth Rs. 10,000 were discounted with the bankers, out of which, a bill of Rs. 4,000 was dishonoured on 31.12.2010, but no entry has been passed for that. Due dates of the other discounted bills fall in January, 2011.

c). Unexpired insurance premium Rs. 1,200.

d). Expenses debited to the Profit and Loss A/c includes a sum of Rs. 2,000 paid for B's personal life insurance policy.

e). A provision for bad debt @ 5% is to be created against Debtors.

f). Expenses on revaluation amounting to Rs. 2,100 are paid by A.

g). During 2010, part of the furniture was sold for Rs. 2,500, the book value of the furniture sold was Rs. 4,200 and the written down value on the date of sale is Rs. 3,500, the proceeds was wrongly credited to the Sales Account.

You are required to pass necessary journal entries to record the above transactions.

Or

A, B and C are partners sharing profits and losses in the ratio of 2:2:1. On 31.3.2005 their Balance Sheet was as under:

Liabilities	(Rs.)	Assets	(Rs.)
Sundry Creditors	25,000	Bank (Minimum Balance)	10,000
General Reserve	10,000	Debtors	25,000
Capitals:		Stock	27,500
A	50,000	Fixed Assets	57,500
B	25,000	Goodwill	7,500
C	20,000	Advertisement Expenditure	2,500
Total	**1,30,000**	**Total**	**1,30,000**

B retires and the following terms have been agreed upon:

a). Goodwill of the valued at Rs. 45,000.
b). The fixed assets were found undervalued by Rs. 12,500.
c). Stock was found overvalued by 10%.
d). Partners have to pay Rs. 3,000 to the family of an employee who died in an accident.
e). There was a claim of Rs. 10,000 disputed by the firm, now settled at Rs. 7,000.
f). That B be paid through cash brought in by A & C in such a way to make their capitals proportionate to their profit sharing ratio.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet after B's retirement.

Part: B

17. What do you mean by "Window Dressing" a limitation of financial statement analysis? **(1)**

18. What is meaning by "Financing Activities"? **(1)**

19. Give one limitation of Cash Flow Statement. **(1)**

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

21. Calculate current assets of a company from the following information:

a). Stock turnover : 4 times;
b). Stock at the end is Rs. 20,000 more than stock in the beginning;
c). Sales Rs. 3,00,000;
d). Gross profit ratio 25%;
e). Current liabilities Rs. 40,000
f). Quick ratio 0.75. **(4)**

22. Prepare a common size income statement from the following:- **(4)**

Particulars	2006 (Rs)	2007 (Rs)
Net sales	1,32,000	1,80,000
Cost of goods sold	1,00,000	1,34,000
Administrative expenses	14,000	20,000
Other income	160	400
Tax	8,800	12,800

23. From the following compute cash flow from operating activities: **(6)**

Particulars		Rs.	Particulars	Rs.
To Rent	50,000		By Gross Income	2,50,000
Add: Rent Outstanding	12,500	62,500	By Gain on sale of Car	1,500
To Depreciation		25,000	By Bad debt recovered	1,000
To Commission	2,750		By Dividends	5,000
Add: Prepaid comm.	250	3,000	By Rent (Buildings)	2,000
To Reserve for bad Debts		1,500	By Gain on sale of Marketable Securities	
To Loss on sale of Investments		5,000		3,775
To Discount Allowed		2,025		
To Provision for legal damages		2,500		
TO Goodwill (*W/o*)		2,500		
To Preliminary Expenses (*W/o*)		1,000		
To Discount on issue of Debentures(*W/o*)		3,250		
To Provision for taxation		55,000		
To Proposed Dividend		30,000		
To Net Profit		70,000		
Total		**2,63,275**	**Total**	**2,63,275**