

**SELAQUI INTERNATIONAL SCHOOL**  
**WINTER VACATION ASSIGNMENT 2017-18**

**CLASS XII COMMERCE**

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**Sample Paper 1**  
**ACCOUNTANCY**

CLASS: XII Sub.Code: 055

Time Allotted: 3 Hrs.

Max .Marks: 80

General instructions:-

- 1) All questions are compulsory
- 2) Please write the question number before attempting
- 3) All parts of a question should be attempted at one place.
- 4) Calculators are no allowed.

- 1 What do you mean by • Mutual Agency' relationship according to Indian Partnership Act 1932? 1
- 2 A is a partner in a firm. A's drawings during the year 2014-15 were as follows: Accounts are closed on 31st March every year. Calculate interest on drawing @12% p.a. 1

1st May 2014	1,000
30th June 2014	1,250
1st Sept. 2014	500

- 3 When the partner's capitals are fixed , where Will the drawings made by a partner be recorded? 1
- 4 Apart from location and profitability, list any two other factors affecting Goodwill of a firm. 1
- 5 What is a Debenture? 1
- 6 What is meant by Employees stock option plan? 1
- 7 What is Zero coupon bond? 1
- 8 Can 'Securities premium Reserve' be used as working capital? Give reason in support of your answer. 1
- 9 Partner B is retired from the partnership firm and his loan is amounted to 30,000 on 31st March 2012 , payable in three equal annual instalments 3

- with interest @ 12% per annum. Prepare loan account till it is finally written off.
- 10 Pink, Black and White are partners sharing 5:3:2. White is guaranteed a 3 minimum amount of 10,000 as share of profit every year. Any deficiency shall be met by Black. The profit for the year ending 31st March 2015 was 60,000. Prepare profit & loss appropriation account and pass entries.
- 11 A, B and C were partners in a firm. On 1st January 2013, their capitals stood 3 at 50,000, 25,000 and 25,000 respectively. As per the provisions of the partnership deed:
- a) C was entitled for a salary of 1,500 per month.
  - b) Partners were entitled to interest on capital @ 5% p.a.
  - c) Profits were to share in the ratio of capitals.
- The net profit during the year 2013 of 45,000 was divided equally without providing for the above items. Pass an adjustment entry.
- 12 Srikant and Raman are partners in a firm sharing profits and losses in the 3 ratio of 3:2. They decide to admit Venkat into partnership with 1/3 share in the profits. Venkat brings in 30,000 as his capital. He also promises to bring in the necessary amount for his share of goodwill. On the date of admission, the goodwill has been valued at 24,000 and the goodwill account already appears in the books at 12,000. Venkat brings in the necessary amount for his share of goodwill and agrees that the existing goodwill account be written off. Record the necessary journal entries in the books of the firm.
- 13 Crompton Ltd. grants options to subscribe 1000 shares of 10 each at a price of 30 per share to each of its employees numbering 100. Vesting period being 3 years. Fair (Market) price of the share as on the grant date was 45. Employees numbering 75 exercised the option by the exercised date.
- Pass the necessary journal entries.
- 14 Apple, Mango and Banana were partners sharing profits and losses in the 4 ratio of 2:2:1. They decided to share future profits in the ratio of 3:1:1. With effect from 1.4.2015. They decided to record the effect of the following without effecting their book values.

a) General Reserve	2,40,000
b) Advertising suspense A/c	1,20,000

Pass necessary journal Entry.

15 Karam Singh and Suleman decided to start a partnership firm to manufacture low cost paper bags from the waste paper as plastic bags were creating many environmental problems. For this, they contributed capitals of 2,00,000 and 1,00,000 respectively on 1st April 2012. Suleman also expressed his willingness to admit John D' Costa as a partner without capital in the firm. John D' Costa is specially able but a very creative and intelligent friend of his. Karam Singh agreed to this. The terms of partnership were as follows:

- 1) Karam Singh, Suleman and John D' Costa will share profits in the ratio of 2:2:1.
- 2) Interest on Capital will be provided @ 6% p.a.

Due to shortage of capital, Karam Singh contributed 50,000 on 30th September, 2012 and Suleman contributed 20,000 on 1st January 2013 as additional capital. The profit of the firm for the year ended 31st March 2013 was 200,300.

- a) Identify any two values which the firm wants to communicate to the society.
- b) Prepare Profit & loss Appropriation account of the firm for the year ending 31st March 2013.

16 AB Ltd. Issued 5,00,000, 7% Debentures of 50 each. Pass necessary journal entries in the books of the company for the issue of debentures when debentures were: 4

- (i) Issued at par redeemable at 8% premium.
- (ii) Issued at 4% premium redeemable at 5% premium.
- (iii) Issued at a Premium of 4% redeemable at Par
- (iv) issued at discount and redeemable at par.

17 ABC Ltd. issued 42,000, 12% Debentures of 100 each on 31 March 2008 redeemable at a premium of 8% on 30th June 2015. The Company transferred the required amount of Debenture Redemption Reserve in three equal instalments starting 31st March 2013. The required investment 4

was made in specified securities on 30th April 2015.

Pass the necessary Journal entries regarding transfer of amounts to Debenture Redemption Reserve Investment made and of Redemption of Debentures.

- 18 Following was the Balance Sheet of D, G and Ton 3Pt December 2013 who 6 was sharing profit and losses in the ratio 5:3:2.

Liabilities	Amount ( )	Assets	Amount ( )
Creditors	50,000	Bank	20,000
Bills Payable	10,000	Debtors	30,000
Workmen compensation Fund	8,000	Advertisement Suspense account	20,000
Bank Loan	12,000	Furniture	15,000
General Reserve	20,000	Land & Building	2,15,000
Capitals: D 1,00,000		Stock	20,000
G 50,000		Goodwill	30,000
T 1,00,000	2,50,000		
	3,50,000		3,50,000
	terms:		

"R" was admitted in the firm for one-fourth share in future profits and need to bring 50,000 as his capital on the following

- Furniture was undervalued by 3,000.
- Stock was revalued and increased up to 28,000.
- Goodwill of the firm is valued at 1,00,000. He is unable to bring his share of goodwill in cash and his share is adjusted through current account.
- Outstanding rent 1,800 and Prepaid salary 800.
- All partners decided to share future profits equally.
- Adjust the capital of all partners on basis of R's capital. Any surplus or deficit should be adjusted through Bank account.

Prepare Revaluation a/c. Partners' Capital a/c and new Balance Sheet after R's Admission

- 19 A, B and C were partners sharing in the ratio of their capital. Their Balance Sheet as on 31st December 2014 follows: 6

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	2,900	Cash at Bank	5,500
Investment Fluctuation Fund	11,500	Debtors 5,000 Less : Provision 100	4,900
Capitals: A 18,000		Stock	8,000
B 13,500		Investments	11,500
C 9,000	40,500	Land & Building	25,000
	54,900		54,900

B retired on the above date and the following was agreed upon:

- 1) That Stock is depreciated by 6%.
- 2) That the Provision for Doubtful Debts be brought up to 5% on Debtors.
- 3) That Land and Building be appreciated by 20%.
- 4) That a Provision of ₹770 be made in respect of outstanding legal charges.
- 5) That the Goodwill of the entire firm is fixed at ₹10,800 and B's share of goodwill be adjusted into accounts of A and C who are going to share future profits in the ratio of 5:3.
- 6) That the entire capital of the firm as newly constituted be fixed at ₹28,000 between A and C in the proportion of 5:3 (actual cash to be brought in or paid off, as the case may be).

Pass the necessary journal entries after B's retirement.

- 20 Following is the Balance Sheet of Punita, Rashi and Seema who are sharing profits in the ratio 2:1:2 as on 31st March 2013. 6

Liabilities		Assets	
Creditors	38,000	Building	2,40,000
Bills Payable	2,000	Stock	65,000
Capitals:		Debtors	30,000

Punita	1,44,000		Cash at Bank	5,000
Rashi	92,000		Profit and Loss Account	60,000
Seema	1,24,000	3,60,000		
		4,00,000		4,00,000

Punita died on 30<sup>th</sup> September 2013. She had Withdrawn 44,000 from her capital on July 1, 2013. According to the partnership agreement, she was entitled to interest on capital @8% p.a. Her share of profit till the date of death was to be calculated on the basis of the average profits of the last three years. Goodwill was to be calculated on the basis of three times the average profits of the last four years. The profits for the years ended 2009-10, 2010-11 and 2011-12 were 30,000, 70,000 and 80,000 respectively.

Prepare Punita's account to be rendered to her executors.

- 21 Rajesh Ltd. issued 30,000 shares of 10 each at a par payable as follows: 3 on application, 2 on allotment, 3 on first Call and 2 on second call. Applications were received for 40,000 shares and a pro-rata allotment was made to all the applicants. All money due was received except allotment and first call from Mohit who had applied for 2,000 shares. His shares were forfeited after first call. Subsequently, the second call was duly made and duly received. Thereafter, the forfeited shares were reissued for 9 fully paid.

Prepare Cash Book and Pass necessary journal entries

- 22 Prashant and Rajesh were partners in a firm sharing profits in the ratio of 3:2. In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st March 2012. Prashant was deputed to realise the assets and to pay the liabilities. He was paid 1,000 as commission for his services. The financial position of the firm on 31st March 2012 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	80,000	Building	1,20,000
Mrs. Prashant's Loan	40,000	Investments	30,600

Rajesh's Loan	24,000	Debtors	34,000
Investment Fluctuation Fund	8,000	Less : Provision	4,000
Capitals:		Bills Receivable	37,400
Prashant 42,000		Cash	6,000
Rajesh 42,000	84,000	Profit and Loss <i>A/c</i>	8,000
		Goodwill	4,000
	2,36,000		2,36,000

Following was agreed upon:

- (i) Prashant agreed to pay off his wife's loan.
- (ii) Debtors realized 24,000
- (iii) Rajesh took away all investments at 27,000.
- (iv) Building realized 1,52,000.
- (v) Creditors were payable after 2 months. They were paid immediately at 10% discount.
- (vi) Bills receivable were settled at a loss of 1,400.
- (vii) Realisation expenses amounted to 2,500.

Prepare Realisation A/c, Partners Capital A/c and Cash A/c and identify the values being conveyed.

OR

What journal entries would be passed for the following transactions on the dissolution of a firm, after various assets (other than cash) and third party liabilities have been transferred to Realization account.

- (i) Partner A loan of 10,000 paid by unrecorded stock.
- (ii) Stock worth 6,000 is taken over by partner B.
- (iii) A typewriter completely written off in the books of accounts was sold for 200.
- (iv) Loss on realisation 14,000 was to be distributed between A and B in the ratio 5:2.
- (v) Creditors of 30,000 are discharged by paying 27,000.
- (vi) Profit on realisation amounting 6,000 is to be distributed between the partners A and B in the ratio 7:5.
- (vii) There was a joint life policy for 60,000. The policy was surrendered for 15,000.
- (viii) Total creditors in the books 40,000. Office equipment was

**Sample Paper 2**  
**ACCOUNTANCY**

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**General Instructions –**

- 5) Please check that this question paper contains 23 questions.
- 6) All parts of a question should be attempted at one place.
- 7) Marks are indicated against each question.
- 8) Use of calculator is strictly prohibited.

- 1 What is meant by Partnership? (1)
- 2 Would a 'charitable dispensary' run by 8 members be deemed a partnership firm? Give reason in support of your answer. (1)
- 3 What is meant by number of years of purchase at the time of valuation of goodwill? (1)
- 4 State the ratio in which partners share profits and losses on revaluation of assets and liabilities, when there is a change in profit sharing ratio amongst the existing partners? (1)
- 5 Why is general reserve distributed amongst old partners before a new partner is admitted? (1)
- 6 A, B, C, and D are partners in the ratio of 4:3:2:1. A retires and his share is acquired by B and C in the ratio of 2:1. Calculate new ratio. (1)
- 7 In case of dissolution of a firm, which liabilities are to be paid first? (1)
- 8 A firm has debtors of Rs. 20,000 and provision for doubtful debts Rs. 500. During the course of dissolution of firm, debtors realized 90%. How much amount realized from debtors will be shown in Realisation Account and on which side? (1)
- 9 A and B started a partnership firm on 1<sup>st</sup> April, 2013 with a capital of Rs. 2,00,000 and Rs. 1,50,000 respectively. On 1<sup>st</sup> July, 2013 they further introduced capital of Rs. 50,000 and Rs. 30,000 respectively. B, however, withdrew Rs. 20,000 out of his capital on 1<sup>st</sup> February, 2014. (3)  
Compute interest on capital of partners for the year ending 31<sup>st</sup> March, 2014 assuming rate of interest on capital as 8% p.a.
- 10 Arun, Varun and Kapil are partners sharing profits in the ratio of 3:2:1. Kapil met with an accident two month ago and now he showed his inability to devote full time in the business. Arun and Varun decided that medical expenses of Kapil be borne by the firm and exempted him from devoting full time till he is completely fit. Identify the values involved in this decision. (3)
- 11 D, E, F, P and Z were partners in a firm sharing profits in the ratio of 5:4:3:2:1 respectively. Unfortunately, P and Z met with an accident and died. The goodwill of the firm was valued at Rs. 1,50,000 and D, E, and F decided to share future profits in the ratio of 4:6:5 respectively. Give journal entry to record goodwill. (3)
- 12 L and M were partners in a firm sharing profits in the ratio of 4:3. The firm was dissolved on 31.3.2004. (Assets and liabilities are already transferred to Realization Account) (3)

Pass necessary journals entries for the following transactions:

- 12 A typewriter which was completely written off from the books realized Rs. 18,000  
 13 Creditors Rs. 15,000 were paid at a discount of 5%.  
 14 Expenses of dissolution Rs. 1,000 were paid by M.

- Q.13 A business earned average profits of Rs. 1,00,000 during the last few years. The normal rate of return on capital employed in the similar type of business is 10%. The assets of the business were Rs. 10,00,000 and external liabilities were Rs. 1,80,000. Calculate the value of goodwill of the firm by super profit method, if the goodwill is valued at  $2\frac{1}{2}$  years' purchase of super profit. (4)
- Q.14 P and Q are partners in a firm sharing profits in the ratio of 5:3. R is admitted for  $\frac{3}{7}$ th share in profit. He took  $\frac{2}{7}$  share from P and  $\frac{1}{7}$  share from Q. Goodwill appeared in the books Rs. 8,000. Pass entries if : (4)
- i) R is unable to bring his share of goodwill Rs. 9,000 in cash.  
 ii) R brings Rs. 9,000 in cash as his share of goodwill.
- Q.15 Naresh, David and Aslam are partners sharing profits in the ratio of 5:3:7. On April 1<sup>st</sup>, 2012, Naresh gave a notice to retire from the firm. David and Aslam decided to share future profits in the ratio of 2:3. The adjusted capital accounts of David and Aslam show a balance of Rs. 33,000 and Rs. 70,500 respectively. The total amount to be paid to Naresh is Rs. 90,500. This amount is to be paid by David and Aslam in such a way that their capitals become proportionate to their new profit sharing ratio. (4)
- Pass necessary journal entries for the above transactions in the books of the firm. Show your working clearly.
- Q.16 State any four deductions that may have to be made from the amount payable to the legal representative of a deceased partner. (4)
- Q.17 State any two circumstances under which partnership can be dissolved and two circumstances under which a partnership firm can be dissolved? (4)
- Q.18 On March 31, 2005 after the closing of books of accounts, the capital accounts of A, B and C stood as Rs. 24,000, Rs. 20,000 and Rs. 12,000 respectively. The profits for the year Rs. 36,000 was distributed equally. Subsequently, it was discovered that interest on capital @ 5% p.a. had been omitted. The profit sharing ratio was 1:2:2. Pass an adjustment journal entry. (6)
- Q.19 E and F were partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet on 28.2.2005 was as follows: (6)

Liabilities	Amount	Assets	Amount
Creditors	25,000	Building	1,00,000
Outstanding expenses	5,000	Plant	40,000
Capital Accounts:		Stock	30,000
E                    90,000		Debtors	45,000
F                    1,20,000	2,10,000	Cash	25,000
	2,40,000		2,40,000

On the above date, the firm was dissolved, Stock was taken over by E at a discount of 10%, F took over debtors for Rs. 40,000. Plant was sold for Rs. 30,000 and building realized Rs. 80,000. F agreed to pay the creditors. E paid outstanding expenses. Expenses of realization amounted to Rs. 7,500.

Prepare Realisation Account, Cash Account and Capital Accounts to close the books of the firm.

- Q.20 A and B are partners in a firm sharing profits and losses in the ratio of 3:2. They admit C as a partner for 1/4th share in the profit. He brings Rs. 20,000 as premium for goodwill. (6)

Pass necessary journal entries when:

- i) Goodwill is paid privately to old partners.
- ii) Goodwill is retained in the firm.
- iii) Goodwill is withdrawn by the old partners.

- Q.21 A, B and C are partners in a firm. A retires on 1<sup>st</sup> January 1993. On the date of retirement, Rs. 80,000 is due to him in all. It is agreed to pay him this amount in instalments every year at the end of the year. Prepare A's loan account when 4 yearly instalments are paid with interest @ 10% p.a. (6)

- Q.22 P and Q are partners sharing profits in the ratio of 4:3. Their Balance Sheet is as follows on 31.3.2014. (8)

Liabilities	Amount	Assets	Amount
Creditors	26,000	Bank	10,000
Bills payable	10,500	Debtors	40,000
R's loan	25,000	Less : Prov. for doubtful debts	<u>1,500</u>
Reserve Fund	7,700	Stock	41,000
Capitals:		Investment	16,000
P        40,800		Plant	30,000
Q        36,000	76,800	Goodwill	10,500
	1,46,000		1,46,000

R is admitted into partnership. New profit sharing ratio is 3:2:1. Other terms were:

- 14 R's loan be treated as capital.
- 15 Goodwill is valued at 2 years' purchase of average profit of 3 years which was Rs. 12,600.
- 16 P and Q took over investment for Rs. 10,500 in their profit sharing ratio.
- 17 Provision for doubtful debts should be 5% on debtors and provision for discount on debtors @ 2% be made.

18 Stock be reduced by 10% and plant is valued at Rs. 32,000.

19 R is unable to bring his share of goodwill in cash.

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

(3/5)

OR

A and B are partners in a firm sharing profits and losses in ratio of 3:2. Their Balance Sheet as at 31<sup>st</sup> March, 2014 was as follows:

Liabilities	Amount	Assets	Amount
Creditors	35,000	Bank	23,000
Bills payable	10,000	Debtors	40,000
General reserve	18,000	Less. Prov. for doubtful debts	<u>2,000</u>
Capital accounts:		Stock	40,000
A	80,000	Machinery	50,000
B	<u>57,000</u>	Furniture	20,500
	1,37,000	Goodwill	28,500
	<b>2,00,000</b>		<b>2,00,000</b>

They agree to admit C as a partner w.e.f. 1.4.2014 with 1/3<sup>rd</sup> share in profits on the following terms:-

- 3) C will bring Rs. 60,000 as capital and Rs. 40,000 as his share of goodwill but he actually contributed Rs. 25,000 towards goodwill in cash.
- 4) Bad-debts were amounted to Rs. 3,000.
- 5) Stock is reduced by Rs. 5,000 and machinery is revalued at Rs. 48,000.
- 6) Investment of Rs. 20,000 remains unrecorded in the books.
- 7) Salary for March, 2012 is outstanding Rs. 6,000.

Prepare Revaluation Account, Capital Accounts of partners' and the Balance Sheet after admission of C.

Q.23 X, Y and Z were partners sharing profits in their capital ratio. On 1.1.2014, Y retires from the firm. Their Balance Sheet stood as under:

(8)

Liabilities	Amount	Assets	Amount
Creditors	30,000	Cash	5,000
Expenses Owing	2,000	Debtors	25,000
Workmen Compensation fund	8,000	(-) provision	<u>2,000</u>

Reserve		9,000	Stock	31,000
Capitals			Investment	10,000
X	40,000		Plant	20,000
Y	30,000		Premises	50,000
Z	<u>20,000</u>	90,000		
		1,39,000		1,39,000

4/5)

The terms of retirements were:

- Goodwill of the firm be valued at 2 times of average super profit of last 3 years. Actual profits of the last 3 years were 2011- Rs. 20,000, 2012-Rs. 24,000, and 2013- Rs. 31,000. The normal profit of the firm was estimated as Rs. 16,000.
- Investments were revalued at Rs. 12,000 and Y took over the investment at this value.
- Premises is appreciated by Rs. 5,000 and plant is depreciated by Rs. 2,000.
- Provision for doubtful debts be maintained @ 5%.
- Expenses owing be brought upto Rs. 2,530 while workmen compensation fund be brought down to Rs. 7,100.
- Y be paid Rs. 4,040 in cash and balance be treated at 7% p.a. loan.

Prepare Revaluation Account and Partner's Capital Accounts.

**OR**

Akhil, Nikhil and Sumit are partners sharing profits and losses equally. Following was their Balance Sheet as at 31.12.2002.

Liabilities		Amount	Assets	Amount
Trade creditors		4,000	Buildings	20,000
General Reserve		4,500	Plant and Machinery	8,000
Capitals			Stock	3,500
Akhil	19,500		Debtors	8,000
Nikhil	12,000		Cash at Bank	8,500
Sumit	<u>8,000</u>	39,500		
		<b>48,000</b>		<b>48,000</b>

Sumit died on 1.5.2003. The partnership deed provided that the executors of a deceased partner were entitled to:

- g) Balance of partner's capital account and his share of the accumulated reserves.
- h) Share of goodwill calculated on the basis of three times the average profits of the last four years. Goodwill account is not to be raised in the books.
- i) Share of profit from the closure of the last accounting year till the date of death on the basis of profit of the preceding completed year before death.
- j) Interest on deceased Partners capital @ 6% p.a. Rs. 5,000 would be paid to deceased's executor immediately and balance was to be kept in his (executors) loan account.

Profits and losses for the preceding years were –

1999 -	Rs. 8,000	2000 -	Rs. 10,000 (loss)
2001 -	Rs. 12,000	2002 -	Rs. 18,000

Pass the necessary journal entries. accepted by a creditor for 7,000 in full settlement and remaining creditors were paid in full by cheque.

23 Karen Ltd. invited applications for 60,000 shares of 50 each at par The amount was payable as On application 10 ; On allotment 20 and Balance on Call.

8

The public applied for 1,10,000 shares .Allotment was made as follows:-

10,000 applications allotment was Nil

20,000 applications allotment was Full and

The remaining applications, shares were allotted on Pro-rata basis. Manoj, holder of 400 shares (belong to pro-rata allotment) failed to pay allotment money and his shares were forfeited immediately and final call was made after forfeiture. Out of the forfeited shares, 300 shares were reissued for 45 fully paid. Give journal entries in the books of Karen Ltd.

OR

Inder Ltd issued a prospectus inviting applications for 2,00,000 shares of 10 each at a premium of 2 per share payable as

follows: On Application 2 per share

On Allotment 5 per share (including premium)

On First Call 3 per share

On Second and Final Call 2 per share

Applications were received for 3,00,000 shares and pro-rata allotment was made on the applications for 2,40,000 shares. Money overpaid on application was employed on account of sums due on allotment.

Rishi, to whom 8,000 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. Kanwar, holder of 6,000 shares, failed to pay the two calls, and his shares were also forfeited after the second call.

Out of the shares forfeited, 12,000 shares were sold to Mamta credited as fully paid for 9 per share, the whole of Rishi's share being included. Pass journal entries in the books of Inder Ltd.

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**Sample Paper 2**  
**ACCOUNTANCY**

Sub.Code: 055

Time Allotted: 3 Hrs.

Max.Marks:80

**INSTRUCTIONS**

**All questions are compulsory.**

15 Marks are indicated against each question.

16 Draw proper columns wherever required.

17 Please avoid overwriting.

18 Calculators are not allowed.

Part -A Partnership and Company Account

- 1 What share of profit would a 'sleeping partner', who has contributed 75% of the total capital, get in the absence of a deed? 1
- 2 Define 'Goodwill'. 1
- 3 A business has earned average profit of Rs.2,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out the value of goodwill by (i) Capitalisation of Super Profit Method (ii) Super Profit Method if the goodwill is valued at 3 years' purchase of super profits. The assets of the business were Rs.22,00,000 and its external liabilities Rs.3,60,000. 4
- 4 Karl, Lance and Mark are partners sharing profits and losses in the ratio 3:2:1. They admit Ned for 1/6th share. It is agreed that Mark would retain his original share. Calculate the new ratios and sacrificing ratios. 4
- 5 Sam, Tom and Ron are partners in a firm. On 1st April, 2013, their capital accounts stood at Rs.4,00,000, Rs.3,00,000, and Rs.2,00,000 respectively. They shared profits and losses in the ratio 5:3:2. Partners are entitled to interest on capital @ 10% p.a and salary to Tom and Ron @ Rs. 2,000 p.m and Rs. 3,000 per quarter respectively as per provisions of the partnership deed. Tom's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of Rs. 50,000 p.a. Any deficiency arising on account shall be met by Ron. The profits of the firm for the year ended 31st March, 2012 amounted to Rs.2,00,000. Prepare Profit & Loss Appropriation A/c for the year ended 31st March, 2012. 4
- 6 On March 31, 2013 after the close of books of accounts, the capital accounts of Hail, Storm and Snow stood at Rs. 24,000, Rs. 20,000 and Rs. 12,000 respectively. The profits for the year Rs. 36,000 was distributed equally. Subsequently it was discovered that interest on capital @ 5% p.a had been omitted. The profit sharing ratio was 1:2:2. Pass an adjustment journal entry. 4

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Page 1 of 5

- 7 Long and Short are partners in a firm sharing profits and losses in the ratio 3:2. They admit Wide as a new partner for 1/5th share. The goodwill of the firm is valued at Rs. 20,000. Wide brings in 60% of his share of goodwill and Rs.50,000 as his capital in cash. The amount of goodwill brought in cash is withdrawn by the concerned partners to the extent of 30% of what is credited to them. Goodwill appears in the books at Rs. 15,000. The profits for the first year of new partnership amounted to Rs. 30,000. Give necessary journal entries to adjust goodwill and to distribute profits. 6
- 8 On 1st April, 2014 Amy, Brij and Cait started a business in partnership and contributed Rs. 1,00,000, Rs. 80,000 and Rs. 60,000 respectively, as their capitals. They agreed to share profits and losses in the ratio of 3:2:1 after allowing interest on capital @ 10% p.a. and charging interest on drawings @ 12% p.a. The drawings of the partners during the year ended 31st March, 2015 were Amy Rs 12,000, Brij Rs. 15,000 and Cait Rs. 6,000. 8

Cait, being the active partner was also entitled to a salary of Rs. 1,000 per month. The actual profit before interest and salary amounted to Rs. 70,000.

Prepare Profit and Loss Appropriation Account and the Partners' Capital Accounts.

9 Following is the balance Sheet of Survi and Anshul sharing profit as 3:2 8

Liabilities	(Rs.)	Assets	(Rs.)
Creditors General Reserve	18,000	Debtors	22,000
Workmen's Compensation Fund	25,000	Less: Provision for DD	
Capitals:		1,000	21,000
Survi 15,000		Land & Building	18,000
0		Plant & Machinery	12,000
Anshul 10,000		Stock	11,000
	25,000	Bank	21,000
	<b>83,000</b>		<b>83,000</b>

On admission of Tapan for 1/6 share in the profits, it was declared that:

- (i) Provision for doubtful debts to be increased by Rs. 1,500.
- (ii) Value of land & building to be increased by Rs. 21,000.
- (iii) Value of stock to be increased by Rs. 2,500.
- (iv) The liability for workmen's compensation fund was determined to be Rs. 12,000.
- (v) Tapan brought in as his share of goodwill Rs. 10,000 in cash.
- (vi) Tapan was to bring further cash of Rs. 15,000 for his capital.

Prepare Revaluation Account, Capital Account and Balance Sheet.

### Part -B Analysis of Financial Statements

10 The current ratio of Vishwas is 2:1. State giving reasons whether 'issue of shares for cash' will improve, reduce or not change the ratio. 1

20 Zafar 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?

12 Interest received by a finance company is classified under which kind of activity while preparing a Cash Flow Statement? 1

8) State with reason whether 'deposit of cash into bank' will result into, inflow, outflow or no flow of cash.

- 14 State the interest of tax authorities in the analysis of financial statements.
- 15 Dividend is paid on: 1  
 {a)Authorised Capital (b)interest Accrued but not Due  
 (c)Subscribed Capital that is Paid (d)None of the above
- 16 What is meant by analysis of financial statements? 3  
 State any two limitations of it.
- 17 Give major heads or sub heads under which the following items will be disclosed in the Balance Sheet as per Revised Schedule VI of the Companies Act 1956. 3  
 {i)Mining Rights (iv)Public Deposits  
 (ii)Loose Tools (v)Prepaid Insurance  
 (iii)Cheques in Hand (vi)Retained Earnings
- 18 Prepare a Comparative Income Statement from the following. 4

Particulars	31st March, 2013	31st March, 2014
Sales	140% of Cost of goods sold	160% of Cost of goods sold
Purchases	2,50,000	4,50,000
Cost of goods sold	3,00,000	5,00,000
Administrative Expenses	10% of Cost of goods sold	8% of Cost of goods sold
Income Tax	40%	50%

- 19 Prepare Common Size Balance Sheet of Wisben Ltd. as on 31<sup>st</sup> March, 2013. 4

Particulars	Note No	2013
<b>I. Equity and Liabilities</b>		
<b>I. Shareholders' Fund</b>		
(a)Share Capital		7,00,000
(b)Reserves and Surplus (Profit & Loss Balance)		2,00,000
<b>2. Non-current Liabilities</b>		
Long-term Borrowings		3,00,000
<b>3. Current Liabilities</b>		
Trade Payables		30,000
<b>Total</b>		<b>12,30,000</b>
<b>II. Assets</b>		
<b>I Non-current Assets</b>		
(a)Fixed Assets		
Tangible Assets		11,00,000
<b>2. Current Assets</b>		
(a)Inventories		70,000
(b)Trade Receivables		32,000

	2800
I Total	<u>0</u>
	<u>12,30,000</u>

- 20 (i)Compute Debtors Turnover Ratio from the following information. 4

Total Sales (Revenue from operations) Rs. 5,20,000

Cash Sales (Revenue from operations) 60% of the credit sales (Revenue from operations)

Closing Debtors Rs. 80,000, Opening Debtors are 3/4th of closing debtors.

- (ii)Calculate Debt Equity Ratio from the following information.

Total Assets Rs. 3,50,000

Total Debt Rs. 2,50,000

Current Liabilities Rs. 80,000.

- 21 (i)Current Liabilities of a company are Rs. 1,60,000. 4 Its Liquid Ratio is 1.5: 1.

Current Ratio is 2.5: 1.

Calculate Quick Assets and Current Assets.

- (ii)Compute Working Capital Turnover Ratio from the following information.

Cash Sales Rs. 1,30,000

Credit Sales Rs. 3,80,000

Sales Returns Rs. 10,000

Liquid Assets Rs. 1,40,000

Current liabilities Rs. 1,05,000

Inventory Rs. 90,000

- 22 Ph1Ttps Ltd., earned a profit of Rs. 2,50 000 after charging the following Items: 6

S.No	Particulars	(Rs.)
1	Depreciation on Fixed Tangible Assets (Machinery)	20,000
2	Loss on sale of Fixed Tangible Assets (Furniture)	2,000
3	Writing off Goodwill	9,000
4	Provision for Doubtful Debts	2,500
5	Provision for Taxation	35,000
6	Transfer to General Reserve	15,000
7	Gain on sale of Fixed Tangible Assets (Machinery)	8,000

Particulars	31/03/2011	31/03/2012
Trade Receivables (All goods)	50,000	62,000
Trade Payables	45,000	55,000
Inventory	12,000	8,000
Income Received in Advance	8,000	-
Outstanding Expenses	6,000	3,000
Prepaid Expenses	..	-
		5,000

You are required to calculate Cash from Operating Activates.

Balance Sheet of Raman Ltd. As at 31st March, 2013 and  
2014

Particulars	Note No	31st March, 2013 (Rs.)	31 <sup>st</sup> March, 2014 (Rs.)
<b>I. Equity and Liabilities</b>			
<b>1. Shareholders' Funds</b>			
(a) Equity Share Capital		2,50,000	3,50,000
(b) Reserves and Surplus		40,000	5,000
<b>2. Non-current Liabilities</b>			
Long-term Borrowings (12% Debentures)		60,000	1,00,000
<b>3. Current Liabilities</b>			
Trade Payables		1,50,000	1,25,000
<b>Total</b>		<b>5,00,000</b>	<b>5,80,000</b>
<b>II. Assets</b>			
<b>1. Non-current Assets</b>			
(a) Fixed Assets		2,00,000	2,80,000
(b) Non-current Investments		1,00,000	1,00,000
<b>2. Current Assets</b>			
Trade Receivables		1,50,000	1,60,000
Cash and Cash Equivalents		30,000	40,000
Other Current Assets (Discount on issue of debentures)		20,000	
<b>Total</b>		<b>5,00,000</b>	<b>5,80,000</b>

Notes to Accounts

Particulars	31st March, 2013 (Rs.)	31st March, 2014 (Rs.)
!. Reserves and Surplus		
Statement of Profit & Loss	40,000	(20,000)
Securities Premium Reserves		25,000
	403000	5.000

Additional Information:

(i) Debentures were issued on 1st April, 2013.

(ii) During the year a machine included in fixed assets costing Rs.

1,20,000

was

purchased and another machine of the book value of Rs. 30,000 was sold at a loss of Rs. 2,000.

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