

INTERNATIONAL INDIAN SCHOOL, DAMMAM
MODELS EXAMINATION
JANUARY 2018.

CLASS – XII
SUBJECT: ACCOUNTANCY

MAXIMUM MARKS: 80
TIME : 3 HRS

SET-A

GENERAL INSTRUCTIONS

1. All Questions are compulsory.
 2. Marks for each question is indicated against it.
 3. Draw proper format wherever necessary.
 4. Use of Calculator is not allowed.
-

PART A

- 1) State any two purposes for which Security Premium can be utilized? (1)
- 2) A and B are partners in a firm having capital balance of ₹ 1,20,000 and ₹ 80,000 respectively. They agreed for interest on Capital @ 5% p.a. At the end of the year, they suffer a loss of ₹ 20,000. Calculate the amount of interest that will be given to the partners? (1)
- 3) When can Reserve Capital be used? (1)
- 4) State the ratio in which the partners share gain or losses on revaluation of assets and liabilities in case of retirement. (1)
- 5) A, B, and C are partners sharing profits and losses in the ratio of 3 : 2 : 1. C retires from the firm and the new profit between A and B is 3: 2. Calculate Gaining Ratio. (1)
- 6) X and Y were partners in a firm manufacturing chemicals. Despite various reminders by the government authorities, they continued disposing hazardous waste into a well located in the vicinity. The court ordered for Dissolution of the firm. Identify two values being highlighted in this case. (1)
- 7) A company purchased a running business from Xerox Ltd. for a sum of ₹ 15,00,000 payable as ₹ 12,00,000 in fully paid equity shares of ₹ 10 each.
Balance to be paid in cash.
The assets and liabilities were as follows - Plant and machinery ₹ 4,00,000, Building ₹ 5,00,000, Debtors ₹ 2,00,000, Stock ₹ 3,00,000 and Creditors ₹ 2,00,000.
Pass journal entries. (3)
- 8) On 1st April, 2015 Capital Accounts of A, B and C were as follows A – ₹ 4,00,000 B – ₹ 3,00,000 C- ₹ 2,00,000. Subsequently it was found that interest on Capital and interest of drawings had been omitted. The partners were entitled to interest on capital @ 10% p.a. and interest on drawings chargeable to partners were A - ₹ 10,000, B- ₹ 8000 and C - ₹ 6,000. The net profit for the year amounted to ₹ 6,00,000. The profit sharing ratio of the partners was 3:2:1. Record necessary adjustment entry for rectifying the above errors of omission. Show your workings. (3)
- 9) Radhey Ltd. has an Outstanding Balance of 12,000; 12% Debentures of ₹ 100 each on 31st March 2016, redeemable at premium of 10%. The company has decided to

- redeem 6,000 of its debentures by converting them into shares of ₹10 each issued at a premium of 20%. Record Journal entries regarding the redemption of debentures. (3)
- 10) Angelic Ltd. purchased its own 420, 11% Debentures of ₹1,000 each @ ₹1,002 per debenture from open market for immediate cancellation at a premium of 10%. Expenses amounted to 500. Show Journal entries for redemption of debentures. (3)
- 11) The following is the Balance Sheet as at 31.3.2015 of A and T sharing profits and losses in the ratio 3:2. (4)

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	30,000	Cash	14,000
Mrs. A's loan	10,000	Stock	12,000
T's loan	25,000	Debtors	20,000
General Reserves	5,000	Less: Provision	<u>3,000</u>
Capital Account		Plant	30,000
A		Investment	10,000
8,000	18,000	Goodwill	5,000
<u>T10,000</u>	<u>88,000</u>		<u>88,000</u>

On the above date, the firm was dissolved and the following as result:

- A took over investment at ₹8,000
 - The assets realized as follows – Stock ₹ 8,000; Debtors ₹ 16,500; Plant ₹ 3,000 and Goodwill 20% less.
 - Creditors were to be paid on 30th June and so received a discount of 20% p.a.
 - Expense of Realisation were ₹2000 paid by A.
- Prepare Realisation Account.
- 12) A, B & C entered into the partnership agreement on 1st April, 2016 to share profits and loss in the ratio of 5:3:2. They decided to start a business in handicraft items. C is very artistically inclined but belongs to the economically weaker section of the society. A guaranteed that C's share of profits after charging interest on capital @ 5% per annum would not be less than 15,000 in any year. Capitals of A, B and C were ₹ 1,60,000, ₹ 1,00,000 and ₹ 80,000 respectively.

The profits for the year ended 31st March 2014 amounted to ₹ 70,000 before providing for interest on capital. Prepare Profit and loss Appropriation A/c and Give two Values. (4)

- 13) (a) Aastha, Nitya and Ananya are partners sharing profits and losses in the ratio 5:1:4. The firm is engaged in manufacturing of textiles and setting up their factory in a village and adopt labour intensive technique (instead of machines). Their Balance Sheet as at 31st March 2016 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	78,000	Cash	50,000
Reserves	97,000	Debtors	65,000
Capital Accounts		Less: Provision for Doubtful debts	(2000)
Aastha	3,00,000	Stock	1,32,000
Nitya	3,00,000	Furniture and Fixture	45,000
Ananya	<u>2,00,000</u>	Machinery	2,00,000
	8,00,000	Building	4,50,000
		Profit and Loss A/c	35,000
	9,75,000		9,75,000

The partners agreed that the from 1st April, 2016 they will share profits and losses in the ratio of 1:3:1. They agreed that:

- Stock be revalued at 15% less
- Furniture is depreciated by 20% and Machinery by 5%.
- Building is valued at ₹ 4,78,000.
- Goodwill is valued at ₹ 50,000.

Pass necessary Journal entries for the above agreement and identify the values highlighted in the above case. (4)

(b) A, B and C are partners sharing profits in the ratio of 6 : 4 : 5. B retired from the firm and the new profit sharing ratio between A and C was agreed at 11 : 4. On B's retirement the goodwill of the firm was valued at ₹ 1,80,000. Pass necessary journal entries for treatment of goodwill. (4+2=6)

14) Following is The balance Sheet of Rohan, Sohan and Mohan; sharing profits equally as on 31st March, 2015

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital A/cs		Machinery	1,16,000
Rohan	1,50,000	Stock	64,000
Sohan	80,000	Debtors	73,000
Mohan	<u>70,000</u>	Bank	78,000
Sundry Creditors	15,000	Goodwill	30,000
Loan - Sohan	10,000		
Workmen Compensation Reserve	36,000		
	<u>3,61,000</u>		<u>3,61,000</u>

Sohan died on 30th June 2015. Under the terms of the deed, the executor of the deceased partner was entitled to the following:

- Amount standing the credit of partner's capital A/c.
- Interest on Capital 12% p.a.
- Share of goodwill on the basis of twice the average of the past three years' profit.

- (iv) The deceased partner will be entitled to his share of profit up to the date of death, calculated on the basis of previous years' profit.
 - (v) There was a claim on workmen compensation of ₹ 18,000.
 - (vi) Profits for last three years are: 2012-13 ₹85,000; 2013-14 ₹92,000; 2014 -15 ₹93,000.
 - (vii) Executor to be paid a sum of ₹50,000 immediately by cheque.
- Prepare Sohan's Capital A/c and Executor's A/c. (6)

15) (a) On April 1, 2012, Benolac Paints Limited issued ₹18,00,000 9% Debentures at a Discount of 10%, to be redeemed starting from March 31, 2014. Discount on Issue to be written off in three equal annual instalment. Prepare 'Discount on issue of Debenture A/c' starting from 1st April, 2012. Also, show your working clearly

- (b) (i) Issued 1,000 9% Debentures of ₹100 each at a discount of 6% redeemable at a premium of 9%
- (ii) Issued ₹10,00,000 9% debentures of ₹100 each at a premium of 20% redeemable at a premium of ₹10.

Pass Journal entries for issue of debentures. (3+3=6)

16) A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1. On 31st March, 2015, their Balance Sheet was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	84,000	Bank	17,000
General Reserve	21,000	Debtors	23,000
Capital A/cs:		Stock	1,10,000
A 60,000		Investments	30,000
B 40,000		Furniture and Fittings	10,000
C <u>20,000</u>	1,20,000	Machinery	35,000
	<u>2,25,000</u>		<u>2,25,000</u>

On the above date, D was admitted as a new partner and it was decided that:

- (a) The new profit sharing ratio between A, B, C and D will be 2 : 2 : 1 : 1.
- (b) Goodwill of the firm was valued at ₹90,000 and D brought his share of goodwill premium in cash.
- (c) The market value of investments was ₹24,000.
- (d) Machinery will be reduced to ₹29,000.

(e) A creditor of ₹3,000 was not likely to claim the amount and hence to be written off.

(f) D will bring proportionate capital so as to give him 1/6th share in the profits of the firm

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet. (8)

OR

Vicky, Ricky and Micky are partners. They share profits in the ratio 2:2:1.

Balance Sheet as at December 31st, 2016

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		1,00,000	Cash in Hand		40,000
Reserves		30,000	Debtors	42,000	
Expenses Due		20,000	(-) Provision	<u>2,000</u>	40,000
Capital A/c			Land and Building		1,50,000
Vicky	40,000		Machinery		20,000
Ricky	40,000				
Micky	<u>20,000</u>	<u>1,00,000</u>			
		2,50,000			2,50,000

Adjustments

- Ricky retires and the new profit sharing ratio is 1:1
- Goodwill of the firm is ₹ 60,000
- Make provision for 10 % on debtors
- Building to be appreciated by 20%
- Make provision for claim for damages of ₹ 6,000.
- Ricky was paid ₹ 50,000 in cash and balance was transferred to Loan A/c.

Pass necessary Journal Entries.

17) KS Ltd. invited applications for issuing 1,60,000 equity shares of ₹ 10 each at premium of ₹ 6 per share. The amount was payable as follows:

On Application — ₹ 4 per share (including premium ₹ 1 per share)

On Allotment — ₹ 6 per share (including premium ₹ 3 per share)

On First and Final Call — Balance.

Applications for 3,20,000 shares were received. Applications for 80,000 shares were rejected and application money refunded. Shares were allotted on pro rata basis to the remaining applicants. Excess money received on application was adjusted towards sum due on allotment. Jain holding 800 shares failed to pay the allotment money. His shares were forfeited after the final Call. Out of the forfeited shares, 600 were reissued at ₹ 8 fully paid-up. Pass necessary journal entries for the above transactions in the books of KS Ltd. (8)

OR

- X applied for 2,000 shares of ₹ 10 each at a premium of ₹ 2.5 per share. He was allotted 1,000 shares. After having paid ₹ 3 per share on application, he did not pay the allotment money of ₹ 4.50 per share (including premium) and on his subsequent failure to pay the first call of ₹ 2 per share, his shares were forfeited. These shares were reissued @ ₹ 8 per share credited as fully paid-up.

Pass Journal entries to record forfeiture and reissue of shares.

- b) On 1st April, 2015 Vimal Ltd. was formed with an authorised capital of ₹ 40,00,000 divided into 4,00,000 equity shares of ₹ 10 each. The company issued prospectus inviting applications for 3,80,000 equity shares. The company received applications for 3,60,000 equity shares. During the first year, ₹ 8 per share was called. Meeta holding 3,000 shares and Mishti holding 6,000 shares did not pay the first call of ₹ 2 per share. Mishti's shares were forfeited after the first call and later on 5,000 of the forfeited shares were reissued at ₹ 6 per share, ₹ 8 called up.

Show the following:

- (i) 'Share Capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013
(ii) Also, prepare Notes to Accounts. (4+4=8)

PART – B

- 18) What is meant by 'Cash Equivalents'? (1)
- 19) M Ltd. is carrying on a Mutual Fund business. M Ltd. has invested ₹ 25,00,000 in shares of Reliance Ltd. The Company received ₹ 4,00,000 as dividend. Under which activity this dividend will be shown while preparing cash flow statement? (1)
- 20) (a) The net profit after interest and tax of a Company was ₹ 1,20,000; Rate of income tax is 40%. The Company has 10% Debentures of ₹ 10,00,000. Calculate Interest Coverage Ratio.
(b) From the following information related to a company Calculate Inventory Turnover Ratio: Opening Inventory ₹ 20,000; Closing Inventory ₹ 22,000; Purchases ₹ 80,000; Wages ₹ 9,000 Carriage inwards ₹ 4,000; Rent ₹ 5,000. (2+2=4)
- 21) On the basis of the following information prepare Comparative Statement of Profit and loss for the year ended 31st March 2016 and 2015. (4)

Particulars	31.03.16 (₹)	31.03.15 (₹)
1. Revenue from Operations	3,00,000	2,00,000
2. Other Income (% of Revenue from Operations)	15%	20%
3. Expenses (% of Revenue from Operations)	60%	50%
4. Tax Rate	50%	50%

- 22) M K Limited is a computer hardware manufacturing company. While preparing its accounting records it takes into consideration the various accounting principles and maintains transparency. At the end of the accounting year, the company follows the 'Companies Act and Rules, 2013' for the preparation of its Financial Statements. It also prepares its Income Statement and Balance Sheet as per the format provided in Schedule III to the Act. Its Financial Statements depict its fair & true financial position. For the financial year ending March 31, 2017, the accountant of the company is not

certain about the presentation of the following items under relevant Major Heads & Sub Heads, if any, in its Balance Sheet:

- i) Capital redemption reserve.
- ii) Provision for Taxation
- iii) Prepaid expenses
- iv) Investment in Government Bonds

(a) Advise the accountant of the company under which Major Heads and Sub Heads, if any, he should present the above items in the Balance Sheet of the company,

(b) List any two values that the company is observing in the maintenance of its accounting records and preparation of its financial statements. (4)

23) Prepare a Cash Flow Statement from the following balance Sheet of R Ltd.

Particulars	Note No.	31-3-16 (₹)	31-3-2015 (₹)
I. EQUITIES AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital		32,00,000	27,20,000
(b) Reserves and Surplus	1	8,60,000	7,60,000
(2) Non-Current Liabilities			
Long Term Borrowings	2	3,20,000	1,60,000
(3) Current Liabilities:			
(a) Short Term borrowing		32,000	40,000
(b) Trade Payable		80,000	1,60,000
(c) Short Term Provisions	3	80,000	64,000
TOTAL		<u>45,72,000</u>	<u>39,04,000</u>
II. ASSETS			
(1) Non-Current Assets:			
a. Fixed Assets:			
(i) Tangible assets	4	16,60,000	15,60,000
(ii) Intangible	5	9,60,000	8,00,000
b. Non-Current Investments		4,80,000	4,00,000
(2) Current Assets			
(a) Inventories		1,60,000	-
(b) Trade Receivables		5,12,000	4,40,000
(c) Cash and Cash Equivalents		8,00,000	7,04,000
TOTAL		<u>45,72,000</u>	<u>39,04,000</u>

Notes to Accounts:

S.NO.	Particulars	31-3-2016 (₹)	31-3-2015 (₹)
1.	Reserves and Surplus:		
	Surplus, Balance in the Statement of profit and Loss	4,80,000	6,40,000
	General Reserve	3,80,000	1,20,000
		<u>8,60,000</u>	<u>7,60,000</u>

2.	Long Term Borrowings 9% Debentures	3,20,000	1,60,000
3.	Short Term Provisions Provision For Tax	80,000	64,000
4.	Tangible Assets Machinery	20,00,000	18,00,000
	Accumulated depreciation	<u>3,40,000</u>	<u>2,40,000</u>
		<u>16,60,000</u>	<u>15,60,000</u>
5.	Intangible Assets Goodwill	9,60,000	8,00,000

Additional Information:

- 1) A machine costing ₹ 40,000 (accumulated depreciation provided thereon ₹ 24,000) was sold for ₹ 8,000 during the year.
- 2) Tax paid during the year amounted to ₹20,000.

.....

INTERNATIONAL INDIAN SCHOOL, DAMMAM
MODELS EXAMINATION
JANUARY 2018.

CLASS – XII
SUBJECT: ACCOUNTANCY

MAXIMUM MARKS: 80
TIME : 3 HRS

SET-B

GENERAL INSTRUCTIONS

1. All Questions are compulsory.
 2. Marks for each question is indicated against it.
 3. Draw proper format wherever necessary.
 4. Use of Calculator is not allowed.
-

PART A

- 1) What is the maximum permissible discount on reissue of Forfeited Shares? (1)
- 2) Trehan and Parmar are running a partnership firm with capitals of ₹ 2,00,000 and ₹ 3,00,000 respectively. They do not have partnership deed. Trehan wants to share the profits in the capital ratio. State with reason whether his claim is valid. (1)
- 3) What is meant by ESOP? (1)
- 4) State any two items of deduction that may have to be made from the amount payable to retiring partner. (1)
- 5) A, B, and C are partners sharing profits and losses in the ratio of 6 : 5 : 4. C retires from the firm and his share is taken up equally by A and C .Calculate New Ratio. (1)
- 6) X and Y were partners in a firm manufacturing chemicals. Despite various reminders by the government authorities, they continued disposing hazardous waste into a well located in the vicinity. The court ordered for Dissolution of the firm. Identify two values being highlighted in this case. (1)
- 7) J Ltd. purchased machinery from K Ltd. for a sum of ₹ 5,00,000 payable ₹ 40,000 in cash and balance amount in fully paid equity shares of ₹ 100 each at a premium of 25%. Pass journal entries. (3)
- 8) On 1st April, 2015 Capital Accounts of A, B and C were as follows A – ₹ 4,00,000 B – ₹ 3,00,000 C- ₹ 2,00,000. Subsequently it was found that interest on Capital and interest of drawings had been omitted. The partners were entitled to interest on capital @ 10% p.a. and interest on drawings chargeable to partners were A – ₹ 10,000, B- ₹ 8000 and C - ₹ 6,000. The net profit for the year amounted to ₹ 6,00,000. The profit sharing ratio of the partners was 3:2:1. Record necessary adjustment entry for rectifying the above errors of omission. Show your workings. (3)
- 9) Radhey Ltd. has an Outstanding Balance of 12,000; 12% Debentures of ₹ 100 each on 31st March 2016, redeemable at premium of 10%. The company has decided to

redeem 6,000 of its debentures by converting them into shares of ₹ 10 each issued at a premium of 20%.

Record Journal entries regarding the redemption of debentures. (3)

10) Angelic Ltd. purchased its own 420, 11% Debentures of ₹ 1,000 each @ ₹ 1,002 per debenture from open market for immediate cancellation at a premium of 10%. Expenses amounted to 500. Show Journal entries for redemption of debentures. (3)

11) The following is the Balance Sheet as at 31.3.2015 of A and T sharing profits and losses in the ratio 3:2. (4)

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	30,000	Cash	14,000
Mrs. A's loan	10,000	Stock	12,000
T's loan	25,000	Debtors	20,000
General Reserves	5,000	Less: Provision	<u>3,000</u>
Capital Account		Plant	30,000
A	8,000	Investment	10,000
T	<u>10,000</u>	Goodwill	5,000
	<u>88,000</u>		<u>88,000</u>

On the above date, the firm was dissolved and the following as result:

- A took over investment at ₹ 8,000.
 - The assets realized as follows – Stock ₹ 8,000; Debtors ₹ 16,500; Plant ₹ 3,000 and Goodwill 20% less.
 - Creditors were to be paid on 30th June and so received a discount of 20% p.a.
 - Expense of Realisation were ₹2000 paid by A.
- Prepare Realisation Account.

12) D, E & F were entered into the partnership agreement on 1st April, 2016 to share profits and loss in the ratio of 5:7:8. They decided to start a business in handicraft items. F is very artistically inclined but belongs to the economically weaker section of the society. Fixed Capitals of D, E and F were ₹ 5,00,000, ₹ 7,00,000 and ₹ 8,00,000 respectively. Their partnership deed provided for the following:

- Interest on Capital @ 10% p.a.
- Salary of ₹ 10,000 per month to F.
- Interest on drawings @ 12% p.a.

D withdrew ₹ 40,000 on 1st May, 2016; E withdrew ₹ 50,000 on 30th June, 2016 and F withdrew ₹ 30,000 on 31st March 2017.

During the year ended on 31st March, 2017 the firm earned a profit of ₹ 3,50,000.

Prepare Profit and Loss Appropriation Account and Give two values. (4)

13) (a) Aastha, Nitya and Ananya are partners sharing profits and losses in the ratio 5:1:4. The firm is engaged in manufacturing of textiles and setting up their factory in a village and adopt labour intensive technique (instead of machines). Their Balance Sheet as at 31st March 2016 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	78,000	Cash	50,000
Reserves	97,000	Debtors	65,000
Capital Accounts		Less: Provision for Doubtful debts	<u>(2,000)</u>
Aastha	3,00,000	Stock	1,32,000
Nitya	3,00,000	Furniture and Fixture	45,000
Ananya	<u>2,00,000</u>	Machinery	2,00,000
	8,00,000	Building	4,50,000
		Profit and Loss A/c	35,000
	9,75,000		9,75,000

The partners agreed that the from 1st April,2016 they will share profits and losses in the ratio of 1:3:1. They agreed that:

- Stock be revalued at 15% less
- Furniture is depreciated by 20% and Machinery by 5%.
- Building is valued at ₹ 4,78,000.
- Goodwill is valued at ₹ 50,000.

Pass necessary Journal entries for the above agreement and Identify the values highlighted in the above case. (4)

(b) A, B and C are partners sharing profits in the ratio of 6 : 4 : 5. B retired from the firm and the new profit sharing ratio between A and C was agreed at 11 : 4. On B's retirement the goodwill of the firm was valued at ₹ 1,80,000. Pass necessary journal entries for treatment of goodwill. (4+2=6)

14) Following is The balance Sheet of Rohan, Sohan and Mohan; sharing profits equally as on 31st March, 2015

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital A/cs		Machinery	1,16,000
Rohan	1,50,000	Stock	64,000
Sohan	80,000	Debtors	73,000
Mohan	<u>70,000</u>	Bank	78,000
Sundry Creditors	15,000	Goodwill	30,000
Loan - Sohan	10,000		
Workmen Compensation Reserve	36,000		
	<u>3,61,000</u>		<u>3,61,000</u>

Sohan died on 30th June 2015. Under the terms of the deed, the executor of the deceased partner was entitled to the following:

- Amount standing the credit of partner's capital A/c.
- Interest on Capital 12% p.a.

- (iii) Share of goodwill on the basis of twice the average of the past three years' profit.
 - (iv) The deceased partner will be entitled to his share of profit up to the date of death, calculated on the basis of previous years' profit.
 - (v) There was a claim on workmen compensation of ₹ 18,000.
 - (vi) Profits for last three years are: 2012-13 ₹ 85,000; 2013-14 ₹ 92,000; 2014 - 15 ₹ 93,000.
 - (vii) Executor to be paid a sum of ₹ 50,000 immediately by cheque.
- Prepare Sohan's Capital A/c and Executor's A/c. (6)

- 15) (a) On April 1, 2012, Benolac Paints Limited issued ₹ 18,00,000 9% Debentures at a Discount of 10%, to be redeemed starting from March 31, 2014. Discount on Issue to be written off in three equal annual instalments. Prepare 'Discount on issue of Debenture A/c' starting from 1st April, 2012. Also, show your working clearly
- (b) (i) Issued 1,000 9% Debentures of ₹100 each at a discount of 6% redeemable at a premium of 9%
- (ii) Issued ₹10,00,000 9% debentures of ₹ 100 each at a premium of 20% redeemable at a premium of ₹ 10.
- Pass Journal entries for issue of debentures. (3+3=6)

- 16) A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1. On 31st March, 2015, their Balance Sheet was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	84,000	Bank	17,000
General Reserve	21,000	Debtors	23,000
Capital A/cs:		Stock	1,10,000
A 60,000		Investments	30,000
B 40,000		Furniture and Fittings	10,000
C <u>20,000</u>	1,20,000	Machinery	35,000
	<u>2,25,000</u>		<u>2,25,000</u>

On the above date, D was admitted as a new partner and it was decided that:

- (a) The new profit sharing ratio between A, B, C and D will be 2 : 2 : 1 : 1.
- (b) Goodwill of the firm was valued at ₹ 90,000 and D brought his share of goodwill premium in cash.
- (c) The market value of investments was ₹ 24,000.

(d) Machinery will be reduced to ₹ 29,000.

(e) A creditor of ₹ 3,000 was not likely to claim the amount and hence to be written off.

(f) D will bring proportionate capital so as to give him 1/6th share in the profits of the firm

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet.(8)

OR

Vicky, Ricky and Micky are partners. They share profits in the ratio 2:2:1.

Balance Sheet as at December 31st, 2016

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		1,00,000	Cash in Hand		40,000
Reserves		30,000	Debtors	42,000	
Expenses Due		20,000	(-)Provision	<u>2,000</u>	40,000
Capital A/c			Land and Building		1,50,000
Vicky	40,000		Machinery		20,000
Ricky	40,000				
Micky	<u>20,000</u>	1,00,000			
		<u>2,50,000</u>			<u>2,50,000</u>

Adjustments

- (i) Ricky retires and the new profit sharing ratio is 1:1
- (ii) Goodwill of the firm is ₹ 60,000
- (iii) Make provision for 10 % on debtors
- (iv) Building to be appreciated by 20%
- (v) Make provision for claim for damages of ₹ 6,000.
- (vi) Ricky was paid ₹ 50,000 in cash and balance was transferred to Loan A/c.

Pass necessary Journal Entries.

17) KS Ltd. invited applications for issuing 1,60,000 equity shares of ₹ 10 each at premium of ₹ 6 per share. The amount was payable as follows:

On Application --- ₹ 4 per share (Including premium ₹ 1 per share)

On Allotment --- ₹ 6 per share (including premium ₹ 3 per share)

On First and Final Call ---- Balance.

Applications for 3,20,000 shares were received. Applications for 80,000 shares were rejected and application money refunded. Shares were allotted on pro rata basis to the remaining applicants. Excess money received on application was adjusted towards sum due on allotment. Jain holding 800 shares failed to pay the allotment money. His shares were forfeited after the final Call. Out of the forfeited shares, 600 were reissued at ₹ 8 fully paid-up. Pass necessary Journal entries for the above transactions in the books of KS Ltd. (8)

OR

a) X applied for 2,000 shares of ₹ 10 each at a premium of ₹ 2.5 per share. He was allotted 1,000 shares. After having paid ₹ 3 per share on application, he did not pay

Schedule III to the Act. Its Financial Statements depict its fair & true financial position. For the financial year ending March 31, 2017, the accountant of the company is not certain about the presentation of the following items under relevant Major Heads & Sub Heads, if any, in its Balance Sheet:

- i) Outstanding Expenses.
- ii) Investment in Mutual Funds.
- iii) Mining Rights.
- iv) Proposed Dividend.

(a) Advise the accountant of the company under which Major Heads and Sub Heads, if any, he should present the above items in the Balance Sheet of the company,

(b) List any two values that the company is observing in the maintenance of its accounting records and preparation of its financial statements. (4)

23) Prepare a Cash Flow Statement from the following balance Sheet of R Ltd.

Particulars	Note No.	31-3-16 (₹)	31-3-2015 (₹)
I. EQUITIES AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital		32,00,000	27,20,000
(b) Reserves and Surplus	1	8,60,000	7,60,000
(2) Non-Current Liabilities			
Long Term Borrowings	2	3,20,000	1,60,000
(3) Current Liabilities:			
(a) Short Term borrowing		32,000	40,000
(b) Trade Payable		80,000	1,60,000
(c) Short Term Provisions	3	80,000	64,000
TOTAL		<u>45,72,000</u>	<u>39,04,000</u>
II. ASSETS			
(1) Non-Current Assets:			
a. Fixed Assets:			
(i) Tangible assets	4	16,60,000	15,60,000
(ii) Intangible	5	9,60,000	8,00,000
b. Non-Current Investments		4,80,000	4,00,000
(2) Current Assets			
(a) Inventories		1,60,000	-
(b) Trade Receivables		5,12,000	4,40,000
(c) Cash and Cash Equivalent		8,00,000	7,04,000
TOTAL		<u>45,72,000</u>	<u>39,04,000</u>

Schedule III to the Act. Its Financial Statements depict its fair & true financial position. For the financial year ending March 31, 2017, the accountant of the company is not certain about the presentation of the following items under relevant Major Heads & Sub Heads, if any, in its Balance Sheet:

- i) Outstanding Expenses.
- ii) Investment in Mutual Funds.
- iii) Mining Rights.
- iv) Proposed Dividend.

- (a) Advise the accountant of the company under which Major Heads and Sub Heads, if any, he should present the above items in the Balance Sheet of the company,
 (b) List any two values that the company is observing in the maintenance of its accounting records and preparation of its financial statements. (4)

23) Prepare a Cash Flow Statement from the following balance Sheet of R Ltd.

Particulars	Note No.	31-3-16 (₹)	31-3-2015 (₹)
I. EQUITIES AND LIABILITIES			
(1) Share Holder's Funds			
(a) Share Capital		32,00,000	27,20,000
(b) Reserves and Surplus	1	8,60,000	7,60,000
(2) Non-Current Liabilities			
Long Term Borrowings	2	3,20,000	1,60,000
(3) Current Liabilities:			
(a) Short Term borrowing		32,000	40,000
(b) Trade Payable		80,000	1,60,000
(c) Short Term Provisions	3	80,000	64,000
TOTAL		<u>45,72,000</u>	<u>39,04,000</u>
II. ASSETS			
(1) Non-Current Assets:			
a. Fixed Assets:			
(i) Tangible assets	4	16,60,000	15,60,000
(ii) Intangible	5	9,60,000	8,00,000
b. Non-Current Investments		4,80,000	4,00,000
(2) Current Assets			
(a) Inventories		1,60,000	-
(b) Trade Receivables		5,12,000	4,40,000
(c) Cash and Cash Equivalents		8,00,000	7,04,000
TOTAL		<u>45,72,000</u>	<u>39,04,000</u>

Notes to Accounts:

S.NO.	Particulars	31-3-2016 (₹)	31-3-2015 (₹)
1.	Reserves and Surplus: Surplus, Balance in the Statement of profit and Loss General Reserve	4,80,000 <u>3,80,000</u> <u>8,60,000</u>	6,40,000 <u>1,20,000</u> <u>7,60,000</u>
2.	Long Term Borrowings 9% Debentures	3,20,000	1,60,000
3.	Short Term Provisions Provision For Tax	80,000	64,000
4.	Tangible Assets Machinery Accumulated depreciation	20,00,000 <u>3,40,000</u> <u>16,60,000</u>	18,00,000 <u>2,40,000</u> <u>15,60,000</u>
5.	Intangible Assets Goodwill	9,60,000	8,00,000

Additional Information:

- 1) A machine costing ₹ 40,000 (accumulated depreciation provided thereon ₹ 24,000) was sold for ₹ 8,000 during the year.
- 2) Tax paid during the year amounted to ₹ 20,000.