INTERNATIONAL INDIAN SCHOOL, DAMMAM
PRELIMINARY EXAMINATION
JANUARY 2015.

CLASS – XII MAXIMUM MARKS: 80

SUBJECT: ACCOUNTANCY TIME : 3 HRS

SET-A

GENERAL INSTRUCTIONS

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

PART A

1. A current account of a partner (1)
   a) always has debit balance
   b) always has credit balance
   c) can never have debit balance
   d) can have debit or credit balance.

2. Why are assets revalued at the time of admission of a partner? (1)

3. State any two purposes for which security premium can be utilized? (1)

4. Distinguish between over subscription and under subscription. (1)

5. Debentures issued as collateral security will be debited to (1)

   a) Debentures A/c b) Debentures Suspense A/c

   c) Debenture holders Account d) Bank Loan Account

6. A & B are partners sharing profits and losses in the ratio 3:2. C is admitted as a partner who brings in ₹ 20,000 as his capital. A gives him $1/3^{th}$ of his share and B gives him $1/4^{th}$ of his share. Goodwill of the firm is to be valued at ₹ 2,00,000. C belongs to the economically weaker section of the society and unable to bring in cash towards his share of premium for goodwill. Goodwill already appears in the books at ₹ 24,000.
   Calculate new profit sharing ratio and give journal entries. (3)

7. A, B & C entered into the partnership agreement on 1st April, 2013 to share profits and loss in the ratio of 5:3:2. 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. (3)

8. Wasim, Danish and Ahmed are partners sharing profits in the ratio of 6:4:5. Goodwill is appearing in the books at a value of ₹ 1,80,000 Danish retires, at the time of his retirement, goodwill is valued at ₹ 2,52,000. Wasim and Ahmed decide to share future profits in the ratio 11:4. Give necessary journal entries. (3)

9. A company purchased a running business from Vedanta Ltd. for a sum of ₹ 1,50,000 payable as ₹ 1,20,000 in fully paid equity shares of ₹ 10 each and premium of ₹ 2. Balance to be paid in cash.
The assets and liabilities were as follows - Plant and machinery ₹ 40,000, Building ₹ 40,000, Debtors ₹ 20,000, stock ₹ 90,000 and creditors ₹ 20,000.
Pass journal entries. (4)

10. 500 equity shares of ₹ 10 each were issued at 10% premium on which ₹ 7 (including) premium per share were called up; are forfeited as allotment money of ₹ 4 (including premium) and first call money of ₹ 2 remain unpaid. Of these 400 were reissued to Ms. Forum as fully paid @ ₹ 12 per share. Pass journal entries. (4)

11. Kanu, Sunny and Richa were partners sharing profits in the ratio 3:2:1. On 31st March 2012 their balance sheet stood as under:-

Balance sheet as at 31st March 2012

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital A/cs			Cash at Bank	70,000
Kanu	75,000		Investments	50,000
Sunny	70,000		Patients	15,000
Richa	50,000	1,95,000	Stock	25,000
Creditors		72,000	Debtors	20,000
Workmen's compensation fund		24,000	Building	75,000
			Profit & Loss A/c	36,000
		2,91,000		2,91,000

Richa died on 31st May 2012. It was agreed that

(i) Good will was valued at 3years purchase of average profits of last five years which were 2007-08 ₹ 40,000, 2008-09 ₹ 20,000, 2009-10 ₹ 30,000, 2010-11 ₹ 60,000 and 2011-12 ₹ 50,000.

(ii) Interest on Capital @ 6 % pa.

(iii) For the purpose of calculating Richa's share in the profits till the date of death, it was agreed that the same be calculated on the basis of last year's profits

Prepare Richa's capital A/c to be rendered to the executor. (4)

12. (i) Drumbeats Ltd. had a prosperous shoe business. They were manufacturing shoes in India and exporting to Italy. Being a socially aware organization, they wanted to pay back to the society. They decided to not only supply free shoes to 50 orphanages in the various

parts of the country but also to give employment to children from those orphanages who were above 18 years of age. In order to meet the fund requirements the decided to issue 40,000 9% Debentures of ₹ 50 each at premium of ₹ 5 /- to be redeemed at a premium of 5%. Pass Journal entry at the time of issue. Also give one value that the company wants to convey to the society.

(ii) On 1st January 2013 Rekha Ltd. Purchased for immediate cancellation ₹ 90,000 of its 12% debentures (FV ₹100) @ ₹ 96 the expenses being ₹ 1,500. Pass necessary journal entries assuming that the company has enough balance in its DRR A/c. (3+3=6)

13. Shabir and David were partners in a firm supplying school uniform. They shared Profit and Loss in the ratio 7:3. Their fixed capital were Shabir ₹9,00,000 and David ₹4,00,000. Shabir suggested David that they should start supplying low cost school uniforms to students who belonged to the lower income group and admitted to the private schools of the city as per the provisions of Rights to Education Act, 2009. David immediately accepted the suggestion and implemented it.
The partnership deed provided for the following but the profit for the year was distributed without providing for the following adjustments
(i) Interest on capitals @ 9% pa.
(ii) Shabir's salary ₹ 50,000 per year and Raja's Salary ₹ 3,000 per month
(iii) Interest on drawings were ₹ 1,500 & ₹ 500 respectively.
The Profit for the year ended 31.3.2014 was ₹ 2,78,000
Pass Adjustment Entry and list down any two values that the partners want to communicate to the society. (4+2=6)

14. Following is the balance sheet of X and Y who share profits and losses in the ratio 4:1 as at 31st March 2012 (6)

Balance Sheet as at 31st March, 2012

Liabilities		Amt(₹)	Assets		Amt (₹)
Sundry Creditors		8,000	Bank		20,000
Bills Payable		6,000	Debtors	17,000	
X's Brother's Loan		8,000	(-) Provision	2,000	15,000
Y's Loan		3,000	Stock		15,000
Investment Fluctation Fund		5,000	Investments		50,000
Capital A/cs			Goodwill		10,000
X	50,000		Profit and Loss A/c		10,000
Y	40,000	90,000			
		1,20,000			1,20,000

The firm was dissolved on the above date and the following arrangements were decided upon
(i) X agreed to pay off his brother's loan.
(ii) Debtors of ₹ 5,000 proved to be bad.
(iii) Other assets realised – Investment at 20% less and Goodwill at 60%
(iv) Y took over stock at ₹ 4,000 (being 20% less than the book value). Balance stock realised 50%

(v) Realisation Expenses amounted to ₹ 2,000

Prepare Realisation A/c, Partners Capital A/c and Bank Account.

15. A and B are partners with profit sharing ratio of 3:1. C is admitted for 1/5th share and will bring capital ₹ 80,000 and premium for goodwill ₹ 20,000. (8)

Balance Sheet as on 31st December, 2014

Liabilities		Amt (₹)	Asset	Amt (₹)
Creditors		2,00,000	Cash	30,000
Bills Payable		40,000	Bank	50,000
General Reserve		40,000	Debtors	60,000
Profit and Loss A/c		20,000	Building	2,00,000
Outstanding Expenses		20,000	Machinery	1,00,000
Capital A/cs			Investment	40,000
A	1,00,000		Patents	20,000
B	1,00,000	2,00,000	Goodwill	20,000
		5,20,000		5,20,000

Adjustments:

(a) Building increased by 20%

(b) Outstanding expenses valued at ₹25,000.

(c) Make 5% provision for discount on creditors

(d) Patents are valueless.

(e) Machinery is undervalued by ₹ 30,000.

(f) Half the premium is withdrawn by old partners.

(g) Capitals of A and B to be adjusted in the new ratio on the basis of C's capital and the difference to be adjusted through current accounts.

Prepare Revaluation A/c Partner's Capital A/c and Balance Sheet.

OR

Ram, Shyam and Mohan are partners. They share profits in the ratio 2:2:1.

Balance Sheet as at December 31st, 2012

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		1,00,000	Cash in Hand		40,000
Reserves		30,000	Debtors	42,000	
Expenses Due		20,000	(-)Provision	2,000	40,000
Capital A/c			Land and Building		1,50,000
Ram	40,000		Machinery		20,000
Shyam	40,000				
Mohan	20,000	1,00,000			
		2,50,000			2,50,000

Adjustments

(i) Shyam 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) Capital of the new firm ₹ 2,00,000. Difference to be adjusted through cash.
Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet.

16. Makkar Ltd. Company invites applications for 50,000 equity shares of ₹ 10 each, at a maximum discount permitted by the Companies Act, payable as follows:
On application ₹ 3, on allotment ₹ 3, on first call ₹ 2, on final call the balance. Applications were received for 55,000 shares. Allotments were made on the following basis

(i) To applicants for 35,000 shares – in full

(ii) To applicants for 20,000 shares – 15,000 shares.

Excess money paid on application was utilized towards allotment money.
A shareholder who was allotted 1,500 shares out of the group applying for 20,000 shares failed to pay allotment money and money due on calls. These shares were forfeited. 1,000 forfeited shares were reissued as fully paid on receipt of ₹8 per share.
Show the journal entries in the books of the company. (8)

Or

Arora Ltd. Issued a prospectus inviting applications for 20,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows
On application ₹ 2, on allotment ₹ 5 (including premium), on first call ₹ 3, on second and final call ₹ 2.
Applications received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. Money overpaid on applications was employed on account of sum due on allotment.
Sanchit, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. Parth, the holder of 600 shares, failed to pay the two calls and his shares were forefeited after the second call, of the shares forfeited, 800 shares were sold to Siddharth as fully paid for ₹ 9 per share, the whole of Sanchit's shares being included. Show journal entries.

PART B

17. State any one objective of Financial Statement Analysis. (1)

18. HDFC mutual fund purchases securities worth ₹ 40 crores as investments, what type of activity is this while preparing cash flow statement? (1)

19. If fixed tangible assets whose original cost is ₹ 40,000 having accumulated depreciation of ₹ 12,000 were sold for ₹ 34,000 then while preparing cash flow statement its effect on cash flow will be: (1)
a) Cash flow from financing activities ₹ 34,000
b) Cash flow from financing activities ₹ 6,000
c) Cash flow from investing activities ₹ 34,000

d) Cash flow from investing activities ₹ 6,000

20. Under which major heading and sub- heading will you write the following items in the balance sheet of a company . (3)

a. Provision for Provident fund
b. Trade Mark
c. Unclaimed dividend
d. Work in progress
e. Preliminary Expenses
f. Software under development

21. Calculate from the following details

a) From the given information calculate Inventory turnover Ratio: Revenue from operation: ₹ 3,00,000 Gross Profit on cost 25%; Opening inventory was 1/3rd of the value of the closing Inventory. Closing Inventory was 30% of Revenue from Operations.

b) Kanak Ltd. has a current ratio of 3:1 and quick ratio of 2:1. If the excess of current assets over quick assets as represented by inventory is ₹,20,000 what will be the current liabilities and current assets? (2+2=4)

22. From the following balance sheet of Z ltd prepare comparative balance Sheet. (4)

Balance Sheetas at 31st March, 2012 and 2013

PARTICULARS	Note	31st March 2012	31st March 2013
I. Equity and Liabilities			
1. Share holder's Funds			
Share Capital		9,00,000	15,00,000
Reserves and Surplus		3,00,000	5,00,000
2. Current Liabilities			
Trade Payables		2,00,000	4,00,000
Total		14,00,000	24,00,000
II. Assets			
1. Non- current Assets			
Fixed Assets- Tangible Assets		8,00,000	12,00,000
2. Current Assets			
Trade Receivable		6,00,000	12,00,000
Total		14,00,000	24,00,000

23. From the following balance sheet, prepare the cash flow statement (6)

Particulars	Note No.	31st March 2012 (₹)	31st March 2013 (₹)
I. Equity and Liabilities			
1. Share holders' Funds			
a) Share Capital		3,00,000	3,50,000
b) Reserves and Surplus	1	1,60,000	2,20,000
2. Non- current Liabilities			
Long Term Borrowings			
Debentures		1,50,000	2,50,000
3. Current Liabilities			
Trade Payables		85,000	1,25,000
Total		6,95,000	9,45,000
II. Assets			
1. Non- current Assets			
a) Fixed assets		4,20,000	4,90,000
b) Non- current Investment: Investment	2	30,000	80,000
2. Current Assets			
a) Trade Receivables		80,000	1,90,000
b) Inventories		40,000	55,000
c) Cash and cash Equivalents		1,20,000	1,30,000
d) Other Current Assets			
- Underwriting Commission		5,000	-
Total		6,95,000	9,45,000

Notes to Accounts

Particulars	31st March 2012 (₹)	31st March 2013 (₹)
1. Reserves and Surplus		
General Reserve	1,00,000	1,50,000
Balance in Statement of Profit and Loss	60,000	70,000
	1,60,000	2,20,000

2. Fixed Assets	3,20,000	4,10,000
Tangible (Machinery)	1,00,000	80,000
Intangible (Goodwill)		
	4,20,000	4,90,000

Additional Information

i. Depreciation charged amounted to be ₹40,000. A machine costing ₹20,000 and accumulated depreciation provided on it ₹8,000 was sold for ₹10,000

ii. Tax paid during the year ₹10,000

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INTERNATIONAL INDIAN SCHOOL, DAMMAM
PRELIMINARY EXAMINATION
JANUARY 2015.

CLASS – XII | **MAXIMUM MARKS: 80**
SUBJECT: ACCOUNTANCY | **TIME : 3 HRS**

SET-B

GENERAL INSTRUCTIONS

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

PART A

1. A current account of a partner (1)
   a) always has debit balance
   b) always has credit balance
   c) can never have debit balance
   d) can have debit or credit balance.

2. Why are assets revalued at the time of admission of a partner? (1)

3. As per the provision of Section 79 when can shares be issued at discount? (1)

4. Z limited has a balance of ₹ 5,00,000 in Security premium A/c. Suggest in what ways this premium can be utilized? (1)

5. Debentures issued as collateral security will be debited to (1)

   a)Debentures A/c b) Debentures Suspense A/c

   c) Debenture holders Account d) Bank Loan Account

6. A & B are partners sharing profits and losses in the ratio 3:2. C is admitted as a partner who brings in ₹ 20,000 as his capital. A gives him 1/3th of his share and B gives him 1/4th of his share. Goodwill of the firm is to be valued at ₹ 2,00,000. C belongs to the economically weaker section of the society and unable to bring in cash towards his share of premium for goodwill.
   Goodwill already appears in the books at ₹ 24,000.
   Calculate new profit sharing ratio and give journal entries. (3)

7. A,B & C entered into the partnership agreement on 1st April, 2013 to share profits and loss in the ratio of 5:3:2. 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. (3)

8. Wasim, Danish and Ahmed are partners sharing profits in the ratio of 6:4:5. Goodwill is appearing in the books at a value of ₹ 1,80,000 Danish retires , at the time of his retirement, goodwill is valued at ₹ 2,52,000. Wasim and Ahmed decide to share future profits in the ratio 11:4. Give necessary journal entries and show your workings clearly. (3)

9. A company purchased a running business from Vedanta Ltd. for a sum of ₹ 1,50,000 payable as ₹ 1,20,000 in fully paid equity shares of ₹ 10 each and premium of ₹ 2. Balance to be paid in cash.
The assets and liabilities were as follows - Plant and machinery ₹ 40,000, Building ₹ 40,000, Debtors ₹ 20,000, stock ₹ 90,000 and creditors ₹ 20,000.
Pass journal entries. (4)

10. 500 equity shares of ₹ 10 each were issued at 10% premium on which ₹ 7 (including) premium per share were called up are forfeited as allotment money of ₹ 4 (including premium) and first call money of ₹ 2 remain unpaid. Of these 400 were reissued to Ms. Forum as fully paid up @ ₹ 12 per share. Pass journal entries. (4)

11. Kanu, Sunny and Richa were partners sharing profits in the ratio 3:2:1. On 31st March 2012 their balance sheet stood as under:-

Balance sheet as at 31st March 2012

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital A/cs			Cash at Bank	70,000
Kanu	75,000		Investments	50,000
Sunny	70,000		Patients	15,000
Richa	50,000	1,95,000	Stock	25,000
Creditors		72,000	Debtors	20,000
Workmen's compensation fund		24,000	Building	75,000
			Profit & Loss A/c	36,000
		2,91,000		2,91,000

Richa died on 31st May 2012. It was agreed that

(i) Good will was valued at 3years purchase of average profits of last five years which were 2007-08 ₹ 40,000, 2008-09 ₹ 20,000, 2009-10 ₹ 30,000, 2010-11 ₹ 60,000 and 2011-12 ₹ 50,000.
(ii) Interest on Capital @ 6% pa.
(iii) For the purpose of calculating Richa's share in the profits till the date of death, it was agreed that the same be calculated on the basis of last year's profits
Prepare Richa's capital A/c to be rendered to the executor. (4)

12. (i) Drumbeats Ltd. had a prosperous shoe business. They were manufacturing shoes in India and exporting to Italy. Being a socially aware organization, they wanted to pay back to the society. They decided to not only supply free shoes to 50 orphanages in the various parts of the country but also to give employment to children from those orphanages who were above 18 years of age. In order to meet the fund requirements the decided to issue 40,000 9% Debentures of ₹ 50 each at premium of ₹ 5 /- to be

redeemed at a premium of 5%. Pass Journal entry at the time of issue. Also give one value that the company wants to convey to the society.

(ii) Kritika Ltd. had 20,000, 8% debenture of 100 each which were due for redemption on 31st March 2013 at a premium of 5%. The company has a balance of ₹ 7,50,000 in its Debenture redemption reserve account. Record necessary journal entries at the time of redemption of debentures. (3+3=6)

13. Shabir and David were partners in a firm supplying school uniform. They shared Profit and Loss in the ratio 7:3. Their fixed capital were Shabir ₹ 9,00,000 and David ₹ 4,00,000.

Shabir suggested David that they should start supplying low cost school uniforms to students who belonged to the lower income group and admitted to the private schools of the city as per the provisions of Rights to Education Act, 2009. David immediately accepted the suggestion and implemented it.

The partnership deed provided for the following but the profit for the year was distributed without providing for the following adjustments

(i) Interest on capitals @ 9% pa.

(ii) Shabir's salary ₹ 50,000 per year and Raja's Salary ₹ 3,000 per month

(iii) Interest on drawings were ₹ 1,500 & ₹ 500 respectively.

The Profit for the year ended 31.3.2014 was ₹ 2,78,000

Pass Adjustment Entry and list down any two values that the partners want to communicate to the society. (6)

14. Following is the balance sheet of X and Y who share profits and losses in the ratio 4:1 as at 31st March 2012 (6)

Balance Sheet as at 31st March, 2012

Liabilities		Amt(₹)	Assets		Amt (₹)
Sundry Creditors		8,000	Bank		20,000
Bills Payable		6,000	Debtors	17,000	
X's Brother's Loan		8,000	(-) Provision	2,000	15,000
Y's Loan		3,000	Stock		15,000
Investment Fluctuation Fund		5,000	Investments		50,000
Capital A/cs			Goodwill		10,000
X	50,000		Profit and Loss A/c		10,000
Y	40,000	90,000			
		1,20,000			1,20,000

The firm was dissolved on the above date and the following arrangements were decided upon

(i) X agreed to pay off his brother's loan

(ii) Debtors of ₹ 5,000 proved to be bad.

(iii) Other assets realized – Invest 20% less and Goodwill at 60%

(iv) Y took over stock at ₹ 4,000 (being 20% less than the book value). Balance stock realised 50%

(v) Realisation Expenses amounted to ₹ 2,000

Prepare Realisation A/c, Partners Capital A/c and Bank Account.

15. A and B are partners with profit sharing ratio of 3:1. C is admitted for $1/5^{th}$ share and will bring capital ₹ 80,000 and premium for goodwill ₹ 20,000. (8)

Balance Sheet as on 31st December, 2014

Liabilities		Amt (₹)	Asset	Amt (₹)
Creditors		2,00,000	Cash	30,000
Bills Payable		40,000	Bank	50,000
General Reserve		40,000	Debtors	60,000
Profit and Loss A/c		20,000	Building	2,00,000
Outstanding Expenses		20,000	Machinery	1,00,000
Capital A/cs			Investment	40,000
A	1,00,000		Patent	20,000
B	1,00,000	2,00,000	Goodwill	20,000
		5,20,000		5,20,000

Adjustments:

(a) Building increased by 20%

(b) Outstanding expenses valued at ₹25,000.

(c) Make 5% provision for discount on creditors

(d) Patents are valueless.

(e) Machinery is undervalued by ₹30,000.

(f) Half the premium is withdrawn by old partners.

(g) Capitals of A and B to be adjusted in the new ratio on the basis of C's capital and the difference to be adjusted through current accounts.

Prepare Revaluation A/c Partner's Capital A/c and Balance Sheet.

OR

Ram, Shyam and Mohan are partners. They share profits in the ratio 2:2:1.

Balance Sheet as at December 31st, 2012

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		1,00,000	Cash in Hand		40,000
Reserves		30,000	Debtors	42,000	
Expenses Due		20,000	(-)Provision	2,000	40,000
Capital A/c			Land and Building		1,50,000
Ram	40,000		Machinery		20,000
Shyam	40,000				
Mohan	20,000	1,00,000			
		2,50,000			2,50,000

Adjustments

(i) Shyam 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) Capital of the new firm ₹ 2,00,000. Difference to be adjusted through cash.
Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet.

16. Makkar Ltd. Company invites applications for 50,000 equity shares of ₹ 10 each, at a maximum discount permitted by the Companies Act, payable as follows:
On application ₹ 3, on allotment ₹ 3, on first call ₹ 2, on final call the balance. Applications were received for 55,000 shares. Allotments were made on the following basis

(i) To applicants for 35,000 shares – in full

(ii) To applicants for 20,000 shares – 15,000 shares.

Excess money paid on application was utilized towards allotment money.
A shareholder who was allotted 1,500 shares out of the group applying for 20,000 shares failed to pay allotment money and money due on calls. These shares were forfeited. 1,000 forfeited shares were reissued as fully paid on receipt of ₹ 8 per share.
Show the journal entries in the books of the company. (8)

Or

Arora Ltd. issued a prospectus inviting applications for 20,000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows
On application ₹ 2, on allotment ₹ 5 (including premium), on first call ₹ 3, on second and final call ₹ 2.
Applications received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. Money overpaid on applications was employed on account of sum due on allotment.
Sanchit, to whom 400 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. Parth, the holder of 600 shares, failed to pay the two calls and his shares were forefeited after the second call, of the shares forfeited, 800 shares were sold to Siddharth as fully paid for ₹ 9 per share, the whole of Sanchit's shares being included. Show journal entries.

PART B

17. What is the importance of Analysis of Financial Statements from the point of view of Taxation authorities? (1)

18. Depreciation on machines would result in inflow, outflow or no flow of cash. Give Reason (1)

19. If fixed tangible assets whose original cost is ₹80,000 having accumulated depreciation of ₹ 24,000 were sold for ₹ 68,000 then while preparing cash flow statement its effect on cash flow will be: (1)

i. Cash flow from financing activities ₹ 12,000
ii. Cash flow from financing activities ₹ 68,000
iii. Cash flow from investing activities ₹ 12,000
iv. Cash flow from investing activities ₹ 68,000

20. State the major heading and sub-heading will the following items be put in the balance sheet of a company according to schedule VI part I of the Companies Act, 1956? (3)

1) Capital redemption reserve.
2) Security Deposit
3) Provision for Taxation
4) Prepaid expenses
5) Investment in Government Bonds
6) Lease Hold property

21. Calculate from the following details

a) From the given information calculate Inventory turnover Ratio:
Revenue from operation : ₹ 3,00,000 Gross Profit on cost 25%; Opening inventory was 1/3rd of the value of the closing Inventory. Closing Inventory was 30% of Revenue from Operations.

b) Kanak Ltd. has a current ratio of 3:1 and quick ratio of 2:1. If the excess of current assets over quick assets as represented by inventory is ₹ 20,000 what will be the current liabilities and current assets? (2+2=4)

22. Prepare comparative statement of Profit and Loss from the following information.

PARTICULARS	31st March 2013	31st March 2014
Revenue from operations	2,50,000	3,75,000
Other Income	50,000	75,000
Cost of Materials consumed	50% of revenue from operation	60% of revenue from operations
Other Expenses	10% of Revenue from operations	12% of Revenue from operations
Tax Rate	50%	50%

23. From the following balance sheet, prepare the cash flow statement (6)

Particulars	Note No.	31st March 2012 (₹)	31st March 2013 (₹)
III. Equity and Liabilities **1. Share holders' Funds** a) Share Capital		3,00,000	3,50,000

b) Reserves and Surplus	1	1,60,000	2,20,000
2. Non- current Liabilities			
Long Term Borrowings			
Debentures		1,50,000	2,50,000
3. Current Liabilities			
Trade Payables		85,000	1,25,000
Total		6,95,000	9,45,000
IV. Assets			
1. Non- current Assets			
a) Fixed assets		4,20,000	4,90,000
b) Non- current Investment: Investment	2	30,000	80,000
2. Current Assets			
a) Trade Receivables		80,000	1,90,000
b) Inventories		40,000	55,000
c) Cash and cash Equivalents		1,20,000	1,30,000
d) Other Current Assets - Underwriting Commission		5,000	-
Total		6,95,000	9,45,000

Notes to Accounts

Particulars	31st March 2012 (₹)	31st March 2013 (₹)
1. Reserves and Surplus		
General Reserve	1,00,000	1,50,000
Balance in Statement of Profit and Loss	60,000	70,000
	1,60,000	2,20,000
2. Fixed Assets		
Tangible (Machinery)	3,20,000	4,10,000
Intangible (Goodwill)	1,00,000	80,000
	4,20,000	4,90,000

Additional Information

i. Depreciation charged amounted to be ₹40,000. A machine costing ₹20,000 and accumulated depreciation provided on it ₹ 8,000 was sold for ₹10,000

ii. Tax paid during the year ₹10,000

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