

ROLL NO. -----

KENDRIYA VIDYALAYA, AJMER
Second Pre Board Examination 2009-10
Subject: ACOUNTANCY
Class-12th

Time allowed: 3 hours

M.M. 80

General Instructions:

- (i) This question paper contains two parts A and B.
- (ii) Part A and B are compulsory for all candidates.
- (iii) All parts of the questions should be attempted at one place.

PART A

(Not-for-profit Organisations, Partnership Firms and Company Accounts)

- Q.1 How is General Donation treated in the final Accounts of a Not-for-profit Organisation? 1
- Q.2 In the absence of partnership Deed, what are the rules relating to:
1
- (i) Interest on partner's capital, (ii) Interest on partner's drawings?
- Q.3 A and B share profits and losses in the ratio of 4:3. They admit c with $\frac{3}{7}$ th share, which he gets $\frac{2}{7}$ th from A and $\frac{1}{7}$ th From B. What is the new profit -sharing ratio?
1
- Q.4 Name *two* items which are credited to the account of a deceased partner while calculating the amount due to his legal representatives.
1
- Q.5 State, in brief, the SEBI Guidelines regarding debentures Redemption Reserve (DRR).1
- Q.6 The following is the given information of a charitable Hospital. How will you calculate the cost of medicines consumed during 2006-07?

Details	Amount (Rs)
Payment for purchase of medicines	3,70,000
Creditors for medicines purchased:	
On 1.4.2006	25,000
On 31.3.2007	17,000
Stock of Medicines:	
On 1.4.2006	62,000
On 31.3.2007	54,000
Advance to suppliers of medicines:	
On 1.4.2006	11,500
On 31.3.2007	18,200

Q.7 X Ltd. Forfeited 150 shares of Rs 20 each issued at a premium of Rs 5 per share for the non-payment of the second and final call of Rs 7 per share. 100 of these shares were reissued @ Rs 21 per share fully paid. Journalise the above transactions regarding the forfeiture and reissue. 3

Q.8 R Ltd. purchased the assets of S Ltd. For Rs 5, 00,000. It also agreed to take over the liabilities of S Ltd. Amounting to Rs 2, 00,000 for a purchase consideration of Rs. 2, 80,000. The payment to S Ltd. was made by issue of 12% debentures of Rs 100 each at par. Pass the necessary journal entries in the books R Ltd.

3

Q.9 Ajay and Vijay started a partnership business on 1st January, 2007. Their capital contributions were Rs 2, 00,000 and Rs 1, 50,000 respectively. The partnership deed provided:

- (i) Interest on capitals at 10% p.a.
- (ii) Ajay to get a salary of Rs 2,000 p.m. and Vijay Rs 3,000 p.m.
- (iv) Profits are to be shared in the ratio of 3:2.

The profits for the year ended 31st December, 2007 before making above appropriations were Rs 2, 16,000. Interest on Drawings amounted to Rs 2,200 for Ajay and Rs 2,500 for Vijay. Prepare Profit and Loss Appropriation Account.

4

- Q.10 A and B were partners in a firm sharing profits in the ratio of 3:2. They admitted C and D as new partners. The new profit -sharing ratio will be 2:2:1:1. C and D brought Rs 2, 75,000 each for their respective capitals and also necessary amount of premium for goodwill in cash. Goodwill was valued at Rs 2, 40,000 for the firm. Calculate sacrificing ratio of A and B and pass the necessary journal entries for the above transactions in the books of the firm. Show clearly working note.

4

- Q.11 C Ltd. Redeemed 19,200, 14% Debentures of Rs 100 each which were issued at par, at 10% premium by converting them into equity shares of Rs. 10 each issued at a discount of 4%. Journalise the above transactions in the books of the company, showing the working clearly. 4

- Q.12 The following is the receipts and payments account of a Hospital, for the year ended 31st March, 1991:

RECEIPTS AND PAYMENTS ACCOUNT

Receipts	Rs.	Payments	Rs.
To Balance b/d	8,500	By Payment for medicines	33,000
To Subscriptions	48,000	By Fees to Doctors	24,000
To Donations	15,000	By Salaries	27,000
To Interest on Investments at 9% p.a. for the year	9,000	By Equipment Purchased	15,000
To Proceeds from Charity show	12,000	By Charity show expenses	4,000
To Grant in aid		By Sundry Expenses	1,200

	<u>20,000</u>	<i>By Balance c/c</i>	<u>8,300</u>
	<u>1,12,500</u>		1,12,500

Other Information: 1-4-1990 31-3-1991

	Rs.	Rs.
(a) <i>Subscriptions due</i>	500	1,000
(b) <i>Subscriptions received in Advance</i>	1,000	500
(c) <i>Stock of medicines</i>	10,000	15,000
(d) <i>Amount due to medicine suppliers</i>	8,000	12,000
(e) <i>Value of Equipments</i>	25,000	33,000
(f) <i>Value of Buildings</i>	70,000	65,000

Prepare Income and Expenditure Account for the year ended 31st March, 1991.

6

Q.13 *Brown and Black are partners. The partnership deed provided inter alia as follows:*

Brown and Black are partners. The partnership deed provided inter alia as follows:

- (1) That the accounts be balanced on 31st March each year.
- (2) That the profit be divided as follows: Brown one-half, Black one-third and one-sixth carried to the Reserve Account.

That in the event of death of a partner, his Executor will be entitled to be paid out:

- (a) The capital to his credit at the date of death.
- (b) His proportion of Reserve at the date of the last Balance sheet.
- (c) His proportion of profits to date of death based on the average profits of the last three completed years.

- (d) His share of goodwill based on three years' purchase of the average profits for the three preceding completed years.

On 31st March, 2007, the Ledger Balance was:

	Rs.	Rs.
Brown's Capital	-----	90,000
Black' Capital	-----	60,000
Reserve	-----	30,000
Bills Receivable	20,000	-----
Investment	50,000	-----
Cash	1,40,000	-----
Creditors	-----	<u>30,000</u>
	<u>2,10,000</u>	<u>2,10,000</u>

The profits for the last three years were: Rs. 42,000; Rs. 39,000 and Rs. 45,000 respectively.

Black died on 1st August, 2007. Show the working of Black's (i) Share of Reserve (ii) Share of Profits, and (iii) Share of Goodwill and draw up Black's Executor's Account as would appear in the firm's Ledger transferring the amount to his Loan Account. 6

- Q.14 (A) Mittal Ltd. Issued 2,000 ; 10% Debentures of Rs 100 each on 1st January 2008. Interest on these debentures is paid yearly on 31st December. Pass necessary entries for the year 2008, assuming income tax are deducted @ 10% on amount of interest.

(B) Give journal entries in each of the following cases assuming the face value of debenture being Rs. 100.

(A) A debenture issued at Rs. 95, repayable at Rs. 110.

(B) A debenture issued at Rs. 100, repayable at Rs. 110.

(C) A debenture issued at Rs. 106, repayable at Rs. 100.

(3+3) 6

- Q.15 Following is the balance sheet of A, B and C sharing profits and losses in Proportion of 6:5:3 respectively.

Liabilities	Rs	Assets	Rs

<i>Creditors</i>	18,900	<i>Cash</i>	1,890
<i>Bills Payable</i>	6,300	<i>Debtors</i>	26,460
<i>General Reuse</i>	10,500	<i>Stock</i>	29,400
<i>Capitals:-</i>		<i>Furniture</i>	7,350
<i>A 35,400</i>		<i>Land & building</i>	45,150
<i>B 29,850</i>		<i>Goodwill</i>	5,250
<i>C 14,550</i>	79,800		
	<hr/>		<hr/>
	1,15,500		1,15,500

They agreed to take D into partnership and give him 1/8 the share on the following terms.

- (1) That furniture be depreciated by Rs. 920.
- (2) An old customer, whose account was written off as bad, has promised to pay Rs 2,000 in full settlement of his full debt.
- (3) That a provision of Rs. 1,320 be made for outstanding repair bills.
- (4) That the value of land and building have appreciated be brought up to Rs. 54,910
- (5) That D should bring in Rs. 14,700 as his capital.
- (6) That D should bring in Rs. 14,070 as his share of goodwill.
- (7) That after making above adjustment, the capital accounts of old partners be adjusted on the basis of the proportion of D's capital to his share in business i.e. actual cash to be paid off or brought in by the old partners, as the case may be.

Prepare Revaluation A/c, Partners Capital A/c and Balance Sheet of the new firms.

OR

Following is the Balance Sheet of A and B as on 30th June 2004 and profit sharing ratio is 3:2.

BALANCE SHEET
AS ON 30.06.2004

Liabilities	Rs	Assets	Rs
Sundry Creditors	40,000	Buildings	60,000
Mrs. A's Loan	20,000	Investments	15,300
B's Loan	12,000	Debtors	
Investments fluctuation fund	4,000	17,000	15,000
General Reserve	2,000	Less: Provision	18,700
A's Capital	20,000	2,000	3,000
		Bills Receivable	4,000
B's Capital	<u>20,000</u>	Cash	<u>2,000</u>
	<u>1,18,000</u>	Profit and Loss A/c	<u>1,18,000</u>
		Goodwill	

The Firm was dissolved on 30th June 2004 and the following was agreed upon:

- (i) A agreed to pay off his wife's Loan.
- (ii) Debtors realized Rs. 12,000.
- (iii) B took away all Investments at Rs. 13,500.
- (iv) Buildings realized Rs. 76,000.
- (v) Sundry Creditors payable after two months were paid immediately at 10% discount.
- (vi) Bills receivable were settled at a loss of Rs. 700.
- (vii) Realization Expenses amounted to Rs. 2,500.

Prepare realisation Account, Partners Capital Account and Cash Account.

8

- Q.16 Shakti Ltd. Invited applications for issuing 2,00,000 Equity shares of Rs 100 each at a premium of Rs 10 per share. The amount was payable as follows:
On application Rs 40 per share (including premium) on allotment Rs 30 per share and the balance on first and final call. Applications for 3,00,000 shares were received. Applications for 40,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Over payments on applications were adjusted towards sums due on allotment. Manoj who was allotted 2,000 shares failed to pay the allotment and first and final call money. His shares were forfeited. The forfeited shares were reissued at Rs 90 per share fully paid up. Pass the necessary journal entries in the books of Shakti Ltd. Showing the working clearly.

OR

Surya Ltd. Issued for public subscription 50,000 equity shares of 10 each at a premium of Rs 2 per share payable as under:

On application	Rs 2 per share
On allotment	Rs 5 per share (including premium)
On first and final call	Rs 5 per share

Applications were received for 60,000 shares. Allotment was made on pro-rata basis to all the applicants. Money overpaid on application was applied towards sum due on allotment. A to whom 500 shares were allotted failed to pay the allotment and call money. B to whom 2000 shares were allotted failed to pay the final call. The shares of A and B were subsequently forfeited after the first and final call was made. All the forfeited shares of B were reissued at Rs 7 per share as fully paid. Pass journal entries in the books of Surya Ltd. to record the above transactions.

8

PART B
(Analysis of financial Statements)

Q.17 Define cash equivalents as per As-3.

1

Q.18 Give two examples of cash inflows from financing activities.

1

Q.19 What do you mean by marshalling of a Balance Sheet?

1

Q.20 The Debt-Equity Ratio of a Company is 1:2. Which of the following would increase, decrease or not change it?

3

(i) Debentures redeemed For Rs. 40,000.

(ii) Purchase of fixed assets for Rs. 50,000 on long-term deferred payment basis.

(iii) Issued new equity shares of Rs. 75,000.

Q.21 Prepare a Comparative Balance Sheet of X Y Ltd. :

4

Liabilities	2001	2002	Assets	2001	2002
Share capital	30,000	36,000	Fixed Assets	60,000	75,000
Reserve and surplus	12,000	15,000	Current Assets	14,000	13,500
Loans	17,000	25,500			
Current liabilities	<u>15,000</u>	<u>12,000</u>			
	<u>74,000</u>	<u>88,500</u>		<u>74,000</u>	<u>88,500</u>

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- Q.22 (A) A company earns a gross profit of 20% on cost. Its credit sales are twice its cash sales. If the credit sales are Rs. 4, 00,000, calculate the gross profit ratio of the company.
- (B) Net Profit before Interest and Tax Rs. 72,000; Fixed Assets Rs. 3,40,000; Current Assets Rs. 90,000; Current Liabilities Rs. 30,000. Calculate Return on Investment. (2+2) 4

Q.23 From the following Balance Sheets of Ranjan Ltd. prepare Cash Flow Statement:

Liabilities	2001	2002	Assets	2001	2002
Equity Share Capital	1,50,000	2,00,000	Goodwill	36,000	20,000
12%Pre. Share Capital	75,000	50,000	Building	80,000	60,000
General Reserve	20,000	35,000	Plant	40,000	1,00,000
Profit and Loss A/c	15,000	24,000	Debtors	1,19,000	1,54,500
Creditors	37,500	49,500	Stock	10,000	15,000
			Cash	12,500	9,000
Total	<u>2,97,500</u>	<u>2,58,500</u>		<u>2,97,500</u>	<u>3,58,500</u>

Depreciation charged on plant was Rs. 10000 and building Rs. 60000.

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SUBJECT-ACCOUNTANCY

M.M.80

Form of Questions/ Units	Long Answer 6,8	Short Answer 3,4	Very Short Answer 1	Total
1. Accounting for Not for profit Organisations.	6(1)	3(1)	1(1)	10(3)
2. Accounting for Partnership Firms		4(1)	1(1)	5(2)
3. Reconstitution of Partnership	8(1) 6(1)	4(1)	1(2)	20(5)
4. Accounting For: (a) Share Capital (b) Debentures	8(1) 6(1)	3(1) 3(1) 4(1)	1(1)	25(6)
SUB TOTAL (A)	34(5)	21(6)	5(5)	60(16)

Part B - Financial Statement Analysis.

Form of Questions/ Units	Long Answer 6,8	Short Answer 3,4	Very Short Answer 1	Total
5. Analysis of Financial Statements		3(1) 4(2)	1(1)	12(4)
6. Cash flow Statement	6(1)		1(2)	8(3)
Sub Total (B)	6(1)	11(3)	3(3)	20(7)
Grand Total	40(6)	32(9)	8(8)	80(23)

Note: Number of questions are given within brackets and total marks outside the brackets.

Weightage to forms of Questions

S. No.	Forms of Questions	Marks each question	No. of questions	Total Marks
1	Very short answer type (VSA)	1	8	8
2	Short answer type I (SAI)	3	4	12
3	Short answer type II (SAII)	4	5	20

4	Long answer type I (LA I)	6	4	24
5	Long answer type II (LA II)	8	2	16
6	Total		23	80

Weightage to difficulty level of questions

S. No	Estimated difficulty level of questions	Percentage
1	Easy	20%
2	Average	60%
3	Difficult	20%

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MARKING SCHEME

Q.1 General Donation is treated as **income** and entered on the credit side of the income and expenditure account.

1

Q.2 (i) Interest is to be allowed @ 6% p.a., (ii) Not allowed. +1/2 =

1

Q.3 A: $4/7 - 2/7 = 2/7$, B: $3/7 - 1/7 = 2/7$, c: $3/7$

The new profit-sharing ration is 2: 2: 3.

1

Q.4 Capital account credit balance, profit up to the date of death, his share of goodwill, reserve, fund or accumulated profit his share, revaluation profit. +1/2

= 1

Q.5 As per SEBI Guidelines, an amount equal to 50% of the debenture issue must be transferred to **DRR** before the redemption begins.

1

Q.6	Opening stock of medicines	62,000
	Add: Payments made for purchase of medicines	3, 70,000
	Creditors on 31.3.2007	17,000
	Advance of suppliers of medicines on 1.4.2006	<u>11,500</u>
	Total	4, 60,500 1
	Less: Creditors for medicines on 1.4.2006	25,000

Less: Advance to creditors on 31.3.2007	18,200	
Less: Stock at end	<u>54,000</u>	<u>97,200</u>
1		
Medicines consumed to be debited to Income & Expenditure A/c		<u>3, 63,300</u>
1		

Q.7

share capital A/c	Dr.	3,000	
To Forfeited shares A/c			1950
To Share second and final call A/c			1050
1			
Bank A/c	Dr.	2100	
To Share capital A/c			2000
To Securities premium A/c			100
1			
Forfeited shares A/c	Dr.	1300	
To Capital reserve A/c			1300
1			

Working notes :

$$\text{Profit on forfeiture of 100 shares} = 1950/150 \times 100 = 1350$$

Q.8

Journal

Sundry Assets A/c	Dr.	5,00,000	
To Sundry Liabilities			2,00,000
To S Ltd.			2,80,000
To Capital Reserve A/c			20,000
2			

S Ltd. A/c Dr. 2,80,000

To 12% Debentures A/c 2,80,000 1

Q.9

PROFIT AND LOSS APPROPRIATION ACCOUNT
FOR THE YEAR ENDING ON 31st DEC., 2007

Dr.

Cr.

Particulars	Amount	Particulars	Amount
To Interest on Capital:		By Profit before Adjustments	2,16,000
Ajay		By Interest on Drawings:	
20,000		Ajay	
	35,000	2,200	
Vijay		Vijay	4,700
<u>15,000</u>		<u>2,500</u>	
To Salary:			
Ajay	60,000		
24,000			
Vijay			
<u>36,000</u>	<u>1,25,700</u>		
To Net Profit:	<u>2,20,700</u>		<u>2,20,700</u>
Ajay			
75,420			
Vijay			
<u>50,280</u>			

(Dr side 2 + Cr. side 1 = 4)

Q.10

Date	Particulars	L.F.	Dr. (Rs)	Cr. (Rs)
1.	Bank A/c Dr. To C's Capital A/c To D's Capital A/c To Goodwill/Premium A/c (Being capital and premium brought in cash by new partners)		6,30,000	2,75,000 2,75,000 80,000
2	Goodwill/Premium A/c Dr. To A's Capital A/c To B's Capital A/c (Being premium credited to A and B in their sacrificing ratio 4:1)		80,000	64,000 16,000

Working Notes:

$$C's \text{ share of goodwill} = 2,40,000 \times \frac{1}{6} = \text{Rs } 40,000$$

$$D's \text{ share of goodwill} = 2,40,000 \times \frac{1}{6} = \text{Rs } 40,000$$

$$\text{Sacrificing Ratio} = \text{Old Ratio} - \text{New Ratio}$$

$$A's \text{ sacrificing Ratio} = \frac{3}{5} - \frac{2}{6} = \frac{18-10}{30} = \frac{8}{30}$$

$$B's \text{ sacrificing Ratio} = 2/5 - 2/6 = 12 - 10 / 30 = 2/30$$

Therefore Sacrificing Ratio will be = 8:2 Or 4:1 (1 + 1 +1 working note = 4)

Q.11

Date	Particulars	L.F.	Dr.(Rs)	Cr.(Rs)
1	14% Debentures A/c Dr.		19,20,000	
	Premium on Redemption of Debentures A/c Dr.		1,92,000	
	To Debenture holders A/c			21,12,000
2	(Being the amount due to debenture holders)		21,12,000	
	Debenture holders A/c Dr.		88,000	
	Discount of issue of debentures A/c Dr.			22,00,000
	To Equity share capital A/c			
	(Being the issue of 2, 20,000 equity shares at Rs 10 each at Rs 9.60 on conversion of 19,200 debentures.)			

Working Notes :

- No. of Equity shares to be issued = $21,12,000 / 9.60 = 2,20,000$ shares.
- Face value of Equity shares = $2,20,000 \times Rs 10 = 22,00,000$.

3. Discount on Equity shares = Rs 22,00,000 X 4/100 = Rs 88,000.(1 + 1 +1 works)

Q.12 Solution:-

INCOME AND EXPENDITURE ACCOUNT

for the year ending 31st March, 1991

	Rs.		Rs.
To Medicines Consumed:-			
Opening stock of Medicines		By Subscriptions:-	
10,000		48,000	
Add: Purchased during the year		Less: Outstanding	
<u>33,000</u>		On 1.4.1990	
43,000		<u>500</u>	
Less: Closing Stock of Medicines 31-3-1991		<u>47,500</u>	
<u>15,000</u>		Add: Outstanding	
28,000		on 31.3.1991	
Less: Amount Due (Outstanding) for last year (1-4-1990)		<u>1,000</u>	
<u>8,000</u>		Add: Received in advance	
32,000		on 1.4.1990	
Add: Amount Due		<u>1,000</u>	49,000
20,000		49,500	15,000
Add: Amount Due		Less: Received in advance	
27,000		on 31.3.1991	
4,000		<u>500</u>	20,000
		By Donations	

(Outstanding) for Current year (31-3-1991) <u>12,000</u>	1,200	By Interest on Investments	
To Fees to Doctors		By Proceeds from charity show	
To Salaries		By Grant in aid	
To Charity show expenses	7,000		
To Depreciation of Equipments:-			
Opening Balance			
25,000			
Add: Purchased during	5,000		
the year			
<u>15,000</u>	4,800		
	<u>1,05,000</u>		
40,000			<u>1,05,000</u>
Less: Closing Balance			
<u>33,000</u>			
To Depreciation on Buildings:-			
Opening Balance			
70,000			
Less: Closing Balance			
<u>65,000</u>			
To Excess of Income over Expenditure			

(3 marks for Dr. side + 3 marks for Cr. Side =

6)

Q.13 Solution :

BLACK'S EXECUTOR'S ACCOUNT

Cr.

Date	Particulars	Rs.	Date	Particulars	Rs.
2007			2007		Rs.
August 1	To Black's Executor's Loan A/c- Transfer	1,28,000	August 1	By Black's Capital A/c	60,000
			August 1	By Reserve-Black's share (2/5 th)	12,000
			August 1	By Profit and Loss Suspense A/c (Share of Profit)	5,600
			August 1	By Brown's Capital A/c (Share of goodwill)	50,400
		<u>1,28,000</u>			<u>1,28,000</u>

Working Notes :

(1) Share of Reserve to Black :

	Rs.
Reserve	30,000

Black's share, i.e., 2/5th (Since out of Rs. 5 of profit, Brown gets Rs. 3 and Black gets Rs. 2) = $2/5 \times \text{Rs. } 30,000$ or Rs. 12,000

(2) Share of Profits to Black :

Total Profits of previous three years = Rs. 42,000 + Rs. 39,000 + Rs. 45,000

Average profits = Rs. 1,26,000/3 = Rs. 42,000

Profit for 4 months, i.e. from 1st April, 2007 to 1st August, 2007, the date of Black's share of the profits = $2/5 \times \text{Rs. } 14,000 = \text{RS. } 5,600$

(3) Black's share of Goodwill :

Total profits of 3 years = Rs. 1,26,000

Black's share of being 2/5th of Rs. 1,26,000, i.e., Rs. 50,400.

(3 marks A/c +3 marks on working note.=6)

Q.14 (A)

Date	Particulars	L.F.	Dr. (Rs)	Cr.(Rs)
2008				
Jan.1	Bank A/c Dr. To Debenture Application A/c (Being application money received)		2,00,000	2,00,000

Jan.1	Debenture Application A/c Dr. To 10% Debenture A/c		2,00,000	2,00,000
Dec.31	Debenture Interest A/c Dr. To Debenture holders To Income tax Payable A/c (Being debenture interest due)		20,000	18,000 2,000
Dec.31	Debenture holders A/c Dr. To Bank A/c (Being Debenture interest paid)		18,000	18,000
Dec.31	Income Tax Payable A/c Dr. To Bank A/c (Being income tax paid)		2,000	2,000
Dec.31	P & L A/c Dr. To Debenture Interest A/c (Being deb. Interest Transferred to p & l A/c)		2,000	2,000

(B)

Date	Particulars	L.F.	Dr.	Cr.
A (i)	Bank A/c Dr.		95	95
(ii)	To Debenture Application & Allotment A/c (Application money received)		95	
	Debenture Application & Allotment A/c Dr.		15	100
	Loss on issue of Debenture A/C Dr.			10

B (i)	To Debenture A/c		100	
	To Premium on redemption of Debenture A/c			100
(ii)	(Transfer of application money to Debenture Account, issued at a Discount of 5%, repayable at a premium of 10%)		100	
	Bank A/c		10	
	Dr.			100
	To Debenture application & Allotment A/c			10
C (i)	(Application money received)		106	
	Debenture Application & Allotment A/c			106
(ii)	Dr.		106	
	Loss on issue of Debenture A/c			100
	Dr.			6
	To Debenture A/c			
	To premium on Redemption of Debenture A/c			
	(Transfer of application money to debentures Account, issued at Par, repayable at a premium of 10%)			
	Bank A/c			
	Dr.			
	To Debenture Application & Allotment A/c			

<p><i>(Application money received)</i></p> <hr/> <p><i>Debenture Application & Allotment A/c</i> <i>Dr.</i></p> <p style="padding-left: 40px;"><i>To Debenture A/c</i></p> <p style="padding-left: 40px;"><i>To Securities Premium A/c</i></p> <p><i>(Transfer of application money to Debentures Account, issued at a premium of 6% and repayable at par)</i></p>			
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$[(A. 1/2 \times 6) 3 + (B. 1/2 \times 6) 3] = 6 \text{ marks.}$

Q.15

REVALUATION ACCOUNT

Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
To Furniture A/c	920	By Debtor's A/c	2,000
To Provision for repairs	1,320	By Land and Building A/c	9,760
To profit transferred to Capital's A/c's			
A			
4,080			
B			
3,400	9,520		
C			
<u>2,040</u>			
C APIT AL ACCO UNTS	11,760		11,760

Particular	A(Rs.)	B(Rs.)	C(Rs.)	D(Rs.)	Particular	A(Rs.)	B(Rs.)	C(Rs.)	D(Rs.)
To Goodwill	2,250	1,875	1,125		By Balance b/d	35,400	29,850	14,550	
To Balance c/d	47,760	40,150	20,730	14,700	By general Reserve A/c	4,500	3,750	2,250	
					By Revaluation A/c	4,080	3,400	2,040	
					By Cash A/c				14,700
					By premium for goodwill A/c	6,030	5,025	3,015	
	50,010	42,025	21,855	14,700		50,010	42,025	21,855	14,700
To Cash A/c	3,660	3,400			By Balance c/d	47,760	40,150	20,730	14,700
To Balance c/d	44,100	36,750	22,050	14,700	By Cash A/c			1,320	
					(Balancing figure)				
	47,760	40,150	22,050	14,700		47,760	40,150	22,050	14,700

Balance Sheet (As on-----)

Liabilities	Amt(Rs.)	Assets	Amt(Rs.)
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<i>Creditors</i>	18,900	<i>Cash</i>	24,920
<i>Bills Payable</i>	6,300	<i>Debtors</i>	28,460
<i>Provision for repairs</i>	1,320	<i>Stock</i>	29,400
		<i>Furniture</i>	6,430
		<i>Land and Building</i>	54,910
	1,44,120		1,44,120

New profit sharing ratio will be calculated as under:-

$$\text{Share given to D} = 1/8$$

$$\text{Balance of profits} = 1 - 1/8 = 7/8$$

$$\text{A's new share} = 7/8 * 6/14 = 3/8$$

$$\text{B's new share} = 7/8 * 5/14 = 5/16$$

$$\text{C's new share} = 7/8 * 3/14 = 3/16$$

$$\text{D's share} = 1/8$$

$$\text{A : B : C : D} = 3/8 : 5/16 : 3/16 : 1/8 = 6/16 : 5/16 : 3/16 : 2/16$$

D bring in Rs.14,700 as capital according to his 1/8th share of profit. Therefore, according to D's capital, the total capital of the new firm will be:

$$= 14,700 * 8/1 = \text{Rs.}1,17,600$$

$$\text{Therefore A's Capital in new firm} = 1,17,600 * 6/16 = \text{Rs.}44,100$$

$$\text{B's Capital in new firm} = 1,17,600 * 5/16 = \text{Rs.}36,750$$

$$\text{C's Capital in new firm} = 1,17,600 * 3/16 = \text{Rs.}22,050$$

$$\text{D's Capital in new firm} = 1,17,600 * 2/16 = \text{Rs.}14,700$$

(2 + 3 + 2 + 1 marks for working notes = 8)

OR

Realisation A/c Profit 14,000 (A 8400 , B 5600) , Partners Capital A/c Total A 49,600 , and B 26,400 Total Cash A/c 1,09,000. (3 + 2 + 2 = 8)

Q.16 Application amount adjust with allotment 24,00,000 , Refund 16,00,000 , Sec. premium 20,00,000 , share capital 60,00,000 Forfeited amount 84,000 , Capital Reserve 64,000.

(1 / 2 + 1 + 1 / 2 + 1 + 1 / 2 + 1 + 1 + 1 + 1 + Working Notes 3 / 2 = 9)

OR

Application amount adjust with allotment 20,000 , Allotment money received 2,27,700 , capital reserve A/c 4,000.

Q.17 Cash equivalents are short-term highly liquid investments that are readily convertible into cash without any risk of change in value.

Q.18 (i) Issue of debentures (ii) Issue of debentures.

Q.19 Placement of assets and liabilities in a Balance Sheet in a particular order is known as marshalling of balance sheet.

Q.20 (i) decreased (ii) increased (iii) decreased.

Q.21 Assets : F.A. 25% C.A. -3.57% T.A. 19.59% , S.C. 20% , R AND S. 25% , LOANS 50% , C.L. -20%

T.L. 19.59%.

Q.22 (A)Gross Profit Ratio 16.67% , (B) Return on Investment 18%.

Q.23

Rajan Ltd.

CASH FLOW STATEMENT for the year ended 31st December, 2002

Particulars

Rs.

Rs.

A. Cash Flow from Operating Activities		
B. Net Profit before tax :		
Closing Balance of Profit and Loss A/c		
Closing Balance of Profit and Loss A/c	24,000	
Add : Transfer to General Reserve	15,000	
	39,000	
Less : Opening Balance of Profit and Loss A/c	15,000	
Net Profit before tax and extraordinary items		24,000
Adjustments for :		
Add : Depreciation on Plant	10,000	
Depreciation on Building	60,000	
Goodwill written off	16,000	86,000
Operating profit before working capital changes		1,10,000
Adjustments for :		
Increase in Creditors	12,000	
Increase in Debtors	(35,500)	
Increase in Stock	(5,000)	(28,500)
Net Cash from operating activities	(A)	81,500
B. Cash Flow from Investing Activities		
Purchase of Plant (Note 2)	(70,000)	
Purchase of Building (Note 1)	(40,000)	
Net cash used in investing activities	(B)	(1,10,000)
C. Cash Flow from financing Activities		
Issue of Equity Shares	50,000	
Redemption of 12% Preference Shares	(25,000)	
Net Cash from financing activities	(C)	25,000
Net decrease in cash and cash		
equivalents	(A+B+C)	(3,500)
Cash and cash equivalents at the beginning of the year		12,500
Cash and cash equivalents at the close of the year		9,000

Working Notes :

1. Dr.		BUILDING ACCOUNT		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
	To Balance b/d	80,000		By Depreciation A/c	60,000
	To Bank A/c	70,000		By Balance c/d	60,000
		1,20,000			1,20,000

2. Dr.		PLANT ACCOUNT		Cr.	
Date	Particulars	Rs.	Date	Particulars	Rs.
	To Balance b/d	40,000		By Depreciation A/c	10,000
	To Bank A/c	70,000		By Balance c/d	1,00,000
		1,10,000			1,10,000