DELHI PUBLIC SCHOOL JAMMU
ASSIGNMENT

Class-XII **SUBJECT-ACCOUNTANCY**

PART-A
ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. X, Y and Z decided that interest on capitals will be provided to each partner @ 5% per annum, but after one year Z wants that no interest on capital is to be provided to any partner. State how Z can do this? [1]
2. Ram, Shyam and Mohan were partners in a firm sharing profits in the ratio of 4:3:2. On 1st April 2015 they admitted Sohan as a new partner for 1/10th share in the profits. On Sohan's admission, the Profit and Loss Account of the firm was showing a debit balance of Rs. 90,000 which was credited by the accountant of the firm to the capital accounts of Ram, Shyam and Mohan in their profit sharing ratio. Did the accountant give correct treatment? Give reason in support of your answer. [1]
3. AK, GK and KK were partners in a firm sharing profit in the ratio of 5:3:2. From 1.4.2014, they decided to share the profit equally. For this purpose the goodwill of the firm was valued at Rs. 4,80,000. Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of AK, GK and KK. [1]
4. A, Band C are partners sharing profits equally. B wants to get retired because of health issues. How can B retire from the firm? [1]
5. Give the meaning of Forfeiture of Shares. [1]
6. Name any two sources, a company can use to buy back its shares. [1]
7. Vinod Limited invited applications for issuing 1,00,000 Equity Shares of Rs. 10 each at a premium on' 5 per share. Because of favourable market conditions the issue was over-subscribed and applications for 1,50,000 shares were received. Suggest the alternatives available to the Board of Directors for allotment of shares. [3]
8. Vinod and Mohan entered into partnership on 1st April 2014, to start a Mineral Water Plant in the remote area of Uttar Pradesh. They have also decided to provide free and fresh drinking water to the schools providing education to the weaker section of society in remote areas. They contributed capitals of Rs. 20,00,000 and Rs. 30,00,000 respectively. Their profit sharing ratio was 2:3 and interest allowed on capital as provided in the partnership deed was 12% p.a. During the year ended 31st March 2015, the firm earned a profit of Rs. 4,00,000. Prepare Profit and Loss Appropriation Account. Identify the value they have communicated to the society. [3]

9. Vinod and Ashish are partners with capitals of Rs. 2,00,000 and Rs. 1,50,000, sharing profits in the ratio of 7:3. They admitted Manish for 1/6 share. Manish brought Rs. 1,00,000 as capital and 40% of premium for goodwill in cash.

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Date	Particulars	L.F	Debit (Rs.)	Credit (Rs.)
	Bank A/c Dr To Manish's Capital A/c To Premium for Goodwill (Being Capital & Premium brought by Manish) Premium for Goodwill A/c Dr. Manish's capital A/c Dr. To Vinod's Capital A/c To Ashish's Capital A/c (Being Premium for goodwill adjusted)		? ? ?	 ? ? ? ?

Complete the above Journal entries. [3]

10. Vinod Limited company is manufacturing LED Bulbs and Emergency Light table lamps. Company exports its products to many countries. The company has decided to distribute LED Bulbs and Emergency Light table lamps free of cost to the nearby villages. It is also decided to employ 200 people (including women) from these villages in their newly established manufacturing unit in Uttar Pradesh. Authorised capital of the company is Rs. 20,00,00,000 divided into 20,00,000 Equity Shares of Rs. 100 each. The company issued 2,00,000 shares for public subscription. One share holder holding 200 shares, failed to pay the final call of Rs. 20 per share. His shares were forfeited. The forfeited shares were re-issued at Rs. 90 per share as fully paid up.

    Present the Share Capital of the company in Balance Sheet as per the Schedule-III of Indian Companies Act, 2013. Also highlight anyone value communicated by Vinod Ltd. [3]

11. SK, RK and GK are partners in a firm sharing profits and losses in the ratio of 4/8; 3/8 and 1/8. As per the terms of the partnership deed on the death of any partner, Goodwill was to be valued at 50% of the net profits credited to that partner's capital account during the last three completed years before his death. SK died on 29th February 2012. The profits for the last five years were: 2007--- Rs. 60,000; 2008--- Rs. 97,000; 2009---- Rs. 1,05,000; 2010---- Rs. 30,000 and 2011--- Rs. 84,000.

    On the date of SK's death, building was found under valued by Rs. 80,000, which was to be considered. Calculate the amount of SK's share of goodwill in the firm and record the adjustment entries of Goodwill and Revaluation of Building. The new profit-sharing ratio between RK and GK will be equal. [4]

12. (a) X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. After the final accounts have been prepared, it was discovered that interest on drawings had not been taken into consideration. The interest on drawings of partners amounted to X Rs. 250; Y Rs. 180 and Z Rs. 100. Give necessary adjustment entry.

    (b) Calculate interest on drawings when:

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(i) Vinod withdrew Rs. 50,000 during the year and interest on drawings is 10% p.a.

(ii) Vinod withdrew Rs. 50,000 during the year and interest on drawings is 10% irrespective of time period. [4]

13. (a) X, Y and Z are partners in a firm sharing profits in the ratio of 4:3:1. X retires and his share is taken by Y and Z equally. The goodwill of the firm is valued at Rs. 1,60,000. Find new profit sharing ratio and gain ratio and give necessary entry for adjustment of goodwill.

(b) The capital employed in a firm is Rs. 15,00,000 and the market rate of interest is 15%.Annual salary due to the partners is Rs. 1,20,000. The profits of the last three years were Rs. 4,50,000; Rs. 6,00,000 and Rs. 7,50,000 respectively. Calculate value of goodwill by super profit method at $2^{1/2}$ years purchase of super profits. [6]

14. Vinod Limited issued 15,000; 10% Debentures of Rs. 100 each at a premium of 40% on 1 Apri12010 which was fully subscribed. These Debentures are redeemable after 4 years on 31st March, 2014 and company will create a DRR before one year of redemption Le. 31st March 2013 and also decided to invest 15% of the value of debentures in Government Securities at fixed rate of interest 9% p.a. Give journal entries. [6]

15. George, Suraj and Gurmeet are partners. They decided to dissolve their firm. Pass necessary Journal entries for the following after various assets (other than cash and bank) and the third party liabilities have been transferred to Realisation Account:

(a) There were total book debts of Rs. 38,000. A provision of bad and doubtful debts also stood in the books at Rs. 3,000. Book debts Rs. 6,000 proved bad and rest paid the amount due.

(b) George agreed to pay off his wife's loan of Rs. 3,500 at a discount of 5%.

(c) A Laptop which was not recorded in the books was taken over by Suraj at Rs. 1,500, whereas its expected value was Rs. 2,500.

(d) A Contingent liability (not provided for) of Rs. 2,000 was also discharged.

(e) The firm had a debit balance of Rs. 13,500 in the profit and loss account on the date of dissolution.

(f) Gurmeet paid the realization expenses of Rs. 7,500 out of his pocket and he was to get a remuneration of Rs. 9,000 for completing the dissolution process. [6]

16. Wilson and Ronald were partners in a firm sharing profits in the ratio of3:2 respectively. On 31st March, 2014, their Balance Sheet was as follows:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals:		Goodwill	20,000
Wilson	1,00,000	Investment	50,000
Ronald	75,000	Patents	51,750
Bank Loan	50,000	Plant	87,500
Creditors	87,500	Stock	62,500
Investment Fluctuation Fund	20,000	Debtors 50,000	
		Less: Provision 1,750	48,250
		Cash	12,500
	3,32,500		**3,32,500**

Bobby was admitted as a new partner on the following conditions:

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(i) Bobby will get 4/15th share of profits and to bring Rs. 75,000 as capital.

(ii) Bobby would pay cash for his share of goodwill based on 2 ½ years purchase of average profit of last 4 years.

(iii) The profits of the firm for the years ending 31st March, 2011, 2012, 2013 and 2014 were Rs. 50,000; Rs. 35,000; Rs. 42,500; and Rs. 37,500 respectively.

(iv) Stock was valued at Rs 50,000 and provision for doubtful debts was raised upto Rs. 2,500.

(v) Plant was revalued at Rs. 1,00,000.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet.

OR

LK, MK and NK were partners in a firm sharing profits in the ratio of 2 : 1 : 1. On 1st April, 2013 their Balance Sheet was as follows:

[8]

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Capitals:		Land	16,00,000
LK	12,00,000	Building	12,00,000
MK	9,60,000	Furniture	4,80,000
NK	9,60,000	Debtors 8,00,000	
General Reserve	8,80,000	Less: Provision 40,000	7,60,000
Workmen Compensation Fund	7,20,000	Stock	8,80,000
Creditors	4,80,000	Cash	2,80,000
	52,00,000		**52,00,000**

On the above date NK retired.

The following were agreed:

(i) Goodwill of the firm was valued at Rs. 12,00,000.

(ii) Land was to be appreciated by 40% and Building was to be depreciated by Rs. 2,00,000.

(iii) Furniture was to be depreciated by Rs. 60,000.

(iv) The liabilities for Workmen's Compensation Fund was determined at Rs. 3,20,000.

(v) Amount payable to NK was transferred to his loan account.

(vi) Capitals of LK and MK were to be adjusted in their new profit sharing ratio and for this purpose current accounts of the partners will be opened.

Prepare Revaluation A/c, Partners' Capital A/cs and the B/S of new firm.

17. Flipkart Limited invited applications for issuing 2,00,000 Equity shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows: On Application Rs. 5 (including premium); On Allotment Rs. 4; On 1st & final call Rs. 3.

Applications for 3,00,000 shares were received. Applications for 60,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Excess application money was utilized towards sums due on allotment. Shankar who had applied for 4,800 shares failed to pay the allotment and call money. His shares were forfeited. Out of the forfeited shares 2,000 shares were reissued for Rs. 8 per share fully paid up. Pass necessary journal entries. [8]

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OR

Vinod Limited made an issue of 1,00,000 Equity Shares of Rs. 10 each at a premium of 20%, payable as follows:

On Application .... Rs. 2.50 per share

On Allotment .... Rs. 4.50 per share

On First & Final Call .... Balance

Applications were received for 2,00,000 Equity Shares and the directors made pro-rata allotment.

Mr. Tom, who had applied for 800 shares, did not pay the allotment and final call money; with the result his shares were forfeited. Later on, 80% of the forfeited shares were re-issued @ Rs. 8 per share fully paid up. Give necessary journal entries.

PART- B
FINANCIAL STATEMENT ANALYSIS

18. While preparing Cash Flow Statement which type of activity is, 'Payment of cash to acquire shares by a trading company'? [1]

19. The accountant of Vinod Ltd. while preparing Cash Flow Statement added depreciation provided on fixed assets to net profit for calculating cash flow from operating activities. Was he correct in doing so? Give reason. [1]

20. Under which major headings and sub-headings will the following items be shown in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013:
    (i) Net loss as shown by Statement of Profit and Loss
    (ii) Capital redemption reserve
    (iii) Bonds
    (iv) Loans repayable on demand
    (v) Unpaid dividend
    (vi) Buildings
    (vii) Trademarks
    (viii) Raw materials [4]

21. The Current ratio of a company is 2.1:1.2. State with reasons which of the following transactions will increase, decrease or not change the ratio:
    (a) Redeemed 11 % debentures of Rs. 5,00,000 at a premium of 10%.
    (b) Received from debtors Rs. 50,000.
    (c) Issued Rs. 2,00,000 equity shares to the vendors of machinery.
    (d) Accepted bills of exchange drawn by the creditors Rs. 7,000. [4]

22. Prepare a comparative income statement from the following information: [4]

Particulars	2012	2013
Revenue from operations	10,00,000	12,50,000
Cost of raw material consumed	60% of Revenue from operations	70% of Revenue from operations
Other expenses	2% of Revenue from operations	5% of Revenue from operations
Income tax	50% of net profit before tax	50% of net profit before tax

23. Following is the Balance Sheet of Tata Ltd. as at 31.3.2014:

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Particulars	Note No.	31.03.2014 (Rs.)	31.03.2013 (Rs)
I. Equity and Liabilities			
1. Shareholder's Funds:			
(a) Share Capital		48,00,000	44,00,000
(b) Reserve and Surplus	1	12,00,000	8,00,000
2. Non-Current Liabilities:			
Long-Term Borrowings		9,60,000	6,80,000
3. Current Liabilities:			
(a) Trade Payables		7,16,000	8,16,000
(b) Short-Term Provisions		2,00,000	3,08,000
Total		**78,76,000**	**70,04,000**
II. Assets:			
1. Non-Current Assets:			
(a) Fixed Assets:			
(i) Tangible	2	42,80,000	34,00,000
(ii) Intangible: Computer Software	3	1,60,000	4,48,000
2. Current Assets:			
(a) Current Investments		9,60,000	6,00,000
(b) Inventories		5,16,000	4,84,000
(c) Trade Receivables		6,80,000	5,72,000
(d) Cash and Cash equivalents		12,80,000	15,00,000
Total		**78,76,000**	**70,04,000**

Notes to Accounts

S.No.	Particulars	As on 31.3.14	As on 31.3.13
1.	**Reserves and Surplus**		
	Surplus (balance in Statement of Profit and Loss)	12,00,000	8,00,000
2.	**Tangible Assets**		
	Machinery	50,80,000	40,00,000
	Less: Accumulated Depreciation	(8,00,000)	(6,00,000)
3.	**Intangible Assets**		
	Goodwill	1,60,000	4,48,000

Additional Information:

During the year a piece of machinery costing Rs. 96,000 on which accumulated depreciation was Rs. 64,000 was sold for Rs. 24,000. Prepare Cash Flow Statement. [6]

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