Accountancy
Class-XII
Assignment 2018-19

Chapter 1 –Accounting For fundamentals

Q1. Lata and Mamta are partners with capital of Rs. 3,00,000 and Rs. 2,00,000 respectively sharing profits as Lata 70% and Mamta 30% . During the year ended 31st March 2005 they earned a profit of Rs. 2,26,440 before allowing interes on partner's loan. The terms of partnership are as follows:

(i) Interest on Capital is to be allowed @ 7% p.a.
(ii) Lata to get a salary of Rs. 2,500 per month.
(iii) Interest on Mamta's Loan account of Rs. 80,000 for the whole year.
(iv) Interest on drawings of partners at 8% per annum. Drawings being Lata Rs. 36,000 and Mamta Rs. 48,000
(v) 1/10th of the distributable profit should be transferred to General Reserve.

Prepare the Profit and Loss Appropriation Account.

[**Ans.** Share of Profit: Lata Rs. 1,00,800 and Mamta Rs. 43,200]

Hints (i) Interest on Loan will be calculated at 6% p.a.
(ii) Interest on Drawings will be calculated for an average period of 6 months.
(iii) Transfer to General Reserve will be 10% of net profit. i.e. 10% of 1,60,000= Rs.16,000

Q2. Current Account's Balances as on 1st January, 1993 were as:- Amit : Rs.5,000 (Cr.), Namit : Rs.2,000(Cr) And Ruchi : Rs. 1,000 (Dr.) , Profit sharing ration was 3:2:1. Amit get a monthly salary of Rs. 1,500. Amit draws Rs. 2,000 on the first day of each month and Namit draws Rs. 2,000 on the last date of each month while Ruchi draws Rs. 6,000 at the end of each quarter. Interest on drawings is to be charged @ 12% p.a. Profits for the year before adjustments of interest on drawings and of salary were Rs. 74,040. Show Current Accounts. (Optional)

[**Ans.** Divisible Profits Rs. 60,000; Current A/c Amit Rs. 27,440 (Cr.) ; Namit Rs. 3,320 (Dr.); Ruchi Rs. 16,080(Dr.)]

Q3. After the accounts of the partnership have been drawn up and the books closed off, it is discovered that interest on capitals @8% p.a. as provided in the partnership agreement has been omitted to be recorded. Their capital accounts at the beginning of the year stood as follows: A Rs. 80,000; B Rs. 40,000; C Rs. 30,000. Their profit sharing ration was 2:1:1 Instead of altering the Balance Sheet it is decided to pass necessary adjusting entry at the beginning of the next year. (Optional)

You are required to give the necessary journal entry.

[**Ans.** C"s Capital A/c	Dr.	600	
To A's Capital A/c			400
To B's Capital A/c			200]

Q4.A,B and C entered into a partnership with capitals of Rs. 80,000, Rs. 50,000 and Rs. 40,000 respectively. Each partner is entitled to interest on his capital @ 8% p.a B is entitled to a salary of Rs. 8,000 p.a and C a salary of Rs. 6,000 p.a. They decided to share profits and losses in the ratio of 5:3:2.

A guaranteed that the firm would earn a profit of Rs. 60,000 before allowing interest on capital and partners salaries. The actual profit for the year 1996 before interest and salaries amounted to Rs. 56,000. Prepare Profit & Loss Appropriation A/c and the Partner's Capital Accounts.

[**Ans.** Balance of Capital Accounts : A Rs. 98,600; B Rs. 71,720 and C Rs. 55,680]

Chapter 2–Goodwill

Q1.The average net profits expected in the future by ABC firm are Rs. 1,00,000 per year. The average Capital employed in the business by the firm is 5,00,000. The rate of interest expected from capital invested in this class of business is 15%. The remuneration of the Partners is estimated to be Rs. 10,000 per annum. Find out the value of Goodwill on the basis of two years' purchase of super profits.
[**Ans.** Rs. 30,000]

Q2. The net assets of a firm as on Dec. 31, 2001 were Rs. 4,00,000. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs. 1,25,000 at 5 year's purchase of super profits, find the average profits of the firm. (Optional)

[**Ans.** Average Profit Rs. 1,05,000]

Q3. On April 1st 2003, an existing firm had assets of Rs. 5,00,000 including cash of Rs. 20,000. The firm had a Reserve Fund of Rs. 90,000, partner's capital accounts showed a balance of Rs. 3,80,000 and creditors amounted to Rs. 30,000. If the normal rate of return is 20% and the goodwill of the firm is valued at Rs.64,000 at 4 year's purchase of super profit, find the average profits of the firm.
[**Ans.** Rs. 1,10,000]

Capitalisation Method:

Q4. The average profits of a firm is Rs. 48,000. The total assets of the firm are Rs. 8,00,000. Value of other liabilities is Rs. 5,00,000. Average rate of return in the same business is 12%.
Calculate goodwill from capitalization of average profits method.
[**Ans.** Goodwill Rs. 1,00,000]
Hints: Capital Employed =Assets – Liabilities.

Chapter 3 –Change in profit sharing Ratio

Q1. A and B were partners in a firm sharing profits in the ratio of 3:1. With effect from 1st January 2003 they agreed to share profits in the ratio of 2:1. For this purpose the goodwill of the firm was valued at Rs. 50,000. General reserves appear in the books at Rs. 40,000. Partners neither want to show goodwill in the books nor want to distribute the reserves. You are required to change by passing a single journal entry.

Q2. A, B and C are partners sharing profits and losses in the ratio of 3:3:2. Their balance sheet as on 31st March 2003 was as follows: (Optional)

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	24,000	Cash at Bank	37,000
General Reserve	36,000	Sundry Debtors	44,000
		Stock	1,20,000
A 2,00,000		Machinery	1,59,000
B 1,50,000		Building	2,00,000
C 1,50,000	5,00,000		
	5,60,000		5,60,000

Partners decided that with effect from 1st April 2003, they would share profits and losses in the ratio of 4:3:1. It was agreed that :

(i) Stock be valued at Rs. 1,10,000.

(ii) Machinery is to be depreciated by 10%.

(iii) A provision for doubtful debts is to be made on debtors @ 5%

(iv) Building to be appreciated by 20%.

(v) A liability for Rs. 2,500 included in sundry creditors is not likely to arise.

Chapter 4 –Admission

Q1. A and B share the profits of a business in the ration of 5:3. They admit C into the firm for 1/4th share in the profit to be contributed equally by A and B. On the date of admission of C, the balance sheet of the firm was as follows.

Liabilities	Rs.	Assets	Rs.
A's Capital	40,000	Machinery	30,000
B's capital	30,000	Furniture	20,000
Workmen's Compensation Fund	4,000	Stock	15,000
Creditors	2,000	Debtors	15,000
Provided fund	10,000	Bank	6,000
	86,000		86,000

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Terms of C's admission were as follows:

(i) C will bring Rs. 30,000 for his share of capital and goodwill.

(ii) Goodwill of the firm has been valued at 3 years' purchase of the average super profits of last four year. Average profits of the last four years are Rs. 20,000 while the normal profits that can be earned with the capital employed are Rs. 12,000.

(iii) Furniture is undervalued by Rs. 12,000 and the value of stock is reduced to Rs. 13,000. Provident fund be raised by Rs. 1,000.

(iv) Creditors are unrecorded to the extent of Rs. 6,000.

Prepare Revaluation Account, Partners' Capital Accounts and the new Balance Sheet of A, B and C.

Q2. X and Y are in partnership, sharing profits in the ration 5:3 respectively. Their balance sheet is as follows.;-

Liabilities	Rs.	Assets		Rs.
Creditors	28,000	Cash at Bank		7,800
Workmen's Compensation Fund	4,000	Debtors	40,000	
Z's Loan A/c	30,000	Less: Provision	1,800	38,200
Capital A/cs:		Stock		56,000
X	50,000	Investments		10,000
Y	40,000	Goodwill		30,000
		Plant		
	1,52,000			1,52,000

Z is admitted into partnership on the following terms: (Optional)

(i) The new profit –sharing ratio will be 4:3:2 between X, Y and Z respectively.

(ii) Z's loan should be treated as his capital.

(iii) Goodwill of the firm is valued at Rs. 27,000

(iv) Rs. 8,000 of investments were to be taken over by X and Y in their profit sharing ratio.

(v) Stock be reduced by 10%.

(vi) Provision for doubtful debts should be @5% on debtors and a provision for discount on debtors @2% should also be made.

(vii) x is to withdraw Rs. 6,000 in cash.
Give journal entries to record the above and prepare balance sheet of the new firm.

Chapter –Retirement and Death

Q1. A, B and C were partners sharing profits and losses in the ratio of 5:3:2. Their balance Sheet as on 1st January, 1994 was as follows: (Optional)

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	10,000	Cash	2,000
Employee's Provident Fund	5,000	Sundry Debtors	8,000
Reserve Fund	6,000	Stock	40,000
Workmen's Compensation Fund	2,000	Furniture	13,000
Capitals:		Patents	4,000
A 50,000		Buildings	60,000
B 35,000		Goodwill	6,000
C 25,000	1,10,000		
	1,33,000		1,33,000

C retires on above date and the partners agreed that:

(i) Goodwill is to be valued at two years' purchase of the average profits of last four year. Profits were:1990-Rs.14,440,1991-Rs.20,000, 1992-Rs. 10,000(Loss), 1993-Rs. 15,600.

(ii) 5% provision for doubtful debts to be made on debtors.

(iii) Stock be appreciated by 10%

(iv) Patents are valueless.

(v) Buildings be appreciated by 20%

(vi) Sundry Creditors to be paid Rs. 2,000 more than the book value.

Pass Journal entries and prepare Revaluation Account, Capital Accounts and the Balance Sheet of the new firm.

Q2. The Balance Sheet of P, Q and R as on 31st December, 2009 was as follows.

Liabilities	Rs.	Assets	Rs.
Bill Payable	20,000	Cash at bank	1,58,000
Employee's Provident Fund	50,000	Bills Receivable	8,000
Workmen Compensation Reserve	90,000	Stock	90,000
Loans	1,71,000	Sundry Debtors	1,60,000
Capital Accounts:		Furniture	20,000
P 50,000		Plant and Machinery	65,000
Q 35,000		Buildings	3,00,000
R 25,000		Advertisement Suspense	30,000
	5,00,000		
	8,31,000		8,31,000

The profit-sharing ratio was 3:2;1. R died on 30th April, 2010. The partnership deed provides that:

(i) Good will is to be calculated on the basis of 3 year's purchase of the preceding 5 year's average profits. The profits were: 2009 Rs. 2,40,000; 2008 Rs. 1,60,000; 2007 Rs. 2,00,000; 2006 Rs. 1,00,000; 2005 Rs. 50,000.

(ii) The deceased partner should be given share of profits up to the date of death on the basis of profits for the previous year.

(iii) The assets have been revalued as under:-
Stock Rs. 1,00,000; Debtors Rs. 1,50,000; Furniture Rs. 15,000; Plant and Machinery Rs. 50,000; Building Rs.3,50,000. A bill for Rs. 6,000 was found worthless.

(iv) A sum of Rs. 72,330 was paid immediately to R's executors and the balance to be paid in two equal annual installments together with interest at 10% p.a. on the amount outstanding. The first installment was paid on 30th April 2011.

Prepare Revaluation Account and R's Executor's account till it is finally settled Accounts are closed on 31st December each year.

Chapter –Dissolution

Q1. Ram, Shyam and Mohan Shared profits in the ratio of 2:2:1. Following is their Balance sheet on the date of dissolution:- (Optional)

Liabilities	Rs.	Assets	Rs.
Creditors	40,000	Cash at bank	4,000
Bills Payable	2,600	Debtors	15,000
Provision for Depreciation	15,000	Stock	50,000
Capital Accounts:		Plant	75,000
Ram	1,35,000	Patents	20,000
Shyam	30,000	100 Shares in X co.	5,000
Mohan	10,000	300 Shares in Y co.	18,000
		Goodwill	15,600
		Advertisement Suspense A/c	30,000
	2,32,600		2,32,600

(i) Ram takes over Debtors at Rs. 10,000; Stock at a 20% less value: and Plant at Rs. 30,000.

(ii) One of the Creditors took some of the patents whose book value was Rs. 8,000, at a valuation of Rs. 4,800. Balance of the Creditors were paid at a discount of Rs. 1,200.

(iii) There was a joint Life policy of Rs. 25,000 (not mentioned in the Balance Sheet) and this was surrendered for Rs. 10,000.

(iv) Shares in X co. were agreed to be taken over by Shyam at Rs. 30 per share.

(v) Shares in Y co. were valued at Rs. 12,000. All partners divided these shares in their profit sharing ratio.

(vi) balance of the patents realised 70% of their book value.

Prepare necessary ledger accounts.

Q2. What journal Entries would be passes for the following transactions on the dissolution of a firm, after various assets (other than cash) and third party Liabilities have been transferred to Realisation A/c?

(i) Stock worth Rs. 15,000 is taken over by partner A.

(ii) Compensation to employees paid by the firm amounted to Rs. 20,000.

(iii) Sundry Creditors amounted to Rs. 8,000. These were paid at a discount of 5%.

(iv) There was an unrecorded asset of Rs. 2,000 which was taken over by B at Rs. 1,500.

Company Accounts

Q1. A Limited company invites applications for 50,000 equity shares of Rs. 10 each payable as follows:

On Application	Rs. 3
On Allotment	Rs. 4
On First Call	Rs. 2
On Final Call	Balance

Applications were received for 70,000 shares. Allotments were made on the following basis:

(i) To applicants for 10,000 shares _ in full.

(ii) To applicants for 60,000 shares – 40,000 shares

Excess money paid on application was utilised towards allotment money.

A shareholder who was allotted 1,000 shares out of the group applying for 60,000 shares failed to pay allotment money and money due on calls. These shares were forfeited. 600 forfeited shares were re-issued as fully paid on receipt of Rs. 8 per share.

Q2. X Ltd., issued 50,000 shares of Rs. 10 each at a discount of 10% payable as Rs. 2 per share on application, Rs. 3 on allotment and Rs. 2 each on first and final call. Applications were received for 70,000 shares. It was decided that: (Optional)

(a) Refuse allotment to the applicants of 10,000 shares.

(b) Allot 15,000 shares to Anil who had applied for similar number and

(c) Allot the remaining shares on pro-rata basis.

Anil failed to pay the allotment money and Sunil who belonged to the category 'C' and was allotted 3,500 shares paid both the calls with allotment. Calculate the amount received on allotment.

Q3. R.K ltd. invited applications for issuing 70,000 Equity shares of Rs. 10 each at a premium of 35 per share. The amount was payable as follows: (Optional)

On Application	Rs. 15 (including Rs. 12 premium)
On Allotment	Rs. 10 (including Rs. 8 premium)
On first and Final	Balance

Applications for 65,000 shares were received and allotment was made to all the applicants. A shareholder, Ram, who was allotted 2,000 shares failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards, the first and final call was made. Sohan, who had 3,000 shares, failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares, 4,000 shares were re-issued shares included all the shares of Ram.

Q4. Fast Food Ltd. Issued a prospectus offering 10,000 equity shares of Rs. 50 each at par payable as follows:-

	Rs.
On Application	15
On Allotment	10
On First Call	15
On Final Call	10

Ram the holder of 500 equity shares did not pay the amount due on both the calls. These 500 shares were forfeited by the Board and Directors and 300 of these shares were subsequently re-issued at Rs. 55 per share.

Show the entries in the Cash Book and Journal of the Company.

Q5. Pass journal entries for the forfeiture and re-issue in the following cases:

(i) A Ltd. Forfeited 100 shares of Rs. 10 each fully called-up for non-payment of first call of Rs. 3 per share and final call of 3 per share. All of these shares were re-issued as fully paid for Rs. 10 per share.

(ii) B Ltd. Forfeited 400 shares of Rs. 10 each fully called-up for non-payment of Final call of Rs. 3 per share. 300 of these shares were re-issued as fully paid for 8 per share.

(iii) C Ltd. Forfeited 700 shares of Rs. 10 each fully called-up on which the holder has paid application money @ Rs. 3 and allotment money @ Rs. 2 per share. Out of these. 300 shares were re-issued as fully paid @ Rs. 7 per share.

(iv) D Ltd. Forfeited 1,000 shares of Rs.10 each fully called-up on which the holder has paid only the application money @ Rs. 3 per share. Out of these, 600 shares were re-issued at Rs. 10.50 per share, fully paid up.

Q6. Journalise the following transactions:

(i) 400 debentures issued at Rs. 960 each, repayable at Rs. 1000 each.

(ii) 400 debentures issued at Rs. 1,040 each, repayable at Rs. 1000 each.

(iii) 400 debentures issued at Rs. 1,000 each, repayable at Rs. 1060 each.

(iv) 400 debentures issued at Rs. 960 each, repayable at Rs. 1060 each

(The face value of each debenture is Rs,. 1000)

Q7. X ltd. Purchased assets Y Ltd. As under:

Plant and Machinery	Rs. 8,00,000
Land Building	Rs. 72,00,000

The purchase consideration was Rs. 80,00,000, Rs. 20,00,000 were paid through bank and the remaining by issue of 6% debentures of Rs. 1100 each at a premium of 20%

Q8. Mudra Ltd. Had 10,000 12% Debentures of Rs. 100 each due for redumption at a premium of 5% on March 3,20019. The Board of Directors of the company decided to follow SEBI guidelines for maintaining Debenture Redemption Reserve. They transferred the required amount to Debenture Redemption Reserve and redeemed the debentures fully. Pass necessary journal entries relating to transfer of the required amount to DRR and Redemption of Debentures.

Q9. Y Ltd. Issued 6,000, 13% Debentures of Rs. 100 each on 1st April, 2013 at par. The terms of Debentures Trust Deed provided for the redemption of Rs. 1,50,000 annually commencing from March, 2014 either by drawings at par or by purchase in the open market at the company's option. On 31st March, 2014, the Company purchased Rs. 1,20,000 of its Debentures at Rs. 95 and incurred the brokerage @ 2% The company fulfilled its obligation under the Trust Deed. Prepare necessary accounts. (Optional)

Q10. Luxury Travels Ltd. Has 40,00,000, 8% debentures of Rs. 100 each due for redemption in four equal annual instalments starting from March 31, 2003. Debenture Redemption Reserve has a balance of Rs. 15,00,00,000 on that date.Record necessary journal entries. (Optional)

Q11. Raj Ltd. Purchases furniture costing Rs. 2,20,000. It was agreed that the purchase consideration be paid by issue of 15% debentures of Rs. 100 each. Assume debentures have been issued: (i) at par, and (ii) at a premium of 10%. Give necessary journal entries. (Optional)

Chapter :- Ratio analysis

<u>I Project</u> on Segment reporting (Details already explained in class.)

Chapter: Cash Flow Statement.

<u>II Project</u> Take a Cash Flow Project Statement of an Actual Company and process the same. (Details already explained in class.)

<u>III Project</u>: Comprehensive Project. (Details already explained in class.)

Chapter