S.F.D.A.V. Public School,Muzaffarnagar

Question Bank

Class XII

Accountancy(A)

Q.1 Distinguish between fixed capital method and fluctuating capital method.

Q.2 A, B and C were partners in a firm having capitals of Rs. 60,000, Rs. 60,000 and Rs. 80,000 respectively. Their current account balances were A- Rs. 10,000, B- Rs. 5000 and C- Rs. 2000 (Dr.). According to the partnership deed the partners were entitled to an interest on capital @ 5% p.a. C being the working partner was also entitled to a salary of Rs. 6,000 p. a. The profits were to be divided as follows:

(i) The first Rs. 20,000 in proportion to their capitals.

(ii) Next Rs. 30,000 in the ratio of 5:3:2.

(iii) Remaining profits to be shared equally.

During the year the firm made a profit of Rs. 1,56,000 before charging any of the above items.

Prepare the profit and loss appropriate on A/C.

Q.3 A and B are partners sharing profits in proportion of 3:2 with capitals of Rs. 40,000 and Rs. 30,000 respectively. Interest on capital is agreed at 5 % p.a. B is to be allowed an annual salary of Rs. 3000 which has not been withdrawn. During 2001 the profits for the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 12,000. A provision of 5% of this amount is to be made in respect of commission to the manager.

Prepare profit and loss appropriation account showing the allocation of profits.

Q4 A and B are partners sharing profits equally. They admit C into partnership, C paying only Rs. 1000 for premium out of his share of premium of Rs. 1800 for $1/4^{th}$ share of profit. Goodwill account appears in the books at Rs. 6000. All the partners have decided that goodwill should not appear in the new firms books.

Q.5 A and B are partners sharing profits in the ratio of 3:2. Their books showed goodwill at Rs. 2000. C is admitted with $1/4^{th}$ share of profits and brings Rs. 10,000 as his capital but is not able to bring in cash goodwill Rs. 3000. Give necessary Journal entries.

Q.6Piyush and Deepika are partners sharing in the ratio of 7:3. they admit Seema as a new partner. The new ratio being 5:3:2. Pass journal entries.

Q.7 A and B are partners with capital of Rs. 26,000 and Rs. 22,000 respectively. They admit C as partner with $1/4^{th}$ share in the profits of the firm. C brings Rs. 26,000 as his share of capital. Give journal entry to record goodwill on C's admission.

Q.8 A and B are partners sharing profits in the ratio of 3:2. They admit C into partnership for $1/4^{th}$ share. C is unable to bring his share of goodwill in cash. The goodwill of the firm is valued at Rs. 21,000. give journal entry for the treatment of goodwill on C's admission.

Q.9 A and B are partners with capitals of Rs. 13,000 and Rs. 9000 respectively. They admit C as a partner with 1/5th share in the profits of the firm. C brings Rs. 8000 as his capital. Give journal entries to record goodwill.

Q.10 A, B and C were partners in the ratio of 5:4:1. On 31st Dec. 2006 their balance sheet showed a reserve fund of Rs. 65,000, P&L A/C (Loss) of Rs. 45,000. On 1st January, 2007, the partners decided to change their profit sharing ratio to 9:6:5. For this purpose goodwill was valued at Rs. 1,50,000.

The partners do not want to distribute reserves and losses and also do not want to record goodwill.

You are required to pass single journal entry for the above.

Q.11 A and B were partners in the ratio of 3:2. They admit C for 3/13th share. New profit ratio after C's admission will be 5:5:3. C brought some assets in the form of his capital and for the share of his goodwill.

Following were the assets:

Assets	Rs.
Stock	2,44,000
Building	2,40,000
Plant and Machinery	1,40,000

At the time of admission of C goodwill of the firm was valued at Rs. 12,48,000.
Pass necessary journal entries.

Q.12 X, Y and Z are sharing profits and losses in the ratio of 5:3:2. They decide to share future profits and losses in the ratio of 2:3:5 with effect from 1st April, 2002. They also decide to record the effect of the reserves without affecting their book figures, by passing a single adjusting entry.

	Book Figure
General Reserve	Rs. 40,000
Profit 2 loss A/C (Cr)	Rs. 10,000
Advertisement Suspense A/C(Dr)	Rs. 20,000

Pass the necessary single adjusting entry.

Q.13On a firms dissolution debtors as shown in the Balance sheet were Rs. 17000 out of these Rs. 2000 became bad. One debtor of Rs. 6000 became insolvent and 40% could be recovered from him. Full recovery was made from the balance debtors. Calculate the amount received from debtors and pass necessary journal entry.

Q.14 On dissolution of a firm, Kamal's capital account shows a debit balance of Rs. 16000. His share of profit on realization is Rs. 11000. He has taken over firms creditors at Rs. 9000. Calculate the final payment due to /from him and pass journal entry.

Q.15 A and B were partners in a firm sharing profits and losses equally. Their firm was dissolved on 15th March, 2004, which resulted in a loss of Rs. 30,000. On that date the capital A/C of A showed a credit balance of Rs. 20,000 and that of B a credit balance of Rs. 30000. The cash account has a balance of Rs. 20000. You are required to pass the necessary journal entries for the (i) Transfer of loss to the capital accounts and (ii) making final payment to the partners.

Q.16 What journal entries would be passed in the books of A and B who are partners in a firm, sharing profits in the ratio of 5:2, for the following transactions on the dissolution of the firm after various assets (other than cash) and third party liabilities have been transferred to Realisation Account?

(a) Bank loan Rs. 12,000 is paid.
(b) Stock worth Rs. 6000 is taken over by B.
(c) Loss on RealisationRs. 14,000.
(d) Realisation expenses amounted to Rs. 2,000, B has to bear these expenses.
(e) Deferred Revenue Advertising Expenditure appeared at Rs. 28,000.

A typewriter completely written off in the books of the firm was sold for Rs. 200.

Q.17 Can a company issue shares at a premium in the absence of any express authority in its articles?

Q.18What is the maximum rate of interest which the board of directors of a company can normally pay on calls-in-advance if the articles are silent on the matter of such interest?

Q.19 State with reason whether a company can issue its shares at a discount in its Initial Public Offer (IPO).

Q.20Why securities premium money can not be used for payment of cash dividend among shareholders?

Q.21 Krishna Ltd. With paid-up share capital of Rs. 60,00,000 has a balance of Rs. 15,00,000 in securities premium account. The company management does not want to carry over this balance. You are required to suggest the method for utilizing this premium money that would achieve the objectives of the management and maximize the return to shareholders.

Q.22 Distinguish between a share and a Debenture.

Q.23 Can share premium be utilised for the purchase of fixed assets?

Q.24 State in brief, the SEBI guidelines regarding Debenture Redemption Reserve(DRR).

Q.25Which companies are exempted from the obligation of creating DRR by SEBI?

Q.26 What is the restriction on reissue of forfeited shares at discount?

Q.27 X Ltd. issued 20,000 shares of Rs. 10 each at a premium of 10% payable as follows:-

On application Rs. 2 (1st Jan 2001), on allotment Rs. 4 (including premium) (1st April 2001), On first call Rs. 3 (1st June 2001), on second call & final call Rs. 2 (1st Aug. 2001).

Application were received for 18,000 shares and the directors made allotment in full. One shareholder to whom 40 shares were allotted paid the entire balance on his share holdings with allotment money and another shareholder did not pay allotment and 1st call money on his 60 shares but which he paid with final call.

Calculate the amount of interest paid and received on calls-in-advance and calls-in-arrears respectively on 1st Aug. 2001.

Q.28 X Ltd took over the assets of Rs. 6,60,000 and liabilities of Rs. 80,000, Y Ltd for Rs. 600,000. Show the necessary journal entries in the book of X Ltd. assuming that

Case-I : The consideration was payable 10% in cash and the balance in 54000 equity shares of Rs. 10 each.

Case-II : The consideration was payable 10% in cash and the balance in 45000 equity shares of Rs. 10 each.

Case-III : The consideration was payable 10% in cash and the balance in 60,000 equity shares of Rs. 10 each.

Q.29 X ltd. was formed with a capital of Rs. 500,000 divided into shares of Rs. 10 each out of these 2000 shares were issued to the vendors as fully paid as purchase consideration for a building acquired, 1000 shares were issued to signatories to the memorandum of association as fully paid. The directors offered 6500 shares to the public and called up Rs. 6 per and received the entry called up amount on share allotted. Show these transaction in the Balance sheet of a company.

Q.30 X Ltd. invited applications for 11,000 shares of Rs. 10 each issued at 10% premium payable as:

On application	Rs. 3 (including Rs. 1 premium)
On allotment	Rs. 4 (including Rs. 1 premium)
On 1st Call	Rs. 3
On 2nd& final call	Rs. 2

Application were received for 24000 shares.
Category I : One fourth of the shares applied for allotted 2000 shares.
Category II: Three fourth the shares applied for allotted 9000 shares.

Remaining applicants were rejected. Mr. Mohan holding 300 shares out of category II failed to pay allotment and two calls and his shares were re issued @ Rs. 11 fully paid-up. Pass necessary journal entries.

Q.31 A company forfeited 240 shares of Rs. 10 each issued to raj at aa premium of 20%. Raman had applied for 300 shares and had not paid anything after paying Rs 6 per share including premium on application. 180 shares were reissued at Rs. 11 per share fully paid up. Pass journal entries relating to forfeiture and reissue of shares.

Q.32On 1st July 2007. A Ltd gave notice of their intention to redeem their outstanding Rs. 400,000 8% Debentures on 1st January, 2008 @ rs. 102 each and offered the holders the following options-

(a) To subscibe for (i) 6% cumulative preference shares of Rs. 20 each at Rs. 22.50 per share, accepted by debenture holders of Rs. 1,71,000 or (ii) 12% debentures were issued @96% accepted by the holders of Rs. 1,44,000 Debentures.

(b) Remaining debentures to be redeemed for cash if neither of the option under (a) was accepted. Pass necessary journal entries.

Q. 7 Sonu Ltd. company issued 15,000 shares of Rs. 10 each. Payment on thereshares is to be made as follows:

On application Rs. 4 (1st Feb, 2003)
On allotment Rs. 3 (1st April, 2003)
On final call Rs. 3 (1st May, 2003)

Rakesh to whom 1000 shares were allotted paid the full amount on application and mohan to whom 200 shares were allotted paid the final call money on allotment. Interest @ 6% was paid on 1st May, 2003. Pass necessary journal entries.

Q.33 TPT Ltd. invited applications for issuing 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share. The whole amount was payable on application. The issue was over subscribed by 30,000 shares and allotment was made on pro-rata basis. Pass necessary journal entries in the books of the company.

Q.34 Virani Industries Ltd. issued 1,00,000, 10% Debentures of Rs. 10 each at a discount of 9% on April 1st, 2001 redeemable as follows:

31st March 2003 - 20,000 Debentures
31st March 2004 - 30,000 Debentures
31st March 2005 - 20,000 Debentures
31st March 2006 - Remaining Debentures

Calculate the amount of discount to be written off each year and prepare discount on issue of debentures account.

Q.35 The following balance appeared in the books of Z Ltd. on January 1, 2004.

12% Debentures A/C	Rs. 1,50,000
Debenture Redemption Fund	Rs. 1,25,000
Debenture Redemption Fund Investment	Rs. 1,25,000
(Represented by Rs. 1,47,500, 3% Govt. Securities)	

The annual installment added to the fund is Rs. 20,575. On December 31, 2004, the bank balance after the receipt of interest on investment was Rs. 39,100. On that date all the investment were sold at 83% and the debentures were duly redeemed. Show the necessary ledger accounts for the year 2004.

Q.36 On 01-04-1999, A Ltd., issued 2000, 7% debentures of Rs. 100 each at a discount of 10% redeemable at par after 4 years by converting them into equity shares of Rs. 100 each issued at a premium of 25%.

Pass journal entries in the following cases:

(i) If debentures are redeemed on maturity.

(ii) If debentures are redeemed before maturity.

Q.37 Pass journal entries for the following at the time of issue of debentures:

(a) B Ltd. issues 30,000, 12% Debentures of Rs. 100 each at a discount of 5 % to be repaid at par at the end of 5 years.

(b) E Ltd. issues Rs. 60,000, 12% Debentures of Rs. 100 each at a discount of 5 % repayable at a premium of 10% at the end of 5 years.

(c) F Ltd. issues Rs. 70,000, 12% Debentures of Rs. 100 each at a premium of 5 % redeemable at 110%.

Q.38 500 shares of Rs. 100 each issued at a discount of 10% were forfeited for the non-payment of allotment money of Rs. 50 per share. The first and final call of Rs.10 per share on these shares were not made. The forfeited shares were reissued at Rs. 80 per share fully paid-up.

Q.39 200 shares of Rs. 100 each issued at a discount of 10% were forfeited for the non payment of allotment money of Rs. 50 per share. The first and final call of Rs. 10 per share on these shares were not made. The forfeited share were reissued at Rs. 14 per share fully paid up.

Q.40 800 Shares of Rs. 10 each issued at per were forfeited for the non-payment of final call of Rs. 2 per share. These shares were reissued at Rs. 8 per share fully paid-up.

Qus:41 How will you show the following items in the Balance sheet of a company.

(i) Calls in Arrears (ii) Calls in Advance.

Qus:42 Under what heads the following items on the Liabilities side of the Balance sheet Of a company will be presented

(i) Proposed Dividend.

(ii) Unclaimed Dividend.

Qus:43 State any two items which are shown under the head ‘Investment’ in a company balance sheet.

Qus:44 Give the format of the Balance sheet of a company(main headings only) as per the requirement of Schedule VI of the companies Act.1956.

Qus:45 Give the heading under which the following items will be shown in a company’s Balance sheet:

(i) Goodwill.

(ii) Preliminary Expenses

(iii) Loose Tools

(iv) Capital Redemption Resave.

(v) Live Stock.

Qus:46 The following balance have been from the book of Sahara Ltd. Share capital Rs.10,00,000, securities Premium Rs. 1,00,000, 9% Debentures Rs. 500,000, Creditors Rs. 200,000., Proposed Dividend Rs. 50,000. , Freehold property RS. 9,00,000, share of Reliance Industries Rs. 4,00,000, Work-in-Progress Rs. 4,00,000, Discount on Issue of Debentures Rs. 1,00,000.

Prepare the balance sheet of the company as per schedule VI part 1 of the companies Act.1956.

Qus:47 List any three items that can be shown as contingent Liabilities in a company's Balance sheet.

Qus:48 Give two example each of Non-Current Assets and Non- Current Liabilities.

Qus:49 What is Horizontal Analysis?Give the example of Horizontal Analysis.

Qus:50. What is Vertical Analysis?Give the example of Vertical Analysis?