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CBSE always believes in Global Trends of Educational Transformation. The CBSE curriculum gets its lead from National Curriculum Framework – 2005 and Right to Free and Compulsory Education Act – 2009. The aim of CBSE Curriculum is not just to let learners obtain basic knowledge but to make them life-long learners. CBSE always updates and reviews the syllabus to make it more relevant with educational transformation and in last few years the chapters and topics which CBSE has added are very interesting and increase practical knowledge.

Oswaal Question Banks are designed to nurture individuality and thus enhance one's innate potentials which helps in increasing the self-study mode for students. This book strengthens knowledge and attitude related to subject. It is designed in such a way that students can set their own goals and can improve their problem solving and thinking skills.

The journey of this book is never ending as this book is reviewed every year and new questions, previous year's examination questions, new HOTS or any change in syllabus is updated time to time. Also regular review and readers' feedback increases the efficiency of this book gradually.

Moreover every Question Bank strictly follows the latest syllabus and pattern, and contains more than sufficient questions and brief description of chapters, which help students in practicing and completing the syllabus. Questions incorporated in this Question Bank encompass all the 'Typologies' mentioned by CBSE namely Remembering, Understanding, Application, High Order Thinking Skills and Evaluation. Solutions for these have been checked twice and efforts have been made to align them closely to the Marking Scheme. Practically, this book provides students everything they need to learn and excel.

At last we would like to thank our authors, editors, reviewers and specially students who regularly send us suggestions which helps in continuous improvement of this book and makes this book stand in the category of "One of the Best". Wish you all Happy Learning.

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Banker, Chartered Accountant, Business Executive

Naina Lal Kidwai is currently the Group General Manager and Country Head of HSBC India. She is also a former President of the Federation of Indian Chambers of Commerce and Industry (FICCI). Naina Lal has secured the distinguished Padma Shri award for her contributions in the areas of trade and industry.

She was the first Indian woman graduate from Harvard Business School; the first (of three) women to be employed by Pricewaterhouse (Coopers); the first woman to head an investment bank and a foreign or private bank in India; and the first woman president of India's largest apex chamber of industry - the 85-year-old Federation of Indian Chambers of Commerce and Industry (FICCI).

Information in this section is sourced from various available sources. Though all efforts have been made to make sure it is trustworthy, Oswaal Books shall not be responsible for mistakes, if any.

Latest Syllabus for Academic Year 2017-18

Accountancy Class-12 (Code No. 055)

One Paper

Theory: 80 Marks
3 Hours

| Units | | Periods | Marks |
|---------------|---|---------------------|-----------|
| Part A | Accounting for Partnership Firms and Companies | | |
| | Unit 1. Accounting for Partnership Firms | 90 | 35 |
| | Unit 2. Accounting for Companies | 60 | 25 |
| | | 150 | 60 |
| Part B | Financial Statement Analysis | | |
| | Unit 3. Analysis of Financial Statements | 30 | 12 |
| | Unit 4. Cash Flow Statement | 20 | 8 |
| | | 50 | 20 |
| Part C | Project Work | 40 | 20 |
| | Project work will include: | | |
| | Project File | 4 Marks | |
| | Written Test | 12 Marks (One Hour) | |
| | Viva Voce | 4 Marks | |
| | OR | | |
| Part B | Computerized Accounting | | |
| | Unit 3. Computerized Accounting | 50 | 20 |
| Part C | Practical Work | 26 | 20 |
| | Practical work will include: | | |
| | Practical File | 4 Marks | |
| | Practical Examination | 12 Marks (One Hour) | |
| | Viva Voce | 4 Marks | |

Part A: Accounting for Partnership Firms and Companies
Unit 1: Accounting for Partnership Firms

60 Marks 150 Periods
90 Periods

| Units/Topics | Learning Outcomes |
|---|--|
| <ul style="list-style-type: none"> ● Partnership: features, Partnership Deed. ● Provisions of the Indian Partnership Act 1932 in the absence of partnership deed. ● Fixed v/s fluctuating capital accounts. Preparation of Profit and Loss Appropriation account-division of profit among partners, guarantee of profits. ● Past adjustments (relating to interest on capital, interest on drawing, salary and profit sharing ratio). ● Goodwill: nature, factors affecting and methods of valuation - average profit, super profit and capitalization. <p><i>Note : Interest on partner's loan is to be treated as a charge against profits.</i></p> <p>Accounting for Partnership firms - Reconstitution and Dissolution.</p> <ul style="list-style-type: none"> ● Change in the Profit Sharing Ratio among the existing partners - sacrificing ratio, gaining ratio, accounting for revaluation of assets and reassessment of liabilities and treatment of reserves and accumulated profits. Preparation of revaluation account and balance sheet. | <p>After going through this unit, the student will be able to:</p> <ul style="list-style-type: none"> ● state the meaning of partnership, partnership firm and partnership deed. ● describe the characteristic features of partnership and the contents of partnership deed. ● discuss the significance of provision of Partnership Act in the absence of partnership deed. ● differentiate between fixed and fluctuating capital, outline the process and develop the understanding and skill of preparation of Profit and Loss Appropriation Account. ● develop the understanding and skill of preparation profit and loss appropriation account involving guarantee of profits. ● develop the understanding and skill of making past adjustments. ● state the meaning, nature and factors affecting goodwill ● develop the understanding and skill of valuation of goodwill using different methods. |

| | |
|--|--|
| <ul style="list-style-type: none"> ● Admission of a partner - effect of admission of a partner on change in the profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, treatment of reserves, and accumulated profits, adjustment of capital accounts and preparation of balance sheet. ● Retirement and death of a partner: effect of retirement / death of a partner on change in profit sharing ratio, treatment of goodwill (as per AS 26), treatment for revaluation of assets and reassessment of liabilities, adjustment of accumulated profits and reserves, adjustment of capital accounts and preparation of balance sheet. Preparation of loan account of the retiring partner. Calculation of deceased partner's share of profit till the date of death. Preparation of deceased partner's capital account, executor's account. ● Dissolution of a partnership firm: meaning of dissolution of partnership and partnership firm, types of dissolution of a firm. Settlement of accounts - preparation of realization account, and other related accounts: capital accounts of partners and cash/bank a/c (excluding piecemeal distribution, sale to a company and insolvency of partner(s)). <p>Note:</p> <ul style="list-style-type: none"> (i) The realized value of each asset must be given at the time of dissolution. (ii) In case, the realization expenses are borne by a partner, clear indication should be given regarding the payment there of. | <ul style="list-style-type: none"> ● state the meaning of sacrificing ratio, gaining ratio and the change in profit sharing ratio among existing partners. ● develop the understanding of accounting treatment of revaluation assets and reassessment of liabilities and treatment of reserves and accumulated profits by preparing revaluation account and balance sheet. ● explain the effect of change in profit sharing ratio on admission of a new partner. ● develop the understanding and skill of treatment of goodwill as per AS-26, treatment of revaluation of assets and re-assessment of liabilities, treatment of reserves and accumulated profits, adjustment of capital accounts and preparation of balance sheet of the new firm. ● explain the effect of retirement/death of a partner on change in profit sharing ratio. ● develop the understanding of accounting treatment of goodwill, revaluation of assets and re-assessment of liabilities and adjustment of accumulated profits and reserves on retirement / death of a partner and capital adjustment. ● develop the skill of calculation of deceased partner's share till the time of his death and prepare deceased partner's executor's account. ● discuss the preparation of the capital accounts of the remaining partners and the balance sheet of the firm after retirement / death of a partner. ● understand the situations under which a partnership firm can be dissolved. ● develop the understanding of preparation of realisation account and other related accounts. |
|--|--|

Unit 2: Accounting for Companies

60 Periods

| Units/Topics | Learning Outcomes |
|---|---|
| <p>Accounting for Share Capital</p> <ul style="list-style-type: none"> ● Share and share capital: nature and types. ● Accounting for share capital: issue and allotment of equity shares, private placement of shares, Employee Stock Option Plan (ESOP). Public subscription of shares - over subscription and under subscription of shares; issue at par and at premium, calls in advance and arrears (excluding interest), issue of shares for consideration other than cash. ● Concept of Private Placement and Employee stock Option Plan (ESOP). ● Accounting treatment of forfeiture and re-issue of shares. ● Disclosure of share capital in company's Balance Sheet of a company. <p>Accounting for Debentures</p> <ul style="list-style-type: none"> ● Debentures: Issue of debentures at par, at a premium and at a discount. Issue of debentures for consideration other than cash; Issue of debentures with terms of redemption; debentures as collateral security-concept, interest on debentures. Writing off discount /loss on issue of debentures. | <p>After going through this unit, the students will be able to:</p> <ul style="list-style-type: none"> ● state the meaning of share and share capital and differentiate between equity shares and preference shares and different types of share capital. ● understand the meaning of private placement of shares and Employee Stock Option Plan. ● explain the accounting treatment of share capital transactions regarding issue of shares. ● develop the understanding of accounting treatment of forfeiture and re-issue of forfeited shares. ● describe the presentation of share capital in the balance sheet of the company as per schedule III part I of the Companies Act 2013. ● explain the accounting treatment of different categories of transactions related to issue of debentures. ● develop the understanding and skill of writing of discount/loss on issue of debentures. ● understand the concept of collateral security and its presentation in balance sheet. |

| | |
|--|--|
| <ul style="list-style-type: none"> ● Redemption of debentures: Lump sum, draw of lots and purchase in the open market (excluding ex-interest and cum-interest) and conversion of existing debentures into new debentures or shares. Creation of Debenture Redemption Reserve. ● Conversion method. <p><i>Note: Related sections of the Companies Act, 2013 will apply.</i></p> | <ul style="list-style-type: none"> ● develop the skill of calculating interest on debentures and its accounting treatment. ● state the meaning of redemption of debentures. ● develop the understanding of accounting treatment of transactions related to redemption of debentures by lump sum, draw of lots, purchase in open market and conversion method. |
|--|--|

Part B : Financial Statement Analysis

20 Marks

Unit 3 : Analysis of Financial Statements

30 Periods

| | |
|---|--|
| <ul style="list-style-type: none"> ● Financial statements of a company : Statement of Profit and Loss and Balance Sheet in the prescribed form with major headings and sub headings (as per Schedule III to the Companies Act, 2013). <p>Note : <i>Exceptional items, extraordinary items and profit (loss) from discontinued operations are excluded.</i></p> <ul style="list-style-type: none"> ● Financial Statement Analysis : Objectives, importance and limitations. ● Tools for Financial Statement Analysis : Comparative statements, common size statements, cash flow analysis, ratio analysis. ● Accounting Ratios : Objectives, classification and computation. <p>Liquidity Ratios : Current ratio and Quick ratio. Solvency Ratios : Debt to Equity Ratio, Total Asset to Debt Ratio, Proprietary Ratio and Interest Coverage Ratio. Activity Ratios : Inventory Turnover Ratio, Trade Receivables Turnover Ratio, Trade Payables Turnover Ratio and Working Capital Turnover Ratio. Profitability Ratios : Gross Profit Ratio, Operating Ratio, Operating Profit Ratio, Net Profit Ratio and Return on Investment.</p> | <p>After going through this unit, the students will be able to:</p> <ul style="list-style-type: none"> ● develop the understanding of major headings and sub-headings (as per Schedule III to the Companies Act, 2013) of balance sheet as per the prescribed norms / formats. ● state the meaning, objectives and limitations of financial statement analysis. ● discuss the meaning of different tools of 'financial statements analysis'. ● develop the understanding and skill of preparation of comparative and common size financial statements. ● state the meaning, objectives and significance of different types of ratios. ● develop the understanding of computation of current ratio and quick ratio. ● develop the skill of computation of debt equity ratio, total asset to debt ratio, proprietary ratio and interest coverage ratio. ● develop the skill of computation of inventory turnover ratio, trade receivables and trade payables ratio and working capital turnover ratio. ● develop the skill of computation of gross profit ratio, operating ratio, operating profit ratio, net profit ratio and return on investment. |
|---|--|

Note : Net Profit Ratio is to be calculated on the basis profit before and after tax.

Unit 4 : Cash Flow Statements

20 Periods

| | |
|--|--|
| <ul style="list-style-type: none"> ● Meaning, objectives and preparation (as per AS 3 (Revised) (Indirect Method only) <p>Note :</p> <ol style="list-style-type: none"> adjustments relating to depreciation and amortization, profit or loss on sale of assets including investments, dividend (both final and interim) and tax. Bank overdraft and cash credit to be treated as short term borrowings. Current Investments to be taken as Marketable securities unless otherwise specified. | <p>After going through this unit, the students will be able to:</p> <ul style="list-style-type: none"> ● state the meaning and objectives of cash flow statement. ● develop the understanding of preparation of Cash Flow Statement using indirect method as per AS 3 with given adjustments. |
|--|--|

Part A : Project Work

20 Marks 40 Periods

Note : Kindly refer to the Guidelines published by the CBSE.

OR

Part B : Computerised Accounting

20 Marks 50 Periods

Part C : Practical Work

20 Marks 26 Periods

Suggested Question Paper Design (2017-18)
Accountancy (Code No. 055)
Class XII

One Paper

Theory : 80 Marks

Duration : 3 hrs.

| S. No. | Typology of Questions | Very Short Answer 1 Mark | Short Answer I 3 Marks | Short Answer II 4 Marks | Long Answer I 6 Marks | Long Answer II 8 Marks | Marks | % |
|--------|---|-----------------------------|---------------------------|----------------------------|--------------------------|---------------------------|---------------------------|------|
| 1. | Remembering - (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; Identify, define, or recite, information) | 3 | 1 | 1 | 1 | - | 16 | 20% |
| 2. | Understanding - (Comprehension –to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information) | 2 | - | 2 | 1 | 1 | 24 | 30% |
| 3. | Application (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem) | - | 2 | 2 | 1 | - | 20 | 25% |
| 4. | High Order Thinking Skills - (Analysis & Synthesis - Classify, compare, contrast, or differentiate between different pieces of information; Organize and /or integrate unique pieces of information) | 2 | - | - | 1 | 1 | 16 | 20% |
| 5. | Evaluation - (Appraise, judge, and /or justify the value or worth of a decision or outcome, or to predict outcomes based on values) | 1 | 1 | - | - | - | 04 | 05% |
| | TOTAL | 8x1=8 | 4x3=12 | 5x4=20 | 4x6=24 | 2x8=16 | 80(23) +20 Projects | 100% |

Scheme of options: All questions carrying 8 marks will have an internal choice.

Note : The Board has introduced Learning Outcomes in the syllabus to motivate students to constantly explore all levels of learning. However these are only indicative. These do not in any way restrict the scope of questions asked in the examinations. The examination questions will be strictly based on the prescribed question paper design and syllabus.

**SOLVED
PAPER**

**C.B.S.E.
2017
Class–XII
Delhi & Outside Delhi**

Accountancy

Time allowed : 3 Hours

Max. Marks : 80

General Instructions :

- (i) This question paper contains *two parts A and B*.
- (ii) Part A is *compulsory* for all.
- (iii) Part B has *two options* – Option – I Analysis of Financial Statements and Option – II Computerized Accounting.
- (iv) Attempt only *one* option of Part B.
- (v) All parts of a question should be attempted at one place.

Delhi Set I

Code No. 67/1/1

SECTION A

(Accounting for Partnership Firms and Companies)

1. Does partnership firm has a separate legal entity ? Give reason in support of your answer. 1
2. A and B were partners in a firm sharing profits and losses in the ratio of 4 : 3. They admitted C as a new partner the new profit sharing ratio between A, B and C was 3 : 2 : 2. A surrendered 1/4 of his share in favour of C. Calculate B's Sacrifice. 1
3. P and Q were partners in a firm sharing profits equally. Their fixed capitals were ₹ 1,00,000 and ₹ 50,000 respectively. The partnership deed provided for interest on capital at the rate of 10% per annum. For the year ended 31st march, 2016 the profits of the firm were distributed without providing interest on Capital. Pass necessary adjustment entry to rectify the error. 1
4. X Ltd. invited application for issuing 1,000, 9% debentures of ₹ 100 each at a discount of 6%. Applications for 1,200 debentures were received. Pro-rata allotment was made to all the applicants. Pass necessary Journal Entries for the issue of debentures assuming that the whole amount was payable with applications. 1
5. Y Ltd. forfeited 100 equity shares of ₹ 10 each for the non-payment of first call of ₹ 2 per share. The final call of ₹ 2 per share was yet to be made. Calculate the maximum amount of discount at which these shares can be re-issued. 1
6. Gupta and Sharma were partners in a firm. They wanted to admit two more members in the firm. List the categories of individuals other than minors who cannot be admitted by them. 1
7. Jain Motors Ltd converted its 200, 8% debentures of ₹ 100 each issued at a discount of 6% into equity shares of ₹ 10 each, issued at a premium of 25%. Discount on issue of 8% debentures has not yet been written off. Showing you working notes clearly pass necessary Journal Entries on conversion of 8% debentures into equity shares. 3
8. Amar, Ram, Mohan and Sohan were partners in a firm sharing profits in the ratio of 2 : 2 : 2 : 1. On 31st January, 2017 Sohan retired. On Sohan's retirement the goodwill of the firm was valued at ₹ 70,000. The new profit sharing ratio between Amar, Ram and Mohan was agreed as 5 : 1 : 1. Showing your working notes clearly, pass necessary Journal Entry for the treatment of goodwill in the books of the firm on Sohan's retirement. 3
9. Z Ltd. purchased machinery from K Ltd. Z. Ltd. paid K Ltd. as follows :
 - (i) By issuing 5,000 equity shares of ₹ 10 each at a premium of 30%.

(ii) By issuing 1000, 8% Debentures of ₹ 100 each at a discount of 10%.

(iii) Balance by giving a promissory note of ₹ 48,000 payable after two months.

Pass necessary journal entries for the purchase of machinery and payment to K Ltd. in the books of Z Ltd. 3

10. Akash Ltd. is registered with an authorized Capital of ₹ 8,00,00,000 divided into equity shares of ₹ 10 each. Subscribed and fully paid up share capital of the company was ₹ 4,00,00,000. For Providing employment to the local youth and for the development of the rural areas of the Jammu and Kashmir. State the company decided to set up a food processing unit in Anantnag district. The Company also decided to open skill development centres in Ladakh, Srinagar and Punch. To meet its new financial requirements the company decided to issue 1,00,000 equity shares of ₹ 10 each and 10,000, 9% debentures of ₹ 100 each. The debentures were redeemable after five years. The issue of equity shares and debentures was fully subscribed. A shareholder holding 1,000 shares failed to pay the final call of ₹ 2 per share.

Present the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013. Also, identify any two values that the company wishes to propagate. 3

11. Karan and Varun were partners in a firm sharing profits and losses in the ratio of 1 : 2. Their fixed capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. On 1st April, 2016 Kishore was admitted as a new partner for $\frac{1}{4}$ shares

in the profits. Kishore brought ₹ 2,00,000 for his capital which was to be kept fixed like the capitals of Karan and Varun. Kishore acquired his share of profit from Varun.

Calculate goodwill of the firm on Kishore's admission and the new profit sharing ratio of Karan, Varun and Kishore. Also, pass necessary Journal Entry for the treatment of Goodwill on Kishore's admission considering that Kishore did not bring his share of goodwill premium in Cash. 4

12. Sandeep, Mandeep and Amandeep were partners in a firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th September, 2016 Mandeep died. The partnership deed provided that on the death of a partner his executors will be entitled to the following :

(1) Balance in his capital account and interest @ 12% p.a. on capital. On 1-4-2016 the balance in Mandeep's Capital Account was ₹ 1,00,000.

(2) His share in the profits of the firm in the year of his death which will be calculated on the basis of rate of net profit on sales of the previous year which was 25%. The sale of the firm till 30th September, 2016 were ₹ 9,00,000.

(3) His share in the goodwill of the firm. The goodwill of the firm on Mandeep's death was valued at ₹ 1,50,000. The partnership deed also provided that the following deductions will be made from the amount payable to the executor of the deceased partner :

(1) His drawings in the year of his death Mandeep's drawings till 30th September, 2016 were ₹ 4,000.

(2) Interest on drawings @ 6% per annum which was calculated as ₹ 120.

The accountant of the firm prepared Mandeep's Capital Account to be presented to the executor of Mandeep but in a hurry he left it incomplete. Mandeep's capital Account prepared by Accountant of the firm is shown below :

Dr. Mandeep's Capital Account Cr.

| Date | Particulars | Amount (₹) | Date | Particulars | Amount (₹) |
|---------|-------------|-----------------|---------|-------------|-----------------|
| 2016 | | | 2016 | | |
| Sep. 30 | | 4,000 | April 1 | | 1,00,000 |
| Sep. 30 | | — | Sep. 30 | | 6,000 |
| Sep. 30 | | — | Sep. 30 | | 90,000 |
| | | | Sep. 30 | | 40,000 |
| | | | Sep. 30 | | 20,000 |
| | | 2,56,000 | | | 2,56,000 |

You are required to complete Mandeep's Capital Account. 4

13. S, T, U and V were partners in a firm sharing profits in the ratio of 4 : 3 : 2 : 1. On 1-4-2016 their Balance Sheet was as follows :

Balance Sheet of S, T, U and V as on 1-4-2016

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|----------------------|----------|-----------------|----------------|--|-----------------|
| Capitals : | | | Fixed Assets | | 4,40,000 |
| S | 2,00,000 | | Current Assets | | 2,00,000 |
| T | 1,50,000 | | | | |
| U | 1,00,000 | | | | |
| V | 50,000 | 5,00,000 | | | |
| Sundry creditors | | 80,000 | | | |
| Workmen | | | | | |
| Compensation Reserve | | 60,000 | | | |
| | | 6,40,000 | | | 6,40,000 |

From the above date partners decided to share the future profits in 3 : 1 : 2 : 4 ratio. For this purpose the goodwill of the firm was valued at ₹ 90,000. The partners also agreed for the following :

- (i) The claim for workmen compensation has been estimated at ₹ 70,000.
- (ii) To adjust the capitals of the partners according to new profit sharing ratio by opening partners' current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm. 6

14. On 1-4-2015 K. K. Ltd. issued 500, 9% Debentures of ₹ 500 each at a discount of 4%, redeemable at a premium of 5% after three years.

Pass necessary Journal Entries for the issue of debentures and debenture interest for the year ended 31-3-2016 assuming that interest is payable on 30th September and 31st March and the rate of tax deducted at source is 10%. The company closes its books on 31st March every year. 6

15. Pass necessary Journal Entries on the dissolution of a partnership firm in the following cases :

- (i) L, a partner, was appointed to look after the dissolution process for which he was given a remuneration of ₹ 10,000.
- (ii) Dissolution expenses ₹ 8,000 were paid by the partner, M.
- (iii) Dissolution expenses were ₹ 5,000.
- (iv) P, a partner, was appointed to look after the process of dissolution for which he was allowed a remuneration of ₹ 7,000, P agreed to bear the dissolution expenses. Actual dissolution expenses ₹ 4,000 were paid by P.
- (v) N, a partner, was appointed to look after the process of dissolution for which he was allowed a remuneration of ₹ 9,000. N agreed to bear the dissolution expenses. Actual dissolution expenses ₹ 4,000 were paid by the firm.
- (vi) Q a partner was appointed to look after the process of dissolution for which he was allowed a remuneration of ₹ 18,000. Q agreed to take over stock worth ₹ 18,000 as his remuneration. The stock had already been transferred to Realisation Account. 6

16. W and R are partners in a firm sharing profits in the ratio of 3 : 2 Their Balance Sheet as on 31st March, 2016 was as follows :

Balance Sheet of W and R as on 31-3-2016

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|-------------------------|--------|-----------------|-------------------|--|-----------------|
| Sundry creditors | | 20,000 | Cash | | 12,000 |
| Provision for Bad Debts | | 2,000 | Debtors | | 18,000 |
| Outstanding Salary | | 3,000 | Stock | | 20,000 |
| General Reserve | | 5,000 | Furniture | | 40,000 |
| Capitals : | | | Plant & Machinery | | 40,000 |
| W | 60,000 | | | | |
| R | 40,000 | 1,00,000 | | | |
| | | 1,30,000 | | | 1,30,000 |

On the above date C was admitted for $\frac{1}{6}$ share in the profits on the following terms :

- (i) C will bring ₹ 30,000 as his capital and ₹ 10,000 for his share of goodwill premium, half of which will be withdrawn by W and R.

- (ii) Debtors ₹ 1,500 will be written off as bad debts and a provision of 5% will be created for bad and doubtful debts.
- (iii) Outstanding salary will be paid off.
- (iv) Stock will be depreciated by 10%, furniture by ₹ 500 and Plant and Machinery by 8%.
- (v) Investments ₹ 2,500 not mentioned in the balance sheet were to be taken into account.
- (vi) A creditor of ₹ 2,100 not recorded in the books was to be taken into account.

Pass necessary journal entries for the above transactions in the books of the firm on C's admission.

OR

M, N and G were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31-3-2016 their Balance Sheet was as under :

Balance Sheet of M, N and G as on 31-3-2016

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|-----------------|---------------|-----------------|-------------------|--------------|-----------------|
| Creditors | | 55,000 | Cash | | 40,000 |
| General Reserve | | 30,000 | Debtors | 45,000 | |
| Capitals : | | | Less : Provision | <u>5,000</u> | 40,000 |
| M | 1,50,000 | | Stock | | 50,000 |
| N | 1,25,000 | | Machinery | | 1,50,000 |
| G | <u>75,000</u> | 3,50,000 | Patents | | 30,000 |
| | | | Building | | 1,00,000 |
| | | | Profit & Loss A/c | | 25,000 |
| | | 4,35,000 | | | 4,35,000 |

M retired on the above date and it was agreed that :

- (i) Debtors of ₹ 2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
- (ii) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.
- (iii) An unrecorded creditor of ₹ 10,000 will be taken into account.
- (iv) N and G will share the future profits in the ratio of 2 : 3.
- (v) Goodwill of the firm on M's retirement was valued at ₹ 3,00,000.

Pass necessary Journal Entries for the above transactions in the books of the firm on M's retirement. 8

17. AXN Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 6 per share. The amount was payable as follows :

- On Application ₹ 4 per share (including ₹ 2 premium),
- On Allotment ₹ 5 per share (including ₹ 2 premium),
- On First Call ₹ 4 per share (including ₹ 2 premium),
- On Second and Final Call – Balance Amount

The issue was fully subscribed.

Kumar the holder of 400 shares did not pay the allotment money and Ravi the holder of 1,000 shares paid his entire share money alongwith allotment money. Kumar's shares were forfeited immediately after allotment. Afterwards first call was made. Gupta a holder of 300 shares failed to pay the first call money and Gopal a holder of 600 shares paid the second call money also alongwith first call. Gupta's shares were forfeited immediately after the first call. Second and final call was made afterwards. The whole amount due on second call was received.

All the forfeited shares were re-issued at ₹ 9 per share fully paid up.

Pass necessary Journal Entries for the above transactions in the books of the company.

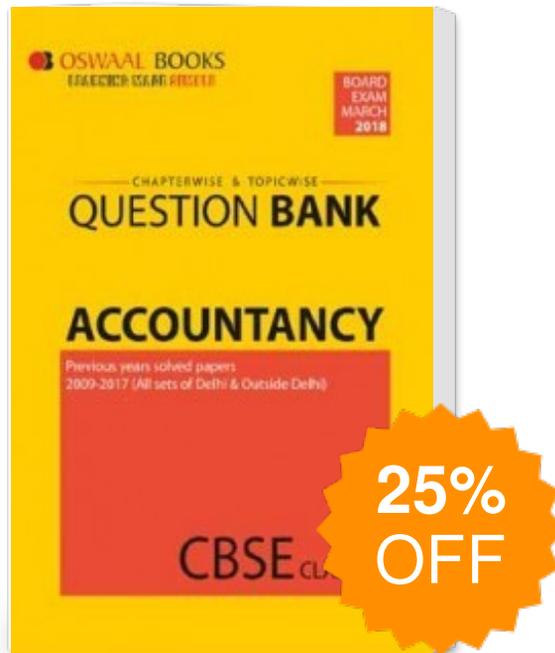
OR

XL Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each at par. The amount was payable as follows :

- On Application ₹ 3 per share.
- On Allotment ₹ 4 per share.
- On First and Final Call ₹ 3 per share.

The issue was over-subscribed by three times. Applications for 20% shares were rejected and the money refunded. Allotment was made to the remaining applicants as follows :

Oswaal CBSE Chapterwise/Topicwise Question Bank For Class 12 Accountancy (Mar. 2018 Exam)



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