

## GENERAL INSTRUCTIONS

1. This question paper contains two parts A and B.
2. All parts of questions should be attempted at one place.
3. Marks are indicated against each question.

1. P, Q and R are partners. P used '20,000 belonging to the firm and made a profit of '5,000. Q and R wanted the amount to be given to the firm. What should be done? (1)
2. If the investment fluctuation reserve '36,000 and investment costing '4,00,000 (market value '3,82,000) and the partners decided to re-constitute the firm, show the accounting treatment. (1)
3. A and B are partners sharing profits and losses in the ratio of 3:2. They admit C for 1/5th of profit. C acquires 1/5th of his share from A and 4/15th from B. Calculate the new profit sharing ratio. (1)
4. X, Y and Z are sharing profits in the ratio of 3:2:1. Y retires and in place of him his son was admitted to partnership in his place and the new profit sharing ratio will be 3:2:2. Does this situation warrants the goodwill to be valued and why? (1)
5. State any one difference between the reserve capital and capital reserve. (1)
6. What is buy-back of shares? Name the source that can be used for such purpose. (1)
7. What do you mean by debenture issued as a collateral security? (1)
8. A and B are partners in a firm dealing with readymade garments. They wish to change the profit sharing ratio and they request you to compute the value of goodwill on the basis of 2 years of purchase of average super profit for last three years. Profits for the 3 years were '1,75,000, '10,50,000 and '1,95,000. During the first year there was a fire which caused a loss of goods worth of '80,000 of which 70% was recovered from insurance company. In 2nd year company earned an abnormal profit of '10,000. Find the value of goodwill assuming its average capital invested has been '7,00,000 during 3 years and fair return may be taken to be 12%. In this process of computation, which value do you feel appreciable? (3)
9. X limited issued 10,000 10% debentures of '50 each at a discount of 8% on 1st April, 2006, redeemable in four equal annual instalments starting from 31st March, 2008. Compute the amount of discount to be written off and also record the journal entries in the books of X limited. (company closes the accounts 31st March every year) (3)
10. On 1st April, 2008, Lekha limited issued 200,000 debentures of '100 each. 30% of these debentures were redeemable at the end of the 3rd year by converting them into equity shares of '100 each issued at a premium of 50%. The remaining debentures were redeemable at the end of the 4th year by converting them into preference shares of '50 each issued at a premium of 10%. Pass the necessary journal entries for redemption. (3)
11. a) X, Y and Z were partners in a firm. Y retires and his claim including his capital and his share of goodwill is '1,20,000. He is paid in kind. A vehicle valued at '80,000 unrecorded in the books of the firm till date of retirement and the balance in cash. Give journal entries for recording the payment of Y in the books of the firm. (4)



(b) A, B and C are sharing profits in the ratio of 2:2:1. B died on 31st March, 2012. Accounts are closed on 31st December. Sales for the year 2011 amounted to '3,00,000. Sales of '1,00,000 amounted between the periods of 1st Jan to 31st March. The profits for the year 2011 amounted to '30,000. Calculate the deceased partner's share of profits. (4)

12. Balance sheet of X and Y who share profits and losses in the ratio of 3:2 as at 31-3-2012			
LIABILITIES	AMOUNT	ASSETS	AMOUNT
Sundry creditors	1,30,000	Cash at bank	10,000
Bills payable	35,000	Cash in hand	5,000
Reserves	35,000	Debtors	20,000
Profit and loss acc	20,000	Stock	1,00,000
X's capital	48,000	Tangible fixed assets	1,30,000
Y's capital	32,000	Goodwill	25,000
	3,00,000	Advertisement exp	10,000
			3,00,000

They agreed to take Z as partner from 1st April, 2012 for 1/5th share in the profits of the firm. Z brings in 60,000 as his capital. Give the necessary journal entries to record the goodwill. Comment the type of goodwill and what value does it hold towards the firm. (4)

12. (a) LM limited issued 50,000 shares of '10 each at a discount of 10% payable as 3 on application, 3 on allotment and 2 on first call and the balance on the final call. Applications were received for 70,000 shares and it was decided to refuse the allotment of the applicants of 10,000 shares allot 10,000 shares to Mahesh who applied for the same number. Allot the remaining shares on a pro rata basis. Mahesh failed to pay the allotment money and Sohan who belonged to the pro rata category and was allotted 3,000 shares paid both the calls with allotment. Calculate the exact amount received on allotment. (b) Assets of '4,50,000 were purchased by a company from a vendor and the purchase consideration was paid by issue of 10% preference shares of '25 each at a discount of 10%. Pass the necessary journal entries for the same. (4)

13. Journalise the following forfeiture and reissue: VT limited forfeited 200 shares of '10 each issued at a premium of '5 per share held by Shyam for non payment of the final call of 3 per share. 100 out of these shares were reissued to Naren at a discount of 4 per share. X, who had applied for 2000 shares got allotted only 1000 shares on which he has paid the 3 per share on application but failed to pay the allotment money of 4.50 (including premium of 2.50) and the subsequent failure of the first call of 2 per share, his shares were forfeited and reissued @ 8 per share as fully paid. (4)
14. A and B are partners sharing profits and losses in the ratio of 3:2. They employed C as their manager to whom they paid a salary of '1,500 per month. C had deposited 40,000 on which interest was payable @ 9% p.a. At the end of 2009 (after division of the year's profits) it was decided that C should be treated as a partner with effect from 1st Jan, 2006 with 1/6th share of profits and his deposit being considered as capital carrying interest @ 6% p.a. like capitals of other partners. The firm's profits and losses after allowing interest on capitals were—2006: profit of 1,18,000; 2007: profit of 1,25,000; 2008: loss of 8,000 and 2009: profit of 1,56,000. Record the necessary journal entries to give effect to the above. If this conversion, what values of the partners do you feel commendable? (6)

16. J, S and R are partners sharing profits and losses in the ratio of 3:2:1. Their balance sheet as on 31st March, 2012 was as follows:			
LIABILITIES	AMOUNT	ASSETS	AMOUNT
Capital accounts	8,200	Buildings	10,000
	16,000	Plant	22,000
S	10,000	Stock	6,000
R	3,400	Joint life policy	6,200
Reserve fund	3,000	Debtors	5,000
Employees PF	5,000	Accrued interest	1,000
Depreciation reserve	1,000	Cash	2,800
Creditors	53,000		53,000

It was agreed to dissolve the firm and the terms of the dissolution were:

1. J took over the buildings at book value and agreed to pay off the creditors.
2. Accrued interest was not collected whereas there was a contingent liability of 600 which was met.
3. Other assets realised: Plant 25,000; stock 5,000; debtors 4,800.
4. Realisation expenses 600.
5. Prepare revaluation account, capital accounts and cash account. (6)

On application	3	(including 1 premium)
On allotment	3	(including 1 premium)
On 1st call		
On final call	2	

Applications were received for 24,000 shares. Category I: Applicants of 10,000 shares were allotted 4000 shares. Category II: Applicants of 14,000 shares were allotted 24,000 shares. Mr. Mohan belonging to category I failed to pay the allotment and 1 call money on his 800 shares and his shares were forfeited after the 1st call. Mr. Sohan belonging to category II failed to pay the two calls on his 1400 shares and got his shares forfeited. Out of the forfeited shares 1000 shares were reissued (including the full shares of Mohan) for 9 as fully paid. Pass the necessary journal entries. (8)

OR  
Jingle bells limited invited applications for issuing 2,00,000 shares of 10 each at a discount of 1 payable as follows:

On application	2
On allotment	4
On 1st and final call	3

Applications for 3,00,000 shares were received and pro rata allotment was made to all applicants as follows:

Group I: Applicants for 1,80,000 shares were allotted 80,000 shares. Ekta to whom 1,200 shares were allotted out of group I failed to pay the allotment money and her shares were forfeited immediately. Minsha who had applied for 2,800 shares of group II failed to pay the two calls and her shares got forfeited. Out of the forfeited shares, 2000 shares were reissued @ 8 per share as fully paid. The reissued shares included all the forfeited shares of Ekta. Pass the necessary journal entries to record the above transaction. How much do you appreciate the process of issue and forfeiture? (8)

18. Following is the balance sheet on 31st March, 2012 of Aman and Abhishek who are in partnership sharing profits and losses in the ratio of 3:2 respectively:

LIABILITIES	AMOUNT	ASSETS	AMOUNT
LIABILITIES	18,400	Freehold premises	10,000
Creditors	8,600	Machinery	5,400
Capital accounts	25,000	Stock	12,500
Aman	9,000	Debtors	22,500
Abhishek	16,000	Paid up	4,000
	52,400	Cash at bank	6,000
			52,400

They admit Sahil into partnership with effect from 1st April, 2012 on the following conditions:

1. Sahil brings in proportionate capital the total capital of the new firm and 4,800 as premium for 2/7th share in the profits.
2. Freehold premises have been revalued at 15,000, stock to be reduced by 10% and debtors are all good.
3. The firm lost its case in the court in which it was agreed to pay 5,000 compensation.
4. There was an accrued commission yet to be received by the firm 17,000.

Pass the necessary journal entries and prepare revaluation account, capital account, bank account and the balance sheet of the new firm after admission. (8)

A, B and C were partners in firm whose balance sheet as on 31st March 2012 was as follows:			
LIABILITIES	AMOUNT	ASSETS	AMOUNT
Creditors	10,096	Cash at bank	6,496
General reserve	3,000	Debtors	8,000
Capitals		Stock	10,000
A 8,000		Furniture	2,000
B 4,000	18,000	Profit and loss account	3,000
	31,096		31,096

B retired on that date and in this connection it was decided to make the following adjustments:

1. To reduce the stock and furniture by 5% and 10% respectively.
2. To provide for doubtful debts at 5% on debtors.
3. Rent outstanding yet to be provided for 280.
4. Goodwill of the firm was valued at 15,000.
5. A and C decided to share the profits and losses in future as 3:2 and to adjust their capitals in the new profit sharing ratio and to bring the sufficient cash to pay off B immediately and to leave the balance of 1000 at bank. B was paid off.

Prepare the revaluation account, capital account, bank account and the balance sheet.

## PART II ANALYSIS OF FINANCIAL STATEMENTS

19. Z owes to the firm of Rs.50,000, from whom cash is received to the extent of Rs.30,000 and a Bills Receivable was drawn for 2 months for the balance. Will this improve, reduce or not change the Current Ratio 2.5:1 (1)
20. Under what circumstances will in interest and dividend received come under Operating activity? (1)
21. State whether cash withdrawn from bank for office use will result in inflow, outflow or no flow of cash. (1)
22. Under what headings will you show the following items in the balance sheet of the company? Deferred tax asset; computer software; preliminary expenses; forfeited shares; unclaimed dividend; advance to subsidiaries. (1)

What is meant by analysis of financial statements? How an intra firm analysis is different from inter firm analysis? (1)

Watch out for mockpapers on every subject

We look up to them not for who they are, but what they are. No wonder, role models have struggles that have been luring us for quite some time now with their very own **SUCCESS STORIES!**

# Bank on this

With exams round the corner, we present some questions prepared by teachers V Meena and M S Jayshree, Sir Sivaswami Kalalaya Sr Sec School,

## 'Leave aside all INHIBITIONS'

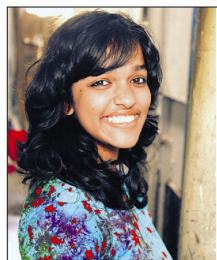
### Q DID YOU EXPECT TO GET HIGH MARKS?

Well not at all! I was very skeptical about mathematics till the very end of the year. I was proud at myself when I finally scored 92 in the subject while I kept getting only 50% throughout the year. Nothing demoralised me, I just had faith in myself and that's what kept me going until the very end.

Just relax and enjoy your last year of schooling! It is no use worrying about your performance when you do not work on it. So just be cool, have fun, yet concentrate at the same time. Just listen in class, clear your doubts, revise during the weekends.

Q HOW DID YOU PREPARE FOR THE EXAM? DID YOU COMPROMISE ON YOUR SLEEP? According to me, listening attentively in class would lead to the best of results. Being a commerce student, I owe it to my Economics and Accounts teacher for my marks because they drilled concepts in my head and made me practice really hard every single day during class hours. That was more than enough. That apart, all I did was read and write with utmost concentration. I did not compromise on my sleep at all, in fact I slept more than usual and studied only when it was necessary.

Q HOW DIFFERENT WAS YOUR LEARNING FROM rote-learning? My methodology was simple. Just understand what you read else it wouldn't help you in anyway. It is much faster than rote learning. While some subjects require stringent practice, some require learning through repetition. It makes things easier and answers can be capitalised based on one's understanding.



- A student of DAV Public School Velachery, Chennai, Kruthika Swaminathan scored a 93% in her board exams
- Kruthika scored 92 in mathematics
- She feels that listening attentively in class would lead to the best of results
- Cultural Secretary of the school for 2 consecutive years
- She was also a vocalist of a band
- She aspires to become a journalist and is proud about going against the cliché of doing CA or MBA

### A FEW TIPS FOR THE STUDENTS...

Just relax and enjoy your last year of schooling! It is no use worrying about your performance when you do not work on it. So just be cool, have fun, yet concentrate at the same time. Just listen in class, clear your doubts, revise during the weekends. For subjects which involve numbers, PRACTICE is the cue. Read and write whatever you study, because "writing is not equal to reading a 100 times" is not a myth. Most importantly, write well during your examination. Leave aside all inhibitions and write with a light mind.

### SUCCESS MANTRA

Q TO WHOM WILL YOU GIVE CREDIT? All my success would go to my mother for all I did was to make her proud of me. As a single parent, she has gone through all the trials and tribulations of life and I wanted to her the ray of happiness. Her trust on me kept me going. I also owe it to my teachers and my best friends. Their confidence in me was enough

## Bid adieu to exam anxiety

Saras Bhaskar, Counseling Psychologist and Coach tells us about exam anxiety and managing it effectively

There are two major changes that happen in our body when you get anxious. One is physical and the other is psychological. Physical symptoms are rapid heartbeat, sweating, cold flashes, stomach churns, lose motions, and skin rashes. Psychological symptoms can be classified into three aspects namely thoughts, emotions and behavior. The symptoms that affect thoughts are blank out, racing thoughts that are difficult to control, pessimistic/negative thoughts. Emotions include fear, worry, sadness, anger sometimes for some if they have not given time for exam preparation experiences shame and guilt. Our behaviors reflect our thoughts and emotions and if they are negative then our behavior would be negative like throwing temper tantrums, shouting and crying.

Different techniques work for different people, so one needs to experiment to find the approach that is appropriate for self. Learning to manage panic-like feelings takes practice. So, you need to give yourself enough time to yourself these techniques. Once the habit is formed, it gets easy to master them and then the flow of managing exam anxiety becomes very much easy and automatic. The silver lining in the cloud here is, all behaviors are learned, and hence anything

learned can be unlearned. So, it is possible for you to unlearn certain unhealthy habit of yours. Below are the techniques that can be followed easily. Breathing - We have a tendency to take short breaths or hold back our breath when we are angry, sad, anxious or panicky. What happens is the carbon dioxide we need to be breathing out stays in for a longer time and creates confusion in our head. Hence, it is important that breathing happens on a normal and rhythmic manner. Thought stopping - It is normal to generate negative thoughts when feeling anxious like "I can't answer anything", "I'm going to fail", "There are going to be questions which I have not prepared", etc. If this happens, the best

way to stop those thoughts are to mentally tell yourself to "STOP!". You can also imagine yourself holding a red stop sign at you. Once you have literally stopped your thoughts, practice a brief 5 counts on balanced breathing. Connecting - It does help to carry an object as squeeze ball/favourite toy/deity of your favorite god. Touching this 'connecting object' can be comforting in its own right. This can have a calming effect, and help you return to the challenge at hand. Use a calming phrase - Derived from yoga sadhana, a mantra is a word or phrase which you can repeat to yourself. Saying something like "calm down", "take it nice and slow" under your breath or in your head, several times can help you.

Thought replacing - During exam anxiety or panic, we often bombard ourselves with negative messages, e.g. "I can't do this" or "I'm useless". Try to consciously replace these with more positive and encouraging thoughts: "I'm getting there", "This is not actually so bad", "It's going okay so far". Now, all the above techniques are possible only when you have learned to manage your priorities, allocated time and place for preparation, set up a time table and following them diligently.

