PRACTICE QUESTIONS PAPERS OF ACCOUNTANCY

FUNDAMENTALS OF PARTNERSHIP

1	X,Y & Z are partners. Their fixed capitals as on 31-03-2014 were Rs 50000, Rs 100000 and Rs 150000. Profits for the year 2013-14 amounting to Rs 60000 was distributed. Interest on capital was not credited @ 10%p.a. Though there was such provision in the deed. Pass journal. OR L, M and N are partners 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 L Rs. 500, M Rs. 360 and N Rs. 200. Give the necessary adjusting entry. OR A, B and C were partners with a capital of Rs. 1,00,000, 2,00,000 and 3,00,000 respectively, on 1st January 2001. After distributing the profits for the year ending 31st December 2001, it was fund that there was no provision for interest on capital in the partnership deed. But interest on capital @ 10% p.a. was wrongly provided without having agreement for it. You are required to pass a single journal entry in the beginning of the next year to rectify the above error. OR A , B and C are partners in a firm sharing profits and losses in the ratio of 2 : 3 : 5. Their fixed capitals were Rs 15,00,000, Rs. 30,00,000 and Rs. 60,00,000 respectively. For the year 1996 interest on capital was credited to them @ 12% p.a instead of 10% p.a. pass the necessary adjustment entry.	3
2	X,Y & Z are partners sharing profits in the ratio of 3:2:1. The profits of the last 3 years were Rs 140000, Rs 84000 and Rs 106000 respectively. These profits were by mistake shared equally for all the three years. It is now decided to correct the error. Pass necessary journal entry.	3
3	X,Y & Z are partners sharing profits in the ratio of 4:3:3. X however personally guaranteed that Z'S profit after charging interest on capital@5% p.a. would not be less than Rs 40000 in any year. The capital (fixed) were Rs 300000, Rs 200000 and Rs 150000. The profit for the year 2013-14 amounted to Rs 160000. Prepare P/L appropriation account. OR R,S and T are partners in the ratio of 5 : 3 :2. According to the agreement T was given a guarantee of minimum amount of Rs. 51,000 as his share of profit every year. The profit of the year 2005 was Rs. 2,04,000. Divide the profit between R, S and T by preparing profit and loss appropriation account. OR A, B and C are partners. They admit D and guarantee that his share of profit will not be less than Rs. 28,000 profits are to be shared as 4 : 3: 3: 2 respectively. Total profits were Rs. 1,34,400. It was agreed that the excess payable to D over his share will be borne by A, B and C in the ratio of 3 : 2 : 1. Calculate the share of profit for each partners. OR X,Y and T are partners in the ratio of 5 : 3 :2. According to the agreement T was given a guarantee of minimum amount of Rs. 60,000 as his share of profit every year. The incurred a net loss of Rs 120000 for the year 2014 Pass journal and preparing necessary account to distribute the loss.	3
4	X,Y & Z are partners. Their capitals were Rs 50000, Rs 25000 and Rs 25000 respectively. Their deed provided the following: Interest on capital @5%p.a. Salary to Z Rs 1500 p.m. Profits to be shared in capital ratio. Ignoring the above provision net profit for the year ended on 31-03-2014 Rs 45000 was distributed equally between them. Pass single journal entry.	3
5	X & Y are partners sharing profits in the ratio of 3:2. Their fixed capital on 1-04-2013 were Rs 300000, Rs 250000. On 01-10-2013 they decided that their total fixed capital should be Rs 600000 in their profit sharing ratio. Accordingly they introduce extra capital and withdrew excess capital. Their deed provide	3

	the following: Interest on capital @ 12% p.a. Interest on drawings @ 18% p.a. Salary to X - Rs 2000 p.m. and to Y -Rs 4500 per quarter. Their drawings are as follows: X Y 30-09-2013 Rs 20000 Rs 15000 31-12-2013 Rs 20000 Rs 25000 Net profit for the year 2013-14 amounted to Rs 150000. 10% of this profit to be transferred to General Reserve. Prepare P/L appropriation account, Partners capital account and Partners current account.	
6	X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net profit for the year amounted to Rs 1500.Prepare P/L appropriation account. OR X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net loss for the year amounted to Rs 1500.Prepare necessary account.	3
7	X and Y are partners. They do not have any partnership deed. What should be done in the following cases: X devotes full time to partnership business claiming Monthly salary of Rs 5000. Y invested Rs 500000 as capital and X invested Rs 300000 and in addition X provide loan of Rs 200000 to firm. What interest will be given to X & Y. Y wants profit to be distribute in the capital ratio. X object it. X wants to introduce his son T into business as a partner. Y object.	3
8	State any three items to be shown on the credit side of partners fluctuating capital account. State any three items to be shown on the debit side of partners fluctuating capital account. State any three items to be shown on the credit side of partners current account.	3
9	X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net profit for the year amounted to Rs 1500.Prepare P/L appropriation account. OR X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. even if it involves the firm in loss. Net profit for the year amounted to Rs 1500.Prepare P/L appropriation account. OR X and Y are partners sharing profits in the ratio of 2:3. Their capitals were Rs 20000 and Rs 10000. Deed provide interest on capital @ 6% p.a. Net profit for the year amounted to Rs 2100.Prepare P/L appropriation account.	3
10	a) In what ways charge against profit is different from Appropriation of profit. b) State the rules applicable in the absence of partnership deed. c) List any two circumstances under which the fixed capital of partner may change. d) Can a partner be exempted from sharing the losses in a firm? If yes, under what circumstances? e) Why is it that the capital account of a partner does not show a "debit balance" in spite of regular and consistent losses year after year? f) How would you calculate interest on drawings on equal amount drawn on last day of each month? g) How would you calculate interest on drawings on equal amount drawn on first day of each month? h) In absence of any provision in the partnership deed, at what rate is working partner entitled for a remuneration?	3

CHANGE IN PROFIT /LOSS SHARING RATIO AMONG EXISTING PARTNERS

<table>
<tr><td>1</td><td>Why are assets and liabilities revalue at the time of change in profit sharing ratio among existing partners?</td><td>1</td></tr>
<tr><td>2</td><td>Why is it necessary to distribute Accumulated Profits/ Reserves at the time of reconstitution of partnership firm?</td><td>1</td></tr>
<tr><td>3</td><td>What is meant by reconstitution of a firm?</td><td>1</td></tr>
<tr><td>4</td><td>State any two occasions on which reconstitution of partnership firm can take place.</td><td>1</td></tr>
<tr><td>5</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits equally . Calculate Gaining ratio and sacrificing ratio.</td><td>1</td></tr>
<tr><td>6</td><td>X, Y & Z are partners sharing profits in the ratio of 3:2:1. From 1-04-14 they decided to share future profits in the ratio of 2:3:1. For the purpose goodwill of the firm be valued at three year purchase of the average profit of last five years. Profits of last five years are as follows:
2013-14- Rs 380000; 2012-13- Rs 300000; 2011-12- Rs 340000; 2010-11- Rs 140000 and 2009-10- Rs 120000. Pass journal.
OR
X, Y & Z are partners sharing profits in the ratio of 3:2:1. From 1-04-14 they decided to share future profits in the ratio of 2:3:1. For the purpose goodwill of the firm be valued at Rs 60000. Net profit for the year ended on 31-03-2015 amounted to Rs 36000. Pass journal.</td><td>3</td></tr>
<tr><td>7</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 3:2:5 w.e.f 1-04-2014. They also decided to record the effect of following revaluations without affecting the book values of Assets and Liabilities by passing single adjusting entry.
<table>
<tr><td></td><td>Book value</td><td>Revalued Figure</td></tr>
<tr><td>Land and building -</td><td>Rs 100000</td><td>Rs 150000</td></tr>
<tr><td>Plant and Machinery-</td><td>Rs 150000</td><td>Rs 140000</td></tr>
<tr><td>Creditors -</td><td>Rs 50000</td><td>Rs 45000</td></tr>
<tr><td>Outstanding Expenses-</td><td>Rs 45000</td><td>Rs 60000</td></tr>
</table>
Pass single adjustment entry.</td><td>3</td></tr>
<tr><td>8</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 4:3:3 w.e.f. 1-04-2014.The following balances appear in the Balance sheet as at 31-03-2014:
Reserve -Rs 30000; Contingency Reserve-Rs 5000; Profit/ Loss- Rs 15000 and Advertisement Suspense -Rs 2000.
Pass journal.</td><td>3</td></tr>
<tr><td>9</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 3:3:4 w.e.f. 1-04-2014.The following balance appear in the Balance sheet as at 31-03-2014: Workmen compensation Reserve -Rs 30000;
Show accounting treatment in the following cases:(journal)
If there is no information.
Liability against workmen compensation reserve determined at Rs 20000.
Liability against workmen compensation reserve determined at Rs 36000.</td><td>3</td></tr>
<tr><td>10</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 2:3:5 w.e.f. 1-04-2014.An extract of their Balance sheet as at 31-03-2014 is as follows:
<table>
<tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr>
<tr><td>Investment fluctuation fund</td><td>15000</td><td>Investment</td><td>200000</td></tr>
</table>
Show the accounting treatment (journal) in the following cases:
If no information is given.
If market value of Investment is Rs 200000.
If market value of investment is Rs 160000.
If market value of Investment is Rs 240000.</td><td>3</td></tr>
<tr><td>11</td><td>X, Y & Z are partners sharing profits in the ratio of 5:3:2. They decided to share future profits in the ratio of 4:3:3 w.e.f. 1-04-2014.The following balances appear in the Balance sheet as at 31-03-2014: Reserve -Rs 30000; Contingency Reserve-Rs 5000; Profit/ Loss- Rs 15000 and Advertisement Suspense -Rs 2000.
Pass single adjusting entry to record the above arrangement.</td><td>4</td></tr>
</table>

12 A, B & C are partners in a firm Sharing profits in ratio of 2:3:1. Their Balance sheet on 31-03-2014 stood as follows: 6

Liabilities	Amount	Assets	Amount
A'S capital	100000	Goodwill	12000
B's capital	200000	Land & Building	250000
C's capital	300000	Stock	80000
Investment fluctuation fund	10000	Debtor	300000
Provision for doubtful debts	10000	Bank	296000
Creditors	300000	Advertisement suspense	12000
Employees provident fund	60000	Investment(Market value Rs 46000)	50000
Workmen compensation fund	20000		
	1000000		1000000

They decide to share future profits in ratio of 3:2:1 w.e.f. 1-04-2014. For the purpose it was agreed that:
Land and building found undervalued by Rs 20000' Stock was found overvalued by Rs 38000.
Provision for doubtful debts is to be made equal to 5% of the debtors.
Claim on account workmen compensation fund is Rs 8000.
10% of Creditors be written back as no longer payable.
Out of insurance which was debited entirely to P/L account Rs 5000 be carried forward as an unexpired Insurance.
Goodwill is to be valued at 2 years purchase of average profits of last 3 years which are as follows:
2013-14- Rs 138000; 2012-13- Rs 93000 and 2011-12- Rs 48000.
Prepare Revaluation account, Partners capital account and Balance sheet.

OR

A, B & C are partners in a firm Sharing profits in ratio of 2:3:1. Their Balance sheet on 31-03-2014 stood as follows:

Liabilities	Amount	Assets	Amount
A'S capital	100000	Goodwill	12000
B's capital	200000	Land & Building	250000
C's capital	300000	Stock	80000
Investment fluctuation fund	10000	Debtor	300000
Provision for doubtful debts	10000	Bank	296000
Creditors	300000	Advertisement suspense	12000
Employees provident fund	60000	Investment(Market value Rs 46000)	50000
Workmen compensation fund	20000		
	1000000		1000000

They decide to share future profits in ratio of 3:2:1 w.e.f. 1-04-2014. For the purpose it was agreed that:
Land and building found undervalued by Rs 20000' Stock was found overvalued by Rs 38000.
Provision for doubtful debts is to be made equal to 5% of the debtors.
Claim on account workmen compensation fund is Rs 8000.
10% of Creditors be written back as no longer payable.
Out of insurance which was debited entirely to P/L account Rs 5000 be carried forward as an unexpired Insurance.
Goodwill is to be valued at 2 years purchase of average profits of last 3 years which are as follows:
2013-14- Rs 138000; 2012-13- Rs 93000 and 2011-12- Rs 48000.
You are required to pass single adjusting entry

Admission of a new Partner

1	State any two Financial rights acquired by a new partner. OR State any two adjustments required on admission of partner. OR Why does a new partner bring in goodwill into the firm? OR State any two purpose for admitting a new partner in a firm. OR Define sacrificing ratio. OR State any two circumstances in which sacrificing ratio may be applied.	1
2	X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5 share in future profits. Calculate NPSR and Sacrificing ratio. OR X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5 share in future profits which he acquire from X and Y in equal proportion. Calculate NPSR and Sacrificing ratio. OR X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5 share in future profits Which he acquire from X and Y in ratio of 2:1. Calculate NPSR and Sacrificing ratio. OR X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership. X gives 1/6 of his share while Y gives 1/10 of his share in favour of Z. Calculate NPSR. OR X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5 share in future profits while X & Y as between themselves sharing profits and losses equally. Calculate NPSR and Sacrificing ratio. OR X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 20 Paise in the rupee. Calculate NPSR and Sacrificing ratio. OR **X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z , a new partner who acquire 1/5th of his share from X and 4/25th share from Y. Calculate NPSR and Sacrificing ratio.** **OR** X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z , a new partner, who acquire his share as 1/12th from X and 1/8th from Y. Calculate NPSR and Sacrificing ratio. OR X and Y are partners in a firm sharing profits in the ratio of 5:3. They admit Z into partnership for 3/10th share in future profits half of which was gifted by X and the remaining share was taken by Z equally from X & Y. Calculate NPSR and Sacrificing ratio. OR X and Y are partners in a firm. They admit Z , a new partner. The NPSR is 5:3:2. X & Y sacrifice equally in order to accommodate Z. Calculate the old profit ratio of X & Y.	3
3	X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 20 Paise in the rupee. Z brings Rs 80000 as his capital and Rs 24000 as his share of premiu in cash. Pass Journal assuming that both the sum retained into the business. OR	3

X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5 share. Z brigs Rs 120000 cash as his capital including his share of goodwill. Goodwill on the occasion of Z admission is valued at Rs 60000. However Goodwill account always appeared in the books of firm at Rs 12000. Pass journal.

OR

X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 20 Paise in the rupee. Z brings Rs 80000 as his capital and Rs 24000 as his share of premium in cash. Pass Journal assuming that 50% of the amount of premium was withdrawn by X and Y.

OR

X and Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/4 share. Z brings Rs 80000 only as his capital in cash. On the occasion of admission goodwill of the firm is valued at Rs 50000. Pass journal.

4 X and Y are partners in a firm. They admit Z into partnership. Z brings Rs 80000 as his capital and Rs 15000 as his share of premium in cash. Goodwill of the firm on admission of Z is valued at Rs 100000. Pass journal assuming that their NPSR is 7:5:4. 3

OR

X & Y are partners in a firm. They admit z into partnership paying only Rs 10000 for premium, out of his share of premium of Rs 18000 for 1/4th share of profit. Pass journal.

OR

X, & Y were partners in a firm sharing profits in the ratio of 2:1. They admit Z for 2/7th share. The actual value of goodwill, however on the date was Rs 42000. Z contributed cash Rs 20000 and stock worth Rs 14000. Pass journal.

OR

X and Y are partners in a firm. They admit Z as a partner with 1/4th share in the profits of the firm. Z brings Rs 200000 as his share of capital. The value of the total assets of the firm is Rs 540000 and outside liabilities are Rs 100000 on that date. Calculate Z's share of goodwill. Pass journal assuming that Z is unable to bring his share of goodwill in cash.

OR

X and Y are partners in a firm with capital of Rs 130000 and Rs 90000 respectively . They admit Z as a partner with 1/5th share in the profits of the firm. Z brings Rs 80000 as his share of capital. Pass journal on Z admission to record goodwill.

OR

X & Y are partners sharing profits in the ratio of 3:2. From 1-04-14 they admit Z as new partner for 1/5 share. For the purpose goodwill of the firm be valued at three year purchase of the average profit of last five years. Profits of last five years are as follows:

2013-14- Rs 80000; 2012-13- Rs 70000; 2011-12- Rs 140000; 2010-11- Rs 90000 and 2009-10- Rs 120000. Pass journal.

5 On the date of Z's admission an extract of the balance sheet of X and Y are partners in a firm sharing profits in the ratio of 3:2 was as under:

Liabilities	Amount	Assets	Amount
General Reserve	5000	Investment (Market Value Rs 19000)	20000
Contingencies Reserve	450	Machinery Replacement Fund	1000
P/L A/c	3000	Investment	1000
Investment Fluctuation Reserve	1500	Advertisement Suspense	
Workmen Compensation Reserve	1200		
Machinery Replacement Fund	1000		
Employees Provident Fund	2000		
			22000

New partner was admitted for 1/5th share of profits. A claim on account of workmen's compensation is estimated at Rs 150 only. Pass journal entries to adjust accumulated profits and losses.

OR

X and Y were partners in a firm with capital of Rs 120000 and Rs 160000 respectively. They admit Z as a new partner for one- fourth share in profits on his payment of Rs 200000 as his capital and Rs 9000 for his share of goodwill. Rs On the date of admission of new partner, the creditors of X and Y were Rs 60000 and Bank Overdraft was Rs 15000. The assets apart from cash included stock Rs 10000; Debtors Rs 40000; Plant and Machinery Rs 80000; Land and building Rs 200000. It was agreed that stock should be depreciated by Rs 2000; plant and machinery by 20%, Rs 5000 should be written off as bad debts and land and building should be appreciated by 25%.

Prepare The revaluation account, capital account of partners and Balance sheet of the new firm.

6 On 31st march 2009 the balance sheet of Ram and Shyam who share profits in the ratio of 3:1 was as follows: 8

Liabilities	Amount	Assets	Amount
Creditors	2800	Cash at bank	2000
Provident fund	1200	Debtors 6500 Less prov. 500	6000
General reserve	2000	Stock	3000
Ram's capital	6000	Investment	5000
Shyam's capital	4000		
	16000		16000

They decided to admit Mohan as a new partner on 1st April 2009 on the following terms:

- Mohan shall bring 6000 as his share of premium and Rs 8000 for his capital in cash.
- That unaccounted accrued income of 100 be provided for.
- The market value of investment was Rs 4500.
- A debtors whose dues of Rs 500 was written off as bad debts paid Rs 400 in full settlement.

Prepare revaluation account; partner's capital account and balance sheet of the new firm.

OR

X & Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5th share. The Balance sheet is as follows:

Liabilities	Amount	Assets	Amount
X's Capital	17600	Goodwill	1000
Y's Capital	25400	Land and Building	6000
Workmen compensation fund	2000	Investment (Market value Rs 4500)	5000
Investment Fluctuation fund	1000	Debtors	10000
Employees Provident fund	1000	Stock	30000
Provision for doubtful debts	1000	Cash in hand	25000
Bank loan	30000	Advertisement Suspense a/c	1000
	78000		78000

Terms of Z'S admission are as follows:

Z bring Rs 30000 as his capital and required amount for his share of goodwill in cash.

Goodwill is to be valued at 2 years purchase of super profit of last three completed years. Profits were- Yr1- Rs 48000; Yr II- Rs 93000; Yr III- Rs 138000. The normal profits are Rs 63000. No Goodwill is to be appear in the books of the new firm.

Land and Building was found undervalued by Rs 5000, Stock was found overvalued by Rs 7000, Provision for doubtful debts is to be made equal to 5% of the debtors.

Claim on account of workmen compensation is Rs 1000. An unrecorded Accrued income of Rs

1000 be provided for.

Prepare Revaluation Account; Partners Capital Account and Balance sheet of new firm after admission.

OR

X & Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5th share. The Balance sheet is as follows:

Liabilities	Amount	Assets	Amount
X's Capital	17600	Goodwill	1000
Y's Capital	25400	Land and Building	6000
Workmen compensation fund	2000	Investment (Market value Rs 4500)	5000
Investment Fluctuation fund	1000	Debtors	10000
Employees Provident fund	1000	Stock	30000
Provision for doubtful debts	1000	Cash in hand	25000
Bank loan	30000	Advertisement Suspense a/c	1000
	78000		78000

Terms of Z'S admission are as follows:

Z bring Rs 30000 as his capital in cash.

Goodwill is to be valued at 2 years purchase of super profit of last three completed years. Profits were- Yr1- Rs 48000; Yr II- Rs 93000; Yr III- Rs 138000. The normal profits are Rs 63000. No Goodwill is to be appear in the books of the new firm.

Land and Building was found undervalued by Rs 5000, Stock was found overvalued by Rs 7000, Provision for doubtful debts is to be made equal to 5% of the debtors.

Claim on account of workmen compensation is Rs 1000. An unrecorded Accrued income of Rs 1000 be provided for.

Prepare Revaluation Account; Partners Capital Account and Balance sheet of new firm after admission.

OR

X & Y are partners in a firm. They admit Z into partnership for 1/5th share. The Balance sheet is as follows:

Liabilities	Amount	Assets	Amount
X's Capital	17600	Goodwill	1000
Y's Capital	25400	Land and Building	6000
Workmen compensation fund	2000	Investment	5000
Investment Fluctuation fund	1000	Debtors	10000
Employees Provident fund	1000	Stock	30000
Provision for doubtful debts	1000	Cash in hand	25000
Bank loan	30000	Advertisement Suspense a/c	1000
	78000		78000

Terms of Z'S admission are as follows:

Z bring Proportionate capital and required amount for his share of goodwill in cash.

Goodwill of the firm is valued at Rs 85000

Land and Building was found undervalued by Rs 5000, Stock was found overvalued by Rs 7000. Debtors are all good.

Claim on account of workmen compensation is Rs 1000. An unrecorded Accrued income of Rs 1000 be provided for.

Prepare Revaluation Account; Partners Capital Account and Balance sheet of new firm after admission.

OR

X & Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5th share. The Balance sheet is as follows:

Liabilities	Amount	Assets	Amount
X's Capital	17600	Goodwill	1000
Y's Capital	25400	Land and Building	6000
Workmen compensation fund	2000	Investment	5000
Investment Fluctuation fund	1000	Debtors	10000
Employees Provident fund	1000	Stock	30000
Provision for doubtful debts	1000	Cash in hand	25000
Bank loan	30000	Advertisement Suspense a/c	1000
	78000		78000

Terms of Z'S admission are as follows:
Z bring Rs 40000 as his capital and Rs 20000 as his share of goodwill in cash.
Land and Building to be appreciated by Rs 5000, Stock to be reduced to Rs 23000. Bad debts amounted to Rs 1500.. An unrecorded Accrued income of Rs 1000 be provided for.
Capital accounts of the partners be re-adjusted on the basis of their new profit sharing ratio.(adjustment to be made through opening of current account)
Prepare Revaluation Account; Partners Capital Account and Balance sheet of new firm after admission.

OR

X & Y are partners in a firm sharing profits in the ratio of 3:2. They admit Z into partnership for 1/5th share. The Balance sheet is as follows:

Liabilities	Amount	Assets	Amount
X's Capital	17600	Goodwill	1000
Y's Capital	25400	Land and Building	6000
Workmen compensation fund	3000	Investment	5000
		Debtors	10000
Employees Provident fund	1000	Stock	30000
Provision for doubtful debts	1000	Cash in hand	25000
Bank loan	30000	Advertisement Suspense a/c	1000
	78000		78000

Terms of Z'S admission are as follows:
Z bring Rs 40000 as his capital and Rs 20000 as his share of goodwill in cash.
Land and Building to be appreciated by Rs 5000, Stock to be reduced to Rs 23000. Bad debts amounted to Rs 1500.. An unrecorded Investment is valued at Rs 6000.
Investment is taken by X and Y in their profit sharing ratio.
Capital accounts of the partners be re-adjusted on the basis of their new profit sharing ratio.(adjustment to be made in cash)
Prepare Revaluation Account; Partners Capital Account and Balance sheet of new firm after admission.

7 X & Y are partners in a firm sharing profits in the ratio of 3:2. they admit Z into partnership for 1/5 share. Fill in the blanks: 6

Revaluation account

particulars	amount	particulars	amount
To Plant	--------	By patent	8000
To profits			
X-------			
Z--------	------		
	8000		8000

Partners capital account

particulars	X	Y	Z	Particulars	X	Y	Z
To Bal. c/d	------------	-----------	----------	BY Bal. b/d	---------	---------	--------
				By Reserves	3000	---------	
				By Revaluation	1800	1200	
				By cash			10000
				By premium	--------	1600	

Balance sheet of X,Y & Z

Liabilities	Amount	Assets	Amount
Creditors	15000	Plant and Machinery	25000
X's capital 37200		patent	---------
Y's capital		furniture	3000
Z's capital	72000	stock	16000
		debtor	15000
		cash	-------
	87000		87000

Retirement of Partner

1	X,Y & Z are partners in a firm sharing profits in the ratio of 1/2: 3/10: 1/5. Calculate the NPSR and Gaining ratio if: a) X retires. b) Y retires. c) Z retires. OR X, Y & Z are partners sharing profits in the ratio of 1/5: 1/3: 7/15 respectively. Z retires and his share is taken up by X and Y in equal ratio. calculate NPSR. OR X, Y & Z are partners sharing profits in the ratio of 1/5: 1/3: 7/15 respectively. Z retires and his share is taken up by X and Y in equal ratio. calculate NPSR. OR X, Y & Z are partners sharing profits in the ratio of 1/5: 1/3: 7/15 respectively. Z retires and his share is taken up by X and Y in ratio of 3:2. calculate NPSR. OR P,Q& R are partners in a firm. calculate their new profit sharing ratio if P retires from the firm.	3
2	X, Y & Z are partners sharing profits in the ratio of 1/5: 1/3: 7/15 respectively. Z retires. X and Y decided to share future profits in equal ratio. calculate gaining ratio. OR X, Y & Z are partners sharing profits in the ratio of 25: 15: 9 respectively. Y retires and it is decided that the profit sharing ratio between X & Z will be the same as existing between Y and Z. calculate NPSR and gaining ratio. OR X, Y & Z are partners sharing profits in the ratio of 4/9: 1/3: 2/9 respectively. Y retires and surrender 1/9th of his share in favour of X and remaining in favour of Z. Calculate NPSR and gaining ratio. OR X, Y & Z are partners sharing profits in the ratio of 1/2: 3/10: 1/5 respectively. Y retires and his share is taken up by X and Z in ratio OF 2:1. Then immediately, W is admitted for 1/4th share of profits, Half of which was gifted by X and remaining share was by W equally from X and Z. calculate NPSR after admission. OR X,Y & Z are partners in a firm sharing profits in the ratio of 14: 5: 6. Y retires and surrender 5/25 th of his share in favour of X. Calculate NPSR.	3
3	X, Y & Z are partners in a firm sharing profits in the ratio of 5:3:2. Y retires from the firm. X & Z decided to share future profits equally. goodwill of the firm on retirement is valued at Rs 60000. pass journal and calculate their gaining ratio. OR X, Y & Z are partners in a firm sharing profits in the ratio of 5:3:2. Y retires from the firm. X & Z decided to share future profits equally goodwill on retirement is valued at Rs 40000. pass journal and calculate their gaining ratio. OR Ram ,Sham and Mohan are partners in the firm sharing profits in the ratio of 3:2:1.Ram decided to take retirement from the firm and for the purpose of retirement goodwill of the firm is valued at RS 48000. However goodwill account already appeared in the books of firm at Rs 15000. pass journal. OR Ram ,Sham and Mohan are partners in the firm sharing profits in the ratio of 3:2:1. on 1-4-12 Ram decided to take retirement and on the date goodwill of the firm is valued at Rs 36000. the firm earned a profit of Rs 60000 for the year ended on 31-3-13. pass journal and state the ratio in which profit is to be distributed among the partners.	4
4	X,Y & Z are partners in a firm sharing profits in the ratio of 14: 5: 6. Y retires and surrender 5/25	4

th of his share in favour of X, The goodwill of the firm is valued at 2 years purchase of super profits based on average of last 3 years. Profits for the last 3 years are: Rs 50000, Rs 55000 and Rs 60000. The normal profits for similar firm for Rs 30000. Goodwill already appears in the books of the firm at Rs 75000. The profit for the first year after Y's retirement was Rs 100000. Pass the necessary journal entries to adjust the goodwill and to distribute profits.

OR

Ram ,Sham and Mohan are partners in the firm sharing profits in the ratio of 3:2:1. on 1-4-12 Ram decided to take retirement from the firm and on the date following balances appeared in the books of firm-

Goodwill Rs 54000,General Reserve Rs 30000 and P/L Rs 21000. pass journal on retirement.

OR

X, Y and Z are the partner sharing profits in the ratio of 5:3:2. On 31st march 2008 Z decided to take retirement. On the same date their books shows a credit balance of reserve and surplus account of Rs 40000 and a debit balance of profit and loss account of Rs 10000. On the occasion goodwill of the firm is valued at Rs 60000.Pass journal on Z’s retirement.

OR

Ram ,Sham and Mohan are partners in the firm sharing profits in the ratio of 3:2:1. on 1-4-12 Ram decided to take retirement from the firm and on the date following balances appeared in the books of firm-

Goodwill Rs 45000,General Reserve Rs 15000 and P/L (Debit) Rs 12000. pass journal on retirement.

OR

X, Y & Z are in partnership sharing profits in the ratio of 5:3:2 respectively. X retires from the firm as on 01-01-2013 when his capital shows a net credit balance of Rs 82100 after the necessary adjustments. X is to be paid Rs 22100 in cash immediately on retirement and the balance in three equal annual instalments along with interest @ 8% p.a. Show the X Loan account till it is finally paid off.

5 X, Y & Z were partners sharing profits in the ratio of 3:2:1. On 31-03-2014 Y retired. On the date of his retirement the balance in his capital account was Rs 35000. The other assets and liabilities of the firm on the date were as follows: 8

Cash Rs 10000; Building Rs 100000; Plant and Machinery RS 40000; Stock Rs 20000; Debtors Rs 20000 and Investment Rs 30000.

The following was agreed between the partners on Y's retirement:

Building to be appreciated by 20%.

Plant and Machinery to be depreciated by 10%.

A provision of 5% to be created for doubtful debts.

Stock was to be valued at Rs 18000 and investment at Rs 35000.

An old typewriter completely written off was sold for Rs 2000.

Partner had to pay Rs 5000 to the family of an employee who died in an accident.

Y had to pay Rs 1000 cash and balance in three equal yearly instalments with interest @ 10% p.a starting from 31-03-2015.

Pass journal.

Prepare Y's capital account and Y's loan account till it is finally paid off.

OR

A, B & C are partners sharing profits in the ratio of 3:2:1. Their balance sheet as on 31st December 2004 is as under.

Liabilities	Amount	Assets	Amount
Creditors	30000	Cash	18000
Bills payable	16000	Debtors 25000	

		Less prov. 3000	22000
General reserve	12000	Stock	18000
A's capital	40000	Furniture	30000
B's capital	40000	Machinery	80000
C's capital	30000	Building	60000
	168000		168000

B retired on 1st January 2005 on the following terms:

Provision for doubtful debts will be raised by Rs 1000.

Stock will be depreciated by 10-% and furniture by 5%.

There is an outstanding claim for damages of Rs 1100 and it is to be provided for in the books.

Creditors will be written back by 6000.

Goodwill of the firm is valued at Rs 24000 and same is not to be shown in the books.

Prepare revaluation account, partner's capital account and the balance sheet of A&C.

OR

P, Q & R were partners sharing profits in the ratio of 2:3;5. Om 31st march 2004 their balance sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors	70000	Bank	45000
P's capital	80000	Debtors 40000 Less prov. 5000	35000
Q's capital	70000	Stock	50000
R's capital	60000	Building	140000
		Profit and loss account	10000
	280000		280000

On the above date R retired from the firm on the following terms:

Building was to be depreciated by Rs 40000.

Provision for doubtful debts was to be maintained at 20% on debtors.

Salary outstanding Rs 5000 was to be recorded and creditors Rs 4000 will not be claimed.

Goodwill of the firm was valued at Rs 72000 and the same was to be treated without opening goodwill account.

R was to be paid Rs 15000 in cash through bank and balance was to be transferred to his loan account.

Prepare revaluation account; partners' capital account and balance sheet.

OR

P, Q and R were partners sharing profits in the ratio of 3:2:1. their balance sheet as on 31st march 2010 ,

Liabilities	**Amount**	**Assets**	**Amount**
Creditors	13000	Cash	4700
Bills payable	590	Debtors	8000
P's capital	15000	Stock	11690
Q's capital	10000	Building	23000
R's capital	10000	Profit and loss account	1200
	48590		**48590**

Q retired on the above mentioned date on the following terms:

Value of Building is to be to Rs 30000.

A provision for doubtful debts to be made at 5% on debtors.

Goodwill is to be valued at Rs 18000.

Rs 2800 to be paid to Q immediately and the balance in three equal annual instalments along with interest 10%p.a.

Pass journal and prepare Q's loan account till it is finally settled.

6 A, B & C are partners sharing profits in the ratio of 3:2:1. Their balance sheet as on 31st December 2004 is as under. 8

Liabilities	Amount	Assets	Amount
Creditors	30000	Cash	18000
Bills payable	16000	Debtors 25000 Less prov. 3000	22000
General reserve	12000	Stock	18000
A's capital	40000	Furniture	30000
B's capital	40000	Machinery	80000
C's capital	30000	Building	60000
	168000		168000

B retired on 1st January 2005 on the following terms:
Provision for doubtful debts will be raised by Rs 1000.
Stock will be depreciated by 10-% and furniture by 5%.
There is an outstanding claim for damages of Rs 1100 and it is to be provided for in the books.
Creditors will be written back by 6000.
Goodwill of the firm is valued at Rs 24000 and same is not to be shown in the books.
B is paid in full with cash brought in by A & C in such a manner that their capitals are in proportion to their profit sharing ratio of 1:1.
Prepare revaluation account, partner's capital account and the balance sheet of A&C.

OR

P, Q and R were partners in the ratio of 3:2:1. Their balance sheet as at 31st December, 2004 as follows :
Balance Sheet

Liabilities	Amount (Rs)	Assets	Amount
Sundry Creditors	20,160	Cash at Bank	20,160
Reserve for Contingency	***9, 600***	Sundry Debtors	14, 400
Capital Accounts :		Plant and Machinery	20,800
Capital Accounts :		Land and Buildings	22,400
P 16,000			
Q 16,000			
R 16,000	48,000		
	77,760		77,760

On the date, R retires and amount due to him was paid in cash. Other terms were agreed as follows :
Create a provision of 5 % on sundry debtors for doubtful debts.
Depreciation plant and machinery was Rs. 4,520.
Land and building was revalue at Rs. 24,160.
capital of the new firm is to be fixed at Rs 60000 and same is to be adjusted in their new profit sharing ratio between P & Q i.e 1:1.
You are required to prepare revaluation account, partners' Capital account and balance sheet after retirement of Z.

OR

Ram, Bishen & Chintan are partners sharing profits in the ratio of 5:3:2. Their balance sheet as on 31st December 2004 is as under.

Liabilities	Amount	Assets	Amount
Creditors	30000	Cash	18000

Bills payable workmen compensation fund	10000 6000	Debtors 25000 Less prov. 3000	22000
General reserve	12000	Stock	18000
Ram’s capital	40000	Furniture	30000
Bishen's capital	40000	Machinery	80000
Chintan’s capital	30000	Building	60000
	168000		168000

B retired on 1st January 2005 on the following terms:
Provision for doubtful debts will be reduced by Rs 1000.
Stock will be depreciated by 10-% and furniture by 5%.
Creditors will be written back by 6000.
liability against workmen compensation fund is determined at Rs 4000.
Goodwill of the firm is valued at Rs 24000 and same is not to be shown in the books.
The capital of the new firm be fixed at Rs.150000 and the same is to be adjusted in their new profit sharing ratio between A & C i.e. 1:1. (adjustment to be made in cash)
Prepare revaluation account, partner’s capital account and the balance sheet of A & C.

OR

P ,Q & R were Partners sharing profits in the ratio of 1/2: 1/3:1/6. They provide following information on 31st December 2014. Creditors Rs 108000; debtors Rs 100000 and Provision for doubtful debts Rs 2000; Machinery Rs 240000; Land and Building Rs 500000 stock Rs 90000; Cash at Bank Rs 80000.
On the date Q wants to retire. P & R decided to share future profits in the ratio of 4:3. Fill in the missing figures in the Revaluation A/c, Partners capital A/c and the Balance Sheet of the new firm:

Revaluation Account

Particulars	**Amount**	**Particulars**	**Amount**
To Prov. for D. Debts	3000	By----------------	-------------
To--------------	----------	By -------------	------------
To outstanding Repairs	15000		
To profits:			
P			
Q			
R			
	------------		-------------

Partners capital Account

Particulars	**P**	**Q**	**R**	**Particulars**	**P**	**Q**	**R**
To Q's capital	18000	------------	----------	By balance b/d	450000	300000	150000
		-----------		By Revaluation	--------	---------	---------
To Bank		------------		By P's capital (goodwill)		--------	
To Q's loan	-----------		-----------			--------	
To balance c/d				By R's capital (goodwill)			
	-----------	------------	----------		-----------	------------	--------

Balance sheet of P & R 9(after Q's Retirement) (as on 31stdecember 2014)

Liabilities	**Amount**	**Assets**	**Amount**
Creditors	----------	Cash at Bank	
Outstanding Repair	----------	Debtors 100000	
Q's Loan	344000	less: Prov. for D.D (5000)	
P's Capital	------------	Stock	90000
R's Capital	------------	Unexpired Insurance	10000
		Machinery	228000
		Land and Building	550000
	----------		--------

Death of a Partner

1 2 3 4 5 6 7 8	State the circumstances in which Gaining Ratio may be applied. A, B & C are partners in a firm sharing profits in the ratio of 3:2:1. B died. C the son of B is of opinion that he is the rightful owner of his father's share of profit, and the profits if the firm be shared between A and C equally. A does not agree. Settle the dispute between A and C according to the Indian Partnership Act. State two basis for determination of profits from the date o last balance sheet to the date of death. Can an retiring partner or legal representative of a deceased partner share in the subsequent profits? X Y & Z are partners sharing profits as 2:2:1 respectively. The firm's books are closed on 31st December every year. On 28th Feb 2014, Z died. It is not possible to prepare final accounts for calculations of profits to the date of death. Suggest the ways to Y & Z for ascertaining profits. Distinguish between Sacrificing ratio and Gaining ratio. Why is it necessary to distribute Accumulated Reserves, Profits and Losses at the time of retirement of a partner? Give journal entry for discharging deceased partner's claim.	1 1 1 1 1 1 1 1
9	X,Y & Z were partners sharing profits in the ratio of 3:2:1. X died on 31-03-14. The deed provided that the share of profit till date of death be estimated at the sum calculated on the average of the last 3 completed years profits, The profits for the past three years were as under. 2013- Rs 90000; 2012- Rs 76000 and 2011- Rs 80000. Calculate X's share of profit during the accounting year 2014 and pass journal. OR X,Y & Z were partners sharing profits in the ratio of 3:2:1. X died on 31-03-14. The deed provided that the share of profit till date of death be estimated at the sum calculated on the sales till the date of death by applying the ratio of net profit to sales for the last accounting year. Sales from 1-01-2014 to 31-03-2014 amounted to Rs 30000. sales for the year 2013 amounted to Rs 360000 and net profit for the year 2013 amounted to Rs 54000. Calculate X share of profit during the accounting year 2014 and pass journal. OR X,Y & Z are partners in a firm whose books are closed on 31st march 2009. X died on 30-6-2009 and as per the deed the share of profit of deceased partner up to the date of death is to be calculated on the basis of average profits for the last five accounting years. The net profits for the last 5 years has been for 2009 Rs 16000; 2008 Rs 10000(loss); 2007 Rs 16000; 2006 Rs 18000 and 2005 Rs 14000. pass journal.	4
10	P, R & S are in partnership sharing profits in the ratio of 4:3:1. It is provided that in the partnership deed that, on the death of any partner, his share of goodwill is to be calculated at the half of the profits credited to his accounts during the previous four completed years. R dies on 1st Jan 2005. The firms' profits for the last four years 2001-120000; 2002-80000; 2003-40000 and 2004- 80000. Determine the amount that should be credited to R in respect to his share of goodwill. OR X, Y & Z were partners in firm sharing profits in the ratio of 5:3:2. On 15th feb.2002 X dies and the new profit sharing ratio of Y & Z was equal. On X death the goodwill of the firm was valued at Rs 50000. Calculate the gaining ratio and pass necessary journal entry on X death for the treatment of goodwill without opening goodwill account. OR X, Y & Z were partners in a firm sharing profits in the ratio of 4:3:1. Y died on 30-06-2014. The firms profit for the various years were:	4

	2009- Rs 648888; 2010 - Rs 160000; 2011- Rs 20000; 2012- Rs 20000(loss) and 2013- Rs 80000. X & Z decided to share future profits in the ratio of 3:2. Goodwill is to be valued on the basis of 2 years purchase of average profits of 4 completed years immediately preceding the year of death of a partner. Calculate the goodwill of the firm and pass journal. OR X, Y & Z were partners in a firm sharing profits in the ratio of 4:3:1. Y died on 30-06-2014. The firms profit for the various years were: 2009- Rs 648888; 2010 - Rs 160000; 2011- Rs 20000; 2012- Rs 20000(loss) and 2013- Rs 80000. X & Z decided to share future profits in the ratio of 3:2. Deceased partner share of goodwill is to be calculated at one half of the net profit credited to his account during the last four completed years immediately preceding the year of death. Pass journal and calculate Y's share of goodwill.	
11	Ram, Sham and Mohan partners in a firm sharing profits in the ratio of 4:3:2. On 31-03-2014 following balances appeared in their books: Total capital Rs 108000 contributed equally by them, General reserve Rs 36000; Loan from Ram Rs 30000 and goodwill Rs 40000. Ram died on 31-08-2014. Their deed provides the following for the settlement of claims on the death of a partner in addition to his capital as under: ➢ Share of profits of deceased partner to be calculated on the basis of average profit if past three years. Average profit is calculated at Rs 45000. ➢ His share in goodwill of firm. Goodwill of the firm is valued on the basis of twice the average profit. ➢ Interest on capital @ 10%p.a. ➢ On the date land and building is appreciated by Rs 34000; machinery is reduced by Rs 2000 and stock is depreciated by Rs 3000. Provision for doubtful debts is to be increased by Rs 2000. Prepare Rams capital account as it would be rendered to his executors. OR R , S & D were partners in a firm sharing profits in the ratio of 3:3:4. their capitals were Rs 500000; Rs 400000 & Rs 500000 respectively. the firm closes its books on 31 march every year. on 31-03-2006 R died. The executors of a deceased partner according to the deed, was entitled for the following: Interest on capital @ 9% p.a. till the date of death from the first day of the accounting year. His share of goodwill- The goodwill of the firm is valued at Rs 180000 on the date of death. His share of profits- The profits or the firm for the year ended 31-3-2006 was Rs 120000. R executors was paid the sum due in two equal instalments with interest @10% p.a. Prepare R's capital account as on 31-03-2006 to be rendered to his executors and his executors loan account for the year ending 31-3-2007 and 31-3-2008. OR A,B and C are partners in a firm. The firm has a fixed total capital of Rs 90000 contributed equally by all the partners. Under the deed the partners were entitled to: ➢ A & B to a salary of Rs 1800 and Rs 1600 p.m. ➢ In the event of the death of a partner, Goodwill was to be valued at 2 yrs purchase of the average profit of the last 3 years. ➢ Profit upto the date of the death based n the profits of the previous year. ➢ Partners were to be charged as interest on drawings at 5% p.a. and allowed interest on capitals at 6% p.a. B died on 30th April 2014. His drawings to the date of death were Rs 2000 and the interest thereon was Rs 60. The profits for the three years ended on 31 December 2013,2012 and 2011 were Rs 21200; Rs 3200(Dr) and Rs 9000 respectively.	6

Prepare B's account to calculate the amount payable to his executors.

OR

M,N & O were partners sharing profits and losses equally. their balance sheet on 31-12-2009 was as follows:

Liabilities	Amount	Assets	Amount
M's capital	70000	Plant and machinery	60000
N's capital	70000	Stock	30000
O's capital	70000	Debtors	95000
General Reserve	30000	Cash in bank	40000
Creditors	20000	Cash in hand	35000
	260000		260000

N died on 15 march 2010. according to the deed executors of the deceased partners are entitled to:

Balance of partners capital account.

Interest of capital @ 5%p.a.

Share of goodwill calculated on the basis of twice the average profits and

Share of profits from the closure of the last accounting year till the date of on the basis of twice the average Of three completed year's profits before death.

Profits for 2007, 2008 and 2009 were Rs 80000; Rs 90000 and Rs 100000 respectively. show the working for deceased partner's share of goodwill and profits till the date of his death. Pass journal entries and prepare N's capital account to be rendered to his executors.

OR

Ram , Mohan and Sohan are partners sharing profits in the ratio of 5:3:2. the balance sheet on 31-03-2008 as under:

Liabilities	Amount	Assets	Amount
Ram's capital	150000	Building	125000
Mohan's capital	125000	Patent	30000
Sohan's capital	75000	Machinery	150000
Creditors	155000	Stock	190000
Workmen compensation fund	30000	Cash	40000
	535000		535000

Sohan died on 1-08-2008. it was agreed that :

Interest on capital is allowed @ 10%P.a.

Goodwill of firm is valued at Rs 175000.

Machinery is valued at Rs 140000; patent Rs 40000; building Rs 150000 .

Sohan's share of profit till date of death should be taken to have accrued on the same scale as in 2007-2008 which was Rs 75000.

Prepare journal and sohan's capital account.

12 X, Y & Z are partners sharing profits in the ratio of 2:2:1. Their Balance sheet on 31-03-2014 is as follows: 8

Liabilities	Amount	Assets	Amount
Creditors	30000	Goodwill	30000
Employees provident fund	10000	Fixed Assets	60000
Reserves	30000	Stock	10000
X's Capital	30000	Debtors	20000
Y's Capital	25000	Cash at Bank	15000
Z's Capital	15000	Advertisement Expenditure	5000
	140000		140000

Y died on 15-06-2014. According to the deed, his legal representative were entitled to:

Balance in capital account.

Share in goodwill valued on thrice the average of the past four years profits.

Share in profits up to date of death on the basis of average profits for the past 4 years. Profits for the past four years ending on 31st March were: Rs 15000; Rs 17000; Rs 19000 and Rs 13000.

Interest on capital @ 12% p.a.

Y 's executors were paid Rs 4158 by cheque and balance in four annual equal instalments along with interest @ 10% p.a.

You are required to Prepare-

Y,s capital account Y's executors account.

OR

X, Y & Z are partners sharing profits in the ratio of 2:2:1. Their Balance sheet on 31-03-2014 is as follows:

Liabilities	Amount	Assets	Amount
Creditors	30000	Goodwill	30000
Employees provident fund	10000	Fixed Assets	60000
Reserves	30000	Stock	10000
X's Capital	30000	Debtors	20000
Y's Capital	25000	Cash at Bank	15000
Z's Capital	15000	Deffered revenue Expenditures	5000
	140000		140000

Y died on 15-06-2014. According to the deed, his legal representative were entitled to:

Balance in capital account.

Share in goodwill valued on thrice the average of the past four years profits.

Share in profits up to date of death on the basis of average profits for the past 4 years. Profits for the past four years ending on 31st March were: Rs 15000; Rs 17000; Rs 19000 and Rs 13000.

Interest on capital @ 12% p.a.

Y 's executors were paid Rs 4158 by cheque and balance in four annual equal instalments along with interest @ 10% p.a.

Pass journal.

OR

X, Y & Z are partners sharing profits in the ratio of 2:2:1. Their Balance sheet on 31-03-2014 is as follows:

Liabilities	Amount	Assets	Amount
Creditors	30000	Goodwill	35000
Employees provident fund	10000	Fixed Assets	60000
Reserves	30000	Stock	10000
X's Capital	30000	Debtors	20000
Y's Capital	25000	Cash at Bank	15000
Z's Capital	15000		
	140000		140000

Y died on 15-06-2014. According to the deed, his legal representative were entitled to:

Balance in capital account.

Share in goodwill valued on thrice the average of the past four years profits.

Share in profits up to date of death on the basis of average profits for the past 4 years. Profits for the past four years ending on 31st March were: Rs 15000; Rs 17000; Rs 19000 and Rs 13000.

Interest on capital @ 12% p.a.

	Y 's executors were paid Rs 4158 by cheque and balance in four annual equal instalments along with interest @ 10% p.a. You are required to Prepare- Executors loan account till it is finally paid off.	

Dissolution of firm

	What is Realisation account? Why do we prepare Realisation account? Distinguish between Realisation account and Revaluation account. Name the items which are usually not transferred to realisation account. State the application of assets as per section 48 of the Indian partnership act. In what ways Firm's debts is different from Private debts? List any two circumstances under which a firm is dissolved. List any two grounds under which a Court may dissolve a firm. What is meant by Dissolution by Notice?	1
1	All the partners want to dissolve the firm. Y a partner wants that his loan of Rs 16000 must be paid off before the payment of capitals of the partners. But X, another partner wants that capitals must be paid before the payment of Y's Loan. Who is correct?	3
2	All the partners want to dissolve the firm. Y a partner wants that his loan of Rs 16000 must be paid off before the payment of Mrs. X loan. But X, another partner wants that Mrs. X loan must be paid before the payment of Y's Loan. Who is correct?	
3	X and Y are partners in a firm sharing profits in the ratio of 3:2. Mrs. X has given a loan of RS 20000 to the firm and the firm also obtained a loan of Rs 10000 from Y. The firm was dissolved and its assets were realised Rs 25000. State the order of payment of Mrs. X loan and Y's loan with reason, if there were no other creditors of the firm.	
1	Journalise the following entries on dissolution of the firm of X and Y after various assets and outside liabilities have been transferred to Realisation Account: a) Stock worth Rs 160000 ' X' took over 50% of stock at 10 discount and remaining stock was sold at a profit of 30% on cost. b) Investment (book value Rs 4000) realised 150%. c) Y ready to pay off Mrs. Y's loan of Rs 4000. d) Ram one of the customer whose account for Rs 1000 was written off as bad debts in previous year promise to pay Rs 600. e) Bills payable of Rs 40000 falling due after 1 month were discharged at a discount of 18% p.a. f) X a partner agreed to take over the responsibility of completing dissolution at an agreed remuneration of Rs 1200 and to bear all realization expenses. Actual expenses paid by X Rs 700.	6
2	Journalise the following entries on dissolution of the firm of X and Y after various assets and outside liabilities have been transferred to Realisation Account: a) There was a contingent liability in respect of bill discounted Rs 3700. An acceptor of one of the bill of Rs 1200 become insolvent and only forty paise in a rupee was recovered. b) X a partner agreed to take over the responsibility of completing dissolution at an agreed remuneration of Rs 1200 and to bear all realization expenses. Actual expenses on realization Rs 700 paid by the firm. c) One of the creditors Rs 60000 accept stock worth Rs 40000 at 10% less. d) Another creditor Rs 75000 accept Machinery of book value Rs 72000 in full settlement of his claim. e) Ram a creditor of Rs 28000 took over equipment (book value Rs 45000) at an agreed value of Rs 40000	
3	P,Q & R are partners sharing profits in the ratio of 5:3:2. the firm was dissolved. on dissolution make journal entries regarding the following: a) On the date of dissolution the general reserve shows a balance of Rs 6000. b) Investment of book value Rs 8000 taken over by P at a value of Rs 6800.	

c) A bill discounted with bank, for which liability of Rs 20000 had to be paid.
d) Asses realised Rs 48000.
e) Realisation account shows a loss of Rs 3200.
4 f) Realisation expenses Rs 4000 was paid by Q.

Pass journal entries for the following transactions on the dissolution of the firm of P & Q after all assets other than cash and all external liabilities have been transferred to realization account:

a) Bank loan Rs 12000 was paid.
b) Stock worth Rs 16000 was taken by partner Q.
c) Partner P paid a creditors of Rs 4000.
d) An assets not appear in the books of accounts realized Rs 1500.
e) Expenses on dissolution Rs 2000 were paid by partner Q.
5 f) Profits on realization Rs 36000 was distributed between P & Q in the ratio of 5:4.

Rohit and Suresh are in partnership, sharing profits in the ratio of 2:3. On march 31st 2005, they agreed to dissolve the business. Pass journal entries at the time of dissolution to record the following:

a) Realization expenses amounted to Rs 2000.
b) Deferred revenue advertising expenses appeared at Rs 60000.
c) P/L Account on the assets side of the balance sheet was Rs 30000.
d) An unrecorded assets of Rs 3000 was taken over by Suresh.
e) Liabilities amounting to Rs 24000 already transfer to realization account was settled at Rs 22000.
f) Loan to Rohit was adjusted through his capital account Rs 15000.

1 P,Q & R were equal partners. their balance sheet as on 31-12-2009 stood as follows: 8

Liabilities	**Amount**	**Assets**	**Amount**
Creditors	57400	JLP	15000
JLP	15000	Cash	6500
P's capital	30000	Stock	16000
Q's capital	20000	Investment	47600
R's capital	10000	Furniture	3700
		Plant and machinery	43600
	132400		132400

The firm was dissolved on the above date.

P took over investment and stock at Rs 40600. JLP was realized at surrender value furniture was sold at book value. plant and machinery were realized Rs 82040. creditors were paid in full. pass necessary journal entries on dissolution of firm.

2 Following is the balance sheet of D,G & T on 28-2-2002:

Liabilities	Amount	Assets	Amount
Creditors	50000	Bank	20000
Bills payable	10000	Debtors	30000
G’s loan	8000	Stock	20000
loan	12000	Furniture	15000
Reserve	20000	Land and building	245000
D’s capital	100000	G’s capital	20000
T’s capital	150000		
	350000		350000

The firm was dissolved on the above date on the following terms:

Debtors realized 28000 and creditors and bills payable were paid at 10% discount.
Stock was taken over by D for 15000 and furniture was sold for 12000.
Land building was sold for 280000.
The firm had a joint life policy of Rs 50000 and the same was with surrender for Rs 10000.
Prepare realization account, bank account and capital accounts.

3 A & B were partners in a firm. Their Balance sheet on 31-12-2004 stood as follows:

Liabilities	Amount	Assets	Amount
Creditors	25000	Cash	500
Dills payable	8000	Bank	8000
Mrs. A loan	5000	Sock	5000
Mrs. B loan	10000	Investment	10000
General reserve	10000	Debtors 20000 Less prov 2000	18000
Employees provident fund	5000	Plant	20000
Capital A 10000 B 10000	20000	Building	15000
Investment fluctuation fund	1000	Goodwill	4000
		Profit and loss account	3000
	84000		**84000**

The firm was dissolved on 31st December 2004 on the following terms:
A promised to pay off his wife loan and took away stock at Rs 4000.
Assets realized as follows: debtors Rs 19000, plant Rs 25000; building Rs 40000; goodwill Rs 6000 and investment RTs 9000.
Creditors and bills payable were paid at a discount of Rs 180.
The old typewriter in the firm write off completely now realize Rs 300..
Expenses on realization were Rs 1000.
Prepare realization account, partners capital accounts and cash account.

1 Bisen & Ciser were partners in a firm. On 31-03-2008 their firm was dissolved. On that date Bisen's capital was Rs 150000 and Ciser's capital was Rs 100000. Creditors on that date were Rs 60000 and there was balance of Rs 40000 in general reserve. Cash balance was Rs 20000. Sundry assets realized Rs 300000 and expenses on dissolution were Rs 5000 which was paid by Ciser. 6
Prepare Realization Account, Cash Account and Partner's capital Account.

2

The partnership between A & B was dissolved on march 31st, 2008.their capital on the date were Rs 170000 and Rs 30000 respectively. Rs 100000 was owe by the firm to A & B owed to firm Rs 20000. Creditors on the date were Rs 200000. The assets realised Rs 450000 exclusively of what was owned by B. find the profit and loss on realisation.

3

X & Y were partners in a firm. Their firm was dissolved which resulted into loss of Rs 50000. On the date the capital of X showed a credit balance of Rs 40000 and capital of Y showed a credit balance of RS 50000. There was a cash balance of Rs 40000 on the date of dissolution. You are required to pass the necessary journal entries for the transfer of loss and making final payment to the partner.

1 P, Q and R commenced business on 1st April 2012 with capitals of Rs 200000; Rs 200000 and Rs 100000. 6
Profits are shared in the ratio of 4:3:3. Capital carried interest @ 5% p.a. During the year 2012-13

2	the firm suffered a loss of Rs 150000 before allowing interest on capital. Drawings of each partner during the year were Rs 20000. On 31st March 2013, the partners agreed to dissolve the firm as it was no longer profitable. The creditors on that date were Rs 40000. The assets realised a net value of Rs 320000 and the expenses of realisation were Rs 7000. Prepare the Realisation account, Partners Capital Account and Cash Account along with necessary working to close the books of the firm. X and Y are partners from 01-01-2013 with capitals of Rs 60000 and Rs 40000 respectively. They shared profits in the ratio of 3:2. They carried on the business for two years. In the first year ending on 31-12-2013, they made a profit of Rs 50000 but in the second year ending 31-12-2014 a loss of Rs 20000 was incurred. As the business was no longer profitable, they dissolved the firm on 31-12-2014. Creditors on the date were Rs 20000. Each partner withdrew for personal use, Rs 8000 per year. The expenses of realisation were Rs 3000. The assets realised Rs 100000. Prepare a Realisation Account, Capital Accounts and Cash Account.	

Accounting For Share Capital

1	In what ways capital reserve is different from reserve capital?	1
2	What do you mean by authorised capital?	
3	State the restriction regarding the utilization of securities premium money.	
4	What do you mean by minimum subscription?	
5	What are the sweat Equity Shares?	
6	Explain Private placement of shares?	
7	What are the right shares?	
8	What is preferential allotment?	
9	Can forfeited shares be reissued at discount?	
10	State the minimum Re-issue price.	
11	What is meant by surrender of shares?	
12	Distinguish between calls in arrears and calls in advance.	
13	What do you mean by oversubscription of shares?	
14	What do you mean by under subscription of shares?	
15	What is meant by prorata allotment of shares?	
16	State giving reason whether securities premium be used for working capital.	
1	Alpha Ltd issued 100000 shares of Rs 20 each at par. money on these shares is to be payable as follows: Application Rs 6 per share and Rs 10 each on allotment and balance in two equal calls. Subscription was received for 95000 shares were allotted and all the money was duly received on time. pass journal.	3
2	Alpha Ltd issued 100000 shares of Rs 20 each 10% premium. money on these shares is to be payable as follows: Application Rs 12 per share(including premium) and balance on allotment. Applications were received for 88000 shares. Allotment was made and all the money was duly received on time. pass journal.	
3	Alpha Ltd issued 100000 shares of Rs 20 each 10% premium. money on these shares is to be payable as follows: Application Rs 12 per share(including premium) and balance on allotment. All the shares were subscribed and allotted and all the money was duly received on time except allotment on 1200 shares. pass journal.	
4	On 1-01-2014 Z ltd. received in advance the first call of Rs 3 per share on 10000 equity shares. the first call was due on 1-04-2014. The subscribed capital was 50000 equity shares of Rs 20 each. Journalise assuming that there was no call in arrears.	
5	G Ltd. did not receive the 1st call on 2700 equity shares @ Rs 3 per share. The same was due on 1-01-2005. The amount was received on 1-02-2005. Open calls in arrears account and record transaction in the books of the company.	
1	Alpha Ltd Registered with 180000 shares of Rs 20 each decided to issued 100000 shares of Rs 20 each. money on these shares is to be payable as follows: Application Rs 12 per share and balance on allotment. Applications were received for 90000 shares. Allotment was made and all the money was duly received on time. Show the above transactions in company's balance sheet.	6
2	Alpha Ltd Registered with 180000 shares of Rs 20 each decided issued 100000 shares of Rs 20 each. money on these shares is to be payable as follows: Application Rs 12 per share and balance on allotment. All the shares were subscribed and allotted and all the money was duly	

3 4 5	received on time except allotment on 1200 shares. Show the above transactions in company's balance sheet. Alpha Ltd Registered with 180000 shares of Rs 20 each decided to issued 100000 shares of Rs 20 each. money on these shares is to be payable as follows: 30% on Application and 50% on allotment and balance in two equal calls. All the shares were subscribed and allotted and all the money was duly received on time except calls on 1200 shares. Consequently these shares were forfeited. Show the above transactions in company's balance sheet. Alpha Ltd Registered with 180000 shares of Rs 20 each decided to issued 100000 shares of Rs 20 each. money on these shares is to be payable as follows: Application Rs 6 per share and Rs 10 each on allotment, final call Rs 4 each. All the shares were subscribed and allotted and all the money was duly received on time except allotment and first call money on 1200 shares. these shares were forfeited and were reissued Rs 18 each as fully called up. Show the above transactions in company's balance sheet. Alpha Ltd Registered with 180000 shares of Rs 20 each decided to issued 100000 shares of Rs 20 each. money on these shares is to be payable as follows: Application Rs 6 per share and Rs 10 each on allotment and Rs 4 each on final call. All the shares were subscribed and allotted and all the money was duly received except allotment and call money on 1200 shares these shares were reissued for Rs 26000 as fully paid up. Show the above transactions in company's balance sheet.	
1 2 3 4 5 6 7	Purchased equipment for Rs 800000, payable 10% by bank draft and balance by issue of shares of Rs 20 each issued at 20% premium. Pass journal. X ltd purchased equipment worth Rs 540000 payable by issue of shares of Rs 20 each. Pass journal. X ltd issued 40000 shares of Rs 20 each to the vendor of Machinery worth Rs 36000. Pass journal. Purchased equipment for Rs 1000000, payable Rs 160000 by bank draft and balance by issue of shares of Rs 10 each issued at 20% premium. Pass journal. PQR limited purchase sundry assets of Rs 600000 and a liabilities of Rs 70000 of Raj traders at an agreed value of Rs 550000 paid by issue of fully paid up shares of Rs 10 each at a premium of 10%. Pass journal. Vikas Ltd purchased the running business from X ltd. for a agreed sum of Rs 2000000 Payable be issue of fully paid up equity shares of Rs 20 each. Assets and liabilities consisting of the following: Machinery Rs 2000000; Trade Receivables Rs 700000; Furniture Rs 1500000; Trade Payables Rs 1300000.Pass journal. Vikas Ltd issued 30000 fully paid up equity shares of Rs 10 each at par for the purchase of the following Assets and liabilities of Y ltd. Machinery Rs 100000; Trade Receivables Rs 200000; Furniture Rs 50000; Trade Payables Rs 150000. Pass journal.	4
1	a) FORFEIT 450 SHARES OF Rs 30 EACH ISSUED at par due to the non payment of first call	8

2	of Rs 7 and final call of Rs 3 per share. These share were reissued @ Rs 26 per share as fully paid up. b) Forfeit 450 shares of Rs 30 each (fully called up) issued at par. On these shares only application money of Rs 12 per share was paid. These share were reissued @ Rs 25 per share as fully paid up. c) Forfeit 450 shares of Rs 30 each issued at par due to the non payment of final call of Rs 8 per share. These share were reissued @ Rs 32 per share as fully paid up. d) Forfeit 450 shares of Rs 30 each issued at par due to the non payment of final call of Rs 8 per share. These share were reissued @ Rs 25 per share as fully paid up.	
3	a) Forfeit 700 shares of RS 50 each issued at 10% premium (payable with allotment). On these shares final call of Rs 10 per share was not paid. These shares were later on reissued for Rs 33000 as fully paid up. b) Forfeit 400 shares of Rs 30 each issued at 10% premium(fully called up). On these shares only application money of Rs 10 each including premium was paid. These shares were reissued @ Rs 26 each as fully paid up. c) Forfeit 400 shares of Rs 30 each issued at 10% premium(fully called up). On these shares only application money of Rs 10 each including premium was paid. These shares were reissued @ Rs 32 each as fully paid up. d) Forfeit 400 shares of RS 20 each issued at 20% premium (payable with allotment). On these shares final call of Rs 5 per share was not paid. These shares were later on reissued for Rs 7500 as fully paid up. e) Forfeit 1000 shares of Rs 10 each issued at a premium of Rs 2 per share to Mohan on which only application of Rs 4 per share including premium was paid where as allotment of RS 8 each was not paid. These shares were reissued to sham for Rs 9000 as fully paid up.	
	a) X Ltd. forfeited 200 shares of Rs.100 each, Rs.70 called up, on which the shareholders had paid application and allotment money of Rs.50 per share. Out of these, 150 shares were re-issued to Naresh as Rs.70 paid up for Rs 80 per share. b) Y Ltd. forfeited 180 shares of Rs 10 each, Rs 8 called up, issued at a premium of Rs2 per share to R for non-payment of allotment money of Rs 5 per share (including premium). Out of these, 160 shares were re-issued to Sanjay as Rs8 called up for Rs10 per share fully paid up. c) Z Ltd. forfeited 130 shares of Rs 100 each for non-payment of first and final call money of Rs 30 per share. Out of these, 100 shares were re-issued at Rs 30 per share fully paid up.	
1	XYZ limited invited application for 80000 equity shares of Rs 50 each issued at 20 % premium payable as follows :Application Rs 16 per share (including premium of Rs 6 per share); Allotment Rs 20 per share (including premium of Rs 4 per share); 1st call Rs 10 per share and balance whenever required. Applications were received for 120000 shares. Shares were allotted on pro-rata basis to the applicants of 100000 shares. X to who applied for 6000 shares were allotted was failed to pay the allotment and calls hence his shares were forfeited and were reissued @ Rs54 per share as fully paid up. **OR**	8
2	Sara limited invited application for 50000 equity shares of Rs 20 each issued @ Rs 24 each payable as follows :Application Rs 8 per share (including premium of Rs 2per share) Allotment Rs 6 per share (including premium of Rs 2 per share) First call Rs 4 per share. And balance whenever required.	

Applications were received for 92000 shares and the allotment was made to the applicants of 80000 shares on the following basis :

A. Applicants for 40000 shares were allotted 30000 shares and
B. Applicants for 40000 shares were allotted 20000 shares.

X who belonged to (A) category and was applied for 2000 shares was failed to pay the allotment money and 1st call therefore his shares were forfeited. Y who belonged to (B) category and was allotted 800 shares failed to pay calls. Pass journal.

3

Tara limited invited application for 100000 equity shares of Rs 10 each issued at 20 % premium payable as follows :
Application Rs 4 per share (including premium)
Allotment Rs 6 per share
Final call Rs 2 per share.
Applications were received for 130000 shares. directors decided to make prorata allotment to the applicants of 120000 shares remaining applications were rejected..
X who hold 4000 shares was failed to pay allotment and call money. Their shares were forfeited and reissued @ Rs 8.50 per share as fully paid up. Pass journal.

4

Xltd. issued 50000 shares of Rs 10 each at a premium of Rs 2 per share payable as Rs 3 on application, Rs 5 including premium on allotment and the balance in two equal calls.
Applications were received for 92000 shares and allotment was done as under:
A. Applicants of 40000 shares-Allotted 30000 shares.
B. Applicants of 40000 shares- Allotted 20000 shares.
C. Applicants of 12000 shares-Nil.
Suresh who applied for 2000 shares (category A) did not pay any money other than application money his shares were forfeited after first call, whereas Chander who was allotted 800 shares (category B) paid the call money due along with allotment. Pass journal.
Identify the value being ignored by company while making allotment of shares.

Redemption of Debenture-8

1	Rohit Ltd. has a balance of Rs 3000000 at the credit of its profit and loss account. Instead of declaring a dividend, it is resolved to utilize the profits to repay its 10% debentures of Rs 2200000 redeemable at 10% premium. pass journal. OR Alpha Ltd had a balance of Rs 6000000 in its profit and loss account. Instead of declaring dividend it is decided to redeemed its Rs 4000000, 8% debentures at 10% premium. Pass journal. Pass journal in the following cases:	3
2	Z ltd redeem its Rs 40000, 9% debentures of Rs 20 at 10% premium out of profits. on the date DRR account shows a balance of Rs 360000. pass journal. OR On 01-07-2013 Zee ltd. redeemed its 9% debentures of Rs 400000 at 10% premium. On the date Debenture Redemption reserve shows a credit balance of Rs 30000. Pass journal.	3
3	OR X ltd has 80000, 8% debentures of Rs 100 each due for redemption on march 31st 2014. Assume that debentures redemption reserve has a balance of Rs 1200000 on that date. Record the necessary journal on redemption. Shiva chemicals ltd. Issued 40000, 12% debentures of Rs 100. It was decided to redeemed these debentures after the expiry of 3 years out of profits at 10% premium .Pass necessary journal on the redemption of debenture. Z ltd redeem its Rs 40000, 9% debentures of Rs 20 at 10% premium out of profits. on the date DRR account shows a balance of Rs 360000. pass journal.	3
1	Z Ltd. Issued Rs 2000000, 8% debentures on 01-04-2001 at a premium of 5%. On 31-03-2006 out of these Rs 1200000, 8% debentures were redeemed by converting them into equity shares of Rs 100 each issued at par and Rs 600000, 9% debentures were converted into 10% preference shares of Rs 100 each issued at premium of 20%. Pass journal for the redemption of debentures.	3
	Z Ltd. Issued Rs 2000000, 9% debentures on 01-04-2001 at a premium of 5%. On 31-03-2006 out of these Rs 1000000, 9% debentures were redeemed by Converting them into equity shares of Rs 20 each issed @ Rs 25. Pass journal. OR Pass journal in the following cases:	3
2	Y ltd redeemed 18000, 9% debentures of Rs 50 each (issued @55 each), by converting them into equity shares of Rs 10 each issue @ Rs 9 each share.	
1	Z Ltd. Issued 20000, 9% debentures of Rs 100 each on 01-04-2001 at a premium of 5%. On 31-03-2006 out of these Rs 12000, 9% debentures were redeemed by purchasing in an open market @ Rs 92 each for investment purpose. Later on the above investment were sold @ Rs 102 each. Pass journal.	3
2	On 1-04-2009 Rohan Ltd had made an issue of 3000, 9% debentures of Rs 1000 each issued at par. The company during the year 2013-14 purchased 1500 of these debentures in an open market for its cancellation. The company paid Rs 980 each debentures for 600 debentures and Rs 975 each debentures for the rest. Pass journal for 2013-14 assuming that expenses on purchase amounted to Rs 1000.	3
3	Shivam chemicals ltd. Issued 40000, 12% debentures of Rs 100. It was decided to purchase 14000 debentures for Rs 93 each for the purpose of investment. After sometime these debentures were sold @ Rs 120 each in the open market. Pass necessary journal on the redemption of debentures. OR Z Ltd. Issued Rs 2000000, 9% debentures on 01-04-2001 at a premium of 5%. On 31-03-2006 out of these Rs 1000000, 9% debentures were redeemed by purchase it in open market at 96% for immediate its cancellation. Pass journal for the redemption of debentures.	3
	On 1-01-14 DD ltd. had Rs 800000, 9% Debentures due for redemption on 31-03-2015. Pass journal entries for redemption of debentures assuming that redemption was carried out of profits and the company invested 15% of the debentures due for redemption in the PNB. The Investment were enchased to make payment to the debenture holders. OR	6

JJ ltd. issued 50000, 8% debentures of Rs 20 each on 1-10-2013 redeemable at premium of 5% as under:
on 31-03-2015 20000 Debentures.
on 31-03-2016 20000 Debentures.
On 31-03-2017 10000 Debentures.

It was decided to transfer the minimum required amount to Debentures redemption reserve in two annual equal instalments starting from 31-03-2014. It was decided to invest 15% of the face value of the debentures to be redeemed towards Debentures redemption investment for providing liquidity for the redemption.

Pass necessary journal entries for the issue of redemption of debentures. Ignore Interest on debentures.

OR

JJ ltd. issued 50000, 8% debentures of Rs 20 each on 1-10-2013 redeemable at premium of 5% as under:
on 31-03-2015 20000 Debentures.
on 31-03-2016 20000 Debentures.
On 31-03-2017 10000 Debentures.

It was decided to transfer the minimum required amount to Debentures redemption reserve in two annual equal instalments starting from 31-03-2014. It was decided to invest 15% of the face value of the debentures to be redeemed towards Debentures redemption investment for providing liquidity for the redemption.

Prepare Debentures Account.

Comparative Statements-

1 Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012: 4

Particulars	Note No.	31-03-2012	31-03-2011
I. EQUITY AND LIABILITIES			
1) Shareholders Funds			
a) Share Capital		700000	600000
b) Reserve And Surplus(Profit & Loss Bal.)		200000	110000
2) Non- Current Liabilities			
Long Term Borrowings		300000	200000
3) Current Liabilities			
Trade Payables		30000	25000
TOTAL		1230000	935000
II. ASSETS			
1) Non- Current Assets			
Fixed Assets (Tangible Assets)		1100000	800000
2) Current Assets			
a) Inventories		70000	60000
b) Trade Receivables		32000	40000
c) Cash And Cash Equivalents		28000	35000
TOTAL		1230000	935000

Prepare Comparative Balance Sheet of XYZ. Ltd.

2 Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012: 4

Particulars	Note No.	31-03-2012	31-03-2011
I. EQUITY AND LIABILITIES			
1) Shareholders Funds			
c) Share Capital		700000	600000
d) Reserve And Surplus(Profit & Loss Bal.)		200000	110000
2) Non- Current Liabilities			
Long Term Borrowings		300000	200000
3) Current Liabilities			
Trade Payables		30000	25000
TOTAL		1230000	935000
II. ASSETS			
1) Non- Current Assets			
Fixed Assets (Tangible Assets)		1100000	800000
2) Current Assets			
d) Inventories		70000	60000
e) Trade Receivables		32000	40000
f) Cash And Cash Equivalents		28000	35000
TOTAL		1230000	935000

Prepare Common Size Balance Sheet of XYZ. Ltd.

1 Prepare a common size statement of profit and loss from the following information: 3

Particulars	31-03-2008	31-03-2009
Revenue from operations	150% of cogs	200% of cogs
Purchases	150000	250000
Cogs	200000	300000
Operating expenses	20000	25000
Income tax	40%	40%

2 From the following information prepare comparative income statement : 3

	2004	**2005**
Sales	1500000	1800000
COGS	1100000	1400000
Indirect expenses	20% of gross profit	25% of gross profit

Income tax	50%	50%

3 From the following information prepare comparative income statement : 4

	2004	**2005**
Sales	2000000	2400000
Gross profit	200000	500000
Indirect expenses	25% of gross profit	40% of gross profit
Income tax	50%	50

4 From the following statement of Profit & Loss statement details, prepare a comparative statement profit & loss. 4

Particulars	2011-12	2012-13
Revenue from operations	500000	800000
Employees Benefits Expenses	300000	450000
Other Expenses	50000	50000
Other Incomes	100000	120000
Provision for Income Tax	50%	50%

5 From the following statement of Profit & Loss statement details, prepare a comparative statement profit & loss. 4

Particulars	2011-12	2012-13
Revenue from operations	2250000	3225000
Employees Benefits Expenses	600000	975000
Other Expenses	300000	345000
Other Incomes	25500	12000
Income Tax paid	135000	210000

6 Following is the statement of Profit and Loss of Raj Ltd. for the year ended on 31-03-2014: 4

Revenue from operations	Rs 1000000
Other incomes	Rs 50000
cost of material consumed	Rs 600000
other expenses	Rs 150000
Tax	50%

Prepare a common size Statement of Profit & Loss of Raj Ltd. for the year ended on 31-03-2014.

Financial Statement of a Company-9

	Name the headings under which the Equity and Liabilities of a company are organised and presented in the Balance sheet. Name the headings under which Assets of a company is organised and presented in the Balance Sheet. Name the sub-headings under which Non-current Liabilities shall be classified in a Company's Balance Sheet. Name the sub-headings under which current liabilities shall be classified in a company's Balance Sheet. Name the sub-headings under which current Assets shall be classified in a company's Balance Sheet.	3 3
1 2 3 4 5 6	Under which heads and sub heads will the following items appear in the balance sheet of a company as per the companies act 2013 - a)Proposed dividend. b)General reserve. c)Provision for tax. d) Goodwill e) shares in ABC Ltd. f) Loose tools. Under which heads and sub heads will the following items appear in the balance sheet of a company as per revised schedule VI Part I of the companies act 1956- Proposed dividend. General reserve. Preliminary expenses. Calls in arrears. Computer software. Patent. Under which heading will you classify the following items in the company's balance sheet: Share forfeiture account. Capital reserve account. Live stock. Premium on redemption of debentures.. Provision for taxation. Preliminary expenses. Under what headings will you show the following items in the Balance sheet of the company: a) Goodwill. b)Unclaimed Dividends. c)Authorised capital. d)Prepaid Insurance. e)Debentures Redemption Reserve. f)Capital Reserve. Under what headings will you show the following items in the Balance sheet of the company: a) share forfeiture account. b) Calls in advance. c)Subscribed capital. d) Outstanding Salary. e) Capital Redemption Reserve. f) Public Deposits. Under which heading will you classify the following items in the company's balance sheet as per schedule VI Part I: a) Share forfeiture account. b) Capital reserve account. c) Live stock. d) Bank Loan (Payable in 5 years) e) 18% Debentures (payable in 12 months) f) Debentures of X Ltd..	3 3 3 3 3 3 3
1 2	Where will you show the following items in the statement of Profit and Loss of a company: Gratuity paid; Opening inventory of W.I.P; Bonus; Staff welfare Expenses; Leave encashment; Goodwill amortised; Carriage inward; Interest earned. Where will you show the following items in the statement of Profit and Loss of a company: Selling and Marketing Expenses. Staff Welfare Expenses. Profit on Sale of Furniture. Commission Received. Interest Earned.	3 3

Ratio Analysis

1	What do you mean by Ratio? What do you mean by Ratio Analysis?	1 1
1	Following information is given to you: Inventory Turnover Ratio 5 times. Inventory at the end Rs 8000 more than Inventory at the beginning. Revenue from operations Rs 400000 and Gross profit Ratio 25% on cost. Calculate Opening and Closing Inventory. Calculate the amount of gross profit from the following information:	2
2	Average Inventory Rs 80000; Inventory Turnover Ratio= 6 times and Selling price= 25% above cost. A company earns a gross profit of 20% on cost. Its credit sales are twice to its cash sales. if the credit sales are Rs 400000. Calculate Gross Profit Ratio.	2
3	From the following information calculate Opening stock and closing stock: Stock turnover ratio 6 times. Gross profit 20% on sales. Sales Rs 180000. closing stock is Rs 15000 in excess of opening stock	2
4	Total sales Rs 600000; gross profit 25% on sales; stock turnover ratio 5times. Closing stock is Rs 12000 more than opening stock. Calculate value of opening and closing stock.	2
5		2
1	From the following information, compute Debt-Equity Ratio: Long term Borrowings Rs 200000; Long Term Provisions Rs 100000; Non- Current Assets Rs 360000 and Current Assets Rs 90000. OR A firm Debt Equity ratio is 2:1. State giving reason whether the following transaction results into increase, Decrease or no change in ratio: a) Issue of 8% Debentures for Rs 100000. b) Issue of 11% preference shares for Rs 200000. c) Borrowed loan of Rs 50000 from Bank.	2
2	Assuming that debt equity ratio of a company is 0.8:1. State giving reason whether the ratio will improve, decline or will have no change in case the long term loan is obtained by the company.	2
3	Calculate the debt equity ratio from the following information: general reserve 160000; 10% debentures 150000; current liabilities 100000; preliminary expenses 10000 and equity share capital 200000. OR From the following information calculate Interest coverage ratio: Net profit before tax Rs 510000; Rate of Income Tax 30% and 12% Debentures Rs 1000000.	2
1	From the following information compute Current Ratio a) Total Assets Rs 150000; Non-Current Assets Rs 30000; Shareholder's Funds Rs 70000; Non-Current liabilities Rs 60000. b) The current ratio of a enterprise is 2.8 times. If its current liabilities were valued at Rs 40000. calculate its current ratio.	2
2	a) The current ratio of a enterprise is 2.8 times. If its working capital is estimated at Rs 90000. calculate its current assets and current liabilities. b) A firm current ratio was 3times whereas its Quick ratio was 1.2 times. If closing inventory was valued at Rs 72000 calculate the value of current assets and liquid assets.	2
3	a) Stock turnover ratio of a firm is 4times. Stock in the beginning was Rs 20000 less than stock at the end. Sales Rs 600000. Gross profit ratio 25%. Current liabilities Rs 60000 and quick ratio 0.75: 1. Calculate current ratio of a company. b) A business has a current ratio of 3:1 and a quick ratio of 1.8:1. If the working capital is Rs 160000, calculate the amount of current assets and stock.	2
4	a) Calculate current assets of a company from the following information: Inventory turnover ratio 4 times; Stock at the end is Rs 20000 more than stock in the beginning. Revenue from operations (Net sales) Rs 300000; Gross profit ratio 25%; Current Liabilities Rs 40000; Quick Ratio 0.75.	2
5	The current Ratio of a company is 3 times. State giving reason which of the following transactions would increase, decrease or not change the ratio: i) Paid Rent in advance Rs 20000. ii) Purchased goods from Ram on Credit Rs 50000. iii) Included in the trade payables was a bills payable of Rs 50000 which was met on maturity.	2

CASH FLOW STATEMENT

Why do we prepare cash flow statement?

1 Raj ltd had a profit of Rs 2750000 for the year ended on 31st march 2009 after considering the following :
Depreciation on building depreciation on plant Rs 45000
Goodwill write off Rs 20000
Loss on sale of machinery Rs 18000
Profit on sale of investment Rs 12000

Following was the position of current assets and current liabilities :	**31-03-2009**	**31-03-2008**
Stock	Rs 50000	Rs 87000
Bills receivables	Rs 80000	Rs 60000
Notes payable	Rs 40000	Rs 92000
Bank overdraft	Rs 100000	Rs 58000
Outstanding salary	Rs 150000	Rs 67000
Provision for doubtful debts	Rs 5000	Rs 7000

2

You are required to calculate cash flow from operating activity.

3 The following balances appeared in plant account and accumulated depreciation account in the books of bharat limited:

	31st march 2005	31st march 2006
Plant	750000	970000
Accumulated depreciation	180000	240000

Additional information- plant costing Rs 145000; accumulated depreciation thereon 70000 were sold for Rs 35000.
Compute the amount of plant purchased, depreciation charged for the year and loss on sale of plant.
Show how each of the items related to plant will be shown in the cash flow statement.

4 X limited made a profit of Rs 100000 after charging depreciation of Rs 20000 on assets and transfer to general reserve of Rs 30000. The goodwill written off was Rs 7000 and gain on sale of machinery was Rs 3000. The other information available to you(change in value of current assets and current liabilities) is as follows:
Debtors shows an increase of Rs 6000; creditors an increase of Rs 10000; prepaid expenses an increase of Rs 200; bills receivables a decrease of Rs 3000; bills payable a decrease of Rs 4000 and outstanding expenses a decrease of Rs 2000. Ascertain the cash flow from the operating activities.

5 The following balances appeared in plant account and accumulated depreciation account in the books of bharat limited:

	31st march 2005	31st march 2006
Plant	850000	1170000
Accumulated depreciation	180000	200000

Additional information- depreciation charged o plant during the year amounted to Rs 50000. During the year plant costing Rs 75000 was sold for Rs 40000.
Compute the amount of plant purchased, depreciation charged for the year and loss on sale of plant.
Show how each of the items related to plant will be shown in the cash flow statement.

Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:

Particulars	Note No.	31-03-2012	31-03-2011
I. EQUITY AND LIABILITIES 1) Shareholders Funds			
e) Share Capital		700000	600000

f) Reserve And Surplus(Profit & Loss Bal.)		200000	110000
2) Non- Current Liabilities			
Long Term Borrowings		300000	200000
3) Current Liabilities			
Trade Payables		30000	25000
TOTAL		1230000	935000
II. ASSETS			
1) Non- Current Assets			
Fixed Assets (Tangible Assets)		1100000	800000
2) Current Assets			
g) Inventories		70000	60000
h) Trade Receivables		32000	40000
i) Cash And Cash Equivalents		28000	35000
TOTAL		1230000	935000

Prepare cash flow statement.

2 Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:

Particulars	Note No.	31-03-2012	31-03-2011
I**. EQUITY AND LIABILITIES**			
1**) SHAREHOLDERS FUNDS**			
a. SHARE CAPITAL		700000	600000
b. RESERVE AND SURPLUS(PROFIT & LOSS BAL.)		200000	110000
2**) NON- CURRENT LIABILITIES**			
LONG TERM BORROWINGS			
3) **CURRENT LIABILITIES**		300000	200000
TRADE PAYABLES			
TOTAL		30000	25000
		1230000	935000
II. ASSETS			
1. NON- CURRENT ASSETS			
FIXED ASSETS (TANGIBLE ASSETS)		1100000	800000
2. CURRENT ASSETS			
a. INVENTORIES		70000	60000
b. TRADE RECEIVABLES		32000	40000
c. CASH AND CASH EQUIVALENTS			
TOTAL		28000	35000
		1230000	935000

Additional information:

During the year a piece of machinery of the book value of Rs 80000 was sold for Rs 65000.

Depreciation provided on tangible assets during the year amounted to Rs 200000.

prepare cash flow statement.

3 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share capital		1350000	1350000
b. Reserves and surplus	1	1134000	1068000

2. Non-current Liabilities			
10% debentures		810000	Nil
3. Current liabilities			
a. Creditors		302000	504000
b. Short-term provision	2	130000	225000
Total		**3726000**	**3147000**
ASSETS			
1. Non-current Assets			
a. Fixed Assets		960000	1200000
b. investment		180000	150000
2. Current Assets			
a. Current investment		21000	17000
b. Inventories		630000	720000
c. Trade Recievables		1365000	630000
d. Cash & cashequivalents(Bank)		570000	430000
Total		**3726000**	**3147000**

Note to Account:

PARTICULARS	**31-03-13**	**31-03-12**
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
Note 2		
Short term provision		
Provision for Tax	130000	225000

Additional information:

a) During the year depreciation charged on fixed assets amounted to Rs 50000.

b) During the year tax paid amounted to Rs 120000.

4 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
Non-current Liabilities			
10% debentures		810000	Nil
Current liabilities			
Creditors		302000	504000
Short-term provision	2	130000	225000
Total		**3726000**	**3147000**
ASSETS			
Non-current Assets			
Fixed Assets		960000	1200000
Investment		180000	150000
Current Assets			
Current investment		21000	17000
Inventories		630000	720000
Trade Recievables		1365000	630000

Cash and cash equivalents(Bank)		570000	430000
Total		**3726000**	**3147000**

Note to Account:

PARTICULARS	**31-03-13**	**31-03-12**
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
Note 2		
Short term provision		
Provision for Tax	130000	225000

Additional information:

c) During the year depreciation charged on fixed assets amounted to Rs 50000.

5 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
Non-current Liabilities			
10% debentures		810000	Nil
Current liabilities			
Creditors		402000	504000
Short-term provision(Proposed Dividend)		30000	225000
Total		**3726000**	**3147000**
ASSETS			
Non-current Assets			
Fixed Assets		960000	1200000
Investment		180000	150000
Current Assets			
Current investment		21000	17000
Inventories		630000	720000
Trade Recievables		1365000	630000
Cash and cash equivalents(Bank)		570000	430000
Total		**3726000**	**3147000**

Note to Account:

PARTICULARS	**31-03-13**	**31-03-12**
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000

Additional information:

During the year depreciation charged on fixed assets amounted to Rs 50000.

6 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
EQUITY AND LIABILITIES			

Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
Non-current Liabilitie			
10% debentures		810000	Nil
Current liabilities			
Creditors		402000	504000
Short-term provision(Proposed Dividend)		30000	225000
Total		**3726000**	**3147000**
ASSETS			
Non-current Assets			
Fixed Assets		960000	1200000
Investment		180000	150000
Current Assets			
Current investment		21000	17000
Inventories		630000	720000
Trade Recievables		1365000	630000
Cash and cash equivalents(Bank)		570000	430000
Total		**3726000**	**3147000**

Note to Account:

PARTICULARS	**31-03-13**	**31-03-12**
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000

Additional information:

d) During the year depreciation charged on fixed assets amounted to Rs 50000.

e) Interim dividend paid during the year amounted to Rs 30000.

f) During the year machinery costing Rs 80000 with book value of Rs 55000 was sold for Rs 40000.

7 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
I.EQUITY AND LIABILITIES			
1.Shareholders' Funds			
a. Share capital		1350000	1350000
b. Reserves and surplus	1	1134000	1068000
2.Non-current Liabilities			
10% debentures		810000	Nil
3.Current liabilities			
a. Creditors		302000	504000
b. Short-term provision	2	130000	225000
Total		**3726000**	**3147000**
II.ASSETS			
1.Non-current Assets			
a. Fixed Assets			
Tangible		1500000	1200000
Intangible (Goodwill)			

b. Investment (Non- Current)		30000	50000
2.Current Assets		180000	150000
a. Current investment			
b. Inventories		21000	17000
c. Trade Receivables		600000	700000
d. Cash and cash equivalents(Bank)		825000	600000
Total		570000	430000
		3726000	**3147000**

Note to Account:

PARTICULARS	**31-03-13**	**31-03-12**
Note 1		
Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
Note 2		
Short term provision		
Provision for Tax	100000	200000
Proposed Dividend	30000	25000
	130000	225000

Additional information:

g) During the year depreciation charged on fixed assets amounted to Rs 50000.
h) During the year investment (non-current) of book value Rs 20000 was sold for Rs 36000.
i) During the year fixed Assets costing Rs 80000 accumulated depreciation charged Rs 25000 was sold for Rs 32000.

8 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	**Note No**	**2012**	**2013**
EQUITY AND LIABILITIES			
Shareholders' Funds			
a. Share capital		675000	787500
b. Reserves and surplus	1	320625	506250
Non-current Liabilities			
Long- term Borrowings (10% Debentures)		337500	225000
Current liabilities			
a. Creditors		180000	281250
b. other current liabilities	2	11250	13500
c. Short-term provision	3	112500	123750
Total		**1636875**	**1937250**
ASSETS			
Non-current Assets			
a. Fixed Assets (Tangible)		900000	1068750
b. 10% Investment(non-current)		192500	192500
Current Assets			
a. Inventories		225000	303750
b. Trade Receivables		298125	348750
c. Other current assets (PrepaidExp.)		11250	13500
d. Cash and cash equivalents(Bank)		10000	10000

Total		**1636875**	**1937250**

Note to Account:

PARTICULARS	**31-03-12**	**31-03-13**
Note 1-Reserve and Surplus		
General reserve	225000	281250
Statement of profit and loss	95625	225000
	320625	506250
Note 2 Other current liabilities		
Outstanding Expenses	11250	13500
Note 3-Short-term provisions		
Provision for Tax	78750	85500
Proposed dividend	33750	38250
	112500	123750

Additional information:

j) During the year depreciation charged on fixed assets amounted to Rs 150000.
k) During the year tax paid amounted to Rs 60000.
l) During the year fixed Assets costing Rs 100000 accumulated depreciation charged Rs 25000 was sold for Rs 42000.

9 Following are the summarised balance sheet of Philips Ltd as at 31-03-12 and 2013:

Particulars	Note No	31-03-13	31-03-12
I.EQUITY AND LIABILITIES			
1.Shareholders' Funds			
Share capital		1350000	1350000
Reserves and surplus	1	1134000	1068000
2.Non-current Liabilities			
10% debentures		810000	Nil
3.Current liabilities			
Creditors		302000	504000
Short-term provision	2	130000	225000
Total		**3726000**	**3147000**
II.ASSETS			
1.Non-current Assets			
Fixed Asset			
a. Tangible		1500000	1200000
b. Intangible (Goodwill)			
Investment (Non- Current)		30000	50000
2.Current Assets		180000	150000
a. Current investment			
b. Inventories		21000	17000
c. Trade Receivables		600000	700000
d. Cash and cash equivalents(Bank)		825000	600000
Total		570000	430000
		3726000	**3147000**

Note to Account:

PARTICULARS	**31-03-13**	**31-03-12**
Note 1		

Reserve and Surplus		
General reserve	930000	900000
Statement of profit and loss	204000	168000
	1134000	1068000
Note 2		
Short term provision		
Provision for Tax	100000	200000
Proposed Dividend	30000	25000
	130000	225000

Additional information:

During the year depreciation charged on fixed assets amounted to Rs 130000.During the year investment (non-current) of book value Rs 20000 was sold for Rs 36000.During the year fixed Assets of book value Rs 20000 was sold for Rs 32000.

THE BALANCE SHEET OF SUNDER STEEL LTD. AS ON 31-03-2012 AND 31-03-2013 WERE AS FOLLOWS:

Following is the Balance sheet of XYZ. Ltd .as on 31-03-2011 and 31-03-2012:

Particulars	Note No.	31-03-2013	31-03-2012
I. EQUITY AND LIABILITIES			
1. SHAREHOLDERS FUNDS			
a. SHARE CAPITAL	1	200000	150000
b. RESERVE AND SURPLUS	2	91000	59500
2. NON- CURRENT LIABILITIES		nil	nil
LONG TERM BORROWINGS			
3. CURRENT LIABILITIES			
a. TRADE PAYABLES		4000	66500
b. OTHER CURRENT LIABILITIES		1750	5950
TOTAL		376750	281950
II. ASSETS			
1. NON- CURRENT ASSETS			
FIXED ASSETS			
a. TANGIBLE ASSETS	3	285750	199000
b. INTANGIBLE ASSETS	4	7000	----------
2. CURRENT ASSETS			
a. INVENTORIES		26250	38500
b. TRADE RECEIVABLES		50750	35000
c. CASH AND CASH EQUIVALENTS		7000	9450
TOTAL		376750	281950

ADDITIONAL INFORMATION:

during the year depreciation charged on plant and machinery amounted to Rs 12250.

notes to accounts:

	31-03-2013	31-03-2012
Note 1. share capital	200000	150000
NOTE 2. RESERVE AND SURPLUS		
Balance in statement of profit and loss	66500	42000
General reserve	24500	17560

NOTE 3.TANGIBLE ASSETS Land and building Plant and machinery	 42000 243750	 24500 174500
NOTE 4. INTANGIBLE ASSETS Goodwill	 7000	 Nil