Chapter 1

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Partnership Fundamental

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Q1 (Partnership Deed)

A, B and C are partner of the firm. They don't have any partnership Deed. Comments Below

1. Mr. A Demand interest on loan (Rs. 30,000) given to the firm at 8% pa.
2. B contributed more capital than A and C and demand Interest on capital @6%.
3. C do most of the work of the firm and he demands that he is to be given salary at Rs 10,000 pm
4. Mr. A has made drawing of Rs 20,000 and B and C are of opinion that Interest on Drawing @2% be charged to A
5. Mr. B who has contributed more capital than Mr. A and C demand Interest on capital. Comment.
6. Mr. A want profit of the firm to be distributed according to capital and not equally

Q2 (partnership Deed)

Few Cases

1. Mr. A and Mr. B has a partnership Deed in which it is written that interest to be given to partner @10% pa. Partnership Firm Suffer a loss. Comment whether Interest to be given or not.
2. Mr. A and Mr. B has a partnership Deed in which it is written that interest to be given to partner @10% pa as charge against profit. Partnership Firm Suffer a loss. Comment whether Interest to be given or not.
3. Mr. A and Mr. B has a partnership Deed in which it is written that interest on drawing to be charged @6% pa. Partnership Firm Suffer a loss. Comment whether Interest on drawing to be charged
4. Mr. A has given a loan to the firm. As per Partnership Deed Interest on loan to be given @8%. Mr. B later says that Interest on loan to Mr. A will be given @6 % as per partnership Act 1932. Comment.

Q3 (partnership Deed)

AB and sons having partner A and B made a gross profit of Rs 10,00,000 before below expense. Partnership deed allow Interest on capital @10% pa and Interest on Drawing 10% p.a. and Salary to Mr. A will be given at Rs 1000 per month

A Capital: Rs 4,00,000 and B Capital Rs 3,00,000

Particular	Rs
Telephone Bill	20,000
Power Bill	30,000
Salary to Employee	40,000
Rent To landlord	50,000
Rent to Partner	10,000
Interest on partner @5% pa (Rs 40000 Loan)	2,000
Salary to partner Mr. A (Rs 1000 per Month)	12,000
Salary to partner Mr. B (Rs 1000 per Month)	12,000
Interest on drawing @10% (Mr. A)	5,000

Prepare Profit and Loss Account and Profit and loss Appropriation account.

Q4 Fixed Capital method / Fluctuating Method

Ram, Mohan and sons are the partnership firm wherein Ram and Mohan are partner sharing profit in 3:2.

Following are the items to be considered while preparing capital or current account. Partnership deed provide for Interest on capital, salary Interest on drawing and profit-sharing ratio

Particular	**Rs**
Ram Capital	5,00,000
Mohan Capital	4,00,000
Interest on Ram Capital	10,000
Interest on Mohan Capital	8,000
Salary to Ram	5,000 pm
Salary to Mohan	7,000 per year
Interest on Drawing (Mr. Ram)	2,000
Additional Capital Introduced – Mohan	1,50,000
Drawing by Ram	8,000
Capital Withdrawn by Ram	5,000
Profit after above expense to be distributed	2,00,000

Prepare partner account assuming

a) Fixed Capital Method
b) Fluctuating Capital Method

Interest on Capital

Q5 Interest on Capital

Mr. Rahul is partner of firm. He is entitled to Interest on Capital as per partnership deed @3%pa.

Particulars	**Amount (Rs)**
Opening Capital (1/4/2017)	5,00,000
Additional Capital (31-10-2017)	10,000
Withdrawn of Capital (1-2-2018)	70,000

Calculate the Interest on capital

Q6 Interest on Capital

A and B are partners in a firm. Their capital as on 1st April 2017 were Rs 2,40,000 and Rs 3,60,000 respectively. They share profit equally. On 1st July 2017, they decided that there combined capital should be Rs 6,00,000 to be contributed equally by both. And accordingly, they introduced cash or withdrawn cash. Calculate interest on capital @6%pa and pass the journal entry.

Q7 (Interest on capital)

A, B and C are the partner of the firm with capital as on 1st April 2017 are Rs 3,00,000 Rs 2,00,000 and Rs 4,00,000 respectively. Calculate Interest on capital to be paid in the following cases and where it will appear.

1. Partnership deed is silent on Interest on capital. Profit during the year is Rs 5,00,000
2. Partnership deed is Allow Interest on capital @10% pa. Profit during the year is Rs 5,00,000
3. Partnership deed is Allow Interest on capital @10% pa as a charge. Profit during the year is Rs 50,000
4. Partnership deed is Allow Interest on capital @10% pa as a charge. Loss during the year is Rs 50,000
5. Partnership deed is Allow Interest on capital @10% pa. Loss during the year is Rs 4,000

Q8 (Interest on capital)

A, B and C are the partner of the firm with capital as on 1st April 2017 are Rs 3,00,000, Rs 2,00,000 and Rs 4,00,000 respectively. Interest on capital is agreed at 5% pa. Profit prior to interest on capital is Rs 1,50,000. Prepare necessary account to allocated the interest on capital if

1. Partnership deed is silent on treatment of interest on capital
2. If the interest is charge as per partnership deed

Comprehensive Questions

Q9 (Interest on capital)

A, B and C are the partner of the firm with capital as on 1st April 2017 are Rs 3,00,000, Rs 2,00,000 and Rs 4,00,000 respectively. Interest on capital is agreed at 10% pa. Profit prior to interest on capital is Rs 60,000. Prepare necessary account to allocated the interest on capital if

1. Partnership deed is silent on treatment of interest on capital
2. If the interest is charge as per partnership deed

Q10 (Interest on capital)

A, B and C are the partner of the firm with capital as on 1st April 2017 are Rs 3,00,000, Rs 2,00,000 and Rs 5,00,000 respectively. Interest on capital is agreed at 10% pa. Prepare necessary account to allocated the interest on capital if partnership deed treat interest on capital as a charge in following alternative cases

1. If profit for the year is Rs 1,50,000
2. If profit for the year is Rs 60,000
3. If the loss for the year is Rs 30,000
4. If profit of the firm is Rs 1,00,000

Q11

A, B and C and D are the partner of the firm. A contributed Rs 1,00,000 on 1st April 2017, B contributed Rs 30,000 at start and Later after 3 month he introduced Rs 90,000 More But withdrawn Rs 15000 on 1st Feb 2018. C introduced his first capital of Rs 120000 on 1st May 2017 and withdraws Rs 15,000 on 1st March 2018. D Introduced Rs 100000 Capital on 1st April 2017 and withdraws Rs 40,000 at end of year. Profit before above adjustment was Rs 5,00,000. Calculate interest on capital @6%pa and show the distribution of profit.

Effective Capital

Q12

A, B and C Started the business, A Contributed Rs 20,000 for whole year, B Contribute Rs 30,000 at first and Increased Rs 15,000 on 1st Nov 2017 and withdrawn Rs 5,000 on 1st Feb 2018. C contribute Rs 50,000 at first and Withdraw Rs 5,000 on 1st march 2018. Total Profit of the firm is Rs 2,52,000. Divide the profit on the basis of Effective capital

Interest on Drawing

Q13 Interest on Drawing

Mr. Aakash and Rahul are the partner of firm. Interest on Drawing is charged @10% p.a. as per Partnership deed. Aakash has done total drawing of Rs 50,000 during the year. Rahul has done the drawing of Rs 20,000 on 1st July 2017. Calculate the interest on drawing for the year ended 31st March 2018

Q14 (When there is loss and interest on drawing also)

A, B and C are the partner of the firm with capital as on 1st April 2017 are Rs 3,00,000, Rs 2,00,000 and Rs 4,00,000 respectively. Interest on capital is agreed at 10% pa and interest on drawing at 5% p.a. Drawing of A was Rs 50,000 during the year and Drawing of B was Rs 12,000 on 1st March. Prepare necessary account if partnership deed treat interest on capital as a charge. Profit before above adjustment is Rs 70,000

Interest on Partner Loan

Q15 Interest on Partner Loan

A and B are in partnership firm. A has advanced a loan of Rs 8,00,000 to the firm on 1st Nov 2017. Profit before interest on loan is Rs 5,60,000. Partnership deed is silent on treatment of Interest on partner loan. Comment and show the relevant accounts

Q16 Interest on Partner Loan

A and B are in partnership firm sharing profit in 2:1. A has advanced a loan of Rs 8,00,000 to the firm on 1st April 2017. Profit before interest on loan is Rs 2,00,000. Partnership deed specified that interest on loan to be give @10% p.a. to the partner. B object the higher rate of 10%pa and said that A should be given interest @6%p. a as per partnership Act. Comment

Q17 Interest on Partner Loan

A and B are in partnership firm sharing profit in 2:1. A has advanced a loan of Rs 8,00,000 to the firm on 1st April 2017. Loss before interest on loan is Rs 1,00,000. Partnership deed specified that interest on loan to be give @10% p.a. to the partner. B object the higher rate of 10% pa and said that A should be given interest @6%p. a as per partnership Act. Comment

Q18 (When there is no partnership Agreement)

Mr. Ram present the following profit and loss appropriation account to his partner Shyam

Particulars	Rs	Particulars	Rs
To salary to Ram	30,000	By Profit and loss account	80,000
To Salary to Shyam	10,000		
To Interest on Capital @10% pa., Ram on Rs 2,00,000 20,000 Shyam on Rs 50,000 5,000	25,000		
To Interest on Ram loan@15% pa	3000		
To Profit transferred to Ram Capital Account Rs 8000 Shyam Capital Account Rs 4000	12,000		
Total	**80,000**	**Total**	**80,000**

There is no partnership deed between partners, Shyam feels that he has not been treated fairly. You are required to prepare new profit and loss appropriation account according to the provision of partnership act.

Q19 (Interest **on Partner Loan and Rent to partner)**

X and Y are partners in a firm. Their capital as on 1st April 2017 were Rs 2,00,000 and Rs 4,00,000 respectively. On 1st December, X granted a loan to the firm (Rs 500000). Firm has taken property on rent from Y with yearly rent of Rs 20,000. Interest on capital is allowed at 5%pa. Distribute the profit if the

1. Profit for the year before interest is Rs 90,000
2. Profit for the year before interest is Rs 16,000
3. Loss for the year before interest is Rs 20,000
4. Profit for the year before interest is Rs 48000

Q20

X and Y are partners in a firm. Their capital as on 1st April 2017 were Rs 2,00,000 and Rs 4,00,000 respectively. On 1st December, X granted a loan to the firm (Rs 500000). Firm has taken property on rent from Y with yearly rent of Rs 20,000. Interest on capital is allowed at 5%pa. Distribute the profit if the Interest on capital is treated as charge against profit

1. Profit for the year before interest is Rs 90,000
2. Profit for the year before interest is 16,000
3. Loss for the year before interest is 20,000
4. Profit for the year before interest is Rs 48000

Profit Less then Appropriation

Q21(Profit is less than Appropriation)

Ram and Mohan are two partners of a business firm. Ram is entitled to interest on capital of Rs 15,000 and Mohan is entitled to Interest on capital of Rs 30,000. Besides, Ram is also entitled to salary of Rs 55,000 per annum. Show appropriation of profit if

1. Net Profit of the firm is Rs 1,20,000
2. Net Profit of the firm is Rs 10,000
3. Net loss to the firm is Rs 5,000

Q22 (Profit is less than Appropriation)

Ram and Mohan are two partners of a business firm. Ram is entitled to interest on capital of Rs 15,000 and Mohan is entitled to Interest on capital of Rs 30,000. Besides, Ram is also entitled to salary of Rs 55,000 per annum. Interest on capital is charge against the profit as per partnership deed. Show appropriation of profit if

1. Net Profit of the firm before salary and interest on capital is Rs 1,20,000
2. Net Profit of the firm before salary and interest on capital is Rs 60,000
3. Net Profit of the firm before salary and interest on capital is Rs 10,000
4. Net loss to the firm before salary and interest on capital is Rs 5,000

Q23 (Net loss to the firm)

A, B and C are the partner of the firm with fixed capital of Rs 1,00,000, Rs 2,00,000 and Rs 80,000 Respectively. The opening Current account balance of the partner are Rs 20,000 (Cr), 15,000 (Dr) and Rs 5,000 (Cr). C has advanced Loan to the firm Rs 50,000 on 1st Feb 2018. The partnership deed provided for the following

1. Interest on capital at 10% pa as a charge
2. Interest on drawing charged at 5% pa. Each partner has withdrawn Rs 6,000 on 1st Nov 2017.
3. Rs 50 to be transferred to the Reserve account
4. Profit or Loss up to Rs 3,000 will be shared in Ratio 2:3:1 and balance equally.

For the year ended 31-3-2018, Net loss of the firm before above adjustment is Rs 5,000. Prepare Profit and Loss, Profit and Loss appropriation and Capital and Current Account.

Commission to Partner

Q24 Commission on Net profit before charging Commission

Manager is entitled to 10% of Profit before charging commission. Net Profit of the firm is 36000

Q25 Commission on Net profit after charging Commission

Manager is entitled to 10% of Profit after charging commission. Net Profit of the firm is Rs 33,000

Q26 Commission on Net profit before charging Commission

Manager Ram is entitled to 5% of Profit in respect to his commission. Profit for the year after charging B Partner salary of Rs 8,000 is 42,000

Q27

A and B are the partner sharing Profit and loss in the ratio 2:3 with capital of Rs 5,00,000 and Rs 4,00,000 respectively. Interest on capital agreed is 5% p.a. A is allowed a Salary of Rs 50,000. During the year 2017-18, profit prior to interest on capital and after charging A salary of Rs 50,000 is Rs 2,50,000. A provision of 10% p.a. is to be made in respect of Commission to the manager. Show the appropriation of Profit for year ended 31st March 2018

Q28 (after Charging His Commission)

A and B are the partner sharing Profit and loss in the ratio 1:4 with capital of Rs 2,00,000 and 6,00,000 Respectively. Interest on capital is allowed at 5% p.a. Mr. A is entitled to the salary of Rs 20000 pm and a commission of 10% of Profit before charging any commission but after charging A salary. B is entitled to Commission of 10% p.a. of Profit after charging his commission. Net profit for the year ended 31st March 2018 was Rs 8,80,000. Pass the journal entry and show the appropriation of profit. Assuming

1. Capital Account is Fixed
2. Capital Account is Fluctuating

(Correction : In Video, I have taken Mr. B interest as 60,000 instead of 30000. So correction in the video)

Q29 (after Charging All Commission)

A and B are the partner sharing Profit and loss in the ratio 1:4 with capital of Rs 2,00,000 and 6,00,000 Respectively. Interest on capital is allowed at 5% p.a. Mr. A is entitled to the salary of Rs 20,000 p.m. and a commission of 10% of Profit before charging any commission but after charging A salary. B is entitled to Commission of 10% of Profit after charging all commission. Mr. A has also advanced Rs 1,00,000 loan to the firm on 1st Dec 2017. Partnership deed in silent with respect to interest on Partner loan. Net profit for the year ended 31st March 2018 before charging Interest on partner loan is Rs 8,82,000. Pass the journal entry and show the appropriation of profit. Assuming

1. Capital Account is Fixed
2. Capital Account is Fluctuating.

Q 30 Interest On loan

Manager B who is also a partner is entitled to 10% of Profit after charging commission. Profit before charging Interest on loan on Partner A of Rs 12000 but after charging Partner A salary of Rs 6,000 is Rs 4,000

Interest on Drawing

Q31 (Interest on Drawing)

Partner Amit has withdrawn the below amount

Date of Drawing	Amount
1st May 2017	2,000
1st Aug 2017	5,000
30 Sept 2017	2,000
31st March 2018	1,000

Interest on drawing is charged at 6% pa. Year ending is 31st March 2018

Calculate Interest on drawing if

- Simple Method is followed
- Product method is followed

Q32 (Interest on Drawing)

A, B and C are partner of the firm. Drawing of partner, A and B are as follow

Date of Drawing	Mr. A Drawing (Rs)
1st May 2017	2,000
1st Aug 2017	5,000
30 Sept 2017	2,000
31st December 2017	1,000
31st March 2018	1,000

Date of Drawing	Mr. B Drawing (Rs)
1st June 2017	2,000
1st Sept 2017	5,000
31st December 2017	1,000
28 Feb 2018	2,000
31st March 2018	1,000

Interest on drawing is charged at 6% pa for Year ending is 31st March 2018. Pass the journal entries

Calculate Interest on drawing if

- Simple Method is followed
- Product method is followed

Q33 (Interest on Drawing) (Monthly Drawing)

A, B and C are partner of the firm. Interest of the drawing are charged at 4% pa. You are informed that

1. A Draws Rs 20,000 from the firm in the beginning of every month
2. B draws Rs 20,000 from the firm in the End of every month
3. C draws Rs 20,000 from the firm in the Middle of every month

Q34 (Interest on Drawing) (Quarterly Drawing)

X, Y and Z are partner of the firm. Interest of the drawing are charged at 5% pa. You are informed that

1. X Draws Rs 20,000 from the firm in the beginning of every quarter
2. Y draws Rs 20,000 from the firm in the End of every quarter
3. Z draws Rs 20,000 from the firm in the Middle of every quarter

Q35 (Interest on Drawing) (half Yearly)

Ram, Shyam and Mohan are partner of the firm. Interest of the drawing are charged at 5% pa. You are informed that

1. Ram Draws Rs 20,000 from the firm in the beginning of every half Year
2. Shyam Draws Rs 20,000 from the firm in the beginning of every half Year
3. Mohan Draws Rs 20,000 from the firm in the Middle of every half Year

Q36 (Interest on Drawing) (Drawing made only for part of year)

X, Y and Z are partner of the firm. Interest of the drawing are charged at 10% pa. You are informed that

1. X Draws Rs 20,000 from the firm in the beginning of every month for 6 months ending 31st march 2018
2. Y Draws Rs 20,000 from the firm in the End of every month for 6 months ending 31st march 2018
3. Z Draws Rs 20,000 from the firm in the middle of every month for 6 months ending 31st march 2018

Q37 (Interest on Drawing) (Drawing made only for part of year)

X, Y and Z are partner of the firm. Interest of the drawing are charged at 10% pa. You are informed that

1. X Draws Rs 20,000 from the firm in the beginning of every month for 3 months ending 31st march 2018
2. Y Draws Rs 20,000 from the firm in the End of every month for 4 month ending 30th November 2017
3. Z Draws Rs 20,000 from the firm in the middle of every month for 9 months ending 31st march 2018

Q38 (Interest on Drawing) (Drawing made only for part of year)

Calculate interest on drawing @10% pa of Mr. Mayank for the year ended 31st March 2018 in the following case

1. If he withdrawn Rs 10,000 pm in the beginning of every Month
2. If he withdrawn Rs 10,000 pm in the End of every Month
3. If he withdrawn Rs 10,000 pm in the Middle of every Month
4. If he withdrawn Rs 10,000 pm during the year
5. If he withdrawn Rs 50,000 during the year
6. he withdrawn Rs 10,000 pm in the beginning of every Quarter
7. If he withdrawn Rs 10,000 pm in the End of every Quarter
8. If he withdrawn Rs 10,000 pm in the Middle of every Quarter
9. If he withdrawn Rs 10,000 per quarter during the year
10. If he withdrawn as follow

Date of Drawing	**Amount (Rs)**
1st May 2017	2,000
1st Aug 2017	5,000
30 Sept 2017	2,000
31st March 2018	1,000

Q 39

P, Q, R and S are the partner of the firm.

P Draws Rs 12,000 in the beginning of every month for the six-month ended 30 Sept 2016

Q Draw Rs 12,000 at end of every month for the six-month ended 30 Sept 2016

R Draw Rs 12,000 at Middle of every month for the six-month ended 30 Sept 2016

S Draw Rs 12,000 every month for the six-month ended 30 Sept 2016

Calculate Interest on Drawing for half year ending 30 sept 2016. Interest on drawing is charged @6% pa

Q40 (Interest on Drawing) (Per Annum and Without per annum)

Calculate interest on drawing of Swati for the year ended 31st March 2018 in the following case

1. If he withdrawn Rs 10,000 pm in the beginning of every Month
2. If he withdrawn Rs 10,000 pm in the End of every Month
3. If he withdrawn Rs 10,000 during the year

Case 1: Assuming Interest rate for drawing is 6% pa
Case 2: Assuming Interest rate for drawing is 6%

Q41 (Withdrawn of capital vs withdrawn against Drawing) (Important Point for Commission)

A, B and C are the partner of the firm with fixed capital of Rs 2,00,000, 3,00,000 and 5,00,000 Respectively. Current account balance as on 1st April 2017 are Rs 1,00,00 (Cr), Rs 2,40,000 (Cr) and Rs 80,000 (Dr balance) respectively. interest on capital is allowed at 10% pa and Interest on drawing is charged at 6% pa. Mr. A has advanced loan to the of Rs 30,000 on 31st Oct 2017. Mr. A also draws salary of Rs 500 per month

During the year, Mr. A withdrawn Rs 5,000 during the year, Mr. B withdraw Rs 2,000 per month in the beginning of every month and Mr. C withdraw Rs 2000 at end of every month.

In addition, Mr. B has withdrawn Rs 60,000 against capital on 1st Feb 2018. Mr. A and Mr. C is entitled to Commission of 10% (Each) of net profit after taking into account salaries, Interest and all Commission.

Profit of the firm for the year ending 31st March 2018 before above adjustment is Rs 1,60,800. Profit are shared in ratio 1:2:1. Show the distribution of profit and prepare the partner capital account and Current Account

Also show the journal entry for above adjustments

Adjustment in the closed Accounts

Adjustment in the closed Accounts

Q42 (Interest on capital omitted)

A, B, C and D are the partner of the firm. After closing the book of accounts for year ended 31st March 2018, it was found that, interest on capital @10% p.a. which is allowed as per partnership deed is not provided before distribution of profit. It was agreed amount that partner to make adjustment entry at the beginning of next year than to alter balance sheet. Pass the necessary journal entry in the following cases

1. Capital as on 1st April 2017 are Rs 3,00,000, Rs 3,50,000, Rs 1,50,000 and Rs 6,00,000 respectively
2. Fixed Capital as on 1st April 2017 are Rs 3,00,000, Rs 3,50,000, Rs 1,50,000 and Rs 6,00,000 respectively

Q43 (Interest on capital omitted)

P, Q, R are the partner of the firm. Partnership firm omitted to provide interest on capital@10% pa. for last 3 years ending 31st March 2018 on partner P, Q and R fixed capital of Rs 2,00,000, 1,00,000 and Rs 6,00,000 respectively. Pass the necessary journal entries if the Profit of the firm are shared as follow: Year ended 31st March 2016: 1:2:3, 31st March 2017: 2:1:1, 31st March 2018: 3:2:4.

Q44 (Interest on capital credited wrong)

A, B, C and D are the partner of the firm with Fixed Capital as on 1st April 2017 were Rs 3,00,000, Rs 4,00,000, Rs 1,00,000 and Rs 2,00,000 respectively. After closing the book of accounts for year ended 31st March 2018, it was found that, Interest on capital were credited @10% pa instead of 8%pa. It was agreed amount that partner to make adjustment entry at the beginning of next year than to alter balance sheet. Profit sharing ratio between A, B, C and D is 1:2:1:1 Pass the necessary adjusting journal entry

Q45(Interest on capital credited wrong)

A, B, C and D are the partner of the firm with Fixed Capital as on 1st April 2017 were Rs 3,00,000, Rs 4,00,000, Rs 1,00,000 and Rs 2,00,000 respectively. After closing the book of accounts for year ended 31st March 2018, it was found that, Interest on capital were credited @10% pa instead of 15%pa. It was agreed amount that partner to make adjustment entry at the beginning of next year than to alter balance sheet. Profit sharing ratio between A, B, C and D is 1:2:1:1 Pass the necessary adjusting journal entry

Q46 (Interest on capital not allowed by partnership firm) (CBSE 2017 sample Paper)

A, B &C are the partners in a firm. After the accounts of partnership have been drawn up and the books closed off, it is discovered that for the years ended 31st March 2016 and 2017, interest has been allowed to the partner upon their capital @6% pa although there is no provision for interest in the partnership deed. There fixed capital on which interest was calculated were Rs 1,00,000, Rs 80,000 and Rs 60,000 respectively.

During the last two years, they have shared the profit as follows

31-3-2016: 3:2:1

31-3-2017: 5:3:2

You are required to give necessary adjusting entry on 1st April 2017

Q47 (Interest on Drawing)

Ram, Shyam, and Mohan are the partner of the firm sharing profit in ratio 1:2:3 with capital of Rs 1,00,000, Rs 2,00,000 and Rs 3,00,000. After Final account has been prepared, it was discovered that, interest on Drawing @6%pa on partner has not been provided for last 3 years. Each year Interest on drawing of the partner Ram, Shyam, and Mohan are Rs 5,000, Rs 3,000 and Rs 4,000 respectively. Pass the necessary journal entries in the following cases

Case 1: if the Profit of the firm are shared as follow: Year ended 31st March 2016: 1:2:3, 31st March 2017: 2:1:1, 31st March 2018: 1:1:1

Case 2: Assume if the profit-sharing Ratio is Equal in all the three years

Q48 (CBSE 2017 Compartment Question)

Mudit and Uday are partners in a firm sharing profits in the ratio 2: 3. Their capital accounts as on April 1, 2015 showed balances of Rs 70,000 and Rs 60,000 respectively. The drawings of Mudit and Uday during the year 2015-2016 were Rs 16,000 and Rs 12,000 respectively. Both the amounts were withdrawn on 1st January 2016. It was subsequently found that the following items had been omitted while preparing the final accounts for the year ended 31st March 2016.

(a) Interest on capitals @ 6% p.a.;

(b) Interest on drawings @ 6% p.a.;

(c) Mudit was entitled to a commission of Rs 4,000 for the whole year.

Showing you workings clearly pass a rectifying entry in the books of the firm

Q49 (Interest on Drawing)

A, B & C are the partner of the firm sharing profit in ratio 1:2:3. After Final account has been prepared, it was discovered that, interest on Drawing @6% pa had not been taken into account. Drawing of the partner A, B and C during the year are Rs 60,000, Rs 90,000 and Rs 15,000 respectively. Pass the adjusting entry assuming

1. Capital Account is Fixed
2. Capital Account is Fluctuating

Q50 (Mixed)

Partnership firm has distributed the net profit for the year ended 31st March 2018, Rs 6,00,000 in the agreed ratio of partner P, Q and R i.e. 2:1:1. Fixed Capital balance of the partner as on 1st April 2017 is P: Rs 4,00,000, Q: Rs 3,00,000, R: Rs 1,00,000. Current Account balance of the partner as on 31st March 2018 is P: Rs 1,20,000, Q: Rs 80,000, R: Rs 70,000

Later, on 20th May 2018 It was discovered that some transaction which was allowed as per partnership deed was not recorded at all.

1. Interest on Drawing on partner in Rs; P: 500, Q: 400, R: 100
2. Interest on capital on partner @10% p.a.
3. Q Salary: Rs 400 per month, R Salary: Rs 200 Per month
4. Commission to P: Rs 10,000

Pass the adjusting entry on 20th May 2018 which will not affect the profit and loss appropriation account of the firm.

Q51 (CBSE 2016 Compartment, All India) (Transfer to General Reserve)

Praveen, shail and Riya are partner having fixed capital of Rs 2,00,000, Rs 1,60,000 and Rs 1,20,000 respectively. They share profit in the ratio of 3:2:1. The partnership deed provide for the following which were not recorded in the books

- Interest on capital @5% pa
- Salary to partner Praveen Rs 1,500 pm and to Riya Rs 1,000 pm
- Transfer of profit to general reserve Rs 10,000. Net profit for the year ended 31st March 2015 distributed amount the partner was Rs 1,00,000

Pass the rectifying entry for the above adjustment in the books of the firm. Also show the working clearly

Q52 When profit are divided wrong

A and B are two partners shared in the ratio 2:3. Profit for the year ended 31st March 2018 was Rs 4,00,000 were distributed equally. Pass the rectifying entry

Q53 (When profits are divided wrong)

Seeta and Geeta are two partner sharing profit in the ratio 5:3. The fixed capital were Seeta: Rs 5,00,000 and Geeta: Rs 4,00,000.

1. Partnership provide for the interest on capital @8% pa.
2. Geeta salary of Rs 8,000 per month and Seeta salary of Rs 10,000 per month
3. Seeta is to get commission of Rs 8,000 per annum.

Profit for the year ended 31st March 2018 was Rs 4,00,000 were distributed equally without providing for the above. Pass the rectifying entry

Q54 To Be re recorded

When profit are divided wrong and there is loss due to adjustment

A and B are two partner sharing profit in the ratio 5:3. The fixed capital were A: Rs 5,00,000 and B: Rs 4,00,000.

1. Partnership provide for the interest on capital @8% pa.
2. B salary of Rs 8,000 per month and A salary of Rs 10,000 per month
3. A is to get commission of Rs 10,000 per annum and B to get Commission Rs 2000 Per year

Cases

1. Profit for the year ended 31st March 2018 was Rs 60,000 were distributed equally without providing for the above. Pass the rectifying entry
2. If the loss of Rs 40,000 was distributed Equally

Q55

A, B and C are partner of the firm. Their capital were Rs 5,00,000, Rs 4,00,000 and 1,00,000 respectively. According to partnership deed, they were entitled to an interest on capital @10% pa. In addition, C is entitled to salary of Rs 1,000 per month. B is entitled to commission of 5% on net profit of the firm after charging the Interest on capital but before salary to C. Net profit of the firm before above adjustment Rs 5,00,000 were shared in capital ratio but as per partnership deed profit is to be shared equally. Pass the rectifying entry.

Q56

Mona, Nisha and Priyanka are partners in a firm. They contributed Rs. 50,000 each as capital three years ago. At that time Priyanka agreed to look after the business as Mona and Nisha were busy. The profits for the past three years were Rs. 15,000, Rs.25,000 and Rs. 50.000 respectively. While going through the books of accounts Mona noticed that the profit had been distributed in the ratio of 1: 1: 2. When she enquired from Priyanka about this, Priyanka answered that since she looked after the business, she should get more profit. Mona disagreed and it was decided to distribute profit equally retrospectively for the last three years.

(a) You are required to make necessary corrections in the books of accounts of Mona, Nisha and Priyanka by passing an adjustment entry.

(b) Identify the value which was not practiced by Priyanka while distributing profits.

Q57 (when profit sharing is changed retrospectively)

P, Q, R have been sharing profit in the ratio of 2:2:1 respectively. R want that he should be given equal share in profit with P and Q and he further wants that the change in the profit-sharing ratio should come into effect retrospectively for that last Four years. P and Q have no objection to this. The profit for the last Four years were Rs 9000, Rs 12,000, Rs 24,000, 30,000. Pass the rectifying entry

Q58 (CBSE 2015 Compartment)

On 31st March 2014, the balance in the capital account of A, B and C after making adjustment for profit and drawing were Rs 1,60,000, Rs 1,20,000 and Rs 80,000 respectively. Subsequent it was discovered that the interest on capital and drawing have been omitted.

The profit for the year ended 31st March 2014 was Rs 40,000

During the year, A and B each withdrew a total sum of Rs 24,000 in equal installment in the beginning of each month and C withdrawn a total sum of Rs 48,000 in equal installment at the end of each month.

The interest on drawing was to be charged @5% pa and interest on capital was to be allowed @10% pa.

The profit-sharing ratio among that partner was 2:1:1

Showing your working notes clearly, pass the rectifying entry

(Correction : In Video, C Share of Interest on Drawing is Calculated wrong. It should be 4000*12*5/100*1/12*(11+0)/2 =1100

Please change accordingly the answer. Final Edited answer will be

		A	B	C	Total
Interest on Drawing	Dr	650	650	1100	2400
Interest on Capital	Cr	16400	13400	11800	41600
Net :	Cr	15750	12750	10700	39200
Profit Reversed	Dr	19600	9800	9800	39200
Net Effect		**3850**	**2950**	**900**	

A Capital Accounts Dr 3850

To B Capital 2950

To C Capital 900

Q59 (CBSE 2017 Compartment)

Piya and bina are partner in a firm sharing profit and loss in the ratio of 3:2. Following was the balance sheet of the firm as on B31-3-2016

Liability		Rs	Asset	Rs
Capital		1,20,000	Sundry Asset	1,20,000
Piya	80,000			
Bina	40,000			
Total		**1,20,000**	**Total**	**1,20,000**

The profit Rs 30,000 for the year ended 31-3-2016 were divided between the partner without allowing interest on capital@12% pa and salary to Piya @1000 per month. During the year Piya withdraw Rs 8,000 and Bina withdraw Rs 4,000. Showing your working notes clearly. Pass the necessary rectifying entry.

Q60 (CBSE 2018 Sample paper)

Himanshu and Vikrant are partner in a firm sharing profit and loss equally. Following was the balance sheet of the firm as on 31-3-2017

Liability		Rs	Asset	Rs
Capital		3,40,000	Fixed Asset	3,60,000
Himanshu	2,00,000		Current Asset	40,000
Vikrant	1,40,000			
Creditors		60,000		
Total		**4,00,000**	**Total**	**4,00,000**

During the year 2016-17, Himanshu drawing were Rs 30,000 and Vikrant drawing were Rs 40,000. During the year 2016-17, the firm earned profit of Rs 1,00,000. While distributing profit for the year 2016-17, Interest on capital @5% per annum and interest on drawing @12% per annum were ignored.

Showing your working clearly, pass the necessary rectifying entry

Q61

Himanshu and Vikrant are partner in a firm sharing profit and loss equally. Following was the balance sheet of the firm as on 31-3-2017

Liability		Rs	Asset	Rs
Capital		3,40,000	Fixed Asset	3,60,000
Himanshu	2,00,000		Current Asset	40,000
Vikrant	1,40,000			
Creditors		60,000		
Total		**4,00,000**	**Total**	**4,00,000**

During the year 2016-17, Himanshu drawing were Rs 30,000 and Vikrant drawing were Rs 40,000. During the year 2016-17, the firm earned profit of Rs 1,00,000 and same was distributed in 3:2. While distributing profit for the year 2016-17, Interest on capital @5% per annum and interest on drawing @12% per annum were ignored.

Showing your working clearly, pass the necessary rectifying entry

Guarantee of partner to a partner

Q62

A, B and C are partner sharing profit in ratio 2:1:1. According to the partnership agreement, C share is guaranteed of Rs 26500 of profit. Any deficiency arising on that account shall be met by A and B. Profit of the year ended 31st March 2018 is 100000

Q63

A, B and C are partner sharing profit in ratio 2:1:1. According to the partnership agreement, C share is guaranteed of Rs 26,500 of profit. Any deficiency arising on that account shall be met by A and B equally

Profit of the year ended 31st March 2018 is 1,00,000. Prepare profit and loss appropriation account.

Q64

A, B and C are partner sharing profit in ratio 2:1:1. According to the partnership agreement, C share is guaranteed of Rs 26,500 share of profit. Any deficiency arising on that account shall be met by A. Profit for the year ended 31st March 2017 is Rs 1,00,000 . Prepare profit and loss appropriation account.

Q65

A, B and C are partner sharing profit in ratio 2:1:1. According to the partnership agreement, C share is guaranteed of Rs 26,500 share of profit. Any deficiency arising on that account shall be met by A and B equally. Profit for the year ended 31st March 2017 is Rs 2,00,000. Prepare profit and loss appropriation account.

Q66 (**when firm is in loss)**

A, B and C are partner sharing profit in ratio 2:1:1. C share is guaranteed profit of Rs 26,500 of profit. Any deficiency arising on that account shall be met by A and B equally

Net loss for the year ended 31st March 2018 is Rs 1,00,000. Prepare Distribution of profit

Q67 (CBSE sample paper 2017)

Ankur and Bobby were into the business of providing software solutions in India. They were sharing profits and losses in the ratio 3:2. They admitted Rohit for a 1/5 share in the firm. Rohit, an alumni of IIT, Chennai would help them to expand their business to various South African countries where he had been working earlier. Rohit is guaranteed a minimum profit of Rs 2,00,000 for the year. Any deficiency in Rohit's share is to be borne by Ankur and Bobby in the ratio 4:1. Losses for the year were Rs 1,00,000. Pass the necessary journal entries

Q68

A, B and C entered into partnership on 1st April 2017 to share profit in the ratio of 2:1:6 It was provided in the deed that B share of profit will not be less than Rs 70,000 per annum. The loss of the firm for year ended 31st March 2018 before interest of Rs 15,000 on A loan is Rs 3,00,000.

Show the necessary account for division of profit or loss and pas the journal entries.

Q69 (CBSE 2016)

P and Q were partner in a firm sharing profit and loss in the ratio 5:3. On 1-4-2014 they admitted R as a new partner for 1/8 share in the profit with a guaranteed profit of Rs 75,000. The new profit-sharing ratio between P and Q will remain the same but they agreed to bear any deficiency on account of guarantee to R in the ratio 3:2. The profit of the firm for the year ended 31-3-2015 was Rs 4,00,000

Prepare profit and loss appropriation account of P and Q and R for the year ended 31-3-2015

Q70 (ISC 2017)

Mita, Rita and Sandra were partners in a firm, sharing profits and losses in the ratio of 2:2:1. Mita had personally guaranteed that in any year Sandra's share of profit, after allowing interest on capital to all the partners @ 5% per annum and charging interest on drawings @ 4% per annum, would not be less than Rs 10,000. The capitals of the partners on 1st April, 2015 were: Mita Rs 80,000, Rita Rs 50,000 and Sandra ₹ 30,000. The net profit for the year ended 31st March, 2016, before allowing or charging any interest amounted to ₹ 40,000. Mita had withdrawn Rs 4,000 on 1st April, 2015, while Sandra withdrew Rs 5,000 during the year.

You are required to prepare the Profit and Loss Appropriation Account for the year 2015-16

Q71

Mahesh and Ramesh are partner with capital of Rs 3,00,000 and Rs 2,00,000 respectively on which they are entitled to interest at 12% pa. They divide profit in the ratio of 1:2. They take Amit, manager of the business for the past 15 years a partner in the firm with ¼ share of profit and guaranteed that his share of profit will not be less than Rs 2,00, 000.Amit Bought Rs 3,00,000 as capital. Any excess profit received by the Amit over her ¼ share will be borne by Mahesh and Ramesh in the ratio of 3:1. Profit at the end of the year before allowing interest on capital amounted to Rs 7,20,000. Distribute the profit. What value has been fulfilled by Mahesh and Ramesh.

Q72(CBSE 2013)

Ahmad, Bheem and Daniel are partners in a firm. On 1st April. 2011 the balance in their capital accounts stood at Rs 8,00,000 Rs6,00,000 and 4,00,000 respectively. They shared profits in the proportion of 5:3:2 respectively. Partners are entitled to interest on capital @ 5% per annum and salary to Bheem @ Rs 3,000 per month and a commission of Rs 12,000 to Daniel as per the provisions of the partnership deed.
Ahmad's share of profit, excluding interest on capital, is guaranteed at not less than Rs 25,000 pa.
Bheem's share of profit, including interest on capital but excluding Salary is guaranteed at not less than Rs 55,000 p.a. Any deficiency arising on that account shall be met by Daniel. The profit of the firm for the year ended 31st March, 2012 amounted to Rs 2,16,000. Prepare 'Profit and Loss Appropriation Account' for the year ended 31st March, 2012.

Q73

Ahmad, Bheem and Daniel are partners in a firm. On 1st April. 2011 the balance in their capital accounts stood at Rs 8,00,000 Rs6,00,000 and 4,00,000 respectively. They shared profits in the proportion of 5:3:2 respectively. Partners are entitled to interest on capital @ 5% per annum and salary to Bheem @ Rs 3,000 per month and a commission of Rs 12,000 to Daniel as per the provisions of the partnership deed.
Ahmad's share of profit, excluding interest on capital, is guaranteed at not less than Rs 40,000 pa.
Bheem's share of profit, including interest on capital but excluding Salary is guaranteed at not less than Rs 55,000 p.a. Any deficiency arising on that account shall be met by Daniel. The profit of the firm for the year ended 31st March, 2012 amounted to Rs 2,16,000. Prepare 'Profit and Loss Appropriation Account' for the year ended 31st March, 2012.

Q74 (CBSE 2013)

A and B are in partnership sharing PSR in 2:3. They decided to admit C their manager as a partner with effect from 1st April 2017 giving one fourth of profit.

C while a manager was in receipt of salary of Rs 40,000 per annum and a commission of 10% of the net profit after charging such salary and commission

In terms of the partnership deed any excess amount which C will be entitled to receive as a partner over the amount which would have been due to him if he continued to be the manager would have to be personally borne by A out of his share of profit. Profit for the year ended 31st March 2017 amounted to Rs 3,70,000 before payment of salary and commission.

You are required to show the profit and loss appropriation account for the year ended 31st March 2018

Q75

A, B and C are the partner sharing PSR in 1:1:2. C receiving an annual salary of Rs 14,000 plus 10% of Profit after charging such salary and commission or his share of profit whichever is more. Any deficiency will be borne by A and B in ratio 3:2

Profit after charging C salary for the year ending 31st March 2017 is Rs 55,000

You are required to show necessary account for division of Profit

Q76

A, B and C are in partnership, A and B sharing profit in the ratio of 3:1 and C receiving an annual salary of Rs 28,000 plus 5% of profit after charging his salary and commission or 1/4th of the profit of the firm whichever is more. Any excess of the latter over the former received by C is under the partnership deed to be borne by A and B in the ratio of 3:2. The profit for the year ended 31st March 2017 came to Rs 3,72,000 after charging C salary.

Show the distribution of profit amount the partners

Q77 A, B and C are in partnership on 1st July 2017 to share profit and loss in the ratio 5:2:3. A personally guaranteed that B share of profit after charging interest on capital @10% pa would not be less than Rs 1,90,000. The capital contributed were A: 5,00,000, B: 4,00,000 and C 3,00,000. Profit for the year ended on 31st March 2018 was Rs 6,20,000. Prepare profit and loss appropriation account

Q78 (Guarantee Given by partner to the firm)

A, B and C are the partner sharing PSR in 1:1:2. C have given a guarantee to the firm that the firm will earn 50000 Profit. Interest on Capital are Rs 6000, Rs 2,000 and Rs 2,000 for A, B and C

Firm earns a profit of Rs 45,000 before charging Interest on capital

You are required to show necessary account for division of Profit

(Video Correction : Total of Interest on Capital should be 10,000 Instead of Rs 8000 in the video, Just a calculation mismatch)

********End of Chapter*******

कविता By सोहन लाल द्विवेदी ji

लहरों से डर कर नौका पार नहीं होती
कोशिश करने वालों की हार नहीं होती

नन्हीं चींटी जब दाना लेकर चलती है
चढ़ती दीवारों पर, सौ बार फिसलती है
मन का विश्वास रगों में साहस भरता है
चढ़कर गिरना, गिरकर चढ़ना न अखरता है
आख़िर उसकी मेहनत बेकार नहीं होती
कोशिश करने वालों की हार नहीं होती

डुबकियां सिंधु में गोताखोर लगाता है
जा जाकर खाली हाथ लौटकर आता है
मिलते नहीं सहज ही मोती गहरे पानी में
बढ़ता दुगना उत्साह इसी हैरानी में
मुट्ठी उसकी खाली हर बार नहीं होती
कोशिश करने वालों की हार नहीं होती

असफलता एक चुनौती है, स्वीकार करो
क्या कमी रह गई, देखो और सुधार करो
जब तक न सफल हो, नींद चैन को त्यागो तुम
संघर्ष का मैदान छोड़ मत भागो तुम
कुछ किये बिना ही जय जयकार नहीं होती
कोशिश करने वालों की हार नहीं होती

Chapter

2

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Goodwill and Change in Ratio in Existing Partners

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CA Deepak Lalwani
Chartered Accountant
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Q1 (partnership Deed)

Calculate the Sacrificing ratio or gain ratio

Particulars	A	B
Old Ratio	1	3
New Ratio	1	4

Q2 (partnership Deed)

A and B are the partners sharing profit and loss in the ratio of 2:1. With effect from 1st April 2018 they agreed to share profit and loss equally. Calculate the sacrificing or gain ratio/

Q3 (partnership Deed)

A, B and C are the partners sharing profit and loss in the ratio of 1:2:1. With effect from 1st April 2018 they agreed to share profit and loss 2:1:1. Calculate the sacrificing or gain ratio

Q4

X, Y and Z are the partner sharing profit in the ratio 5:3:2. Calculate the new profit-sharing ratio and sacrificing ratio in the following cases

1. If Z acquire 1/5 share from X
2. IF Z acquire 1/5 share of X
3. If Z acquire 1/5 share from X and Y equally
4. If X, Y and Z decided to share the profit equally.
5. If Z acquire 1/5 share of X and 1/6 share of Y
6. If Z acquire 1/3 share of X and 1/6 share from Y

Goodwill

Average Profit

Q5 (CBSE, 2017 Compartment)

The total capital of the firm of Saurabh, Mohit and Nikhil was Rs 1,00,000. The net profit for last 3 years were 2013-14: Rs 40,000, 2014-15 Rs 52,000 and 2015-16 Rs 52,000. There was an abnormal loss of Rs 3,000 on 2014-15. During the year ended 31st March 2014, Insurance of Rs 6000 was eliminated to be recorded due to oversight. Goodwill of the firm was to be valued at 2-year purchase of average profit of the last three years. Calculate the goodwill of the firm.

Q6

Ramesh purchased the business of Ashish on 1st April 2017. The profit disclosed by the Ashish business for last three years was as follow

Profit for the 31st March 2015: Rs 43,000 (including Abnormal Gain Rs 5,000)

Profit for the 31st March 2016: Rs 48,000 (including abnormal loss Rs 4,000)

Profit for the 31st March 2017: Rs 60,000 (excluding Rs 6,000 as annual insurance premium of the firm property now insured.)

Repair to car amounting to Rs 50,000 was wrongly debited to vehicle account on 1st June 2015. Depreciation Rate is 12% pa on WDV basis.

Calculate Goodwill on the basis of 5 years Purchase of Average profit of last three years

Q7

A and B are partner sharing profit and loss in the ratio of 1:4. They decided to admit Partner C into the business for 1/3 share from 1st April 2018.

Profit for the 31st March 2014: Rs 42,000 (including Abnormal Gain Rs 5,000)

Loss for the 31st March 2015: Rs 57,000 (including abnormal loss Rs 5,000)

Profit for the 31st March 2016: Rs 42,000 (including Abnormal Gain Rs 5,000)

Loss for the 31st March 2017: Rs 20,000 (including Abnormal Gain of Rs 6,000)

Year ending 31st March 2018: Rs 60,000 (excluding Rs 5,000 as annual insurance premium of the firm property now insured.)

On 1st October 2015. Car purchased for Rs 80,000 was treated as traveling expense. Depreciation on car is 10% pa on WDV basis. Bad debt of Rs 5,000 was omitted to be written off in the year 2016-17

Calculate Goodwill

1. If Goodwill will be valued at 3-year purchase of average profit of last 4 years
2. If the goodwill is valued at 2-year purchase of 90% of profit of last 5 year or 3 years whichever is more
3. If the goodwill is valued at 2-year purchase of 90% of Average profit of last 5 year or 3 years whichever is more

Q8

A and B are partner sharing profit and loss in the ratio of 1:4. They decided to admit Partner C into the business for 1/3 share from 1st April 2018.

Profit for the 31st March 2014: Rs 42,000 (including Abnormal Gain Rs 5,000)

Loss for the 31st March 2015: Rs 57,000 (including abnormal loss Rs 5,000)

Profit for the 31st March 2016: Rs 42,000 (including Abnormal Gain Rs 5,000)

Loss for the 31st March 2017: Rs 20,000 (including Abnormal Gain of Rs 6,000)

Year ending 31st March 2018: Rs 60,000 (excluding Rs 5,000 as annual insurance premium of the firm property now insured.)

On 1st October 2015. Car purchased for Rs 80,000 was treated as traveling expense. Depreciation on car is 10% pa on SLM basis. Bad debt of Rs 5,000 was omitted to be written off in the year 2016-17

Calculate Goodwill

1. If Goodwill will be valued at 3-year purchase of average profit of last 4 years which was as follow
2. If the goodwill is valued at 2-year purchase of 90% of Average profit of last 5 year or 3 years whichever is more

Q9 (CBSE, 2017 Compartment

The total capital of the firm of Saurabh, Mohit and Nikhil was Rs 1,00,000. The net profit for last 3 years were 2013-14: Rs 40,000, 2014-15 Rs 52,000 and 2015-16 Rs 52,000. There was an abnormal loss of Rs 3,000 on 2014-15. During the year ended 31st March 2015, Insurance of Rs 6,000 was eliminated to be recorded due to oversight. Goodwill of the firm was to be valued at 2-year purchase of average profit of the last three years. Firm is also having investment of Rs 10,000 in a 10% non-Trade investment. Income of the above is included in the profit above. Calculate the goodwill of the firm.

Weighted Average Profit

Q10

The profit of the firm for last 5 years is as follow

Year ended 31st March	**Profit (Rs)**
2013	40,000
2014	70,000
2015	80,000
2016	50,000
2017	40,000

You are required to calculate the value of goodwill on the basis of 3-year purchase of Weighted average profit of last 5 years. The weight to be used is as follow

Year ending 31st March 2013:1, 2014:2, 2015:3, 2016: 4, 2017: 5

Q11

The profit of the firm for last 5 years is as follow

Year ended 31st March	Profit (Rs)
2013	40,000
2014	70,000
2015	(60,000)
2016	50,000
2017	40,000

On scrutiny of the account, it was found that

1. On 1st Feb 2016, major repair of Rs 10,000 was done in respect of machinery and same was charged to the profit and loss account. Depreciation on Machinery is 6% pa.
2. The closing stock for the year ended 2013 was overvalued by Rs 3,000.
3. To cover the management cost an annual charge of Rs 4,000 should be made for the purpose of goodwill valuation

You are required to calculate the value of goodwill on the basis of 3-year purchase of Weighted average profit of last 5 years. The weight to be used is as follow

Year ending 31st March 2013:1, 2014:2, 2015:3, 2016: 4, 2017: 5.

Q12

The profit of the firm for last 5 years is as follow

Year ended 31st March	Profit (Rs)
2013	40,000
2014	70,000
2015	(60,000)
2016	50,000
2017	40,000

On scrutiny of the account, it was found that

1. On 1st Feb 2016, major repair of Rs 10,000 was done in respect of machinery and same was charged to the profit and loss account. Depreciation on Machinery is 6% pa.
2. The closing stock for the year ended 2013 was Undervalued by Rs 5,000.
3. To cover the management cost an annual charge of Rs 4,000 should be made for the purpose of goodwill valuation

You are required to calculate the value of goodwill on the basis of 3-year purchase of Weighted average profit of last 5 years. The weight to be used is as follow

Year ending 31st March 2013:1, 2014:2, 2015:3, 2016: 4, 2017: 5.

Super Profit method

Q13

A firm earned net profit during the last Six years as follow

Year	Rs
2009	40,000
2010	52,000 (Including Abnormal Profit of Rs 2000)
2011	(30,000)
2012	80,000
2013	90,000
2014	(57,000) (Including Abnormal Loss of Rs 7,000)

The capital invested in the firm is Rs 2 Lakh. Normal rate of return in the similar type of business is 10%. Calculate the value of goodwill in the basis of 3 years of purchase of average super profit earned during the above mentioned 6 years

Q14

A firm earned Average Net profit during the last 5 years of Rs 90000. This profit includes abnormal profit of Rs 10,000. Remuneration to partner is estimated to be Rs 2,000 Respectively. Normal rate of return is 5%. Capital invested in the business is Rs 1,00,000. Calculate the goodwill as 3.5-year purchase of super profit.

Q15

A firm earned Average Net profit during the last 5 years of Rs 90,000. This profit includes abnormal Loss of Rs 10,000. Remuneration to partner is estimated to be Rs 2,000 Respectively. Normal rate of return is 20%. Capital invested in the business is Rs 1,00,000. Calculate the goodwill as 3.5-year purchase of super profit.

Q16

A firm earned Average Net profit during the last 5 years of Rs 90,000. This profit includes abnormal profit of Rs 10,000. Remuneration to partner is estimated to be Rs 2,000 Respectively. Normal rate of return is 20%. Capital invested in the business is Rs 10,00,000. Calculate the goodwill as 3.5-year purchase of super profit

Q17

On 1st April 2018, an existing firm had asset of Rs 80,000 (including cash of Rs 5,000). The partner capital account showed a balance of Rs 70,000, Creditors 5,000 and reserve constituted the rest. If the Normal rate of return is 10% and the goodwill of the firm is valued at Rs 30,000 at 4-year purchase of super profit. Find the Average profit of the firm

Q18

The profit of the firm for last 5 years is as follow

Year ended 31st March	**Profit (Rs)**
2013	40,000
2014	70,000
2015	(60,000)
2016	50,000
2017	40,000

On scrutiny of the account, it was found that

1. On 1st Feb 2016, major repair of Rs 10,000 was done in respect of machinery and same was charged to the profit and loss account. Depreciation on Machinery is 6% pa.
2. The closing stock for the year ended 2015 was Undervalued by Rs 5,000.
3. To cover the management cost an annual charge of Rs 4,000 should be made for the purpose of goodwill valuation
4. Capital Employed of the firm is Rs 1,00,000 and NRR is 5%

You are required to calculate the value of goodwill on the basis of 3-year purchase of super profit based on Weighted average profit of last 5 years. The weight to be used is as follow

Year ending 31st March 2013:1, 2014:2, 2015:3, 2016: 4, 2017: 5.

Capitalization Method

Capitalization of Average Profit Method

Q19

From the below data, calculate the goodwill according to the capitalization of Average Profit method

Actual Average Profit	Rs 80,000
Normal Rate of Return	10%
Asset	Rs 9,00,000
Liabilities	Rs 2,00,000

Q20

Rita and Piya are the partner of the firm. Their capital balance was Rita: Rs 8,00,000 and Piya Rs 3,00,000. During the year ended 31-3-2018, firm earned a profit of Rs 3,00,000.

Calculate the goodwill of the firm on the basis of capitalization of Average profit method assuming Normal rate of return is 20%

Capitalization of Super Profit Method

Q21

Rita and Piya are the partner of the firm. Their capital balance was Rita: Rs 8,00,000 and Piya Rs 3,00,000. During the year ended 31-3-2018, firm earned a profit of Rs 3,00,000.

Calculate the goodwill of the firm on the basis of capitalization of Super method assuming Normal rate of return is 20%

Q22

The following information relates to a partnership firm

	Rs
2012	1,00,000 (including Non-Recurring Expense of Rs 5000)
2013	90,000 (Including Non-Recurring Income of Rs 10000)
2014	1,80,000 (Including Income from non-Trade Investment Rs 20000)
2015	2,36,000 (Insurance Premium of Rs 5,000 forgot to be debited) and Trade Income of 10,000
2016	1,74,000

Firm has to incur Rs 4,000 extra Expense on account of management fees going forward

Closing stock of 2015 was undervalued by Rs 4,000

Average capital employed is Rs 2,00,000

Rate of Normal Profit 20%

Find out the value of goodwill on the basis of

1. Three years purchase of average profit
2. Three years purchase of Weighted average profit
3. Three-year purchase of Super Profit
4. Capitalization of Super Profit
5. Capitalization of Average Profit

Q23

Partnership firm has Asset of Rs 10,00,000 and liability of Rs 1,80,000. NRR of 10% and Average maintainable Profit of Rs 1,00,000. Calculate goodwill based on Super Profit method on the basis of 3-year purchase of Super profit

Q24 intentionally left blank

Accounting treatment of Goodwill when there is change in PSR of exiting partner

Q25

A and B were partner sharing profit in the ratio 1:2. With effect from 1st April 2018 they agreed to share profit equally. For this purpose, the goodwill of the firm is valued at Rs 60,000. Pass the necessary journal entry

Q26

A, B and C are partner sharing profit and loss in the ratio of 4:5:1. It was decided that with effect from 1st April 2018 the profit-sharing ratio will be 2:3:5. Goodwill is to be valued at 2-year purchase of Average of 3-year profit. The profit for 2015-16, 2016-17 and 2017-18 were Rs 70,000, Rs 80,000, Rs 60,000 respectively. Pass the necessary journal entry for the treatment of Goodwill.

Q27

A, B and C are partner of the firm sharing profit equally. They decided that in future C will get ¼ share of profit. On the day of change, the goodwill of the firm is valued at Rs 3,00,000. Make the necessary journal entries.

Q28

X and Y are partner sharing profit in the ratio 1:3. They decided that with effect from 1st April 2018 they would share profit and loss in the ratio of 5:3. The partnership deed provides that in the event of any change in profit sharing ratio, the goodwill should be valued at the total of 2 year profit preceding the date of decision become effective. The profit for 2015-16, 16-17 and 17-18 were Rs 50,000, Rs 80,000 and Rs 60,000.

Accounting treatment of Reserve and accumulated profit when there is change in PSR of exiting partner

Q29

X and Y and Z are partner sharing profit and loss in the ratio 5:3:2. From 1st April 2018, they decided to change the PSR into 3:5:2. Calculate the sacrificing ratio. On that date their books showed the following items

Profit and loss (Cr)	Rs 1,50,000
General Reserve	Rs 60,000

Record the necessary journal entries.

Q30

X and Y and Z are partner sharing profit and loss in the ratio 5:3:2. From 1st April 2018, they decided to change the PSR into 1:1:1. Calculate the sacrificing ratio. On that date their books showed the following items

	Rs
Profit and loss (Cr)	150000
General Reserve	80,000
Workman compensation Fund	80,000
Advertisement Suspense Account (Dr)	50,000

Record the necessary journal entries.

Q31

X and Y and Z are partner sharing profit and loss in the ratio 5:3:2. From 1st April 2018, they decided to change the PSR into Equal share. On that date their books showed the debit balance of profit and loss account Rs 40,000. Record the journal entry for distribution of the balance in the profit and loss account.

Accounting treatment workman compensation fund when there is change in PSR of exiting partner

Q32

X and Y and Z are partner sharing profit and loss in the ratio 5:3:2. From 1st April 2018, they decided to change the PSR into 3:5:2. On that date their books showed the following items

Liabilities	**Rs**		
Workman Compensation Fund	50,000		

Show the accounting treatment under the following alternative cases

1. Case 1: If no other information is available
2. Case 2: if the Liability on account of Workman compensation is Rs 20,000
3. Case 3: if the Liability on account of Workman compensation is Rs 50,000
4. Case 4: if the Liability on account of Workman compensation is Rs 60,000

Q33

X and Y and Z are partner sharing profit and loss in the ratio 2:1:1. From 1st April 2018, they decided to change the PSR into Equally. On that date their books showed the following items

Liabilities		Asset	Rs
Investment Fluctuation Reserve	**50000**	Investment (Cost)	3,00,000

Show the accounting treatment under the following alternative cases

Case 1: If no other information is available

Case 2: if the market value of Investment is Rs 3,00,000

Cash 3: If the Market value of Investment is Rs 2,60,000

Cash 4: If the Market value of Investment is Rs 2,20,000

Cash 5: If the Market value of Investment is Rs 3,60,000

When reserve or accumulated profit are not to be transferred to the capital account.

Q34

A and B are partner in a firm sharing profit in the ratio 2:1 On 31st March general Reserve was Rs 30,000. On that day they decided to Change the profit-sharing ratio to 1:1. Record the journal entry in the books of the firm under the following circumstance.

1. When they want to transfer the general reserve to their capital account
2. When they don't want to transfer the general reserve in the capital account but prefer to record an adjustment entry for the same.

Q35

X and Y and Z are partner in a firm sharing profit in the ratio 2:1:1. On 31st March General Reserve was Rs 70,000 and Profit and loss (Cr) 30000. They all decided to change the PSR equally. Record the journal entry in the books of the firm under the following circumstance.

1. When they want to transfer the general reserve to their capital account
2. When they don't want to transfer the general reserve in the capital account but prefer to record an adjustment entry for the same.

Q36

X and Y and Z are partner in a firm sharing profit in the ratio 2:1:1. On 31st March 2018 the position of the firm is as follow

- General Reserve was Rs 70,000
- Profit and loss (Cr) Rs 30,000.
- Deferred Revenue Expenditure Rs 10,000

Goodwill of the firm is valued at Rs 30,000

They all decided to change the PSR equally. Record the journal entry in the books of the firm assuming the partner don't want to disturb the reserve etc. in the balance sheet.

Q37

Amit, harsh and Mohit are partner in a firm sharing profit in 2:2:1. On 1st April 2018 they decided to share profit into 5:3: 2. On this date, general reserve was Rs 50,000, Goodwill 10,000 and Profit and loss is Rs 30,000. It was decided that adjustment should be made without altering the figures in the balance sheet. Make adjustment by passing single journal entry.

Q38

Amit, harsh and Mohit are partner in a firm sharing profit in 2:2:1. On 1st April 2018 they decided to share profit into 5:3:2. On this date, general reserve was Rs 40,000, goodwill Rs 10,000 and Profit and loss (Debit balance) is Rs 20,000. It was decided that adjustment should be made without altering the figures in the balance sheet. Make adjustment by passing single journal entry.

Q39 (very Important)

Amit, harsh and Mohit are partner in a firm sharing profit in 2:2:1. On 1st April 2018 they decided to share profit into 5:3:2. On this date, general reserve was Rs 40,000, goodwill Rs 10,000 and Profit and loss (Debit balance) is Rs 1,20,000. It was decided that adjustment should be made without altering the figures in the balance sheet. Make adjustment by passing single journal entry.

Q 40 : Intentionally Left Blank

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Accounting for revaluation of Asset and liabilities when there is change in PSR of exiting partner

When revised value are to be recorded in the books

Q41 Concept building Question

Ram, Mohan and Shyam were partner in a firm sharing profit in the ratio of 3:2:1. Their balance sheet as at 31-3-2018 was as follow

Liabilities	Rs	Assets	Rs
Capital	6,00,000		
Ram 3,00,000		Land	4,00,000
Mohan 2,00,000		Furniture	1,00,000
Shyam 1,00,000		Investment	2,00,000
Reserve	90,000	Vehicle	3,00,000
Creditors	1,00,000	Debtor	1,00,000
Bill Payable	2,10,000		
Bank Loan	2,00,000	Cash	1,00,000
	12,00,000		**12,00,000**

All Partner decided to share the future profits equally, w.e.f. April 1, 2018. For this it was agreed that:

1. Land of the firm be valued at Rs 9,00,000.
2. furniture be depreciated by 10%.
3. Creditors of Rs 30,000 were not likely to be claimed and hence be written off.
4. Bank Loan to be increased to Rs 2,20,000 due to interest
5. Unrecorded asset of Rs 50,000
6. Unrecorded liability of Rs 2,40,000
7. Expense on Revaluation Rs 10,000

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

Q42 (CBSE 2016)

Ashok, Bhim and Chetan were partner in a firm sharing profit in the ratio of 3:2:1. Their balance sheet as at 31-3-2015 was as follow

Liabilities		Rs	Assets	Rs
Capital		3,50,000		
Ashok	2,00,000		Land	1,00,000
Bhim	1,00,000		Building	1,00,000
Chetan	50,000		Plant	2,00,000
Reserve Fund		60,000	Stock	80,000
Creditors		1,00,000	Debtor	60,000
Bill payable		40,000	Bank	10,000
		5,50,000		**5,50,000**

Ashok, Bhim and Chetan decided to share the future profits equally, w.e.f. April 1, 2015. For this it was agreed that:

(i) Goodwill of the firm be valued at Rs 3,00,000.

(ii) Land be revalued at Rs 1,60,000 and building be depreciated by 6%.

(iii) Creditors of Rs 12,000 were not likely to be claimed and hence be written off.

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

Q43

A, B, C were partners in a firm sharing profits in the ratio of 3:5:2 From 1st April 2018, they decided to share profit equally. Their balance sheet as at 31st March 2018 stood as follow

Liabilities	**Rs**	**Assets**	**Rs**
Sundry Creditors	1,25,000	Land and Building	3,00,000
Rent payable	30,000	Computer	1,60,000
Outstanding Expense	20,000	Stock	3,00,000
Capital	11,00,000	Sundry Debtor 5,00,000 Less bad Debt 25000	4,75,000
A 5,00,000		Fixed Asset	2,00,000
B 3,00,000		Cash at bank	50,000
C 3,00,000		Advertisement Suspense Account	40,000
General Reserve	2,00,000		
Workman compensation Reserve	50,000		
	15,25,000		**15,25,000**

Partner agreed that

1. Value of land and Building to be increased to Rs 5,00,000 and stock be decreased by Rs 20,000
2. Computer is to be depreciated by 10%
3. All debtors are good
4. Out of Rent payable, Rs 10,000 was not payable
5. Unrecorded Asset of Rs 50,000
6. Outstanding expense are to written back being not payable
7. Sundry Creditors of Rs 10000 has agreed to reduce the claim to Rs 8,000
8. A provision for workman compensation claim be made for Rs 20,000
9. Goodwill is valued at Rs 90,000
10. B was to carry out the work for reconstitution of the firm at remuneration (including expense) Rs 5,000. Expense paid by B amount to Rs 4,000

Pass the journal entry and prepare the revaluation account and revised balance sheet

(In video, Typing Mistake is there, By C Capital 12000 and Not by B Capital)

Q44

A, B, C were partners in a firm sharing profits in the ratio of 2:2:1. From 1st April 2018, they decided to share profit equally. Their balance sheet as at 31st March 2018 stood as follow

Liabilities	Rs	Assets	Rs
Sundry Creditors	2,25,000	Land and Building	4,00,000
		Computer	60,000
		Stock	2,00,000
Capital	8,00,000	Sundry Debtor 4,00,000 Less RDD 25000	3,75,000
A 4,00,000		Fixed Asset	30,000
B 2,50,000		Cash	10,000
C 1,50,000		Profit and Loss	40,000
General Reserve	50,000		
Workman compensation Reserve	40,000		
	1115000		**1115000**

Partner agreed that

1. Value of land and Building to be increased by Rs 5,00,000 and stock be decreased to Rs 1,90,000
2. Provision for doubtful debt to be increased by Rs 40,000
3. Unrecorded Liabilities is Rs 5000
4. A provision for workman compensation claim be made for Rs 50,000
5. Goodwill is valued at Rs 90,000
6. B was to carry out the work for reconstitution of the firm at remuneration of Rs 20,000. Expense paid by B amount to Rs 4,000

Pass the journal entry and prepare the revaluation account

Q45 Same as before only one point of Debtor

A, B, C were partners in a firm sharing profits in the ratio of 2:2:1. From 1st April 2018, they decided to share profit equally. Their balance sheet as at 31st March 2018 stood as follow

Liabilities	Rs	Assets	Rs
Sundry Creditors	**2,25,000**	**Land and Building**	**4,00,000**
		Computer	**60,000**
		Stock	**2,00,000**
Capital	**8,00,000**	**Sundry Debtor 4,00,000** **Less RDD 25000**	**3,75,000**
A 4,00,000		**Fixed Asset**	**30,000**
B 2,50,000		**Cash**	**10,000**
C 1,50,000		**Profit and Loss**	**40,000**
General Reserve	**50,000**		
Workman compensation Reserve	**40,000**		
	10,15,000		**10,15,000**

Partner agreed that

1. Value of land and Building to be increased by Rs 5,00,000 and stock be decreased to Rs 1,90,000
2. Provision for doubtful debt to be increased to Rs 40,000
3. Unrecorded Liabilities is Rs 5000
4. A provision for workman compensation claim be made for Rs 50,000
5. Goodwill is valued at Rs 90,000
6. B was to carry out the work for reconstitution of the firm at remuneration of Rs 20,000. Expense paid by B amount to Rs 4,000

Pass the journal entry and prepare the revaluation account

Q46 (CBSE 2018 Sample Paper)

A, B & C were partners in a firm sharing profits & losses in the ratio of 3: 2: 1. On March 31, 2017, their Balance Sheet was as follows:

Liabilities	Rs	Assets	Rs
Capital	1,20,000		
A 50,000		Fixed Asset	1,80,000
B 40,000		Current Asset	35,000
C 30,000			
Reserve Fund	18,000		
Creditors	27,000		
Employee Provident Fund	50,000		
	2,15,000		**2,15,000**

From April 1, 2017, they decided to share future profits equally. For this purpose, the followings were agreed upon:

(i) Goodwill of the firm was valued at Rs. 3,00,000.

(ii) Fixed Assets will be depreciated by 10%.

(iii) Capitals of the partners will be in proportion to their new profit-sharing ratio. For this purpose, Current Accounts will be opened.

Pass necessary Journal entries for the above transactions in the books of the firm.

Q47 (CBSE 2017)

A, B, C and D were partners in a firm sharing profits in the ratio of 3: 2: 3: 2. On 1.4.2016, their Balance Sheet was as follows

Balance Sheet of A, B, C and D as on 1.4.2016

Liabilities	Rs	Assets	Rs
Capital	**10,10,000**		
A 2,00,000		**Fixed Asset**	**8,25,000**
B 2,50,000		**Current Asset**	**3,00,000**
C 2,50,000			
D 3,10,000			
Workman compensation Reserve	**25,000**		
Creditors	**90,000**		
	11,25,000		**11,25,000**

From the above date the partners decided to share the future profits in the ratio of 4: 3: 2: 1. For this purpose the goodwill of the firm was valued at Rs 2,70,000. It was also considered that:

(i) The claim against Workmen Compensation Reserve has been estimated at Rs 30,000 and fixed assets will be depreciated by

Rs 25,000.

(ii) Adjust the capitals of the partners according to the new profit-sharing ratio by opening Current Accounts of the partners.

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

Q48 (CBSE 2017)

Bhavya and Naman were partners in a firm carrying on a tiffin service in Hyderabad. Bhavya noticed that a lot of food is left at the end of the day. To avoid wastage, she suggested that it be distributed to the needy; Naman wanted that it should be mixed with the food being served the next day. Naman then gave a proposal that if his share in the profit is increased, he will not mind free distribution of leftover food. Bhavya happily agreed. So, they decided to change their profit-sharing ratio to 1: 2 with immediate effect. On that date revaluation of assets and reassessment of liabilities was carried out that resulted into a gain of ₹ 18,000. On that date the goodwill of the firm was valued at ₹ 1,20,000.

(a) Pass necessary journal entries for the above in the books of the firm.

(b) State any two values highlighted in the above para.

Q49

A, B and C were partners in a firm sharing profits in ratio Equally. Their Balance sheet as at 31st March 2013 was as follow

Liabilities	**Rs**	**Assets**	**Rs**
Sundry Creditors	345,000	Bank	50,000
Bill payable	20,000	Sundry Debtor	66,000
		Stock	2,20,000
Capital	10,00,000	Machinery	1,59,000
A 2,00,000		building	3,00,000
B 3,00,000		Vehicle	6,00,000
C 5,00,000			
General Reserve	30,000		
	13,95,000		**13,95,000**

Partner agreed that with effect from 1st April 2013, they would share profit and loss in the ratio 3:2:1. It was Agreed that

1. Stock be valued at Rs 2,08,000
2. Machinery is to be depreciated by 10%
3. Goodwill of the firm is Rs 60,000

Partner agreed that the revised value are to be recorded in the books. However, they don't want to distribute the general reserve. You are required to prepare the journal entry, capital account and revised balance sheet

Q50

A, B and C were partners in a firm sharing profits in the ratio of Capital. Their Balance sheet as at 31st March 2013 was as follow

Liabilities	**Rs**	**Assets**	**Rs**
Sundry Creditors	1,85,000	Bank	50,000
Bill payable	20,000	Sundry Debtor	66,000
		Stock	2,20,000
Capital	10,00,000	Machinery	1,59,000
A Rs 2,00,000		building	3,00,000
B Rs 3,00,000		Vehicle	6,00,000
C Rs 5,00,000			
General Reserve	1,90,000		
	13,95,000		**13,95,000**

Partner agreed that with effect from 1st April 2013, they would share profit and loss in the ratio 3:4:3. It was Agreed that

1. Stock be valued at Rs 2,10,000
2. Machinery is to be depreciated by 10%
3. A provision for doubtful debt is to be made on debtor @5%
4. Building to be appreciated by 20%
5. Insurance of Rs 10,000 was due to be payable and same was not recorded in the books
6. There was Rs 2,000 Rent Receivable from the tenant and same was not recorded in the books
7. All of the vehicles are of no value.
8. A liability for Rs 4,000 included in sundry creditors is not likely to arise
9. Goodwill of the firm is Rs 60,000

Partner agreed that the revised value are to be recorded in the books. However, they don't want to distribute the general reserve. You are required to prepare the journal entry, capital account and revised balance sheet

When Revised value are not to be shown in the books

Q51

A, B and C were partners in a firm sharing profits in ratio Equally. Their Balance sheet as at 31st March 2013 was as follow

Liabilities	Rs	Assets	Rs
Sundry Creditors	1,00,000	Bank	50,000
Bill payable	20,000	Sundry Debtor	66,000
		Stock	2,20,000
Capital	10,00,000	Machinery	4,00,000
A Rs 2,00,000		building	3,00,000
B Rs 3,00,000		Vehicle	1,24,000
C Rs 5,00,000			
General Reserve	40,000		
	11,60,000		**1160,000**

Partner agreed that with effect from 1st April 2013, they would share profit and loss in the ratio 3:2:1. It was Agreed that

1. Stock be valued at Rs 3,40,000
2. Machinery is to be depreciated by 10%
3. Creditor of Rs 10,000 not likely to claim in future
4. Goodwill of the firm is Rs 50,000

Partner agreed that the revised value are not to be recorded in the books. Also, they don't want to distribute the general reserve. You are required to prepare the journal entry, capital account and revised balance sheet

Q52

A, B and C are partners sharing profit and loss in the ratio of 3:2:1. Their balance sheet as at 31-3-2016 was as follow.

Liabilities	Rs	Assets	Rs
Sundry Creditors	4,10,000	Cash	1,20,000
General Reserve	30,000	Land	2,00,000
Profit and Loss	60,000		
Capital	8,00,000	Furniture	1,80,000
A Rs 3,00,000		Plant	4,40,000
B Rs 3,00,000		Building	3,60,000
C Rs 2,00,000			
	8,00,000		**14,37,000**

Partner agreed that with effect from 1st April 2016, they would share profit and loss in the ratio 1:1:1. It was Agreed that

1. Land market value is Rs 3,70,000
2. Furniture is undervalued by 10%
3. Plant is overvalued by 10%
4. Building is overvalued by 20%
5. Goodwill is valued at Rs 60,000

Partners do not want to record the altered values of asset and liabilities in the books and want to leave the reserve and profit undisturbed.

You are required to pass the single journal entry to give effect to the above. Also prepare the revised balance sheet.

Q53

Neha, Aakash and Sumit are partners sharing profit and loss in the ratio of 3:2:1. Their balance sheet as at 31-3-2016 was as follow.

Liabilities	**Rs**	**Assets**	**Rs**
Sundry Creditors	5,47,000	Cash	30,000
General Reserve	30,000	Sundry Debtor 1,00,000 Less Provision 3,000	97,000
Profit and Loss	60,000	Stock	1,80,000
Capital	8,00,000	Furniture	6,00,000
Neha 3,00,000		Plant	2,00,000
Aakash 3,00,000		Building	3,30,000
Sumit 2,00,000			
	8,00,000		**14,37,000**

Partner agreed that with effect from 1st April 2016, they would share profit and loss in the ratio 4:4:1. It was Agreed that

1. Stock be valued at 20% less
2. Furniture is undervalued by 20%
3. Provision of doubtful to be maintained at 5% of Debtor
4. Plant to be depreciated by 20%
5. Rs3500 are outstanding for salaries
6. Building is overvalued by 10%
7. Goodwill is valued at Rs 45,000

Partners do not want to record the altered values of asset and Liabilities in the books and want to leave the reserve and profit undisturbed.

You are required to pass the single journal entry to give effect to the above. Also prepare the revised balance sheet.

Q54

Amit, harsh and Mohit are partner in a firm sharing profit in 2:2:1. On 1st April 2018 they decided to share profit into 5:3: 2. On this date, general reserve was Rs 50,000 and loss on account of revaluation of asset and liabilities was Rs 10,000. It was decided that adjustment should be made without altering the figures of asset and Liabilities in the balance sheet. Make adjustment by passing single journal entry.

Q55

Amit, harsh and Mohit are partner in a firm sharing profit in 2:2:1. On 1st April 2018 they decided to share profit into 5:3: 2. On this date, general reserve was Rs 50,000 and loss on account of revaluation of asset and liabilities was Rs 70,000. It was decided that adjustment should be made without altering the figures of asset and Liabilities in the balance sheet. Make adjustment by passing single journal entry.

Q56

A, B and C were partner in a firm sharing profit and loss in the ratio 2:2:1. Their balance sheet as at 31st March 2018 was as follow

Liabilities	Rs	Assets	Rs
Sundry Creditors	2,00,000	Land	2,00,000
Bill payable	55,000	Building	50,000
Outstanding expense	25,000	Plant	1,00,000
General Reserve	2,00,000	Stock	40,000
Capital	5,00,000	Debtor	40,000
A 1,00,000		Cash	50,000
B 2,00,000		Vehicle	5,00,000
C 2,00,000			

Partner agreed that with effect from 1st April 2018, they would share profit and loss in the ratio 1:2:3. It was Agreed that

1. Goodwill of the firm be valued at Rs 90,000
2. Land should be revalued at Rs 5,00,000. Building to be depreciated by 10%
3. Creditors amounting to Rs 5,000 were not to be paid
4. Provision for debtor to be made at 10%
5. Vehicle market value on the balance sheet date is 4,00,000

You are required to

1. Record the necessary journal entries to give effect to the above adjustment
2. Prepare the capital account of the partners
3. Prepare the balance sheet of the reconstituted firm

Partner decided that general reserve will be transferred to capital account whereas revised value of asset and liabilities are not to be recorded in the books

********End of Chapter*******

तूफानों को चीर के, मंजिलों को छीन ले

आशाएँ खिले दिल की, उम्मीदें हँसे दिल की

अब मुश्किल, नहीं कुछ भी, नहीं कुछ भी

आशाएँ खिले दिल की,

उम्मीदें हँसे दिल की

अब मुश्किल, नहीं कुछ भी, नहीं कुछ भी

(Lyrics from Movie Song "आशाएँ")

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and

Achieve your Dreams by working Super Hard

There is No Shortcut to success…yes…no shortcut

Chapter 3

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Admission of Partner

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Calculation of sacrificing Ratio

Q1

A, B are Partner sharing PSR in 1: 2 respectively. C admitted with 1/4th Share. Calculate New PSR and sacrificing Ratio

Q2

A, B are Partner sharing profit equally. C is admitted with 1/3th Share. Calculate New PSR and sacrificing Ratio

Q3

A, B and C are Partner sharing PSR in 4/7, 1/7, 2/7 respectively. D admitted with 1/5th Share. Calculate New PSR and sacrificing Ratio

Q4

A, B are Partner sharing PSR in 2:3 respectively. C is admitted with 2/7th Share. Calculate New PSR and sacrificing Ratio

Q5

A, B and C are Partner sharing PSR in 1:1:1 respectively. D is admitted and the New Profit-sharing Ratio is 1:2:4:5. Calculate sacrificing Ratio

Q6

A and B are Partner sharing Profit in 5:4 respectively. C admitted with 1/5th Share which he acquires equally from both. Calculate New PSR and sacrificing Ratio

Q7

A and B are Partner sharing Profit in 4:1 respectively. C admitted with 1/5th Share which he acquires from A. Calculate New PSR and sacrificing ratio

Q8

A and B are Partner sharing Profit in 3:4 respectively. On 8th May 2016, C admitted with 1/5th Share. On 9th June D is admitted with 1/6th share acquired equally from A, B and C Calculate New PSR and sacrificing ratio

When two partners are admitted simultaneously (Important)

Q9

A and B are Partner sharing Profit in 4:3 respectively. C and D are admitted with 1/5 and 2/5 share.

Calculate New PSR and sacrificing Ratio

Q10

A and B are equal partner. C and D are admitted with 1/5 and 3/5 share.

Calculate New PSR and sacrificing Ratio

When share is purchased in particular Ratio

Q11

A and B are Partner sharing Profit in 2:1 respectively. C admitted with 4/7th Share which he acquires 3/7 from A and 1/7 from B. Calculate New PSR and sacrificing Ratio

Q12

A and B are Partner sharing Profit in 2:1 respectively. C admitted with 1/6th Share which he acquires 1/24 from A and 1/8 from B. Calculate New PSR and sacrificing Ratio

Q13

A, B and C are Partner sharing Profit in 3:3:2 respectively. D is admitted with 5/7th Share which he acquires 2/7 from A and 2/7 from B and 1/7 from C. Calculate New PSR and sacrificing Ratio

Q14

A, B and C are Partner sharing Profit in 3:2:2 respectively. D is admitted with 1/10th Share which he acquired from A, B and C in 2:2:1. Calculate New PSR and sacrificing Ratio

Q15

A, B are partner sharing profit and loss in 1:2. They admit C as a partner for 1/5 share (of which he acquires 1/4 from A and 3/4 From B)

Q16

A, B are partner sharing profit and loss in 3:2. They admit C as a partner for 1/4 share which he takes 1/6 from A and 1/12 From B

Surrender of Shares

Q17

A and B are Partner sharing Profit in 4:3 respectively. C is admitted. A surrender 1/5 of **his** share to C and B surrender 3/5 of **his** share to C Calculate New PSR and sacrificing Ratio

Q18

Asha and Bhim and Chavi are Partner sharing Profit in 3:2:1 respectively. They decided to admit Mr. Derik as partner who was associated with them as manager since last 15 years. Asha surrender 1/3 of his share, Bhim surrender ¼ of his share in favour of Derik and Chavi surrender ¼ of his share in favour of Derik. Calculate New PSR and sacrificing Ratio

Q19

Rahul, Aakash and Poonam Don't have any partnership Deed. Amit Joined the partnership. Rahul surrendered 1/3 of his share, Aakash surrendered 1/4 of his share. Poonam has not surrendered any share. Calculate New PSR and sacrificing Ratio

"Of His" Vs "From His"

Q20

A and B are Partner sharing Profit in 4:3 respectively. C is admitted. A surrender 1/5 **of his** share to C and B surrender 2/5 **from his** share to C. Calculate New PSR and sacrificing Ratio

Q21

A and B are Partner sharing Profit in 5:3 respectively. C is admitted. A surrender 1/5 **of his** share to C and B surrender 1/8 **from his** share to C. Calculate New PSR and sacrificing Ratio

When old partner decides own ratio after c admission

Q22

A and B are Partner sharing Profit in 4:3 respectively. C is admitted with 1/5 share. A and B among themselves decided that they will share future profit and loss equally. Calculate New PSR and sacrificing Ratio

Q23

A and B are Partner sharing Profit in 5:3 respectively. C is admitted with 1/4 share. A and B among themselves decided that they will share future profit and loss in 2:1

Calculate New PSR and sacrificing Ratio

Q24

A and B and C are Partner sharing Profit in 3:2:1 respectively. D is admitted with 1/6 share. It was agreed that C would retain its original share. Calculate New PSR and sacrificing Ratio

Q25

A and B and C are Partner sharing Profit in 3:2:1 respectively. D is admitted with 1/6 share. It was agreed that B would retain its original share. A and C decided to share profit in 2:1 in future. Calculate New PSR and sacrificing Ratio

Comprehensive Questions

Q26

Rahul and Aakash are Partner sharing Profit in 1:3 respectively. They admitted Poonam with 1/5 share which is acquired from Rahul and Aakash in 2:1. After admission of Poonam, they admitted Vaibhav for ¼ share. Calculate New PSR and sacrificing Ratio

Q27

A, B and C are partner sharing profit and loss in the ratio 9:6:5. D is admitted as a new partner for ¼ share. B sacrifice 1/20 from his share in favour of D and rest of the sacrifice was made by A and C in the ratio 3:1. Calculate New PSR and sacrificing Ratio

Q28

A and B are partner in a firm sharing profit and loss in 3:2. C is admitted for $1/5^{th}$ Share in profit of the firm. Calculate the new profit-sharing ratio of the partner if

1. C gets it equally from A and B
2. C get it from A and b in the ratio 2:1
3. C get it wholly from A
4. C gets it wholly from B
5. C gets it 3/20 from A and 1/20 from B

Q29

A, B are partner sharing profit and loss in 2:3. They admitted C as partner with 1/5 share. Calculate the New profit-sharing ratio and Sacrificing Ratio

1. He acquires his share in original ratio of partner
2. If he acquires his share of profit in equal proportion from existing partner
3. If he acquires the share in the ratio 2:1 from old partner
4. If he acquires 1/6 share from A and 1/30 from B

Q30 (CBSE 2015)

On 1-4-2010 Sahil and Charu entered into partnership for sharing profits in the ratio of 4: 3. They admitted Tanu as a new partner of 1-4-2012 for 1 / 5 share which she acquired equally from Sahil and Charu.

Sahil, Charu and Tanu earned profits at a higher rate than the normal rate of return for the year ended 31-3-2013. Therefore, they decided to expand their business. To meet the requirements of additional capital they admitted Puneet as a new partner on 1-4-2013 for 1/7 share in profits which he acquired from Sahil and Charu in 7: 3 ratio.

Calculate: (i) New profit-sharing ratio of Sahil, Charu and Tanu for the year 2012-13. (ii) New profit-sharing ratio of Sahil, Charu, Tanu and Puneet on Puneet's admission.

Goodwill

Q31

A, B are partner sharing profit and loss in 3:2. Their capital are Rs 2,00,000 and 1,50,000 respectively. They admit C as a partner for 1/5 share on the condition that he brings Rs 1,00,000 as capital and his share of goodwill. Assuming C bring his share of Capital and Goodwill. Goodwill of the firm is Rs 4,00,000

Pass the journal entry when

1. Goodwill is retained in the business
2. Goodwill is withdrawn by the old partner

Q32

A, B are partner sharing profit and loss in 3:2. They admit C as a partner for 1/4 share. Partner C bring Rs 1,00,000 as capital and Rs 70000 as his share of goodwill. Pass the journal entry in the following cases

1. Goodwill is retained in the business
2. 80% of the Goodwill is withdrawn by the old partner
3. ¼ of the goodwill retained and rest withdrawn
4. If 1/5 of goodwill is retained

Q33

A, B are partner sharing profit and loss in 1:2. They admit C as a partner for 1/5 share (of which he acquires 1/4 from A and 3/4 From B). Partner C bring Rs 2,00,000 as capital and Rs 30,000 as his share of goodwill. Pass the journal entry in the following cases

1. Goodwill is retained in the business
2. All of the Goodwill is withdrawn by the old partner
3. Partner don't want to keep goodwill amount in the firm

Q34

A, B are partner sharing profit and loss in 3:5. They admit C as a partner for 1/4 share which he acquired from the partner A and B in 2:3 Ratio. Partner C bring Rs 2,00,000 as capital and his ¼ share of goodwill. Goodwill of the firm is Rs 3,60,000. A withdrawn the goodwill. Pass the journal entry.

Q35

A, B are partner sharing profit and loss in 3:2. They admit C as a partner for 3/7 which he takes1/7 from A and 2/7 from B. Partner C bring Rs 2,00,000 as capital and his share of goodwill. Goodwill of the firm is Rs 4,20,000. Pass the journal entry.

Q36

A, B are partner sharing profit and loss in 2:3. They admit C as a partner for 1/5th Share. He brings Rs 90000 share of Goodwill and Rs 2,00,000 as capital. Pass the journal entry in the following cases

1. He acquires his share in original ratio of partner
2. If he acquires his share of profit in equal proportion from existing partner
3. If he acquires the share in the ratio 2:1 from old partner
4. If he acquires 1/6 share from A and 1/30 from B
5. If he acquires the share wholly from A

Q37

A, B are partner sharing profit and loss in 2:3. They admit C as a partner. Both A and B surrender ½ of their respective share. Goodwill of the firm is Rs 8,00,000 and he bring his share of goodwill and Rs 2,00,000 as capital. Pass the journal entry

Q38

Sumit, Amit and Neha are partner sharing profit and loss in 5:1:2. They admit Minal as a partner who bring Rs 2,50,000 as capital and Rs 2,10,000 as goodwill. Sumit Surrender 1/ 5 of his share to Minal. Amit surrender 1/3 of his share to Minal and Neha doesn't surrender any share.

Minal bring her share of Goodwill for cash. Pass the journal entry

Q39

A, B are partner sharing profit and loss in 2:3. They admit C as a partner. New profit-sharing ratio is 1:2:1. Goodwill of the firm is Rs 8,00,000 and he bring his share of goodwill and Rs 2,00,000 as capital. Pass the journal entry

Q40

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner. New profit-sharing ratio is 2:1:1:2. Goodwill of the firm is Rs 9,00,000 and he bring his share of goodwill and Rs 4,00,000 as capital. Pass the journal entry

Q41

A, B are partner sharing profit and loss in 2:3. They admit C as a partner. New profit-sharing ratio is 2:5:1. Goodwill of the firm is Rs 8,00,000 and he bring his share of goodwill and Rs 2,00,000 as capital. Pass the journal entry

Q42

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner. New profit-sharing ratio is 3:1:1:1. Goodwill of the firm is Rs 9,00,000 and he bring his share of goodwill and Rs 2,00,000 as capital. Pass the journal entry

Q43

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner. New profit-sharing ratio is 4:1:3:1. D bring his share of Rs 60,000 and Rs 4,00,000 as capital. Pass the journal entry

Q44

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner. New profit-sharing ratio is 2:1:3:3. D bring his share of Rs 60,000 and Rs 4,00,000 as capital. Pass the journal entry

(video Correction : B Share of Sacrifice has been calculated wrong in the video, It should be (27-6)/54= 21/54

Q45

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/5th Share. As between A, B and C they decide to share the profit and loss equally in the future. Goodwill of the firm is Rs 9,00,000 and he bring his share of goodwill and Rs 1,00,000 as capital. Pass the journal entry

Q46

A and B are partner sharing profit in the ratio of 3:1. On 1st April 2018 they admitted C for 1/5 share who pays Rs 1,00,000 as premium for goodwill Privately.

On 1st July 2018, they decided to admit D as partner for 1/6 share who bring Rs 1,50,000 as capital and Rs 80,000 as premium of which 75% is withdrawn by existing partner.

On 1st Sept 2018 Partner E is admitted for 1/7 share who bring his share of goodwill which is retained by the firm. Goodwill of the firm on 1st Sept 2018 is Rs 4,20,000. Pass the journal entry

Q47

A and B are partner sharing profit in the ratio of 2:1. Partner C and D are admitted and ratio become 4:2:3:1. Goodwill of the firm is valued at Rs 4,00,000. D bring required goodwill and Rs 25,000 as capital. C bring Rs 75,000 cash and Rs 40,000 worth stock as his capital in addition to goodwill

Q48

A and B are partner sharing profit in the ratio of 7:5. On 1st April 2017 they admitted C as new partner for 1/6 share. The new ratio become 13:7:4. C contribute the following asset towards his capital and for his share of goodwill. Stock 90,000, debtor 50,000, land 1,00,000 and plant and machinery Rs 2,20,000. On Date of admission, Goodwill of the firm is valued at Rs 7,50,000

Record the necessary entry in the books of the firm on C admission and Prepare C capital Account

Q49

A and B are partner sharing profit in the ratio of 2:1. Partner C admitted for ¼ share (contributed equally by A and B). Goodwill of the firm is valued at Rs 80,000. C bring his share of goodwill and Rs 1,00,000 as capital. Goodwill already appearing in the books Rs 45,000

When new partner brings his share of goodwill and goodwill account is already appearing in the books of accounts.

Q50

A, B are partner sharing profit and loss in 3:2. They admit C as a partner for 1/5 share on the condition that he brings 80000 as capital and 40,000 as his share of goodwill. Assuming C bring his share of Capital and Goodwill. Goodwill of Rs 1,00,000 already appearing in the books of accounts. Later A and B withdraws the 20% Goodwill. Pass the Journal entry

If goodwill doesn't appear in the books of the firm and partner don't bring his share of goodwill

Q51

A, B are partner sharing profit and loss in 3:2. They admit C as a partner for 1/5 share which he takes in ratio of 4:1 from A and B. He is to bring 1,00,000 as capital and his share of goodwill. Assuming C bring his share of Capital but can't able to bring the goodwill. Goodwill of the firm is valued at 2,00,000. Later A and B withdraws the 20% Goodwill. Pass the journal entry

Q52

A, B, C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/9 share. New PSR is 4:1:3:1 Assuming C bring his share of Capital of Rs 80,000 but could not bring the Goodwill. Firm Goodwill is Rs 90,000

Q53

A, B, C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/5 share. Old partner decided to share the profit Equally. D bring his share of Capital of Rs 1,00,000 but could not bring the Goodwill. Firm Goodwill is Rs 9,00,000

Q54

A, B, C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/5 share. Old partner decided to share the profit Equally. D bring his share of Capital of Rs 1,00,000 but could bring only 20% of his Goodwill. Firm Goodwill is Rs 9,00,000

When New Partner Don't Bring the Goodwill

Q55 (ISC Sample paper 2017)

Cake and Muffin are partners sharing profits and losses in the ratio of 5:4. On April 1, 2016, they admit Cookie as a new partner for 1/6th share in the profits of the firm and the new ratio agreed upon is 3:2:1. Goodwill, at the time of Cookie's admission is to be valued on the basis of capitalization of the average profits of the last three years. Profits for the last three years were: [4] Year ended 31st March, 2014 ₹ 39,000 (including an abnormal loss of ₹ 9,000). Year ended 31st March, 2015 ₹ 83,000 (including an abnormal gain of ₹ 8,000). Year ended 31st March, 2016 ₹ 72,000. On 1st April, 2016, the firm had assets of ₹ 8,00,000. Its creditors amounted to ₹ 3,60,000. The firm had a Reserve Fund of ₹ 40,000 while Partners' Capital Accounts showed a balance of ₹ 4,00,000. The normal rate of return expected from this class of business is 13%.

Cookie brings in ₹ 2,00,000 for her capital but is unable to bring in cash her share of goodwill. You are required to calculate:

(i) Calculate Cookie's share of Goodwill in the firm (Show your workings clearly).
(ii) Pass journal entries at the time of Cookie's admission.

Case 2: If goodwill appears in the books of the firm and partner don't bring his share of goodwill

Q56

A, B are partner sharing profit and loss in 3:2. They admit C as a partner for 1/5 share which he takes in ratio of 4:1 from A and B. He is to bring Rs 1,00,000 as capital and his share of goodwill. Assuming C bring his share of Capital but can't able to bring the goodwill. Goodwill of the firm is valued at Rs 2,00,000. Goodwill already appearing in the books of the firm is Rs 1,50,000. pass the journal entry

Q57

Aman and Shashi are partner sharing profit and loss in 5:3. On 1st March 2018 they admitted their long-term manager Chintan as partner. New profit-sharing ratio is 4:3:2. Chintan bought Rs 2,00,000 as capital but could not bring his share of goodwill. Firm goodwill on Chintan admission was Rs 90,000. Aman and Shashi decided that Chintan can bring his share of goodwill later on or can be adjusted against it profit. At the time of Chintan admission, goodwill was already appearing in the books of Rs 80,000.

You are required to pass the journal entry in the books of the firm on Chintan admission and identify the value fulfilled by Aman and Shashi

Q58

Neha and Richa are partner sharing profit in the ratio 2:3. They decided to admit Poonam into partnership and to share profit equally. Poonam bring Rs 1,00,000 as capital. Goodwill of the firm is valued at Rs 1,20,000. Record the journal entry in the following cases

1. When no goodwill appears in the books
2. When goodwill appears at Rs 1,00,000
3. When goodwill appears at Rs 1,20,000

Q59

A and B are partner sharing profit and loss in 5:3. C is admitted for 1/9 share is profit. Goodwill already appearing in the books at Rs 1,60,000. Pass the journal entry in the following cases

1. C cannot bring the goodwill in cash
2. C bring Rs 40,000 as his share of goodwill.

When new partner brings only a part of his share of Goodwill

Q60

A and B are partner sharing profit and loss in 5:3. C is admitted for 1/5 share is profit which he takes equally from A and B. Goodwill already appearing in the books at Rs 1,60,000. C bring Rs 40,000 goodwill out of his share of goodwill of Rs 60,000. Pass the journal entry to record the arrangement

Q61

A and B are partner sharing profit and loss in 2:3. C is admitted for 1/5 share is profit. Goodwill already appearing in the books at Rs 1,60,000. C bring Rs 20,000 goodwill. Goodwill of the firm on C admission is valued at Rs 2,50,000. Pass the journal entry to record the arrangement

When Old partner is gaining due to new partner admission

Q62

A and B are partner sharing profit and loss in the ratio 4:1. They admit C into partnership for $1/6^{th}$ share for which he pays Rs 40,000 out of his Rs 1,00,000 shares of Goodwill. A and B and C decide to share profit and loss in the ratio 3:2:1 Respectively. Give the journal entry.

Q63

Rohit and Krishna are partner sharing profit and loss the ratio 4:1. They admit Vikas as new partner who bring Rs 3,00,000 out of Rs 4,00,000 as his share of goodwill. Total Goodwill of the firm is Rs 12,00,000. As between themselves Rohit and Krishan agree to share profit and loss equally. Goodwill appearing in the books Rs 5,00,000

You are required to

1. Calculate the new PSR
2. Record the journal entry showing the arrangements

Q64

Ram, shyam and mohar are partners sharing profit and loss the ratio 1:2:3. They admit Arjun as partner with 1/7 share and new PSR is 2:2:2:1. Arjun bought Rs 5,00,000 as capital and Rs 80,000 for his 1/7 share of goodwill. Goodwill of the firm is Rs 6,30,000. Goodwill already appearing in the firm is Rs 3,00,000. Show your working clearly, pass the necessary journal entries in the books of the firm for the above-mentioned transaction.

Q65

A and B are partner in a firm sharing profit in the ratio 3:1. They admitted C as a new partner on 31St March 2018 for 1/3 share. It was decided that A, B and C will share the future profit equally. C bought Rs 80,000 in cash and Rs 10,000 Machinery For his share of profit as premium for goodwill. Pass the journal entry in the books of the firm. Goodwill of the firm is Rs 3,60,000

Q66

A and B are equal partner and they admit Partner C for ¼ Share. Partner C will bring 50000 for his share of capital and goodwill. Goodwill of the firm is Rs 80000. Pass the journal entry

Q67

A and B are partner in a firm sharing profit in the ratio 3:1. They admitted C as a new partner on 1st April 2018 for 1/3 share. Partner C bring Rs 80,000 as goodwill and His loan to be treated as capital.

Balance Sheet as at 31st March 2018			
Liabilities	**Amount**	**Assets**	**Amount**
C Loan	50000		

Q68

A and B are partner in a firm sharing profit in the ratio 3:1. They admitted C as a new partner on 1st April 2018 for 1/4 share.

Adjustment:

Partner C will bring Rs 8000 as capital and Rs 5000 for goodwill for his 1/4 share

Rs 5000 paid for goodwill by C to be credited to A and B loan Accounts

Revaluation of Assets

Q69

Pass the journal Entry related to revaluation in the following cases

1. Stock value to be increased to Rs 10,000 (Book value Rs 8,000)
2. Stock value to be increased by Rs 10,000 (Book value Rs 8,000)
3. Stock is Undervalued by 20% (Book value of Stock is Rs 1,60,000)
4. Stock is overvalued by 10% (book value of stock is Rs 4,40,000)
5. Stock is undervalued by Rs 15,000 (Book value of Stock is 2,00,000)
6. Stock is Overvalued by Rs 20,000 (Book value of Stock is 2,00,000)
7. Value of Plant to be reduced by Rs 20,000 (Book value 4,00,000)
8. Value of Plant to be reduced to Rs 20,000 (Book value 4,00,000)
9. Stock to be discounted at 10% (book value of Stock is Rs 20,000)
10. Creditor are to be paid Rs 5,000 more
11. Rs 5,000 to be provided for unforeseen liability
12. One-month rent is outstanding (Monthly rent is Rs 1,000)
13. Creditors are unrecorded to the extent of Rs 10,000
14. Employee Provident fund to be increased by 25,000
15. Provision of Rs 5,000 was to be made for outstanding repair
16. Accrued income of Rs 1,000 does not appear in the books of account
17. Debtor whose Rs 50,000 was written off as bad debt last year paid Rs 40,000 in full settlement.
18. Debtor whose Rs 50,000 was written off as bad debt last year promised to pay Rs 40,000 in full settlement.
19. Liability for claim Included in creditor for Rs 20,000 is settled at 15,000
20. Outstanding Expense of Rs 3,000 does not appear in the books of account
21. Provision of Rs 15,000 made for outstanding repair last year no longer needed
22. There is old furniture of Rs 4,500 which was not there in the book. Same will be recorded at 4,000
23. Insurance premium of Rs 9,000 was debited to profit and loss account of which Rs 2,000 is related to the period after 31st March 2019 (As on 31-3-2018)
24. A computer purchased on 1st October 2015 for Rs 80,000 debited to office expense account is to bought into account on 31st March 2018 charging depreciation @10% pa on written down basis
25. A computer purchased on 1st October 2015 for Rs 80,000 debited to office expense account is to bought into account on 31st March 2018 charging depreciation @10% pa on SLM

Creditors

Q70

Creditors

Liabilities	Amount (Rs)	Asset	Amount (Rs)
Creditors	**2,00,000**	**Cash**	**2,00,000**

Cases

1. Creditors of Rs 5,000 not traceable for number of year and same to be written off
2. Liability of Rs 4,200 included in creditors not likely to arise
3. Creditors paid at discount of 5%
4. Creditor are settled at 195000
5. Creditor are to be paid in Future Rs 195000
6. Creditor paid Rs 195000.
7. Provision of 10000 to be made on creditors
8. Rs 50,000 creditor to be paid 45,000 in full settlement. Rs 70,000 creditors decided to forgo 8,000
9. Rs 50,000 creditor to be paid 45,000 in full settlement. Rs 70,000 creditors decided to forgo 8,000 and on balance creditor provision is to be made at 5%

Provision for Doubtful Debt Point

Q71

Balance sheet

Liabilities	Amount	Asset		Amount (Rs)
		Debtor Less Provision for RDD	4,00,000 (15,000)	3,85,000

Cases

1. Provision for doubtful debt to be maintained at 5%
2. Provision for doubtful debt to be increased to Rs 25,000
3. Provision for doubtful debt to be increased by Rs 25,000
4. All Debtor are good
5. No adjustment information is given
6. No provision required
7. Provision for doubtful debt to be reduced from Rs 15000 to Rs 12,500
8. Provision for doubtful debt to be reduced from Rs 15000 to Nil
9. To write off the bad debt of Rs 12,000
10. To write off the bad debt of Rs 20,000
11. Total Rs 35,000 debtor seems unrecoverable and be treated as bad debt
12. Debtor who's Rs 8,000 was written off earlier as bad debt now recovered Rs 6,000
13. Debtor of Rs 10,000 to be written off as bad debt and Provision to be maintained at 5%.
14. Debtor of Rs 2,000 to be written off as bad debt and Provision to be maintained at 2%.
15. Provision for doubtful debt to be maintained at Rs 27,000
16. Bad Debt of Rs 20,000. Provision to be maintained at 5%.
17. Provision for doubtful debt should be 10% and provision for discount on debtor to be 5%
18. In respect of Debtor following debt proved bad and doubtful
    a. Rs 18,000 due from Aakash- bad to the full extent
    b. Rs 6,000 due from Rahul _ insolvent and expected to pay only 40%
    c. Balance debt Good

Investment Point

Q72

Balance sheet of A and B Firm.

Liabilities	Amount	Asset	Amount (Rs)
		Investment	**2,00,000**

Pass the journal entry in the following cases

1. Investment of Rs 30,000 (not mentioned in the balance sheet) were to be taken into account
2. Investment of Rs 35,000 were taken over by partner A at Rs 45,000
3. Partner A has agreed to take over investment of Rs 40000 for Rs 28000
4. Investment of Rs 50,000 was revalued at Rs 60,000
5. Market value of Investment was Rs 15,000 less then book value
6. Market value of Investment is Rs 2,05,000
7. All of investment are of Nil Value
8. Half of the investment are of Nil Value, and Balance investment market value is 10% more then book value
9. Investment of Rs 30,000 taken by partner A at Nil value
10. Investment of Rs 2,00,000 (market value Rs 1,80,000) taken over by partner A and B in their profit-sharing ratio i.e. 2:3
11. Investment of Rs 20,000 (not mentioned in the balance sheet) were taken over by partner A at Rs 45,000
12. Unrecorded Investment of Rs 20,000 disposed of for Rs 15,000

Workman Compensation Fund

Q73

A and B and C are partner sharing profit and loss in the ratio 2:1:1. From 1st April 2018, they decided to admit D as partner with 1 / 4 share.

Liabilities	Amount (Rs)		
Workman Compensation Fund	50,000		

Show the accounting treatment under the following alternative cases

1. Case 1: If no other information is available
2. Case 2: if the Liability on account of Workman compensation is Rs. 20,000
3. Case 3: if the Liability on account of Workman compensation is Rs. 50,000
4. Case 4: if the Liability on account of Workman compensation is Rs. 60,000

Investment Fluctuation Fund

Q74

A and B are partner sharing profit and loss in the ratio 2:3 From 1st April 2018, they decided to admit C as partner with 1 / 4 share.

Liabilities	Rs	Asset	Rs
Investment Fluctuation Reserve	**50,000**	Investment (Cost)	3,00,000

Show the accounting treatment under the following alternative cases

Case 1: If no other information is available

Case 2: if the market value of Investment is Rs 3,00,000

Cash 3: If the Market value of Investment is Rs 2,60,000

Cash 4: If the Market value of Investment is Rs 2,20,000

Cash 5: If the Market value of Investment is Rs 3,60,000

Q75

A and B are partner sharing profit in the ratio 2:3. They admitted C as new partner with ¼ share on 1st April 2018

Balance Sheet as at 31st March 2018			
Liabilities	**Amount(Rs)**	**Assets**	**Amount(Rs)**
Employee Provident Fund	5,000	Advertisement Suspense (Deferred Revenue Expenditure)	10,000
Employee Saving	3000		
General Reserve	2,000		

Adjustment:

Nothing is mentioned

Treatment of Reserve and Accumulated profit or loss when new partner admitted

Q76

X and Y are partner sharing profit and loss in the ratio 5:3. From 1st April 2018, they decided to admit C into partnership for ¼ share. Balance sheet of the firm as on 31st March 2018 is as follow

	Rs
Profit and loss (Cr)	1,50,000
General Reserve	60,000
Workman compensation Fund	80,000
Advertisement Suspense Account (Dr)	50,000
Employee Provident Fund	10,000

Record the necessary journal entries.

Q77

X and Y are partner sharing profit and loss in the ratio 5:3. From 1st April 2018, they decided to admit C into partnership for ¼ share. On that date their books showed the debit balance of profit and loss account Rs 40,000 and general reserve as Rs 10,000. Record the journal entry for distribution of the balance in the profit and loss account.

Admission

When new partner brings the goodwill in cash

Q78

The following is the balance sheet of X and Y who were sharing profit in the ratio 2:3

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	2,40,000	Debtor	50,000
General Reserve	50,000	Furniture	80,000
X Capital	2,00,000	Plant and Machinery	60,000
Y Capital	4,00,000	Vehicle	1,00,000
		Stock	1,00,000
		Bank	5,00,000
Total	**8,90,000**		**8,90,000**

On 1st April 2018, they agreed to admit Z into partnership on the following term

1. Z will be given ¼ share and was to bring Rs 3,00,000 as Capital and Rs 25,000 for goodwill.
2. Stock in undervalued by 45,000
3. Plant and Machinery market value is Rs 50,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q79

The following is the balance sheet of Ram and shyam who were sharing profit in the ratio 2:3

Liability	Rs	Asset	Rs
Creditors	40,000	Debtor	50,000
General Reserve	20,000	Stock	30,000
Capital Account	2,40,000	Plant and Machinery	50,000
Ram 1,60,000		Vehicle	1,00,000
Shyan 80, 00		Building	50,000
		Bank	20,000
	3,00,000		**3,00,000**

On 1st April 2018, they agreed to admit Mohan into partnership on the following term

1. Mohan will be given ¼ share and was to bring Rs 40,000 as Capital and Rs 15,000 as goodwill.
2. Stock and Plant and Machinery to be reduced by 5%
3. Provision of 5% to be created for doubtful debt
4. Vehicle account to be appreciated by 10%
5. Investment of Rs 10,000 were to be recorded in the book of the accounts

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q80

The following is the balance sheet of A and B on 31-3-2018 who were sharing profit in the ratio 2:3

Liability	Rs	Asset	Rs
Creditors	40,000	Debtor	50,000
General Reserve	20,000	Stock	30,000
Capital Account	1,80,000	Plant and Machinery	50,000
A 1,00,000		Vehicle	40,000
B 80,000		Building	20,000
		Bank	20,000
		Profit and Loss	30,000
	2,40,000		**2,40,000**

On 1st April 2018, they agreed to admit C into partnership for 1/3 share contributed equally by A and B

1. C bring Rs 40,000 as Capital and his share of goodwill. Total goodwill of the firm is Rs 90,000.
2. Stock and Plant and Machinery to be reduced by 10%
3. Provision of 10% to be created for doubtful debt
4. Creditors of Rs 2,000 agreed to write off
5. Investment of Rs 20,000 were to be recorded in the book of the accounts
6. 80% of the goodwill is withdrawn by the partner

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q81

The following is the balance sheet of A and B who were sharing profit in the ratio 2:3

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	1,42,000	Debtor	50000
Employee provident Fund	1,00,000	Furniture	80000
Contingency Reserve	30,000	Plant and Machinery	60,000
General Reserve	50,000	Vehicle	1,00,000
Workman Compensation Fund	8,000	Investment	50,000
Bill payable	10,000	Stock	1,00,000
A Capital	2,00,000	Bank	5,00,000
B Capital	4,00,000		
Total	**9,40,000**		**9,40,000**

On 1st April 2018, they agreed to admit C into partnership on the following term

1. C will be given ¼ share and was to bring Rs 3,00,000 as Capital and Rs 25,000 for goodwill.
2. Stock in undervalued by Rs 45,000
3. Plant and Machinery is overvalued by 20%
4. Provision of 5% to be created for doubtful debt
5. Claim on workman compensation is Rs 3,000
6. Creditors agree to give discount of Rs 5,000
7. Vehicle is to be depreciated by 5%
8. Market value of Investment is Rs 44,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q82

The following is the balance sheet of A and B who were sharing profit in the ratio 1:3

Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	3,12,000	Debtor 55,000 Less RDD 5,000	50000
Employee Saving Fund	1,00,000	Furniture	80000
		Plant and Machinery	1,70,000
General Reserve	50,000	Vehicle	1,00,000
Workman Compensation Fund	8,000	Investment	50,000
Investment Fluctuation Fund	10,000	Stock	1,00,000
A Capital	2,00,000	Bank	4,90,000
B Capital	4,00,000	Profit and Loss	10,000
		Advertisement suspense Account	20000
		Goodwill	10,000
Total	**10,80,000**		**10,80,000**

On 1st April 2018, they agreed to admit C into partnership on the following term

1. C will be given ¼ share (Contributed equally by A and B) and was to bring Rs 3,00,000 as Capital and his share of goodwill.
2. Goodwill of the firm is valued at twice the average profit of last 3 years which were Rs 1,50,000 80,000 and 70,000 respectively.
3. Plant and Machinery is undervalued by 15%
4. Provision of 15% to be created for doubtful debt
5. Claim on workman compensation is Rs 10,000
6. Unrecorded Claim for outstanding expense is Rs 3,000
7. Accrued income (not shown in the balance sheet) Rs 5,000
8. Market value of Investment is Rs 42,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q83

The following is the balance sheet of X, Y and Z who were sharing profit in the ratio 3:2:1

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	4,32,000	Debtor 55,000 Less RDD 5,000	50,000
Employee provident Fund	99,000	Furniture	80,000
		Plant and Machinery	1,70,000
General Reserve	48,000	Vehicle	1,00,000
Workman Compensation Fund	6,000	Investment	50,000
Investment Fluctuation Fund	15,000	Stock	1,00,000
X Capital	1,00,000	Bank	5,00,000
Y Capital	2,50,000		
Z Capital	1,00,000		
Total	**10,50,000**		**10,50,000**

On 1st April 2018, they agreed to admit Mohan into partnership on the following term

1. Mohan to bring Rs 5,00,000 as Capital and Rs 50,000 for goodwill for 1/6 share. It was agreed that Z will retain his original share.
2. 80% Goodwill is withdrawn by the partner.
3. Stock value to be increased to Rs 1,30,000
4. Plant and Machinery to be decreased by Rs 20,000
5. Provision for doubtful debt to be increased by Rs 6,000
6. Partner Y takes over the vehicle at 70% of its book value
7. Creditors of Rs 80,000 settled at Rs 75,000. Balance creditors agreed to write off 10%.
8. Accrued Income of Rs 6,000 does not appear in the books and Rs 7,000 outstanding for salaries does not appear in the book
9. Market value of Investment is Rs 52,000 and Partner Z takes over the half of that.

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q84

The following is the balance sheet of X and Y who were sharing profit in the ratio 2:3.

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	1,00,000	Debtor	1,00,000
Bill Payable	1,55,000	Investment	2,00,000
Workman compensation reserve	10,000	Stock	1,00,000
Investment Fluctuation Reserve	15000	Bank	7,40,000
General Reserve	50,000	Goodwill	40,000
X Capital	5,00,000	Profit and Loss	20,000
Y Capital	3,00,000		
X loan	70,000		
Total	**12,00,000**		**12,00,000**

On 1st April 2018, they agreed to admit Z a disable person into partnership on the following term

1. Z will be given 1/5 share and was to bring Rs 3,00,000 for his share of Capital and goodwill.
2. Goodwill of the firm is valued at total of last two-year profit i.e.80,000 and 1,20,000
3. Stock to be increased by Rs 1,10,000
4. Workman compensation liability is Rs 10,000
5. Investment market value is Rs 1,90,000
6. Debtor whose Rs 40,000 was written off as bad debt last year paid Rs 30,000 in full settlement.
7. Liability for claim Included in creditor for Rs 20,000 is settled at 17,000
8. X want to treat his loan as capital.

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm. Also tell the values involved in the questions.

Q85

The following is the balance sheet of X and Y who were sharing profit in the ratio 2:3

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	4,85,000	Debtor	3,00,000
Workman compensation reserve	10,000	Investment	2,00,000
Investment Fluctuation Reserve	15000	Furniture	80000
General Reserve	50,000	Bank	5,00,000
X Capital	2,00,000	Goodwill	40,000
Y Capital	3,00,000	Deferred Revenue Expenditure	20,000
X loan	80,000		
Total	**11,40,000**		**11,40,000**

On 1st April 2018, they agreed to admit Z into partnership on the following term

1. Z will be given 1/5 share (To be contributed by X and Y in the ratio 1:4) and was to bring Rs 3,00,000 for his share of Capital
2. Z bring Rs 20,000 Goodwill
3. Investment is valued at 1,80,000 and same is taken by X partner
4. Workman compensation liability is Rs 12,000
5. One Creditor are to be paid Rs 5,000 more.
6. Rs 4,000 to be provided for unforeseen liability
7. There is old furniture of Rs 4,500 which was not there in the book. Same will be recorded at Rs 4,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm.

Q86

The following is the balance sheet of X and Y who were sharing profit in the ratio of capital.

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	35,000	Debtor	3,00,000
Workman compensation reserve	10,000	Investment	2,00,000
Investment Fluctuation Reserve	15000	Furniture	80,000
General Reserve	80,000	Bank	4,00,000
X Capital	2,00,000	Goodwill	40,000
Y Capital	3,00,000	Profit and Loss	20000
X loan	4,00,000		
Total	**10,40,000**		**10,40,000**

On 1st April 2018, they agreed to admit Z into partnership on the following term

1. Z will be given 1/5 share (To be contributed by A) and was to bring Rs 3,00,000 for his share of Capital
2. Z bring Rs 20,000 Goodwill
3. Three-month rent is outstanding (annual rent is Rs 24,000)
4. Investment market value Rs 2,05,000
5. There is old furniture of Rs 4,500 which was not there in the book. Same will be recorded at 4,000
6. Rs 5,000 bad debt to be made and provision for doubtful debt to be maintained at 10%
7. Liability for workmen compensation is Rs 4,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm.

Current Account

Q87

The following is the balance sheet of X and Y who were sharing profit in the ratio of 1:4

Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	3,55,000	Debtor 302000 Less RDD (2000)	3,00,000
Investment Fluctuation Reserve	25000	Investment	2,00,000
General Reserve	80,000	Furniture	80,000
X Capital	5,00,000	Stock	1,00,000
Y Capital	3,00,000	Cash	7,30,000
X Current Account	1,00,000	Goodwill	50,000
Y Current Account	2,00,000	Advertisement Suspense Account	1,00,000
Total	**15,60,000**		**15,60,000**

On 1st April 2018, they agreed to admit Z into partnership on the following term

1. Z will be given 1/5 share and was to bring Rs 3,00,000 for his share of Capital
2. Z bring Rs 20,000 Goodwill
3. Investment value is Rs 1,20,000
4. Stock to be depreciated by 40%
5. There is old furniture of Rs 4,500 which was not there in the book. Same was taken by partner Y for Rs 3,000
6. Rs 5,000 bad debt to be made and provision for doubtful debt to be maintained at 10%
7. One debtor whose Rs 3,000 was written off last year paid Rs 1,000 this year

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm.

Q88

Harsh and Raghav are partner of the firm with the capital of Rs 2,00,000 and Rs 3,00,000 respectively. On 1/4/2018 they admitted their manager Amit to be partner with ¼ share in the profit of the firm on payment of Rs 5,00,000 as his capital and Rs 1,80,000 for his one fourth share of the goodwill.

On that data, creditors of the firm were Rs 1,20,000 and bank overdraft was Rs 25000. There Asset apart from cash include Stock Rs 25,000, debtor 40,000, plant and machinery Rs 90,000, Vehicle Rs 1,20,000. It was agreed that stock will be depreciated by 5,000, Vehicle by 10%. Rs 3,000 to written off from debtor as bad debt and Plant and machine to be appreciated by 20%

Prepare the revaluation, capital account and balance sheet of the new firm. Also tell the values involved in the questions.

Q89

A and B are the partner sharing profit in the ratio 1:2. C is admitted as new partner and new ratio is decided as 3:5:2. The asset and liabilities are revalued as follow. Land was appreciated by 20% (book value of Land is Rs 5,00,000)

1. Provision for bad and doubtful debt to be reduced from Rs 8,000 to Rs 6,000
2. Unrecorded investment was worth Rs 10,000
3. Unrecorded outstanding expense were Rs 12,000
4. Investment to be brought down to its market value i.e. Rs 2,000 (book value is Rs 3,000)
5. Provision to be made for outstanding bill for repairs. (Rs 5,000)

Calculate the sacrificing Ratio and pass the journal entry

Q 90

(CBSE 2016, Compartment Delhi)

Anil and Beena were partners in a firm sharing profits in the ratio of 4:3. On 1st April 2015, they admitted Chahat as a new partner for 1/4th share in the profits of the firm. On the date of Chahat's admission, the Balance sheet of Anil and Beena showed a General Reserve of Rs.70,000, a debit balance of Rs 7,000 in the Profit and Loss account and an Investment Fluctuation Fund of Rs.10,000.

The following was agreed upon, on Chahat's admission:

a] Chahat will bring Rs.80,000 as her capital and her share of goodwill premium of Rs.21,000 in cash

b] The market value of investments was Rs.17,000 less than the book value

c] New profit-sharing ratio was agreed at 2:1:1

Pass the necessary journal entries for the above on Chahat's admission.

Q91 (when one partner is gaining)

The following is the balance sheet of Bunti, Kiran and Puja who were sharing profit in the ratio 3:2:1

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	5,52,000	Business Premises	4,00,000
General Reserve	60,000	Furniture	1,40,000
Bunty Capital	2,00,000	Plant and Machinery	60,000
Kiran Capital	4,00,000	Stock	1,00,000
Puja Capital	1,00,000	Bank	5,00,000
		Cash	1,00,000
		Advertisement Suspense Account	12,000
Total	**13,12,000**		**13,12,000**

On 1st April 2018, they agreed to admit Neha into partnership on the following term

1. Neha will be given one quarter share and was to bring Rs 3,00,000 as Capital and Rs 30,000 for goodwill.
2. Fixed Asset of the firm is to be increased by 10%
3. Future profit and loss to be shared equally

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm assuming the partner brought the capital and goodwill.

When new partner doesn't bring his share of goodwill

Q92

The following is the balance sheet of X and Y. Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	2,35,000	Debtor	50,000
Outstanding Expense	5,000	Furniture	80,000
General Reserve	50,000	Plant and Machinery	60,000
X Capital	2,00,000	Vehicle	1,00,000
Y Capital	4,00,000	Stock	1,00,000
		Bank	5,00,000
Total	**8,90,000**		**8,90,000**

On 1st April 2018, they agreed to admit Z into partnership on the following term

1. Z was to bring Rs 3,00,000 as Capital and his share for goodwill.
2. New PSR is 3:2:1
3. Stock in undervalued by Rs 45,000
4. Plant and Machinery is overvalued by 20%
5. Creditor has to be paid Rs 5,000 more
6. Z bought his share of capital but he is unable to bring his share of goodwill.
7. Outstanding expense to be bought down to Rs 4,000
8. Goodwill is valued at 2.5 years purchase of average profit of last three years. Profit for last three year are Rs 9,000, Rs 9,000 and Rs 18,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q93

The following is the balance sheet of Ram and Shyam who were sharing profit in the ratio 2:3

Liability	Rs	Asset	Rs
Creditors	40,000	Debtor	50,000
General Reserve	20,000	Stock	30,000
Capital Account	2,40,000	Plant and Machinery	50,000
Ram 1,60,000		Vehicle	1,00,000
Shyan 80, 00		Building	50,000
		Bank	20,000
	3,00,000		**3,00,000**

On 1st April 2018, they agreed to admit Mohan into partnership on the following term

1. Mohan will be given ¼ share and was to bring Rs 40,000 as Capital and Rs 15,000 as goodwill.
2. Stock and Plant and Machinery to be reduced by 5%
3. Provision of 5% to be created for doubtful debt
4. Vehicle account to be appreciated by 10%
5. Investment of Rs 10,000 were to be recorded in the book of the accounts
6. Mohan brought the Capital but is unable to bring the goodwill

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q94

The following is the balance sheet of X and Y sharing profit in 3:5. Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	2,35,000	Debtor 50,000 Less RDD 4,000	46,000
Workman compensation Reserve	10,000	Furniture	80000
General Reserve	50,000	Plant and Machinery	1,60,000
X Capital	2,00,000	Vehicle	1,00,000
Y Capital	4,00,000	Stock	99000
Z Loan	1,00,000	Bank	5,10,000
Total	**9,95,000**		**9,95,000**

On 1st April 2018, they agreed to admit Z into partnership on the following term

1. Z Loan to be treated as his capital
2. New PSR is 3:4:2 of X, Y and Z
3. Stock is overvalued by 10%
4. The liability for workman compensation determined to be Rs 13,000
5. Plant and Machinery is undervalued by 20%
6. Provision for Doubtful debt should be 5% on debtor and 2% provision for discount should also be made
7. Creditor agreed to give discount of Rs7,000
8. Z is unable to bring his share of goodwill.
9. Unrecorded Asset of Rs 8,000. Same is taken over by partner X at Rs 9,000
10. Half of the furniture was taken over by partner Y at 10% below its book value
11. Y to withdraw Rs 2,000
12. Goodwill of the firm is valued at 3 years purchase of average super profit of last 4 years, Average profit of last 4 years are 40,000 while the normal profit that can be earned from the capital employed is Rs 24,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q 95

Alfa and Beta were partners in a firm. They were trading in artificial limbs. On 1st April, 2014 they admitted Gama, a good friend of Beta into the partnership. Gama lost his one hand in an accident and Alfa and Beta decided to give one artificial hand free of cost to Gama. The Balance Sheet of Alfa and Beta as at 31st, March, 2014 was as follows:

Liability	Rs	Asset	Rs
Provision for Doubtful Debts	40,000	Cash	1,00,000
Workmen's Compensation Fund	56,000	Sundry Debtors	8,00,000
Outstanding Expenses	30,000	Stock	2,00,000
Creditors	3,00,000	Machinery	2,86,000
Capitals:		Profit and Loss A/c	40,000
Alfa 5,00,000 Beta 6,00,000	11,00,000	Goodwill	1,00,000
Total	**15,26,000**		**15,26,000**

Gama was admitted in to the firm on the following terms:

i) Gama will bring in Rs.4,00,000 as his share of capital, but he was unable to bring any amount for goodwill.

ii) The new profit-sharing ratio between Alfa, Beta and Gama will be 3:2:1

iii) Claim on account of workmen compensation was Rs.30,000

iv) To write off bad debts amounted to Rs.50,000

v) Creditors were paid Rs 20,000 more.

vi) Outstanding expenses be brought down to Rs 12,000

vii) Rs 20,000 be provided for an unforeseen liability.

viii) Goodwill of the firm was valued at Rs 1,80,000

Prepare Revaluation A/C, Capital Accounts of Partners and the Opening Balance Sheet of the new firm. Also identify any one value which the p0artners wanted to communicate to the society.

Q96

A and B are partner in a firm sharing profit and loss in the Capital Ratio. On 31st March 2018, there balance sheet was as under

Liability	Rs	Asset	Rs
Creditors	70,000	Bank	3,10,000
Capital	5,00,000	Debtor	1,20,000
A 3,00,000		Stock	60,000
B 2,00,000		Furniture	50,000
General Reserve	10,000	Goodwill	40,000
Total	**5,80,000**		**5,80,000**

On the above date, C is admitted as partner. A surrender 1/6 of his share and B 1/3 of his share to C. Goodwill is valued at 1,50,000. C bring in only 1/4 of his share of goodwill in cash and Rs 2,00,000 as his capital. Following adjustment are agreed upon

1. Stock is to be reduced to Rs 58,000 and Furniture by Rs 4,000
2. There is an unrecorded asset worth Rs 15,000
3. One month rent of Rs 7,000 is outstanding
4. A Creditors for goods purchased for Rs 20,000 had been omitted to be recorded although the Goods has been correctly included in the stock
5. Insurance premium of Rs 7 000 was debited to profit and loss account of which Rs 2,000 is related to the period after 31st March 2018

Prepare Revaluation A/C, Capital Accounts of Partners and the Opening Balance Sheet of the new firm.

Hidden Goodwill

Q97

A and B were partner in a firm sharing profit in the ratio 7:3. Their Capital were Rs 2,00,000 and Rs 1,50,000 respectively. They Admitted C on 1st April 2013 as a new partner for 1/6 share in future profit. C brought Rs 1,00,000 as her capital. Calculate the value of goodwill of the firm and record the necessary journal entry

Q 98 (CBSE 2013)

Abhay and Beena are partner in a firm. They admit Chetan as a partner with ¼ share in the profit of the firm. Chetan Bring Rs 2,00,000 as his share of capital. The value of total assets of the firm is Rs 5,40,000 and outside liabilities are valued at Rs 1,00,000 on that date. Give the necessary entry to record the goodwill at the time of Chetan admission. Also show your working clearly

Q99

Balance sheet of Amit and Suman who share profit and loss in the ratio 5:3 as at 31st March 2018 was as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	2,60,000	Bank	3,10,000
		Debtor	4,00,000
Capital	4,00,000	Stock	20,000
Amit 3,00000		Goodwill	40,000
Suman 1,00,000		Furniture	50,000
		Advertisement Suspense Account	10,000
Profit and Loss Account	1,00,000		
Workman Compensation	40,000		
Investment Fluctuation Fund	10,000		
Employee Provident Fund	20,000		
Total	**8,20,000**		**8,30,000**

They Admit Mona as new partner for 1/3 share in the profit of the firm which he acquires from Amit and Suman in the ratio 3:1. Mona bring Rs 6,00,000 as capital. Ascertain the amount of goodwill and pass the journal entry on the admission of Mona.

Q100

Balance sheet of Ranjeet and Manu who share profit and loss in the ratio 2:3 as at 31st March 2018 was as follow

Liability	Rs	Asset	Rs
Creditors	5,14,000	Bank	3,10,000
		Debtor 4,00,000 Less Provision 6,000	3,94,000
Capital	4,00,000	Stock	80,000
		Building	100000
Ranjeet 3,00000		Goodwill	40,000
Manu 1,00,000		Furniture	50,000
		Vehicle	1,00,000
		Advertisement Suspense Account	10,000
Profit and Loss Account	1,00,000		
Workman Compensation	40,000		
Investment Fluctuation Fund	10,000		
Employee Provident Fund	20,000		
Total	**8,20,000**		**10,84,000**

On the above date, partner decided to admit Priyanka as partner on the following term

1. New PSR between Ranjeet, Manu and Priyanka will be 3:5:2
2. Priyanka will bring Rs 40,000 as capital.
3. Priyanka is unable to bring his share of goodwill. Partner therefore decided to calculate the goodwill on the basis of Priyanka share in profit and her capital contribution to the firm,
4. Vehicle to be depreciated by 10%
5. Stock to be increased to Rs 85,000
6. A computer purchased on 1st October 2015 for Rs 80,000 debited to office expense account is to bought into account on 31st March 2017 charging depreciation @10% on WDV
7. Provision for doubtful debt to be maintained at Rs 7,000. Building to be appreciated by 10% and Furniture to be depreciated by 20%
8. There is additional liability of Rs 10,000 being outstanding for rent payable of the firm. Partner decided to show this liability in the books of accounts.
9. Workmen compensation liability is Rs 2,000

Prepare Revaluation A/C, Capital Accounts of Partners and the Opening Balance Sheet of the new firm.

Q101 CBSE 2017 Delhi

C and D are partner in a firm sharing profit in the ratio 4:1. On 31-3-2016 their balance sheet was as follow

Liability	**Rs**	**Asset**	**Rs**
Sundry Creditors	40,000	Cash	24,000
Provision for bad Debt	4,000	Debtor	36,000
Outstanding Salary	6,000	Stock	40,000
General Reserve	10,000	Furniture	80,000
Capital	2,00,000	Plant and Machinery	80,000
C 1,20,000			
D 80,000			
Total	**2,60,000**		**2,60,000**

On the above date, E was admitted for ¼ share in the profit on the following terms

1. E will bring Rs 1,00,000 as his capital and Rs 20,000 for his share of goodwill premium half of which will be withdrawn by C and D
2. Debtor of Rs 2,000 will be written off as bad debt and a provision of 4% will be created on debtor for bad and Doubtful Debts
3. Stock will be reduced by Rs 2,000, Furniture will be depreciated by Rs 4,000 and 10% depreciation will be charged on plant and machinery
4. Investment of Rs 7,000 not shown in the balance sheet will be taken into account.
5. There was an outstanding repair bill of Rs 2,300 which will be recorded in the books

Pass the necessary journal entries for the above transaction in the books of the firm

When New partner bring in Proportionate Capital

When new partner capital not given

Q 102

The Following is the balance sheet of A and B as at 31st March 2017 who share profit in the ratio 2:1

Liability	Rs	Asset	Rs
Bank Overdraft	30,000	Machinery	50,000
Sundry Creditors	20,000	Debtor 50,000 Less Provision 3,600	46400
		Stock	20,000
General Reserve	12,000	Patent	2,000
Capital	70,000	Cash	13,600
A 30,000			
B 40,000			
Total	**1,32,000**		**1,32,000**

They admit C into partnership on 1st April 2018. New profit-sharing ratio is agreed as 3/6 :2/6 :1/6. C bring the proportionate capital after the below adjustment

1. C bring in Rs 10,000 in cash as his share of goodwill
2. Provision for doubtful debt is to be reduced by Rs 2,000
3. There is an old typewriter valued Rs 2,600. It does not appear in the book of the firm. It is now to be recorded.
4. Patents are valueless
5. 2% discount is to be received from creditors

Prepare revaluation account, capital account and opening balance sheet

Q103 (CBSE 2017)

Sahaj and Nimish are partners in a firm. They share profits and losses in the ratio of 2: 1. Since both of them are specially abled, sometimes they find it difficult to run the business on their own. Gauri, a common friend decides to help them. Therefore, they admitted her into partnership for a 1/3rd share. She brought her share of goodwill in cash and proportionate capital. At the time of Gauris admission, the Balance sheet of Sahaj and Nimish was as under:

Liability	Rs	Asset	Rs
Employee Provident Fund	40,000	Machinery	1,20,000
		Furniture	80,000
Sundry Creditors	30,000	Stock	50,000
General Reserve	30,000	Debtor	30,000
Capital	2,00,000	Bank	11,000
Sahaj 1,20,000		Profit and Loss	9,000
Nimish 80,000			
Total	**3,00,000**		**3,00,000**

It was decided to:

(a) Reduce the value of stock by Rs 5,000.

(b) Depreciate furniture by 10% and appreciate machinery by 5%.

(c) Rs 3,000 of the debtors proved bad. A provision of 5% was to be created on Sundry Debtors for doubtful debts.

(d) Goodwill of the firm was valued at Rs 45,000.

Prepare Revaluation Account, Partners Capital Accounts and Balance Sheet of the reconstituted firm. Identify the value being conveyed in the question.

Q104

Simran and Aakansha are partners in a firm sharing profit in the ratio 3:2. Their balance sheet as at 31st March 2018 was as follow:

Liability	**Rs**	**Asset**	**Rs**
Employee Provident Fund	40,000	Plant	48,000
Bank Overdraft	6,000	Building	80,000
Sundry Creditors	50,000	Debtor 45,000 Less RDD 800	44,200
General Reserve	30,000	Cash	5,000
Capital	3,00,000	Vehicle	2,38,800
Simran 2,00,000		Goodwill	10,000
Aakansha 1,00,000			
Total	**4,26,000**		**4,26,000**

They agreed to admit Suraj for ¼ share from 1st April 2018 subject to the following terms

1. Suraj to bring in capital equal to 1/5 of total capital of Simran and Aakansha after all adjustment including premium for goodwill.
2. Plant is overvalued by 20% and Building is overvalued by 2000
3. Provision for bad debt on debtor to be raised to Rs 1,000
4. Employee provident fund claim to be increased to 42,000
5. There was claim of Rs 5000 for workman compensation and same was to be recorded in the books
6. A debtor of Rs 8,000 which was written off earlier as bad debt paid Rs 3000 in cash in full settlement.
7. Suraj share of goodwill was calculated at Rs 20,000 which was bought by him in cash.

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

Q 105 (same as before, only one point different)

Simran and Aakansha are partners in a firm sharing profit in the ratio 3:2. Their balance sheet as at 31st March 2018 was as follow:

Liability	Rs	Asset	Rs
Employee Provident Fund	40,000	Plant	48000
Bank Overdraft	6,000	Building	80000
Sundry Creditors	50,000	Debtor 45000 Less RDD 800	44200
General Reserve	30,000	Cash	5,000
Capital	3,00,000	Vehicle	238800
Simran 2,00,000		Goodwill	10,000
Aakansha 1,00,000			
Total	**4,26,000**		**4,26,000**

They agreed to admit Suraj for ¼ share from 1st April 2018 subject to the following terms

1. Suraj to bring in capital equal to 1/5 of total capital of new firm after all adjustment including premium for goodwill.
2. Plant is overvalued by 20% and Building is overvalued by 2000
3. Provision for bad debt on debtor to be raised to Rs 1,000
4. Employee provident fund claim to be increased to 42,000
5. There was claim of Rs 5000 for workman compensation and same was to be recorded in the books
6. A debtor of Rs 8,000 which was written off earlier as bad debt paid Rs 3000 in cash in full settlement.
7. Suraj share of goodwill was calculated at Rs 20,000 which was bought by him in cash.

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

Q106 (CBSE 2015 sample Paper)

A and B are partner sharing profit and loss in the ratio 3:1. They admit C for ¼ share on 31st March 2014 when their balance sheet was as follow

Liability	Rs	Asset	Rs
Employee Provident Fund	17,000	Stock	15,000
Workman compensation Reserve	6,000	Debtor 50000 Less Provision for Doubtful Debt 2000	48000
General Reserve	4,100	Investment	7,000
A Capital	54,000	Cash	6,100
B Capital	35,000	Goodwill	40,000
Total	**1,16,100**		**1,16,100**

The following adjustment were agreed upon:

1. C bring in Rs 16,000 as goodwill and proportionate capital
2. Bad Debt amounted to Rs 3000
3. Market value of investment is Rs 4,500
4. Liability on account of workman compensation reserve amounted to Rs 2,000

Prepare revaluation and partner capital account

Q107

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/5th Share. As between A, B and C they decide to share the profit and loss equally in the future. Balance sheet on 31st March 2018 (Just before D admission)

Liability	Rs	Asset	Rs
Employee Provident Fund	15,900	Stock	45,000
Workman compensation Reserve	6,000	Debtor	36,000
		Vehicle	10,000
General Reserve	4,200	Investment	8000
A Capital	54,000	Cash	6,100
B Capital	35,000	Goodwill	21,000
C Capital	20,000	Advt suspense account	9,000
Total	**1,35,100**		**1,35,100**

The following adjustment were agreed upon:

1. D is to bring his share of goodwill and proportionate capital.
2. Goodwill of the firm is 90,000. D bring only Rs 12,000 goodwill
3. Half of the investment is taken over by A and B in the profit-sharing ratio and remaining investment is valued at Rs 3,800
4. Rs 5,000 bad debt and there was bad and doubtful debt of Rs 2,000
5. Half of the vehicle is to be taken by "A" at Rs 7,000

Prepare revaluation and partner capital account and balance sheet

Q 108

A and B are partner sharing profit and loss in the ratio1/3 to A, 1/2 to B and 1/6 Transferred to reserve account. They admit C on 31st March 2018 when their balance sheet was as follow

Liability	Rs	Asset	Rs
Creditors	6,00,000	Machine	1,80,000
O/S Repair	4,30,000	Debtor	1,00,000
Bill payable	1,80,000	Stock	2,00,000
Workman compensation Reserve	30,000	Bank Account	7,00,000
General Reserve	5,00,000	Investment	10,00,000
Investment Fluctuation Reserve	20,000	Vehicle	1,80,000
Capital Account		Profit and Loss	5,00,000
A	8,00,000	Goodwill	3,00,000
B	7,00,000	Advertisement Suspense	1,00,000
	32,60,000		**32,60,000**

The following adjustment were agreed upon:

1. In respect of Debtors the following debt proved bad and doubtful
   a. Rs 15,000 due from Manish _ bad to the full extent
   b. Rs 20,000 due from Arun_ insolvent estate expected to pay only 40%
2. Machine is undervalued by 10%
3. Workman claim amount to Rs 20,000
4. Stock to be reduced by 1,80,000
5. Investment value is increased by 40%
6. Depreciation on Vehicle was omitted to be provided for Rs 20,000
7. Creditors include the contingent liability of 60,000 which has been decided by the court at Rs 50,000
8. One creditor of Rs 15,000 decided to forgo its Claim.
9. Balance creditor has been paid 40% in part settlement.
10. Goodwill of the firm is valued at Rs 30,000. However, C is unable to bring his share of goodwill in cash
11. C is given 1/5 share which he acquires equally from A and B. C is to bring the capital proportionate to his share of the profit in the firm.
12. Partner decided to give 10% of the profit each year to NGO which is working on environment.

Prepare revaluation account, capital account and new balance sheet of the new firm. Identify the values in the question.

Adjustment of the old partner capital account on the basis of new partner capital

Q109

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/5th Share. As between A, B and C they decide to share the profit and loss equally in the future. Balance sheet on 31st March 2018 (Just before D admission)

Liability	Rs	Asset	Rs
Employee Provident Fund	17,000	land	35,000
Bank Overdraft	39,000		
Workman compensation Reserve	6,000	Debtor 40,000 Less provision 4000	36,000
		Vehicle	10,000
Investment Fluctuation Reserve	5,000	Investment	30,000
A Capital	40,000	Bank	6,000
B Capital	30,000	Goodwill	10,000
C Capital	20,000	Advt suspense account	30,000
Total	**1,57,000**		**1,57,000**

The following adjustment were agreed upon:

1. D is to bring his share of goodwill and Capital of Rs 50,000
2. Goodwill of the firm is Rs 90,000. D bring his share of goodwill
3. Half of the investment is taken over by A and B and C in the profit-sharing ratio and remaining investment is valued Rs 14000
4. Old customer of Rs 1,500 whose account was written off last year as bad debt has now promised to pay Rs 1,200 in full settlement of his debt.
5. Provision for Doubtful debt is in excess by 1,000
6. Value of land appreciated to Rs 37,000
7. Half of the vehicle is to be taken at 7,000
8. After making all the above adjustment, capital account of the old partner will be adjusted on the basis of the proportion of D Capital. Actual cash to be bought or paid off as the case be.

Prepare revaluation and partner capital account

Q110

A, B and C are partner sharing profit and loss in 3:2:1. They admit D as a partner for 1/4th Share which he gets 1/8 from A and 1/16 each from B and C. Total capital of the new firm after D admission will Rs 4,80,000. D is required to bring in cash equal to ¼ of the total capital of the firm. The capital of the old partner also to be adjusted in the profit-sharing ratio. The capital of A, B and C after all the adjustment of goodwill, revaluation of assets and liabilities are A 1,60,000, B Rs 60000 and C Rs 56,000. Calculate the capital of all the partners and record the necessary journal entry for doing adjustment in respect of capital according to the agreement between the partners.

1. If the excess or deficit to be adjusted in cash
2. If the excess or deficit to be adjusted in Current Account
3. If the excess or deficit to be adjusted in Loan Account.

Q111

Ram and Mohan are partner sharing profit and loss in 3:1 with capital of Rs 80,000 and 10,000. They admit Shyam as a partner for 1/4th Share. Shyam is to bring Rs 1,00,000 as capital and Rs 40,000 as his share of goodwill. Half of the goodwill is withdrawn by the old partner. The capital of the new firm was to be arranged in the profit-sharing ratio based on shyam capital and excess of deficit to be adjusted in cash.

Pass the journal entry and show the capital account.

Q112 (ISC specimen Question paper 2018)

Hari and Kavi are partners sharing profits and losses in the ratio of 3:2. They admit Ravi as a partner who contributes Rs 30,000 as his capital for 1/5th share in the profits of the firm. It is decided that after Ravi's admission, the capitals of the Hari and Kavi will adjusted on the basis of Ravi's share of capital in the business, any surplus or deficiency to be adjusted through current accounts. Before any adjustments were made, the capitals of Hari and Kavi were: Rs 59,000 and Rs 35,000 respectively.

At the time of Ravi's admission:

(a) The firm's goodwill was Rs 40,000.

(b) General Reserve was Rs 25,000.

(c) Loss on revaluation of assets and liabilities was Rs 4,000.

You are required to pass the journal entries to adjust the capital of the old partners

Q113 (In video There is some voice issue but its manageable)

A, B and C are partner sharing profit and loss in 2:3:1. They admit D as a partner for 1/6th Share which he gets 1/12 from A and 1/12 from B. Balance sheet on 31st March 2018 (Just before D admission)

Liability	Rs	Asset	Rs
Sundry Creditors	17,000	Patent	35,000
Bank Overdraft	38,000	Stock	30,000
Reserve	6,000	Debtor	15,000
		Machine	35000
		Vehicle	10,000
Investment Fluctuation Reserve	6,000	Investment	30000
A Capital	80,000	Bank	12,000
B Capital	60,000	Goodwill	30000
C Capital	50,000	Advt suspense account	60,000
Total	**257000**		**257000**

The following adjustment were agreed upon:

1. D is to bring his share of goodwill and Capital of Rs 50,000
2. Goodwill of the firm is 1,20,000. D bring his share of goodwill
3. Half of the investment is taken over by A and B and C at Rs 18,000 in the profit-sharing ratio and remaining investment is valued 16,000
4. B to Pay the bank overdraft
5. 40% of the reserve is to remain as provision against bad and doubtful debts.
6. Old customer of Rs 1,500 whose account was written off last year as bad debt has paid Rs 1,00 in full settlement of his debt.
7. Half of the vehicle is to be taken by A at free of cost
8. Stock to be taken at 20,000 and patent to be written off
9. After making all the above adjustment, capital account of the old partner will be adjusted on the basis of the proportion of D Capital. Deficit or Surplus if any will be adjusted through Current Account

Prepare revaluation and partner capital account

Q114 (Revaluation total = Nil)

C and D are partner in a firm sharing profit in the ratio 4:1. On 31-3-2016 their balance sheet was as follow

Liability	Rs	Asset	Rs
Sundry Creditors	45,000	Bank	24,000
Provision for bad Debt	4,000	Debtor	36,000
Investment Fluctuation Reserve	5,000		
Outstanding Salary	6,000	Stock	40,000
General Reserve	40,000	Furniture	80,000
Capital	2,00,000	Plant and Machinery	80,000
C 1,20,000		Land	10,000
D 80,000		Investment	30,000
Total	**3,00,000**		**3,00,000**

On the above date, E was admitted for ¼ share in the profit on the following terms

1. E will bring Rs 1,00,000 as his capital and Rs 20,000 for his share of goodwill premium half of which will be withdrawn by C and D
2. Bad Debt of Rs 1000
3. Stock will be reduced by Rs 12,000, Furniture will be depreciated by Rs 5,000
4. Plant and Machinery to be appreciated by 10%
5. Vehicle of Rs 7,000 not shown in the balance sheet will be taken into account.
6. Half of the Land taken over by C at Rs 7000
7. Investment of Rs 15,000 taken over at Rs 12,000. Balance value at Rs 16,000
8. Capital of the old partner to be adjusted on the basis of E contribution and excess or shortage to be adjusted through Loan account

Pass the necessary journal entries for the above transaction in the books of the firm

Q115 (CBSE 2015)

Charu and Harsha were partners in a firm sharing profits in the ratio of 3:2. On 1st April, 2014, their Balance sheet was as follows

Liability	Rs	Asset	Rs
Sundry Creditors	17,000	Cash	6,000
General Reserve	4,000	Debtor	15,000
Workmen compensation fund	9,000	Investment	20,000
Investment Fluctuation Reserve	11,000	Plant	14,000
Provision for doubtful debts	2,000	Land and Building	38,000
Capital	50,000		
Charu 30,000			
Harsha 20,000			
Total	**93,000**		**93,000**

On the above date Vaishali was admitted for 1/4th share in the profits of the firm on the following term:

(a) Vaishali will bring Rs. 20,000 for her capital and Rs. 4,000 for her share of goodwill premium.

(b) All debtors were considered good.

(c) The market value of investments was Rs. 15,000.

(d) There was a liability of Rs. 6,000 for workmen compensation.

(e) Capital accounts of Charu and Harsha are to be adjusted on the basis of Vaishali's capital by opening current accounts.

Prepare Revaluation account and partner's capital accounts.

Q116 (CBSE 2015)

P & K were partners in a firm. On March 31, 2017 their Balance Sheet was as follows

Liability	**Rs**	**Asset**	**Rs**
Sundry Creditors	50,000	Bank	18,000
General Reserve	1,00,000	Stock	19,000
Outstanding Expense	8,000	Debtor 22,000 Less RDD 1,500	20,500
C loan	1,20,000	Unexpired Insurance	5,000
Profit and Loss (16-17)	55,000	Shares in K Limited	65,000
Capital	5,00,000	Plant and Machinery	1,45,500
P 3,00,000		Land and Building	5,60,000
K 2,00,000			
Total	8,33,000		**8,33,000**

On April 1, 2017, they decided to admit C as a new partner for 1/4th share in profits on the following terms:

(i) C's Loan will be converted into his capital.

(ii) C will bring his share of goodwill premium by cheque. Goodwill of the firm will be calculated on the basis of 3-year purchase of Average Profits of previous three years. Profits for the year ended March 31, 2015 and March 31, 2016 were Rs. 55,000 and Rs. 1,00,000 respectively.

(iii) 10% depreciation will be charged on Plant & Machinery and Land & Building will be appreciated by 5%

(iv) Capitals of P & K will be adjusted on the basis C's capital. Adjustments be done through bank and in case required overdraft facility be availed.

(v) Pass necessary Journal entries on C's admission.

******End of Chapter*****

Teree woh raftar ho,
Roke se bhee too na ruke
Hasil kar aisa shikhar,
Parbat kee bhee najare uthe

(Lyrics from Movie Song “आशाएँ”)

Listen this Song now to Motivate yourself

and

Achieve your Dreams by working Super Hard

There is No Shortcut to success…yes…no shortcut

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Chapter 4-5

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Retirement / Death of Partners

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Chartered Accountant

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Chapter 4: Retirement of partner

Q1

A, B and C are Partner sharing PSR in 1:2:2 respectively. Calculate the new profit-sharing Ratio if

- A Retire
- B Retire
- C Retire

Q2

A, B and C are Partner sharing PSR in 1/4, 1/8, 10/16 respectively. Calculate the new profit-sharing Ratio if

- A Retire
- B Retire
- C Retire

Q3

A, B and C are Partner sharing profit equally. C retires. Calculate the New PSR

Calculation of New Profit-sharing Ratio when remaining partner purchase the share of another partner in the particular ratio

Q4

A, B and C are Partner sharing PSR in 3:2:1 respectively. B Retire and his share is divided between A and C equally. Calculate New PSR and Gain Ratio

Q5

A, B and C are Partner sharing PSR in 1:3:1 respectively. A Retire and his share is taken up by B and C in the ratio 2:3. Find out the new ratio. Calculate New PSR and Gain Ratio

Q6

A, B and C are Partner sharing PSR in 1/2, 1/3, 1/6 respectively. C Retire and his share is taken by A and B in 4:1. Calculate New PSR and Gain Ratio

Q7

A, B and C are Partner sharing PSR in 1/4, 2/5, 7/20 respectively. A Retire and his share is taken by B and C in 1:2. Calculate New PSR and Gain Ratio

(Answer is Gain Ratio 1:2 and New Ratio 29:31. Calculation Mistake in Video)

Q8

A, B and C are Partner sharing PSR in 3:2:1 respectively. B Retire and his share is taken by A.

Calculate New PSR and Gain Ratio

Q9

Amit, Hemant, Piyush are Partner without any partnership agreement. Hemant retires. Calculate the New PSR and gain ratio if the continuing partner agreed to acquire Hemant share in

- 3:2
- Equally

Calculation of Gain Ratio when new profit-sharing ratio is given

Q10

A, B and C are Partner sharing PSR in 3:2:1 respectively. B Retire. A and C decided to share profit in the ratio 4:1 in the future. Calculate Gain Ratio

(Answer is Gain Ratio 9:1 . Calculation Mistake in Video)

Q11

A, B and C are Partner sharing PSR in ½, 1/4,1/4 respectively. A Retire. B and C decided to share profit Equally in the future. Calculate Gain Ratio

Q12

A, B, C and D are Partner sharing PSR in 1/3, 1/6, 1/6 and 1/3 respectively. D Retire and A, B and C decided to share profit Equally in the future. Calculate Gain Ratio

Calculation of New PSR when retiring partner surrender his share

Q13

A, B and C are Partner sharing PSR in 3:2:1 respectively. B Retire and surrender his share equally to A and C. Calculate New PSR and Gain Ratio

Q14

A, B and C are Partner sharing PSR in 3:1:2 respectively. A Retire and surrender 2/3 of his share in favour of C and remaining to B. Calculate New PSR and Gain Ratio

Q15(Haryana Board 2017)

A, B and C and D are Partner in a firm sharing PSR in 3:2:1:4. A decide to retire from the firm and his share is acquired by B and C in the ratio 3:2 according to agreement. Calculate the New PSR and the gaining Ratio.

Q16

A, B and C are Partner sharing PSR in 2:1:3 respectively. C Retire and New Ratio of A and B is 1:3. Calculate Gain Ratio

Q17 Blank

Comprehensive questions

Q 18 (CBSE 2015 All India)

On 1.1.2008, Uday and Kaushal entered into partnership with fixed capitals of Rs 7,00,000 and Rs 3,00,000 respectively. They were doing good business and were interested in its expansion but could not do the same because of lack of capital. Therefore, to have more capital, they admitted Govind as a new partner on 1.1.2010. Govind brought Rs 10,00,000 as capital and the new profit-sharing ratio decided was 3: 2: 5. On 1.1.2012, another new partner Hari was admitted with a capital of Rs 8,00,000 for 1/10th share in the profits, which he acquired equally from Uday, Kaushal and Govind. On 1.4.2014 Govind died and his share was taken over by Uday and Hari equally.

Calculate:

(i) The sacrificing ratio of Uday and Kaushal on Govind's admission.
(ii) New profit-sharing ratio of Uday, Kaushal, Govind and Hari on Hari's admission.
(iii) New profit-sharing ratio of Uday, Kaushal and Hari on Govind's death.

Treatment of Goodwill

Q 19

A, B and C are the partner of the firm. C Retire and goodwill of the firm is valued at Rs 1,20,000. No goodwill account appears in the firm. A and B agree to share profit in the ratio 2:3 in future. Pass the journal entry

Q 20

Amit, Suman and Puja are the partner of the firm with PSR of 1:2:3. Amit Retire.

Pass the entry if

1. Goodwill of the firm is valued at two-year purchase of last 3-year average profit. Profit of last three year is Rs 18,000, Rs 9,000 and Rs 18,000
2. Goodwill of the firm is valued at two and half years purchase of last 3-year average Super profit. Profit of last three year is Rs 18,000, Rs 9,000 and Rs 18,000. Normal profit for similar firms is Rs 6,000

When goodwill account appears in a firm

Q21

A, B and C are sharing profit and Loss in the ratio 2:3:1. Goodwill is appearing in the books at value of Rs 60,000. C retire and on that day goodwill of the firm is valued at Rs 2,40,000. A and B decide to share profit in the ratio 2:3 in future. Pass the Journal Entry

Q22

P, Q and R are sharing profit and Loss in the ratio 2:3:1. Goodwill is appearing in the books at value of Rs 30,000. P retire and on that day goodwill of the firm is valued at Rs 90,000. Q and R decide to share profit in the ratio 5:1 in future. Pass the Journal Entry

Q23

Sumit, Harish and Puja are sharing profit and Loss in the ratio 3:2:3. Goodwill is appearing in the books at value of Rs 1,60,000. Harish Retire on 14th November 2017 and on that day goodwill of the firm is valued at Rs 2,40,000. Pass the Journal Entry

Q24

A, B, C and D are partner sharing profit and Loss in the ratio 2:1:1:2. Goodwill is appearing in the books at value of Rs 60,000. Both C and D decided to retire from the firm and on that day goodwill of the firm is valued at Rs 1,80,000. A and B decide to share profit in the ratio 2:3 in future. Pass the Journal Entry

Q25

P, Q and R are sharing profit and Loss in the ratio 2:3:1. Goodwill is appearing in the books at value of Rs 30,000. P retire on 18th December 2017 and on that day P share of goodwill of the firm is valued at Rs 1,20,000. Q and R decide to share profit in the ratio 2:1 in future. Pass the Journal Entry

Q26

Ram, shyam and Mohan are sharing profit and Loss in the ratio 2:2:1. Goodwill is appearing in the books at value of Rs 1,00,000. Mohan died on 20 July 2018 and on that day goodwill of the firm is valued at Rs 1,50, 000. Pass the Journal Entry

Q27

Ram, shyam and Mohan are sharing profit and Loss in the ratio 2:1:1. Shyam retire on 18th December 2018 and on that day goodwill of the firm is valued at Rs 1,50,000. Ram and Mohan decided to share profit equally in future. Pass the Journal Entry

Q28

A, B, C and D are partner sharing profit and Loss in the ratio 2:1:1:2. C Retire from the firm and on that day goodwill of the C is valued at Rs 30,000. A, B and D decide to share profit in the Equal ratio in future. Pass the Journal Entry

Q29

P, Q and R are sharing profit and Loss in the ratio 1:2: 3. P retire and decided to surrender his share to Q and R in 2:1. Goodwill of the firm is Rs 1,80,000. Pass the Journal Entry

Q30

P, Q and R are sharing profit and Loss in the ratio 1:2:3. Goodwill is appearing in the books at value of Rs 30,000. P retire and decided to surrender his share to Q and R in 2:1. On the day of retirement, goodwill of the firm is valued at 2.5 year purchase of super profit based on average profit of the last three years i.e. Rs 60,000, Rs 40,000 and Rs 80,000. Normal Profit of the similar firm is Rs 15,000. The profit for the first year after P retirement was Rs 1,20,000

Q30 (CBSE 2017)

Kavi, Ravi, Kumar and Guru are sharing profit and Loss in the ratio 3:2:2:1. On 1-2-2017, guru retire and the new profit-sharing ratio decided between Kavi, Ravi and Kumar were 3:1:1. On Guru retirement, the goodwill of the firm was valued at Rs 3,60,000.

Show your working notes clearly and pass the journal entry in the books of the firm for the treatment of goodwill on Guru Retirement

Q31

A, B, C and D are partner sharing profit in the ratio of 1:4:2:3. C retire and the goodwill is valued at Rs 4,00,000. D share of goodwill is to be adjusted into the capital account of A, B and D who decide to share profit in ratio 4:3:3. Pass the journal entry

When one partner is sacrificing

Q33

A, B, C and D are partner sharing profit in the ratio of 3:3:2:2. D retire and the goodwill is valued at Rs 6,00,000. A, B and C decided to share the profit in ratio 3:2:1. Goodwill of the firm is valued at Rs 6,00,000. Goodwill already appearing in the books at Rs 4,50,000. The profit for the first year after D retirement amounted to Rs 12,00,000. Pass the journal entry to record the goodwill and to distribute the profit. Show your calculation clearly

When gain ratio is given.

Q34

A, B, C are partner sharing profit in the ratio of 4:3:1. B Retire selling its share of profit to A and C for Rs 90,000, of which Rs 60,000 paid by A and Rs 30,000 paid by C. Profit for the first year after B retirement is Rs 2,10,000.

1. Pass the journal entry
2. Calculate the new profit-sharing ratio
3. Distribute the profit between A and C

Revaluation of Assets

Q35

The following is the balance sheet of X and Y and Z who were sharing profit in the ratio 2:1:2

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	2,40,000	Debtor	50000
Workman compensation Reserve	25,000	Furniture	80000
General Reserve	50,000	Plant and Machinery	6,00,000
X Capital	2,00,000	Patent	20,000
Y Capital	4,00,000	Stock	1,00,000
Z Capital	3,00,000	Bank	3,65,000
Total	**12,15,000**		**12,15,000**

On 1st April 2018, Z retire from the partnership on the following term

1. Stock in undervalued by Rs 45,000
2. Furniture is overvalued by Rs 2,000
3. Patent are valueless
4. 10% Provision to be created for bad and Doubtful Debt
5. Plant and Machinery is overvalued by 20%
6. Creditors of Rs 2,000 agreed to write off
7. Goodwill of the firm is Rs 75,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q36

The following is the balance sheet of X and Y and Z who were sharing profit in the ratio 5:3:2

Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	2,50,000	Debtor	90,000
Investment Fluctuation Fund	15000	Investment	1,00,000
Employee Provident Fund	20,000	Furniture	80000
Workman compensation Reserve	10,000	Plant and Machinery	5,00,000
General Reserve	50,000	Vehicle	10,000
X Capital	2,00,000	Stock	90,000
Y Capital	4,00,000	Bank	3,65,000
Z Capital	3,00,000	Goodwill	10,000
Total	**12,45,000**		**12,45,000**

On 1st April 2018, Z retire from the partnership on the following term

1. Stock in undervalued by 10%
2. Workman compensation liability is Rs 8,000
3. Furniture taken over by Y at Rs 82,000
4. Vehicle taken over by Z at Rs 7,500
5. Investment Market value is Rs 95,000
6. 2,000 bad debt
7. Plant and Machinery to be depreciated by 5%
8. Unrecorded Insurance claim of Rs 5,000
9. Outstanding Expense of Rs 10,000 to be recorded in the books
10. On the day of retirement, goodwill of the firm is valued at 2.5 year purchase of super profit based on average profit of the last three years i.e. 60,000, 40,000 and 80,000. Normal Profit of the similar firm is 15,000

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q37

The following is the balance sheet of Hari, Manish, Piyush who were sharing profit in the ratio 5:3:2

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	2,00,000	Debtor	65,000
Expense Owing	7,000		
Investment Fluctuation Fund	15,000	Investment	1,00,000
Provision for bad and Doubtful Debt	3,000	Furniture	80,000
Workman compensation Reserve	10,000	Plant and Machinery	5,00,000
General Reserve	50,000	Vehicle	10,000
Hari Capital	3,00,000	Stock	90,000
Manish Capital	5,00,000	Bank	4,10,000
Piyush Capital	2,00,000	Profit and Loss	20,000
		Goodwill	10,000
Total	**12,85,000**		**12,85,000**

On 1st April 2018, Hari retire from the partnership on the following term

1. Stock of Rs 2,000 is useless
2. Workman compensation liability is Rs 12,000
3. Half of the Furniture taken over by Manish at Rs 43,000 and balance to be write off by 10%
4. Vehicle taken over by Piyush free of cost
5. Investment Market value is Rs 1,05,000
6. 1000 bad debt.
7. Expense owing to be brought down to Rs 5,000
8. Firm has forgot to record Rs 10,000 outstanding salary of one employee.
9. On the day of retirement, goodwill of the firm is valued at Rs 1,60,000
10. Hari to be paid Rs 10,000 via cheque and balance due to him treated as loan carrying interest @12% pa.

Pass the journal entries and prepare the revaluation, capital account and balance sheet of the new firm

Q38

The following is the balance sheet of X and Y and Z who were sharing profit in the ratio 2:1:1.

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	2,00,000	Debtor	65000
		Patent	143,000
Investment Fluctuation Fund	15,000	Investment	1,00,000
Provision for bad and Doubtful Debt	3,000	Furniture	80000
Workman compensation Reserve	10,000	Plant and Machinery	5,00,000
General Reserve	50,000	Vehicle	10,000
X Capital	2,00,000	Stock	90,000
Y Capital	3,00,000	Bank	50,000
Z Capital	3,00,000	Advertisement Suspense Account	30,000
		Goodwill	10,000
Total	**1078000**		**1078000**

On 1st April 2018, Y retire from the partnership on the following term

1. Half of the Furniture taken over by X at Rs 38,000
2. Vehicle taken over by Z at 20% discount
3. Investment are revalued at 75,000. Half of the investment taken over by Y
4. Patent value to be increased by 2000 and Workman compensation liability is Rs 10,000
5. 5000 bad debt. Provision for bad and doubtful debt to be maintained at 10% and Discount on debtor to be 5%
6. Out of Insurance debited to profit and loss, Rs 7000 to be carried forward as unexpired Insurance.
7. On the day of retirement, goodwill of the firm is valued atRs60,000
8. Unrecorded creditors of Rs 5,000 to be taken into account.
9. X and Z agreed to acquire the share of Y at 3:1 respectively
10. Y was paid in full. X and Z borrowed sufficient fund from the bank on security of Plant and Machinery to pay Y
11. Y decided to donate the entire amount due to him to Kerala Flood relief Fund.

Prepare the revaluation, capital account and balance sheet of the new firm

Q39(CBSE 2017, Delhi)

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

Liability	**Rs**	**Asset**	**Rs**
Creditors	55,000	Cash	40,000
General Reserve	30,000	Debtor 45,000 Less Provision 5,000	40,000
M Capital	1,50,000	Stock	50,000
N Capital	1,25,000	Machinery	1,50,000
G Capital	75,000	Patents	30,000
		Building	1,00,000
		Profit and loss Account	25,000
Total	**4,35,000**		**4,35,000**

M retired on the above date and it was agreed that

(i) Debtors of Rs 2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.

(ii) Patents will be completely written off and stock, machinery and building will be depreciated by 5%.

(iii) An unrecorded creditor of Rs 10,000 will be taken into account.

(iv) N and G will share the future profits in the ratio of 2: 3.

(v) Goodwill of the firm on M's retirement was valued at Rs 3,00,000.

Pass necessary journal entries for the above transactions in the books of the firm on M's retirement

Q40

A, B and C were partners in a firm sharing profits and losses in the ratio of Capital. On 31st March, 2018 their balance sheet was as under

Liability	**Rs**	**Asset**	**Rs**
Creditors	1,00,000	Cash	40,000
General Reserve	30,000	Debtor 45,000 Less Provision 5,000	40,000
Investment Fluctuation Reserve	7,000	Investment	2,00,000
Partner Loan		Stock	50,000
A Loan	80,000	Machinery	1,50,000
C Loan	1,00,000	Patents	30,000
		Advertisement Suspense Account	50,000
Capital Account		Profit and loss Account	25,000
A Capital	2,00,000	Bank Account	2,32,000
B Capital	2,00,000		
C Capital	1,00,000		
Total	**8,17,000**		**8,17,000**

C retired on the above date and it was agreed that

(i) Debtors of Rs 2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
(ii) One debtor of Rs 7,000 who has been completely written off last year as bad debt has paid Rs 5000.
(iii) A typewriter was purchased on 1st October 2016 for Rs 70,000 debited to general expense that year to brought into account charging depreciation @10% pa on WDV basis
(iv) An unrecorded creditor of Rs 10,000 will be taken into account.
(v) One creditor of Rs 7,000 to be completely written off.
(vi) Investment sold for Rs 1,40,000 (Book value Rs 1,50,000)
(vii) A and B will share the future profits in the ratio of 2: 3.
(viii) Goodwill of the firm on C's retirement was valued at Rs 6,00,000

Prepare the revaluation, capital account and balance sheet of the new firm

Q41(CBSE 2018, Sample Paper)

A, B & C were partners in a firm sharing profits & losses in proportion to their fixed capitals. Their Balance Sheet as at March 31, 2017 was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	23,000	Bank	21,000
General Reserve	75,000	Debtor 15,000 Less Provision 1,500	13,500
Outstanding Salary	7,000	Stock	9,000
		A Loan	35,500
B Loan	15,000	Plant and machinery	2,00,000
		Land and Building	6,00,000
		Profit and loss Account	2,41,000
Capital Account			
A Capital	5,00,000		
B Capital	3,00,000		
C Capital	2,00,000		
Total	**11,20,000**		**11,20,000**

On the date of above Balance Sheet, C retired from the firm on the following terms:

(i) Goodwill of the firm will be valued at two years purchase of the Average Profits of last three years. The Profits for the year ended March 31, 2015 & March 31, 2016 were Rs. 4,00,000 & Rs. 3,00,000 respectively.

(ii) Provision for Bad Debts will be maintained at 5% of the Debtors.

(iii) Land & Building will be appreciated by Rs. 90,000 and Plant & Machinery Will be reduced to Rs. 1,80,000.

(iv) A agreed to repay his Loan.

(v) The loan repaid by A was to be utilized to pay C. The balance of the amount payable to C was transferred to his Loan Account bearing interest @ 12% per annum.

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

Q42(CBSE 2018, Sample Paper)

Hitesh, Rahim and Karan were partners in a firm sharing profits & losses in 2:3:5

Their Balance Sheet as at March 31, 2018 was as follows:

Liability	**Rs**	**Asset**		**Rs**
Creditors	23,000	Bank		27,000
Outstanding Rent	75,500	Debtor Less Provision	20,000 1,500	18,500
Bill Payable	7,000	Stock		90,000
Profit and Loss (17-18)	2,00,000	Furniture		50,000
General Reserve	1,00,000	Vehicle		60,000
		Building		60,000
		Bonds		1,00,000
Capital Account		Goodwill		10,00,000
Hitesh	5,00,000			
Rahim	3,00,000			
Karan	2,00,000			
Total	**14,05,500**			**14,05,500**

On the date of above Balance Sheet, Rahim retired from the firm on the following terms:

(i) Furniture (Rs 30,000), Stock (Rs 80,000), and vehicle (Rs 50,000)

(ii) Provision for Bad Debts will be maintained at 10% of the Debtors.

(iii) Hitesh agreed to pay Creditors of Rs 5,000

(iv) Rahim taken unrecorded Assets for Rs 6,000

(v) Continuing partner agreed to pay Rs 15,000 to retiring partner in their profit-sharing ratio which is 2:3

(vi) Goodwill of the firm is valued as 2-year purchase average profit of last 3 years.

  a. Profit for 2015-16 is Rs 7,00,000 and for 2016-17 is Rs 6,00,000

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

Q43

A, B and C were partners in a firm sharing profits and losses in the ratio 2:3:5. On 31st March, 2018 their balance sheet was as under

Liability	**Rs**	**Asset**		**Rs**
Creditors	55,000	Bank		40,000
Investment Fluctuation Reserve	1,000	Investment		30000
General Reserve	1,80,000	Debtor Less Provision	45,000 5,000	40,000
A Capital	1,80,000	Stock		50,000
B Capital	1,35,000	Profit and loss Account		90,000
C Capital	90,000	Machine		3,91,000
Total	**6,41,000**			**6,41,000**

A retired on the above date and it was agreed that

(i) Rs 5,000 bad debt to be made and provision for doubtful debt to be maintained at 10%
(ii) Debtor whose Rs 50,000 was written off as bad debt last year paid Rs 40,000 in full settlement.
(iii) One-month rent is outstanding (annual rent is Rs 24000)
(iv) Liability for claim Included in creditor for Rs 20,000 is settled at 17,000
(v) Goodwill of the firm is valued at total of last two-year profit i.e.80,000 and 1,20,000
(vi) An unrecorded creditor of Rs 10,000 will be taken into account.
(vii) Entire capital of the new firm is fixed at Rs2,40,000 in the ratio 5:3 between B and C. Actual cash to be brought in or paid off as the case may be

Pass necessary journal entries for the above transactions in the books of the firm on A retirement and show the balance sheet.

Q44 (CBSE 2016)

Leena, Madan and Naresh were partners in a firm sharing profits and losses in the ratio of 2:2:3. On March,31th 2015, their Balance sheet was as follow:

Liability	**Rs**	**Asset**	**Rs**
Creditors	1,60,000	Land and building	10,00,000
Bank Overdraft	44,000	Machinery	5,00,000
Long Term Debt	4,00,000	Furniture	7,00,000
Employee Provided Fund	76,000	Investments	2,00,000
Capital Account	31,00,000	Closing stock	8,00,000
Leena 12,50,000		Sundry debtors	4,00,000
Madan 8,00,000		Bank	80,000
Naresh 10,50,000		Deferred Advertisement	1,00,000
Total	**37,80,000**		**37,80,000**

On March31,2015, Madan retired from the firm and the remaining partners decided to carry on the business. It was decided to revalue assets and liabilities as under:

(i) Land and building be appreciated by Rs 2,40,000 and Machinery be depreciated by 10%.

(ii) 50% of Investments were taken over by the retiring partner at book value.

(iii) An old customer Mohit, whose account was written off as bad debt, had promised to pay Rs 7000 in settlement of his full debt Rs. 10,000.

(iv) Provisions for doubtful debts was to be made at 5% on debtors.

(v) Closing stocks will be valued at market price, which is Rs 1,00,000 less than the book value.

(vi) Goodwill of the firm will be valued at Rs 5,60,000 and Madan's share of goodwill be adjusted in the accounts of Leena and Naresh. Leena and Naresh decided to share future profits and losses in the ratio of 3:2.

(vii) Amount due to Madan was settled by accepting a bill of exchange in his favor payable after 4 months.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm after Madan's retirement.

Q45

A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. On March,31th 2018, B retire and after all the adjustment related to goodwill, revaluation and accumulated profit, the capital of A shows the credit balance of Rs 1,20,000 and C of Rs 90,000. It was decided to adjusted the capital of A and C in the new profit-sharing ratio, Record the journal entry for the bringing the cash or withdrawing the cash.

Q46

A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. On March,31th 2018, B retire and after all the adjustment related to goodwill, revaluation and accumulated profit, the capital of A shows the credit balance of Rs 1,20,000 and C of Rs 90,000. It was decided to have capital of Rs 1,40,000 of the new firm and same to be divided amount A and C in new profit-sharing ratio i.e. 2:3, Record the journal entry for the bringing the cash or withdrawing the cash.

Q47

Kiran, Piyush and Monika were partners in a firm sharing profits and losses in 2:2:1 On 31st March, 2018 their balance sheet was as under

Liability	**Rs**	**Asset**		**Rs**
Creditors	80,000	Cash		127,000
Workman compensation Reserve	10,000	Investment		30000
Investment Fluctuation Reserve	2,000	Machine		4,00,000
General Reserve	50,000	Debtor Less Provision	45,000 5,000	40,000
Kiran Capital	3,00,000	Stock		1,20,000
Piyush Capital	2,00,000	Profit and loss Account		25000
Monika Capital	2,00,000	Goodwill		1,00,000
Total	**8,42,000**			**8,42,000**

Kiran retired on the above date and it was agreed that

(i) Rs2,000 bad debt to be made and provision for doubtful debt to be increased to 8,000

(ii) Debtor whose Rs 50,000 was written off as bad debt last year paid Rs 7,000 in full settlement.

(iii) two-month rent is outstanding (annual rent is Rs 36000)

(iv) Stock is undervalued by 30000 (In Video i have take wrong formulae but answer is right)

(v) Liability for claim Included in creditor for Rs 20,000 settled at Rs 17,000

(vi) Goodwill of the firm is valued at Average of last two-year profit i.e. Rs 80,000 and Rs 1,20,000

(vii) Investment of Rs 20,000 taken over by kiran at Rs 16,000. Balance value at Rs 11,000

(viii) Entire capital of the new firm will be same as before the retirement of Kiran and same to be shared in the New PSR. Actual cash to be brought in or paid off as the case may be

(ix) Kiran profit will be shared between Piyush and Monika equally.

(x) Amount due to Kiran will be paid up to Rs 20,000 via cash and balance will be transferred to her loan account which will be paid later on. (Interest @6% pa.)

Prepare Revaluation, capital account and new balance sheet after Kiran retirement

Q48 (ISC Sample paper 2017)

Mohit and Keshav are two partners sharing profits and losses equally. The Balance Sheet of their firm as at 31st March, 2016, was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	12,330	Cash	13,000
General Reserve	2,000	Book Debt	10,200
Mohit Capital	19030	Closing Stock	6,730
Keshav Capital	18870	Building	19,300
		goodwill	3,000
Total	**52,230**		**52,230**

Keshav retires on 1st April, 2016 on which date:

(i) The Goodwill of the firm was valued at ₹ 9,000.

(ii) 20% of the General Reserve was kept aside as provision for doubtful debts.

(iii) There was a piece of furniture valued at ₹ 2,060 which was unrecorded in the books of the firm. Mohit decided to pay off Keshav by giving him this piece of furniture and the balance in annual installments of ₹ 8,000 along with interest @ 5 % per annum.

You are required to prepare:

(a) Keshav's Capital Account.

(b) Keshav's Loan Account till it is finally closed.

Q49 (ISC 2016)

Pihu, Geeta and Nita are partners in a firm, sharing profits and losses in the ratio of 3:2: I. On 31st March, 2015, their Balance Sheet was as under:

Liability		**Rs**	**Asset**		**Rs**
Creditors		15,000	Cash at Bank		16,000
General Reserve		9,000	Sundry Debtors Less Provision for DD	25,000 1,300	23,700
Pihu Capital	79,000		Stock		14,300
Gita Capital	70,000		Plant and Machinery		60,000
Nita Capital	61,000	2,10,000	Land and Building		1,20,000
Total		**2,34,000**			**2,34,000**

Nita retires on 1st April, 2015, subject to the following adjustments:

(a) Land and building to be reduced by 10%.

(b) Goodwill to be valued at Rs 54,000.

(c) Provision for Doubtful Debts to be raised to 10% of the debtors, the excess provision being created from General Reserve. The balance of the General Reserve to be distributed amongst the partners.

(d) Creditors of Rs 3,000 were paid by Pihu for which she is not to be reimbursed.

(e) The continuing partners to share profits and losses in future in the ratio of5:4.

(t) Nita to be paid Rs 29,800 on retirement and the remaining amount in two equal annual instalments together with interest @ 10% per annum on the outstanding balance. The first instalment of Nita's loan to be paid on 31st March, 2016.

You are required to prepare:

(i) Revaluation Account.
(ii) Partners' Capital Accounts.
(iii) Nita's Loan Account till it is finally closed

Q50 (CBSE 2007 sample paper 2016)

Khushboo, Leela and Meena were partners in a firm sharing profits in the ratio of 5:3:2. Their Balance Sheet on March 31,2015 was as follows

Liability	**Rs**	**Asset**	**Rs**
Creditors	70,000	Bank	44,000
Capital Account		Sundry Debtors	24,000
Khushboo 90,000		Stock	60,000
Leela 56,000		Building	1,40,000
Meena Capital 60,000	2,06,000	Profit and Loss	8,000
Total	**2,76,000**		**2,76,000**

On April 1,2015 Leela retired on the following terms:

i. Building was to be depreciated by 10,000.
ii. A Provision of 5% was to be made on Debtors for doubtful debts.
iii. Salary outstanding was 4,800
iv. Goodwill of the firm was valued at 1,40,000.
v. Leela was to be paid 20,800 through cheque and the balance was to be paid in two equal quarterly installments (starting from June 30,2015) along with interest @ 10% p.a.

Prepare Revaluation Account, Leela's Capital Account and her Loan Account till it is finally paid.
Solution:

Q51

Piyush, Honey and Simran were partners in a firm sharing profits and losses in 2:2:1 On 31st March, 2018 their balance sheet was as under

Liability	Rs	Asset	Rs
Creditors	84,000	Bank	126,000
Workman compensation Reserve	10,000	Investment	30,000
Investment Fluctuation Reserve	2,000	Machine	4,00,000
General Reserve	50,000	Debtor	45,000
Piyush Capital	3,00,000	Stock	1,20,000
Honey Capital	2,00,000	Profit and loss Account	25,000
Simran Capital	2,00,000	Goodwill	1,00,000
Total	**8,46,000**		**8,46,000**

Honey retired on the above date and it was agreed that

(i) Out of 7000 insurance debited to profit and loss earlier Rs 1,575 relate to future years and same to be carried forward
(ii) Rs 2,000 bad debt to be made and General reserve to be split in provision (Rs 5000) and general reserve of 45,000
(iii) Debtor whose Rs 50,000 was written off as bad debt last year paidRs100 in full settlement.
(iv) Debtor whose Rs20,000 was written off as bad debt last year agreed to pay 8,000
(v) Stock is overvalued by Rs 2,575
(vi) Provision for outstanding repair to be made for Rs 3,000
(vii) Goodwill of the firm is valued at Average of last two-year profit i.e. Rs 80,000 and Rs 1,20,000
(viii) Investment of Rs 20,000 taken over by A at Rs 16,000. Balance value at Rs 11,000
(ix) Entire capital of the new firm will be Rs 4,00,000 to be shared between Piyush and Simran in the ratio 3:1. Actual cash to be brought in or paid off as the case may be
(x) Amount due to Honey will be paid up to Rs 20,000 via Bank and balance will be transferred to his loan account which will be paid later on. (Interest @6% pa.)

Prepare Revaluation, capital account and new balance sheet after Honey retirement

Q52

A, B and C were partners in a firm sharing profits and losses in 2:2:1 On 31st March, 2018 their balance sheet was as under

Liability	**Rs**	**Asset**	**Rs**
Creditors	2,45,000	Bank	337,000
		Land	30000
Provision for Doubtful Debt	2,000	Machine	4,00,000
General Reserve	50,000	Debtor	45000
A Capital	3,00,000	Stock	120000
B Capital	2,00,000	Profit and loss Account	25000
C Capital	2,00,000	Goodwill	40000
Total	**997,000**		**997000**

C retired on the 1-4-2018 and it was agreed that

(i) No Need for provision for Doubtful Debt
(ii) Land to be revalued by Rs 2000 upward
(iii) Creditor of Rs 45,000 agreed to write off Rs 5000 and balance creditors 10% write off
(iv) C share of Goodwill is valued Rs 60,000
(v) A and B decided that their capital will be adjusted in the new profit-sharing ratio of 1:2 by bringing the cash or paying the cash as the case may be

Pass the journal Entry for the below cases

(i) Amount due to C will be transferred to Loan account (Interest @6% pa.)
(ii) C will be paid Rs 52,800 on the date of retirement and remaining amount in three equal installments together Interest @10% Pa

Prepare Revaluation, capital account and new balance sheet after C retirement

Q53

A, B and C were partners in a firm. B retire on 1 April 2015. On the date of retirement, Rs 1,00000 was due to B and it was agreed to pay him this amount in installment every year at the end of the year. Prepare B loan account in the following cases

1. Four Yearly Installment plus interest @10% pa.
2. Three Installment of Rs 30,000 which already include interest @10% pa on the outstanding balance and balance including the interest in the fourth year

Q 54(CBSE 2016. Delhi)

X, Y and Z were partners in a firm sharing profit's in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	21,000	Land and Building	62,000
Investment Fluctuation Fund	10,000	Motor Vans	20,000
Profit and Loss account	40,000	Investment	19,000
Capital Account	1,10,000	Machinery	12,000
A Capital 50,000		Stock	15,000
B Capital 40,000		Debtor 40,000 Less Provision 3,000	37,000
C Capital 20,000		Cash	16,000
Total	**1,81,000**		**1,81,000**

On the above date, Y retire and X and Z agreed to continue the business on the following terms

1) Goodwill of the firm was valued at Rs. 51,000.

(2) There was a claim of Rs. 4,000 for Workmen's Compensation.

(3) Provision for bad debts was to be reduced by Rs. 1,000.

(4) Y will be paid Rs. 8,200 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly instalments together with interest @ 10% p.a.

(5) The new profit-sharing ratio between X and Z will be 3:2 and their capitals will be in their new profit-sharing ratio. The capital adjustments will be done by opening current accounts.

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

Q 55 (CBSE 2013. Delhi)

Naresh, David and Aslam are partners sharing profits in the ratio of 5:3:7. On April 1st , 2012, Naresh, gave a notice to retire from the firm, David and Aslam decided to share future profits in the ratio of 2:3. The adjusted capital accounts of David and Aslam show a balance of Rs. 33,000 and Rs. 70,500 respectively. The total amount to be paid to Naresh is Rs.90,500. This amount is to be paid by David and Aslam in such a way that their capitals become proportionate to their new profit-sharing ratio. Pass necessary journal entries for the above transactions in the books of the firm. Show your working clearly.

Q56

X, Y and Z were partners in a firm sharing profit's in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	21,000	Land and Building	62,000
Investment Fluctuation Reserve	10,000	Motor Vans	20,000
Profit and Loss account	40,000	Investment (MV Rs 8,000)	19,000
Capital Account	1,10,000	Machinery	12,000
X Capital 50,000		Stock	15,000
Y Capital 40,000		Debtor 40,000 Less Provision 3,000	37,000
Z Capital 20,000		Bank	5000
		Vehicle	11,000
Total	**1,81,000**		**1,81,000**

On the above date, Y retire and X and Z agreed to continue the business on the following terms

1. Goodwill of the firm was valued at Rs. 50,000
2. There was a claim of Rs. 4,000 for Workmen's Compensation.
3. Telephone bill outstanding for March 2018 Rs 1,000
4. X and Z decide share profit in the ratio 2:3 in the future
5. To Readjust the capital in the profit-sharing ratio
6. To bring the sufficient cash to pay off the Y immediately and to leave the balance of Rs 2,000 in the bank. Y was paid off.

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

Q57

X, Y and Z were partners in a firm sharing profit's in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	21,000	Land and Building	65,000
Employee Provident Fund	10,000	Motor Vans	20,000
Profit and Loss account	40,000	Investment	19,000
Capital Account	1,10,000	Machinery	12,000
X Capital 50,000		Stock	15,000
Y Capital 40,000		Debtor 40,000	40,000
Z Capital 20,000		Bank	10,000
Total	**1,81,000**		**1,81,000**

On the above date, X retire and gave 2/3 of his share to Y and 1/3 of his share to Z

1. Goodwill of the firm was valued at Rs. 1,00,000
1. Machine depreciated by 20%
2. Provision for bad and doubtful debt to be increased to 2,000
3. Telephone bill outstanding for 2 months (Monthly bill Rs500)
4. Creditors of Rs 5,000 settled at 4,000 and being paid off

The amount to be paid to X by Y and Z in such a way that their capital is proportionate to their profit-sharing ratio and leave a balance of Rs 2,000

Prepare Revaluation Account, Partners' Capital Accounts

Hidden Goodwill

Q 58

A, B and C are partner sharing the profit in the ratio of 2:1:3. C retire and his capital after making all the adjustment for reserve and profit on revaluation stands at Rs 2,40,000. A and B agreed to pay him Rs 3,00,000 in full settlement of his claim. Record the journal entry for the treatment of goodwill if the new profit-sharing ratio is decided to be 3:1

Chapter 5: Death of partner

Q59

X, Y and Z are the partner in a firm sharing profit in 2:2:1. Books are closed on 31st March 2018 every year. Y died on 30th July 2018 and according to the agreement the share of profit of a deceased partner up to the date of death is to be calculated on the basis of the average profit for the past 5 years. The new profit for the past 5 years is as follow. 2013-14 (Rs 16000), 14-15 (Rs 20,000),15-16 (Rs 25000 (Loss), 16-17 (Rs 40,000) and 2017-18 (Rs 39000). Calculate the Y share profit up to the death and pass the necessary journal entry

Q 60

A, B and C were partner sharing profit and loss in 3:2:1. The firm closes its book on 31st March every year. C died on 17.10.2018. On C death goodwill of the firm was valued at Rs 1,20,000. According to the agreement the share of profit of a deceased partner up to the date of death is to be calculated on the basis of previous year profit which was Rs2,19,000. Calculate the C share profit up to the death and pass the necessary journal entry for goodwill and profit

Q 61

A, B and C were partner sharing profit and loss in 2:2:1. The firm closes its book on 31st March every year. B died on 18 June 2018. On C death goodwill of the firm was valued at Rs 1,20,000. According to the agreement the share of profit of a deceased partner up to the date of death is to be calculated on the basis of Turnover. Turnover for 2017-18 was Rs 5,00,000 and Profit for 2017-18 was Rs 1,50,000. Company generated Turnover of Rs 1,00,000 from 1st April till the date of death i.e. 18 June 2018. Calculate the B share profit up to the death and pass the necessary journal entry for goodwill and profit

Q62 (CBSE 2013)

The Balance Sheet of Sudha, Rahim and Kartik who were sharing profit in the ratio of 3: 3: 4 as on 31st March, 2012 was as follows:

Liability	**Rs**	**Asset**	**Rs**
General Reserve	10,000	Cash	16,000
Bill payable	5,000	Stock	44,000
Loan	12,000	Investment	47,000
Capital Account	1,50,000	Land and Building	60,000
Sudha Capital 60,000		Sudha's Loan	10,000
Rahil Capital 50,000			
Kartik Capital 40,000			
Total	**1,77,000**		**1,77,000**

Sudha died on June 30th 2012. The partnership deed provided for the following on the death of a partner

(a) Goodwill of the firm be valued at two years purchase of average profits for the last three years.

(b) Sudha's share of profit or loss till the date of her death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2012 amounted to Rs 4,00,000 and that from 1st April to 30th June 2012 to Rs 1,50,000. The profit for the year ended 31st March, 2012 was Rs 1,00,000.

(c) Interest on capital was to be provided @ 6% p.a.

(d) The average profits of the last three years were Rs 42,000.

(e) According to Sudha's will, executors should donate her share to "MatriChhaya - an orphanage-for girls".

Prepare Sudha's Capital Account to be rendered to her executor. Also identify the value being highlighted in the question.

Q63(CBSE 2017, Sample paper)

On 31st March 2015 the Balance Sheet of Punit, Rahul and Seema were as follows Balance Sheet of Punit, Rahul and Seema

Liability	**Rs**	**Asset**	**Rs**
Creditors	14,000	Building	40,000
Reserve	20,000	Machinery	60,000
		Patents	12,000
Capital Account	1,40,000	Stock	20,000
Punit 60,000		Cash	42,000
Rahul 50,000			
Seema 30,000			
Total	**1,74,000**		**1,74,000**

They were sharing Profit and loss in the ratio 5:3:2. Seema died on October 1, 2015. It was agreed between her executors and the remaining partners that:

1. Goodwill be valued at 2 years' purchase of the average profits of the previous five years, which were: 2010-11: Rs 30,000; 2011-12: Rs 26,000; 2012-13: Rs 24,000; 2013-14: Rs 30,000 and 2014-15: Rs 40,000.
2. Patents be valued at Rs 16,000; Machinery at Rs 56,000; Buildings at Rs 60,000.
3. Profit for the year 2015-16 be taken as having been accrued at the same rate as that in the previous year.
4. Interest on capital be provided at 10% p. a.
5. A sum of Rs 15,500 was paid to her executors immediately.

Prepare Revaluation Account, Seema's Capital Account and Seema's executors Account.

Q64(When profit sharing ratio is not the same as gain ratio)

On 31st March 2015 the Balance Sheet of X, Y and Z was as follows Balance Sheet of 3:3:4

Liability	**Rs**	**Asset**	**Rs**
Creditors	54,000	Building	40,000
Reserve	20,000	Machinery	60,000
		Patents	12,000
Capital Account	1,40,000	Stock	50,000
X 60,000		Bank	12,000
Y 50,000		Profit and Loss	10,000
Z 30,000		Goodwill	30,000
Total	**2,14,000**		**2,14,000**

X died on October 1, 2015. Y and Z will share the profit of X equally. It was agreed between her executors and the remaining partners that:

1. Goodwill be valued at 3 years' purchase of the average profits of the previous five years, which were: 2010-11: Rs 40,000; 2011-12: Rs 55,000 (Including Rs 5000 abnormal gain); 2012-13: Rs 24,000 (including Rs 4000 abnormal loss); 2013-14: Rs 30,000 and 2014-15: Rs 52,000.
2. Patents worthless
3. Machinery is over valued by 20% and Building to be undervalued by 20%
4. Profit for the year 2015-16 be taken as having been accrued at the same rate as that in the previous year.
5. Interest on capital be provided at 10% p. a.
6. Half of the sum was paid immediately and balance transferred to the executor loan account.

Prepare X Capital and X executors Account.

Q65 (When profit sharing ratio is not the same as gain ratio) (In Video , I have written Q64, So please watch accordingly)

Suresh, Mahesh and Ganesh are partner in a firm sharing profit and loss in the ratio 4:3:2. As per the terms of the agreement, if the partner died then goodwill will be valued at 60% of the profit credited to partner capital account during the last three completed years just before its death. Books are closed on 31st March every year and Ganesh died on 1st June 2018. The profit of last 5 years are as follow

	Rs
2013-2014	10,000
2014-2015	30,000
2015-2016	(5,000)
2016-2017	45,000
2017-2018	50,000

On the date of death of Ganesh, the machinery was undervalued by Rs 24,000 and creditors agreed to write off Rs 12,000 claim. Bad debt for the firm was Rs 9,000. Goodwill already appearing in the firm is Rs 45,000.

Pass the journal entry for the goodwill and revaluation. New profit-sharing ratio between Suresh and Mahesh is 5:4

Q66(CBSE 2016)

Vikas, Vishal and Vaibhav were partner's in a firm sharing profits in the ratio of 2:2:1. The firm closes its books on 31st March every year. On 31-12-2015 Vaibhav date his died. On that Capital account showed a credit balance of Rs 3,80,000 and Goodwill of the firm was valued at Rs 1,20,000. There was debit balance of Rs 50,000 in the profit and loss account. Vaibhav's share of Profit in the year of his death was to be calculated on the basis of the average profit of last five years. The average profit of last five years was Rs 75,000.

Pass necessary Journal entries in the books of the firm on Vaibhav's death.

Q67(CBSE 2016)

A, B, C, D and E are partner sharing profit and loss in 5:4:3:2:1 respectively. D and E died in the plane crash. The goodwill of the firm on the date of death was Rs 3,00,000 and remaining partner A, B and C decided to share the profit and loss in the ratio 4:6:5 respectively.

Q68

X, Y and Z are partner sharing the profit in the ratio of X: 3/10, Y: 2/10 and Z: 5/10 and transfer to reserve 2/10. The balance sheet as at 31-3-2018 was as follow.

Liability	**Rs**	**Asset**	**Rs**
Creditors	14,000	Debtor	35,000
Reserve	20,000	Machinery	60,000
Workman compensation Reserve	10000	Patents	12,000
Capital Account	1,40,000	Stock	20,000
X 60,000		Bank	42,000
Y 50,000		Goodwill	10,000
Z 30,000		Deferred Revenue Expenditure	5,000
Total	**1,84,000**		**1,84,000**

Y died on 15th April 2018. It was agreed between her executors and the remaining partners that:

1. Goodwill be valued at 4 years' purchase of the average profits of the previous five years, which were: 2010-11: Rs 40,000; 2011-12: Rs 75,800 (Including Rs 5000 abnormal gain); 2012-13: Rs 24,000 (including Rs 4000 abnormal loss); 2013-14: Rs 32,000 and 2014-15: Rs 29,200.
2. Patents worthless and bad debt of Rs 5,000
3. Reserve to be split equally between provision for bad and doubtful debt and General reserve
4. Machinery is taken over by X at 40% of its value.
5. There is prepaid insurance of Rs 10,000 and outstanding rent of Rs 7000.
6. There is one old furniture which was not recorded in the books and same is valued at Rs 6000
7. Profit for the year 2018-19 be taken as having been accrued at the same rate as that in the previous year.

Y Executor has been paid Rs 10,000 and balance transferred to executor Loan Account.

Q69

X, Y and Z are partner sharing the profit in the ratio of X: 3/10, Y: 2/10 and Z: 5/10 and transfer to reserve 2/10. The balance sheet as at 31-3-2018 was as follow.

Liability	**Rs**	**Asset**	**Rs**
Creditors	14,000	Debtor	35,000
Reserve	20,000	Machinery	60,000
Workman compensation Reserve	10000	Patents	12,000
Capital Account	1,40,000	Stock	20,000
X 60,000		Bank	42,000
Y 50,000		Goodwill	10,000
Z 30,000		Deferred Revenue Expenditure	5,000
Total	**1,84,000**		**1,84,000**

Y died on 15th April 2018 and it was decided that X and Z will share profit of the Y in the ratio 3:2. It was agreed between her executors and the remaining partners that:

1. Goodwill be valued at 4 years' purchase of the average profits of the previous five years, which were: 2010-11: 40,000; 2011-12: 75,800 (Including 5000 abnormal gain); 2012-13: 24,000 (including Rs 4000 abnormal loss); 2013-14: 32,000 and 2014-15: 29,200.
2. Patents worthless and bad debt of Rs 5,000
3. Reserve to be split equally between provision for bad and doubtful debt and General reserve
4. Machinery is taken over by X at 40% of its value.
5. There is prepaid insurance of Rs 10,000 and outstanding rent of Rs 7,000.
6. There is one old furniture which was not recorded in the books and same is valued at Rs 6,000
7. Profit for the year 2018-19 be taken as having been accrued at the same rate as that in the previous year.

Y Executor has been paid Rs 10,000 and balance transferred to executor Loan Account.

Q70(CBSE 2014)

Ram, Rahim and Robert were partners sharing profits in 2: 3: 1 ratio respectively. The partnership deed provided that in case of death of a partner the deceased partner's share of capital will be donated for the construction of a hospital in the tribal area.

Due to ill health Robert died on 30th September, 2013. The balance sheet of Ram, Rahim and Robert on 31st March, 2013 was as follows.

Liability	**Rs**	**Asset**	**Rs**
Creditors	3,60,000	Cash	14,000
Provision for doubtful debt	10,000	Bank	2,96,000
Workman compensation Reserve	20,000	Stock	80,000
Capital Account	6,00,000	Debtor	3,00,000
Ram1,00,000		Investment	50,000
Rahim2,00,000		Land	2,50,000
Robert 3,00,000			
Total	**9,90,000**		**9,90,000**

On the date of Robert's death i.e. 30th September, 2013, the following was agreed upon

(i) Goodwill is to be valued at two years' purchase of average profits of last three completed years i.e., 2010-2011 – Rs. 45,000; 2011-2012 – Rs. 90,000 and 2012-2013 -Rs. 1,35,000.
(ii) Robert's share of profits till the date of his death will be calculated the basis of average profits of last three years.
(iii) Land was undervalued by Rs. 25,000 and stock overvalued by Rs. 8,000.
(iv) Provision for doubtful debts is to be made at 5% of Debtors.
(v) Claim of workmen compensation estimated at Rs. 5,000.

Prepare Robert' capital account to be presented to his executors. Also, identify a value that Ram, Rahim and Robert wanted to communicate to the society.

Q71

A, B and C are partner sharing profit in the ratio 2:2:1 carrying on the business with the following assets with effect from 1st April 2018: Machine 1,00,000, Stock 50,000, Debtor 70,000 Cash 30,000, Creditors 50,000. Capital is also sharing in the same ratio as profit. C died on the 1st October 2018 and his wife claimed the following from the firm

(i) His capital till the date of death
(ii) Interest on capital @5% pa
(iii) He has been drawing 1,000 per month at beginning of each month. He is allowed to retain these drawing as a part of his share of profit
(iv) Interest @6% pa on drawing
(v) Goodwill will be calculated thrice the average profit which was Rs 8,000

Q72

Reema, Seema and Geeta sharing profit in the ratio 2:2:1. Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	3,60,000	Cash	14,000
Provision for doubtful debt	10,000	Bank	2,96,000
Workman compensation Reserve	20,000	Stock	80,000
Capital Account	6,00,000	Debtor	3,00,000
Reema 1,00,000		Investment	50,000
Seema 2,00,000		Land	2,50,000
Geeta 3,00,000			
Total	**9,90,000**		**9,90,000**

Geeta died on 24th August 2018. According to the deed, the executor are entitled to

1. Her capital on the date of balance sheet
2. Interest on capital @6% pa
3. Land was valued up by 20% and all debtor was good
4. Her share of profit up to the date of death on the basis of average profit of last 3 years.
5. Her share of goodwill valued on the basis of three times the average profit of last 3 years
6. Profit for last three years were Rs 60,000, Rs 1,00,000, 80,000 respectively. Reema and Seema agreed to share the profit of Geeta in the ratio 3:2

Prepare the Geeta Account to be rendered to her executor. Also calculate the new profit-sharing ratio.

Q73

X, Y and Z sharing profit in the ratio one half to X, one fourth to Y and one fourth to Z. Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	3,60,000	Cash	20,000
Profit and Loss	2,00,000	Vehicle	2,96,000
Workman compensation Reserve	20,000	Stock	80,000
Capital Account	6,00,000	Debtor	3,00,000
X 1,00,000		Investment	50,000
Y 2,00,000		Land	4,04,000
Z 3,00,000		Loan to Y	30,000
Total	**11,80,000**		**11,80,000**

Y died on 12 June 2018. Goodwill of the firm is calculated on the basis of two- and half year purchase of last three-year profit which was Rs 1,00,000, (Rs 80,000), Rs 76,000. Profit of this year will be same as last year. Remaining partner decided to share the profit of Y in the ratio 2:3 in future. Y share was paid on 1st August 2018. The available cash on that day was supplement by the loan from banker on the security of Land.

Pass the journal entry for the above transaction and balance sheet of X and Z immediately after Y share has been paid

Q74

X, Y and Z sharing profit in the ratio 1/3 to X, 1/6 to Y and 1/6 to Z and balance to reserve account. Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	6,60,000	Cash	20,000
Profit and Loss	2,00,000	Bank	2,96,000
Contingency Reserve	20,000	Stock	80,000
Capital Account	6,00,000	Debtor	3,00,000
X 1,00,000		Machine	3,50,000
Y 2,00,000		Land	4,34,000
Z 3,00,000			
Total	**14,80,000**		**14,80,000**

In the event of the death of the partner, his executor will be entitled to the

1. The Capital as on the balance sheet date
2. His share of undistributed profit if any
3. His proportion of profit based on average profit of last three year plus 20%
4. Revaluation profit of loss. (bad debt of Rs 5,000)
5. By way of goodwill, his proportion of the total profit for the two preceding years.
6. Net profit of last three year is as follow
    a. 2015 -16: Rs 10,000
    b. 2016-17: Rs 90,000
    c. 2017-18: Rs 80,000
7. Z died on 1st June 2018 and he has withdrawn Rs 10,000 up to his date of death. Machinery was sold to fund its payment if any needed.

Prepare partner capital account, Z executor account and balance sheet of the remaining partner.

Q75

X, Y and Z sharing profit in the ratio 2:3:5 and balance to reserve account. Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	7,80,000	Cash	20,000
Profit and Loss (2017-18)	1,30,000	Bank	1,00,000
Contingency Reserve	10,000	Stock	76,000
Capital Account	6,00,000	Debtor	3,00,000
X 1,00,000		Investment	6,00,000
Y 2,00,000		Land	4,14,000
Z 3,00,000		Goodwill	20000
Investment Fluctuation Reserve	10,000		
Total	**1530000**		**1530000**

In the event of the death of the partner, his executor will be entitled to the

1. The Capital as on the balance sheet date
2. His share of undistributed profit if any
3. His proportion of profit based on sales during that period. Sales up to the death was Rs 2,00,000 and firm normally earn 30% of the sales as profit each year
4. By way of goodwill, his proportion of the total profit for the Three preceding years.
5. Net profit of last two year is as follow
   a. 2015-16: Rs 90,000
   b. 2016-17: Rs 80,000
6. Z died on 31 July 2018 and he has withdrawn Rs 20,000 up to his date of death. Investment was sold to fund its payment if any needed.
7. Creditor agree to forgo Rs 5,000 claim.

Prepare partner capital account, Z executor account and balance sheet of the remaining partner.

Q 76 (CBSE 2015 sample Paper)

Following is the Balance Sheet of Punita, Rashi and Seema who are sharing profits in the ratio 2:1:2 as on 31st March 2013.

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Creditors		38,000	Building	2,40,000
Bills Payable		2,000	Stock	65,000
Capitals:			Debtors	30,000
Punita	1,44,000		Cash at bank	5,000
Rashi	92,000		Profit and Loss Account	60,000
Seema	1,24,000	3,60,000		
		4,00,000		4,00,000

Punita died on 30th September 2013. She had withdrawn Rs 44,000 from her capital on July 1, 2013. According to the partnership agreement, she was entitled to interest on capital @8% p.a. Her share of profit till the date of death was to be calculated on the basis of the average profits of the last three years. Goodwill was to be calculated on the basis of three times the average profits of the last four years. The profits for the years ended 2009-10, 2010-11 and 2011-12 were Rs 30,000, Rs 70,000 and Rs 80,000 respectively.

Prepare Punita's account to be rendered to her executor

Q 77

X, Y and Z sharing profit in the ratio 2:3:5 and balance to reserve account. Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	7,80,000	Cash	20,000
Profit and Loss	1,30,000	Bank	1,00,000
General Reserve	20,000	Stock	2,40,000
Capital Account	10,00,000	Debtor	7,50,000
X 3,00,000		Investment	4,00,000
Y 4,00,000		Land	4,00,000
Z 3,00,000		Goodwill	20,000
Total	**19,30,000**		**19,30,000**

In the event of the death of the partner, his executor will be entitled to the

1. The Capital as on the balance sheet date
2. His share of undistributed profit if any
3. His share of revaluation of asset and liabilities
    a. Land up by 10%
    b. Stock is undervalued by 20%
    c. Bad debt of Rs 5,000 and Provision of Rs 7,000 to be maintained
    d. Creditors of Rs 2000 no longer payable
    e. There is outstanding salary of Rs 4000 which is not recorded in the books
4. His proportion of profit based on sales during that period. Sales up to the death was Rs 2,00,000. Last year firm earn Rs 4,00,000 out of Rs 12,00,000 sales made. It is expected that firm profit margin will be same this year too
5. Goodwill of the firm is Rs 1,80,000
6. Y died on 31 July 2018
7. Net amount payable to executor is transferred to the Loan account which was to be paid later.
8. Remaining partner decided to keep their capital account balance in the new profit sharing ratio.

Prepare partner capital account, Y executor account and balance sheet of the remaining partner

Q78

A, B and C sharing profit in the ratio 2:3:5 and balance to reserve account. Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	7,80,000	Cash	20,000
Profit and Loss	1,30,000	Bank	1,00,000
Contingency Reserve	20,000	Stock	2,40,000
Capital Account	10,00,000	Debtor	7,50,000
A 3,00,000		Investment	4,00,000
B 4,00,000		Land	4,00,000
C 3,00,000		Goodwill	20000
Total	**19,30,000**		**19,30,000**

B died on 1st August and his executor will be entitled to the

1. The Capital as on the balance sheet date
2. His share of undistributed profit if any
3. His share of goodwill of Rs 40,000
4. His share of revaluation of asset and liabilities
    a. Unrecorded Insurance claim of Rs 10,000
5. His share of profit from the closing of the last financial year to the date of death which amounted to Rs 5,000
6. B executor was paid Rs 47,000 on 1 August and balance in four equal installment starting from 30 September every year with interest @12% pa.

Pass the journal entry and prepare the B account and his executor account till it is finally paid

(Correction: B executor account has been prepared wrong. Interest will be calculated for 2 month and then 6 month. I Have taken directly 12 month which is wrong)

Q79

A, B and C sharing profit in the ratio 1:2:1 . Balance sheet as on 31-3-2018 is as follow

Liability	**Rs**	**Asset**	**Rs**
Creditors	7,80,000	Cash	6,20,000
Profit and Loss	1,20,000	Bank	1,00,000
Contingency Reserve	40,000	Stock	2,40,000
Capital Account	10,00,000	Debtor	7,80,000
A 3,00,000		Investment	1,00,000
B 4,00,000		Land	1,00,000
C 3,00,000			
Total	**19,40,000**		**19,40,000**

B died on 12 June 2018 and his executor will be entitled to the

1. The Capital as on the balance sheet date
2. His share of undistributed profit if any
3. His share of goodwill
    a. Goodwill of the firm is average profit of last 4 years which were
        i. 2014-15: (Rs 20,000)
        ii. 2015-16: Rs 40,000
        iii. 2016-17: Rs 65,000 (Including Rs 15,000 abnormal gain)
        iv. 2017-18: Rs 30000 (Including Rs 20,000 abnormal Loss)
4. The assets are revalued as follow
    a. Stock Rs 3,00,000, Investment Rs 5,00,000, Land Rs 2,00,000 and Creditors Rs 8,00,000
5. B given his share to A and C in 2:3
6. It is expected that company will make sale of Rs 3,00,000 during the year of Death and profit margin being 20%
7. B executor was paid Rs 2,71,000 on 1 August and balance in two equal installments starting from 30 July every year with interest @10% pa.

Pass the journal entry and prepare the B account and his executor account till it is finally paid

Q80(CBSE 2011)

X, Y and Z were partners in a firm sharing profit and losses in the ratio of 5:3:2. On 31st March, 2010 their Balance Sheet was as follows:

Liability	**Rs**	**Asset**	**Rs**
Sundry Creditors	42,500	Building	50,000
		Patent	15,000
		Machinery	75,000
Capital Account	1,75,000	Stock	37,500
X 75,000		Debtor	20,000
Y 62,500		Cash at Bank	20,000
Z 37,500			
Total	**2,17,500**		**2,17,500**

Z died on 31st July 2010. It was agreed that:

1. Goodwill be valued at two and half year's profit of the average profits of the last four years, which were as follows:
    a. 2006-2007: Rs 32,500
    b. 2007-2008: Rs 30,000
    c. 2008-2009: Rs 40,000
    d. 2009-2010: Rs 37,500
2. Machinery be valued at Rs. 70,000; Patents at Rs. 20,000 and Building at Rs. 62,500
3. For the purpose of calculating Z's share of profits in the year of his death, the profits in 2010-2011 should be taken to have been accrued on the same scale as in 2009-2010.
4. A sum of Rs 17,500 was paid immediately to the executors of Z and the balance was paid in four half yearly installments together with interest at 12% p.a. starting from 31-01-2011.

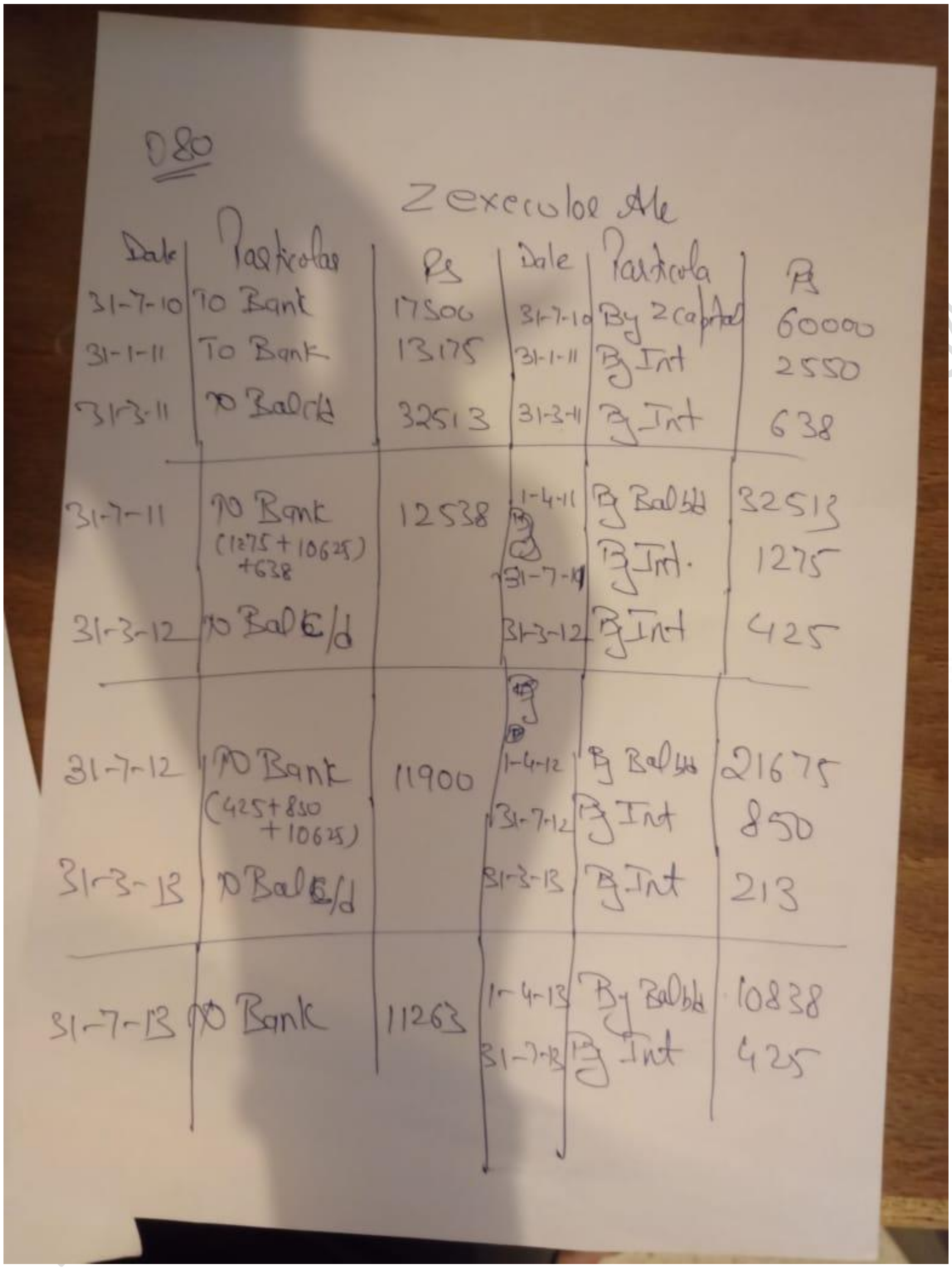
You are required to prepare Z's Capital A/c to be rendered to his

(Correction: Z executor account has been prepared only half in the Video. I am attaching here B Executor Account for your Records.

Correction

Q80 of Retirement

(Z executor Account)



Q80

Z executor A/c

Date	Particulars	Rs	Date	Particulars	Rs
31-7-10	To Bank	17500	31-7-10	By Z capital	60000
31-1-11	To Bank	13175	31-1-11	By Int	2550
31-3-11	To Bal c/d	32513	31-3-11	By Int	638
31-7-11	To Bank (1275+10625) +638	12538	1-4-11	By Bal b/d	32513
			31-7-11	By Int.	1275
31-3-12	To Bal c/d		31-3-12	By Int	425
31-7-12	To Bank (425+850 +10625)	11900	1-4-12	By Bal b/d	21675
			31-7-12	By Int	850
31-3-13	To Bal c/d		31-3-13	By Int	213
31-7-13	To Bank	11263	1-4-13	By Bal b/d	10838
			31-7-13	By Int	425

******End of Chapter*****

मेंहनत इतनी खामोशी से करो की सफलता शोर मचा दे

Chapter 6

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Dissolution of Partnership

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Lets Be Awesome In Accounts

11 - 12 - C A

CA Deepak Lalwani
Chartered Accountant
9549168168

Concept building Questions

Q1 (plain vanilla Question)

The following is the balance sheet of A and B who were sharing profit in the ratio 3:2

Balance sheet as on 31^{st} March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	1,40,000	Debtor	50000
Bill payable	10,000	Furniture	80000
General Reserve	50,000	Plant and Machinery	70,000
A Loan Account	10,000	Patent	20,000
Capital Account		Stock	1,00,000
A Capital	2,00,000	Goodwill	10,000
B Capital	1,20,000	Bank	2,00,000
Total	**5,30,000**		**5,30,000**

On 1^{st} April 2018, Partner decided to dissolve the partnership firm and asset are realized as under

Debtor Rs 45,000, Machinery Rs 40,000, Patent is worthless, stock 20% above book value, Goodwill realized 8,000

Creditors given a discount of Rs 10%.

Dissolution expense amount to Rs 5,000

Prepare the journal entry and give necessary accounts.

(Correction in the Video :

Entry Number 4 on timeline 1 hour 10^{th} Minute)	**Bank Dr 213000** **To Realisation Account 213000** **(In video I have done 285000 which is wrong**
Entry Number 7 on Timeline 1 Hour, 16^{th} Minute	**Realization Loss is Rs 108000 (when I was passing the Journal entry for Realization Account) and Not Rs 36000**

Q2 (plain vanilla Question) (Asset / Liability Taken over by partner, Loan to be Paid at higher rate)

The following is the balance sheet of A and B who were sharing profit in the ratio 3:2

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	1,40,000	Debtor	50000
Bill payable	10,000	Furniture	80,000
General Reserve	50,000	Plant and Machinery	70,000
A Loan Account	10,000	Patent	20,000
Capital Account		Stock	1,00,000
A Capital	2,00,000	Goodwill	10,000
B Capital	1,20,000	Bank	2,00,000
Total	**5,30,000**		**5,30,000**

On 1st April 2018, Partner decided to dissolve the partnership firm and asset are realized as under

Debtor Rs 45,000, Machinery Rs 40,000, Patent is worthless, stock 20% above book value

Furniture Taken over by partner A for Rs 70,000

Creditors to be paid Rs 1,45,000

Bill Payable taken over by the Partner B for Rs 8,000

A loan to be paid Rs 11,000 (Includes Interest)

Dissolution expense amount to Rs 5,000

Prepare the journal entry and give necessary accounts.

Q3 (plain vanilla Question) (Unrecorded Asset and Liability, Loan to be Paid at Lower rate, Wife Loan, Provision, No Goodwill in books)

The following is the balance sheet of A and B who were sharing profit in the ratio 3:2

Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	1,18,000	Debtor 55,000 Less Provision 5,000	50000
Outstanding Salary	2,000	Furniture	80000
Bill payable	10,000	Plant and Machinery	70,000
B Wife Loan	25,000	Vehicle	30,000
General Reserve	50,000	Stock	1,00,000
A Loan Account	10,000	Deferred Revenue Expenditure	5,000
Capital Account		Bank	2,00,000
A Capital	2,00,000		
B Capital	1,20,000		
Total	**5,35,000**		**5,35,000**

On 1st April 2018, Partner decided to dissolve the partnership firm and asset are realized as under

Debtor Rs 48,000, Machinery Rs 42,000, stock 20% below book value, Goodwill sold for Rs 15,000, Vehicle take over by partner A and B in profit sharing ratio for Rs 10,000

Furniture sold for loss of Rs 6,000

One creditor of Rs 5,000 agree to waive off its claim

Bill Payable taken over by the Partner B for Rs 8,000

There is unrecorded Asset of Rs 20,000 which was sold for Rs 18,000

There were Outstanding Rent of Rs 3,000 and same were paid Rs 2,000

Dissolution expense amount to Rs 4,000

Prepare the journal entry and give necessary accounts.

Realization Expense Points

Q4

Pass the journal entry for the following

1. Realization Expense of Rs 7,000
2. Realization Expense of Rs 6,000 paid by partner X
3. Realization Expense of Rs 8,000 paid by firm on behalf of the partner Z
4. Realization Expense of Rs 9,000 paid by partner Y on Firm Behalf
5. Realization Expense paid by the firm Rs 20,000 out of which Rs 7,000 to be bear by the partner Z
6. Realization Expense paid by the partner X Rs 40,000 out of which Rs 24,000 to be bear by the firm and balance by Partner X
7. Partner Y was allowed a remuneration of Rs 7,000 to carry on the dissolution of the firm. He was to bear all the expense of realization which amounted to Rs 9,000 which was paid by the firm
8. Partner Y was allowed a remuneration of Rs 7,000 to carry on the dissolution of the firm. He was to bear all the expense of realization which amounted to Rs 4,000 which was paid by the partner Y
9. Partner Harsh is paid Rs 30,000 for dissolution work. Realization expense of Rs 7,000 were paid by the firm
10. Partner Amit is paid Rs 30,000 for dissolution work. Realization expense of Rs 7,000 were paid by the him
11. Partner Rahul paid the realization expense of Rs 20,000 and same to be bear by the firm
12. Partner Vaibhav paid the realization expense of Rs 20,000 and same to be bear by the him
13. Partner Manoj Paid the Realization Expense of Rs 2,000

Q5(CBSE 2017)

Pass necessary journal entries on the dissolution of a partnership firm in the following cases

1. Dissolution expenses were Rs 800.
2. Dissolution expenses Rs 800 were paid by Prabhu, a partner.
3. Geeta, a partner, was appointed to look after the dissolution work, for which she was allowed a remuneration of Rs 10,000. Geeta agreed to bear the dissolution expenses. Actual dissolution expenses Rs 9,500 were paid by Geeta.
4. Geeta, a partner, was appointed to look after the dissolution work, for which she was allowed a remuneration of Rs 10,000. Geeta agreed to bear the dissolution expenses. Actual dissolution expenses Rs 9,500 were paid by Firm
5. Geeta, a partner, was appointed to look after the dissolution work, for which she was allowed a remuneration of Rs 10,000. Actual dissolution expenses Rs 9,500 were paid by Geeta.
6. Janki, a partner, agreed to look after the dissolution work for a commission of Rs 5,000. Janki agreed to bear the dissolution expenses. Actual dissolution expenses Rs 5,500 were paid by Mohan, another partner, on behalf of Janki.

7. A partner, Kavita, agreed to look after the dissolution process for a commission of Rs 9,000. She also agreed to bear the dissolution expenses. Kavita took over furniture of Rs 9,000 for her commission. Furniture had already been transferred to realization account.
8. A debtor, Ravinder, for Rs 19,000 agreed to pay the dissolution expenses which were Rs 18,000 in full settlement of his debt.

Workman Compensation Point

Q6

A and B and C are partner sharing profit and loss in the ratio 2:1:1. From 1st April 2018, they decided to dissolve the firm. Following is there balance sheet

Liabilities			
Workman Compensation Fund	20,000		

Show the accounting treatment under the following alternative cases

5. Case 1: If no other information is available
6. Case 2: if the Liability on account of Workman compensation is 16,000
7. Case 3: if the Liability on account of Workman compensation is 20,000
8. Case 4: if the Liability on account of Workman compensation is 38,000

Q7

A and B and C are partner sharing profit and loss in the ratio 2:1:1. From 1st April 2018, they decided to dissolve the firm. Workman compensation liability is Rs 80,000 and there is no workman compensation fund in the books of account.

Q8 (when there is partner loan and unrecorded Liability)

The following is the balance sheet of X and Y and Z who were sharing profit in the ratio 1/2,1/5,3/10

Balance sheet as on 31st March 2018

Liability	Rs	Asset	Rs
Creditors	1,40,000	Debtor 70,000 Less Provision 10,000	60000
Partner Loan Y	20,000	Furniture	50000
Profit and Loss	50,000	Plant and Machinery	40,000
X Capital	50,000	Patent	10,000
Y Capital	70,000	Stock	90,000
Z Capital	80,000	Bank	1,60,000
Total	**4,10,000**		**4,10,000**

On 1st April 2018, Partner decided to dissolve the partnership firm and asset are realized as under

Debtor 10% less, Furniture 10,000 below book value, Machinery sold for price 20% above book value Patent for 7,000, stock 10% less. Goodwill sold for Rs 50,000.

Creditors paid after getting a discount of 5%.

Dissolution expense amount to Rs 5,000

There were Outstanding salary of Rs 3,000 and same were paid too

Prepare the journal entry and give necessary accounts.

Q9 (Asset and Liability taken over by partner, Debit balance of Profit and Loss)

The following is the balance sheet of A, B and C who were sharing profit in the ratio 2:2:1

Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	70,000	Debtor 1,00,000 Less RDD 10,000	90,000
Partner Loan B	20,000	Vehicle	40000
General Reserve	50,000	Plant and Machinery	50,000
A Capital	1,10,000	Stock	90,000
B Capital	1,30,000	Furniture	10,000
C Capital	1,40,000	Bank	2,00,000
		Profit and Loss	40,000
Total	**5,20,000**		**5,20,000**

On 1st April 2018, Partner decided to dissolve the partnership firm and asset are realized as under

Debtor of Rs 5,000 proved bad debt. Vehicle was taken over by partner A for Rs 30,000. Creditors were paid by Partner C after getting a discount of 10%. Plant and Machinery was realized 10% below its book value. There were Outstanding salary of Rs 4,000 and same were paid. Firm also realized Rs 2,000 from Old furniture which was not there in the books

Dissolution expense amount to Rs 5,000 and same was paid by Partner B

Prepare the journal entry and give necessary accounts.

Q10 (ISC sample Paper 2017) (When asset is taken over by Creditors and Partner loan paid extra)

Diya and Riya were partners sharing profits and losses equally. On 31st March, 2016, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	60,000	Cash	30,000
Riya Loan	16,000	Debtor 42,000 Less Provision 6,000	36,000
Investment Fluctuation Fund	2,000	Stock	12,000
General Reserve	15,000	Investments	18,000
Bill Payable	20,000	Plant & Machinery	40,000
Riya Capital	30,000	Diya's Loan	2,000
Diya Capital	10,000	Vehicle	15,000
Total	**1,32,000**		**1,32,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

(i) The creditors were paid off by giving them the plant and machinery at a discount of 10% and the balance in cash.

(ii) Riya's loan was paid off with interest of ₹500.

(iii) Debtors realized 10% less of the amount due from them.

(iv) Stock was taken over by Riya at Rs 7,000.

(v) Investments realized 80% of their book value.

(vi) Realization expenses Rs 600 were paid by Diya.

You are required to prepare: (a) Realization Account. (b) Riya's Loan Account. (c) Diya's Loan Account (d)Capital account and (e) Bank Account

Q11 (Goodwill realized Nil and Liability payment information not given)

Ram and Mohan were partners. On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	60,000	Cash	25,000
Bill Payable	15,000	Furniture	40,000
Investment Fluctuation Fund	2,000	Stock	12,000
General Reserve	10,000	Investments	18,000
Ram Wife loan	5,000	Debtor	90,000
Ram Capital	1,00,000	Plant & Machinery	39,000
Mohan Capital	80,000	Goodwill	48,000
Total	**2,72,000**		**2,72,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. Partner Ram Takes over the Furniture at 20% less than the book value
2. partner Mohan took over Debtor of Rs 10,000 for Rs 8,000. Remaining debtor Realized 70% of its book value
3. Stock sold for Rs 3,000 less.
4. Plant and Machinery sold for 20,000 and unrecorded asset sold for Rs 3,000
5. Realization expense of Rs 7,000.
6. bill payable paid Rs 12,000
7. Investment taken over by partner Mohan at 90% of its book value

You are required to prepare necessary account.

Q12 (When Current Account is maintained)

Anil, Suraj and Vijay were partners sharing profit in the ratio of Fixed capital balance. On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	80,000	Cash	5,83,000
Bill Payable	30,000	Furniture	40,000
Investment Fluctuation Fund	3,000	Stock	12,000
General Reserve	20,000	Investments	18,000
		Debtor 95,000 Less Provision 5,000	90,000
Anil Capital	1,00,000	Plant & Machinery	70,000
Suraj Capital	2,00,000	Goodwill	10,000
Vijay Capital	2,00,000		
Anil Current Account	50,000		
Suraj Current Account	60,000		
Vijay Current Account	80,000		
Total	**8,23,000**		**8,23,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. Furniture for Rs 30,000, Investment for Rs 12,000 Less.
2. Half of the Stock was taken over by Suraj for 5,000 and balance sold for 20% above its book value
3. Plant and Machinery were taken over by partner Vijay at 30% of its book value
4. Goodwill realized Rs 80,000
5. Bill payable was paid by partner Anil
6. One creditor of Rs 10,000 agreed to write off Rs 2,000.
7. Realization expense of Rs 2,000 is to be bear by partner Suraj and same was paid by the firm

You are required to prepare necessary account.

Q13 (**When Unrecorded Asset is taken over by partner and partner Wife loan)**

P, Q and R were partners sharing profit in the ratio of Fixed capital balance. On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	80,000	Cash	3,85,000
P Loan	15,000	Furniture	40,000
Q Wife Loan	10,000	Stock	12,000
General Reserve	20,000	Investments	18,000
		Debtor 95,000 Less Provision 5,000	90,000
P Capital	1,00,000	Plant & Machinery	70,000
Q Capital	2,00,000	Goodwill	10,000
R Capital	2,00,000		
Total	**6,25,000**		**8,23,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. P loan was paid 14,000
2. Q took over the unrecorded asset for Rs 3,000
3. Stock was sold in auction at 20% premium
4. Goodwill realized Nil amount.
5. R agreed to pay the unrecorded Liability of Rs 5,000
6. Creditor of Rs 30,000 settled by giving the Plant and Machinery
7. Realization expense of Rs 2,000 is to be bear by partner R and same was paid by the Partner R

You are required to prepare necessary account.

Partner Loan Account

Q14

Give necessary journal entry for the settlement of the Partner Loan at the time of dissolution of the firm under the following alternative cases

1. Loan from Partner Ram Rs 80,000 and Partner Ram Capital Account (Cr balance) Rs 60,000
2. Loan from Partner Ram Rs 80,000 and Partner Ram Capital Account (Dr balance) Rs 30,000
3. Loan from Partner Ram Rs 80,000 and Partner Ram Capital Account (Dr balance) Rs 1,00,000

Q15 (When there is cash and bank balance and partner took over his wife loan and other liability)

P, Q and R were partners sharing profit in the ratio 1/8; 1/16; 1/16 On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	80,000	Cash	20,000
Outstanding Salary	10,000	Bank	3,75,000
P Loan	15,000	Furniture	40,000
Q Wife Loan	10,000	Stock	12,000
General Reserve	20,000	Investments	18,000
Workman Compensation Reserve	40,000	Debtor 95,000 Less Provision 5,000	90,000
P Capital	1,00,000	Plant & Machinery	70,000
Q Capital	2,00,000	Goodwill	40,000
R Capital	2,00,000	R Loan	10,000
Total	**6,75,000**		**6,75,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. There was an unrecorded asset of Rs 20,000 and same was sold for Rs 25,000
2. Q agreed to pay his wife loan
3. Half of the Plant and Machinery was taken over by Q at 10% less then book value
4. Q took over the unrecorded asset (market value Rs 5,000) for Rs 3,000
5. Furniture was taken over by partner Q free of cost.
6. Investment is worthless
7. R agreed to pay the unrecorded Liability of Rs 5,000
8. Creditor of Rs 10000 agreed to forgo its payment
9. Bad Debt of Rs 2,000
10. Compensation to workman paid by the firm Rs 30,000
11. Partner P was allowed a remuneration of Rs 7,000 to carry on the dissolution of the firm. He was to bear all the expense of realization which amounted to Rs 4,000 which was paid by the firm

You are required to prepare necessary account.

Q16 (CBSE 2014) (When current account has debit balance)

Shanti and Satya were partners in a firm sharing profits in the ratio of 4:1. On 31st March, 2013 their balance sheet was as follows:

Liability	Rs	Asset	Rs
Creditors	45,000	Bank	55,000
Workman compensation Fund	40,000	Debtor	60,000
Satya Current Account	65,000	Stock	85,000
		Furniture	1,00,000
		Machinery	1,30,000
Shanti Capital	2,00,000	Shanti Current Account	20,000
Satya Capital	1,00,000		
Total	**4,50,000**		**4,50,000**

On the above date the firm was dissolved: -

1. Shanti took over 40% of the stock at 10% less than its book value and the remaining stock was sold for Rs 40,000. Furniture realized Rs 80,000.
2. All unrecorded investment was sold for Rs 20,000. Machinery was sold at a loss of Rs 60,000 and Debtors realized Rs 55,000.
3. There was an outstanding bill for repairs for which Rs 19,000 were paid.

Prepare realisation account and Capital Account

Q17 (Good question when one partner is having debit balance)

A, B and C were partners sharing profit in the ratio 2:1:1 On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	80,000	Cash	10,000
Outstanding Salary	10,000	Bank	55,500
A Loan	15,000	Furniture	40,000
C Wife Loan	10,000	Stock	12,000
Outstanding Rent	5,500		
General Reserve	20,000	Investments	20,000
Workman Compensation Reserve	40,000	Debtor 1,00,000 Less Provision 7,000	93,000
A Capital	1,00,000	Bill Receivable	30,000
B Capital	2,00,000	Goodwill	50,000
C Capital	30,000	Profit and Loss	2,00,000
Total	**5,10,500**		**5,10,500**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. B agreed to took over the stock for Rs 9,000 and also agrees to make the payment to Outstanding salary
2. An unrecorded asset of Rs 10,000 was taken by partner A for Rs 8,000
3. C paid the unrecorded liability for Rs 5,000
4. Goodwill was sold for Rs 2,50,000 and Debtor were realized Rs 80,000
5. 70% of the investment was taken over by B at book value and balance sold at 20% above book value
6. Outstanding rent was settled by giving the landlord unrecorded old Furniture (market value Rs 4,000) for Rs 3,000 and balance in cash
7. Creditors were paid after getting a rebate of Rs 2,000
8. Realization expense of Rs 5,000 to be bear by the Firm and same was paid by Partner A
9. C wife loan was paid Rs 9,500

You are required to prepare necessary account.

Q18 Blank

Q19 (Discount on Creditors and Bill payable in % terms, Realization expense and rest of asset)

A, B and C were partners sharing profit in the ratio 1:2:2 On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	**Rs**	**Asset**	**Rs**
Creditors	1,00,000	Cash	10,000
Bill Payable	10,000	Bank	4,88,500
Mrs. A Loan	15,000	Furniture	40,000
Mrs. B Loan	10,000	Stock	12,000
Outstanding Rent	10,000	Investments	20,000
Investment Fluctuation Reserve	5,500	Debtor 78,000 Less Provision 8,000	70,000
General Reserve	20,000	Bill Receivable	30,000
Workman Compensation Reserve	40,000	Advertisement Suspense Account	30,000
A Capital	3,00,000	C Capital	10,000
B Capital	2,00,000		
Total	**7,10,500**		**7,10,500**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. Workman compensation liability is Rs 45,000
2. A agreed to pay his wife loan
3. Debtor realized Rs 60,000 including Rs 2000 for bad debt recovered
4. Creditors and bill payable were due on average basis of one month after the balance sheet date but they were paid immediately at 6% discount
5. There was old flower pot in the office of which market value is Rs 1,200 and same was taken over by partner B at Rs 900.
6. C agreed to took over the stock at 20% discount and also agrees to make the payment to Mrs. B Loan
7. An unrecorded asset of Rs 8,000 was taken by Landlord in settlement of its outstanding for Rs 7000
8. Goodwill of the firm realized Rs 10,000
9. Rest of the asset realized Rs 1,30,000
10. Partner Y was allowed a remuneration of Rs 7,000 to carry on the dissolution of the firm. He was to bear all the expense of realisation which amounted to Rs 4,000 which was paid by the firm
    You are required to prepare necessary account.

Q20 (CBSE 2013 sample paper)

Following is the Balance Sheet of X and Y, who share profits and losses in the ratio of 4:1, as at 31st March, 2013:

Liability	**Rs**	**Asset**	**Rs**
Creditors	8,000	Bank	20,000
Bank overdraft	6,000	Debtor 17,000 Less Provision 2,000	15,000
X bother Loan	8,000	Stock	15,000
Y loan	3,000	Investment	25,000
Investment Fluctuation Fund	5,000	Furniture	6,000
Capital X 50,000 Y 40,000	90,000	Building	19,000
		Goodwill	10,000
		Profit and Loss	10,000
Total	**1,20,000**		**1,20,000**

The firm was dissolved on the above date and the following arrangements were decided upon:

(i) X agreed to pay off his brother's loan

(ii) Debtors of Rs 5,000 proved bad

(iii) Other assets realized – Investments 20% less; and goodwill at 60%.

(iv) One of the creditors for Rs 5,000 was paid only Rs 3,000.

(v) Buildings were auctioned for Rs 30,000 and the auctioneer's commission amounted to Rs 1,000.

(vi) Y took over part of stock at Rs 4,000 (being 20% less than the book value). Balance stock realized 50%.

(vii) Realisation expenses amounted to Rs 2,000.

Prepare:

i) Realisation A/c

ii) Partners' Capital accounts

iii) Bank A/c

Q 21(When book value has to be calculated)

A, B and C were partners sharing profit in the ratio of capital. On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	1,00,000	Cash	10,000
Loan	10,000	Bank	3,26,000
Bill Payable	20,000	Furniture	70,000
		Stock	15,000
		Investments	30,000
Investment Fluctuation Reserve	3,000	Debtor 1,00,000 Less Provision 8,000	92,000
General Reserve	20,000	Goodwill	1,00,000
Workman Compensation Reserve	40,000	Advertisement Suspense Account	50,000
A Capital	3,00,000		
B Capital	1,00,000		
C Capital	1,00,000		
Total	**693000**		**6,93,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. Workman compensation liability is Rs 35,000
2. Partner A agreed to take over the Furniture at Rs 40,000 (being 20% less then book value) and partner B took over the remaining furniture at 70% of its book value less 2,000 discounts.
3. 60% of debtor was taken over by partner B at 80% of Book value and Remaining were realized by debt collection agency at 70 % of its book value
4. Partner C took over remaining asset (Except cash and Bank) at Rs 80,000
5. Partner C also agreed to discharge of the Loan along with accrued interest of Rs 500 which was not recorded in the books
6. One creditor of Rs 20,000 agreed to write off 70% of its claim and balance creditors agreed to write off 20% of its claim.

You are required to prepare necessary account.

Q22

A, B and C were partners sharing profit in the ratio 2:3:5. On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	1,00,000	Cash	10,000
Loan	10,000	Machinery	507000
Bill Payable	20,000	Furniture	70,000
General Reserve	50,000	Stock	15,000
Workman Compensation Reserve	40,000	Investments	30,000
A Capital	3,00,000	Debtor 1,00,000 Less Provision 12,000	88,000
B Capital	1,00,000		
C Capital	1,00,000		
Total	**7,20,000**		**7,20,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. Furniture was taken over by the Creditors in full and final payment.
2. Stock was taken over by partner A by paying the cash after deducting 10% discount
3. Firm sold the goodwill to the competitor for cash payment of Rs 50,000
4. bad debt of Rs 20,000.
5. Partner C took over the unrecorded Creditors of Rs 5,000
6. partner B took over the unrecorded asset (market value Rs 8,000) free of cost
7. B agreed to bear all the realization expense. for this service B is to be allowed Rs 1,000. Actual expense on realization amounted to Rs 5,000

You are required to prepare necessary account.

Q 23

Ajay, Minal and Prakash were partners sharing profit in the ratio of capital. On 31st March, 2018, the Balance Sheet of the firm was as follows:

Liability	Rs	Asset	Rs
Creditors	1,00,000	Cash	10,000
Minal Loan	10,000	Building	70,000
Bill Payable	24,000	Furniture	70,000
Employee Provident Fund	20,000	Stock	15,000
		Investments	30,000
Investment Fluctuation Reserve	3,000	Debtor 70,000 Less Provision 10,000	60,000
General Reserve	20,000	Goodwill	20,000
Workman Compensation Reserve	40,000	Advertisement Suspense Account	50,000
Ajay Capital	3,00,000	Bank	3,92,000
Minal Capital	1,00,000	Ajay Loan	10,000
Prakash Capital	1,10,000		
Total	**7,27,000**		**7,27,000**

Their firm was dissolved on above date and the assets and liabilities were settled as follows:

1. Building was first renovated for Rs 2,000 and then sold for Rs 80,000
2. Debtor Realized Rs 50,000 (including interest) and Rs 7,000 were recovered from bad debt.
3. Partner Ajay took over the investment at 120% of Book value and same he paid via cash.
4. Bill payable was due 2 month after the balance sheet date and same was paid on the balance sheet with 5% discount pa.
5. 70% of creditors were paid 5,000 less in full settlement and balance creditors were paid the full amount.
6. Unrecorded creditor of Rs 5,000 took over the unrecorded asset at 7,000 and difference they paid in cash
7. Minal Loan was paid at discount of Rs 500
8. Prakash agreed to bear all the realization expense at remuneration of Rs 4,000. Actual expense on realization amounted to Rs 5,000 and same was paid by the firm

pass the journal entry and the necessary account

When balance sheet on the date of dissolution is not given

Q24

A, B and C are partner in a firm sharing profit in the ratio 2:2:1. The asset were realized and liability are paid off. On the date of dissolution, creditors amounted to Rs 16,000 and in the course of dissolution a contingent liability of Rs 3,000 not bought into account matured and had to be met. Their capital stood at Rs 50,000, Rs 40,000 and Rs 80,000 respectively. partner C has lent to the firm Rs 38,000. Asset realized Rs 1,20,000

Prepare the realisation and partner capital account. Also show the cash account

Q25

P, Q and R are partner in a firm sharing profit in the ratio 5:3:2. On the date of dissolution, creditors were paid Rs 28,000 (book value Rs 30,000). Also, firm pay the unrecorded Liability Rs 4,000. Capital account balance stood at P (Rs 90,000), Q (Rs 80,000) and R (Rs 20,000 Debit Balance) respectively. General Reserve was Rs 20,000. Bank balance was Rs 8,000. Asset realized Rs 1,20,000. There was an unrecorded asset of Rs 1500 and same realized 3,000. Realization expense of Rs 3,000 and same was paid by firm

Prepare the realization and partner capital account. Also show the cash account

Q26

Ram and Mohan are partner in a firm sharing profit in the ratio of capital i.e. 3:2. On the date of dissolution, balances are as follow.

Total Capital: Rs 1,00,000

Creditors Rs 20000

Loan from Mrs. Mohan: Rs 7,000

General Reserve Rs 3,000

Sundry Asset other then bank balance: Rs 90,000

Asset Realized 80000 and **All the creditors** are paid at 5% discount. Realization expense of Rs 3,000 and same was paid by the partner Mohan

Prepare the realization and partner capital account. Also show the cash account

Q27

Saurabh and Rakesh are partner in a firm. On the date of dissolution, balance are as follow.

Saurabh: Credit balance of Rs 1,00,000

Rakesh (Debit Balance) Rs 20,000

Creditors Rs 80000

Amount owing by Saurabh to Firm Rs 10,000

Amount owed by the firm to Rakesh was Rs 7,000

Asset other then partner loan was realized Rs 1,10,000 (Including Bad debt recovered of Rs 2,000)

Cash balance is Rs 15,000

Realization expense paid by the firm amount to Rs 700 and same was to be bear by the partner Saurabh at agreed Remuneration of Rs 1,000

Prepare the realization and partner capital account. Also show the cash account

Q28

On 1st April 2017, P, Q, R are partner in a firm sharing profit in the ratio 3:3:4. They contributed Rs 3,00,000 and Rs 5,00,000 and Rs 2,00,000 respectively as there capital and same was deposited into bank.

Each partner Withdrawn Rs 20,000 during the year.

The firm dissolved on 31st March 2018 and partner P took over the furniture at agreed price of Rs 7,000. Similarly Partner Q took over the debtor at 21,000 and R took over the unrecorded asset at Rs 3,000. All the creditors were paid (book value Rs 40,000) and afterwards there was balance of Rs 6,000 in the bank account

Realization expense paid by partner Q amount to Rs 700 and same was to be bear by the partner Q

Prepare the realization and partner capital account. Also show the Bank account

Q29

On 1st April 2018, A, B and C are partner in a firm sharing profit in the ratio 5:3:2. Their capital stood at Rs 1,00,000, Rs 1,20,000 and Rs 1,80,000 respectively and they decided to dissolve the firm on 30 Aug 2017 and on that date the position of the firm is as follow

Debtor Rs 80,000, Bill receivable Rs 20,000, Furniture Rs 70,000, Machinery Rs 1,30,000, Creditors 25,000 and Bill payable Rs 20,000, bank Balance Rs 10,000

Partner C took over the Furniture at 10% discount and unrecorded Asset at Rs 4,000. Bill Receivable was due on 30 Sept and rebate of Rs 6% pa was given. Partner A took over the Bill payable. Realisation expense were Rs 1,000

Partner B Tool over the half machinery at 80% of its book value and balance realized at book value.

Interest of 10% to be given to partner on his capital.

Prepare the realization and partner capital account.

Q30

A, B and C are partner in a firm sharing profit in the ratio 1:2:2. On 1st April 2017, there capital stood at Rs 1,00,000, Rs 1,20,000 and Rs 1,80,000 respectively and they decided to dissolve the firm on 31-3-2018. All the partner was entitled to interest on capital @6% pa. Profit before allowing the interest on capital was Rs 40,000. partner has drawn Rs 5,000 each over the year. Creditors were paid Rs 10000 less (book Value Rs 80,000). In addition, Mr. B has let a loan to the firm of Rs 20,000. Unrecorded Creditors of Rs 8,000 took over the unrecorded asset of Rs 7,000 in full settlement of its claim. Asset Realized Rs 80,000. Realization expense is Rs 1,000.

Prepare the realization and partner capital account.

Q31

A and B are partner in a firm which was started in the 1-4-2015 with capital of Rs 60,000 and 80,000 respectively. They share profit in the ratio 2:3. They carry on the business for 2 years. In first year, they made a profit of 40,000 and in the 2nd year they made a loss of Rs 10,000. Partner withdraw Rs 2,000 each per year to meet the personal expense. As the business is making loss so they decided to close down the business. Creditors on the date of dissolution were Rs 25,000. The Asset realized 60,000 and expense on dissolution were Rs 2,000

Prepare the realization and partner capital account.

Q32

P, Q and R are partner in a firm which was started in the 1-4-2015 with capital of Rs 2,00,000, 1,50,000 and 2,50,000 respectively. They share profit in the ratio 5:3:2. They carry on the business for 3 years. In first year, they made a profit before allowing interest on capital of 1,00,000 and in the 2nd year they made a loss of Rs 2,00,000 and in third year they made a loss of 50,000. Interest on capital is allowed @10% pa. and they withdraw Rs 10,000 each per year for meeting personal expense.

As the business is making loss so they decided to close down the business. Creditors on the date of dissolution were Rs 80,000. The Asset realized 1,40,000 and expense on dissolution were Rs 2,000

Prepare the realization and partner capital account.

Q 33(ISC Specimen Question 2018)

Erica, Aditi and Tarini were partners in a firm sharing profits and losses in the ratio of 5:3:2. Due to difference of opinion, they decided to dissolve the partnership with effect from 1st April, 2017, on which date the firm's Balance Sheet was as follows

Liability	**Rs**	**Asset**	**Rs**
Employee Provident Fund	8,000	Cash at Bank	20,000
Sundry Creditor	10,000	Debtor 22000 Less Provision for DD 2000	20,000
Investment Fluctuation Reserve	4,000	Stock	12,000
		Plant and Machinery	30,000
Current Account		Land and Building	45,000
Erica 8,000		Investment	35,000
Aditi 10,000	18,000	Advertisement Suspense Account	3,000
		Tarini Current Account	5,000
Capital Account			
Erica 60,000			
Aditi 40,000			
Tarini 30,000	1,30,000		
Total	**1,70,000**		**1,70,000**

The following additional information was given:

(a) Plant & Machinery costing Rs 20,000 was taken over by Erica at Rs 16,000 and the remaining machineries realized Rs 9,000.

(b) Land & Building realized Rs 42,000.

c) Investments were taken over by Aditi at Rs 28,000.

(d) Sundry debtors included a bad debt for Rs 1,000 and the amount was realized from the good debtors subject to a cash discount of 10%.

(e) A creditor for Rs 2,000 was untraceable and other creditors accepted payments allowing 10% discount.

(f) Erica was allowed to retain the whole of the stock as her remuneration for services rendered by her in the course of dissolution of the firm.

You are required to prepare:

(i) Realisation Account. (ii) Partners' Capital Accounts. (iii) Bank Account.

Q 34 (Very Important Question)

Vishnu, raj and Manish were partners in a firm sharing profits and losses in the ratio of 5:3:2. Due to difference of opinion, they decided to dissolve the partnership with effect from 1st April, 2017, on which date the firm's Balance Sheet was as follows

Liability	Rs	Asset	Rs
Employee Provident Fund	10,000	Cash at Bank	1,63,000
Sundry Creditor	84,000	Debtor 22000 Less Provision for DD 2000	20,000
Investment Fluctuation Reserve	4,000	Stock	12,000
Commission received in advance	5,000	Plant and Machinery	30,000
Provision for Depreciation	20,000	Land and Building	45,000
Manish Loan Account	30,000	1000 Share of ABC company	35,000
Raj Loan	25,000	10 Share of Shyam Company	40,000
Vishnu Wife Loan	12,000		
Capital Account			
Vishnu 1,00,000		Advertisement Suspense Account	1,00,000
Raj 1,50,000			
Manish 5,000	2,55,000		
Total	**4,45,000**		**4,45,000**

The following additional information was given:

1. Vishnu takes over Plant and machinery at 40% of its book value.
2. Manish take over the debtor at Rs 15,000, Land at 20% of its book value
3. Raj takes over the unrecorded asset of Rs 20,000 (not mentioned in the balance sheet) in part payment of its loan.
4. Vishnu Took over the shares of ABC company at value of 20 per share
5. Shares of Shyam was valued at Rs 3000 per share and same was divided between the partner in the profit-sharing ratio
6. Goodwill realized Rs 30,000
7. Commission received in advance has to be returned after deducting Rs 1,000 for work done
8. one creditor took stock whose book value was 6,000 at value of 4,000 and balance creditors were paid at discount of Rs 9,000
9. Provident fund paid to employee 10,000
10. Balance stock was given to unrecorded creditors to satisfy its claim

You are required to prepare:

(i) Realisation Account. (ii) Partners' Capital Accounts. (iii) Bank Account.

Q 35

A, B and C were partners in a firm sharing profits and losses in the ratio of 5:3:2. Due to difference of opinion, they decided to dissolve the partnership with effect from 1st April, 2018. B was entitled to the 5% Commission on the realisation of the asset (except cash at Bank) and was to bear all the realisation expense

Firm's Balance Sheet on the balance sheet date

Liability	Rs	Asset	Rs
		Cash at Bank	389,000
Sundry Creditor	50,000	Debtor 22000 Less Provision for DD 2000	20,000
Investment Fluctuation Reserve	4,000	Stock	12,000
General Reserve	10,000	Plant and Machinery	30,000
		Land and Building	1,00,000
		Profit and Loss	50,000
A Loan	25,000		
B Wife Loan	12,000		
Capital Account			
A 1,00,000			
B 1,50,000			
C 2,50,000	5,00,000		
Total	**6,01,000**		**6,01,000**

The following additional information was given:

1. B realized, Debtor Rs 15,000, Stock at Rs 7,000, land and Building at 70% of value and plant at 20% premium on book value. Expense on dissolution was Rs 5,700 and was met by B
2. A agreed to forgo its loan
3. Commission received in advance has to be returned with penalty of Rs 500
4. one creditor took Unrecorded asset (Market value Rs 8,000) at Rs 5,000 and balance creditors were paid with discount of Rs 1,000
5. Provident fund paid to employee 10,000
6. Workman compensation Liability was Rs 7,000

You are required to prepare:

(i) Realization Account. (ii) Partners' Capital Accounts. (iii) Bank Account.

Q 36

A, B and C were partners in a firm sharing profits and losses in the ratio of 1/2,1/3,1/6. Due to difference of opinion, they decided to dissolve the partnership with effect from 1st April, 2018. Firm's Balance Sheet on the balance sheet date

Liability	**Rs**	**Asset**	**Rs**
		Cash at Bank	3,09,000
Sundry Creditor	35,000	Debtor 35,000 Less Provision for DD 5000	30,000
Investment Fluctuation Reserve	6,000	Stock	20,000
Mrs. B loan	8,000	Furniture	30,000
		Land and Building	1,00,000
Capital Account		Profit and Loss	60,000
A 1,00,000			
B 1,50,000			
C 2,50,000	5,00,000		
Total	**5,49,000**		**5,49,000**

The following additional information was given:

A agree to take over the business (except Cash at Bank) at the following valuation

1. Furniture at 20% discount, land at 10% premium, goodwill at Rs 30,000, Debtor at Rs 25,000, half of the stock at 40% above its book value and balance half at 70% less than the book value.
2. Mrs. B Loan was to be repaid and Creditor were proved at Rs 18,000 and same was taken over by A. Dissolution expense was Rs 3,000

You are required to prepare:

(i) Realization Account. (ii) Partners' Capital Accounts. (iii) Bank Account.

Q37 (when there is partner loan and unrecorded Liability)

The following is the balance sheet of X and Y and Z who were sharing profit in the ratio 2:2:1

Balance sheet as on 31st March 2018

Liability	**Rs**	**Asset**	**Rs**
Creditors	1,40,000	Debtor 70,000 Less Provision 10,000	60000
Partner Loan Y	20,000	Furniture	50000
Partner Z loan	15,000	Plant and Machinery	40,000
		Bill Receivable	25,000
Profit and Loss	50,000	Stock	90,000
X Capital	50,000	Cash	10,000
Y Capital	70,000	Bank	1,40,000
Z Capital	80,000	Partner Loan X	10,000
Total	**4,25,000**		**4,25,000**

On 1st April 2018, Partner decided to dissolve the partnership firm and asset are realized as under

1. Debtor 10% less, Machinery given to partner X at 20% of Its book value. stock was given to partner Y as commission for dissolution work. Goodwill sold for Rs 50,000.
2. Creditors were given Furniture at Rs 30,000 in settlement of Claim of Rs 35,000
3. Dissolution expense amount to Rs 5,000
4. Y loan was waived off
5. Z Loan was to be adjusted to Z capital Account for Rs 14,000
6. There were Outstanding salary of Rs 3,000 and same were paid too
7. A Bill Receivable of Rs 10,000 were received from a customer Anil and the bill was discounted with the bank. Anil become insolvent and only 30 paisa in the rupee was recovered from him.
8. Another Bill receivable received full amount

Prepare the necessary Accounts.

Q38

Give the necessary journal entry in each of the following alternative cases

1. B one of the partners was to bear all the realisation expense for which he was given a commission of 5% of net cash realized from dissolution. Cash realized from Asset Was Rs 40,000 and Cash paid to creditors were Rs 10,000
2. Realization expense paid by the firm Rs 1000 and partner was to bear the realisation expense
3. partner Ram agreed to pay off his Wife loan of Rs 10,000
4. Loss on realisation (Rs 6,000) was divided between the partner A and B in the ratio 2:1
5. A debtor whose debt of Rs 10,000 was written off in the book paid Rs 6,000 in full settlement
6. Firm Asset Realized Rs 2,00,000
7. partner X who undertakes to carry on the dissolution proceeding is paid Rs 5,000 for the same.
8. One creditor of Rs 8,000 took over the unrecorded Asset of Rs 10,000 in full settlement of its claim
9. One creditor of Rs 8,000 took over the unrecorded Asset of Rs 10,000 and paid the difference
10. Loan of Rs 20,000 advanced by the partner to the firm was refunded
11. Profit and Loss (Dr Balance) Rs 12,000. There were three partner A, B and C

Q39 (CBSE 2010 sample paper)

A and B Share profits and losses in the ratio of 5:2. They have decided to dissolve the firm. Assets and external liabilities have been transferred to Realization A/c. Pass the journal entries to affect the following:

a) Bank Loan of Rs. 12,000 is paid off.

b) A was to bear all expenses of realisation for which he is given a commission of Rs 400/-

c) Deferred Advertisement Expenditure A/c appeared in the books at Rs 28,000.

d) Stock worth Rs 1,600 was taken over by B at Rs. 1,200.

e) An unrecorded computer realized Rs 7,000.

f) There was an outstanding bill for repairs for Rs 2,000, which was paid off

Q 40(CBSE 2017 Outside Delhi paper)

Give the necessary journal entries for the following transactions on dissolution of the firm of Anita and Ravi on 31st March 2016, after the various assets (other than cash) and the third-party liabilities have been transferred to Realisation Account. They shared profits and losses in the ratio 3: 2.

(a) Ravi was to get a remuneration of Rs 23,000 for completing the dissolution process. He also agreed to bear realization expenses. Realisation expenses of Rs 10,000 were paid by Ravi from the firm's cash.

(b) Amitesh, an old customer whose account for Rs 60,000 was written off as bad debt in the previous year, paid 90%.

(c) Creditors of Rs 40,000, accepted furniture valued at Rs 38,000 in full settlement of their claim.

(d) Land and Building was sold for Rs 3,00,000 through a broker who charged 2% commission.

(e) There were 500 shares of Rs 40 each in Vision Ltd., acquired at a cost of Rs 22,000 and had been written off completely from the books. These shares are now valued at Rs 50 each and divided among the partners in their profit-sharing ratio.

(f) Profit on realization was Rs 45,000.

Q41 (CBSE 2016 Delhi)

L and M were partners in a firm sharing profits in the ratio of 2:3. On 28-2-2016 the firm was dissolved. After transferring assets (other than cash) and outsiders' liabilities to realization account you are given the following information:

(a) A creditor for Rs. 1,40,000 accepted building valued at Rs. 1,80,000 and paid to the firm Rs. 40,000.

(b) A second creditor for Rs. 30,000 accepted machinery valued at Rs. 28,000 in full settlement of his claim.

(c) A third creditor amounting to Rs. 70,000 accepted Rs. 30,000 in cash and investments of the book value of Rs. 45,000 in full settlement of his claim.

(d) Loss on dissolution was Rs. 4,000.

Pass necessary journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque

Others

Q42 (CBSE 2012) (Homework)

Parul, Payal, and Priyanka are partners in a firm. they decided to dissolve their firm. pass necessary journal entries for the following after various assets (other than cash) and third parties' liability have transferred to realization a/c:

(i)Total debtors were of Rs 76,000 and a provision for doubtful debt also stood in the books at Rs. 6,000, Rs. 12,000 debtors proved bad and rest were paid the amount due.

(ii) Parul agreed to pay off her husband Loan 7,000 at a discount of 5%.

(iii)A machine which was not recorded in the books was taken over by Payal at 3,000 whereas its expected value was 5000.

(iv)A contingent liability (not provided for) of 4000 was also discharged.

(v)The firm had a debit balance of 27,000 in the P/L a/c on the date of dissolution.

(vi) A Priyanka paid the realization expenses of 15,000 out of her pocket but she was to get a remuneration of Rs 18,000 for completing the dissolution process.

Answer:

		Debit	Credit
Bank Dr To Realization		64,000	 64000
Realization Account Dr To parul Capital		6,650	 6,650
Payal Capital Dr To Realization		3,000	 3,000
Realization Account Dr To Bank		4000	 4000
Parul Capital Dr Payal Capital Dr Priyanka capital Dr To Profit and Loss account t		9,000 9,000 9,000	 27000

********End of Chapter*******

When the desire for success does not let you sleep when there is nothing better than hard work when you do not get tired after working continuously, understand that you are going to create a new history of success.

Shared by Neeraj Chopra , Olympics Gold medalist

Chapter 7

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
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Introduction of Receipt and Payment and Income and Expenditure Account

Q1

From the following Receipt and payment account of Youth Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt		**Payment**	
To Balance b/d	1,00,000	By Printing and Stationary	20,000
		By Electricity Expense	25,000
To Subscription 2017-18 40,000 2018-19 2,00,000 2019-20 50,000	2,90,000	By Salary	50,000
To Entrance Fees	50,000	By Vehicle	80,000
To Life Membership Fees	10,000	By balance c/d	3,52,000
To Interest	5,000		
To Locker Rent	2,000		
To Donation	70,000		
	5,27,000		**5,27,000**

Adjustment

Electricity Expense of Rs 5,000 is outstanding at end of the year.

Prepare Income and Expenditure Account for FY18-19

- **Subscription Based Questions**

Q2

Calculate Subscription Income for FY18-19 (In Rs)

Particulars	**31-3-18**	**31-3-19**
Outstanding Subscription	9,500	7,000
Advance Subscription	2,800	5,200
	-	

Subscription received during Fy18-19: Rs 148,900

Q3

Calculate Subscription Income for FY15-16 in the following cases

A. Subscription Received in FY15-16: Rs 60,000
B. Subscription Received in FY15-16: Rs 60,000, Subscription of Rs 30,000 is still outstanding
C. Subscription Received in FY15-16: Rs 60,000, Advance Subscription of Rs 20,000 for FY16-17
D. Subscription received in FY15-16: Rs 60,000, Outstanding subscription at end of previous year 40,000
E. Subscription received in FY15-16: Rs 60,000. Advance subscription at end of previous year 90,000

Q4

Compute Outstanding Subscription as on 31-3-2019. Also show breakup of Outstanding Amount year vise

Particulars	**In Rs**
Club has 75 Members each paying Rs 1,000	
Subscription received during the FY18-19	80,000
Subscription advance as at 31-3-2018	15,000
Subscription advance as at 31-03-2019	10,000
Subscription Outstanding as at 31-12-2018	26,000
Subscription of Rs 12,000 still in arrears for FY17-18	

Show how you will deal with subscription in Closing Balance sheet and I &E Account for FY18-19

Q5

Compute Advance Subscription as on 31-03-2019. Also show breakup of Outstanding Amount year wise for 31-03-2019

Particulars	**In Rs.**
Club has 39 Members each paying Rs. 1,000	
Subscription received during the FY18-19	50,000
Subscription advance as at 31-3-2018	10,000
Subscription Outstanding as at 31-03-2019	9,000
Subscription Outstanding as at 31-03-2018	18,000
Subscription of Rs. 7,000 still in arrears for 2017-18	

Show how you will deal with subscription in Closing Balance sheet and I &E Account for FY18-19

Q6

Compute Advance Subscription as on 31-03-2019.

Particulars	In Rs.
Club has 39 Members each paying Rs. 1,000	
Subscription received during the FY18-19	50,000
Subscription advance as at 31-3-2018	10,000
Subscription Outstanding as at 31-03-2018	9,000
Subscription Outstanding for the year ended as at 31-03-2019	3,000
Subscription of Rs. 7,000 still in arrears for 2017-18	

Show how you will deal with subscription in Closing Balance sheet and I & E Account for FY18-19

Q7:

Receipt and Payment Account (Extract)

For the year ended 31st March 2016

Receipt		Rs	Payment	Rs
To Subscription				
2014-15	600			
2015-16	1,000	1,800		
2016-17	200			

Club has 50 members each paying Rs 25

Subscription Outstanding as on 31st March 2016 is Rs 300

Show how you will deal with subscription in Opening and Closing Balance sheet and I &E Account for FY15-16

(Correction in the Video: Under Income and Expenditure Accounts, I have written "By Income and Expenditure Accounts" by mistake. It should be "By Subscription Accounts")

Q8

Receipt and Payment Account

For the year ended 31st March 2016

Receipt		Rs	Payment	Rs
To Subscription				
2014-15	5,500			
2015-16	30,000	43,500		
2016-17	8,000			

Subscription Outstanding as on 31st March 2015 is Rs 6,500

Subscription Outstanding as on 31st March 2016 is Rs 5,000

Subscription received in advance as on 31st March 2015 is Rs 6,000

Show how you will deal with subscription in Opening and Closing Balance sheet and I &E Account for FY15-16

Q9

Receipt and Payment Account

For the year ended 31st March 2016

Receipt		Rs	Payment	Rs
To Subscription				
2014-15	5,500			
2015-16	30,000	43,500		
2016-17	8,000			

Subscription Outstanding as on 31st March 2015 is Rs 6,500

Subscription Outstanding for the year ended 31st March 2016 is Rs 5,000

Subscription received in advance as on 31st March 2015 is Rs 6,000

Show how you will deal with subscription in Opening and Closing Balance sheet and I&E Account for FY15-16

Q10

Receipt and Payment Account

For the year ended 31st March 2019

Receipt	Debit	Rs	Payment	Credit
To Subscription				
2017-18	9,000			
2018-19	1,34,400	1,48,600		
2019-20	5,200			

Subscription Outstanding as on 31st March 2018 is Rs 9,200

Subscription advance as on 31st March 2018 is Rs 2,800 (Rs 800 for 2018-19)

Total Member 1,440 each paying Rs 100 per year

Show how you will deal with subscription in Opening and Closing Balance sheet and I&E Account for FY18-19

Q 11

Receipt and payment account of Sports Club is given that's it has received Rs 3,00,000 by way of subscription during the year ended 31-03-2019

Additional information

Particulars	**In Rs.**
Subscription Outstanding as on 1-4-2018 (Out of which Rs 5000 was received in 2018-19)	7,000
Subscription Received in Advance as on 31-3-2018	5,000
Subscription Received in Advance as on 31-3-2019	4,000

Show how the subscription will appear in the income statement for the year ended 31-03-2019 and the balance sheet as at that date in each of the following cases.

1. If the subscription Outstanding for year ended 31-3-2019 is Rs 4,700
2. If the subscription Outstanding as on 31-3-2019 is Rs 4,700

Q 12

From the following information calculate the amount of subscription to be credited to the Income and expenditure account

A school has 200 student each paying Rs 5,000. The receipt and payment show a sum of Rs 7,00,000 received. The following additional information is available.

Particulars	In Rs.
Subscription Outstanding as at 31-3-2017	50,000
Subscription received in advance as on 31-3-2018	40,000
Subscription received in advance as on 31-3-2017	15,000

Show how you will deal with subscription in Opening and Closing Balance sheet and I&E Account

Q 13

Subscription received during the year ended 31-03-2015 by Sports club were as under

	Rs
FY2013-14	7,000
FY 2014-15	1,52,000
FY2015-2016	5,000

The Club has 200 member each paying Rs 100 as Monthly subscription.

Subscription outstanding as on 31-03-2014 is Rs 9,000.

Calculate the amount of subscription to be shown in the income statement and on the balance sheet as on 31-3-2015 and 31-3-2014

Special Items

Particulars	Entry
• Entrance Fees / Admission Fees	• It should be treated like any other income and transferred to the income and expenditure account • However, If question says that's it is to be capitalized then add this to capital fund and don't show in the income and statement account
• Life Membership Fees	• It should be added to Capital Fund if question is silent • If question say to take to Revenue Fund then same should be credited to Income and Expenditure Account
• Endowment Fund	• It should be added to Capital Fund if question is silent
• Legacy	• It should be added to Capital Fund if question is silent
• • Donation / Legacy	• 1. If for special Purpose then show in the balance sheet 2. If donation is of big amount then add to capital Fund 3. If donation is of small amount then show in the Income Statement • Donation is big or small depend on the size of the organization

Entrance Fees

Q14 (Entrance Fees)

How you will deal with the Entrance fees while preparing for Final account of Sports Club in Mumbai for year ended 31-3-2018 in each of the following cases

Case 1	During the Year 2017-18, Entrance Fees received Rs 5,000
Case 2	During the year 2017-18, Entrance Fees received Rs 5,000. It is the policy of the club to treat the entrance Fees as "Revenue Receipt"
Case 3	During the year 2017-18, Entrance Fees received Rs 5,000. It is the policy of Club to Treat the entrance fees as "Capital Receipt"
Case 4	During the year 2017-18, Entrance Fees received Rs 5,000. According to the policy of the club, 40% of the entrance fees is to be capitalized

Life Membership Fees

Q15 (Life Membership Fees)

How you will deal with the Life Membership fees while preparing for Final account of Sports Club in Mumbai for year ended 31-3-2018

Case 1	During the Year 2017-18, Life Membership Fees received Rs 1,00,000
Case 2	During the year 2017-18, Life Membership Fees received Rs 1,00,000. It is the policy of the club to treat the Life Membership Fees as "Revenue Receipt"
Case 3	During the year 2017-18, Life Membership Fees received Rs 1,00,000. It is the policy of Club to Treat the Life Membership Fees as "Capital Receipt"
Case 4	During the year 2017-18, Life Membership Fees received Rs 1,00,000. According to the policy of the club, 40% of the Life Membership Fees is to be capitalized

Donation

1. **Specific Donation**
    a. When the donation is for specific purpose then the donation is capitalized and shown in the liability side of the balance sheet
    b. For e.g.
        i. Donation for the Building
        ii. Donation for Temple

2. **General Donation**
    a. General Donation of Big Amount
        i. Big Donation is capitalized and shown in the liability side of the balance sheet
    b. General Donation of Small Amount
        i. Small Donation is shown in the income and statement account as income

(Whether the donation is big or small depend on the size and nature of the Organization)

Question on General Donation

Q 16

Receipt and payment extract of Youth Sports club is given below. Youth Sports club as Opening capital Fund of Rs 5,00,000. Prepare Income and Expenditure Account based on receipt and payment account given below

Receipt and payment

For the ended 31st March 2019

Receipt	**Rs**	**Payment**	**Rs**
To balance b/d	7,000		
To Donation	1,00,000		

Please tell the Treatment of Donation in the following cases

Case 1	No Information is given
Case 2	Entire Donation to be capitalized
Case 3	Donation to be treated as revenue item
Case 4	40% of Donation to be capitalized

Specific Donation:

Funds:

All the Receipt related to Specific Funds or Reserve is treated as capital receipt such as match fund, prize fund, sports fund, charity fund etc. All the Funds should be shown on the balance sheet after deducting the expense in respect of these funds.

For Ex. Prize Expense will be deducted from prize Fund

However, if the expense is more that total fund available, then the difference will be adjusted in the income and expenditure account

Q 17

Receipt and Payment

For the ended 31st March 2018

Receipt	Rs	**Payment**	Rs
To Bal b/d	1,00,000	By prize Expense	40,000
To Prize Fund	3,00,000		

There was no Opening prize fund

Prepare Income and Expenditure Account and Balance sheet for FY17-18

Q 18

Receipt and Payment

For the ended 31st March 2018

Receipt	Rs	**Payment**	Rs
To Bal b/d	1,00,000	By prize Expense	3,00,000
To Prize Fund	3,00,000		

There was no Opening prize fund

Prepare Income and Expenditure Account and Balance sheet for FY17-18

Q 19

Receipt and Payment

For the ended 31st March 2018

Receipt	Rs	**Payment**	Rs
To Bal b/d	1,00,000	By prize Expense	3,50,000
To Prize Fund	3,00,000		

There was no Opening prize fund

Prepare Income and Expenditure Account and Balance sheet for FY17-18

Q 20

Receipt and Payment

For the ended 31st March 2018

Receipt	Rs	**Payment**	Rs
To Bal b/d	1,00,000	By prize Expense	70,000
To Prize Fund	3,00,000		

There was Opening prize fund of Rs 2,00,000

Prepare Income and Expenditure Account and Balance sheet for FY17-18

Q 21

Receipt and Payment

For the ended 31st March 2018

Receipt		**Payment**	
To Bal b/d	1,00,000	By prize Expense	5,20,000
To Prize Fund	3,00,000		

There was Opening prize fund of Rs 2,00,000

Prepare Income and Expenditure Account and Balance sheet for FY17-18

Q 22

Show how you deal with the following items while preparing the Balance sheet and Income statement of a club as at 31st March 2019

Particulars	**Rs**
Sports Fund	4,00,000
8% Sports Fund Investment on 1st April 2018	4,00,000
Interest Received on Sports Fund Investment	30,000
Donation for Sports Fund	1,00,000
Sports Prize Awarded	70,000
Expense on Sports Events	10,000

Q 23

Show how you deal with the following items while preparing the Balance sheet and Income statement of a club as at 31st March 2019

Particulars	**Rs**
Sports Fund	4,00,000
8% Sports Fund Investment on 1st April 2018	4,00,000
Interest Received on Sports Fund Investment	30,000
Donation for Sports Fund	1,00,000
Sports Prize Awarded	3,50,000
Expense on Sports Events	2,50,000

Q 24

Show how you deal with the following items while preparing the Balance sheet and Income statement of a club as at 31st March 2019 (In Rs)

Prize Expense during the year FY18-19	5,00,000
Prize Fund as on 1-4-2018	4,00,000
Donation for Prize Fund	3,00,000
Sale of Tickets for Prize Function	1,00,000

Q25

Show how you deal with the following items while preparing the Balance sheet and Income statement of a club as at 31st March 2019 (In Rs)

Prize Expense during the year FY18-19	8,50,000
Prize Fund as on 1-4-2018	4,00,000
Donation for Prize Fund	3,00,000
Sale of Tickets for Prize Function	1,00,000

Q 26

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
To Tournament Income	5,00,000	By Tournament Expense	7,00,000

Prepare Income and Expenditure Account and Balance sheet for FY18-19

Q 27

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
To Tournament Income	5,00,000	By Tournament Expense	4,00,000

Prepare Income and Expenditure Account and Balance sheet for FY18-19

Q28

Show how you will the following items while preparing the income and expenditure account for the year ending on 31st March 2019 and balance sheet as at that date in each of the following alternative cases

Case 1: Prize awarded Rs 5,000

Case 2: Prize awarded Rs 3,000, Prize Fund as on 31st March 2018 Rs 50,000; Donation for Prize Received During the year 2018-19 Rs 8,000

Case 3: Prize awarded Rs 4,000, Prize Fund as on 31st March 2018 Rs 50,000; Donation for Prize Received During the year 2018-19 Rs 8,000, 10% Prize Fund Investment as on 31st March 2018 Rs 50,000, Interest received on prize Fund Investment Rs 3,000

Case 4: Prize awarded Rs 70,000, Prize Fund as on 31st March 2018 Rs 50,000; Donation for Prize Received During the year 2018-19 Rs 8,000, 10% Prize Fund Investment as on 31st March 2018 Rs 50,000, Interest received on prize Fund Investment Rs 3,000

Sale of Old Assets

- Same as normal accounting
- Profit and loss should be transferred to the Income and expenditure account
- If Furniture of Book value 5,000 sold for 4,000 then Rs 1,000 loss will be transferred to the expenditure side of the income and expenditure account

Sale of Newspaper

- It appears on the debit side of the receipt and payment account and same will be transferred to the income side of the income and expenditure account

Q29

Prepare Income and Expenditure Account based on receipt and payment account given below

Receipt and payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
To balance b/d	50,000	By Drama Expense	1,500
To Sale of Ticket for Drama	2,000		
To Sale of Newspaper	800		
To Sale of vehicle (Book value 10,000)	7,000		

Q30

Prepare Income and Expenditure Account based on receipt and payment account given below

Receipt and payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
TO balance b/d	50,000	By Drama Expense	2,300
To Sale of Ticket for Drama	2,000		
To Sale of Newspaper	800		
To Sale of vehicle (Book value Rs 10,000)	12,000		

Q31

Prepare Income and Expenditure Account based on receipt and payment account given below

Receipt and payment

For the ended 31st March 2019

Receipt	**Rs**	**Payment**	**Rs**
To balance b/d	50,000	By Diwali Mela expense	2,000
To Sale of Ticket for Diwali Mela	2,000		
To Sale of Newspaper	3,000		
To Sale of vehicle (1-7-2018)	17,000		

Opening Book value of vehicle is Rs 24,000 and depreciation rate on vehicle is 10%pa

Important Points Before Proceeding to the questions

- Books are Assets while periodicals are Expense
- Legacy
    - If question is silent, Add this to capital Fund
- If per annum word is not mentioned then apply depreciation direct without taking time factor into consideration
- Aid from Government is an income and will be shown in the income statement

Treatment of Expense:

Expense A/C: If there is prepaid and Outstanding Balance (just opposite of Subscription treatment)

Expense A/C

Debit		**Credit**	
To Balance b/d (prepaid at beginning)	xxx	By Balance b/d (O/S in beginning)	xxx
To Cash (Payment Made)	xxx	By Income and Expenditure, A/C	xxx
To Balance b/d (Outstanding at end)	xxx	By Balance c/d (Prepaid at end)	xxx

Income and Expenditure

For the ended 31st March 2016

Expense		**Income**	
To Expense for current year	xxx		

Q 32

Prepare Income and Expenditure Account

Receipt and payment

For the ended 31st March 2016

Receipt	Rs	**Payment**	Rs
To Interest	16,000	By Salaries	19,200

Salary outstanding as on 31-3-2015 is Rs 500 and on 31-3-2016 is Rs 800

Firm is having 10% Investment of Rs 2,00,000 at the beginning of the year

Q33

Prepare Income and Expenditure Account based on the Extract of the Receipt and payment below and also show the opening and closing balance sheet

Receipt and payment

For the ended 31st March 2016

Receipt	Rs	**Payment**	Rs
To Interest	2,000	By Salary	50,000

1. Salary outstanding as on 31-3-2015 is Rs 2,000
2. Salary outstanding as on 31-3-2016 is Rs 6,000
3. Salary Paid in Advance as on 31-3-2015 is Rs 4,500
4. Salary Paid in Advance as on 31-3-2016 is Rs 7,500

Interest on Investment was due Rs 400 at beginning of the year and Rs 700 at end of the year

Q34

Prepare Income and Expenditure Account based on the Extract of the Receipt and payment below and also show the opening and closing balance sheet

Receipt and payment

For the ended 31st March 2017

Receipt	Rs	**Payment**	Rs
		By Salary 2015-16 2016-17 2017-18	 4,000 70,000 8,000
		By Electricity Expense	2,,200

1. Salary outstanding as on 31-3-2016 is Rs 7,000
2. Salary outstanding as on 31-3-2017 is Rs 9,000
3. Salary Paid in Advance as on 31-3-2016 is Rs 1,000
4. Electricity bill was paid for 11 months.

Q35 (Concept Building Question)

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
To balance B/b	50,000	By Printing and Stationary	20,000
		By Electricity Expense	25,000
To Subscription	2,00,000	By prize Expense	2,000
To Donation	70,000	By Salary	5,000
To Entrance Fees	50,000	By Insurance Charges	7,000
To prize Fund	10,000	By Vehicle	8,000
To Interest	5,000	By balance c/d	3,20,000
To Locker Rent	2,000		

1. Subscription outstanding Of Rs 5,000 as on 31-03-2018 and Rs 3,000 on 31-3-2019
2. Salary Outstanding as on 31-03-2019 is Rs 1,000
3. On 31st March 2018, Club has Investment of Rs 1,00,000, Sports Equipment of Rs 40,000
4. Depreciation Rate is 15%pa for Sports Equipment and vehicle 10%pa

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q36

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt		**Payment**	
To balance B/b	40,000	By Printing and Stationary	20,000
		By Electricity Expense	25,000
To Subscription 2017-18 40,000 2018-19 2,80,000 2019-20 5,000	3,25000	By match Expense	7,000
To Donation	50,000	By Salary	5,000
To Entrance Fees	50,000	By Building (1-11-2018)	60,000
To Match Fund	10,000		
To Interest	5,000	By balance c/d	4,43,000
To Life membership fees	5,000		
To sale of Vehicle (Book value 80,000)	75,000		

1. Subscription outstanding Of Rs 70,000 as on 31-03-2018. There were total of 2000 Member with Annual subscription of Rs 150 per year
2. Electricity Outstanding as on 31-03-2018 is Rs 1,000.
3. Donation to be capitalized to the extent of 40%
4. On 31st March 2018, Club has Land Rs 5,00,000, 6% Investment of Rs 1,00,000,
5. Depreciation Rate is 15%pa for Building

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q37

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt		Payment	
To balance B/b	1,00,000	By Printing and Stationary	20,000
		By Electricity Expense	20,000
To Subscription 2017-18 60,000 2018-19 1,80,000 2019-20 7,000	247000	By prize Expense	12,000
To Donation	8,000	By Salary	5,000
To Entrance Fees	50,000	By Building (31-03-2019)	60,000
To prize Fund	10,000	By Telephone Expense	1,800
To Life membership fees	5,000	By balance c/d	4,01,200
To sale of Vehicle	1,00,000		

1. Subscription outstanding Of Rs 70,000 as on 31-03-2018. Subscription outstanding for the year ended 31-3-2019 is Rs 20000s
2. Electricity Outstanding as on 31-03-2018 is Rs 1,000 and on 31-3-2019 Rs 5,000.
3. Donation to be capitalized to the extent of 40%. Print and Stationary expense payment was for last year i.e. FY 17-18
4. Three-month Telephone expense outstanding at end of current year
5. Entrance fees to be capitalized
6. On 31st March 2018, Club has Land Rs 5,00,000, 7% Investment of Rs 1,00,000, Book value of vehicle sold is Rs 95,000
7. Depreciation Rate is 15%pa for Building

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q38

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
To balance B/b	50,000	By Rent and Taxes	20,000
		By Electricity Expense	20,000
To Subscription 2017-18 40,000 2018-19 2,00,000 2019-20 5,000	2,45,000	By prize Expense	10,000
To Donation for Building	50,000	By 6% Government bonds (31-3-19)	55,000
To Entrance Fees	50,000	By Furniture (1-04-2018)	60,000
To prize Fund	10,000	By Telephone Expense	1,800
To Life membership fees	5,000	By Expense for Holi function	2,500
To sale of Vehicle (30-06-2018)	90,000	By balance c/d	3,34,700
To Receipt from Holi Function	4000		

1. Subscription outstanding Of Rs 50,000 as on 31-03-2018. Advance subscription as on 31-3-2018 is Rs 6,000 (which includes Rs 2000 for Fy18-19). O/S subscription as on 31-3-2019 is Rs 30,000
2. Two Month rent of Rs 5,000 was outstanding both at the beginning and at the end of year
3. 70% Entrance fees to be capitalized
4. On 31st March 2018, Club has Building Rs 6,00,000, Vehicle Rs 1,00,000
5. Depreciation Rate is 15%pa for Furniture and 6% pa on Vehicle and Building 5%

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q39 (when there is deficit)

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt		Payment	
To balance B/b	3,50,000	By Rent and Taxes	20,000
		By Electricity Expense	20,000
To Subscription	325000	By prize Expense	10,000
To Donation	5,000	By Salary	5,00,000
To Entrance Fees	50,000	By Furniture (1-04-2018)	60,000
To sale of Old newspaper	10,000	By Telephone Expense	1,800
To Miscellaneous Receipt	5,000	By balance c/d	2,25,200
To sale of Vehicle (30-06-2018)	90,000		
To Interest on Investment (Book value of Investment Rs 30,000)	2,000		

1. Subscription information
   a. Subscription outstanding of Rs 50,000 as on 31-03-2018.
   b. Subscription outstanding of Rs 70,000 as on 31-03-2019.
   c. Subscription received in advance on 31st march 2018: Rs 10000
   d. Subscription received in advance on 31st march 2019: Rs 15000
2. Electricity expense outstanding for year ended 31st march 2019 is Rs 5,000
3. Interest on investment due at beginning of the year is Rs 400 and at end of year 600
4. On 31st March 2018, Club has Building Rs 6,00,000, Vehicle Rs 1,00,000
5. Depreciation Rate is 15%pa for Furniture and 6% pa on Vehicle and 20% for Building

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q 40

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	Payment	Rs
To balance b/d	70,000	By Salary	15,000
To Subscription	52,000	By Billiard table	30,000
To Entrance Fees	5,000	By Printing Exp	8,000
To Tournament Fund	24,000	By Tournament Expense	35,000
To sale of Old newspaper	1,000	By Sports Equipment (1-1-19)	50,000
To legacy	37,000	By balance C/d	72,000
To Miscellaneous Receipt	1000		
To Donation for Building	20,000		

1. On31-3-2018, subscription outstanding was Rs 2,000 (of which Rs 500 was received in FY18-19) and on 31-3-2019 subscription outstanding is Rs 4,000.
2. Salary Outstanding on 31-3-2019 is Rs 2,000. Entrance fees to be capitalized
3. On 1-4-20018, club has land of Rs 90,000, Furniture of Rs 20,000, 10% investment of Rs 40,000, Sports Equipment of Rs 70,000.
4. Depreciation charged on the Sports Equipment 6% and Depreciation Charged on Furniture 10%, and on Billiard Table was 10%pa.

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q 41

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	**Payment**	Rs
To balance b/d	80,000	By Salary	15,000
To Subscription	52,000	By Billiard table (31-3-19)	30,000
To Entrance Fees	5,000	By Ground upkeep	8,000
To Tournament Fund	24,000	By Tournament Expense	35,000
To sale of Old newspaper	1,000	By Sports Equipment	50,000
To legacy	37,000	By balance C/d	65,000
To Miscellaneous Receipt	1,000		
To interest on Investment	3,000		

1. On31-3-2018, subscription outstanding was Rs 2,000 (of which Rs500 was received in FY18-19) and for the year ended 31-3-2019 subscription outstanding is Rs 4,000.
2. Salary Outstanding on 31-3-2019 is Rs 2,000 and on 31-3-2018 is Rs 3,000
3. On 1-4-20018, club has Tournament Fund of Rs 50000, Ground of Rs 90,000, Furniture of Rs 20,000, 10% investment of Rs 40,000, Sports Equipment of Rs 70,000. Depreciation charged on the Sports Equipment, Furniture including Billiard Table was 10%pa. ¾ of the Entrance fees to be capitalized.

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Accounting for Consumables

Consumable Items like Stock of Stationary, Sports material should be dealt by preparing stock Account

Creditors A/C

Debit		**Credit**	
To Balance b/d (Advance to Creditors in beginning)	xxx	By Balance b/d (Outstanding in beginning)	xxx
To Cash (Payment Made)	xxx	By Credit Purchase (Balancing Fig)	xxx
By Balance b/d (Outstanding at end)	xxx	By Balance c/d (Advance to Creditors at end)	xxx

Stock A/C

Debit		**Credit**	
To Opening Stock	xxx	By Consumable t/f to Income and Expenditure A/C (Balancing Figure)	xxx
To Credit Purchase	xxx		
To Cash Purchase (if any)	xxx	By Closing Stock	xxx

Income and Expenditure

For the ended 31st March 2016

Expense		**Income**	
To Consumable Stock	xxx		

Q42

How you will deal with the following items while preparing for final accounts of Club

		1.4.17	**31.3.18**
Stock of Stationary		5,000	6,000
Outstanding to Creditors		7,000	4,500

Amount paid for the stationary during the year 2017-18 is Rs 50000. There was no Cash purchase

Q43

How you will deal with the following items while preparing for final accounts of Club

		1.4.17 (Rs)	**31.3.18 (Rs)**
Stock of Stationary		5,000	6,000
Outstanding to Creditors		7,000	4,500

Stationery purchased during the year ended 31-3-2018 is Rs 50,000. Cash Purchased of Rs 10,000. Calculate the amount paid to the creditors

Q44

How you will deal with the following items while preparing for final accounts of Club

		1.4.17 (Rs)	**31.3.18 (Rs)**
Stock of Sports material		6,000	5,200
Creditors for Sports Material		8,700	4,500
Advance to Supplier for sports Material		17,000	20,000

Payment to supplier for sports material during the year was Rs 2,00,000. There were no Cash Purchase.

Q45

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2019

Receipt	Rs	Payment	Rs
To balance b/d Cash Bank 10% Fixed Deposit	 9020 25780 3200	By Salary	15,000
To Subscription (Including Rs 5,000 for last year)	60,000	By Crockery Purchased	5,000
To Entrance Fees	5,000	By Match fees	8,000
To Tournament Fund	24,000	By Tournament Expense	13,000
To legacy	8000	By upkeep of Ground	5,000
To Sale of Cycle (Book value Rs 3000) (31-3-2019)	4000	By 12% Investment (1-4-2018)	20,000
To Interest	300	By Sundry Expense	2,000
To Donation	2,000	By Purchase of Cricket Material	16,000
		By Postage Stamp	9,000
		By balance C/d Cash Bank 10% Fixed Deposit	 5,000 40,100 3,200

1. On31-3-2018, subscription outstanding is Rs 9,000 and for the year ended 31-3-2019 subscription outstanding is Rs 6,000.
2. Salary Outstanding on 31-3-2019 is Rs 2,000
3. Value of Unused postage stamp is as follow
    a. 31-3-2018: Rs 1,025
    b. 31-3-2019: Rs 1,570
4. Value of Cricket Material is as follow
    a. 31-3-2018: Rs 7,040
    b. 31-3-2019: Rs 2,070
5. On 1-4-20018, club has Tournament Fund of Rs 50,000, Furniture of Rs 40,000 Ground of Rs 90,000, Depreciation charged on the Furniture and on cycle is 10%pa. Entrance fees not to be capitalized.

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q 46

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2017

Receipt		**Payment**	
To balance b/d Cash Deposit Account	 500 75,000	By Crockery Purchased	20,000
To Subscription (Including Rs 5,000 for 2015-16 and Rs 7,000 for FY 17-18)	60,000	By Books	10,000
To Entrance Fees	5,000	By Refreshment Expense (Food stuff Purchased)	7,000
To Tournament Fund	24,000	By Salary	1,000
To Refreshment Receipt (Food Stuff Sale)	8,000	By Audit Fees	2,000
		By Tournament Expense	30,000
To Interest (10% on Investment)	1,000	By Furniture Purchased (1-12-2016)	7,000
To Donation	5,000	By balance c/d Cash Deposit	 21,600 80,000
To profit on entertainment	100		

1. Arrear of subscription for 2015-16 is Rs 6,000 and arrear of subscription for 2016-17 is Rs 3,000.
2. Salary Outstanding on 31-3-2017 is Rs 2,000
3. Value of Crockery is as follow
    a. 31-3-2016: Rs 3000
    b. 31-3-2017: Rs 2000
4. On 1-4-20016, club has Tournament Fund of Rs 4,000, Furniture of Rs 40,000, Reserve Fund Rs 7,000, Depreciation charged on the Furniture is 6%pa.
5. As per bylaw, 20% of the Entrance fees and 10% of the surplus to be transferred to the reserve

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q47

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2017

Receipt	Rs	**Payment**	Rs
To balance b/d Cash	 50,000	By Sports Material	10,000
To Subscription 2015-16 2016-17 2017-18	 2,000 85,000 5000	By Books	10,000
To Entrance Fees	5,000	By Magazine	2,000
To Tournament Fund	24,000	By Salary (1-5-2016)	2,000
To government grant	7,000	By 10% Fixed Deposit (1-5-2016)	3,000
		By Tournament Expense	30,000
To Interest	250	By Furniture Purchased (31-03-2017)	10,000
To Donation	5,000	By balance c/d	1,16,250

1. There were total of 500 Member with annual subscription of Rs 200 per member
2. Salary Outstanding on 31-3-2016 is Rs 2,000
3. Value of Sports Material is as follow
    a. 31-3-2016: Rs 3,500
    b. 31-3-2017: Rs 1,200
4. On 1-4-20016, club has Tournament Fund of Rs 50000, Furniture of Rs 40,000, Reserve Fund Rs 7000, Depreciation charged on the Furniture is 6%pa.
5. As per bylaw, 20% of the Entrance fees and 40% of the surplus to be transferred to the reserve
6. 10% of the Entrance fees to be capitalized

Prepare Income and Expenditure Account for FY18-19 and balance sheet as on 31-3-2019

Q48

From the following Receipt and payment account of Surya Hospital, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2018

Receipt	Rs	**Payment**	Rs
To balance b/d Cash	47,500	By Equipment	25,000
To Subscription	80,000	By honorarium to Doctors	10,000
To Grant in Aid	5,000	By Diwali Mela Expense	2,000
To Tournament Fund	24,000	By Payment of Medicine	30,000
To Life membership Fees	7,000	By Tournament Expense	25,000
To Diwali Mela Receipt	8,000		
To Interest @8% for full year	8,000	By Furniture Purchased (31-03-2018)	10,000
To Donation	5,000	By balance c/d	82,500

	1-4-2017 (Rs)	**31-3-2018 (Rs)**
Subscription Due	**700**	**1,500**
Subscription Received in advance	**2,000**	**4,500**
Stock of Medicine	**2,000**	**5,000**
Amount due to medicine Suppliers	**7,000**	**8,000**
Value of Equipment	**70,000**	**80,000**
Value of Building	**90,000**	**85000**

Depreciation rate on Furniture is 10% pa

Prepare Income and Expenditure Account for FY17-18 and balance sheet as on 31-3-2018

Q49

From the following Receipt and payment account of Surya Hospital, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2018

Receipt	Rs	**Payment**	Rs
To balance b/d Cash	47500	By Equipment	25,000
To Subscription	80,000	By honorarium to Doctors	10,000
To Grant in Aid	5,000	By Diwali Mela Expense	2,000
To Tournament Fund	24,000	By Payment of Medicine	30,000
To Life membership Fees	7,000	By Tournament Expense	75,000
To Diwali Mela Receipt	8,000		
To Interest @8% for full year	8,000	By Furniture Purchased (31-03-2018)	10,000
To Donation	5,000	By balance c/d	32,500

	1-4-2017	**31-3-2018**
Subscription Due	**700**	**1,500**
Subscription Received in advance	**2,000**	**4,500**
Stock of Medicine	**2,000**	**5,000**
Amount due to medicine Suppliers	**7,000**	**8,000**
Value of Equipment	**70,000**	**80,000**
Value of Building	**90,000**	**85,000**

Depreciation rate on Furniture is 10% pa

Prepare Income and Expenditure Account for FY17-18 and balance sheet as on 31-3-2018

Balance as per Trial Balance

Q 50

		1.4.15 (Rs)	31.3.16 (Rs)
Advance to Creditors		1,000	3,000
Outstanding to Creditors		4,000	2,000
Stock		8,000	9,000

Payment made to creditors during the year is 50000. Cash purchase is 20% of Credit Purchase

Calculate Stock Consumed

Solutions:

Creditors A/C

Debit		**Credit**	
To Balance b/d (Advance to Creditors in beginning)	1000	By Balance b/d (Outstanding in beginning)	4000
To Cash (Payment Made)	50000	By Credit Purchase (Balancing Fig)	46000
By Balance b/d (Outstanding at end)	2000	By Balance c/d (Advance to Creditors at end)	3000

Stock A/C

Debit		**Credit**	
To Opening Stock	8,000	By Consumable t/f to Income and Expenditure A/C (Balancing Figure)	54,200
To Credit Purchase	46,000		
To Cash Purchase (20% of 46000)	9,200	By Closing Stock	9,000

Income and Expenditure

For the ended 31st March 2016

Expense		**Income**	
To Consumable Stock	54,200		

Q 51

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2017

Receipt		**Payment**	
To balance b/d Cash	50,000	By Salaries	12,000
To Subscription 2015-16: 20,000 2016-17: 1,50,000 2017-18: 6,000	1,76,000	By Rent	17,000
To Income from Drama Competition	400	By Drama Expense	1,000
To Interest	1,500	By Water and power	5,000
		By Newspaper and Periodicals	1,500
		By vehicle	20,000
		By Repair to vehicle	2,000
		By Refreshment	450
		By Closing Balance	1,68,950

1. There were total of 500 Member with monthly subscription of Rs 30. Outstanding Subscription as on 31-3-2017 is Rs 5,000
2. Rent of the building in which club operates is Rs 2,000 per month
3. Advance salary at the end of the year is Rs 4,000
4. In 2015-16, Rs 40,000 was deposited in Fixed Deposit account for 5 years with Interest rate of 6% pa.
5. Depreciation rate is 5% pa on vehicle and Building.
6. On 31-3-2016, Club has Building of Rs 80,000 and Tournament Fund of Rs 4,000

Prepare Income and Expenditure Account for FY16-17 and balance sheet as on 31-3-2016 and 31-3-2017

Q 52

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2017

Receipt		**Payment**	
To balance b/d Cash	50,000	By Salaries	12,000
To Subscription Arrear: 4,000 Current: 1,45,000 Advance: 5,000	1,54,000	By Stationary	10,000
To Profit from canteen	400	By postage	1,200
To sale of Newspaper	1,500	By Investment	20,000
To Dividend	500	By books	20,000
To Donation	1,00,000	By Prize Expense	1,000
To Entrance fees	5,000	By Repair to vehicle	1,000
		By Refreshment	450
		By Closing Balance	2,45,750

1. There were total of 500 Member with annual subscription of Rs 300. There were total outstanding of Rs 5,000 at beginning of the year.
2. Donation of Rs 30,000 was wrongly included in the Current year subscription.
3. Entire Donation and ¾ of the entrance fees to be capitalized
4. Stock of the stationary is Rs 400 at the beginning of the year and Rs 600 at end of year
5. Postage stamp was unused to the extent of Rs 500 at end of year
6. Depreciation rate is 5% pa on vehicle and Building.
7. On 31-3-2016, Club has Building of Rs 80,000, Vehicle Rs 50,000 and Prize Fund of Rs 4000

Prepare Income and Expenditure Account for FY16-17 and balance sheet as on 31-3-2016 and 31-3-2017

Q 53

From the following Receipt and payment account of Sports club, Mumbai, prepare the Income and Expenditure account

Receipt and Payment

For the ended 31st March 2017

Receipt	Rs	**Payment**	Rs
To balance b/d Cash	5,000	By Taxes	1,000
To Subscription 15-16: 4,000 16-17: 1,05,000 17-18: 45000	1,54,000	By Furniture (Purchased on 1-3-2017)	18,000
To Profit from canteen	8,000	By postage	1200
To sale of Newspaper	5,000	By Investment in 8% FD (1-4-2016)	1,00,000
To Interest	4,500	By Lighting and Heating	20,000
To Donation	80,000	By Prize Expense	1,000
To Sale of Drama Tickets	10,000	By Medicine Purchased	1,000
		By drama Expense	450
		By Closing Balance	1,23,850

1. There were total of 500 Member with annual subscription of Rs 300. Subscription of 10 member is still outstanding for 15-16
2. Stock of medicine as on 31-3-2017 is Rs 200
3. Salaries of the employee is Rs 1,000 per month. There are 2 employees of the Club
4. Donation of Rs 30,000 was wrongly included in the Current year subscription.
5. ¾ of Donation to be capitalized
6. Postage stamp was unused to the extent of Rs 500 at beginning of year and Rs 600 at end of year
7. Depreciation rate is 6% pa on Furniture and Building.
8. On 31-3-2016, Club has Building of Rs 80,000, Investment in Shares Rs 50,000 (Face value Rs 60,000) and Prize Fund of Rs 600

Prepare Income and Expenditure Account for FY16-17 and balance sheet as on 31-3-2016 and 31-3-2017

Q54

From the following Receipt and payment account of club, Mumbai, prepare the Income and Expenditure account for year ended 31-3-2016 and balance sheet as on that date.

Receipt and Payment

For the ended 31st March 2016

Receipt	Rs	**Payment**	Rs
To balance b/d Cash	2,50,000	By salaries	1,50,000
To Subscription 14-15: 10,000 15-16: 2,10,000 16-17: 30000	2,50,000	By Refreshment Expense	8,000
		By General Expense	30,000
To Entertainment Receipt	1,00,000	By Lightening Charges	20,000
To sale of Old Furniture (book value Rs 10,000)	6,000		
To sale of Newspaper	4,000	By Investment	1,00,000
		By Printing and stationary	50,000
		By vehicle	30,000
		By miscellaneous Expense	20,000
		By balance c/d	2,02,000

Club has 250 member each paying an annual subscription of Rs 1000 each. Rs 5000 are still in arrears for subscription of 2014-15. In 2014-15, ten members has paid their subscription for 2015-16 as well. Salaries paid include Rs 10,000 for 2014-15 and Rs 15,000 for 2016-17. Outstanding salaries as on 31-3-2016 is Rs 20,000. On 1-4-2015, the club owned land and building valued at Rs 10,00,000 and furniture valued at Rs 1,00,000. Interest for 3 months at 6% has accrued on Investment

Prepare Income and Expenditure Account for FY15-16 and balance sheet as on 31-3-2016 and 31-3-2015

******End of Chapter*****

कविता By सोहन लाल द्विवेदी ji

लहरों से डर कर नौका पार नहीं होती
कोशिश करने वालों की हार नहीं होती

नन्हीं चींटी जब दाना लेकर चलती है
चढ़ती दीवारों पर, सौ बार फिसलती है
मन का विश्वास रगों में साहस भरता है
चढ़कर गिरना, गिरकर चढ़ना न अखरता है
आख़िर उसकी मेहनत बेकार नहीं होती
कोशिश करने वालों की हार नहीं होती

डुबकियां सिंधु में गोताखोर लगाता है
जा जाकर खाली हाथ लौटकर आता है
मिलते नहीं सहज ही मोती गहरे पानी में
बढ़ता दुगना उत्साह इसी हैरानी में
मुट्ठी उसकी खाली हर बार नहीं होती
कोशिश करने वालों की हार नहीं होती

असफलता एक चुनौती है, स्वीकार करो
क्या कमी रह गई, देखो और सुधार करो
जब तक न सफल हो, नींद चैन को त्यागो तुम
संघर्ष का मैदान छोड़ मत भागो तुम
कुछ किये बिना ही जय जयकार नहीं होती
कोशिश करने वालों की हार नहीं होती

Chapter 8

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Issue of Shares

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CA Deepak Lalwani

Chartered Accountant

9549168168

Subscribed and Fully Paid up

Q1

The authorized capital of the Harsh Ltd is Rs 20,00,000 divided into 20000 Equity share of Rs 100 each. Out of these the company issued 15,000 Equity shares for Subscription to the public
The public applied for 14,000 shares and the money was duly received.

How will you show the Share capital account in the balance sheet of the company. Also prepare the notes to accounts for the same.

Subscribed but not Fully Paid

Q2

The authorized capital of the Amit Mill Ltd is Rs 20,00,000 divided into 20,000 Equity Share of Rs 100 each. Out of these the company issued 15,000 Equity shares for Subscription to the public and called Rs 70 per share out of Rs 100
The public applied for 14,000 Equity shares and paid the required money.
How will you show the Share capital account in the balance sheet of the company. Also prepare the notes to accounts for the same.

Subscribed but not Fully Paid

Q3

The authorized capital of the Hemant Textile Ltd is Rs 5,00,000 divided into 50,000 Equity Share of Rs 10 each. Out of these the company issued 30,000 Equity shares for Subscription to the public.
The public applied for 28,000 Equity shares. One shareholder who have applied for 400 Share fail to pay the final call of Rs 3.
How will you show the Share capital account in the balance sheet of the company. Also prepare the notes to accounts for the same.

Q4(CBSE 2015 Sample paper)

Newbie Ltd. was registered with an authorized capital of Rs 5,00,000 divided into 50,000 equity shares of Rs 10 each. Since the economy was in robust shape, the company decided to offer to the public for subscription 30,000 equity shares of Rs10 each at a premium of Rs20 per share. Applications for 28,000 shares were received and allotment was made to all the applicants. All calls were made and duly received except the final call of ` 2 per share on 200 shares. Show the 'Share Capital' in the Balance Sheet of Newbie Ltd.as per Schedule VI of the Companies Act 1956. Also prepare Notes to Accounts for the same.

Q5 (ISC 2014)

Sharp Ltd. was formed on 1st December, 2013, with a capital of Rs 5,00,000 divided into shares of Rs 10 each. It offered 80% of the shares to the public. The issue price was payable as follows:

30% of the face value per share was payable with application.

20% of the face value per share was payable with allotment.

The balance as and when required. The company did not call for the balance during the year.

All the shares offered by the company were subscribed for. The company did not receive the allotment money on 3000 shares.

You are required to:

(i) Show the Share Capital in the Balance Sheet of the Company (prepared as per Revised Schedule VI of the Companies Act, 1956) at the end of the financial year.

(ii) Prepare Notes to Accounts.

Q6 CBSE 2012 compartment)

X ltd was formed with a capital of Rs 15,00,000 divided into equity shares of Rs 10 each. Out of these 6000 shares were issued to the vendors as fully paid as purchase consideration for a building acquired and 3000 shares were issued to signatories to the memorandum of Association as fully paid. The director offered 19,500 shares to the public and called up Rs 6 per share and received the entire called up amount on shares allotted. Prepare a balance sheet showing share capital as per schedule III part 1 of companies act 2013 from the above transaction in the books of X ltd.

Journal Entry Questions

Q7

Manish Textile Ltd was registered with the authorized capital of Rs 45,00,000 shares divided into 4,50,000 shares of Rs 10 each. Company invited application for 20000 shares of Rs 10 each. Payment schedule was as follow

Rs 3 on application
Rs 2 on Allotment
Rs 4 on First Call
Rs 1 on Final Call

All the shares were applied. You are required to prepare the journal entry, ledger account and show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received.

Q8

Tata India Ltd was registered with the authorized capital of Rs 45,00,000 shares divided into 4,50,000 shares of Rs 10 each. Company invited application for 20000 shares of Rs 10 each. Payment schedule was as follow

Rs 3 on application
Rs 2 on Allotment
Rs 4 on First Call
Rs 1 on Final Call

Application were received for 18,000 Share. You are required to prepare the journal entry and show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received. Share issue expense amounted to Rs 5,000.

Q9

Sumit Mill Ltd was registered with the authorized capital of Rs 40,00,000 shares divided into 4,00,000 shares of Rs 10 each. Company invited application for 20000 shares of Rs 10 each. Payment schedule was as follow

Rs 3 on application
Rs 2 on Allotment
Rs 4 on First Call
Rs 1 on Final Call

Application were received for 21000 Share. Application of 1,000 Share were refunded. And balance share allotted. You are required to prepare the journal entry, ledger account and show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received.

Premium Concept

Q10

Ram Metals Ltd was registered with the authorized capital of Rs 45,00,000 shares divided into 4,50,000 shares of Rs 10 each. Company invited application for 20000 shares with premium of Rs 2. Payment schedule was as follow
Rs 2 on application
Rs 5 on Allotment (Including Premium of Rs 2)
Rs 3 on First Call
Rs 2 on Final Call

All the shares were applied. You are required to prepare the journal entry show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received.

Q11

Hari Om Ltd was registered with the authorized capital of Rs 20,00,000 shares divided into 20,000 shares of Rs 100 each. Company invited application for 15000 shares with premium of Rs 30. Payment schedule was as follow
Rs 20 on application
Rs 70 on Allotment (Including Premium)
Rs 40 on First and Final Call

Application were received for 14,000 Share. You are required to prepare the journal entry show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received. Share issue expense amounted to Rs 22,000 which was written off against securities premium Account.

(Video Correction : While passing the Entry Number 2 , I have credited Equity share Allotment accounts Instead of Equity Share Capital Accounts. Please correct this. Right Entry will be

Equity Share Application Dr 2,80,000
To Equity Share Capital Account 2,80,000

Q12

Hari Om Ltd was registered with the authorized capital of Rs 20,00,000 shares divided into 20,000 shares of Rs 100 each. Company invited application for 15000 shares with premium of Rs 30. Payment schedule was as follow
Rs 20 on application
Rs 70 on Allotment (Including Premium)
Rs 40 on First and Final Call

Application were received for 17,000 Share. Application for 2,000 share were rejected. You are required to prepare the journal entry show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received. Share issue expense amounted to Rs 22,000 which was written off against securities premium Account.

Q13

Tata Steel Ltd invited application for issuing 20,000 equity shares of Rs 10 each per share. The whole amount was payable on application. The issue was fully subscribed. Pass the necessary journal entries.

Q14

Reliance Ltd invited application for issuing 20,000 equity shares of Rs 10 each at a premium of Rs 2 per share. The whole amount was payable on application. The issue was fully subscribed. Pass the necessary journal entries.

Q15

Reliance Ltd invited application for issuing 20,000 equity shares of Rs 10 each at a premium of Rs 2 per share. The whole amount was payable on application. Share subscribed 25,000 Share. Out of these 5,000 Share rejected. Pass the necessary journal entries.

Q16

Reliance Ltd invited application for issuing 20,000 equity shares of Rs 10 each at a premium of Rs 2 per share. The whole amount was payable on application. Share subscribed 18,000 Share. Pass the necessary journal entries.

Prepare the cash book

Q17

A limited company offered for subscription 40,000 equity shares of Rs 10 each at premium of Rs 3 per share

The amount on Equity shares was payable as thus

- On Application: Rs 5 per share
- On Allotment: Rs 4 Per Share (including a premium)
- On First Call: Rs 4 Per share

All the shares were fully subscribed, called up and paid

Record these transactions in the journal and cash book of the company.

Q18

A limited company offered for 7,000, 9% preference shares of Rs 10 each at par.

The amount of preference shares was payable as follow

- On Application: Rs 2 per share
- On Allotment: Rs 5 Per Share
- On First Call: Rs 3 Per share

All the shares were fully subscribed, called up and paid

Record these transactions in the journal and cash book of the company.

Issue of shares at discount

Not Allowed

Issue of shares for consideration other than cash

Q19

X Ltd. purchased the business of Y ltd for Rs 8,00,000 payable in fully paid shares of Rs 10 each. What entries will be made in the books of X ltd if such issue is

1. At Par
2. At premium of 20%

Q20

Ramesh Ltd issued 40,000 shares of Rs 10 each credited as fully paid to the promoter for their service. It also issued 25000 shares of Rs 10 each credited as fully paid to the underwriter for their commission. give Journal entries.

Q21

Y ltd purchased a running business from Z ltd for a sum of Rs 20,00,000 payable 30% via cheque and balance by issue of Fully paid Equity shares of Rs 10 each at a premium of Rs 4. The asset and liabilities consisted of the following

Plant Rs 4,00,000

Building Rs 5,00,000

Debtor Rs 3,00,000

Cash 3,50,000

Creditors 1,50,000

Pass the journal entry in the books of Y ltd.

Q22 (CBSE 2017 sample Paper)

king ltd took over the asset of Rs 25,00,000 and liabilities of Rs 6,00,000 of Queen Ltd. Kind Ltd paid the purchase consideration by issuing 10,000 equity shares of Rs 100 each at premium of 10% and Rs11,00,000 by bank draft. calculate purchase consideration and pass the necessary journal entry in the books of the King Ltd.

Q 23(CBSE 2017 sample Paper)

Samsung Ltd issued fully paid equity shares of Rs 10 each at premium of 40% for the purchase of a running business from VIP Bros for sum of Rs 4,20,000. The asset and liabilities consisted of the following

Plant Rs 18,00,000

Stock Rs 2,00,000

Debtor Rs 3,00,000

Cash 3,50,000

Creditors 1,50,000

Pass the journal entry in the books of Samsung ltd.

Q24 (CBSE 2017, Outside Delhi)

SICO ltd took over the asset of Rs 4,80,000 and liabilities of Rs 80,000 of Mittal Ltd for a consideration of 3,20,000. Rs 20,000 were paid by an acceptance in favour of Mittal ltd payable after 3 month and balance by issue if fully paid 8% preference share of Rs 100 each at premium of 50%. pass the necessary journal entry for the above transaction in the books of SICO ltd

Call in Arrears

Q25

X ltd made a first call of Rs 3 per share on 10,000 shares. One shareholder holding 700 shares did not pay the first call but when the company made a final call of Rs 2 per share, he paid all the arrears

Pass the journal entry in the following cases

1. Without opening Call in arrears
2. With opening call in arrears

Interest on Call in arrears

Not In course

Q26

Amit Ltd issued 22,000 Equity shares of Rs 100 each at premium of 20%. Payment to be done as follow: Rs 20 on application, Rs 60 on Allotment, Rs 40 on First and final call.

The application was received for 20,000 shares and all were accepted. All the money was duly received except first and final Call on 500 Share

Pass the journal entry and prepare cash book of the company in the following cases

1. Without opening Call in arrears
2. With opening call in arrears

Call paid in Advance

Q27

Manish Textile Ltd invited application for 27,000 shares of Rs 10 each. Payment schedule was as follow

1st April 2018 Rs 3 on application
1st June 2018 Rs 3 on Allotment
1st Sept 2018 Rs 2 on First Call
1st Nov 2018 Rs 2 on Final Call

Application was received for 25,000 shares and all were accepted. Mira who had 1000 share paid the Final call along with first call.

You are required to prepare the journal entry

Q28

Suraj Works Ltd invited application for 40000 shares of Rs 10 each at 12 Rs per share. Payment schedule was as follow

1st April 2018 Rs 3 on application
1st June 2018 Rs 5 on Allotment (Including Rs 2 Premium)
1st Sept 2018 Rs 2 on First Call
1st Nov 2018 Rs 2 on Final Call

Application was received for 40,000 shares and all were accepted. Ram who had 3,000 shares paid the first call along with allotment.

You are required to prepare the journal entry

Q29

Suraj Works Ltd invited application for 40000 shares of Rs 10 each at 12 Rs per share. Payment schedule was as follow

1st April 2018 Rs 3 on application
1st June 2018 Rs 5 on Allotment (Including Rs 2 Premium)
1st Sept 2018 Rs 2 on First Call
1st Nov 2018 Rs 2 on Final Call

Application was received for 40,000 shares and all were accepted. Ram who had 3000 shares paid the first call along with allotment.

You are required to prepare the journal entry

Q30

on 1-1-2018, Y Ltd received in advance the First Call of Rs 3 per share on 20,000 shares. The first call was made on 27-1-2018.

Journalize the above transaction and transfer the advance to the first call account by opening a call in advance Account.

Call in arrears and Call in advance Both

Q31

Varun Mills Ltd was registered with an authorized capital of 8,000 Share of Rs 100 each. It issued 5,000 shares payable Rs 20 on application, Rs 30 on allotment, Rs 10 on first call and balance as and when required.

All money payable on application and allotment were duly received, but when the first call was made, one shareholder holding 200 shares failed to pay the amount due and another shareholder holding 300 shares paid them in full

Record these transactions in the journal of the company and show the balance sheet.

Q32

A company was registered with an authorized capital of Rs 10 each. It issued 30,000 shares payable Rs 2 on application, Rs 1 on allotment, Rs 4 on first call and balance in second call.

All money payable on application and allotment were duly received, but when the first call was made, one shareholder holding 1,000 shares failed to pay the amount due and another shareholder holding 2000 shares paid them in full along with first call. At the time of final call, arrear of 1st Call was also received.

Record these transactions in the journal of the company and show the balance sheet.

Q 33 (CBSE 2016)

On 1-1-2016 the first call of Rs3 per share became due on 1,00,000 equity shares issued by Kamini Ltd. Karan a holder of 500 shares did not pay the first call money. Arjun a shareholder holding 1,000 shares paid the second and final call of Rs 5 per share along with the first call. Pass the necessary journal entry for the amount received by opening 'Calls-in arrears' and 'Calls-in-advance' account in the books of the company.

Q34

Ram Metals Ltd was registered with the authorized capital of Rs 45,00,000 shares divided into 4,50,000 shares of Rs 10 each. Company invited application for 20,000 shares with premium of Rs 3.
Payment schedule was as follow
Rs 3 on application
Rs 5 on Allotment (Including Premium of Rs 1)
Balance on First and Final Call

All the shares were applied. You are required to prepare the journal entry show the share capital in the balance sheet of the company assuming that all sums due on Allotment and calls have been received.

Over Subscription of shares

Q35

X ltd invited application for 30,000 shares of Rs 10 each payable as follow

Rs 2 on application, Rs 3 on allotment, Rs 2 on first call and Rs 3 on Second call.

Public applied for 40,000 shares and the allotment were made as under

To Application for 20,000 shares	Full
To Application for 12,000	10,000 Share
To Application for 8,000	Nil share

All the money was duly received.

1. Pass the journal entries
2. Which value has been affected by making the full allotment to some application and rejecting the 8,000 shares. Any other better alternative?

Q36

X ltd invited application for 30,000 Equity shares of Rs 10 each with Rs 2 premium payable as follow

Rs 2 on application, Rs 5 on allotment (Including Rs 2 on Premium), Rs 5 on first and Final call

Public applied for 60,000 shares and the allotment were made as under

To Application for 20,000 shares	Full
To Application for 12,000	2,000 shares
To Application for 10,000	8,000 shares
To Application for 18,000	Nil share

All the money was duly received. Over-payments on application were to be applied towards sums due on allotment and first and final call.

1. Pass the journal entries

Q37

X ltd invited application for 30,000 Equity shares of Rs 10 each with Rs 2 premium payable as follow

Rs 2 on application, Rs 5 on allotment (Including Rs 2 on Premium), Rs 5 on first and Final call

Public applied for 60,000 shares and the allotment were made as under

To Application for 20,000 shares	Full
To Application for 12,000	1,000 shares
To Application for 10,000	9,000 shares
To Application for 18,000	Nil share

All the money were duly received. Over-payments on application were to be applied towards sums due on allotment and first and final call. Pass the journal entries

Q38

X ltd invited application for 30,000 Equity shares of Rs 10 each with Rs 2 premium payable as follow

Rs 2 on application, Rs 5 on allotment (Including Rs 2 on Premium), Rs 5 on first and Final call

Public applied for 60,000 shares and the allotment were made as under

To Application for 20,000 shares	Full
To Application for 12,000	2,000 shares
To Application for 10,000	8,000 shares
To Application for 18,000	Nil share

All the money were duly received.

Pass the journal entries

Q39 (CBSE 2013)

Srijan Limited issued Rs. 10,00,000 new capital divided into Rs. 100 shares at a premium of Rs. 20 per share, payable as under:

On Application Rs. 10 per share

On Allotment Rs. 40 per share (including premium of Rs. 10 per share)

On First and Final Call Balance

Over-payments on application were to be applied towards sums due on allotment and first and final call. Where no allotment was made, money was to be refunded in full. The issue was oversubscribed to the extent of 13,000 shares. Applicants for 12,000 shares were allotted only 2,000 shares and applicants for 3,000 shares were sent letters of regret and application money was returned to them. All the money due was duly received. Give Journal Entries to record the above transactions (including cash transactions) in the books of the company.

Q40 (CBSE 2013)

Company has offered to the public 20,000 shares @Rs 12 including premium of Rs. 2 per share payable entirely on application. All the shares got subscribed

Q41

Company issued 20,000 of Rs 10 at a premium of Rs. 3 per share, payable as under:

On Application Rs. 4 per share (3+ Rs 1 Premium)

On Allotment Rs. 3 per share (including premium of Rs. Rs2 per share)

Final Call: Rs 6

Application were received for 23,000 Shares. Company rejected 3,000 shares and refunded the amount.

All the money due was duly received. Give Journal Entries to record the above transactions in the books of the company.

Q 42 (CBSE 2016)

To provide the employment to the youth and to develop the Naxal affected area of Chhattisgarh, X ltd decided to set up a power plant. For raising funds, the company decided to issue 7,50,000 equity shares of Rs 10 each at premium of 50%. The whole amount was payable on application. Application for 20,00,000 shares were received.

Application for 50,000 shares were rejected and shares were allotted to the remaining application on pro rata basis.

pass the necessary journal entries for the above transaction in the books of the company and identify any two values which X ltd want to propagate

Q43

Company issued 40,000 of Rs 10 at a premium of Rs. 4 per share, payable as under:

On Application Rs. 4 per share (including premium of Rs.1 per share)

On Allotment Rs. 5 per share (including premium of Rs.2 per share)

Final Call: balance

Application were received for 42,000 Shares. Company rejected 2,000 shares and refunded the amount.

All the money due was duly received. Give Journal Entries to record the above transactions in the books of the company.

When oversubscription and call in arrear or advance

Q44 (CBSE 2013)

Vimal Limited issued 20,000 shares of Rs. 10 each, payable as under:

On Application Rs. 2 per share

On Allotment Rs. 3 per share

On First Call 4

On Second and Final Call: Rs 1

Application are received for 25,000 shares and the director made the allotment as follow

1. No Allotment to application for Rs 2,000
2. Rest of share were allotted on pro rata basis.

All calls duly made and paid except

1. Ram, a holder of 200 share paid the two call with allotment
2. Manish, a holder of 300 share fail to pay the 1st and 2nd call money
3. Virat, a holder of 100 share fail to pay the 2nd call money

Pass the journal entry to record the above transaction assuming company open the call in arrears

Q45 (Same as Q44, Just Call in Arrears account is not to be opened)

Vimal Limited issued 20,000 shares of Rs. 10 each , payable as under :

On Application Rs. 2 per share

On Allotment Rs. 3 per share

On First Call 4

On Second and Final Call : Rs 1

Application are received for 25,000 shares and the director made the allotment as follow

1. No Allotment to application for Rs 2,000
2. Rest of share were allotted on pro rata basis.

All calls duly made and paid except

4. Ram, a holder of 200 share paid the two call with allotment
5. Manish, a holder of 300 share fail to pay the 1st and 2nd call money
6. Virat, a holder of 100 share fail to pay the 2nd call money

Pass the journal entry to record the above transaction assuming no call- in arrear account is opened.

Q46

On 1st April 2018, Sangeeta Limited offered to the public 60,000 shares of Rs. 10 each , payable as under :

On Application Rs. 3 per share

On Allotment Rs.2 per share (On 1st June 2018)

On first and Final call (two months after allotment): Rs 5

Public applied for 94,000 shares and the application money was duly received on April 20, 2018. Application of 4,000 share were rejected and application for 90,000 shares were allotted 60,000 shares.

Pass the journal entry to record the above transaction in the books of the company if

1. The amount due has been duly received
2. The company maintain the combined account for application and allotment.

Forfeiture of Shares

Forfeiture of shares when share were issued at par

Q47

Ram was holding 200 shares of Rs 10 each of a company on which he has paid Rs 2 on application, Rs 3 on allotment but could not pay the first call of Rs 4. If the shares of the ram were forfeited by the director after the first call, pass the journal entry if the caller in arrear were not opened

Q48

Ram was holding 400 shares of Rs 10 each of a company on which he has paid Rs 2 on application, Rs 3 on allotment but could not pay the first call of Rs 4. If the shares of the ram were forfeited by the director after the first call, pass the journal entry if the call-in arrear were opened

Q49

Ram was holding 400 shares of Rs 10 each of a company on which he has paid Rs 2 on application, Rs 3 on allotment but could not pay the first call of Rs 4 and Second and Final Call of Rs 1. If the shares of the ram were forfeited by the director after the Final call, pass the journal entry if the caller in arrear were not opened

Q50

Ram was holding 400 shares of Rs 10 each of a company on which he has paid Rs 2 on application, Rs 3 on allotment but could not pay the first call of Rs 4 and Second and Final Call of Rs 1. If the shares of the ram were forfeited by the director after the Final call, pass the journal entry if the cal in arrear were opened

Forfeiture of shares when share was issued at premium and premium is received.

Q51

X ltd issued 100 shares of Rs 10 each to Ram at premium of Rs 4 per share. Of total Amount, Rs 3 have been received on application and Rs 5 on allotment (Including the premium). First call of Rs 3 not received. Pass the journal entry if the share has been forfeited after the first call in the following cases

1. If Call in arrear is non- opened
2. If the call-in arrear is opened

Q52

X ltd issued 100 shares of Rs 10 each to Ram at premium of Rs 3 per share. Amount called as follow

Rs 2 have been received on application

Rs 7 on allotment (Including the premium).

First call of Rs 2 and Final call of Rs 2

Ram has not paid First and Final Call and his share has been forfeited

Pass the journal entry

1. If Call in arrear is non opened
2. If the call-in arrear is opened

Forfeiture of shares when share was issued at premium and premium is not received

Q53

X ltd issued 400 shares of Rs 10 each to Ram at premium of Rs 4 per share. Of total Amount, Rs 3 have been received on application. Ram has not paid the Rs 5 on allotment (Including the premium), First call of Rs 3. pass the journal entry if the share has been forfeited after the first call

if

1. Call in arrear were not opened
2. Call in arrear were opened

Q54

Ram was holding 400 shares of Rs 10 each of a company on which he has paid Rs 4 on application. Ram has not paid Rs 3 (Including Rs 1 Premium on allotment), first call of Rs 3 and balance on final call. If the shares of the ram were forfeited by the director after the Final call, pass the journal entry if

1. Call in arrear were not opened
2. Call in arrear were opened

Q55

Ram was holding 400 shares of Rs 10 each of a company with a premium of Rs 2 on which he has paid Rs 2 on application and Rs 4 on allotment but Ram has not paid Rs 5 (Including Rs 2 Premium) due on first call. Final call of Rs 1 not called up by the company. If the shares of the ram were forfeited by the director after the First call, pass the journal entry if

1. Call in arrear were not opened
2. Call in arrear were opened

Q56

Ram was holding 400 shares of Rs 10 each of a company with a premium of Rs 3 on which he has paid Rs 3 on application and Rs 3 (including premium of Rs 2) on allotment. Ram has not paid Rs 4 (Including Rs 1 Premium) due on first call and Rs 1 due on second call. Final call not called up by the company. If the shares of the ram were forfeited by the director after the Second call, pass the journal entry if

1. Call in arrear were not opened
2. Call in arrear were opened

Re-issue of Forfeited Shares

If the shares were issued at Par

If the shares were issued at Par	**Bank Account** **To Share Capital Account**
If the shares are reissued at premium	**Bank Account** **To Share Capital Account** **To Security Premium Reserve**
If the shares are reissued at Discount	**Bank Account** **Share Forfeiture Account** **To Share Capital Account**

Reissue of Shares

Q57 (Basic Concept Question of Reissue of Shares)

Pass the journal entry for the forfeiture and reissue in the following cases

1. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued the same to Mohan for Rs 9 per share
2. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued the same to Mohan for Rs 11 per share
3. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued the same to Mohan for Rs 3 per share
4. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued the same to Mohan at maximum discount allowed by law
5. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued 200 share the same to Mohan for Rs 9 per share
6. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued 200 share the same to Mohan for Rs 11 per share
7. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued 200 shares to Mohan for Rs 7 per share
8. B ltd forfeited 500 shares of Ram of Rs 10 each fully called up for non-payment of First call of Rs 2 and Final Call of Rs 1 and reissued 200 shares to Mohan at maximum discount allowed by law

Q58

Pass the journal entry for the forfeiture and reissue in the following cases

1. A ltd forfeited 300 shares of Jatin of Rs 10 each fully called up for non-payment of Final call of Rs 3 per share and reissued to Amit as fully paid for Rs 10 per share
2. C ltd forfeited 2,000 shares of Varun of Rs 10 each fully called up for non-payment of Allotment (Rs 1), First call (Rs 3) and Final call (Rs 2) per share and reissued 500 shares to Amit as fully paid for Rs 12 per share
3. Hamid Mills Ltd forfeited 200 shares of Rs 10 each fully called up on which holder has paid only the application money of Rs 2 per share. out of these 50 shares were re-issued at Rs 12 per share.
4. A ltd forfeited 300 shares of Jatin of Rs 10 each for non-payment of First call of Rs 3 per share. Final Call of Rs 2 has not been called yet. Same share has been reissued to Sunil as Rs 7 per share

5. A ltd forfeited 300 shares of Jatin of Rs 10 each for non-payment of First call of Rs 3 per share. Final Call of Rs 2 has not been called yet. Same share has been reissued to Sunil at Rs 8 per share as fully called up
6. Y ltd forfeited 300 shares of Mayank of Rs 10 each, 7 called up on which he had paid only the application and allotment money of Rs 3 per share. Out of these 100 shares were reissued as fully paid for Rs 9 per share.
7. Ansari Ltd forfeited 200 shares of Rs 10 each, Rs 7 called up for non-payment of First call of Rs 2 per share. Out of these 50 shares were immediately re issued at Rs 6 per share.
8. Aashima Ltd forfeited 800 shares of Rs 10 each on which first call of Rs 2 not paid and Final call of Rs 2 has not been called up. Out of these 500 shares were reissued as Rs 9 paid up for Rs 7 per share.
9. Aashima Ltd forfeited 800 shares of Rs 10 each on which first call of Rs 2 not paid and Final call of Rs 2 has not been called up. Out of these 500 shares were reissued at Rs 11 as fully paid up
10. Aashima Ltd forfeited 800 shares of Rs 10 each on which first call of Rs 2 not paid and Final call of Rs 2 has not been called up. Out of these 500 shares were reissued at Rs 11.

Q59

Pass the journal entry for the forfeiture and reissue in the following cases

1. Y ltd forfeited 800 shares of Rs 10 each, Rs 7.5 called up for non-payment of First call of Rs 2.5 per share. Out of these 600 shares were reissued for Rs 6 per share.
2. 400 shares of Rs 10 each on which 8 has been called up and Rs 6 has been paid are forfeited. out of these 100 are reissued as Rs 7 as fully paid.
3. A ltd forfeited 300 shares of Jatin of Rs 10 each for non-payment of Final call of Rs 3 per share and reissued to Amit for Rs 10 per share (Rs 8 Paid up)

Q60

Pass the journal entry for the forfeiture and reissue in the following cases

1. Mayank Ltd forfeited 800 shares of Rs 10 each for non-payment of final call of Rs 3 per share. All share were reissued as fully paid up in such a way that Rs 2,400 were transferred to the capital reserve.
2. Mayank Ltd forfeited 800 shares of Rs 10 each for non-payment of final call of Rs 3 per share. Out of these 600 shares were reissued as fully paid up in such a way that Rs 1,800 were transferred to the capital reserve.

Q61

Vaibhav Ltd was registered with an authorized capital of Rs 10,00,000 divide into shares of Rs 10 each. It invited application for the 20,000 shares payable as under - Rs 1 per share on Application, Rs 3 per Share on Allotment, Rs 2 per share on First Call and Rs 4 per share on Final call.

Rahim who was allotted 1000 shares failed to pay both the call. His share were forfeited and reissued at Rs 9 per share to Ayush as fully paid. Make necessary journal entry in the books of the company and show the balance sheet

Q62

Vaibhav Ltd was registered with an authorized capital of Rs 10,00,000 divide into shares of Rs 10 each. It invited application for the 20,000 shares payable as under - Rs 1 per share on Application, Rs 3 per Share on Allotment, Rs 2 per share on First Call and Rs 4 per share on Final call.

Rahim who was allotted 1,000 shares failed to pay both the call. His share was forfeited and reissued 200 shares at Rs 9 per share to Ayush as fully paid. Make necessary journal entry in the books of the company and show the balance sheet

Q63

Vaibhav Ltd was registered with an authorized capital of Rs 10,00,000 divide into shares of Rs 10 each. It purchased a machine for Rs 3,00,000 and issued fully paid share to X ltd for purchase consideration and issued balance 70,000 shares payable as under - Rs 1 per share on Application, Rs 3 per Share on Allotment, Rs 2 per share on First Call and Rs 4 per share on Final call.

Rahim who was allotted 1000 shares failed to pay the first call. His share was forfeited after the first call and were immediately reissued at Rs 8 per share. Make necessary journal entry in the books of the company and show the balance sheet

Q64(CBSE 2011)

Dinesh Ltd. invited applications for issuing 10,000 Equity shares of ₹ 10 each. The amount was payable as follows:

On Application ₹ 1

On Allotment ₹ 2

On First Call ₹ 3

On Second and Final Call - Balance

The issue was fully subscribed.

Ram to whom 100 shares were allotted, failed to pay the allotment money and his shares were forfeited immediately after allotment. Shyam to whom 150 shares were allotted, failed to pay the first call. His shares were also forfeited after the first call. Afterwards the second and final call was made. Mohan to whom 50 shares were allotted failed to pay the second and final call. His shares were also forfeited. All the forfeited shares were- re-issued at ₹ 9 per share fully paid up.

Pass necessary journal entries in the books of Dinesh Ltd.

Q 65

Vinay Ltd. invited applications for issuing 10,000 Equity shares of ₹ 10 each. The amount was payable as follows:

On Application and Allotment ₹ 5

On First Call ₹ 2

On Final Call ₹ 3

The issue was fully subscribed.

Member holding 500 shares did not pay the second call and shares are duly forfeited, out of these 400 shares were reissued as fully paid at Rs 9 per share

Pass necessary journal entries in the books of Vinay Ltd and balance sheet

Q 66 (CBSE 2015)

Scooters India Ltd.' is registered with an authorized capital of Rs 50,00,000 divided into 5,00,000 shares of Rs 10 each. The company issued 1,00,000 shares for subscriptions to the public at par. The amount was payable as follows:

On application and allotment – Rs 3 per share

On 1st call – Rs 2 per share

On 2nd and final call – Rs 5 per share

The issue was fully subscribed. All calls were made and were duly received except the 2nd and final call on 1,000 shares held by Rohan. His shares were forfeited and afterwards re-issued at Rs 8 per share as fully paid up.

Present 'Share Capital' in the Balance Sheet of the Company as per Schedule VI Part I of the Companies Act, 1956. Also prepare Notes to accounts for the same.

Q67 (CBSE 2015)

India Auto ltd is registered with an authorized capital of Rs 7,00,00,000 divided into 7,00,000 share of Rs 100 each. The company issued 50,000 shares to the vendors for building purchased and 2,00,000 shares were issued to the public. The amount was payable as follow

- On Application and Allotment: Rs 20 per share
- On First Call: Rs 50 per Share
- On second and final call: The balance

All calls were made and were duly received except on 100 shares held by Rajani who failed to pay the second and final call. Her shares are forfeited

Present the shares capital in the balance sheet of the company as per schedule III part 1 of the companies Act 2013. Also prepare Notes to Accounts.

Q68 (CBSE 2014)

On 1st April 2012, Vishwas Ltd. was formed with an authorized capital of Rs. 10,00,000 divided into 1,00,000 equity shares of Rs. 10 each. The company issued prospectus inviting applications for 90,000 equity shares. The company received applications for 85,000 shares equity shares. During the first year Rs.8 per share called. Ram holding 1,000 shares and Shyam holding 2,000 shares did not pay the first call of Rs. 2 per share. Shyam 'share was forfeited after the first call and later on 1500 shares of the forfeited shares were reissued at Rs.6 per share, Rs 8 called up.

Show the following:

a) Share Capital in the Balance Sheet of the company as per schedule III Part I of the companies Act 2013.

b) Also prepare notes to accounts.

Q69

Radhika limited issued 50,000 shares of Rs 10 each. The due amount was received except on 2,000 shares on which Rs 7 per share was received. These 2,000 shares were forfeited and 800 shares were reissued for Rs 9 each fully paid up

Show the forfeited shares account and the balance sheet as at closing date.

Q70

Reliance Ltd made an issue of 20000 share of Rs 10 each payable Rs 2 on application, Rs 3 on allotment and Rs 3 on first call and Rs 2 on second call. All the amount was received Except the following

X who holds 100 shares has paid Application, Allotment and First Call

Y who Holds 200 share has paid Application and Allotment

Z who hold 300 shares has paid only Application Money

The company forfeited the shares as defaulting shareholders and re issued 200 if the above shares at discount of 5% credited as fully paid.

Prepare cash book and forfeited shares Account.

Q71 (CBSE 2010)

Company was registered with an authorized capital of Rs 3,00,000 in Rs 10 share of these 7,000 shares were issued as fully paid to the vendors for the purchase of building, 8,000 shares were subscribed by the public and during the first year Rs 6 per share were called up, payable Rs 3 on application, Rs 1 on Allotment, Rs 1 on first call and Rs 1 on second call. The amount received in respect of these shares were as follows

- On 6,000 shares the full amount called
- on 1,200 shares Rs 5 per shares
- on 500 share Rs 4 per share
- on 300 share Rs 3 per share

The director forfeited shares on which less then Rs 5 per share has been paid

Show the journal entries in the books of the company and also show the share capital as it would appear in the balance sheet

Q72 (CBSE 2017)

Kansa Ltd. offered 32,000 equity shares of Rs 100 each to the public at a premium of Rs 20 per share. The amount was payable as: Rs 20 on application; Rs 40 (including premium) on allotment; and the balance on first and final call. 30,000 shares were subscribed by the public. All the money was duly received except from a shareholder holding 4,000 shares who failed to pay the first and final call money. His shares were forfeited. Show 'Share Capital' in the Balance Sheet of Kansa Ltd. Also prepare 'Notes to Accounts'.

Forfeiture of shares issued at Premium

When premium on the forfeiture share were due but not received.

Q73

S ltd issued 2,000 shares of Rs 100 each at premium of Rs 10 each payable as follow

on Application Rs 20

On Allotment Rs 40 (including Premium)

On First and Final Call Rs 50

All the shares were applied for and installment received in due dates with the exception of the allotment and first and final call on 500 shares, these shares were forfeited and reissued as fully paid @105 per share.

Q74 (ISC 2016)

During the year 2014-15, A.B.C. Ltd. issued 10,000 Equity shares of 50 each at 55 per share, payable as follows:

on Application Rs 15

On Allotment Rs 20 (including Premium of Rs 5)

On First and Final Call Rs 20

All the issued shares were subscribed for by the public

One shareholder holding 500 shares did not pay the amount due on allotment and his shares were immediately forfeited.

Another shareholder holding 100 shares did not paid 1st and Final Call and his share share were forfeited. After the company had made the 1st and Final Call , 200 of the forfeited shares (out of 500 Shares) were reissued as fully called up.

You are required to pass journal entries in the books of the company for the year ending 31st March, 2015.

Also prepare the opening balance sheet.

(Video Correction: In the end, share Outstanding will be 10000-600+200=9600 Share . (I have written 2000-600+200)

When premium on the forfeiture share were due is received.

Q 75

Kamal Ltd was formed for the purpose of purchasing Rajesh Ltd and was registered with a nominal capital of Rs.2,00,000 divided into 2,000 Equity shares of Rs.100 each. 1,000 shares were issued as fully paid to the vendors in payment of the purchase consideration. The remaining 1,000 shares were offered to the public for subscription at a premium of Rs.5 per share payable as under: On Application -- Rs.30 per share On Allotment -- Rs.25 per share (including premium) On First call -- Rs.20 per share On Final call -- Rs.30 per share

Applications were received for 900 shares which were duly allotted and the Allotment money was duly received. At the time of First Call, a shareholder who held 100 shares failed to pay the first call money and his shares were forfeited. These shares were re-issued @ Rs.60 per share, Rs.70 paid up. Final call has not been made.

You are required to give necessary Journal Entries to record the above transactions. b) Show how the share capital would appear in the balance sheet of the company

Q76

Give the journal entries for forfeiture and re issue of shares

1. A ltd forfeited 1,000 shares of Rs 10 each, Rs 7 called up issued at a premium of 20% (to be paid at the time of allotment) for non-payment of first call of Rs 2 per share. Out of these 600 shares were reissued as Rs 7 paid up for Rs 4 per share.
2. B ltd forfeited 1,000 shares of Rs 10 each, Rs 7 called up, issued at premium of 20% (to be paid at time of allotment) for nonpayment of allotment money of Rs 4 per share (including premium) and first call of Rs 2 per share. Out of these 600 shares were reissued as fully paid in such a way that Rs 900 were transferred to capital reserve.
3. C ltd forfeited 800 shares of Rs 10 each, issued at 30% premium (to be paid at time of allotment) for non-payment of a first call of Rs 2 per share. The second and final call of Rs 2 has not yet been called. Out of these 200 shares were reissued as Rs 8 paid up for Rs 8 per share.
4. D ltd forfeited 800 shares of Rs 10 each, issued at 30% premium (to be paid at time of allotment) for non-payment of allotment money of Rs 5 per share (Including Premium) and first call of Rs 2 per share. The second and final call of Rs 2 has not yet been called. Out of these 200 shares were reissued as fully paid up for Rs 11 per share
5. D ltd forfeited 800 shares of Rs 10 each, issued at 30% premium (to be paid at time of allotment) for non payment of allotment money of Rs 5 per share (Including Premium) and first call of Rs 2 per share. The second and final call of Rs 2 has not yet been called. Out of these 200 shares were reissued at Rs 11 per share

Q77 (CBSE 2015)

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

On application – Rs 10 per share (including Rs 5 premium)

On allotment – The balance the issue was fully subscribed.

A shareholder holding 300 shares paid the full share money with application. Another shareholder holding 200 shares failed to pay the allotment money. His shares were forfeited. Later on, these shares were re-issued for Rs 4,000 as fully paid up.

Pass necessary journal entries for the above transactions in the books of BMY Ltd.

Q78

X ltd issued 6,500 shares of Rs 100 each at a premium of Rs 40 per share. Amount payable as follow

On Application	20 (Including Premium of Rs 10 per share)
On Allotment	50 (Including Premium of Rs 30 per share)
On First Call	30
On Second and Final call	40

Application were received for 6,000 shares and all were accepted. All money was received except.

1. Manish, holding 200 shares failed to pay the allotment money and his shares were forfeited after allotment.
2. Simran Holding 400 share failed to pay first call money and her shares were forfeited after first call.
3. Piyush holding 500 shares failed to pay first and second call money and her shares were forfeited

All the forfeited share was reissued as discount of 2% as fully paid up.

Pass the necessary journal entries in the books of X ltd

Q79 (CBSE 2010)

Sangita Limited invited application for issuing 60,000 shares of Rs. 10 each at par. The amount was payable as follows: On Application Rs. 2 per share On Allotment Rs. 3 per share On First and Final Call Rs. 5 per share 8 Applications were received for 92,000 shares. Allotment was made on the following basis: (i) To applicants for 40,000 shares - Full (ii) To applicants for 50,000 shares - 40% (iii) To applicants for 2,000 Shares - Nil Rs. 1,08,000 was realized on account of allotment (excluding the amount carried from application money) and Rs. 2,50,000 on account of call. The directors decided to forfeit shares of those applicants to whom full allotment was made and on which allotment money was overdue. Pass journal entries in the books of Sangita Limited to record the above transactions

Q80

X Ltd issued 60,000 shares of Rs 10 each at premium of 20% payable as follow

On Application Rs 5 (including Premium) on allotment Rs 3 and on first and final call of Rs 4

The company received application for 75,000 share and allotment was made as follow

List 1	Application for 40,000 shares were allotment in full
List 2	Application for 25,000 shares were allotted 20,000 shares
List 3	Application for 10,000 shares were allotted Nil shares

A shareholder to whom 400 shares were allotted under List 1 paid full amount due on share along with allotment money

Another shareholder holding 1000 shares failed to pay the amount due on call. His shares were forfeited and 400 of these shares were subsequently reissued as fully paid @11 per share.

Expense of issue came to Rs 10,000 which were fully written against securities premium Account.

pass journal entry in the books of the company

Q 81 (CBSE 2012)

Shyam Ltd. invited applications for issuing 80,000 Equity Shares of Rs 10 each at a premium of Rs 40 per share. The amount was payable as follows:

On Application t 35 per share (including Rs30 Premium)

On Allotment Rs 8 per share (including Rs 4 Premium)

On First and Final Call-Balance Applications for 77,000 shares were received.

Shares were allotted to all the applicants.

Sundaram to whom 7,000 shares were allotted failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards the first and final call was made. Satyam the holder of 600 shares failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares 1,000 shares were re-issued at Rs 50 per share fully paid up. The re-issued shares included all the shares of Satyam.

Pass necessary Journal Entries for the above transactions in the books of Shyam Ltd. pass necessary Journal Entries for the above transactions in the books of Jain Ltd.

Q82 Blank (Intentionally left blank)

Q 83

S ltd offer 1,00,000 equity shares of Rs 10 each payable Rs 3 on Application, Rs 3 on allotment (Including the premium), Rs 4 on first call three month after allotment and Rs 2 on Final call three month after first call. Application were received for 1,58,500 shares and allotment was made as under

	Share Allotted
Allotment in Full (Mr. Amit paid in full on allotment in respect of 4,000 shares)	19,000
Allotment of 2/3 of shares applied for	80,000
Allotment of 1/2 of shares applied for	1,000

Application money of Rs52,500 in respect of 17,500 shares upon which no allotment was made was returned to applicants. All the amount was received except Final call on 100 share which was forfeited and reissued later @9 each.

Q84 (CBSE 2017)

VXN Ltd. invited applications for issuing 50,000 equity shares of Rs 10 each at a premium of Rs 8 per share.

The amount was payable as follows:

On Application: Rs 4 per share (including Rs 2 premium)

On Allotment: Rs 6 per share (including Rs 3 premium)

On First Call: Rs 5 per share (including Rs 1 premium)

On Second and Final Call: Balance Amount

The issue was fully subscribed. Gopal, a shareholder holding 200 shares, did not pay the allotment money and Madhav, a holder of 400 shares, paid his entire share money along with the allotment money. Gopal's shares were immediately forfeited after allotment. Afterwards, the first call was made. Krishna, a holder of 100 shares, failed to pay the first call money and Girdhar, a holder of 300 shares, paid the second call money also along with the first call.

Krishna's shares were forfeited immediately after the first call. Second and final call was made afterwards and was duly received. All the forfeited shares were reissued at Rs 9 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of the company.

Q85 (CBSE 2011)

Give journal entry to record the following transaction of Forfeiture and re issue of shares and open share forfeited account

L Ltd forfeited 470 Equity shares of Rs 10 each issued at a premium of Rs 5 per share for non-payment of Allotment money of Rs 8 per share (Including Share premium Rs 5 per share.) and the first and final call of Rs 5 per share. Out of these 60 Equity shares were subsequently re issued at 14 per share.

Q86

Give the journal entry for Forfeiture and Reissue of Shares

1. Balram Ltd Forfeited 600 share of Rs 10 each, Rs 6 called up on which Sameer has paid application and allotment money of Rs 4 per share. Of these 500 shares were reissued to Mohan as fully paid up for 7 per share.
2. Tata Ltd Forfeited 2,000 share of Rs 10 each issued at 20% premium to Ram (Rs 9 Called up) on which he did not pay Rs 3 on allotment (including the premium) and First call of Rs 2 per share. Out of these 800 shares were reissued to Manoj as fully paid up for Rs 8 per share and 200 shares to Ankita as fully paid @12 at different interval of time
3. Warren Ltd forfeited 3,000 equity share of Rs 10 each at Rs 14 per share of non-payment of Final call of Rs 8 (including the premium) per share. The forfeited shares were reissued as fully paid up for Rs 27,000. Pass the journal entries
4. Aditya Ltd Forfeited 500 Equity share of Rs 100 each issued at premium of Rs 50 per share payable along with the allotment for the non-payment of Allotment money of Rs 80 per share (including the premium). Application money was Rs 20 per share. The forfeited shares were reissued for Rs 50000 as fully paid up. Pass the journal entries

Q87 (CBSE 2017)

Cemto Ltd. Forfeited 6,000 shares of Rs 10 each issued at premium of Rs 2 per share for the non-payment of Final call of Rs 3 per share. 300 of the forfeited shares were re issued for Rs 8 per shares as fully paid up.

Pass the necessary journal entries for the forfeiture and reissue of shares. Also prepare the share forfeiture account.

Q 88

Shyam Ltd issued 6,00,000 Equity shares of Rs 10 each at a premium of Rs 15 per share the Amount were receivable as follow (In Rs)

	Capital	Premium	Total
On Application	2	6	8
On Allotment	3	5	8
On Final Call	5	4	9

All the amount was received except final call on 1,000 share held by Mr. Ram. His shares were forfeited and were reissued to Mr. Amar at price of Rs 15 per share.

You are required to pass the journal entries on the forfeiture and reissue

Forfeiture in case of Over subscription and Pro Rata Allotment

Q 89

A company offered 1,00,000 shares of Rs 10 each payable as Rs 3 on application, Rs 4 on allotment and Rs 2 each on first call and Rs 1 on Final Call.

The public applied for 2,20,000 shares. The share was allotted on pro rata basis to the applicant of 1,50,000 shares. All the shareholder paid the allotment money excepting one shareholder who was allotted 600 shares. The shares were forfeited. The first call was made thereafter. The forfeited share was reissued @9 per share (Rs 8 paid up). The final call was not yet made.

Pass the journal entry.

Q 90

Mani Limited invited application for Rs 4,00,000 of its equity shares of Rs 10 each on the following terms.

Payable on Application: 5 Per Share

Payable on Allotment: Rs 3 Per Share

Payable on First and Final Call: Rs 2 per Share

Application for 5,00,000 shares were received and it was decided

1. To Refuse Allotment to the application for 40,000 Share
2. To Allot the full to Applicant for 60,000 Share
3. to allot the balance of the available shares Pro rata amount the other applicants
4. To Utilize the excess application money in part as payment of Allotment money

One applicant whom shares has been allotted on pro rata basis did not pay the amount due on allotment and on call and his 680 shares were forfeited. The shares were reissued @9 per Share fully paid up

Show the journal Entry and cash book entries to record the entry

Q91

X ltd invited application for 30,000 shares of Rs 10 each payable as follow

Rs 2 on application, Rs 3 on allotment, Rs 5 on final call.

Public applied for 40,000 shares and the allotment were made as under

To Application for 20,000 shares	Full
To Application for 12,000	10,000 Share
To Application for 8,000	Nil share

All the money was duly received except one shareholder who have failed to pay the allotment amount and final call. He was allotted 200 Share of the group applying for 12,000 Share. His share was forfeited after the final call. Out of these 150 Share were reissued at Rs 9

Q92

Shipra Ltd. invited applications for issuing 1,00,000 equity shares of Rs 10 each. The amount was payable as follows:

On application Rs 3

On allotment – Rs 4 per share.

On final call − Rs 3 per share

Application for 3,00,000 shares were received and Shares were allotted to all the applicants on pro-rata basis and excess money received with applications was transferred towards sums due on allotment and call.

One Shareholder holding 200 Shares failed to pay the final call money and his share were forfeited. All the forfeited shares were re-issued for Rs 9 per share.

Pass necessary journal entries for the above transactions.

Q93

Shipra Ltd. invited applications for issuing 1,00,000 equity shares of Rs 10 each. The amount was payable as follows:

On application Rs 3

On allotment – Rs 4 per share.

On final call − Rs 3 per share

Application for 3,00,000 shares were received and Shares were allotted to all the applicants on pro-rata basis

One Shareholder holding 200 Shares failed to pay the final call money and his share were forfeited. All the forfeited shares were re-issued for Rs 9 per share.

Pass necessary journal entries for the above transactions.

Q94

Rahim Ltd. invited applications for issuing 30,000 equity shares of Rs 10 each. The amount was payable as follows:

On application Rs 3

On allotment – Rs 4 per share.

On final call − Rs 3 per share

Application for 45,000 shares were received. 5,000 Shares were rejected and were refunded back and balance were allotted all shares on pro-rata basis and excess money received with applications was transferred towards sums due on allotment and calls

One Shareholder who have applied 800 Shares failed to pay the Allotment money and his share were forfeited. Final call was made and all the amount received. 150 shares were re-issued for Rs 8 per share fully paid up.

Pass necessary journal entries for the above transactions.

Q95

Alfa Ltd. invited applications for issuing 75,000 equity shares of Rs 10 each. The amount was payable as follows:

On application and allotment − Rs 4 per share.

On first call − Rs 3 per share

On second and final call − balance.

Application for 1,00,000 shares were received. Shares were allotted to all the applicants on pro-rata basis and excess money received with applications was transferred towards sums due on first call. Vibha who was allotted 750 shares failed to pay the first call. Her shares were immediately forfeited. Afterwards the second call was made. The amount due on second call was also received except on 2,000 shares, applied by Monika. Her shares were also forfeited. All the forfeited shares were re-issued to Mohit for Rs 25,000 as fully paid up.

Pass necessary journal entries in the books of Alfa Ltd. for the above transactions.

Q96

Suraj Textile Ltd. invited applications for issuing 1,00,000 equity shares of Rs 10 each. The amount was payable as follows:

On application Rs 3

On allotment – Rs 4 per share.

On final call − Rs 3 per share

Application for 5,00,000 shares were received and Shares were allotted to all the applicants on pro-rata basis.

One Shareholder who have applied for 10,000 shares failed to pay the final call money and his share were forfeited. All the forfeited shares were re-issued for Rs 12 per share.

Pass necessary journal entries for the above transactions.

Oversubscription and Pro rata Allotment and Premium of Shares

Q97

The Delhi Cloth Mills LTD. Invited applications for 15,000 Shares of Rs. 100 each at a premium of Rs. 10 each payable as below:

Rs. 50 on Application Rs. 40 on Allotment (including premium) and Rs. 20 on Final Call

Application for 30,000 shares were received. Application for 10,000 shares did not get any allotment and their money was returned. Allotment was made pro-data to the remaining applicants.

Mr. A was allotted 3000 shares. He failed to pay the amount due on allotment and call money.

The company forfeited his shares and subsequently re-issued at Rs.105 per share.

Show the journal Entry entries in the books of the company and also prepare the Balance sheet.

Q98

X ltd issue for public subscription 20,000 Equity Shares of Rs 10 each at premium of Rs 2 per share payable as under

Rs. 4 on Application Rs. 5 on Allotment (including premium) and Rs. 3 on Final Call

Application for 30,000 shares were received. Application for 24,000 was made pro-rata. Money overpaid on application to be used in allotment

Mrs. Simran To whom 600 were allotted failed to pay the allotment and call money and Mr. Rehan who applied for 480 Shares were failed to pay the call money. These Shares were forfeited. All the forfeited shares were sold to Mr. Mukesh at Rs 9 per share. Record the journal entry

Q99

A Limited company issued a prospectus inviting application for Rs 2,00,000 shares of Rs 10 each at premium of Rs 2 per share payable as follow

Rs. 3 on Application Rs.6 on Allotment (including premium) and Rs. 2 on First Call and Rs 1 on Final Call.

Application for 3,00,000 shares were received and were allotted pro rata.

Mr. A to who have applied for 600 failed to pay the allotment money and his share were forfeited after the allotment.

Mr. B who have allotted for 180 shares failed to pay the Allotment and First and Final call money and his share were forfeited.

Company reissued 200 shares to Mr. Anil at Rs 8 per share fully paid up and include the Whole share of Mr. B.

Record the journal entry

Q100 CBSE 2016

KS Ltd invited application for issuing 1,60,000 equity shares of Rs10 each at a premium of 6 per share. The amount was payable as follows;

On Application Rs4 per share (including premium Rs1 per share)

On Allotment Rs6 per share (including premium Rs3 per share)

On First and Final Call – Balance Application for 3,20,000 shares were received.

Applications for 80,000 shares were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with application was adjusted towards sums due on allotment. Jain holding 800 shares failed to pay the allotment money his shares were forfeited immediately after allotment.

Afterwards the final call was made. Gupta who has applied for 1,200 shares failed to pay the final call. These shares were forfeited. Out of the forfeited shares 1,000 shares were re-issued at Rs8 per share fully paid up.

The re-issued shares included all the forfeited shares of Jain Pass necessary journal entries for the above transactions in the books of KS Ltd

Q101

Rajesh Ltd issued a prospectus inviting application for 3,00,000 Shares of Rs 10 each at premium of Rs 4 per share payable as follow

On Application: Rs 4 (Rs 1 Premium)

On Allotment: Rs 3 (Rs 1 Premium)

On Application: Rs 4 (Rs 1 Premium)

On Application: Rs 3 (Rs 1 Premium)

Application were received for 3,80,000 shares and pro rata allotment was made on the application for 3,50,000 shares. It was decided to utilize excess application money towards the sum due on allotment.

X to whom 6,000 shares were allotted, failed to pay the allotment money and his shares were forfeited after allotment

Y who applied for 10,5000 shares failed to pay the two call and on his failure his shares were forfeited

Z, who was allotted 3,000 shares did no pay final call

Of the shares forfeited 11,000 shares were reissued as fully paid up for Rs 9 per share, the whole of Y shares being included. Prepare cash book, journal and show the relevant items in the balance sheet.

Q102 (CBSE)

Moti Ltd. invited applications for issuing 10,00,000 Equity shares of Rs/- 10 each at a premium of Rs/- 2 per share. The amount was payable as follows:

On Application Rs/- 5 (including premium)
On Allotment Rs/- 4
On First and Final Call Rs/- 3

Applications for 15,00,000 shares were received. Applications for 3,00,000 shares were rejected and pro-rata allotment, was made to the remaining applicants. Excess application money was utilized towards sums due on allotment. Giri who' had applied for 24,000 shares failed to pay the allotment and call money. His shares were forfeited. Out of the forfeited shares 10,000 shares were reissued for Rs/- 8, per share fully paid up.

Pass necessary journal entries in the books of Moti Ltd.

Q103 (CBSE 2014)

AB Ltd. invited applications for issuing 75,000 equity shares of Rs 100 each at a premium of Rs 30 per share. The amount payable as follows:

On Application and Allotment − Rs 85 per share (including premium)

On First and Final call − the balance Amount Applications for 1,27,500 shares were received.

Applications for 27,500 shares were rejected and shares were allotted on pro-rata basis to the remaining applicants. Excess money received on application and allotment was adjusted towards sums due to first and final call. The calls were made. A shareholder, who applied for 1,000 shares, failed to pay the first and final call money. His shares were forfeited. All the forfeited shares were reissued at Rs 150 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of AB Ltd.

Important Notes

- Share Capital will always be credited with amount related to Face value
  - I.e. Securities premium account will never be credited to Share capital
- When call in arrear account is opened then the relevant Share call account will be closed
- Call in advance will never be shown in the share capital account
- It will be show in the current liability
- Company can't issue share more than issued
- Subscribed and fully paid will be shown only when entire amount has been called on the shares

********End of Chapter*******

एक सपने के टूटकर चकनाचूर हो जानें के बाद

दूसरा सपना देखने के हौसले को ज़िंदगी कहते है !!!

Chapter
9

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Issue of Debenture

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Issue of Debenture at Par

Q1

Ram Ltd issued 10,000, 9% debenture of Rs 100 each at par payable as follow
On Application: Rs 30,
On Allotment Rs 20,
On first Call Rs 40
On Final Call Rs 10

Public applied for 10,000 debentures. Pass Journal Entry assuming that all money due were duly received

Q2

Ram Ltd issued 10,000, 9% debenture of Rs 100 each at par payable as follow
On Application: Rs 30,
On Allotment Rs 20,
On first Call Rs 40
On Final Call Rs 10

Public applied for 12,000 debentures. Application for 2,000 Debenture was Rejected. Pass Journal Entry assuming that all money due were duly received except Final call on 200 Debenture.

Q3

Sanjay Mills Ltd issued 30,000, 10% debenture of Rs 100 each at par payable as follow
On Application: Rs30,
On Allotment Rs20,
On first Call Rs 40
On Final Call Rs 10

All the debentures were applied, However Mr. Rahul holder of 1,000 Debenture failed to pay the amount due of Allotment. He However paid this amount with the first call . Miss Suman the holder of 600 Debenture paid all the Calls in advance on allotment
Pass the Journal Entries

Q4

Sanjay Mills Ltd issued 30,000, 10% debenture of Rs 100 each at par payable as follow
On Application: Rs 30,
On Allotment Rs 20,
On first Call Rs 40
On Final Call Rs 10

All the debenture was applied, However Mr. Amit holder of 1000 Debenture paid the entire amount on his holding on allotment and Miss Ruchi the holder of 400 Debenture failed to pay the First and Final Call and Mr. Manish, holder of 200 Debenture failed to pay the final call
Pass the Journal Entries

Q5

Manish Mills Ltd issued 30,000, 10% debenture of Rs 100 each at par payable as follow
On Application: Rs 20,
On Allotment Rs10,
On first Call Rs 40
On Final Call Rs 30

Application were received for 40,000 Debenture out of which 10 000 application rejected. Mr. Varun holder of 1,000 Debenture paid the entire amount on his holding on allotment and Miss Priya the holder of 400 Debenture failed to pay the allotment, First Call and Mr. Manish, holder of 200 Debenture failed to pay the first call. Both Priya and Manish Paid the arrear of their amount on Final call.
Pass the Journal Entries

Q6

Sanjana Textile Ltd issued 10,000, 10% debenture of Rs 100 each at par payable as follow
On Application: Rs30,
On Allotment Rs20,
On first Call Rs 40
On Final Call Rs 10

All the debenture were applied, However Mr. Vaibhav holder of 200 Debenture failed to pay the allotment and first call money, however he paid the entire amount on Final Call. Mr. Kartik who holds 500 Debenture paid all the call-in advance on allotment. Pass the journal entries

Q7

Relaxo Ltd issued 10,000, 9% debenture of Rs 100 each at par payable as follow
On Application: Rs20,
On Allotment Rs30,
On first Call Rs 10
On Final Call Rs 40

Public applied for 18,000 debentures. Application for 5,000 Debenture was Rejected. Applicant of 3,000 Debenture were allotted 2,000 Share and Applicant of 10,000 Share were allotted 8,000 Share. Money overpaid on application was utilized towards allotment.
Pass Journal Entry assuming that all money due were duly received except Final call on 300 Debenture.

Issue of Debenture at Premium

Q8

Manashi Ltd issued 1,000, 10% debenture of Rs 100 each at premium of Rs 20 payable as follow
On Application: Rs30,
On Allotment: Rs30 (Including Rs 20 Premium)
On first Call Rs 40
On Final Call Rs 20

All the debenture were applied. Pass the journal entries

Q9

Manashi Ltd issued 1,000, 10% debenture of Rs 100 each at premium of Rs 20 payable on application. as follow
On Application: Rs50,
On Allotment: Rs40
On first and Final Call Rs 30

All the debenture were applied. Pass the journal entries

Q10

Reliable Ltd offered 1,000 9% debenture of Rs 200 each at premium of 20% payable as Rs 100 on application (including Premium) and balance on allotment. All the debenture were applied. Pass the journal entries

Q11

Reliable Ltd offered 1,000 9% debenture of Rs 100 each at premium of 20% payable as Rs 60 on application (including Premium) and balance on allotment. Application were received for 1600 Debenture and the allotment were made on pro-rata basis to 1500 Debenture and balance rejected. All the amount due on application and allotment were received. Record the journal entries regarding the issue of debenture.

Q 12(CBSE 2012)

Narain Ltd invited applications for issuing 7,500, 12% debentures of ₹100 each at a premium of ₹35 per debenture. The full amount was payable on application Applications were received for 10,000 debentures. Applications for 2,500 debentures were rejected and the application money refunded. Debentures were allotted to the remaining applicants. Pass necessary journal entries.

Issue of Debenture at Discount

Q13

Simi Ltd issued 3,000, 12% debenture of Rs 100 each at discount of 10% payable as follow

On Application: Rs 40,
On Allotment: Rs 30
On Final Call Rs 20

Pass the journal entry of issue of debenture

Q14

Simi Ltd issued 3,000, 12% debenture of Rs 100 each at discount of 10% payable as follow

On Application: Rs 40,
On Allotment: Rs 30
On Final Call Rs 20

Pass the journal entry of issue of debenture assuming Discount on Debenture is on Application

Q15

Payal Mill Ltd issued 2,000, 12% debenture of Rs 100 each at discount of 10% payable as follow

On Application: Rs 50,
On Allotment: Rs 20
On Final Call: Rs 20

Application were received for 1,500 Debenture and allotment was made to all. All the amount were duly received and expense on debenture amounted to Rs 4,000. Director decided to write off the 1/4 of " Debenture discount" and " Expense on issue Account" from statement of profit and loss each year.

Pass the journal entry (for the first year only)

Q16

1. On 20th May 2018, urea Ltd invited application for issue of 2,00,000 ,12% debenture of Rs 100 each at a discount of 8% redeemable at par after 3 years. The full amount was payable on application and the debenture were issued on 20th June 2018. Pass the journal entries
2. P ltd issued 20,000, 15% debenture of Rs 100 each at a discount of 5%. Pass the journal entries.
3. P ltd issued Rs 2,00,000, 15% debenture of Rs 100 each at a discount of 7%. Pass the journal entries.

Issue of Debenture for consideration other than cash

Q17

Mr. Anand purchased asset of book value Rs 99,000 from another company. It was agreed that the purchase consideration be paid by issuing 12% debenture of Rs 100 each.

Assume that debenture is issued

1. at par
2. At discount of 10%
3. At premium of 10%

pass the journal entry in the books of the purchasing company

Q18

Samrat limited took over assets of Rs 4,00,000 and Creditor of Rs 50,000 from X ltd. Samrat limited issued 9% debenture of Rs 50 each at premium of 40% as purchase consideration to X Ltd

Calculate the amount of purchase consideration, number of debentures issued and pass the journal entries.

Q19 (CBSE 2012)

Prakash ltd purchased assets worth Rs 2,20,000 and also took over the liabilities of Rs 40,000 of Ajay ltd for purchase consideration of Rs 1,92,000. Prakash Ltd paid the purchase consideration by issuing 12% debenture of Rs 100 each at premium of 20%

Pass the journal entries in the books of Prakash Ltd.

Q20

Prem ltd purchased assets worth Rs 4,00,000 and also took over the liabilities of Rs 1,00,000 of Venus ltd for purchase consideration of Rs 2,80,000. Prem Ltd paid the purchase consideration by issuing 12% debenture of Rs 100 each at premium of 40%

Pass the journal entries in the books of Prem Ltd.

Q 21

Tata ltd purchased assets worth Rs 8,00,000 and also took over the liabilities of Rs 3,00,000 of S Ltd at agreed value of Rs 3,80,000. Tata Ltd issued 12% debenture of Rs 100 each at 5% discount in full satisfaction of the purchase price. give the journal entries in the books of Tata Ltd.

Q22 (CBSE sample paper 2010)

Raghav limited purchased a running business from Krishna trader for a sum of Rs 15,00,000 payable Rs 3,00,000 by cheque and for the balance issued 9% debenture of Rs 100 each at par

The asset and liabilities consisted of the following (in Rs)

Plant and machinery	4,00,000
Building	6,00,000
Stock	5,00,000
Sundry Debtor	3,00,000
Sundry Creditor	2,00,000

Record the journal entries in the books of Raghav Limited

Q23

A company purchased an Electric business for Rs 6,00,000. Same was paid via Rs 2,00,000 in cash and 2,20,000 via Cheque and balance by issue of 12% debenture at discount of 10%. pass the journal entry

Q24

A company purchased an Electric business for Rs 6,00,000. Same was paid via Rs 50,000 in cash and balance by issue of 12% debenture at Premium of 10%. pass the journal entry

Q25

A company purchased a business for Rs 4,00,000. Same was paid via Rs 50,000 in Cheque and balance by issue of 12%, Rs 3,10,000debenture. pass the journal entry

Q26

A company purchased a business for Rs 4,00,000. Same was paid via Rs 50,000 in Cheque and balance by issue of 12%, Rs 3,70,000 debenture. pass the journal entry

Q27

X ltd Purchased asset of Y ltd as under

land (market Value 1,80,000) for Rs 2,00,000, vehicle for Rs 1,20,000, Building (market value of Rs 5,00,000) for Rs 4,00,000 for total purchase consideration of 6,20,000. Company paid Rs 20,000 in cash and balance by issue of 13% debenture of Rs 100 at premium of 20%

Q28 (CBSE 2017, Delhi)

Z ltd purchased machinery from K ltd. Z ltd paid K Ltd as follow

1. By issuing 5,000 equity share of Rs 10 each at premium of 30%
2. By Issuing 1,000, 8% Debenture of Rs100 each at a discount of 10%
3. Balance by giving a promissory note of Rs 48,000 payable after two months

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

Issue of Debenture as collateral Security

Q29

A company had Rs 20,00,000, 15% debenture outstanding as on 1st April 2017. During the year company took loan of Rs 5,00,000 from the State bank of India for which company placed with the bank 15% debenture of Rs 7,00,000 as collateral security. pass the journal entry if any. Also show how the debenture and bank loan will appear in the company balance sheet as at 31st March 2018

Q30

A company had Rs 20,00,000, 15% debenture outstanding as on 1st April 2017. During the year company took loan of Rs 5,00,000 from the State bank of India for which company placed with the bank 12% debenture of Rs 7,00,000 as collateral security. pass the journal entry if any. Also show how the debenture and bank loan will appear in the company balance sheet as at 31st March 2018

Q31

Naman ltd took a loan of Rs 4,00,000 from bank and deposited 2,500, 8% debenture of Rs 100 each as collateral security along with the primary security worth Rs 2 lakh. Company again took a loan of Rs 1,00,000 after 2 months from a bank and Deposited 1,000, 10% debenture of Rs 100 each as collateral security. Record necessary journal entry. How will you show the debenture and bank loan in the balance sheet of the company

Q32

Ram Ltd Company issued debenture of Rs 1,00,000 which were issued as follow

For Cash at 90%	Rs 50,000 (nominal)
For Creditor for Rs 20,000 (Capital expenditure in satisfaction of claim)	Rs 25,000 (nominal)
To Banker for a loan of Rs 15,000 as Collateral security	Rs 25,000 (nominal)

Pass the journal entries assuming all are redeemable at par after 10 years

Q33

Piyush Ltd issued 20,000 9% debenture of Rs 100 each at premium of 10% on 1-4-2017. It purchased fixed asset of the value of Rs 12,50,000 and took over the current liabilities of Rs 1,50,000 and issued 9% debenture at premium of 10% to the vendor. On the same date it took loan from the bank for Rs 5,00,000 and issued 8% debenture as collateral security. Record the relevant entries in the books of the Piyush Ltd and Prepare the extract of balance sheet on 31-3-2018

When Terms of the Redemption is given

Q34

Give Journal entries for the issue of debenture in the following conditions.

1. Issued 5,000, 11% Debenture of Rs 100 each at par, redeemable also at par
2. Issued 5,000, 11% Debenture of Rs 100 each at discount of 5%, redeemable at par
3. Issued 5,000, 11% Debenture of Rs 100 each at premium of 5%, redeemable at par
4. Issued 5,000, 11% Debenture of Rs 100 each at par, redeemable at premium of 5%
5. Issued 5,000, 11% Debenture of Rs 100 each at discount of 5%, redeemable at Premium of 12%
6. Issued 5,000, 11% Debenture of Rs 100 each at premium of 5%, redeemable at premium of 12%
7. Issued 5,000, 11% Debenture of Rs 100 each at premium of 5%, redeemable at premium of 5%
8. Issued 5,000, 11% Debenture of Rs 100 each at premium of 5%, redeemable at premium of 2%

Q35 (CBSE 2016)

On 2-3-2016, L and B ltd issued 635, 9% debenture of Rs 500 each.

Pass necessary journal entries for the issue of debenture in the following situations

1. when debenture were issued at 5% discount redeemable at 10% premium
2. when debenture was issued at 12% Premium and redeemable at 6% premium

Q36

Meena Ltd issued 8,000, 12% debenture of Rs 400 each. pass the necessary journal entries for the issue of debenture in the books of the company in the following cases

1. When debentures are issued at 10% premium and redeemable at par
2. When debentures are issued at par and redeemable at 12% premium
3. When debentures are issued at 5% premium and redeemable at 12% premium
4. When debentures are issued at 5% premium and redeemable at par
5. When debentures are issued at 5% Discount and redeemable at premium of 12%
6. When debentures are issued at a premium of 60 % to the vendor for land purchased for Rs 4,80,000

Q37

On 1-4-2018, Hummer Ltd issued 30,00,000, 8% debenture of Rs 100 each at a discount of 5% redeemable at a premium of 10% after Four Years. The amount was payable as follow

On Application: Rs 60 Per Debenture

Balance on allotment.

Record the necessary journal entry for the issue of Debenture.

Q38

On 1-4-2017, Suresh Ltd issued 40,000, 15% debenture of Rs 300 each at premium of 5% and redeemable at a premium of 10% after 5 years. According to the terms of the service, 120 was payable on application and balance on allotment.

Record the necessary entries regarding issue of debenture.

Q39

On 1st April 2016, Mahesh issued 5,000 12% debenture of Rs 200 each at premium 40% and Redeemable at premium of 10% after 5 years. According to the terms of the issue, Rs 150 was payable on application and balance on allotment. Record the journal entry for issue of debenture.

Interest on Debenture

Q 40(CBSE 2017, Outside Delhi)

On 1-4-2015, JK ltd issued 8,000, 9% debenture of Rs 1,000 each at discount of 6% redeemable at a premium of 5% after three years. The company closes its books on 31st March every year. Interest on 9% debenture is payable on 30th September and 31st march every year. The rate of tax deducted at source is 10%

Pass the necessary journal entries for the issue of debenture and debenture interest for the year ended 31-3-2016.

Writing off Discount / Loss on issue of debenture

When discount is written off one time

Q41

On 1st August 2018, Reliance Ltd issued 20,000, 12% debenture of Rs 100 each at discount of 10% redeemable at par after 4 years. The debenture was fully subscribed. It has balance of Rs 40,000 in capital reserve, Rs 1,20,000 in Security Premium Reserve which the company decided to use for writing of the discount on issue of debenture.

Pass the journal entries for issue and writing off the discount. Also prepare the issue of Debenture Account.

Q42

On 1st August 2018, Reliance Ltd issued 20,000, 12% debenture of Rs 100 each at discount of 5% redeemable at Premium of 15% after 4 years. The debenture was fully subscribed. It has balance of Rs 40,000 in capital reserve, Rs 35,000 in Security Premium Reserve. Company decided to use Capital reserve first and then security premium reserve and balance from statement of profit and Loss account for writing of the discount on issue of debenture.

Pass the journal entries for issue and writing off the discount. Also prepare the issue of Debenture Account.

Q43

On 1st August 2018, Reliance Ltd issued 20,000, 12% debenture of Rs 100 each at discount of 5% redeemable at Premium of 15% after 4 years. The debenture was fully subscribed. It has balance of Rs 40,000 in capital reserve, Rs 3,00,000 in Security Premium Reserve. Company decided to use Capital reserve first and then security premium reserve and balance from statement of profit and Loss account for writing of the discount on issue of debenture.

Pass the journal entries for issue and writing off the discount. Also prepare the issue of Debenture Account.

When discount is written off equal amount each year.

Q44

On 1st April 2014, Mohit Textile ltd issued 12%, Rs 20,00,000 debenture at discount of 8% repayable at the end of 4 years at par. Pass the journal entries for the issue of debenture and prepare the discount on issue of debenture account for four years. Company closes the books on 31st March each year.

Writing off proportionate amount each year

Q45

A company issued debenture of the face value of Rs 20,00,000 at a discount of 6% on 1st April 2013. These debentures are redeemable by annual drawing of Rs 4,00,000 made on 31st March each year. The director decided to write off discount based on the debenture outstanding each year. Prepare discount on issue of debenture account for five years.

Q46

A company issued 12% debenture of the face value of Rs 6,00,000 at a discount of 10% on 1st April 2013. These debentures are redeemable by annual drawing of Rs 2,00,000 commencing from 3rd years end. Prepare discount on issue of debenture account for duration of debenture

Q47

A company issued 12% debenture of the face value of Rs 6,00,000 at a discount of 10% on 1st April 2013. These debentures are redeemable by annual drawing of Rs 2,00,000 commencing from 3rd years beginning. Prepare discount on issue of debenture account for duration of debenture

Q 48

Amar Ltd issued Rs 6,00,000 debenture at 10% discount. Debenture are to be redeemed in the following manner.

Year End	Face value of Debenture redeemed
3	1,00,000
4	2,00,000
5	2,00,000
6	1,00,000

Pass the journal entry for the issue of debenture and prepare the discount on issue of debenture account for 5 years.

Q49

Sameer Ltd issued 7,000, 10% debenture of Rs 100 each at discount of 6% to be redeemed as follow

1st Year Nil, 2nd year Rs 3,00,000, 3rd Year Nil, 4th Year 4,00,000

Show the discount on issue of debenture account for the period of 4 Year.

Q50

Havmor Ltd issued 30,000, 12% debenture of Rs 500 each at discount of 6% on 1st April 2012 redeemable in 5 years in equal installment Starting from 31st March 2016. Security Premium account show balance of 5,40,000.

Compute the amount of discount / loss to be written off and also record the journal entries in the books of Havmor Ltd.

Q51

Jyoti mills Ltd issued Rs 20,00,000, 6% debenture of Rs 100 each at a discount of 3.3% on 1st April 2013 redeemable at premium of 5% by draw of lots as under

10,00,000 on 31st march 2015

4,00,000 on 31st March 2017

Balance on 31st March2018

Compute the amount of discount / loss to be written off and also show the ledger in the books of Jyoti Mills Ltd

Q52

Debenture issued 1st Jan 2014 Rs 180000 @5%discount. Installment Rs 60000 started 1st Jan 2015. Year-end 31st march 2014.

Compute the amount of discount / loss to be written off and also show the ledger in the books of Jyoti Mills Ltd

**********End of Chapter**********

There is no elevator to success you have to take the stairs

Chapter 10

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Redemption of Debenture

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11 - 12 - C A

CA Deepak Lalwani
Chartered Accountant
9549168168

Q1

Manish Ltd (Unlisted Company) issued 2,000, 8% debenture of Rs 100 each at premium of 5% on 1st April 2015 redeemable on 31st March 2022. The issue was fully subscribed. It was decided to invest 15% of the face value of the debenture to be redeemed towards debenture redemption Investment on 30th April 2021. Investment were encashed and debenture were redeemed on due date. Record the journal entries for issue and redemption of debenture.

Q2

Shipra Ltd (Unlisted Company) issued Rs 3,00,000, 8% debenture of Rs 100 each at premium of 5% on 1st April 2015 redeemable on 31st March 2022 at premium of 10% The issue was fully subscribed. Assume that required investment were made in 10% Govt Security on 30th April of the financial year in which redemption is due. Debenture are redeemed on the due date. Record the journal entries for issue and redemption of debenture.

Q3 (same as before, just a listed and unlisted company difference)

Wipro Ltd (listed Company) issued Rs 3,00,000, 8% debenture of Rs 100 each at premium of 5% on 1st April 2015 redeemable on 31st March 2022 at premium of 10% The issue was fully subscribed. Assume that required investment were made in 10% Govt Security on 30th April of the financial year in which redemption is due. Debenture are redeemed on the due date. Record the journal entries for issue and redemption of debenture.

Q4

State bank of India issued 10,000, 6% debenture of Rs 100 each at premium of 10% on August 30, 2016 and redeemable of August 2021. The issue was fully subscribed. Record the journal entries for issue and redemption of Debenture.

Q5

Flex private ltd has 20,000, 9% debenture of Rs 100 each due for redemption on 31st March 2022. As on 31st March 2018, balance in the debenture redemption reserve is 2,60,000. It was decided to invest the required amount towards Debenture Redemption Investment. Investment were realized at 105% Less 0.75% brokerage and debenture were redeemed. Record the journal entry for redemption of debenture.

Q6

Reliable ltd (Unlisted), has 20,000, 9% debenture of Rs 100 each of which 40% is due for redemption on 31st March 2019. As on 31st March 2018, balance in the debenture redemption reserve is 1,30,000. It was decided to invest the required amount towards Debenture Redemption Investment. 40% of the debenture were redeemed. Record the journal entry for redemption of debenture.

Q7 (CBSE 2018)

On 1st April 2014, KK ltd invited application for issuing 5,000 10% debenture of Rs 1,000 each at discount of 6%. These debenture were repayable at the end of the 3rd year at premium of 10%. Application for 6,000 debenture were received and the debenture were allotted on pro rata basis to all the applicants. Excess money received with application was refunded.

The director decided to transfer the minimum amount to debenture redemption reserve on 31-3-2016. On 1-4-2016, the company invested the necessary amount in 9% bank deposit fixed deposit as per provision of the company act 2013. Tax was deducted at source by bank on interest @10 p.a. pass the Journal entries for the issue and redemption of the debenture. Ignore entries related to loss on issue of debenture and interest paid on debenture

Out of Profit

Q8

Sinha ltd, has issued Rs 20,00,000, 9% debenture which are due to be redeemed **out of profit** on 1st October 2022 at premium of 10%. The company had a debenture redemption reserve of Rs 6,20,000. It was decided to invest the required amount in the Debenture Redemption Investment. Pass journal entries for redemption of debenture.

Q9

Meenakshi ltd, has decided to redeem Rs 8,00,000, 9% debenture at premium of 10% **out of profit** on 28-2-2022. The company has balance of Rs 25,00,000 in the Statement of Profit and loss
It was decided to invest the required amount in the Debenture Redemption Investment earning 7% Interest p.a. Tax was deducted on interest at the rate of 20% by a bank.

Pass journal entries for redemption of debenture.

Part Amount transfer to DRR

Q 10 (ISC 2018)

On 1st April, 2013, Rayon Ltd. issued 2,000, 9% Debentures of ₹ 100 each at a discount of 10%, redeemable at par on 31st March, 2017. The issue was fully subscribed. To meet the provisions of the Companies Act, 2013, the Board of Directors decided to transfer Rs 1,20,000 to Debenture Redemption Reserve on 31st March, 2014, and the balance on 31st March, 2015. On 1st April, 2016, the company made the required investment in government securities. The investments were encashed and the debentures were redeemed on the due date.
It is the policy of the company to write off capital losses in the year in which they occur. You are required to pass journal entries for issue and redemption of debentures (ignore interest on debentures).

Installment for DRR

Q11

Namit ltd issued 18,000, 10% Debenture of Rs 100 each on march 31st 2011 redeemable at premium of 20% on 30th June 2018. The board of director decided to transfer the required amount to Debenture Redemption Reserve in three equal installments starting from 31 march 2016. Record the necessary journal entries regarding issue and redemption of the debenture. Ignore entries relating to writing off loss on issue of debenture and interest paid thereon

Q 12 (CBSE Compt. 2019)

On 1st April, 2016, Ganesh Limited (An Unlisted Company) acquired assets of₹ 6,00,000 and took over liabilities of₹ 70,000 of Sohan Ltd. at an agreed value of₹ 6,60,000 Ganesh Ltd. issued 12% Debentures of ₹ 100 each at a premium of 10% in full satisfaction of purchase consideration. The debentures were redeemable after three years at a premium of 5%. The company decided to transfer the minimum required amount to Debenture Redemption Reserve of 31st March, 2018. It also made the required investment in Government securities earning interest @ 10% p.a. on 1st April, 2018. Tax was deducted on interest earned @ 10%.

Ignoring entries relating to writing off loss on issue of debentures and interest paid on debentures, pass the necessary journal entries to record the issue and redemption of debentures

Q 13(CBSE 2011)

Pass necessary journal entries for the issue and redemption of debenture in the following cases assuming Company is Unlisted Company

1. 15,000, 10% Debenture of Rs 100 each issued at 10% premium, Repayable at par.
2. 6,00,000 12% debenture of Rs 500 each issued at 5% premium repayable at 10% premium.

Redemption of Debenture in installment by drawing of Lots

Q 14

On 1st April 2017, Akash Private Ltd has 12,000, 8% debenture of Rs 100 each due for redemption at 5% premium in three equal installments starting from March 31 ,2019. The company complied with the requirement with respect to Investment made in Government Securities on 30th April 2018. Ignore the Entry for Interest on Debenture.

Pass journal entries and prepare ledger accounts.

Q 15

Sumit Enterprise Ltd Issued 41,000, 7.5% Debenture of Rs 100 each on September 1, 2010 redeemable as follow

On 31st March 2014	6,000 Debenture
On 31st March 2015	6,000 Debenture
On 31st March 2016	8,000 Debenture
On 31st March 2017	8,000 Debenture
On 31st March 2018	13,000 Debenture

The board decided to transfer to Debenture Redemption Reserve Rs 1,00,000 and Rs 2,25,000 on march 31, 2011 and 2012 Respectively and balance required to be transferred to debenture redemption reserve on March 31, 2013. Company has made required investment as required by law in 10% Government Securities. Record the journal entries. Ignore entries related to payment of Interest.

Q 16

Piyush Ltd Issued 18,000, 9% Debenture of Rs 100 each on July 15, 2010 redeemable at premium of 8% a s under

On 31st March 2014	6,000 Debenture
On 31st March 2015	5,000 Debenture
On 31st March 2016	7,000 Debenture

The board decided to transfer to Debenture Redemption Reserve in three equal installments starting from 31st March 2011. Company has made required investment as required by law in Fixed Deposit Record the journal entries. Ignore entries related to payment of Interest.

Q 17 (CBSE 2015)

On 1-4-2008, Bharat Ltd Issued 6,000, 9% Debenture of Rs 100 each at discount of 10%. These debentures were redeemed in four installments starting from end of third year. The amount of debenture to be redeemed at the end of the third, fourth, fifth and sixth year was as follow

Year	Amount of Debenture to be redeemed (Rs)
III	1,00,000
IV	1,00,000
V	2,00,000
VI	2,00,000

Prepare 9% debenture account for the years 2008-09 to 2013-14

Q 18 (CBSE 2020)

Faith and Belief Ltd has total redeemable Debenture of Rs 5,00,000. It Decided to redeem the debenture in two installment of Rs 3,00,000 and Rs 2,00,000 on 31st December 2018 and March 31st 2020 respectively. Assuming company has sufficient fun in the Debenture Redemption Reserve , pass necessary journal entry for the year ended 31st March 2020

********End of Chapter*******

कविता By सोहन लाल द्विवेदी ji

लहरों से डर कर नौका पार नहीं होती
कोशिश करने वालों की हार नहीं होती

नन्हीं चींटी जब दाना लेकर चलती है
चढ़ती दीवारों पर, सौ बार फिसलती है
मन का विश्वास रगों में साहस भरता है
चढ़कर गिरना, गिरकर चढ़ना न अखरता है
आख़िर उसकी मेहनत बेकार नहीं होती
कोशिश करने वालों की हार नहीं होती

डुबकियां सिंधु में गोताखोर लगाता है
जा जाकर खाली हाथ लौटकर आता है
मिलते नहीं सहज ही मोती गहरे पानी में
बढ़ता दुगना उत्साह इसी हैरानी में
मुट्ठी उसकी खाली हर बार नहीं होती
कोशिश करने वालों की हार नहीं होती

असफलता एक चुनौती है, स्वीकार करो
क्या कमी रह गई, देखो और सुधार करो
जब तक न सफल हो, नींद चैन को त्यागो तुम
संघर्ष का मैदान छोड़ मत भागो तुम
कुछ किये बिना ही जय जयकार नहीं होती
कोशिश करने वालों की हार नहीं होती

Chapter 11

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Financial Statement Analysis

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Lets Be Awesome In Accounts

11 - 12 - CA

CA Deepak Lalwani
Chartered Accountant
9549168168

Financial Statement (Schedule III)

Subscribed and Fully paid up

Q1

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 15,00,000 divided into 1,50,000 Equity share of Rs 10 each. Company issued 1,20,000 Equity shares of Rs 10 each. The amount is payable as follow

	Rs
On Application	2
On Allotment	5
On Final Call	3

Public applied for 1,00,000 Equity shares and all the money was duly received by the company. How will you show the Share capital in the balance sheet of the company? Also prepare the notes to accounts for the same.

Q2

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 15,00,000 divided into 1,50,000 Equity share of Rs 10 each. Company issued 1,20,000 Equity shares of Rs 10 **at 20% premium**. The amount is payable as follow

	Rs
On Application	2
On Allotment	7 (Including Premium)
On Final Call	3

Public applied for 1,00,000 Equity shares and all the money was duly received by the company. How will you show the Share capital in the balance sheet of the company. Also prepare the notes to accounts for the same.

Subscribed and not Fully paid up

When the company has called up the full nominal value of shares

Q3

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 1,50,000 divided into 15,000 Equity share of Rs 10 each. Company issued 12,000 Equity shares of Rs 10 each. The amount is payable as follow

	Rs
On Application	2
On Allotment	5
On Final Call	3

Public applied for 10,000 Equity shares. Company called up till allotment and all the money was duly received by the company. How will you show the Share capital in the balance sheet of the company as per schedule III. Also prepare the notes to accounts for the same.

Q4

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 15,00,000 divided into 1,50,000 Equity share of Rs 10 each. Company issued 1,20,000 Equity shares of Rs 10 **at 20% premium**. The amount is payable as follow

	Rs
On Application	2
On Allotment	7 (Including Premium)
On Final Call	3

Public applied for 1,00,000 Equity shares. Company called up till allotment and all the money was duly received by the company. How will you show the Share capital in the balance sheet of the company as per schedule III. Also prepare the notes to accounts for the same

Q5

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 2,00,000 divided into 20,000 Equity share of Rs 10 each. Company invited application for 10,000 Equity shares of Rs 10 each. The amount is payable as follow

	Rs
On Application	5
On Allotment	2
On Final Call	3

Public applied for 9,000 Equity shares and all amount were received by the company except the final call on 300 shares

How will you show the Share capital in the balance sheet of the company as per schedule III. Also prepare the notes to accounts for the same.

Q6

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 2,00,000 divided into 20,000 Equity share of Rs 10 each. Company invited application for 10,000 Equity shares of Rs 10 each. The amount is payable as follow

	Rs
On Application	5
On Allotment	2
On Final Call	3

Public applied for 9,000 Equity shares and all amount were received by the company except the final call on 300 shares. 100 shares of which final call was not received were forfeited.

How will you show the Share capital in the balance sheet of the company as per schedule III. Also prepare the notes to accounts for the same.

Q7

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 30,00,000 divided into 3,00,000 Equity share of Rs 10 each. Company invited application for 2,20,000 Equity shares of Rs 10 each. The amount is payable as follow

	Rs
On Application	4
On Allotment	3
First call	2
Balance as and when required	

Application were received on 2,00,000 Equity shares and all amount were received till First call except on 3000 shares on which first call was not received. 1,000 shares of which First call was not received were forfeited.

How will you show the Share capital in the balance sheet of the company as per schedule III. Also prepare the notes to accounts for the same.

Q8

On 1st April 2018, Reliable Ltd was formed with an authorized capital of Rs 40,00,000 divided into 40,000 Equity share of Rs 100 each. Company invited application for 30,000 Equity shares of Rs 100 each. The amount is payable as follow

	Rs
On Application	20
On Allotment	30
First call	40
Balance as and when required	

Application were received on 35,000 Equity shares and company rejected 5,000 application. Company has called the amount till First call. All amount was received till First call except on 2,000 shares on which Allotment and first call were not received. 500 shares were forfeited.

The company also issued 8,000 Equity share of Rs 100 each fully paid up to the vendors for purchase of machinery.

How will you show the Share capital in the balance sheet of the company as per schedule III? Also prepare the notes to accounts for the same.

Reserve and Surplus

Q 9

Samay Ltd has an opening balance of Rs 7,00,000 of Profit and Loss and Rs 3,00,000 in General Reserve. During the year it earned Rs 2,00,000 profit. Security Premium Reserve is Rs 80,000, Capital Reserve Rs 10,000 How would you show this in the balance sheet and notes to accounts.

Q 10

Samay Ltd has an opening balance of Rs 7,00,000 of Profit and Loss and Rs 3,00,000 in General Reserve. During the year incurred Loss of Rs 2,00,000. Security Premium Reserve is Rs 80,000, Capital Reserve Rs 10,000 How would you show this in the balance sheet and notes to accounts.

Q 11

Samay Ltd has an opening balance of Rs 7,00,000 of Profit and Loss and Rs 3,00,000 in General Reserve. During the year incurred Loss of Rs 8,00,000. Security Premium Reserve is Rs 80,000, Capital Reserve Rs 10,000 How would you show this in the balance sheet and notes to accounts.

Q 12

Samay Ltd has an opening balance of Rs 7,00,000 of Profit and Loss and Rs 3,00,000 in General Reserve. During the year incurred Loss of Rs 12,00,000. Security Premium Reserve is Rs 80,000, Capital Reserve Rs 10,000 How would you show this in the balance sheet and notes to accounts.

Q 13

Samay Ltd has an opening debit balance of Rs 3,00,000 of Profit and Loss and Rs 20,000 in General Reserve. During the year incurred Loss of Rs 4,00,000. How would you show this in the balance sheet and notes to accounts?

Q 14

Samay Balance is Rs 1,00,000 in Reserve and Surplus, Security Premium Reserve is Rs 20,000 and General Reserve is Rs 15,000. How would you show this in the balance sheet and notes to accounts.

Long Term and Short-Term Borrowing

Q 15

Classify the following liability into Long Term Borrowing, Short Term Borrowing and Other Current Liability as on 31-3-2019 from the following information (Ignore Interest)

10% Debenture (To be Repayable on 31-3-2022)	Rs 10,00,000
9% Public Deposit from HDFC Ltd repayable in 4 installments starting 31-3-2020	Rs 2,00,000
Overdraft	Rs 10,000
11 %Bank Loan (taken for 10 Month)	Rs 70,000

Q16

Reliable Ltd raised the following Long-term Loan

10,000, 9% Debenture of Rs 100 each redeemable in 4 Equal Installment beginning 1st Jan 2020 (Loan Taken on 1-4-2017)	Rs 10,00,000
10% bank Loan from HDFC Ltd repayable after 4 years (	Rs 2,00,000
8% bank Loan (Taken for 5 Month on 28-2-2019)	Rs 1,00,000

You are required to show the above items in the balance sheet of the company as on 31-march 2019

(Ignore Interest)

Current and Non-Current Liability

Q 17

Classify the following liability into current and non-current liability from the following operating cycle information

Cases	A	B	C	D	E	F	G	H	I	J	K	L
Operating Cycle (month)	8	9	9	14	14	14	15	15	16	18	12	13
Expected Period of Payment of Trade payable from the balance sheet date (Month)	9	12	14	12	13	15	16	11	15	18	13	12

Q18

Classify the following liability as on 31-3-2019 from the following

	Particulars	Rs
1	Unpaid Dividend	2,000
2	Interest Accrued but not Due on Borrowing	1,000
3	Interest Accrued and due on Borrowing	800
4	Bill Payable	5,000
5	Creditors	7,000
6	Trade payable	12,000
7	Application money to be refunded	1,000
8	Outstanding Salary	500
9	Income Received in Advance	700
10	Matured Debenture	2,00,000
11	Debenture	5,00,000
12	Bank Loan (taken for 8 month)	1,00,000

Long Term and Short-Term Provision

Q19

Classify the following liability as on 31-3-2019 from the following information (Ignore Interest)

	Particulars	**Rs**
1	Provision for Employee Benefit	70,000
2	Provision for Doubtful Debt	5,000
3	Provision for Taxation	8,000
4	Tax payable	1,000
5	Provision for Warranty	2,000
6	Provision for Gratuity (for employee to be retired in next 12 month from balance sheet date)	1,000

General Liability Grouping

Q20

Name the major heading under which equity and liability side of company balance sheet is organized and presented.

Q21

Name the subheading of the Shareholders funds

Q22

Name the subheading under which Non-Current Liability shall be classified in Company balance sheet.

Q23

Name the subheading under which Current Liability shall be classified in Company balance sheet.

Q 24

Under which head the following items of Equity and liabilities side of the balance sheet of the company will be presented

1. Unpaid Dividend
2. Current maturity of Long-Term borrowing
3. Debenture
4. Bank Loan (Payable in 15 month)
5. Sinking Fund
6. Bill Payable
7. Public Deposit
8. Income Received in Advance
9. Trade Payable
10. Salary Outstanding
11. Call in advance
12. Debit balance of profit and loss
13. Surplus in the profit and loss
14. Provision for Gratuity
15. Interest Accrued and due on debenture
16. Interest accrued and not due on debenture
17. Provision for Employee Provident Funds
18. Trade payable (Payable in 15 month and Company operating cycle is 16 month)
19. GST payable
20. Unclaimed dividend
21. Excess application money received to be refunded
22. Unpaid interest on Debenture
23. Provision for Doubtful debt
24. Provision for Taxation
25. Security Premium Reserve
26. Debenture Redemption Reserve
27. Call in arrears
28. Loss during the year
29. Matured Debenture
30. Debenture
31. Bank Loan (taken for 9 month)
32. Bank OD
33. Share Forfeiture

Assets

Current and Non-Current assets

Q 25

Classify the following Assets into current and non-current Assets from the following operating cycle information

Cases	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**	**J**	**K**
Operating Cycle (month)	8	9	9	14	14	14	15	15	16	25	16
Expected Period of realization of Trade receivable from the balance sheet date (Month)	9	12	14	12	13	15	16	11	15	21	15

Property, Plant and Equipment (Fixed Assets)

Q 26

Present the following items in the balance sheet of the company

Particulars	**Rs**
Furniture	1,00,000
Patent under development	2,00,000
Land	70,000
Computer	70,000
Computer Software	20,000
Machinery (gross)	1,20,000
Depreciation on machinery	10,000
Design	60,000
Trademark	15,000
Office Equipment	20,000
Goodwill	90,000
Building Under progress	2,50,000

Long Term and Short-Term loan and Advance

Q 27

Present the following items in the balance sheet of the company

Particulars	**Rs**
Security Deposit to Electricity Department	1,00,000
Advance for Fixed Assets	2,00,000
Advance for Goods	10,000
Loan given to Employee (repayable within 12 month of balance sheet)	50,000
Loan given to Employee (repayable after 12 month of balance sheet)	40,000

Trade Receivable

Q 28

Show the following item in the balance sheet as per Schedule III

Debtor (Gross) 5,00,000

Bill Receivable Rs 2,00,000

Provision for Doubtful Debt Rs 10,000

Cash and Cash Equivalent

Q 29

How will be the following item will be presented in the company balance sheet

Cash	10,000
Bank balance	15,000
Trade Investment	7,000
Fixed Deposit	8,000
Draft in Hand	2,000

Other Non-Current and Current Assets

Q 30

Show the following item in the balance sheet as per Schedule III

Particulars	**Rs**
Prepaid Expense	1,00,000
Interest Accrued on Investment	2,00,000
Advance Tax	50,000
Unamortized Discount to be written off within 12 Month from balance sheet	70,000
Unamortized Discount to be written off after 12 Month from balance sheet	50,000
Non-Trade Investment	10,000

Q31

How will be the following item will be presented in the company balance sheet

8% Debenture	1,00,000
Discount on issue of debenture (to be written off in next 5 years)	20,000

General Assets Grouping

Q 32

Name the major heading under which the assets side of the company balance sheet is organized and presented

Q33

Name the subheading under which Non-Current assets shall be classified in Company balance sheet.

Q 34

Name the subheading under which Current assets shall be classified in Company balance sheet.

Overall Assets and Liability grouping

Q 35

Under which head the following items of Assets of the balance sheet of the company will be presented

1. Sundry Debtor
2. Bank balance
3. Bill Receivable
4. Cheque / Draft in hand
5. Work in progress
6. Prepaid Expense
7. Advance recoverable in cash within the operating cycle

Q 36

Under which head the following items of the balance sheet of the company will be presented

1. Call in advance
2. Interest on call in advance
3. Stores and Spares
4. Design
5. Short Term Loans and Advance
6. Loose tools
7. Accrued Income
8. Subsidy Reserve
9. Goodwill
10. Shares in Reliance
11. Capital Work in Progress

Q 37

Under which head the following items of the balance sheet of the company will be presented

1. Long Term Loans
2. Short Term Loans
3. Unpaid Dividend
4. Provision for Employee benefits
5. General Reserve
6. Mortgage Loan
7. Forfeited Shares
8. Contingent Liability
9. Share issue expense (to be written off in next 12 month)
10. Share issue expense (to be written off after 12 month)
11. Proposed Dividend

Q 38

Under which head the following items of the balance sheet of the company will be presented

1. Building
2. Patent under development
3. deferred Tax Liability
4. Computer
5. Computer Software
6. Money Received against share warrant
7. Share application money to be refunded
8. Long term borrowing to be repayable in next 12 month
9. Share Option Outstanding
10. Guarantee given by the company
11. Premium on Redemption of Debenture
12. Shares in SBI

Q 39

Under which head the following items of the balance sheet of the company will be presented

1. Debtor
2. Provision for Doubtful Debt
3. Fixed Deposit for 3 years
4. Government and Trust Securities
5. Proposed Dividend
6. Debenture Sinking fund
7. Revaluation Reserve
8. Investment Fluctuation Reserve
9. Investment
10. Loan Repayable on Demand
11. Goods Acquired for Trading

Q 40

Under which head the following items of the balance sheet of the company will be presented

1. Debtor
2. Provision for Taxation
3. Unclaimed Dividend
4. Trademark
5. Bonds
6. Raw material

Q41

How will be the following item will be presented in the company balance sheet (Rs)

land	15,00,000
Machinery	2,00,000
Goodwill	1,00,000
Patent	4,00,000
Building in Progress	3,00,000

Q42

How will be the following item will be presented in the company balance sheet

Inventory	2,00,000
Cash	50,000
Sundry Creditors	40,000
Bank Overdraft	70,000
Non-Current investment	4,00,000
Cheque in hand	30,000
Goodwill	2,00,000
Vehicle	1,00,000
Computer	3,00,000
Computer software	50,000

Q43

How will be the following item will be presented in the company balance sheet

Share Capital (20,000 Equity share of Rs 10 Each	2,00,000
Statement of Profit and Loss (Cr)	1,70,000
Security Premium	60,000
Raw material	80,000
Trademark	5,00,000
Preliminary Expense	70,000
Goodwill	4,00,000
Machinery (Gross)	2,00,000
Accumulated Depreciation on Machine	10,000
Long Term borrowing	1,00,000
Provision for Employee Benefit	50,000
Provision for Taxation	30,000
Proposed dividend (current year)	20,000
Land	1,00,000

Profit and Loss

Revenue from Operation, Other Income and Total Revenue

Q 44

Under which head the following items of the balance sheet of the **non-financial** company will be presented

1. Interest Income
2. Dividend Income
3. Sale of Scrap
4. Sale of newspaper
5. Sales
6. Profit on sale of fixed assets
7. Profit on sale of Investment
8. Refund of Income Tax
9. Rent Received
10. Revenue from Service Rendered

Q 45

Under which head the following items of the balance sheet of the **financial** company will be presented

1. Interest Income
2. Dividend Income
3. Sale of newspaper
4. Profit on sale of fixed assets
5. Profit on sale of Investment
6. Refund of Income Tax

Q 46

Compute Revenue from operation, Other Income and Total Revenue from the following information of Non-financial company

Particulars	Rs
Sales	1,00,000
Interest income on Advance given	20,000
Sale of scrap	3,000
Refund of Income Tax	5,300
Dividend Income	2,700
Revenue from Service offered	70,000
Gain on sale of Investment	6,000
Loss on sale of Investment	5,000
Gain on sale of Fixed Assets	4,000
Loss on sale of Fixed assets	3,000
Sale of Miscellaneous item	500
Other Interest Income	2,500

Q 47

What if in above question, Loss on sale of Investment is Rs 7,500

Q 48

Compute Revenue from operation, Other Income and Total Revenue from the following information of Financial company

Particulars	Rs
Interest income	50,000
Profit on sale of Furniture	7,000
Refund of Income Tax	8,000
Dividend Income	14,000
Miscellaneous Income	3,000
Sale of Miscellaneous item	2,000
Fees Received for arranging Loans	1,000
Commission received for disbursement of Loan	7,000
Profit on Sale of Investment	2,000

Cost of Material Consumed

Q49

Compute the cost of Material Consumed from the following

Particulars	Rs
Inventory of Material (01-4-2018)	1,00,000
Inventory of Material (31-3-2019)	2,50,000
Purchase of Material	7,00,000
Return of Material	2,00,000

Q 50

From the following information for the year ended 31-3-2019, prepare notes to account to determine the amount to be shown in the statement of profit and loss against "change in inventories" (Rs)

	Opening Inventory (Rs)	Closing Inventory (Rs)
Finished Goods	5,00,000	4,30,000
Work in Progress	2,00,000	2,50,000
Stock in Trade	1,00,000	80,000
Raw Material	70,000	50,000

Q 51

From the following information for the year ended 31-3-2019, prepare notes to account to determine the amount to be shown in the statement of profit and loss against "change in inventories" (Rs)

	Opening Inventory (Rs)	Closing Inventory (Rs)
Finished Goods	5,00,000	6,00,000
Work in Progress	2,00,000	2,00,000
Stock in Trade	1,00,000	80,000
Raw Material	80,000	60,000

Q 52

From the following information for the year ended 31-3-2019, prepare notes to account to determine the cost of material consumer

	Rs
Opening Inventory	
Material	1,00,000
Work in Progress	2,40,000
Purchase of Material	70,000
Closing Inventory	
Material	60,000
Work in Progress	80,000
Finished Goods	20,000

Q53

From the following information for the year ended 31-3-2019, prepare Statement of Profit and Loss

	Rs
Opening Inventory	
Material	1,00,000
Work in Progress	2,40,000
Purchase of Material	70,000
Purchase of Stock in Trades	8,000
Closing Inventory	
Material	60,000
Work in Progress	2,35,000
Finished Goods	20,000
Stock in Trade	1,000

Employee benefit expense

Q54

Identify which of the following will be shown in the notes to accounts as "Employee Benefits Expense"

1. Salaries
2. Wages
3. Bonus to Employees
4. Leave encashment expense
5. Employee stock option scheme expense
6. Office expense
7. Entertainment expense
8. Contribution to Provident fund

Q 55

Present the following information in the profit and loss statement under head "Employee benefit expense"

Particulars	**Rs**
Salaries	50,000
Bonus To employees	20,000
Wages	10,000
Medical expense	5,000
Telephone expense	200
Business promotion expense	300
Advertainment expense	700
Gratuity paid	1,400
Contribution to PF	2,000
Office expense	1,700
Entertainment expense	1,300
Audit expense	2,000

Finance Cost

Q56

Identify which of the following will be shown in the notes to accounts as "Employee Benefits Expense"

1. Interest paid on Debenture
2. Interest on Bank Overdraft
3. Bank Charges
4. Commission paid for deposit mobilization
5. Charges on Loan processing
6. Commitment charges
7. Interest on Short term loan
8. Loss on issue of debenture written off
9. Guarantee charges
10. Interest Income

Q 57

Present the following information in the profit and loss statement under head "Finance Cost"

Particulars	Rs
Interest paid on Public Deposit	50,000
Interest on Term Loan	20,000
Interest on bank Overdraft	10,000
Interest received on Term Deposit	5,000
Discount on issue of debenture written off	2,000
Interest on cash credit	3,000
Loan processing charges	4,000
Bank charges	2,500
Guarantee charges	1,000

Depreciation and Amortization

Q 58

Present the following information in the profit and loss statement under head "Depreciation and Amortization"

Particulars	Rs
Depreciation on Building	10,000
Depreciation on Furniture	20,000
Write off of Computer software	5,000
Goodwill written off	3,000
Patent Sold	4,000

Other Expense

Q59

Identify which of the following will be shown in the notes to accounts as "Other Expense"

1. Freight expense
2. Insurance expense
3. Loss on sale of Fixed assets
4. Interest Expense
5. Bad Debt
6. Carriage Inward
7. Carriage Outward
8. Commission allowed
9. Courier Expense
10. Audit Fees
11. Internet Expense
12. Provision for Doubtful debt
13. Goodwill written off
14. Rent for factory
15. Interest earned
16. Share issue expense written off
17. Prior Period Expense
18. Discount on issue of Debenture
19. Premium Payable on Redemption of Debenture
20. Bank Charges

Overall Questions

Q 60

Under which head following item will be show in the statement of profit and loss of the company

1. Goodwill Amortized
2. Audit Expense
3. Discount on issue of debenture
4. Interest earned
5. Sale of Scrap
6. Interest Expense
7. Bonus to employees
8. Share issue expense written off
9. Revenue from Service rendered
10. Sale of miscellaneous item
11. Dividend received
12. Material purchased
13. Business Promotion expense
14. Preliminary Expense
15. Gratuity paid
16. Patent written off
17. Sale of product
18. Contribution to superannuation fund
19. Advertisement
20. Travelling Expense
21. Entertainment
22. Profit on sale of Investment
23. Loss on sale of Fixed Assets
24. Profit on sale of Fixed Assets
25. Bank Charges
26. Purchase of Stock in Trade

Q61

Prepare the statement of profit and loss from the following information from ABC Ltd for the year ended 31-3-2019

Particulars	Rs
Sales	5,00,000
Wages	1,00,000
Interest Income	50,000
Gratuity paid	7,000
Salaries	40,000
Bonus	30,000
Interest Expense	20,000
Audit Expense	7,000
Depreciation on Machine	7,000
Goodwill Amortized	2,000
Sale of Scrap	6,000
Cost Of material Consumed	10,000
Purchase of Stock in Trade	6,000
Change in Inventory	7,000

Q62

Prepare the statement of profit and loss from the following information from ABC Ltd for the year ended 31-3-2019

Particulars	Rs
Sales	5,00,000
Wages	1,00,000
Interest Income	50,000
Gratuity paid	7,000
Salaries	40,000
Bonus	30,000
Interest Expense	20,000
Audit Expense	80,000
Depreciation on Machine	7,000
Goodwill Amortized	2,000
Sale of Scrap	6,000

Q63

Prepare the statement of profit and loss from the following information from ABC Ltd for the year ended 31-3-2019

Particulars	**Rs**
Sales	4,00,000
Wages	70,000
Interest Income	50,000
Sale of miss items	6,000
Gratuity paid	9,000
Salaries	50,000
Leave Encashment	30,000
10% Debenture (issued on 1st October 2018)	4,00,000
Audit Expense	60,000
Depreciation on Machine	6,000
Goodwill Amortized	2,000
Tax	5,000
Opening Stock on SIT	10,000
Closing Stock of SIT	14,000
Purchase of Stock in Trade	6,000

********End of Chapter********

If your mind can conceive it, and your heart can believe it - then you can achieve it

घायल परिंदा है तू
दिखला दे जिंदा है तू
बाक़ी है तुझमें हौसला
तेरे जूनून के आगे
अम्बर पनाहे मांगे
कर डाले तू जो फैसला
रूठी तकदीरें तो क्या
टूटी शमशीरें तो क्या
टूटी शमशीरें से ही हो
कर हर मैदान फ़तेह
कर हर मैदान फ़तेह
कर हर मैदान फ़तेह
रे बंदेया हर मैदान फ़तेह

(Lyrics from Song "Kar Har Maidaan Fateh")

घायल परिंदा है तू

दिखला दे जिंदा है तू

बाक़ी है तुझमें हौसला

तेरे जूनून के आगे

अम्बर पनाहे मांगे

कर डाले तू जो फैसला

रूठी तकदीरें तो क्या

टूटी शमशीरें तो क्या

टूटी शमशीरें से ही हो

कर हर मैदान फ़तेह

कर हर मैदान फ़तेह

कर हर मैदान फ़तेह

रे बंदेया हर मैदान फ़तेह

(Lyrics from Song "Kar Har Maidaan Fateh")

Chapter

12-13

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Comparative Statement

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11 - 12 - CA

CA Deepak Lalwani

Chartered Accountant

9549168168

Comparative Statement Analysis

Q1

Following are the balance sheet of Reliable Ltd as at 31-03-2019 and 2018. Prepare Comparative Financial Statement

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital (Equity)		6,00,000	4,00,000
II. Reserve and Surplus (Profit and Loss)		1,50,000	2,00,000
(2) Non-Current Liabilities			
I. Long Term Borrowing		6,00,000	3,00,000
(3) Current Liabilities			
I. Short Term borrowing (bank Overdraft)		70,000	50,000
II. Trade Payable (Creditors)		2,00,000	2,00,000
III. Short Term provision		40,000	50,000
Total		**16,60,000**	**12,00,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets		2,00,000	3,00,000
ii. Intangible (Goodwill)		1,00,000	80,000
II. Non-Current Investment (10% Govt Bond)		4,00,000	3,00,000
(2) Current Assets			
I. Current Investment		1,00,000	1,00,000
II. Inventory		2,90,000	2,00,000
III. Trade Receivable		2,25,000	1,00,000
IV. Cash and Cash Equivalent (Cash at Bank)		3,45,000	1,20,000
Total		**16,60,000**	**12,00,000**

Q2

Following are the balance sheet of Reliable Ltd as at 31-03-2019 and 2018. Prepare Comparative Financial Statement

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
a) Share Capital (Equity)		5,000	4,000
b) Reserve and Surplus (Profit and Loss)		7,000	3,500
(2) Non-Current Liabilities			
a) Long Term Borrowing		200	200
(3) Current Liabilities			
a) Short Term borrowing (bank Overdraft)		840	700
b) Trade Payable (Creditors)			
Total		**13,040**	**8,400**
II. Assets			
(1) Non-Current Assets			
a. Fixed Assets			
i. Tangible Assets		5,700	3,000
ii. Intangible (Goodwill)		1,605	1,000
b. Non-Current Investment (10% Govt Bond)		-	700
(2) Current Assets			
a. Current Investment		100	200
b. Inventory		4,000	3,000
c. Trade Receivable		1,000	400
d. Cash and Cash Equivalent (Cash at Bank)		635	100
Total		**13,040**	**8,400**

Q3

Following are the balance sheet of Reliable Ltd as at 31-03-2019 and 2018. Prepare Comparative Financial Statement

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
a) Share Capital (Equity)		5,000	4,000
b) Reserve and Surplus (Profit and Loss)		7,000	3,500
(2) Non-Current Liabilities			
a) Long Term Borrowing		200	-
(3) Current Liabilities			
a) Short Term borrowing (bank Overdraft)		840	900
b) Trade Payable (Creditors)			
Total		**13,040**	**8,400**
II. Assets			
(1) Non-Current Assets			
a. Fixed Assets			
i. Tangible Assets		5,700	3,000
ii. Intangible (Goodwill)		800	1,000
b. Non-Current Investment (10% Govt Bond)		805	700
(2) Current Assets			
a. Current Investment		100	200
b. Inventory		4,000	3,000
c. Trade Receivable		1,000	400
d. Cash and Cash Equivalent (Cash at Bank)		635	100
Total		**13040**	**8,400**

Q4

From the following information, prepare comparative balance sheet of X Ltd. Prepare Comparative Financial Statement

Figures in Rs

	31-3-2019	31-3-2018
Reserve and Surplus	5,00,000	4,00,000
Share capital	10,00,000	8,00,000
Trade payable	2,00,000	2,50,000
Plant and Machinery	4,00,000	3,00,000
Patent	-	8,00,000
Investment	7,00,000	3,50,000
Current Assets	9,00,000	5,00,000
Long Term borrowing	3,00,000	5,00,000

Q5

Following particulars are related to the statement of Profit and loss of Reliable Ltd for two consecutive years.

Figures in Rs

	31-3-2019	31-3-2018
Revenue from Operation	9,00,000	6,00,000
Other Income	1,00,000	1,50,000
Other Expense	4,00,000	3,00,000
Income Tax	2,00,000	1,50,000

Prepare comparative statement of profit and loss of Reliable ltd

Q6

Following particulars are related to the statement of Profit and loss of Infy Ltd for two consecutive years.

Figures in Rs

	31-3-2019	31-3-2018
Revenue from Operation	9,00,000	6,00,000
Other Income	1,00,000	-
Expense	4,00,000	3,00,000
Income Tax	1,70,000	1,50,000

Prepare comparative statement of profit and loss of Infy ltd

Q7

Following particulars are related to the statement of Profit and loss of Rathi Ltd for two consecutive years.

Figures in Rs

	31-3-2019	**31-3-2018**
Revenue from Operation	9,00,000	7,00,000
Other Income	-	1,00,000
Expense	4,00,000	3,00,000
Income Tax	1,80,000	1,50,000

Prepare comparative statement of profit and loss of Rathi ltd

Q8

Following particulars are related to the statement of Profit and loss of Flex Ltd for two consecutive years.

Figures in Rs

	31-3-2019	**31-3-2018**
Revenue from Operation	7,80,000	6,00,000
Cost of Material Consumer	2,00,000	1,50,000
Other Expense	50,000	60,000

Dividend Income Rs 40,000 per year.

Prepare comparative statement of profit and loss of Flex ltd

Q9 (CBSE sample paper 2018)

Following particulars are related to the statement of Profit and loss of XL Limited two consecutive years.

	2015-16 (Rs)	**2016-17 (Rs)**
Revenue from Operation	50,00,000	80,00,000
Expense		
Employee Benefit Expense (10% of Revenue from Operation)		
Other Expense	10,00,000	12,00,000

Prepare comparative statement of profit and loss of XL ltd

Q10

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	2017-18 (Rs)
Revenue from Operation	20,00,000	15,00,000
Cost of Material Consumed	9,10,000	7,00,000
Employee Expense	1,00,000	50,000
Other Expense	10% of Material Consumed	15% of Material Consumed
Tax Rate	30%	40%

Prepare comparative statement of profit and loss of X ltd

(Video Correction : In Video, 13.33 be written as (13.33))

Q11(CBSE 2016)

Following particulars are related to the statement of Profit and loss of Sun India Limited two consecutive years.

Figures in Rs

	31-3-2015	31-3-2014
Revenue from Operation	25,00,000	20,00,000
Other Income	1,00,000	5,00,000
Employee Benefit Expense	60% of Total Revenue	50% of Total Revenue
Other Expense	10% of Employee Benefit Expense	20% of Employee Benefit Expense
Tax Rate	50%	40%

Prepare comparative statement of profit and loss of Sun India ltd

Q12

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	2017-18 (Rs)
Revenue from Operation	300% of Cost of Material Consumed	250% of Cost of Material Consumed
Cost of Material Consumed	5,00,000	4,00,000
Employee Expense	1,00,000	50,000
Other Expense	20% of Material Consumed	25% of Material Consumed
Tax Rate	40%	30%

Prepare comparative statement of profit and loss of X ltd

(Video Correction: PBT of 2018-19 will be Rs 8,00,000 and not Rs 8,50,000)

Q13

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	2017-18 (Rs)
Revenue from Operation (Gross)	300% of Cost of Material Consumed	250% of Cost of Material Consumed
Sales Return	1,00,000	1,50,000
Cost of Material Consumed	5,00,000	4,00,000
Employee Expense	20% of gross Revenue from Operation	25% of Net Revenue from Operation
Other Expense % of (Net Revenue from Operation- Cost of Material Consumed)	10%	10%
Tax Rate	40%	40%

Prepare comparative statement of profit and loss of X ltd

Q14

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	2017-18 (Rs)
Revenue from Operation (Gross)	1,98,000	1,80,000
Sales Return	18,000	-
Cost of Material Consumed	1,00,000	80,000
Change in Inventory	25,000	18,000
Other Expense % of Net Profit before tax	10%	-
Tax Rate	50%	40%

Prepare comparative statement of profit and loss of X ltd

Q15

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	2017-18 (Rs)
Revenue from Operation (Gross)	5,00,000	4,50,000
Sales Return	60,000	50,000
Purchase of Stock in Trade	10,000	8,000
Change in Inventories	15,000	(10,000)
Employee Benefit Expense	-	5,000
Tax Rate	20%	20%

Prepare comparative statement of profit and loss of X ltd

Q16

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	2017-18 (Rs)
Revenue from Operation	30,00,000	20,00,000
Other Income (% of Revenue from Operation)	15%	20%
Expense (% of Operating Revenue)	60%	50%

Prepare comparative statement of profit and loss of X ltd

Q17

Following particulars are related to the statement of Profit and loss of X Limited two consecutive years.

	2018-19 (Rs)	**2017-18 (Rs)**
Revenue from Operation	3,00,000	2,00,000
Cost of Material Consumed	20%	25%
Depreciation and Amortization	5,000	4,000
Employee Benefit Expense	49,500	45,000
Other Expense	10,000	1,01,000
Income tax (40% of Net Profit)		

Prepare comparative statement of profit and loss of X ltd

********End of Chapter********

I hated every minute of training, but I said, 'Don't quit. Suffer now and live the rest of your life as a champion. – Muhammad Ali

Chapter 14

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Common Size Statement

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CA Deepak Lalwani

Chartered Accountant

9549168168

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Common Size Statement

Q1

From the following information, prepare common size Balance sheet **(Rs in Lakh)**

	31-3-2019	**31-3-2018**
Equity Share capital	20	20
Preference Share Capital	12	7
Reserve and Surplus	8	13.5
Non-Current Liabilities	16	27
Current Liabilities	24	22.5
Non-Current Assets	56	72
Current Assets	24	18

Q2

From the following information, prepare common size Balance sheet **(Rs in Lakh)**

	31-3-2019	**31-3-2018**
Equity Share capital	2,800	2,800
Preference Share Capital	1,400	1,040
Long Term Provision	1,000	2,200
Short Term Provision	3,050	4,000
Trade Receivable	3,360	4,800
Trade Payable	525	400
Fixed Assets	11,200	12,800
Cash and Cash Equivalent	840	800
Reserve and Surplus	15,400	16,960
Inventory	2,800	1,600
Long Term Borrowing	1,800	2,600
Short Term Borrowing	2,025	2,000
Current Investment	1,400	800
Non-Current Investment	8,400	11,200

Q3

Following are the balance sheet of Reliable Ltd as at 31-03-2019 and 2018

Balance sheet of Reliable Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds		3,00,000	3,00,000
(2) Non-Current Liabilities		1,00,000	60,000
(3) Current Liabilities			
I. Short Term borrowing (bank Overdraft)		75,000	
II. Trade Payable (Creditors)		20,000	35,000
III. Short Term provision		5,000	5,000
Total		**5,00,000**	**4,00,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets		1,00,000	80,000
ii. Intangible (Goodwill)		50,000	90000
II. Non-Current Investment (10% Govt Bond)		70,000	-
(2) Current Assets		2,80,000	2,30,000
Total		**5,00,000**	**4,00,000**

Q4

Following particulars are related to the statement of Profit and loss of Flex Ltd for two consecutive years.

Figure in Rs

	31-3-2019	**31-3-2018**
Revenue from Operation	15,00,000	8,00,000
Finance Cost	3,00,000	2,40,000
Other Expense	2,50,000	2,00,000

Prepare Common size statement of profit and loss of Flex ltd

Q5

Following particulars are related to the statement of Profit and loss of Samrat Ltd (Rs)

Figure in Rs

	31-3-2019	**31-3-2018**
Revenue from Operation	10,00,000	7,00,000
Other Income	2,00,000	1,00,000
Cost of Material Consumed	2,00,000	1,40,000
Change in Inventories	2,50,000	2,10,000
Depreciation and Amortization	1,00,000	70,000
Employee benefit expense	75,000	35,000
Other Expense	20,000	17,500

Tax Rate: 30%

Prepare Common size statement of profit and loss of Flex ltd

Q6

Following particulars are related to the statement of Profit and loss of Flex Ltd

Figure in Rs

	31-3-2019	**31-3-2018**
Revenue from Operation	5,00,000	4,00,000
Total Revenue	8,00,000	7,00,000
Cost of Material Consumed	1,00,000	60,000
Change in Inventories	(40,000)	50,000

Trend Analysis

Q7

Following particulars are related to the statement of Profit and loss of Flex Ltd. Calculate the trend Analysis from below

Figure in Rs

Current Assets	**31-3-2015**	**31-3-2016**	**31-3-2017**	**31-3-2018**	**31-3-2019**
Current Investment	50,000	60,000	55,000	70,000	40,000
Inventory	30,000	48,000	39,000	27,000	36,000
Trade Receivable	70,000	77,000	84,000	63,000	49,000
Other Current Assets	20,000	25,000	30,000	45,000	60,000

********End of Chapter*******

कविता By सोहन लाल द्विवेदी ji

लहरों से डर कर नौका पार नहीं होती
कोशिश करने वालों की हार नहीं होती

नन्हीं चींटी जब दाना लेकर चलती है
चढ़ती दीवारों पर, सौ बार फिसलती है
मन का विश्वास रगों में साहस भरता है
चढ़कर गिरना, गिरकर चढ़ना न अखरता है
आख़िर उसकी मेहनत बेकार नहीं होती
कोशिश करने वालों की हार नहीं होती

डुबकियां सिंधु में गोताखोर लगाता है
जा जाकर खाली हाथ लौटकर आता है
मिलते नहीं सहज ही मोती गहरे पानी में
बढ़ता दुगना उत्साह इसी हैरानी में
मुट्ठी उसकी खाली हर बार नहीं होती
कोशिश करने वालों की हार नहीं होती

असफलता एक चुनौती है, स्वीकार करो
क्या कमी रह गई, देखो और सुधार करो
जब तक न सफल हो, नींद चैन को त्यागो तुम
संघर्ष का मैदान छोड़ मत भागो तुम
कुछ किये बिना ही जय जयकार नहीं होती
कोशिश करने वालों की हार नहीं होती

Chapter 15

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Accounting Ratio

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CA Deepak Lalwani
Chartered Accountant
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Current Ratio and Quick Ratio

Q1

From the following compute the Current Ratio and give your comments on it

	(In Rs)
Non-Current Investment	1,50,000
Current Investment	70,000
Inventories (Including Loose Tools Rs 40,000)	1,00,000
Trade Receivable	
Sundry Debtor	3,00,000
Bill Receivable	30,000
Trade payable	
Sundry Creditor	1,30,000
Bill Payable	5,000
Long Term borrowing	4,00,000
Short Term borrowing	20,000
Short Term provision (provision for Tax)	45,000
Cash and bank balance	40,000

Q2

From the following compute the Current Ratio and Quick Ratio and give your comments on it

	(In Rs)
Non-Current Investment	1,50,000
Current Investment	70,000
Inventories (Including Loose Tools Rs 40,000)	1,00,000
Trade Receivable	
Sundry Debtor 3,40,000 Less RDD 20,000	3,20,000
Bill Receivable	30,000
Trade payable	
Sundry Creditor	1,30,000
Bill Payable	5,000
Long Term borrowing	4,00,000
Short Term borrowing	20,000
Short Term provision (provision for Tax)	45,000
Cash and bank balance	40,000
Current maturity of Long-Term Borrowing	20,000
Advance Tax	20,000
Prepaid Expense	10,000

Q3

From the following compute the Current Ratio and Quick Ratio and give your comments on it

	Rs
Non-Current Investment	1,50,000
Current Investment	70,000
Inventories (Including Stores and spares Rs 40,000)	3,00,000
Trade Receivable	
Sundry Debtor 1,40,000 Less Provision for Bad Debt (20,000)	1,20,000
Bill Receivable	30,000
Prepaid Expense	15000
Trade payable	
Sundry Creditor	80,000
Bill Payable	5,000
Long Term borrowing	4,00,000
Short Term borrowing	20,000
Short Term provision provision for Tax proposed Dividend	 12,000 28,000
Rent Payable	55,000
Cash and bank balance	40,000
Income tax paid in advance	5,000

Q4 (CBSE Guidance Notes)

From the following Compute Current ratio and Quick Ratio

S.No.	Items	Rs	S.No.	Items	Rs
1	Current Investment	40,000	7	Short Term Provision	3,000
2	Inventories	5,000	8	Other Current Liabilities	5,000
3	Trade Receivable	2,000	9	Short Term loan and Advance	4,000
4	Short Term borrowing	20,000	10	Tangible Fixed Assets	1,00,000
5	Trade payable	2,500	11	Cash and Cash Equivalent	10,000
6	Prepaid Expense	2,000	12	Advance Tax	8,000

Q 5 (CBSE Guidance Notes)

From the following Compute Current ratio and Quick Ratio

S.No.	Items	Rs
1	Total Assets	1,00,000
2	Shareholder Funds	60,000
3	Non-Current Liabilities	20,000
4	Non-Current Assets	50,000

Also calculate Quick ratio if the inventories are Rs 10,000

Q 6

From the following Compute Current ratio

S.No.	Items	Rs
1	Total Assets	5,20,000
2	Fixed Assets	2,00,000
3	Prepaid Expense	10000
3	Non-Current Investment	1,10,000
4	Shareholder Funds	2,00,000
5	Non-Current Liabilities	2,20,000

Q7

State Giving the reason which of the following transaction would 1) improve, 2) Reduce or 3) Not alter the current ratio in the following cases

Case 1: If the current Ratio is 2:1

Case 2: If the current Ratio is 1:1

Case 3: If the current Ratio is 0.7:1

1. Repayment of Current Liability
2. Purchasing goods on Cash
3. Purchasing goods on Credit
4. Payment of Dividend already declared
5. Expense prepaid to for Rs 5,000
6. Sale of Furniture for Rs 10,000 (Book value Rs 12,000)
7. Cash received from Debtor
8. Bill Receivable Received from Trade Receivable
9. BR endorsed
10. Bill Receivable Dishonor
11. Sale of stock for Cash at cost
12. Sale of Stock at profit for cash
13. Sale of Stock at loss for cash
14. Sale of Stock at par on credit
15. Sale of stock at profit on credit
16. Sale of stock at loss on credit
17. Sale of Fixed Assets on Credit for 2 Month
18. Sale of Fixed Assets via Cheque
19. Cash paid to trade payable or cheque issued against a bill payable
20. Sale of Fixed Assets on Cash
21. Sale of Fixed Assets on long term deferred payment basis
22. Purchase of Fixed Assets for Cash
23. Purchase of Fixed Assets on credit of 3 month
24. Purchase of Fixed Assets on long term deferred payment basis
25. Bill payable given to trade payable
26. Repayment of non-current liability (for e.g. Long-term borrowing)
27. Issue of shares/ debenture for cash
28. Issue of shares / debenture for purchase of Fixed assets
29. Creditors paid
30. Provision for Taxation paid

31. Bill payable accepted for one month
32. Sale of goods for Rs 1,00,000 (Cost Rs 80,000)
33. Sale of goods for Rs 1,00,000 (Cost Rs 1,30,000)
34. Bill Receivable endorsed to Creditors dishonored
35. Cash Collected from Trade Receivable
36. Bill receivable collected on maturity
37. Payment of outstanding liabilities
38. Share is expense written off

Q 8

From the following Compute Current ratio

Working capital Rs 60,000, Total Debt Rs 1,10,000 and Long-term Debt Rs 80,000

Q 9

From the following Compute Current ratio

Working capital Rs 2,00,000, Trade payable Rs 2,80,000 and other current liabilities Rs 20,000

Q 10

From the following Compute Current ratio

Working capital Rs 5,00,000, Inventories (Including loose tools Rs 50,000) Rs 2,00,000 and other current Assets Rs 6,50,000

Q 11

A firm has current asset of Rs 3,00,000. It paid current liability of Rs 50,000. After this payment, the current ratio was 2:1. Determine.

1. Size of the current liability and working capital after the payment
2. Also determine the size of these two items before the payment was made

Q12

1. Current liability of a company are Rs 2,00,000. Its current ratio is 3:1 and Acid test ratio is 2.5:1. Calculate the value of current assets, liquid assets and Inventories

2. Current Asset of a company are Rs 4,50,000. Its current Ratio is 2.25:1 and acid test ratio is 1.3:1, Calculate the value of Current liability and Liquid assets and Inventories

3. Working capital of the company is Rs 50,000. Its current ratio is 2:1. Calculate the value of current assets, current Liability and Acid Test ratio assuming inventories of Rs 15,000

Q 13 (CBSE 2010)

A business has a current ratio of 3:1 and Quick Ratio of 1.2:1. If the working capital is Rs 1,80,000, Calculate the total current assets and Inventories

Q 14

Current assets of the reliable Ltd are Rs 45,000 and the current ratio is 2.25. The inventories stood at Rs 5,000. Calculate the liquid ratio and comment on the liquidity position of the company

Q 15

Quick ratio is 2.2:1. Current Assets is Rs 1,00,000 and current Liability is Rs 40,000. Calculate the value of Inventories

Q 16

A firm has current ratio of 3.5:1 and Quick ratio of 2:1. Assuming Inventories is Rs 24,000, find out the total current assets and the total current liabilities.

Q 17

Flex Ltd has Inventory of Rs 20,000, Liquid Assets of Rs 1,20,000 and Quick ratio of 1.5

Work out the current ratio

Q18

From the following calculate the Liquid Ratio

Current Assets Rs 80,000, Inventories Rs 12000, Prepaid Expense Rs 2000 and Working capital is Rs 20,000

Q 19

From the Following calculate the Quick Ratio

Working capital Rs 3,00,000, Total Debt of Rs 2,00,000, Long term Debt is Rs 1,40,000 and Inventory of Rs 15,000, Prepaid Expense is Rs 45,000

Q 20

The ratio of Current Assets (Rs 4,00,000) to current liabilities (Rs 250,0000) is Rs 1.6:1. The accountant of the firm is interested in maintaining a current ratio of 2:1 by paying off a part of current liabilities. Compute the amount of current liabilities that's should be paid so that current ratio at level of 2:1 may be maintained.

Q 21

The ratio of Current Assets (Rs 5,00,000) to current liabilities is Rs 2.5:1. The accountant of the firm is interested in maintaining a current ratio of 2:1 by acquiring some current assets on credit. Please suggest the amount of current assets to be acquired for this purpose on credit

Solvency Ratio

Debt Equity Ratio:

Q22

From the following compute the Debt Equity ratio and give your comments on it

	Rs
Share Capital	4,00,000
Reserve and Surplus	1,00,000
Long Term Borrowing	2,00,000
Long Term Provision	50,000
Current Liability	70,000
Non-Current Assets	5,20,000
Current Assets	3,00,000

Q23

From the following compute the Debt Equity ratio and give your comments on it

	Rs
Equity Share Capital	2,00,000
Preference Share Capital	1,20,000
General Reserve	70,000
Capital Reserve	10,000
Securities Premium Reserve	35,000
Statement of Profit and Loss balance	15,000
12% Debenture	3,00,000
Bank Loan	75,000
Current Liability	20,000

Q24 (same as Last but one point Different)

From the following compute the Debt Equity ratio and give your comments on it

	Rs
Equity Share Capital	2,00,000
Preference Share Capital	1,20,000
General Reserve	70,000
Capital Reserve	10,000
Securities Premium Reserve	35,000
Statement of Profit and Loss balance	15,000
Reserve and Surplus	1,30,000
12% Debenture	3,00,000
Bank Loan	75,000
Current Liability	20,000

Q25

From the following compute the Debt Equity ratio and give your comments on it

	Rs
Equity Share Capital	6,00,000
Preference Share Capital	1,00,000
Statement of Profit and Loss balance	20,000
Capital Reserve	30,000
Reserve and Surplus	1,50,000
Trade Payable	20,000
Long Term Provision	1,50,000
Short Term Provision	40,000
8% Mortgage Loan	4,50,000
Short term borrowing	1,00,000
Loan from the SBI @9% pa	4,00,000

Q26

From the following compute the Debt Equity ratio and give your comments on it

	Rs
Building	3,00,000
Plant and Machinery	4,00,000
Intangible Assets	1,00,000
Trade Receivable	50,000
Inventories	75,000
Cash and Cash Equivalents	25,000
Trade payable	50,000
Long Term borrowing	2,00,000
Short Term borrowing	2,00,000
Reserve and Surplus	1,00,000

Q27

From the following compute the Debt Equity ratio and give your comments on it

	Rs
Total Assets	9,80,000
Total Debt	3,40,000
Current Liability	20,000

Q28

Debt Equity Ratio of the company is 1:2. Which of the following will Increase, decrease or not change it

1. Payment of Trade payable
2. Goods Purchased on Credit
3. Goods purchased on Cash
4. Payment of Final Dividend already declared
5. Declaration of Final Dividend of Rs 15,000
6. Issue of Preference Share
7. Purchase of Building of Rs 2,00,000 on Long term Deferred payment basis
8. Repayment of Long-term Borrowing Rs 50,000
9. Sale of Stock (book value Rs 5,000) for Rs 7,000
10. Sale of furniture (book value Rs 10,000) for Rs 6,000

Q29

Debt Equity Ratio of the company is 2:1 Which of the following will Increase, decrease or not change it

1. Issue of Debenture for Cash
2. Repayment of Long-term Borrowing
3. Issue of Shares for cash
4. Issue of debenture against purchase of building
5. Sale of Fixed Assets at par
6. Sale of Fixed Assets at profit
7. Sale of Fixed Assets at Loss
8. Purchase of Fixed Assets on Credit for 3 months
9. Purchase of Fixed Assets on cash
10. Purchase of Fixed Assets on Long term Deferred payment basis
11. Issue of bonus Share
12. Buyback of its own securities
13. Sale of Goods for profit
14. Sale of goods at loss
15. Sale of Goods at Breakeven point

Total Assets to Debt Ratio

Q30

From the following compute the Total Assets to Debt Ratio and give your comments on it

	Rs
Fixed Assets	3,10,000
Non-Current Investment	1,20,000
Current Assets	1,70,000
Total Debt	4,00,000
Trade payable	50,000
Outstanding Rent	40,000
Bank Overdraft	70,000

Q31

From the following compute the Total Assets to Debt Ratio and give your comments on it

	Rs
Shareholder Funds	13,00,000
Total Debt	5,00,000
Current liability	2,00,000

Q32

From the following compute the Total Assets to Debt Ratio and give your comments on it

	Rs
Share Capital	5,00,000
Securities Premium Reserve	2,80,000
Capital Reserve	50,000
Surplus i.e. Statement of Profit and loss balance	70,000
Trade payable	60,000
Long Term Borrowing	4,00,000
Long Term Provision	2,40,000

Q33

From the following compute the Total Assets to Debt Ratio and give your comments on it

	Rs
Share Capital	5,00,000
Securities Premium Reserve	2,90,000
Capital Reserve	50,000
Surplus i.e. Statement of Profit and loss balance	(40,000)
Trade payable	2,00,000
Long Term Borrowing	4,00,000
Long Term Provision	1,00,000

Q34

From the following compute the Total Assets to Debt Ratio and give your comments on it

	Rs
Total Debt	25,00,000
Shareholder Funds	40,00,000
Reserve and Surplus	5,00,000
Current Assets	12,00,000
Working Capital	7,00,000

Q35

From the following compute the Total Assets to Debt Ratio and give your comments on it

	Rs
Capital Employed	10,00,000
Shareholders' Funds	4,00,000
Current Liability	2,00,000

Q 36

Calculate

- **Debt Equity Ratio**
- **Total Assets to Debt Ratio**
- **Proprietary Ratio**

From the following particulars (Rs)

	Rs
Equity Share Capital	2,50,000
Preference Share Capital	3,00,000
General Reserve	1,00,000
Profit and Loss balance	50,000
12% Mortgage Loan	1,40,000
Current Liability	1,20,000
Non-current Assets	4,50,000
Current Assets	5,10,000

What conclusion do you draw from the above ratio?

Q 37

Calculate

- **Debt Equity Ratio**
- **Proprietary Ratio**

From the following particulars (Rs)

	Rs
Equity Share Capital	30,00,000
Preference Share Capital	9,50,000
General Reserve	2,00,000
Profit and Loss balance	(1,50,000)
8% Debenture	2,00,000
Bank Loan	6,00,000
Long Term Provision	1,00,000
Current Liability	3,00,000
Goodwill	25,00,000
Other Noncurrent Assets	10,00,000
Current Assets	17,00,000

What conclusion do you draw from the above ratio?

Q 38 (CBSE Guidance Notes) (CBSE 2014)

Calculate

- **Debt Equity Ratio**
- **Total Assets to Debt Ratio**
- **Proprietary Ratio**

From the following particulars (Rs)

Items	**Rs**
Long Term Borrowing	1,00,000
Long Term Provisions	50,000
Current Liability	25,000
Non-Current Assets	1,80,000
Current Assets	45,000

Q 39 (ISC 2013)

Following information is available from the books of Greg Foods Limited

Items	**Rs**
Equity Share Capital	1,00,000
8% Preference Share Capital	40,000
Reserve and Surplus	60,000
Investment	30,000
Current Assets	70,000

Proprietary Ratio is 0.8:1

Assuming that there are no fictitious assets, calculate the value of Fixed Assets of the company

Q 40

Proprietary Ratio of the company is 0.5:1 Which of the following will Increase, decrease or not change it

1. Issue of Debenture for Cash
2. Issue of Debenture for Credit
3. Repayment of Long-term Borrowing for cash
4. Issue of Equity Shares for cash
5. Issue of debenture against purchase of building
6. Declaration of Final Dividend
7. Conversion of Debenture into Preference Shares
8. Sale of Fixed Assets for Rs 1,20,000 (Cost Rs 1,00,000)
9. Sale of Fixed Assets for Rs 80,000 (Cost Rs 1,00,000)
10. Sale of Fixed Assets for Rs 1,00,000 (Cost Rs 1,00,000)
11. Purchase of Fixed Assets on Credit for 3 months
12. Purchase of Fixed Assets on cash
13. Purchase of Fixed Assets on Long term Deferred payment basis
14. Issue of bonus Share
15. Buyback of its own securities
16. Sale of Goods for profit
17. Sale of Goods at Breakeven point
18. Sale of goods at loss

Q 41

From the following calculate the Interest coverage Ratio

- Net Profit after Tax Rs 7,50,000
- Tax Rs 2,10,000
- Rs 20,00,000, 8% Debenture of Rs 100 each

Q 42 (CBSE Sample Question paper 2018)

From the following details obtained from the financial Statement of KX Ltd. Ltd for the year ended 31-3-2017 calculate the interest coverage ratio

- Net Profit after Tax: Rs 6,00,000
- Rs 40,00,000, 12% Debenture of Rs 100 each
- Tax Rate 40%

State is significant also. Will the interest coverage ratio change if during the year 2017-18 the company decides to redeem debenture of Rs 5,00,000 and expense to maintain the same rate of net Profit and Assume that the tax rate will not change.

Q 43

From the following details obtained from the financial Statement of AT Ltd. for the year ended 31-3-2018 calculate debt service ratio

- Net Profit after Interest : Rs 15,60,000
- Rs 20,00,000, 13% Debenture of Rs 100 each
- Tax Rate 40%

Q44 (ISC 2013)

Following information is available from the books of AT Foods Limited as at 31-3-2018

Items	Rs
Equity Share capital	3,00,000
12% Preference Share Capital	1,00,000
Capital Reserve	50,000
General Reserve	70,000
Securities Premium Reserve	30,000
Statement of Profit balance	1,50,000
15% Debenture	2,00,000
10% SBI Loan	1,00,000
Long Term Provision	50,000
Current Liability	1,50,000
Goodwill	3,00,000
Other Non-Current Assets	5,00,000
Current Assets	4,00,000

Calculate the following Ratios

- Debt Equity Ratio
- Proprietary Ratio
- Interest Coverage Ratio

Net Profit after interest and tax amounted to Rs 2,10,000 and rate of Tax is 30%

Activity Ratio / Turnover Ratio

Inventory Turnover Ratio

Q45

From the following calculate the inventory Turnover Ratio and Average Inventory Days

Items	Rs
Inventory at beginning of the Year	1,00,000
Inventory at end of the Year	40,000
Purchases	2,50,000
Wages	10,000
Carriage Inward	30,000
Revenue from Operation (sales)	5,00,000
Carriage Outward	15,000

Q46

From the following calculate the inventory Turnover Ratio

Items	Rs
Inventory at beginning of the Year	90,000
Inventory at end of the Year	60,000
Revenue from Operation (sales)	3,20,000
Gross Profit	20,000

Q47

From the following calculate the inventory Turnover Ratio

Items	Rs
Inventory at beginning of the Year	72,000
Inventory at end of the Year	68,000
Revenue from Operation (sales)	3,20,000
Gross Loss	30,000

Q48

From the following calculate the inventory Turnover Ratio

Items	Rs
Inventory at beginning of the Year	72,000
Inventory at end of the Year	68,000
Revenue from Operation (sales)	3,30,000
Revenue from Operation Return (Sales Return)	10,000
Gross Loss	20,000

Q49 (CBSE 2017)

From the following Information related to company calculate the inventory turnover ratio

Opening Inventory Rs 20,000, Closing Inventory Rs 22,000, Purchases 80,000, Wages Rs 9,000, Carriage Outward Rs 2,000, Return Outward Rs 1,000, Revenue from Operation Rs 80,000, Carriage Inward Rs 4,000 and Rent Rs 5,000

Q50

From the following statement of Profit and loss of Amar ltd calculate inventory turnover ratio and Average Inventory Age

		Note	Rs
I	Revenue from Operation		9,00,000
II	Other Income		50,000
III	Total Revenue		9,50,000
IV	Expense		
	Purchase of Stock in Trade		4,45,000
	Change in Inventories of Stock in Trade	1	30,000
	Employee Benefit Expense		25,000
	Depreciation and Amortization Expense		20,000
	Other Expense		30,000
	Total Expense		5,50,000
V	Profit Before Tax		4,00,000
	Less Tax		1,20,000
VI	Profit After Tax		2,80,000

1	**Change in Inventory of Stock in Trade**	**Rs**
	Opening Inventory	1,10,000
	Closing Inventory	80,000

Q51

From the following statement of Profit and loss of Amar ltd calculate inventory turnover ratio and average age of Inventory

			Rs
I	Revenue from Operation		10,00,000
II	Other Income		2,00,000
III	Total Revenue		12,00,000
IV	Expense		
	Purchase of Stock in Trade		4,70,000
	Change in Inventories of Stock in Trade	1	(40,000)
	Employee Benefit Expense	2	45,000
	Depreciation and Amortization Expense		30,000
	Other Expense	3	50,000
	Total Expense		6,55,000
V	Profit Before Tax		5,45,000
	Less Tax		1,63,500
VI	Profit After Tax		3,81,500

1	**Change in Inventory of Stock in Trade**	**Rs**
	Opening Inventory	50,000
	Closing Inventory	90,000

2	**Employee Benefit Expense**	**Rs**
	Wages	25,000
	Salaries	20,000

3	**Other Expense**	**Rs**
	Carriage Inward	35,000
	Carriage Outward	15,000

Q 52

From the following statement of Profit and loss of Mihir ltd calculate inventory turnover ratio and average age of Inventory if Gross profit ratio of the company is 30%

Items	Rs
Credit Sales	5,20,000
Cash Sales	3,50,000
Return Inward	70,000
Opening Inventory	1,10,000
Closing Inventory	30,000

Q 53

Opening Inventory Rs 40,000, Closing Inventory Rs 10,000, Revenue from Operation (sales) Rs 5,00,000, Gross profit Ratio is 40% on Revenue from Operation

Calculate the

- inventory Turnover
- Average Age of Inventory

Q54 (ISC Sample paper 2017)

From the Following Calculate the Inventory Turnover Ratio

Items	Rs
Opening Inventory	28,000
Closing Inventory	52,000
Revenue from Operation (Sales)	6,00,000
Gross Loss	20% on Revenue from Operation

Q 55

From the Following Calculate the Inventory Turnover Ratio

Items	Rs
Opening Inventory	40,000
Purchase	2,90,000
Direct Expense	80,000
Cost of Revenue	3,50,000

Q 56

From the Following Calculate the Inventory Turnover Ratio

Items	Rs
Revenue from Operation	20,00,000
Gross Profit	35 % of revenue from operation
Purchases	13,75,000
Closing Inventory	2,00,000

Q57 (CBSE 2016 All India)

From the Following Calculate the Inventory Turnover Ratio, Revenue from Operation (sales) Rs 16,00,000, Average Inventory Rs 2,20,000 and Gross Loss Ratio 5%

Q 58

From the Following Calculate the Inventory Turnover Ratio

Items	Rs
Purchases	6,50,000
Carriage Inward	20,000
Carriage Outward	15,000
Revenue from Operations	5,00,000
Opening Inventory	40,000
Gross Loss	20% of Revenue from Operations

Q 59 (CBSE 2016 All India, Modified)

From the Following Calculate the Inventory Turnover Ratio, Revenue from Operation (sales) Rs 2,00,000, Gross Profit 25% on Sales, Opening Inventory was 1/3 of the value of Closing Inventory. Closing Inventory was 30% of Revenue from operation

Q 60

From the Following Calculate the Inventory Turnover Ratio from the following particulars

Cost of Revenue from Operation (cost of goods sold) Rs 8,40,000

Gross Profit 30% on sales

Closing Inventory: 3 Times of the opening Inventory

Opening Inventory: 10% of the Revenue from Operation

Q 61

Items	**Rs**
Cost of Revenue from Operation	**7,20,000**
Inventory Turnover Ratio	**6 Times**

Find the value of Opening Inventory if the opening inventory is Rs 30,000 less than the Closing Inventory

Q 62

Items	**Rs**
Cash Revenue from Operation (Cash Sales)	3,00,000
Credit Revenue from Operation (Credit Sales)	6,00,000
Gross Profit	5,00,000
Inventory Turnover Ratio	5 Times

Calculate the value of Opening and Closing Inventory in each of the following alternative cases

1. If closing Inventory was Rs 10,000 in excess of Opening Inventory
2. If Closing Inventory was 7 times that of the beginning
3. If Closing Inventory was 2 times more than that in the beginning
4. If opening Inventory was 1/7 of Inventory at the end

Q 63

Items	Rs
Cost of Revenue from Operation	5,60,000
Inventory Turnover Ratio	8 Times

Inventory at the end is 2.5 times more than the inventory at the beginning. Calculate the value of Opening and closing Inventory

Q64

From the following particulars, determine the gross profit and Revenue from operations

Average inventory: Rs 50,000

Inventory Turnover Ratio: 6

Selling Price is 15% Gross profit on cost

Q65

From the following particulars, determine the gross profit and Revenue from operations

Average inventory: Rs 50,000

Inventory Turnover Ratio: 6

Gross Profit is 40% of Revenue from operation

Q66

A trader carries an average inventory of Rs. 40,000. His inventory turnover ratio is 8 times. If he sells goods at a profit of 20% on Revenue from operations, find out the gross profit.

Q67

From the following particulars

1. Inventory Turnover Ratio is 4 Times
2. Inventory at the end is Rs 8,000 more than the beginning
3. Revenue from operation (All credit) Rs 3,20,000
4. Gross profit is 1/3 on cost
5. Current liability is Rs 60,000
6. Quick Ratio is 0.9

Calculate the

1. Cost of Revenue from operations
2. Opening and Closing Inventory
3. Quick Assets and Current Assets

Q68

From the following information obtained from the books of Kundan Ltd., calculate the inventory turnover ratio for the years 2015 - 16 and 2016 - 17:

	2015-16 (Rs)	**2016-17 (Rs)**
Inventory on 31st March	7,00,000	17,00,000
Revenue from operations	50,00,000	75,00,000

(Gross profit is 25% on cost of revenue from operations)

In the year 2015 - 16, inventory increased by Rs 2,00,000.

Q69

Calculate Inventory Turnover Ratio from the following:

Purchase: Rs 1,10,000, Opening Inventory Rs 20,000 and Closing Inventory Rs 30,000

State giving reason, which of the following transaction will

Increase, Decrease and not alter the inventory turnover ratio

1. Goods Purchased for Rs 5,000
2. Goods sold for Rs 7,000 (Cost 3000)
3. Purchase return Rs 2,000
4. Sales Return Rs 1,000
5. Increase in closing inventory by 8,000
6. Good costing Rs 10,000 withdrawn for personal use
7. Goods costing Rs 4,000 distributed as free sample

(Video Correction : In Case 7, I have taken 1,10,000-4000= 96000 instead of 106000. Correct the Mistake Please)

Trade Receivable Ratio

Q 70

Calculate Trade Receivable turnover ratio from the following date

	Rs
Trade Receivable at beginning	30,000
Trade Receivable at end	50,000
Total revenue from operation for the year (Total Sales)	3,00,000
Cash Revenue from Operation for the year (Cash sales)	60,000

Q 71

Calculate Trade Receivable turnover ratio from the following date

		Rs
Trade Receivable at beginning Less RDD	60,000 4,000	56,000
Trade Receivable at End Less RDD	40,000 5,000	35,000
Total revenue from operation for the year (Total Sales)		5,00,000
Cash Revenue from Operation for the year (Cash sales)		1,50,000

Q72

Calculate Trade Receivable turnover ratio from the following date

	Rs
Cash Revenue (40% of Total revenue from gross Operation)	30,000
Sales Return (out of Credit sale)	5000
Opening Trade Receivable	4,000
Closing Trade Receivable	2,000 more than Opening Inventory

Q73

Calculate Trade Receivable turnover ratio from the following date

	Rs
Total Revenue	80,000
Cash Revenue from operation is 1/3 of Credit Revenue	
Closing Trade Receivable	12,000
Excess of Closing Receivable over Opening Receivable	4,000

Q74

Calculate the trade receivable turnover ratio and average collection period from the following particulars as on 31st March 2018 assuming 365 working days in a year

	Rs		**Rs**
Total Gross Revenue from Operation	5,00,000	Total Debtor on 31-3-2018	17,000
Cash Revenue from Operation	20% of Total Gross Revenue	Total Debtor on 31-3-2019	24,000
Return outward	10,000	Total Bill Receivable on 31-3-2018	20,000
Provision for Doubtful Debt	1,910	Total Bill Receivable on 31-3-2019	29,000
Return inward	40,000	Total Bill Payable on 31-3-2019	5,000

Q75

From the following Particulars Determine the Trade Receivable at the beginning of the year

Credit Revenue from Operation (Credit Sales)	Rs 20,00,000
Trade receivable Turnover Ratio	5 Times
Trade Receivable at end of year	6,00,000

Q76

Reliable Ltd has Total Credit Sales of Rs 9,00,000 during the year and trade receivable turnover ratio is 12 times, calculate the opening and closing trade receivable if the closing trade receivable is twice of the opening trade receivable

Q77

Reliable Ltd has Total Credit Sales of Rs 9,00,000 during the year and trade receivable turnover ratio is 12 times, calculate the opening and closing trade receivable if the ratio of the opening and closing Trade receivable is 2:3

Q78

Reliable Ltd has Total Credit Sales of Rs 9,00,000 during the year and trade receivable turnover ratio is 12 times, calculate the opening and closing trade receivable if the opening trade receivable is half of the Average Trade Receivable

Q79

Calculate the amount of Opening and Closing Trade receivable from the following particulars

- Trade receivable Ratio is 5 times
- Cost of Goods sold is Rs 6,00,000
- Gross profit is 20%
- Credit sales is 1/3 of Cash Sales
- Closing Trade receivable is Rs 5,000 more the opening trade receivable

Q80

Calculate the amount of Opening and Closing Trade receivable from the following particulars

- Trade receivable Ratio is 5 times
- Cost of Goods sold is Rs 6,00,000
- Gross profit is 20% on Cost
- Cash and Credit sales is of Ratio 1:3
- Closing Trade receivable is twice the opening trade receivable

Q81

The following figure relate to the years ending 31-3-2018 and 31-3-2019. What do they indicate?

In Rs

	31-3-2018	**31-3-2019**
Revenue from Sales	4,00,000	3,90,000
Revenue from Operation Return (Sales Return)	60,000	30,000
Gross Profit	25% on Revenue	20% on cost
Opening Inventory	70,000	
Closing Inventory	30,000	90,000
Trade Receivable	60,000	30,000

In year ending 31-3-2018, Trade receivable increased by Rs 20,000, Ascertain the trade receivable turnover ratio and inventory turnover ratio. Give your comments above the company performance in Year ending 31-3-2019

Q82

Calculate the Trade receivable from the following

Credit Revenue from Operation Rs 3,00,000, Opening Trade Receivable Rs 40,000 and closing Trade Receivable Rs 80,000

State giving reason which of the following transaction will Increase, Decrease or Not alter the trade receivable turnover ratio

1. Credit Purchase Rs 20,000
2. Sales Return (Revenue from Operation Return) 8,000
3. Collection from Trade Receivable Rs 20,000
4. Sold Goods on Cash 10,000
5. Sold Goods on Credit 30,000

Trade Payable Turnover Ratio

Q83

Calculate the Trade payable Turnover ratio from the following information

	Rs
Credit Purchases during the year	20,50,000
Purchase return (out of Credit purchase)	50,000
Opening Creditor	1,50,000
Closing Creditors	1,00,000
Opening bill payable	2,50,000
Closing bill payable	5,00,000

Q84

Calculate the Trade payable Turnover ratio from the following information

	Rs
Cash Purchases during the year (30% of Total Purchase)	15,00,000
Opening Trade Payable	6,00,000
Closing Creditors	3,00,000
Opening bill payable	2,50,000
Closing bill payable	5,00,000

Q85

Calculate the following ratio from the following information

1. Trade Receivable Turnover ratio
2. Average Collection Period
3. Trade Payable Turnover
4. Average payment Period

	Rs
Total Revenue	3,50,000
Purchases	2,00,000
Debtor	60,000
Bill receivable	40,000
Bill Payable	30,000
Creditors	20,000

Working capital Turnover Ratio

Q 86 (CBSE 2013)

Compute working capital turnover ratio from the following information

Cash Revenue from Operation Rs 1,30,000, Credit Revenue from Operation Rs 3,80,000, Revenue from Operation Return Rs 10,000, liquid Assets Rs 1,40,000, current liability Rs 1,05,000 and Inventory Rs 90,000

Q 87

Compute working capital turnover ratio from the following information

	Rs
Cost of Revenue from Operation	10,00,000
Gross Profit	25% on Cost
Inventory	2,00,000
Trade Receivable	1,00,000
Marketable Securities	75,000
Cash and bank	25,000
Creditors	60,000
Bill Payable	80,000
Provision for Tax	10,000

Q 88 (same as before just minor change)

Compute working capital turnover ratio from the following information

	Rs
Cost of Revenue from Operation	10,00,000
Shareholder Funds	70,00,000
Inventory	2,00,000
Trade Receivable	1,00,000
Marketable Securities	75,000
Cash and bank	25,000
Creditors	60,000
Bill Payable	80,000
Provision for Tax	10,000

Q 89 (same as before just minor change)

Compute working capital turnover ratio from the following information

	Rs
Cost of Revenue from Operation	7,00,000
Gross Profit	30% of Revenue
Shareholder Funds	70,00,000
Inventory	2,00,000
Trade Receivable	1,00,000
Marketable Securities	75,000
Cash and bank	25,000
Creditors	60,000
Bill Payable	80,000
Provision for Tax	10,000

Q 90 (ISC Sample Question paper)

From the following information calculate

1. Revenue from Operation (Sales)
2. Cost of Revenue from operation
3. Working capital
4. Current Assets

	Rs
Trade Receivable Turnover Ratio	4 Times
Current liability	5000
Average Debtor	1,80,000
Working Capital Turnover Ratio	8 Times
Cash Revenue from operation	25% of Revenue from Operation
Gross Profit Ratio	33 1/3%

Q 91 (CBSE Guidance Notes)

Calculate working capital turnover ratio from the following

	Rs
Revenue from Operation	12,00,000
Current Assets	5,00,000
Total Assets	8,00,000
Non-Current Liabilities	4,00,000
Shareholders' Funds	2,00,000

Profitability Ratio or Income Ratio

Gross Profit Ratio

Q 92

Calculate the gross Profit Ratio from the following particulars

	16-17 (Rs)	17-18 (Rs)	18-19 (Rs)
Revenue from Operation	2,00,000	2,00,000	2,50,000
Gross Profit	30,000	40,000	50,000

Q 93 (CBSE Guidance Notes)

Calculate the gross Profit Ratio from the following particulars

	16-17 (Rs)
Opening Inventories	50,000
Purchases	1,50,000
Return outward	20,000
Wages	10,000
Revenue from Operation	2,70,000
Closing Inventories	40,000
Salary	10,000
Return Inward	20,000

Q 94

Calculate the gross Profit Ratio from the following particulars

	17-18 (Rs)
Opening Inventories	40,000
Purchases	1,20,000
Return Inward	10,000
Return outward	20,000
Wages	10,000
Other Direct Expense	10,000
Revenue from Operation (Gross)	3,60,000

Closing Inventories is 20,000 above Opening Inventories

Q 95

From the following calculate the Gross profit ratio of companies

	Reliable Ltd Rs	**Akash Ltd Rs**
Net Profit after Taxes	70,000	50,000
Taxes	30,000	20,000
Indirect Expense	10,000	5,000
Interest Paid on Bank Loan	20,000	15,000
Revenue from Operation (Gross) sales	5,40,000	6,60,000
Revenue from Operation Return (Sales Return)	20,000	30,000

Q96

Calculate the Gross Profit ratio from the following Particulars

	Rs
Cash Revenue from Operation	1,40,000
Credit Revenue is 30% of Total Revenue	
Purchases	70,000
Direct Expense	20,000
Excess of Closing Inventories Over Opening Inventories	40,000

Q97

Calculate the Gross Profit ratio from the following Particulars

- Ratio of Cash Revenue and Credit Revenue is 2:1
- Credit Revenue is Rs 3,00,000
- Total Cash purchase is Rs 5,60,000
- Total Credit purchase is 20% of Total Purchase
- Wages Rs 30,000
- Opening Inventories is Rs 50,000 more than closing inventories
- Opening Inventory is Rs 70,000

Q 98

Calculate the Gross Profit from the following Particulars

Revenue from Operation Rs 5,00,000. Gross Profit is 25% on Cost

Q99

If Cash Revenue from Operation is Rs 1,80,000 and it is thrice the Credit revenue. Gross Profit is 35% of Cost. Calculate the gross Profit Ratio

Q100

Opening Inventory is Rs 40,000, Closing Inventory is Rs 80,000. Inventory Turnover Ratio is 7 times. Company add 25% margin to its cost to sell the product. Calculate the gross profit ratio

Q101

From the following information, calculate the Gross profit ratio

	Rs
Cash Revenue from Operation (cash Sales)	2,40,000
Purchases Cash (Twice the Credit Purchase)	2,00,000
Carriage Inward	30,000
Wages	20,000
Salaries	40,000
Increase in Inventory during the year	10,000
Ratio of Cash and Credit Revenue	3:2

Operating Ratio

Q 102 (CBSE 2016)

From the following, calculate the operating ratio

Revenue from Operation Rs 6,80,000, Rate of gross Profit on Cost 25%, Selling expense Rs 44,000 and Administration Expense Rs 54,000, Income Tax 10,000, Trading Commission Received Rs 30,000

Q 103

Calculate the operating ratio from the following information

	Rs
Revenue from Operation	5,00,000
Revenue from Operation Return	1,00,000
Cost of Revenue from Operation	80% of Net Sales
Advertisement Expense	10,000
Administration Expense	20,000
Interest expense	40,000
Dividend Received	70,000

Q 104

Calculate the operating ratio from the following information

	Rs
Net Revenue from Operation	6,00,000
Cash Revenue from Operation	1,00,000
Gross Profit Ratio	30%
Interest Expense	40,000
Charity Expense	50,000
Wages	10,000
Income Tax	10,000
Depreciation	20,000
Loss on sale of Fixed Assets	30,000
General and Administration Expense	50,000
Discount Received	10,000

Q 105

Calculate the cost of Revenue from operation from the following information

	Rs
Operating Ratio	60%
Operating Expense	20,000
Revenue from Operation (Sales)	3,20,000
Sales Return	70,000
Purchase return	10,000

Q 106

Calculate the operating Ratio from the following Cases

1. Revenue from Operation (sales) Rs 5,00,000 and Operating Profit Rs 40,000
2. Revenue from Operation (sales) Rs 5,00,000 and Operating Expense Rs 10,000, Gross Profit 20%.
3. Revenue from Operation (sales) Rs 5,00,000, Cost of Revenue from operating Rs 3,00,000 and Operating Expense Rs 50,000
4. Gross Revenue from Operation (sales) Rs 5,40,000, Sales Return Rs 40,000, Gross Profit 15%, Loss on sale of Fixed Assets 20,000, General and administration expense Rs 30,000 and selling expense 10,000

Q 107 (ISC Sample paper 2017 adapted)

From the following information calculate the Operating Profit

	Rs
Cash Revenue from operation (Cash Sales)	1,00,000
Net Purchase	2,97,000
Credit Revenue from Operation (Credit Sales)	3,00,000
Carriage Inward	3,000
Finance Cost	5,000
Administration Expense	40,000
Profit on Sale of Fixed Assets	10,000
Discount Received	7,000
Opening Inventory	20,000
Closing Inventory is same as opening Inventory	

Operating Profit and Net Profit Ratio

Q 108 (CBSE Guidance Notes)

From the following information calculate Net Profit Ratio and Operating Profit Ratio

	Rs
Revenue from Operation	2,00,000
Gross Profit	75,000
Office Expense	15,000
Selling Expense	26,000
Interest on Debenture	5,000
Accidental Losses	12,000
Income from Rent	2,500
Commission Received	2,000

Q 109

Calculate Gross profit Ratio, Net Profit Ratio, Operating Profit ratio and Operating Ratio

	Rs
Opening Inventory	2,00,000
Closing Inventory	1,00,000
Purchases	4,00,000
Wages	50,000
Carriage Inward	10,000
Selling Expense	20,000
Administration Expense	30,000
Income Tax	40,000
Profit on sale of Fixed Assets	50,000
Net Revenue from operation	10,00,000

Q 110

Gross Profit of the company is 30%. Its Cash revenue from operation is Rs 7,00,000. Credit Revenue is 30% of Total Revenue. If the Indirect expense of the firm is Rs 70,000, Calculate the Net profit Ratio

Q 111

Calculate the Net profit ratio from the following information

Revenue from Operation (sales) Rs 10,00,000, Gross Profit ratio is 30%, Operating Ratio is 80%, Non-Operating Expense is Rs 10,000 and Non-operating Income is Rs 20,000

Return on Investment or ROI

Q 112 (CBSE Guidance Notes)

From the following calculate the Return on Investment (or Return on Capital Employed)

		Amount (Rs)
1	Share Capital	50,000
2	Reserve and Surplus	25,000
3	Net Fixed Assets	2,25,000
4	Non-Current Trade Investment	25,000
5	Current Assets	1,10,000
6	12% Long Term Borrowings	2,00,000
7	Current liability	85,000

Net Profit before Tax is Rs 60,000

Q 113

From the following calculate the Return on Investment (or Return on Capital Employed)

		Amount (Rs)
1	Share Capital	50,000
2	Reserve and Surplus	25,000
3	Net Fixed Assets	2,25,000
4	Non-Current Trade Investment	25,000
5	Current Assets	1,10,000
6	12% Long Term Borrowings	2,00,000
7	Current liability	85,000

Net Profit after Tax is Rs 60,000. Tax Rate is 40%

Q 114

Net Profit after Interest but before Tax Rs 2,00,000, 8% Mortgage Loan Rs 5,00,000, Shareholder Funds Rs 3,00,000, Tax rate 50%. Calculate the Return on Capital

Q 115 (CBSE 2017)

Net Profit after Interest and Tax Rs 1,00,000, Current Assets Rs 4,00,000, Current Liabilities Rs 2,00,000 Tax Rate is 20%. Fixed Assets Rs 6,00,000, 10% Long Term Debt Rs 4,00,000

Calculate the Return on Investment

Q116

From the following details, Calculate the Return on Capital Employed

Gross Profit Rs 2,00,000, Office and Administration Expense Rs 20,000, salaries Rs 25,000, Selling and Distribution Expense Rs 35,000, Interest on long Term Debt Rs 10,000, Tax is Rs 25,000. Non-Current Assets Rs 5,00,000, Current Assets Rs 2,0,000 and Current liability is Rs 1,00,000

Q 117 (CBSE Guidance Notes)

From the following calculate the Return on Investment (or Return on Capital Employed)

		Amount (Rs)
1	Opening Inventory	80,000
2	Purchases	65,000
3	Wages	20,000
4	Direct Expense	28,000
5	Closing Inventory	20,000
6	Revenue from Operation	4,20,000
7	Revenue from operation Return	50,000
8	Indirect Expense (Including Rs 8,000 Interest on Long Term Debt)	30,000
9	Current Assets	3,50,000
10	Non-Current Assets	5,00,000
11	Current liability	1,50,000

Q 118 (CBSE Guidance Notes)

From the following calculate the Return on Investment (or Return on Capital Employed)

		Amount (Rs)
1	Equity Share Capital	3,00,000
2	Preference Share Capital	2,00,000
3	Reserve and Surplus	1,00,000
4	Profit and Loss balance	20,000
5	10% Debenture	50,000
6	Trade Payable	30,000
7	Other Current Liability	40,000
8	Net Profit (after interest and tax)	70,000
9	Rate of Tax	30%

Q 119

From the following calculate the Return on Investment (or Return on Capital Employed)

		Amount (Rs)
1	Equity Share Capital	4,50,000
2	Preference Share Capital	2,00,000
3	Reserve	1,00,000
4	Profit and Loss balance	20,000
5	15% bank Loan	80,000
6	10% Debenture	50,000
7	Long Term Provision	20,000
8	Trade Payable	30,000
9	Short Term Provision	10,000
10	Other Current Liability	40000
11	Net Profit (after interest and tax)	1,80,000
12	Rate of Tax	40%

Q 120

A Company has a loan of Rs 30,00,000 as part of its capital employed. The interest payable on loan is 20% and the ROI of the company is 30%. Income tax rate is 40%. What is the gain of the shareholder due to loan raised by the company

Q 121 (Homework)

Calculate the following ratio from the detail given below

1. Operating Ratio
2. Gross Profit ratio
3. Quick Ratio
4. Working Capital Turnover Ratio
5. Proprietary Ratio

Information

	Amount (Rs)
Equity Share Capital	6,00,000
10% Preference Share Capital	2,00,000
12% Debenture	5,00,000
Reserve and Surplus	2,00,000
Opening Inventory	1,00,000
Purchase	53,000
Wages	4,000
Other Direct Expense	2,000
Closing inventory	6,000
Liquid Assets	44,000
Selling Expense	10,000
Revenue from Operation	1,80,000
Tangible Fixed Assets	14,50,000
Current liability	40,000

Q 122 (Homework)

Current ratio of the company is 1:1. State with reason if the company redeemed 9% Debenture of Rs 1,00,000 at premium of 10% then current ratio will increase, decrease or remain same

********End of Chapter*********

When the desire for success does not let you sleep when there is nothing better than hard work when you do not get tired after working continuously, understand that you are going to create a new history of success.

Shared by Neeraj Chopra , Olympics Gold medalist

Push yourself, because no one else is going to do it for you

Chapter 16

CLASS 12

या कुन्देन्दुतुषारहारधवला या शुभ्रवस्त्रावृता या वीणावरदण्डमण्डितकरा या श्वेतपद्मासना।
या ब्रह्माच्युत शंकरप्रभृतिभिर्देवैः सदा वन्दिता सा मां पातु सरस्वती भगवती निःशेषजाड्यापहा

Cash Flow Statement

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CA Deepak Lalwani

Chartered Accountant

9549168168

Q1

While preparing the cash flow statement, Classify the following into

- **Operating Activities**
- **Investing Activities**
- **Financing Activities**
- **Cash and Cash Equivalent**

1. Sale of Furniture
2. Cash Sales
3. Purchase of Furniture
4. Dividend Paid
5. Repayment of Long-Term loan
6. Cash Received from Trade Receivable
7. Cash paid to creditor
8. Bill Payable paid
9. Bill Receivable Honored
10. Manufacturing Expense
11. Selling and Distribution Expense
12. Office Expense
13. Sale of Goodwill
14. Sale of Patent
15. Purchase of Goodwill
16. Income Tax paid
17. Refund of Income Tax

Q2

While preparing the cash flow statement, Classify the following into

- **Operating Activities**
- **Investing Activities**
- **Financing Activities**
- **Cash and Cash Equivalent**

1. Investment in marketable Securities
2. Rent Paid
3. Rent Received if
    a. Company main business is Property
    b. Other Company main business is not property
4. Interest received If
    a. By a Finance Company
    b. By a non-Finance Company
5. Commission and Royalty Received
6. Purchase of Investment
7. Sale of Investment
    a. By a Finance Company
    b. By a non-Finance Company
8. Short Term Deposit in bank
9. Bank balance
10. Redemption of Debenture
11. Issue of Shares or debenture
12. Buyback of Equity Shares
13. Dividend Received
14. Interest paid on Debenture or long-term loan by a
    a. By a Finance Company
    b. By a non-Finance Company

Q3

While preparing the cash flow statement, Classify the following into

- **Operating Activities**
- **Investing Activities**
- **Financing Activities**

In case of

Financing Enterprise

OR

Non-Financing Enterprise

1. Sale of Securities of the company
2. Purchase of Securities of the company
3. Brokerage paid for the Purchase of Securities
4. Interest paid on Borrowing
5. Loan and Advance Made
6. Receipt from Repayment of Loans and Advance
7. Dividend Paid to Shareholders
8. Dividend received on securities
9. Interest received on securities

Q4

While preparing the cash flow statement, Classify the following into

- **Operating Activities**
- **Investing Activities**
- **Financing Activities**
- **Cash Equivalent**

1. Purchase of Shares
2. Patent Purchased
3. Sale of Building
4. Dividend paid
5. Payment of Corporate dividend tax on dividend Paid
6. Cash purchase of Goods
7. Salary paid
8. Interest paid on Bank Overdraft
9. Balance of Current Investment
10. Income tax paid
11. Income tax paid on gain on sale of building
12. Cash received against service rendered
13. Interest paid on cash credit
14. Balance of marketable Securities
15. Investment in Marketable Securities

Q5

Which of the following will result in Inflow or outflow of the cash and cash equivalent?

1. Share issued for cash
2. Cash sales
3. Cash Purchase
4. Sale of Goods of Rs 7,000 on Credit for Rs 10,000
5. Sale of Goods of Rs 6,000 on Cash for Rs 8,000
6. Buyback of the securities
7. Cash withdrawn from bank
8. Cash deposited into bank
9. Sale of Investment for Cash at Par
10. Purchase of marketable securities for cash
11. Declaration of Final Dividend
12. Declaration of Interim Dividend
13. Sale of Fixed Assets (Book value Rs 12,000) for loss of Rs 3,000
14. Purchase of Building by issuing debenture
15. Purchase of Furniture by issue of shares
16. Bonus issued to shareholder
17. Writing off discount on issue of debenture
18. Writing off bad debt against provision for doubtful debt
19. Cash paid to creditors
20. Payment of Dividend
21. Depreciation on machinery
22. Old Furniture written off
23. Redemption of debenture
24. Conversion of debenture into shares
25. Issue of debenture
26. Purchase of own debenture of Rs 20,000 at 97%
27. Outstanding salary paid
28. Electricity expense Outstanding Rs 7,000
29. Payment of Outstanding Rent for previous month
30. Interest Paid

Correction in video : In Video , I have explained correctly for Point 24 (Conversion of debenture into shares), but written by mistake Outflow in the whiteboard. It should be **"no change"**

Indirect Method of Calculating Cash flow from operating Activities

Calculation of Net Profit before Tax

Q6 (Concept Questions)

		31-3-2018	31-3-2019
		Rs	Rs
Profit and Loss Balance		5,00,000	6,00,000
General Reserve		2,00,000	2,30,000

Proposed Dividend Concept

Q7 (Concept Questions)

		31-3-2018	31-3-2019
		Rs	Rs
Profit and Loss Balance		5,00,000	6,00,000
General Reserve		2,00,000	2,30,000

1. **Provision for Taxation made during the year Rs 10,000**
2. **Contingent Liability**

Proposed Dividend	31-3-2018 (Rs)	31-3-2019 (Rs)
Proposed Dividend	40,000	60,000

Q8 (when there is refund of Tax and Interim Dividend)

		31-3-2018	**31-3-2019**
		Rs	**Rs**
Profit and Loss Balance		**5,00,000**	**6,00,000**
General Reserve		**2,00,000**	**2,30,000**

1. **Interim Dividend Paid during the year Rs 5,000**
2. **Provision for Taxation made during the year Rs 10,000**
3. **Refund of tax during the year Rs 2,000**
4. **Contingent Liability**

Proposed Dividend	**31-3-2018 (Rs)**	**31-3-2019 (Rs)**
Proposed Dividend	20,000	45,000

Q9 (When there is decrease in General Reserve)

		31-3-2018	**31-3-2019**
Profit and Loss Balance		**5,00,000**	**9,00,000**
General Reserve		**2,00,000**	**1,60,000**

1. **Interim Dividend Paid during the year Rs 7,000**
2. **Provision for Taxation made during the year Rs 10,000**
3. **Refund of tax during the year Rs 1,000**
4. **Contingent Liability**

Proposed Dividend	**31-3-2018 (Rs)**	**31-3-2019 (Rs)**
Proposed Dividend	15,000	20,000

Q10 (When there is decrease in General Reserve)

		31-3-2019	31-3-2018
		Rs	Rs
Profit and Loss Balance		4,00,000	6,00,000
General Reserve		2,10,000	2,00,000

1. **Provision for Taxation made during the year Rs 8,000**
2. **Interim Dividend Paid during the year Rs 4,000**
3. **Refund of tax during the year Rs 3,000**
4. **Contingent Liability**

Proposed Dividend	**31-3-2018 (Rs)**	**31-3-2019 (Rs)**
Proposed Dividend	15,000	20,000

Calculation of Operating profit before working capital changes

Adjustment for Non-Cash Items

Q11

Reliable Ltd made a "profit before tax" of Rs 4,00,000 after taking into following items

	Rs
Goodwill Written Off	10,000
Depreciation on Fixed Assets	20,000
Gain on sale of Fixed Assets	7,000
Loss on Sale of Fixed Assets	5,000
Provision for Doubtful Debt	8,000
Salary	2,000
Selling Expense	1,000

Calculate Operating Profit before working capital changes

Q12

Reliable Ltd made a "profit after tax" of Rs 4,00,000 after taking into following items

	Rs
Goodwill Written Off	10,000
Depreciation on Fixed Assets	20,000
Gain on sale of Fixed Assets	7,000
Loss on Sale of Fixed Assets	5,000
Provision for Doubtful Debt	8,000
Provision for taxation made during the year	50,000
Interest expense	4,000
Salary	2,000
Selling Expense	1,000

Calculate Operating Profit before working capital changes

Q13

Reliable Ltd made a profit of Rs 4,00,000 after taking into following items

	Rs
Transfer to General Reserve	40,000
Goodwill Written Off	10,000
Proposed Dividend of Last year	20,000
Interim Dividend Paid	5,000
Depreciation on Fixed Assets	20,000
Gain on sale of Fixed Assets	7,000
Loss on Sale of Fixed Assets	5,000
Provision for Doubtful Debt	8,000
Refund of Tax	2,000
Interest expense	3,000
Interest Income	1,000
Salary	5,000

Calculate Operating Profit before working capital changes

Q14

Reliable Ltd made a profit of Rs 4,00,000 after taking into following items

	Rs
Transfer to General Reserve	40,000
Interim Dividend Paid during the year	5,000
Provision for taxation made during the year	50,000
Goodwill Written Off	10,000
Depreciation on Fixed Assets	20,000
Gain on sale of Fixed Assets	7,000
Loss on Sale of Fixed Assets	5,000
Provision for Doubtful Debt	8,000
Refund of Tax	2,000
Interest expense	3,000
Interest Income	1,000
Salary	5,000

Calculate Operating Profit before working capital changes

Q15

Calculate Operating Profit before working capital changes from the following information

		31-3-2018	31-3-2019
Profit and Loss Balance		3,00,000	7,00,000
General Reserve		2,00,000	2,30,000
Goodwill		80,000	70,000
Provision for Depreciation		50,000	90,000
Provision for Doubtful Debt		7,000	12,000

Q16 (when goodwill is increasing)

Calculate Operating Profit before working capital changes from the following information

		31-3-2018	31-3-2019
Profit and Loss Balance		3,00,000	7,00,000
General Reserve		2,00,000	2,30,000
Goodwill		80,000	1,00,000
Provision for Depreciation		50,000	90,000
Provision for Doubtful Debt		7,000	12,000

Q17

Calculate Operating Profit before working capital changes from the following information

		31-3-2019	31-3-2018
Profit and Loss Balance		10,00,000	7,00,000
General Reserve		2,00,000	2,30,000
Goodwill		80,000	1,20,000
Provision for Depreciation		1,50,000	90,000
Provision for Doubtful Debt		18,000	12,000

Q18

Calculate Operating Profit before working capital changes from the following information

		31-3-2019	31-3-2018
Profit and Loss Balance		10,00,000	7,00,000
General Reserve		2,00,000	2,30,000
Goodwill		80,000	1,20,000
Provision for Depreciation		1,50,000	90,000
Provision for Doubtful Debt		18,000	20,000

Q19

Calculate Cash from Operating Activities from the following balances

	31-3-2018	31-3-2019
Current Assets and Current Liabilities	**Rs**	**Rs**
Debtor	**50,000**	**70,000**
Bill Receivable	**20,000**	**11,000**
Creditors	**80,000**	**95,000**
Bill payable	**25,000**	**22,000**
Outstanding Expense	**15,000**	**17,000**
Prepaid Expense	**12,000**	**10,000**
Accrued Income	**7,000**	**8,000**
Income Received in Advance	**14,000**	**8,000**

Operating profit before Working Capital Changes was Rs 4,30,000

Q20 (Same Question Just a year reverse)

Calculate Cash from Operating Activities from the following balances

	31-3-2019	31-3-2018
Current Assets and Current Liabilities	**Rs**	**Rs**
Debtor	**50,000**	**70,000**
Bill Receivable	**20,000**	**11,000**
Creditors	**80,000**	**95,000**
Bill payable	**25,000**	**22,000**
Outstanding Expense	**15,000**	**17,000**
Prepaid Expense	**12,000**	**10,000**
Accrued Income	**7,000**	**8,000**
Income Received in Advance	**14,000**	**8,000**

Operating profit before Working Capital Changes was Rs 4,30,000

Q 21 Calculate the cash from operating activities

Flex Ltd Made a profit of Rs 5,70,000 after considering the following items

	Rs
Goodwill written off	**7,000**
Depreciation on Fixed Tangible Assets	**22,000**
Loss on sale of Fixed Tangible Assets (machinery)	**25,000**
Gain on sale of Tangible Assets (Building)	**17,000**
Provision for Doubtful Debt	**20,000**

Additional Information

	31-3-2018	31-3-2019
Current Assets and Current Liabilities	**Rs**	**Rs**
Debtor	**50,000**	**70,000**
Bill Receivable	**20,000**	**11,000**
Creditors	**80,000**	**95,000**
Bill payable	**25,000**	**22,000**
Outstanding Expense	**15,000**	**17,000**
Prepaid Expense	**12,000**	**10,000**
Accrued Income	**7,000**	**8,000**
Income Received in Advance	**14,000**	**8,000**

Q 22 Calculate the cash from operating activities

Flex Ltd Made a profit of Rs 6,00,000 after considering the following items

	Rs
Goodwill written off	**7,000**
Tax provided during the years	**1,70,000**
Depreciation on Fixed Tangible Assets	**22,000**
Loss on sale of Fixed Tangible Assets (machinery)	**25,000**
Gain on sale of Tangible Assets (Building)	**17,000**
Provision for Doubtful Debt	**20,000**
Transfer to General Reserve	**50,000**
Refund of Tax	**9,000**
Proposed Dividend of Last year Paid	**10,000**

Additional Information

	31-3-2019	31-3-2018
Current Assets and Current Liabilities	**Rs**	**Rs**
Debtor	**40,000**	**70,000**
Bill Receivable	**30,000**	**11,000**
Creditors	**90,000**	**95,000**
Bill payable	**35,000**	**22,000**
Outstanding Expense	**14,000**	**17,000**
Cash	**60,000**	**90,000**

Q23 Calculate the cash from operating activities (HW)

Flex Ltd Made a profit of Rs 7,00,000 after considering the following items

Goodwill written off	**7,000**
Tax provided during the years	**90,000**
Interim Dividend Paid	**80,000**
Depreciation on Fixed Tangible Assets	**22,000**
Loss on sale of Fixed Tangible Assets (machinery)	**25,000**
Gain on sale of Tangible Assets (Building)	**17,000**
Provision for Doubtful Debt	**20,000**
Transfer to General Reserve	**50,000**
Refund of Tax	**9,000**
Proposed Dividend of Last year Paid	**15,000**

Additional Information

	31-3-2019	**31-3-2018**
Current Assets and Current Liabilities		
Debtor	**40,000**	**70,000**
Bill Receivable	**30,000**	**11,000**
Creditors	**90,000**	**95,000**
Bill payable	**35,000**	**22,000**
Outstanding Expense	**14,000**	**17,000**
Cash	**60,000**	**90,000**

Bank overdraft and cash Credit is a Financing Activity so don't take into operating activity

Q24 (bank overdraft and Written off discount)

Samrat Ltd has made a net Income of Rs 4,60,000. During the year, Company charged the depreciation of Rs 20,000. Income was arrived after adjusting for gain on sale of fixed assets Rs 14,000 and Loss of sale of Furniture Rs 25,000 and writing off Rs 4,000 Discount of issue of debenture and Rs 2,000 as Cost of Equity

Additional Information

	31-3-2019	31-3-2018
Current Assets and Current Liabilities		
Trade Receivable	**80,000**	**50,000**
Cash in hand	**30,000**	**11,000**
Marketable securities	**90,000**	**95,000**
Expense Outstanding	**3,500**	**4,200**
Bank Overdraft	**14,000**	**17,000**
Inventory	**60,000**	**90,000**
Trade payable	**7,000**	**5,000**
Bank Balance	**50,000**	**20,000**

Q 25 (CBSE Guidelines)

The profit of Phillips ltd after appropriation was Rs 2,50,000. This profit was arrived at after taking into consideration the following items

	Rs
Deprecation on Fixed Tangible Assets	**20,000**
Loss on sale of Fixed Tangible Assets	**2,000**
Goodwill written off	**9,000**
Provision for Tax	**35,000**
Transfer to general reserve	**17,500**
Gain on sale of Fixed Tangible assets	**8,000**

Additional Information

	31-3-2016	31-3-2017
Current Assets and Current Liabilities		
Trade Receivable (all good)	**50,000**	**62,000**
Trade Payable	**45,000**	**55,000**
Inventory	**12,000**	**8,000**
Income Received in Advance	**8,000**	**-**
Outstanding Expense	**6,000**	**3,000**
Prepaid Expense	**-**	**5,000**

You are required to calculate the cash from operating activities

Q 26

Reliable Ltd. made a profit of Rs 2,00,000 after charging Depreciation of Rs 30,000 on assets and after provision of Taxation of Rs 10,000 and after transfer to general reserve 70,000 . The company has written off goodwill of Rs 20,000 and there was loss on sale of machinery Rs 4,000 and gain on sale of Furniture Rs 7,000

At the end of the year, Trade receivable showed increase of Rs 8,000 and Trade payable an increase of Rs 5,000. Inventory decreased Rs 2,000 during the year. Prepaid expense increased by Rs 1,000 and Outstanding expense registered a decrease of Rs 3,000

Calculate the Cash flow from operating activities

When there is net loss

Q27 From the following figure calculate the cash from operating activities

	31-3-2017	31-3-2018
Balance of Profit and Loss account	**2,00,000**	**1,70,000**
Trade Receivable	**40,000**	**45,000**
Inventory	**7,000**	**5,000**
Goodwill	**50,000**	**47,000**
Trade payable	**70,000**	**82,000**
Cash and cash equivalent	**88,000**	**75,400**

Correction : In Video Lecture I have done Calculation Mistake. It should be (2000+12000=14000 and not 32000)

Net Answer will be Rs -18000

Q 28 From the following figure calculate the cash from operating activities

	31-3-2019	31-3-2018
	Rs	Rs
Balance of Profit and Loss account	3,50,000	4,00,000
Trade Receivable	40,000	45,000
Inventory	7,000	5,000
Goodwill	80,000	60,000
Provision for Depreciation	70,000	60,000
Provision for Bad and Doubtful Debt	7,000	5,000
Trade payable	70,000	82,000
Cash and cash equivalent	88,000	75,400
Advance salary	4,000	3,000
Outstanding Expense	7,000	5,500
Advance Income	4,800	4,200
General Reserve	25,000	20,000

Q 29 From the following figure calculate the cash from operating activities

	31-3-2018	31-3-2019
	Rs	Rs
Profit and Loss account balance	2,00,000	1,30,000
Trade Receivable	40,000	45,000
Inventory	6,000	7,000
Cash and cash equivalent	70,000	80,000
Goodwill	60,000	0
Provision for Depreciation	70,000	80,000
Provision for Bad and Doubtful Debt	7,000	5,000
Trade payable	70,000	70,000

Q 30

Company incurred a loss of Rs 75,000 during the year. Calculate the cash from operating Activities

	31-3-2018	31-3-2019
	Rs	**Rs**
Provision for Doubtful debt	**5,000**	**2,000**
Shares	**70,000**	**80,000**
Trade payable	**45,000**	**57,000**
Trade Receivable	**7,000**	**0**
Short term borrowing	**5,000**	**4,000**
Debenture	**40,000**	**45,000**

Calculation of Cash Flow from Operating activities

Q 31

Calculate the cash from operating Activities

	31-3-2018	31-3-2019
	Rs	Rs
Profit and Loss Balance	2,00,000	5,00,000
Goodwill	4,000	1,000
Provision for Depreciation	28,000	34,000
Provision for Taxation	10,000	15,000
Trade payable	45,000	57,000
Trade Receivable	7,000	9,000
General Reserve	30,000	34,000

Q 32

Calculate the cash from operating Activities

	31-3-2018	31-3-2019
	Rs	Rs
Profit and Loss Balance	2,00,000	3,00,000
Provision for Depreciation	24,000	40,000
Provision for Taxation	10,000	25,000
Trade payable	45,000	40,000
Trade Receivable	7,000	6,000

Bad debt written off during the year Rs 7,000

Q 33

Company earned profit after tax of Rs 1,25,000 during the year. Calculate the cash from operating Activities

	31-3-2018	31-3-2019
	Rs	Rs
Shares	70,000	80,000
Trade payable	45,000	57,000
Trade Receivable	7,000	0
Inventory	10,000	10,000
Cash and Cash Equivalent	20,000	25,000
Prepaid Expense	5,000	4,000
Provision for Taxation	40,000	45,000
Machinery	80,000	75,000

Bad debt written off during the year Rs 4,000

Company has not purchased nor sold any machinery during the year.

Q34

From the following balance sheet of Reliable Ltd, find out the cash from operating activities

Particulars	Note No	31-3-2018 (Rs)	31-3-2017 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		2,00,000	1,70,000
II. Reserve and Surplus	**1**	70,000	50,000
(2) Non-Current Liabilities			
I. Long Term Borrowing	**2**	2,50,000	3,00,000
(3) Current Liabilities			
I. Trade Payable		50,000	40,000
Total		**5,70,000**	**5,60,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**3**	70,000	60,000
ii. Intangible Assets	**4**	35,000	40,000
II. Non-Current Investment		75,000	80,000
(2) Current Assets			
I. Inventory		90,000	1,20,000
II. Trade Receivable		1,80,000	1,50,000
III. Cash and Cash Equivalent		1,20,000	1,10,000
Total		**5,70,000**	**5,60,000**

Notes:

1 Reserve and Surplus	31-3-2018 (Rs)	31-3-2017 (Rs)
General Reserve Profit and Loss Account	42,000 28,000	40,000 10,000
Total	**70,000**	**50,000**

2 Long Term Borrowing	31-3-2018 (Rs)	31-3-2017 (Rs)
12% Debenture	2,50,000	3,00,000
Total	**2,50,000**	**3,00,000**

3 Tangible Fixed Assets	31-3-2018 (Rs)	31-3-2017 (Rs)
Plant and Machinery Less Depreciation	88,000 18,000	75,000 15,000
Total	**70,000**	**60,000**

4 Intangible	31-3-2018 (Rs)	31-3-2017 (Rs)
Goodwill	35,000	40,000
Total	**35,000**	**40,000**

Q35

From the following balance sheet of Reliable Ltd, find out the cash from operating activities

Particulars	Note No	31-3-2018 (Rs)	31-3-2017 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		3,17,000	2,25,000
II. Reserve and Surplus	1	60,000	25,000
(2) Non-Current Liabilities			
I. Long Term Borrowing	2	2,50,000	3,00,000
(3) Current Liabilities			
I. Trade Payable	3	31,000	30,000
II. Short Term Provision	4	16,000	10,000
Total		**6,74,000**	**5,90,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	5	68,000	55,000
ii. Intangible Assets	6	60,000	40,000
II. Non-Current Investment		50,000	80,000
(2) Current Assets			
I. Inventory		1,30,000	1,20,000
II. Trade Receivable	7	60,000	55,000
III. Cash and Cash Equivalent		3,06,000	2,40,000
Total		**6,74,000**	**5,90,000**

Notes:

1 Reserve and Surplus	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
General Reserve	40,000	30,000
Profit and Loss Account	20,000	(5,000)
Total	**60,000**	**25,000**

2 Long Term Borrowing	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
12% Debenture	2,50,000	3,00,000
Total	**2,50,000**	**3,00,000**

3 Trade payables	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Creditors	8,000	10,000
Bill payable	23,000	20,000
Total	**31,000**	**30,000**

4 Short Term Provision	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Provision for Tax	16,000	10,000

5 Tangible Fixed Assets	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Plant and Machinery	85,000	70,000
Less Depreciation	17,000	15,000
Total	**68,000**	**55,000**

6 Intangible	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Goodwill	60,000	40,000
Total	**60,000**	**40,000**

7 Trade Receivable	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Debtor	42,000	40,000
Bill Receivable	18,000	15,000
Total	**60,000**	**55,000**

Q36

From the following balance sheet of Reliable Ltd, find out the cash from operating activities

Particulars	Note No	31-3-2018 (Rs)	31-3-2017 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		3,00,000	3,46,000
II. Reserve and Surplus	**1**	(18,000)	14,000
(2) Non-Current Liabilities			
I. Long Term Borrowing	**2**	4,00,000	3,00,000
(3) Current Liabilities			
I. Trade Payable	**3**	30,000	20,000
II. Short Term Provision	**4**	16,000	-
Total		**7,28,000**	**6,80,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**5**	70,000	55,000
ii. Intangible Assets	**6**	47,000	55,000
II. Non-Current Investment		50,000	40,000
(2) Current Assets			
I. Inventory		1,30,000	1,80,000
II. Trade Receivable	**7**	18,000	40,000
III. Cash and Cash Equivalent		4,13,000	3,10,000
Total		**7,28,000**	**6,80,000**

Notes:

1 Reserve and Surplus	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
General Reserve Profit and Loss Account	62,000 (80,000)	64,000 (50,000)
Total	**(18,000)**	**14,000**

2 Long Term Borrowing	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
12% Debenture	4,00,000	3,00,000

3 Trade payables	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Creditors	7,000	-
Bill payable	23,000	20,000
Total	**30,000**	**20,000**

4 Short Term Provision	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Provision for Tax	16,000	-

5 Tangible Fixed Assets	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Plant and Machinery Less Depreciation	86,000 16,000	70,000 15,000
Total	**70,000**	**55,000**

6 Intangible	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Goodwill	35,000	40,000
Patent	12,000	15,000
Total	**47,000**	**55,000**

7 Trade Receivable	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Debtor	-	40,000
Bill Receivable	18,000	-
Total	**18,000**	**40,000**

Q37

From the following statement of Profit and loss of Amar ltd calculate Cash generated from Operating activities

			Rs
I	Revenue from Operation		9,00,000
II	Other Income	1	50,000
III	Total Revenue		9,50,000
IV	Expense		
	Purchase of Stock in Trade		4,45,000
	Change in Inventories of Stock in Trade (opening Inventory-Closing Inventory)	2	30,000
	Employee Benefit Expense		25,000
	Depreciation and Amortization Expense	3	20,000
	Other Expense	4	30,000
	Total Expense		5,50,000
V	Profit Before Tax		4,00,000
	Less Tax provision		1,20,000
VI	Profit After Tax		2,80,000

1	Other Income	Rs
	Interest Received	42,000
	Profit on sale of Machinery	2,000
	Dividend Received	6,000
	Total	**50,000**

2	Change in Inventory of Stock in Trade	Rs
	Opening Inventory	1,10,000
	Closing Inventory	80,000

3	Depreciation and Amortization	Rs
	Depreciation	15,000
	Goodwill written off	5,000
	Total	**20,000**

4	**Other Expense**	**Rs**
	Administration Expense	15,000
	Selling and distribution Expense	10,000
	Share issue expense	1,000
	Discount on issue of Debenture written off	3,000
	Interest paid	1,000
	Total	**30,000**

Q38

From the following statement of Profit and loss of Amar ltd calculate Cash generated from Operating activities

I	**Revenue from Operation**		7,00,000
II	**Other Income**	**1**	40,000
III	**Total Revenue**		**7,40,000**
IV	**Expense**		
	Purchase of Stock in Trade		4,60,000
	Change in Inventories of Stock in Trade (opening Inventory-Closing Inventory)	**2**	(20,000)
	Employee Benefit Expense		30,000
	Depreciation and Amortization Expense	**3**	25,000
	Other Expense		30,000
	Total Expense		**5,25,000**
V	**Profit Before Tax**		**2,15,000**
	Less Tax		**60,000**
VI	**Profit After Tax**		**1,55,000**
	Less Proposed Dividend		**10,000**
	Profit Balance		**1,45,000**

1	**Other Income**	**Rs**
	Income Tax Refund	5,000
	Profit on sale of Machinery	32,000
	Dividend Received	3,000
	Total	**40,000**

2	**Change in Inventory of Stock in Trade**	**Rs**
	Opening Inventory	70,000
	Closing Inventory	90,000

3	**Depreciation and Amortization**	**Rs**
	Depreciation	15,000
	Goodwill written off	5,000
	Total	**20,000**

Additional Information

1

	Rs
Wages Outstanding	7,000
Salary prepaid	4,000
Telephone Expense Outstanding	1,000
Total	**12,000**

2 Tax paid during the year Rs 20,000

Q39

From the following statement of Profit and loss of Amar ltd calculate Cash generated from Operating activities

			Rs
I	**Revenue from Operation**		7,00,000
	Total Revenue		**7,00,000**
II	**Expense**		
	Purchases		4,00,000
	Change in Inventories (opening Inventory- Closing Inventory)		(30,000)
	Other Expense		40,000
	Total Expense		**4,10,000**
III	**Profit Before Tax**		**2,90,000**

Additional Information

1. Trade Receivable Increased by Rs 12,000 during the year
2. Trade Payable Decreased by 5,000 during the year
3. Outstanding salary increased by Rs 7,000 during the year
4. Company operating expense include Rs 11,000 Depreciation
5. Company goodwill has decreased by Rs 2,000 during the year
6. Tax Paid Rs 7000

Q40

From the following information calculate the Cash generated from Operating activities

		Rs.
Profit and Loss Balance on 1st April 2018		90,000
Profit and Loss Balance on 31 March 2019		1,50,000
Depreciation on Fixed Assets		12,000
Amortization of goodwill		5,000
Transfer to General Reserve		4,000
Loss on sale of Machine		2,000
Profit on sale of furniture		500
Provision for Taxation		1,000
Increase in Trade Receivable		5,000
Decrease in Trade Payable		6,000
Outstanding expense on 1st April 2018		6,000
Outstanding expense on 1st March 2019		9,000
Prepaid expense as on 1st April 2018		7,000

Cash Flow from Investing

Q41

From the following information calculate the Cash generated from Investing activities

	Purchased	**Sold**
	Rs	**Rs**
Plant and Machinery	2,00,000	50,000
Furniture	75,000	40,000
Investment	1,00,000	80,000
Goodwill	3,00,000	-
Land		2,50,000

Rental Income Received Rs 7,000

Interest Received on Investment Rs 2,000

Interest paid on Debenture issued Rs 15,000

Dividend Received on Shares held as investment Rs 3,000

Dividend paid on the Equity share capital Rs 40,000

Ascertain the missing figure by preparing the Fixed Assets Account

Case 1: If fixed assets account is prepared on the written down value basis (i.e. no provision for depreciation" or "accumulated Depreciation" is maintained)

If the balance sheet doesn't contain the "provision for depreciation" or "accumulated Depreciation" for both the years, that it means fixed assets has been shown at the written down value basis and so fixed assets account will be prepared

But obvious if the depreciation figure is given then it will be shown in the credit side of the fixed assets account

If there is loss on sale of fixed assets, then it will appear in the credit side of fixed assets

If there is profit on sale of fixed assets, then it will appear in the debit side of fixed assets

Q 42

Calculate the cash from Investing Activity

Balance sheet

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Fixed Asset	1,00,000	3,50,000

Depreciation provided during the year Rs 30000

Q 43

Calculate the cash from Investing Activity

Balance sheet

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Fixed Asset	1,00,000	70,000

Depreciation Provided during the year Rs 12,000

Q44

Calculate the cash from Investing Activity

Balance sheet

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Furniture	1,00,000	2,50000

1. Depreciation Provided during the year Rs 12000
2. Furniture having written down value of Rs 40,000 sold for 37,000

Q 45

Calculate the cash from Investing Activity

Balance sheet

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Fixed Asset	100000	300000

Part of Fixed assets Costing Rs 80,000 (book value Rs 12000) was sold for Rs 5000. Total Depreciation charged during the year is Rs 50000

Q 46

Calculate the cash from Investing Activity

Balance sheet

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Fixed Asset	100000	300000

Part of Fixed assets Costing Rs 80,000 (book value Rs 12000) was sold for Rs 15000. Total Depreciation charged during the year is Rs 50,000

Q 47

Calculate the cash from Investing Activity

Balance sheet

	31-3-2018	31-3-2019
	Rs	Rs
Fixed Asset	1,00,000	3,00,000

Part of Fixed assets with book value Rs 20,000 was sold for gain of Rs 5,000. Total Depreciation charged during the year is Rs 80,000

Q48

(CBSE 2017) (Compartment Outside Delhi)

Calculate the cash flow from Investing Activities from the following information

	31-3-2015	31-3-2014
	Rs	Rs
Investment in Shares of Miko Ltd	18,00,000	8,00,000
12% Long Term Investment	1,50,000	5,00,000
Plant and Machinery	6,00,000	4,00,000
Goodwill	1,20,000	40,000

Additional information

1. 9% dividend was received from Miko Ltd
2. A machine costing Rs 50,000 (Depreciation provided thereon Rs 15,000) was sold for Rs 40,000. Depreciation charged during the year was Rs 55,000

Q49(CBSE 2017) (Compartment Outside Delhi)

Calculate the cash flow from Investing Activities from the following information

	31-3-2017	31-3-2018
	Rs	Rs
Plant and Machinery	8,50,000	10,00,000
Non-Current Investment	40,000	1,00,000
Land	2,00,000	1,00,000

Additional information

1. Depreciation charged on Plant and Machinery was Rs 50,000
2. Plant and Machinery with a book value of Rs 60,000 was sold for Rs 40,000
3. Land was sold at gain of Rs 60,000

Case 2: If fixed assets account is prepared on the written down value basis (i.e. no provision for depreciation" or "accumulated Depreciation" is maintained)

Q 50

How the below items will be reported in cash flow statement

Balance sheet

	31-3-2018	31-3-2019
	Rs	Rs
Fixed Asset	1,00,000	3,00,000
Accumulated Depreciation	40,000	70,000

Asset sold during the year Costing Rs 80,000 (accumulated depreciation Rs 15,000) for Rs 12,000

Q 51

How the below items will be reported in cash flow statement

Balance sheet

	31-3-2018	31-3-2019
	Rs	Rs
Fixed Asset	1,00,000	3,00,000
Accumulated Depreciation	40,000	70,000

Part of Fixed assets Costing Rs 30,000 (book value 25,000) was sold for Rs 6,000.

Q 52

How the below items will be reported in cash flow statement

Balance sheet

	31-3-2018	31-3-2019
	Rs	Rs
Fixed Asset	1,00,000	3,00,000
Accumulated Depreciation	40,000	70,000

Part of Fixed assets Costing Rs 30,000 (book value 25,000) was sold for Rs 28,000.

Q 53

Balance sheet

	31-3-2018	31-3-2019
	Rs	Rs
Fixed Asset	1,00,000	3,00,000
Accumulated Depreciation	40,000	70,000

Part of Fixed assets Costing Rs 30,000 was sold for loss of 10% on Book value. Total Depreciation charged during the year is Rs 50,000

Q 54 (ISC specimen Question 2018)

Calculate the cash flow from Investing Activities from the following information

Balance sheet

	Opening Balance	Closing Balance
	Rs	**Rs**
Plant and Machinery	3,00,000	3,20,000
Accumulated Depreciation	90,000	1,00,000
Patent	2,60,000	1,40,000
Goodwill	80,000	1,00,000

Additional information

During the year,

1. Depreciation charged on Plant and Machinery Rs 36,000
2. A Machine having book value of Rs 20,000 was sold for Rs 16,000
3. Patent having book value of Rs 80,000 was sold for Rs 1,10,000

Q 55

Reliable Ltd has the following balance

	31-3-2016	31-3-2017
	Rs	**Rs**
Non-Current Investment	5,00,000	4,00,000

During the year company sold 30% of its original investment at profit of Rs 10,000

Calculate the source and use of Cash

Q 56

From the following particulars of Flex Ltd calculate the cash from Investing Activity and show the working clearly

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Patent	5,00,000	4,00,000
Goodwill	2,00,000	5,00,000
Furniture	8,00,000	6,00,000
Machinery	3,00,000	3,00,000
12% long Term investment	1,00,000	1,50,000
Land	2,00,000	2,00,000
Shares in Reliance Ltd	3,00,000	3,00,000

Additional information

During the year,

1. Patent was written off to the extent of Rs 70,000 and some patent was sold at profit of Rs 50,000
2. Furniture costing Rs 70,000 (Depreciation provided thereon Rs 10,000) was sold for Rs 40,000. Depreciation charged during the year Rs 2,50,000
3. On 31-3-2019, 12% Investment was purchased For Rs 80,000 and sold investment was sold at profit of Rs 25,000. Interest on investment was received on 31-3-2019
4. Reliance ltd has paid dividend @15%
5. Rent Received from land (held as investment) Rs 20,000
6. Depreciation charged in machinery is Rs 40,000

Cash Flow from Financing Activity

Q 57

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019	31-3-2018
	Rs	**Rs**
Equity Share Capital	7,00,000	5,00,000
12% Preference Share capital	3,00,000	8,00,000
15% Debenture	4,00,000	-

Additional information

1. Interest paid on debenture Rs 20,000
1. Dividend paid to Preference shares Rs 5,000
2. Interim Dividend paid to equity shares Rs 30,000
3. Cost of issue of Equity share incurred Rs 4,000

Q 58

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2018	**31-3-2019**
	Rs	**Rs**
Equity Share Capital	5,00,000	2,00,000
12% Preference Share capital	8,00,000	8,00,000
15% Debenture	5,00,000	1,00,000
Bank Overdraft	1,00,000	1,75,000

Additional information

During the year

1. Interest paid on debenture Rs 20,000 (Due Rs 30,000)
2. Dividend paid to Preference shares Rs 5,000
3. Interim Dividend paid to equity shares Rs 30,000
4. Cost of issue of Equity share incurred Rs 4,000
5. Dividend Received Rs 7,000
6. Interest Received Rs 25,000

Q 59

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019	31-3-2018
	Rs	**Rs**
Equity Share Capital	7,00,000	5,00,000
12% Preference Share capital	3,00,000	8,00,000
15% Debenture	4,00,000	-

Additional information

During the year,

1. Equity share were issued at premium of 10%
2. Preference share were redeemed at Premium of 5%
3. 15% Debenture were issued at discount of 2%
4. Interest paid on debenture Rs 20,000
5. Dividend paid to Preference shares Rs 5,000
6. Interim Dividend paid to equity shares Rs 30,000
7. Cost of issue of Equity share incurred Rs 4,000
8. Underwriting Commission of Equity Shares Rs 3,000
9. Interest Received Rs 7,000

Q 60

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019	31-3-2018
	Rs	**Rs**
Equity Share Capital	6,00,000	5,00,000
Securities Premium Reserve	50,000	20000

Q 61

From the following particulars of Flex Ltd calculate the cash from operating activity and Financing Activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	6,00,000	5,00,000
Securities Premium Reserve	50,000	20,000
12% Preference Share capital	4,00,000	6,00,000
Statement of profit and Loss	10,00,000	300000

1. Dividend on preference share not being paid
2. Preference share were redeemed at premium of 15% and same has been provided out of profit

Q 62

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2018	31-3-2019
	Rs	Rs
Equity Share Capital	5,00,000	6,00,000
Securities Premium Reserve	20,000	50,000
12% Preference Share capital	8,00,000	5,00,000
Profit and Loss balance	3,00,000	8,00,000
10% Debenture	1,00,000	3,00,000

Additional information

During the year,

1. Preference share were redeemed on 1st April 2018 at premium of 5%. Such premium has been provided out of profit
2. New shares and debenture were issued on March 31, 2019
3. Debenture were issued at discount of 5%
4. All the interest on debenture is paid
5. Dividend on preference share paid on 31-3-2019

Q 63

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019	31-3-2018
	Rs	**Rs**
Equity Share Capital	6,00,000	5,00,000
Securities Premium Reserve	70,000	20,000
12% Preference Share capital	6,00,000	8,00,000
15% Debenture	4,00,000	1,00,000
Discount on Debenture	6,000	5000
Underwriting commission on shares	6,000	-
Bank Overdraft	2,00,000	1,40,000
Interest on bank Overdraft	7,000	5,000
Profit and Loss balance	8,00,000	3,00,000

Additional information

During the year,

1. Preference share were redeemed on 1st April 2018 at premium of 5%. Such Premium has been provided out of profit
2. New shares and debenture were issued on March 31, 2019
3. Dividend on preference share and 8% interim dividend was paid on Equity shares on 31st March 2019

Q 64

From the following particulars of Flex Ltd calculate the cash From Financing Activity and Operating Activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	9,00,000	5,00,000
Security Premium Reserve	40,000	25,000
12% Preference Share capital	6,00,000	8,00,000
15% Debenture	70,000	1,00,000
Bank Overdraft	5,00,000	2,00,000
Profit and loss Balance	7,00,000	1,00,000

Additional information

During the year,

1. Preference share were redeemed on 1st April 2018 at premium of 5%. Such Premium has been out of securities premium Reserve
2. Interest paid on Debenture Rs 6,000
3. Dividend paid Rs 40,000

Concept of Bonus Share

Q 65

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019 (Rs)	**31-3-2018 (Rs)**
	Rs	**Rs**
Equity Share Capital	10,00,000	5,00,000
15% Debenture	3,00,000	2,00,000

1. Interest Paid Rs 40,000
2. Bonus Share 1:1 to Equity Shares issued
3. Dividend paid Rs 70,000

Q 66

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	12,00,000	5,00,000
15% Debenture	3,00,000	2,00,000

1. Interest Paid Rs 40,000
2. Bonus Share 1:1 to Equity Shares issued
3. Dividend paid Rs 70,000

Q 67

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019 (Rs)	**31-3-2018 (Rs)**
Equity Share Capital	12,00,000	5,00,000
15% Debenture	3,00,000	2,00,000

1. Interest Paid Rs 40,000
2. Bonus Share 1:2 to Equity Shares issued
3. Dividend paid Rs 70,000

Q 68

From the following particulars of Flex Ltd calculate the cash From Financing Activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	12,00,000	5,00,000
15% Debenture	3,00,000	2,00,000
Securities Premium Reserve	35,000	10,000

1. Interest Paid Rs 40,000
2. Bonus Share 1:2 to Equity Shares issued
3. Dividend paid Rs 70,000

Q 69

From the following particulars of Flex Ltd calculate the cash From Financing Activity and Operating activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	10,00,000	5,00,000
12% Preference Share capital	7,00,000	8,00,000
15% Debenture	3,00,000	1,00,000
Bank Overdraft	5,00,000	2,00,000

Additional information

During the year,

1. Preference share were redeemed on 1st April 2018 at premium of 5%. Such Premium has been out of profit
2. Company issued bonus share of 1:1
3. Debenture were issued at premium
4. Interest paid on Debenture Rs 6,000 (Accrued is Rs 45,000)
5. Dividend paid Rs 60,000

Q 70

From the following particulars of Flex Ltd calculate the cash From Financing Activity and Operating activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	10,00,000	5,00,000
12% Preference Share capital	7,00,000	8,00,000
15% Debenture	3,00,000	1,00,000
Bank Overdraft	5,00,000	2,00,000
Securities Premium Reserve	40000	25000

Additional information

During the year,

1. Preference share were redeemed on 1st April 2018 at premium of 5%. Such Premium has been out of Securities Premium Reserve
2. Company issued bonus share of 1:1
3. Debenture were issued at premium
4. Interest paid on Debenture Rs 6,000 (Accrued is Rs 45,000)
5. Dividend paid Rs 60,000

Q 71

From the following particulars of Flex Ltd calculate the cash From Financing Activity and Investment activity and show the working clearly

	31-3-2019	31-3-2018
	Rs	**Rs**
Equity Share Capital	10,00,000	5,00,000
Security Premium Reserve	40,000	25,000
Plant and Machinery	3,50,000	3,00,000
Accumulated Depreciation	1,00,000	70,000
Bank overdraft	60,000	50,000

Additional information

During the year,

1. During the year company sold machinery costing Rs 80,000 for Rs 65,000. (Accumulated Depreciation Rs 2,000)
2. Interest paid on Debenture Rs 6,000
3. Dividend paid Rs 60,000
4. Interest paid on bank overdraft 2,000
5. Bonus Equity Share of 1:5

Q 72

From the following particulars of Flex Ltd calculate the cash From Financing Activity and Investment activity and show the working clearly

	31-3-2019	**31-3-2018**
	Rs	**Rs**
Equity Share Capital	9,00,000	5,00,000
Security Premium Reserve	40,000	25,000
Plant and Machinery	3,50,000	3,00,000
Accumulated Depreciation	1,00,000	70,000
Non-Current Investment	60,000	50,000

Additional information

During the year,

1. Company issued bonus of 1:2 on 1st April 2018
2. During the year company sold machinery costing Rs 85,000 for Rs 90,000.
3. Interest paid Rs 10,000
4. Dividend paid Rs 60,000
5. Interest Received Rs 6,000
6. Dividend Received Rs 2,000

Q73

From the following balance sheet of Reliable Ltd, find out the cash from operating activities

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		5,00,000	2,00,000
II. Reserve and Surplus	**1**	3,80,000	1,10,000
(2) Non-Current Liabilities			
I. Long Term Borrowing	**2**	4,00,000	3,00,000
(3) Current Liabilities			
I. Trade Payable	**3**	58,000	50,000
Total		**13,38,000**	**6,60,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets		70,000	55,000
ii. Intangible Assets (Goodwill)		8,000	10,000
II. Non-Current Investment		39,000	45,000
(2) Current Assets			
I. Inventory		1,30,000	1,80,000
II. Trade Receivable		18,000	40,000
III. Cash and Cash Equivalent		10,73,000	3,30,000
Total		**13,38,000**	**6,80,000**

Notes:

1 Reserve and Surplus	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
General Reserve Profit and Loss Account	2,00,000 1,80,000	60,000 50,000
Total	**380,000**	**110000**

2 Long Term Borrowing	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
12% Debenture	4,00,000	3,00,000
Total	**4,00,000**	**3,00,000**

3 Trade payables	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Creditor	40,000	30,000
Bill payable	18,000	20,000
Total	**58,000**	**50,000**

Total Interest paid during the year Rs 36,000

Q74

From the following balance sheet of Reliable Ltd, find out the cash from operating activities

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		5,00,000	2,00,000
II. Reserve and Surplus	**1**	12,00,000	7,00,000
(2) Non-Current Liabilities			
I. Long Term Borrowing	**2**	1,00,000	3,00,000
(3) Current Liabilities			
I. Trade Payable	**3**	60000	70,000
II. Short Term Provision	**4**	16,000	10,000
Total		**18,76,000**	**12,80,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**5**	1,00,000	40,000
ii. Intangible Assets	**6**	10,000	25,000
II. Non-Current Investment		50,000	30,000
(2) Current Assets			
I. Inventory		1,30,000	1,00,000
II. Trade Receivable	**7**	24,000	25,000
III. Cash and Cash Equivalent		15,62,000	10,60,000
Total		**18,76,000**	**12,80,000**

Notes:

1 Reserve and Surplus	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
General Reserve Profit and Loss Account	4,00,000 8,00,000	1,00,000 6,00,000

2 Long Term Borrowing	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
8% Debenture	1,00,000	3,00,000

3 Trade payables	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Creditor	37,000	50,000
Bill payable	23,000	20,000

4 Short Term Provision	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Provision for Taxation	16,000	10,000

5 Tangible Assets	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Plant and Machinery	1,00,000	40,000

6 Intangible Assets	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Goodwill	10,000	25,000

7 Trade Receivable	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Debtor	10,000	8,000
Bill Receivable	14,000	17000

(1) Total Interest paid during the year Rs 20,000
(2) Depreciation Provided during the year Rs 5,000

Q75 (CBSE Guidance paper)

Prepare the cash flow statement on the basis of the information given in the balance sheet of ABC Ltd as at 31-3-2018 and 2017

Particulars	Note No	31-3-2018 (Rs)	31-3-2017 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds **I. Share Capital** **II. Reserve and Surplus**	 **1**	 70,000 44,000	 60,000 8,000
(2) Non-Current Liabilities **I. Long Term Borrowing**		 50,000	 50,000
(3) Current Liabilities **I. Trade Payable**	 **2**	 25000	 9,000
Total		**1,89,000**	**1,27,000**
II. Assets			
(1) Non-Current Assets **I. Fixed Assets** **i. Tangible Assets** **II. Non-Current Investment**		 98,000 16,000	 84,000 6,000
(2) Current Assets **I. Current Investment** **II. Inventory** **III. Cash and Cash Equivalent**		 18,000 49,000 8,000	 20,000 12,000 5,000
		1,89,000	**1,27,000**
Total			

Notes:

1 Reserve and Surplus	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
General Reserve Profit and Loss Account	30,000 14,000	20,000 (12000)

2 Trade payables	**31-3-2018 (Rs)**	**31-3-2017 (Rs)**
Creditor	23,500	6,500
Bill payable	1,500	2,500

(1) Depreciation Provided on tangible assets (machinery) during the year Rs 8,000
(2) Interest paid on debenture Rs 5000

Q76 : Intentionally left Blank

Q77

Prepare the cash flow statement on the basis of the information given in the balance sheet of ABC Ltd as at 31-3-2018 and 2017

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds I. Share Capital II. Reserve and Surplus		 3,40,000 70,000	 3,60,000 10,000
(2) Non-Current Liabilities I. Long Term Borrowing	 1	 -	 80,000
(3) Current Liabilities I. Short Term borrowing II. Trade Payable III. Short Term provision	 2 3 4	 40,000 1500 60,000	 10,000 6,500 45,000
Total		**511500**	**511500**
II. Assets			
(1) Non-Current Assets a. Fixed Assets i. Tangible Assets b. Non-Current Investment	 5	 2,20,000 16,000	 1,60,000 26,000
(2) Current Assets a. Current Investment b. Inventory c. Trade Receivable d. Cash and Cash Equivalent		 18,000 50,000 8,000 199500	 20,000 12,000 5,000 288500
Total		**511500**	**511500**

1 Long Term Borrowing	31-3-2019 (Rs)	31-3-2018 (Rs)
12% Loan	-	80,000

2 Short Term Borrowing	31-3-2019 (Rs)	31-3-2018 (Rs
Bank Overdraft	40,000	10,000

3 Trade payables	31-3-2019 (Rs)	31-3-2018 (Rs)
Creditor	-	6,500
Bill payable	1,500	-
	1,500	6500

4 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	60,000	45,000
	60,000	**45,000**

5 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Vehicle	2,80,000	2,00,000
Less Accumulated Depreciation	60,000	40,000
	2,20,000	1,60,000

(1) Loan was repaid on 31-3-2019
(2) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	30,000	10,000

Q78 (CBSE Guidance paper)

Prepare the cash flow statement on the basis of the information given in the balance sheet of ABC Ltd as at 31-3-2018 and 2017

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds **I. Share Capital** **II. Reserve and Surplus**		 9,00,000 2,50,000	 7,00,000 1,00,000
(2) Non-Current Liabilities **I. Long Term Borrowing (12% Debenture)**		 4,50,000	 3,50,000
(3) Current Liabilities **I. Short Term borrowing** **II. Short Term provision**	 **1** **2**	 1,50,000 2,00,000	 75,000 1,25,000
		19,50,000	**13,50,000**
Total			
II. Assets			
(1) Non-Current Assets **I. Fixed Assets** **i. Tangible Assets** **ii. Intangible (Goodwill)** **II. Non-Current Investment**	 **3** 	 14,65,000 1,00,000 1,50,000	 9,15,000 1,50,000 1,00,000
(2) Current Assets **I. Current Investment** **II. Inventory** **III. Cash and Cash Equivalent**		 40,000 1,22,000 73,000	 70,000 72,000 43,000
Total		**19,50,000**	**13,50,000**

1 Short Term Borrowing	31-3-2019 (Rs)	31-3-2018 (Rs
Bank Overdraft	1,50,000	75,000

2 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	2,00,000	1,25,000

3 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	16,75,000	10,55,000
Less Accumulated Depreciation	(2,10,000)	(1,40,000)
	14,65,000	**9,15,000**

(1) 1,00,000 Rs 12% Debenture were issued on 31-3-2019
(2) During the year a piece of Machinery costing Rs 80,000 on which accumulated depreciation was Rs 40,000 was sold at loss of Rs 10,000
(3) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	50,000	20,000

Prepare cash flow statement

Provision for Taxation

Q79

Prepare the Provision for Income Tax on the basis of the information given in the balance sheet of ABC Ltd as at 31-3-2019 and 2018

Particulars	Note No	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Provision for Income Tax		60,000	15,000

During the year Income Tax paid was Rs 12,000

Q80

Prepare the Provision for Income Tax on the basis of the information given in the balance sheet of ABC Ltd as at 31-3-2019 and 2018

Particulars	**Note No**	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Provision for Income Tax		60,000	15,000

During the year Income Tax provided was Rs 70,000

Q81

Prepare the Provision for Income Tax on the basis of the information given in the balance sheet of ABC Ltd as at 31-3-2019 and 2018

Particulars	Note No	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Provision for Income Tax		60,000	15,000

Q82 (ISC 2018)

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2016 and 31-3-2017

Particulars	Note No	31-3-2017 (Rs)	31-3-2016 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital (Equity)		14,00,000	10,00,000
II. Reserve and Surplus (Profit and Loss)		5,00,000	4,00,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (10% Debenture)		5,00,000	1,40,000
(3) Current Liabilities			
I. Short Term borrowing		20,000	30,000
II. Trade Payable (Creditors)		1,00,000	60,000
III. Short Term provision	**1**	60,000	30,000
		25,80,000	**16,60,000**
Total			
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**2**	16,00,000	9,00,000
ii. Intangible (Goodwill)		1,40,000	2,00,000
(2) Current Assets			
I. Inventory		2,50,000	2,00,000
II. Trade Receivable		5,00,000	3,00,000
III. Cash and Cash Equivalent (Cash at Bank)		90,000	60,000
Total		**25,80,000**	**16,60,000**

1 Short Term provision	31-3-2017 (Rs)	31-3-2016 (Rs)
Provision for Taxation	60,000	30,000

2 Tangible Assets	31-3-2017 (Rs)	31-3-2016 (Rs)
Plant and Machinery	17,60,000	10,00,000
Less Accumulated Depreciation	(1,60,000)	(1,00,000)
	16,00,000	**9,00,000**

During the year 2016-17

(1) A part of Machine Costing Rs 50,000, accumulated Depreciation thereon being Rs 20,000 was sold for Rs 18,000
(2) Tax paid Rs 20,000
(3) Interest Paid on Debenture Rs 50,000

Q83

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital (Equity)		8,00,000	10,00,000
II. Reserve and Surplus (Profit and Loss)		5,00,000	1,00,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (Bank loan)		2,00,000	-
(3) Current Liabilities			
I. Short Term borrowing (bank Overdraft)		40,000	10,000
II. Trade Payable (Creditors)		1,00,000	1,40,000
III. Short Term provision	**1**	50,000	30,000
		16,90,000	**12,80,000**
Total			
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**2**	2,70,000	5,50,000
ii. Intangible (Goodwill)		1,40,000	1,00,000
(2) Current Assets			
I. Inventory		3,50,000	3,00,000
II. Trade Receivable		6,00,000	2,00,000
III. Cash and Cash Equivalent (Cash at Bank)		3,30,000	1,30,000
Total		**25,80,000**	**16,60,000**

Note 1

Short Term provision	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Provision for Taxation	50,000	30,000

Note 2

Tangible Assets	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Land	2,00,000	5,00,000
Vehicle	70,000	50,000

During the year 2018-19

(1) Depreciation on Vehicle has been provided at 20% of Last year Balance
(2) Loss on sale of Land Rs 40,000
(3) Interest Paid on loan Rs 7,500
(4) Interim Dividend paid Rs 5,000
(5) Provision for Taxation provided during the years Rs 40,000

Q84

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital (Equity)		12,00,000	10,00,000
II. Reserve and Surplus	1	8,00,000	1,40,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (8% Bank loan)			5,00,000
(3) Current Liabilities			
I. Short Term borrowing (bank Overdraft)		40,000	50,000
II. Trade Payable (Creditors)		1,00,000	1,00,000
III. Short Term provision	2	67,000	35,000
Total		**2207000**	**1825000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	3	2,58,000	5,43,000
ii. Intangible (Goodwill)		1,00,000	1,20,000
II. Non-Current Investment		7,22,000	172000
(2) Current Assets			
I. Current Investment		1,00,000	1,20,000
II. Inventory		3,00,000	3,00,000
III. Trade Receivable		2,25,000	2,70,000
IV. Cash and Cash Equivalent (Cash at Bank)		5,02,000	3,00,000
Total		**2207000**	**1825000**

Note 1

Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	50,000	40,000
Profit and Loss	2,50,000	(1,00,000)
General Reserve	5,00,000	2,00,000
Total	**8,00,000**	**1,40,000**

Note 2

Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	25,000
Provision for Repair	10,000	-
Provision for Doubtful Debt	17,000	10,000

Note 3

Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Land	2,00,000	5,00,000
Machinery	70,000	50,000
Less Accumulated Depreciation	(12,000)	(7,000)
	58,000	**43,000**
	2,58,000	**5,43,000**

During the year 2018-19

(1) Gain on sale of Land Rs 60,000
(2) During the year, One Machinery was sold costing Rs 4,000 for Rs 1,000 (Accumulated Depreciation thereon is Rs 600)
(3) Bank Loan has been redeemed on 30-6-2018.
(4) Interim Dividend paid Rs 7,000
(5) Interest Received Rs 20,000
(6) Dividend Received Rs 5000
(7) Tax Paid during the years Rs 6,000

(Correction: in Video, I have written "Provision for Repair" as "provision for Tax". I have said it right in the video but at the time of writing, I have written wrong word)

Q85

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
III. Share Capital (Equity)		10,00,000	10,00,000
IV. Reserve and Surplus (Profit and Loss)	1	8,00,000	1,40,000
(2) Non-Current Liabilities			
I. Long Term Borrowing	2	6,00,000	9,00,000
(3) Current Liabilities			
I. Short Term borrowing (bank Overdraft)		40,000	50,000
II. Trade Payable (Creditors)		1,00,000	1,00,000
III. Short Term provision	3	55,000	50,000
Total		**25,95,000**	**22,40,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	4	2,60,000	5,43,000
ii. Intangible (Goodwill)		1,00,000	1,20,000
II. Non-Current Investment (10% Govt Bond)		5,00,000	4,00,000
(2) Current Assets			
I. Current Investment		1,00,000	1,20,000
II. Inventory		3,70,000	3,00,000
III. Trade Receivable		2,25,000	2,70,000
IV. Cash and Cash Equivalent (Cash at Bank)		1040000	487000
Total		**25,95,000**	**22,40,000**

1 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	50,000	40,000
Profit and Loss	2,50,000	5,00,000
General Reserve	5,00,000	(4,00,000)
Total	**8,00,000**	**1,40,000**

2 Long Term Borrowing	31-3-2019 (Rs)	31-3-2018 (Rs)
8% Bank Loan	-	5,00,000
12% Debenture	6,00,000	4,00,000
Total	**6,00,000**	**9,00,000**

3 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	30,000
Provision for Repair	-	2,000
Provision for Doubtful Debt	15,000	18,000

4 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Land	2,00,000	5,00,000
Machinery	72,000	50,000
Less Accumulated Depreciation	(12,000)	(7,000)
	60,000	**43,000**
	2,60,000	**5,43,000**

During the year 2018-19

(1) During the year, One Machinery was sold costing Rs 4,000 for Rs 9,000 (Accumulated Depreciation thereon is Rs 600)
(2) New Non-Current Investment has been purchased on 1-1-2019 and Interest Received on Non-current Investment
(3) Bank Loan has been redeemed on 01-04-2018. Interest has been paid regularly
(4) New Debenture has been issued on 1-12-2018. Interest has been paid regularly
(5) Interim Dividend paid 5% of Equity Share capital
(6) Dividend Received Rs 5,000
(7) Tax Paid during the year Rs 45,000

Q86

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital (Equity)		11,00,000	10,00,000
II. Reserve and Surplus	**1**	(5,00,000)	(2,00,000)
(2) Non-Current Liabilities			
I. Long Term Borrowing	**2**	6,00,000	9,00,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		30,000	50,000
II. Trade Payable (Creditors)		1,00,000	1,00,000
III. Short Term provision	**3**	55,000	50,000
Total		**13,85,000**	**19,00,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**4**	2,60,000	5,43,000
ii. Intangible (Goodwill)		1,30,000	1,20,000
II. Non-Current Investment (10% Govt Bond)		5,00,000	4,00,000
(2) Current Assets			
I. Current Investment		70,000	1,20,000
II. Inventory		1,70,000	3,00,000
III. Trade Receivable		2,25,000	2,70,000
IV. Cash and Cash Equivalent (Cash at Bank)		30,000	147000
Total		**13,85,000**	**19,00,000**

1 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	50,000	40,000
Profit and Loss	(4,00,000)	(1,40,000)
General Reserve	(1,50,000)	(1,00,000)
Total	**(5,00,000)**	**(2,00,000)**

2 Long Term Borrowing	31-3-2019 (Rs)	31-3-2018 (Rs)
8% Bank Loan	-	5,00,000
12% Debenture	6,00,000	4,00,000
Total	**6,00,000**	**9,00,000**

3 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	30,000
Provision for Repair	-	5,000
Provision for Doubtful Debt	15,000	18,000

4 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Land	2,00,000	5,00,000
Machinery	72,000	50,000
Less Accumulated Depreciation	(12,000)	(7,000)
	60,000	**43,000**
	2,60,000	**5,43,000**

During the year 2018-19

(1) During the year, One Machinery was sold costing Rs 8,000 (Accumulated Depreciation thereon is Rs 600) at profit of Rs 1,000
(2) Share issue expense of Rs 4,000 was incurred during the year and same has been charged from the profit and loss account
(3) New Non-Current Investment has been purchased on 31--3-2019
(4) Bank Loan has been redeemed on 31-03-2019. Interest has been paid regularly
(5) New Debenture has been issued on 31-03-2019. Interest has been paid regularly
(6) Interim Dividend paid 10% of Equity Share capital at opening capital

Q87

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	1	12,00,000	10,00,000
II. Reserve and Surplus	2	8,50,000	2,45,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (8% Public Deposit)		5,00,000	4,00,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		30,000	50,000
II. Trade Payable (Creditors)	3	8,500	10,500
III. Short Term provision	4	58,000	47,000
Total		**26,46,500**	**17,52,500**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	5	3,00,000	2,00,000
ii. Intangible (Goodwill)		7,00,000	1,20,000
II. Non-Current Investment (10% Govt Bond)		30,000	20,000
(2) Current Assets			
I. Current Investment		70,000	80,000
II. Inventory		1,00,000	3,00,000
III. Trade Receivable		8,00,000	6,70,000
IV. Cash and Cash Equivalent (Cash at Bank)		6,46,500	362500
Total		**2646500**	**17,52,500**

1 Share Capital	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Equity Share Capital	11,00,000	7,00,000
Preference Share capital	1,00,000	3,00,000
Total	**12,00,000**	**10,00,000**

2 Reserve and Surplus	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Securities Premium	50,000	45,000
Profit and Loss	7,00,000	1,00,000
General Reserve	1,00,000	1,00,000
Total	**8,50,000**	**2,45000**

3 Trade payables	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Creditor	7,000	6,500
Bill payable	1,500	4000
	8500	**10500**

4 Short Term provision	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Provision for Taxation	40,000	30,000
Provision for Repair	3,000	2,000
Provision for Doubtful Debt	15,000	15,000

5 Tangible Assets	**31-3-2019 (Rs)**	**31-3-2018 (Rs)**
Machinery	3,00,000	2,00,000

During the year 2018-19

(1) During the year, One Machinery was Purchased for Rs 1,40,000
(2) Preference Share were redeemed at end of year at premium of 10% and same has been charged from Securities Premium Reserve
(3) Interim Dividend Paid Rs 4,000
(4) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	1,50,000	1,20,000

Prepare cash flow statement

Q88 (Same as before just one point of Preference Share which is diff)

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	1	12,00,000	10,00,000
II. Reserve and Surplus	2	8,50,000	2,45,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (8% Public Deposit)		5,00,000	4,00,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		30,000	50,000
II. Trade Payable (Creditors)	3	8,500	10,500
III. Short Term provision	4	58,000	47,000
Total		**26,46,500**	**17,52,500**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	5	3,00,000	2,00,000
ii. Intangible (Goodwill)		7,00,000	1,20,000
II. Non-Current Investment (10% Govt Bond)		30,000	20,000
(2) Current Assets			
I. Current Investment		70,000	80,000
II. Inventory		1,00,000	3,00,000
III. Trade Receivable		8,00,000	6,70,000
IV. Cash and Cash Equivalent (Cash at Bank)		6,46,500	362500
Total		**26,46,500**	**17,52,500**

1 Share Capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	11,00,000	7,00,000
Preference Share capital	1,00,000	3,00,000
Total	**12,00,000**	**10,00,000**

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	50,000	45,000
Profit and Loss	7,00,000	1,00,000
General Reserve	1,00,000	1,00,000
Total	**8,50,000**	**2,45000**

3 Trade payables	31-3-2019 (Rs)	31-3-2018 (Rs)
Creditor	7000	6,500
Bill payable	1,500	4000
	8500	**10,500**

4 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	30,000
Provision for Repair	3,000	2,000
Provision for Doubtful Debt	15,000	15,000

5 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	3,00,000	2,00,000

During the year 2018-19

(1) During the year, One Machinery was Purchased for Rs 1,40,000
(2) Preference Share were redeemed at end of year at premium of 10% and same has been charged from Profit and Loss Account
(3) Interim Dividend paid Rs 4,000
(4) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	1,50,000	1,20,000

Q89

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	1	12,00,000	10,00,000
II. Reserve and Surplus	2	6,30,000	3,45,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (8% Public Deposit)		5,00,000	4,00,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		30,000	50,000
II. Trade Payable (Creditors)		8,500	10,500
III. Short Term provision	3	43000	32,000
Total		**24,11,500**	**18,37,500**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	4	3,00,000	2,00,000
ii. Intangible (Goodwill)		4,80,000	4,80,000
II. Non-Current Investment (10% Govt Bond)		30,000	20,000
(2) Current Assets			
I. Inventory		1,00,000	3,00,000
II. Trade Receivable	5	5,50,000	2,70,000
III. Cash and Cash Equivalent (Cash at Bank)		9,51,500	567500
Total		**24,11,500**	**18,37,500**

1 Share Capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	9,00,000	8,00,000
Preference Share capital	3,00,000	2,00,000
Total	**12,00,000**	**10,00,000**

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	50,000	45,000
Profit and Loss	5,00,000	2,00,000
General Reserve	80,000	1,00,000
Total	**6,30,000**	**3,45,000**

3 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	30,000
Provision for Repair	3,000	2,000
	43,000	**32,000**

4 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	3,00,000	2,00,000

5 Trade Receivable	31-3-2019 (Rs)	31-3-2018 (Rs)
Debtor	4,00,000	1,00,000
Bill Receivable	1,50,000	1,70,000
	5,50,000	**2,70,000**

During the year 2018-19

(1) Non-Current Investment of Rs 20,000 was sold at loss of Rs 5,000 at end of year
(2) Bad Debt of Rs 3,000 incurred during the year
(3) Interim Dividend has been paid on the Equity Share Capital Rs 30,000
(4) Share issue expense of Rs 2,000 incurred and was charged from the Securities premium Reserve
(5) Tax Paid Rs 25,000

Prepare cash flow statement

(Ignore Dividend on Preference Share as Rate is not mentioned in the Question)

Q90 (Bad Debt Point Is important in this Question)

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	**1**	10,00,000	8,00,000
II. Reserve and Surplus	**2**	6,30,000	3,45,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (8% Public Deposit)		5,00,000	5,00,000
(3) Current Liabilities			
I. Short Term borrowing (bank OD)		30,000	70,000
II. Trade Payable (Creditors)		8,500	5000
III. Short Term provision	**3**	53,000	40,000
Total		**22,21,500**	**17,60,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**4**	2,50,000	1,60,000
ii. Intangible (patent)		4,80,000	5,00,000
II. Non-Current Investment		30,000	20,000
(2) Current Assets			
I. Inventory		1,00,000	3,00,000
II. Trade Receivable		5,50,000	2,70,000
III. Cash and Cash Equivalent (Cash at Bank)		8,11,500	5,10,000
Total		**22,21,500**	**17,60,000**

1 Share Capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	7,00,000	7,00,000
Preference Share capital	3,00,000	1,00,000
Total	**10,00,000**	**8,00,000**

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	50,000	45,000
Profit and Loss	5,00,000	2,00,000
General Reserve	80,000	1,00,000
Total	**6,30,000**	**3,45,000**

3 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	30,000
Provision for Repair	3,000	2,000
Provision for Doubtful debt	10,000	8,000
	53,000	**40,000**

4 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	3,00,000	2,00,000
Less Accumulated Depreciation	(50,000)	(40,000)

During the year 2018-19

(1) Bad Debt of Rs 3,000 incurred during the year
(2) Preference Share has been issued at beginning of the year at premium
(3) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	20,000	30,000

Q91

Following are the balance sheet of Mr. Manoj. Prepare the cash flow statement

Liabilities	**31-3-2018 (Rs)**	**31-3-2019 (Rs)**	**Assets**	**31-3-2018 (Rs)**	**31-3-2019 (Rs)**
Capital	5,00,000	7,40,000	Fixed Assets	5,40,000	5,00,000
Trade payable	1,20,000	145,000	Inventory	50,000	70,000
Outstanding Expense	-	20,000	Trade Receivable	60,000	55,000
Bank Overdraft	30,000	-	Bank balance		2,80,000
Total	**6,50,000**	**9,05,000**	**Total**	**6,50,000**	**9,05,000**

(1) There is no capital addition and drawing during the year
(2) There was no purchase and sale of Fixed Assets

Q92 (CBSE 2016)

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2015 (Rs)	31-3-2014 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		10,00,000	8,00,000
II. Reserve and Surplus	1	4,00,000	(1,00,000)
(2) Non-Current Liabilities			
I. Long Term Borrowing	2	9,00,000	10,00,000
(3) Current Liabilities			
I. Short Term borrowing	3	3,00,000	1,00,000
II. Short Term provision	4	1,40,000	1,80,000
Total		**27,40,000**	**19,80,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	5	20,06,000	14,40,000
ii. Intangible	6	40,000	60,000
II. Non-Current Investment		2,00,000	1,50,000
(2) Current Assets			
I. Current Investment		1,00,000	1,20,000
II. Inventory	7	2,14,000	90,000
III. Cash and Cash Equivalent		1,80,000	1,20,000
Total		**27,40,000**	**19,80,000**

1 Reserve and Surplus	31-3-2015 (Rs)	31-3-2014 (Rs)
Surplus (i.e. Balance in statement of P&L)	4,00,000	(1,00,000)

2 Long Term borrowing	31-3-2015 (Rs)	31-3-2014 (Rs)
12% Debenture	9,00,000	10,00,000

3 Short Term borrowing	31-3-2015 (Rs)	31-3-2014 (Rs)
Bank Overdraft	3,00,000	1,00,000

4 Short Term provision	31-3-2015 (Rs)	31-3-2014 (Rs)
Provision for Taxation	1,40,000	1,80,000

5 Tangible Assets	31-3-2015 (Rs)	31-3-2014 (Rs)
Machinery	24,06,000	16,42,000
Less Accumulated Depreciation	(4,00,000)	(2,02,000)
	20,06,000	**14,40,000**

6 Intangible Assets	31-3-2015 (Rs)	31-3-2014 (Rs)
Goodwill	40,000	60,000

7 Inventories	31-3-2015 (Rs)	31-3-2014 (Rs)
Stock in Trade	2,14,000	90,000

Additional information

(1) 12% Debenture were redeemed on 31-3-2015
(2) Tax of Rs 1,40,000 was paid during the year.

Prepare the cash flow statement

Q93 (CBSE 2016)

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2014 (Rs)	31-3-2013 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		15,00,000	14,00,000
II. Reserve and Surplus	1	2,50,000	1,10,000
(2) Non-Current Liabilities			
I. Long Term Borrowing		2,00,000	1,25,000
(3) Current Liabilities			
I. Short Term borrowing	2	12,000	10,000
II. Trade Payable		15,000	83,000
III. Short Term provision	3	18,000	10,000
Total		**19,95,000**	**17,38,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	4	18,60,000	16,10,000
ii. Intangible	5	50,000	30,000
II. Non-Current Investment			
(2) Current Assets			
I. Current Investment		8,000	5,000
II. Inventory		37,000	59,000
III. Trade Receivable		26,000	23,000
IV. Cash and Cash Equivalent		14,000	11,000
Total		**19,95,000**	**17,38,000**

1 Reserve and Surplus	31-3-2014 (Rs)	31-3-2013 (Rs)
Surplus (i.e. Balance in statement of P&L)	2,50,000	1,10,000

2 Short Term borrowing	31-3-2014 (Rs)	31-3-2013 (Rs)
Bank Overdraft	12,000	10,000

3 Short Term provision	31-3-2014 (Rs)	31-3-2013 (Rs)
Provision for Taxation	18,000	10,000

4 Tangible Assets	31-3-2014 (Rs)	31-3-2013 (Rs)
Machinery	20,00,000	17,00,000
Less Accumulated Depreciation	(140000)	(90,000)

5 Intangible Assets	31-3-2014 (Rs)	31-3-2013 (Rs)
Patent	50000	30000

Additional information

(1) Tax Paid during the year amounted to Rs 16,000
(2) Machine With the net book value of Rs 10,000 (accumulated Depreciation of Rs 40,000) was sold for Rs 2,000
(3) Dividend Received Rs 5,000

Prepare the cash flow statement

Q94 (CBSE 2016 compartment All India)

From the following particulars of Flex Ltd calculate the cash From Operating Activity and show the working clearly

	31-3-2015	31-3-2014
	Rs	**Rs**
Surplus	80,000	1,00,000
Trade Receivable	2,50,000	2,40,000
Goodwill	15,000	20,000
Outstanding Expense	8,000	-
General Reserve	80,000	50,000
Provision for Depreciation on Plant	1,00,000	82,000
Prepaid Expense	-	6,000
Trade Payable	84,000	60,000

Additional information

During the year,

1. Plant costing Rs 60,000 having book value of Rs 36,000 was sold for Rs 40,000 during the year
2. Income Tax paid during the year Rs 30,000
3. Interim Dividend paid During the year Rs 18,000

Q 95 (CBSE 2016 compartment All India)

From the following information, Prepare a cash flow statement

	Rs
Opening Cash Balance	15,000
Closing Cash balance	?
Decrease in Inventory	9,000
Increase in Bill Payable	14,000
Sale of Fixed Assets	50,000
Repayment of Long-term Loan	40,000
Net profit for the year	2,000

Calculate closing Cash

Q96

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	1	13,00,000	10,00,000
II. Reserve and Surplus	2	7,25,000	3,45,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (8% Public Deposit)		5,00,000	4,00,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		30,000	70,000
II. Trade Payable (Creditors)		8,500	5000
III. Short Term provision	3	47,000	9,000
Total		**26,10,500**	**18,29,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	4	2,50,000	1,60,000
ii. Intangible (Goodwill)		4,80,000	5,00,000
II. Non-Current Investment (10% Govt Bond)		30,000	20,000
(2) Current Assets			
I. Investment		-	50,000
II. Inventory		1,00,000	3,00,000
III. Trade Receivable		17,50,500	7,70,000
IV. Cash and Cash Equivalent (Cash at Bank)		-	29000
Total		**26,10,500**	**18,29,000**

1 Share Capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	12,00,000	7,00,000
Preference Share capital	1,00,000	3,00,000
Total	**13,00,000**	**10,00,000**

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	1,45,000	45,000
Profit and Loss	5,00,000	2,00,000
General Reserve	80,000	1,00,000
Total	**7,25,000**	**3,45,000**

3 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	40,000	-
Provision for Repair	3,000	2,000
Provision for Doubtful debt	4,000	7,000
	47,000	**9,000**

4 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	3,00,000	2,00,000
Less Accumulated Depreciation	(50,000)	(40,000)

During the year 2018-19

(1) Bad Debt of Rs 2,000 incurred during the year
(2) One machine (Book value Rs 10,000) on which accumulated depreciation was Rs 6000 was sold at profit of Rs 7,000
(3) Preference Share has been redeemed at premium of 10%. Premium has been adjusted from Profit and Loss Account
(4) Goodwill of Rs 20,000 has been sold during the year
(5) Interim Dividend Paid Rs 4,000 and Rent Received Rs 4,000
(6) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	40,000	50,000

Prepare cash flow statement

Q97

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	1	3,00,000	2,50,000
II. Reserve and Surplus	2	8,000	5,500
(2) Non-Current Liabilities			
I. Long Term Borrowing		17,000	20,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		30,000	20,000
II. Trade Payable (Creditors)		4,000	7,000
III. Short Term provision	3	25,000	9,000
Total		**3,84,000**	**3,11,500**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	4	1,00,000	1,25,000
ii. Intangible (Goodwill)		40,000	50,000
II. Non-Current Investment (10% Govt Bond)		50,000	20,000
(2) Current Assets			
I. Investment		70,000	2,000
II. Inventory		1,00,000	30,000
III. Trade Receivable		18,000	11,500
IV. Cash and Cash Equivalent (Cash at Bank)		2,000	70,000
V. Prepaid Expense		4,000	3,000
Total		**3,84,000**	**3,11,500**

1 Share Capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	2,00,000	1,50,000
Preference Share capital	1,00,000	1,00,000
Total	**3,00,000**	**2,50,000**

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium	1,000	500
Profit and Loss	(3000)	9,000
General Reserve	10,000	(4,000)
Total	**8,000**	**5,500**

3 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	14,000	5,000
Provision for Repair	4,000	4,000
Provision for Doubtful debt	7,000	-
	25,000	**9,000**

4 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	1,00,000	1,25,000

During the year 2018-19

(1) One machine was purchased during the years Rs 10,000
(2) Tax Provision made during the year 20,000
(3) Interim Dividend Paid Rs 4,000 and Rent Received Rs 4,000
(4) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	10,000	4,000

Prepare cash flow statement

Q98 (ISC 2016 Modified)

Prepare the cash flow statement on the basis of the information given

Balance sheet

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		3,00,000	2,00,000
II. Reserve and Surplus		1,20,000	70,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (Debenture)		1,50,000	1,20,000
(3) Current Liabilities			
I. Short Term borrowing (Cash Credit)		19,000	5,000
II. Trade Payable (Creditors)		81,000	80,000
III. Short Term provision	**1**	82,000	61,600
Total		**7,52,000**	**5,36,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**2**	2,04,200	1,83,000
II. Non-Current Investment		1,30,000	1,20,000
(2) Current Assets			
I. Inventory		1,41,500	1,25,000
II. Trade Receivable		64,600	64,500
III. Cash and Cash Equivalent (Cash at Bank)		2,11,700	44,100
Total		**7,52,000**	**5,36,000**

1 Short Term provision	31-3-2019 (Rs)	31-3-2018 (Rs)
Provision for Taxation	80,000	60,000
Provision for Doubtful debt	2,000	1,600

2 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machinery	2,43,000	2,23,000
Accumulated Depreciation	(38,800)	(40,000)

During the year 2018-19

(1) A part of machine was sold for Rs 21,000 at profit of Rs 4,000
(2) The company charged Rs 3,000 as depreciation on its Plant and Machinery
(3) New Debenture were issued on 31st march 2019 at discount of 10%
(4) Interest of Rs 9,600 was paid on debenture
(5) Contingent Liability

Proposed Dividend	31-3-2019 (Rs)	31-3-2018 (Rs)
Proposed Dividend	25%	30%

Prepare cash flow statement

Q99

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	**1**	20,00,000	12,00,000
II. Reserve and Surplus	**2**	15,00,000	7,00,000
(2) Non-Current Liabilities			
I. Long Term Borrowing (10% Debenture)		2,00,000	1,50,000
(3) Current Liabilities			
I. Trade Payable		81,000	75000
II. Short Term provision (Provision for Tax)		81,000	77,000
III. Outstanding Expense		1,000	3,000
Total		**38,63,000**	**2205000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**3**	20,00,000	16,00,000
ii. Intangible (Goodwill)		70,000	1,00,000
II. Non-Current Investment		1,00,000	1,00,000
(2) Current Assets			
I. Inventory		3,00,000	80,000
II. Trade Receivable		4,00,000	170,000
III. Cash and Cash Equivalent (Cash at Bank)		990000	1,50,000
IV. Prepaid Expense		3000	5,000
Total		**38,63,000**	**2205000**

1 Share capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	20,00,000	7,00,000
Preference Share Capital	-	5,00,000

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium Reserve	5,00,000	3,00,000
Profit and Loss	10,00,000	4,00,000
	15,00,000	7,00,000

3 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machine	20,00,000	16,00,000

During the year 2018-19

(1) Share Issue Expense of Rs 2,000 incurred during the year and same has been adjusted from Securities premium Reserve
(2) A part of machine was sold for Rs 14,000 at Loss of Rs 2,000
(3) Depreciation charged during the year 17,000
(4) Goodwill Sold during the year Rs 2,000
(5) Preference share has been redeemed at premium of 10% and same has been adjusted from the security premium Reserve
(6) New Debenture were issued on 1st[t] April 2018
(7) Interest Received Rs 5,000
(8) Proposed dividend for year ended 31-3-2019 is Rs 40,000 and for 31-3-2018 is 30,000

Q100

From the following statement prepare Cash flow statement

I	**Revenue from Operation**		**9,00,000**
II	**Other Income**	**1**	**50,000**
III	**Total Revenue**		**9,50,000**
IV	**Expense**		
	Purchase of Stock in Trade		**4,45,000**
	Change in Inventories of Stock in Trade (opening Inventory-Closing Inventory)		**30,000**
	Employee Benefit Expense		**25,000**
	Depreciation and Amortization Expense	**2**	**20,000**
	Other Expense	**3**	**30,000**
	Total Expense		**5,50,000**
V	**Profit Before Tax**		**4,00,000**
	Less Tax provision		**1,20,000**
VI	**Profit After Tax**		**2,80,000**

1	Other Income	Rs
	Interest Received	42000
	Dividend Received	8000
	Total	**50,000**

2	Depreciation and Amortization	Rs
	Depreciation	15,000
	Goodwill Written off	5,000
	Total	**50,000**

3	Other Expense	Rs
	Interest Expense	30,000

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital	**1**	20,00,000	12,00,000
II. Reserve and Surplus	**2**	10,00,000	7,00,000
(2) Non-Current Liabilities			
I. Long Term Borrowing		7,00,000	1,50,000
(3) Current Liabilities			
I. Trade Payable		70,000	75000
II. Short Term provision (Provision for Tax)		60,000	77,000
III. Outstanding Expense		3,000	5,000
Total		**38,33,000**	**22,07,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**3**	8,00,000	6,00,000
ii. Intangible		95,000	1,00,000
II. Non-Current Investment		5,00,000	1,00,000
(2) Current Assets			
I. Inventory		5,50,000	5,80,000
II. Trade Receivable		4,00,000	170,000
III. Cash and Cash Equivalent (Cash at Bank)		14,80,000	6,57,000
IV. Prepaid Expense		8000	-
Total		**38,63,000**	**22,07,000**

1 Share capital	31-3-2019 (Rs)	31-3-2018 (Rs)
Equity Share Capital	20,00,000	12,00,000

2 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Securities Premium Reserve	20,000	-
Profit and Loss	9,80,000	7,00,000
	10,00,000	7,00,000

3 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machine	8,00,000	6,00,000

Q101 (CBSE 2018 Modified)

Prepare the cash flow statement on the basis of the information given

Balance sheet of Honesty Ltd

As at 31-3-2019 and 31-3-2018

Particulars	Note No	31-3-2019 (Rs)	31-3-2018 (Rs)
I. Equity and Liabilities			
(1) Shareholders' Funds			
I. Share Capital		5,00,000	5,00,000
II. Reserve and Surplus	**1**	1,00,000	(25,000)
(2) Non-Current Liabilities			
I. Long Term Borrowing (10% Debenture)		2,50,000	1,50,000
(3) Current Liabilities			
I. Short Term Borrowing (Bank OD)		1,50,000	1,00,000
II. Short Term provision (Provision for Tax)		2,00,000	1,25,000
III. Other Current Liability (Interest outstanding)		5,000	-
Total		**12,05,000**	**8,50,000**
II. Assets			
(1) Non-Current Assets			
I. Fixed Assets			
i. Tangible Assets	**2**	6,00,000	4,50,000
(2) Current Assets			
I. Trade Receivable		2,75,000	2,25,000
II. Cash and Cash Equivalent (Cash at Bank)		1,40,000	75,000
III. Short Term Loans and Advance		1,90,000	1,00,000
Total		**12,00,000**	**8,50,000**

1 Reserve and Surplus	31-3-2019 (Rs)	31-3-2018 (Rs)
Surplus in Statement of Profit and Loss	1,00,000	(25,000)

2 Tangible Assets	31-3-2019 (Rs)	31-3-2018 (Rs)
Machine	7,37,500	5,25,000
Accumulated Depreciation	(1,37,500)	(75,000)
	6,00,000	**4,50,000**

During the year 2018-19

(1) Rs 1,00,000, 10% Debenture were issued on 31-3-2019
(2) Proposed dividend for year ended 31-3-2019 is Rs 75,000 and for 31-3-2018 is Rs 50,000

********End of Chapter*********

हाँ यही रस्ता है तेरा

तूने अब जाना है

हाँ यही सपना है तेरा

तूने पहचाना है

तुझे अब ये दिखाना है

रोके तुझको आँधियाँ

या ज़मीन और आसमान

पायेगा जो लक्ष्य है तेरा

लक्ष्य तो हर हाल में पाना है

(Lyrics from Song “Lakshya”)

Don't Stop When You're Tired.

Stop When You're Done