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# **ACCOUNTANCY**

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*(Hawk Eye Analysis Based on CBSE's Typology)*

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# "Hawk Eye Analysis®" of the CBSE Accountancy Paper For Class XII – 2016-2017

Based On "Typology"

Issued By CBSE

By

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***From the desk of ACCOUNTS GURU™***

Hello students, since you all must be busy in your preparation for Exams, I have done this Fabulous Analysis for you "HAWK EYE ANALYSIS". This analysis would certainly help you to prepare for Board Examinations. I personally believe that appearing for Board Exam is similar for playing a crucial final match against a tough opponent. In both the situations, you need to do prior analysis of your opponent's game. The same analysis have been done by keeping in mind the Previous Years' Board Papers prepared on the basis of 'Typology' issued by the CBSE in the recent past. The sample questions under each Typology would give you a fair idea about how had the PAPER SETTER framed questions for each Typology in the past. You need to practice these questions thoroughly and more of such questions to gain confidence in the forthcoming exam. Always Remember, "*If You Fail to Plan, You Plan to Fail.*" I strongly believe that once you follow this analysis, you all would do extremely well in Board Exams. Best wishes for your Board Exams. I hope you all would do well in life.

*All the best...*

*God bless you all !!*

**—Dr. Vikas Vijay**

## “HAWK EYE ANALYSIS” (Typology Based)

### 1. REMEMBERING BASED QUESTIONS

From the Typology “Remembering” the questions will be based on

- A. Knowledge based simple recall questions
- B. To know specific facts, terms, concepts, principles or theory
- C. To define, Identify or recite information

#### The Blueprint for Remembering Typology

No. of Questions	Marks Per Question	Total Marks	Chapter/ Topic (Suggestive List)
3 Question	1 Mark	3 Marks	[Fundamentals, Dissolution/Cash Flow statement]
1 Question	3 Mark	3 Marks	[Partnership]
1 Question	4 Mark	4 Marks	[Financial Statements of a Company and Financial Statement Analysis]
1 Question	6 Mark	6 Marks	[Partnership]
6 Question		16 Marks	

*So out of 80 Marks paper 16 Marks (i.e. 20%) paper will be based on Typology “Remembering”*

#### SAMPLE QUESTIONS BASED ON “REMEMBERING” TYPOLOGY

1. Define partnership.
2. What is meant by partnership deed?
3. State two elements of partnership deed.
4. What are the rules applicable in the absence of partnership deed?
5. What is meant by unlimited liability of a partner?
6. Give any two differences between fixed and fluctuating capital methods.
7. Define goodwill.
8. State any three circumstances other than (i) admission of the new partner (ii) retirement of a partner and death of a partner, when need for valuation of goodwill of a firm may arise.

9. Krishna and Suresh were partners in a firm sharing profits in the ratio of 3:1. On 1st April, 2016 they admitted Rahul as a new partner for  $\frac{1}{5}$ th share in profits of the firm. On the date of Rahul's admission the Balance Sheet of Krishna and Suresh showed a General Reserve of ₹ 1,20,000, a debit balance of ₹ 60,000 in the Profit and Loss A/c and Workmen Compensation Fund of ₹ 1,50,000.

The following was agreed upon on Rahul's admission:

- (i) Rahul will bring ₹ 1,50,000 as his capital and his share of goodwill premium in cash.
- (ii) Goodwill of the firm be valued at ₹ 2,40,000.
- (iii) There was a claim of Workmen compensation for ₹ 1,70,000.
- (iv) The partners decided to share future profits in the ratio of 3:1:1.

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

10. Chand, Suraj and Taare are partners in a firm sharing profits in the ratio of 3:2:1. Deepak joins the firm. Chand surrenders  $\frac{1}{4}$ th of his share, Suraj surrenders  $\frac{1}{3}$ rd of his share and Taare surrenders  $\frac{1}{5}$ th of his share in favour of Deepak. Find the new profit sharing ratio.
11. Amanpreet and Baljeet were partners in a firm. They admitted Chanpreet as a new partner for 20% share in the profits. After all adjustments regarding general reserve, goodwill, gain or loss on revaluation, the balances in capital accounts of Amanpreet and Baljeet were ₹ 3,85,000 and ₹ 4,15,000 respectively. Chanpreet brought proportionate capital so as to give him 20% share in the profits. Calculate the amount of capital to be brought by Chanpreet.
12. In case of dissolution of a firm which items on the liabilities side are to be paid last?
13. Name the assets that are not transferred to the debit side of realisation account but bring certain amount of cash against its disposal at the time of dissolution of the firm.
14. Give any one difference between reconstitution and dissolution of a firm.
15. Give any one point of distinction between dissolution of partnership and dissolution of partnership firm.
16. Pass the necessary journal entries for the following transactions on the dissolution of the firm of Parvez and Qureshi after the various assets (Other than cash) and outside liabilities have been transferred to Realisation account:
- (a) Bank Loan ₹ 12000 was paid.
  - (b) Stock worth ₹ 16000 was taken over by partner Qureshi.
  - (c) Partner Parvez paid a creditor ₹ 4000.

- (d) An asset not appearing in the books of account realised ₹ 1200.
- (e) Expenses on realisation of ₹ 2000 were paid by partner Qureshi.
- (f) Profit on realisation ₹ 36,000 was distributed between Parvez and Qureshi in 5:4 ratio.
- 17.** What is meant by ‘Employee Stock Option Plan’?
- 18.** TPT Limited forfeited a share of ₹ 100 issued at a premium of 20% for non-payment of first call of ₹ 30 per share and final call of ₹ 10 per share. State the minimum price at which this share can be reissued.
- 19.** (a) State any two limitations of financial statements analysis.
- (b) Identify the major heads under which the following items will be shown in the Balance Sheet of a company as per schedule III of the companies Act, 2013.
- (i) Provision for Tax.
- (ii) Loan payable on demand.
- (iii) Computer and related equipment.
- (iv) Goods acquired for trading.
- 20.** R.K. Apparels Ltd. is in the process of preparing its Balance Sheet as per Schedule III, Part I of the Company Act, 2013 and provides its true and fair view of the financial position.
- (a) Under which head and sub-head will the company show ‘Stores and Spares’ in its Balance Sheet.
- (b) What is the accounting treatment of ‘Stores and Spares’ when the company will calculate its Inventory Turnover Ratio?
- (c) The management of R.K. Apparels Ltd. want to analyse its Financial Statements. State any two objectives of such analysis.
- (d) Identify the value being followed by R.K. Apparels Ltd.
- 21.** Deepu Ltd., a non-financing company, received dividend on shares. How will it be presented while preparing ‘Cash Flow Statement’?
- 22.** The Goodwill of X Limited increased from ₹ 2,00,000 in 2014-15 to ₹ 3,50,000 in 2015-16. What will be its treatment while preparing Cash Flow Statement for the year ended 31st March 2016?

## 2. UNDERSTANDING BASED QUESTIONS

From understanding Typology the questions will be based on:

- A. Understanding of the concept
- B. To interpret, compare, contrast and to explain the information.

## The Blueprint for Understanding Typology

No. of Questions	Marks Per Questions	Total Marks	Chapter/ Topic (Suggestive List)
2 Questions	1 Mark	2 Marks	Partnership
2 Questions	4 Mark	8 Marks	Partnership/Comparison of Financial Statement
1 Question	6 Mark	6 Marks	Partnership
1 Question	8 Mark	8 Marks	Partnership
6 Question		24 Marks	

*So out of 80 Marks paper 24 Marks i.e. 30% paper will be based on Typology “Understanding”*

### SAMPLE QUESTIONS BASED ON “UNDERSTANDING” TYPOLOGY

1. Why should a firm have a partnership deed?
2. State the conditions under which the capital balance may change under the system of fixed capital account.
3. Why interest on capital is allowed to partners?
4. Why interest on drawings is charged from partners?
5. A and B are partners sharing profits in the ratio of 3:2. C was admitted for 1/6th share of profit with a minimum guaranteed amount of ₹ 10,000. At the close of the first financial year, the firm earned a profit of ₹ 54,000. Find out the share of profit which A, B and C will get.
6. The partnership deed is silent on payment of salary to partners. Amita, a partner, claimed that since she manages the business, she should get a monthly salary of ₹ 10,000. Is she entitled for salary? Give reason.
7. List any two situations which may result in the reconstitution of a partnership firm.
8. How is a new partner admitted to a firm?
9. State any one purpose for admitting a new partner in a firm.
10. State any one of the rights that a newly admitted partner acquires in the firm.
11. State the meaning of sacrificing ratio.
12. Why is sacrificing ratio calculated?

13. State the need of treatment of goodwill on admission of partners.
14. State reason of contributing for goodwill by a new partner at the time of his admission.
15. State any two reasons for the preparation of 'Revaluation Account' on the admission of a partner.
16. Pooja and Jyoti are partners. Vrinda is admitted for 1/4th share. What is the ratio in which Pooja and Jyoti will sacrifice their share in favour of Vrinda?
17. Why are assets revalued at the time of admission of a partner?
18. A, B and C are partners sharing profits and losses in the ratio of 5:3:2. C retired and his capital balance after adjustment regarding reserve, accumulated profits/losses and gain/loss on revaluation was ₹ 2,50,000. C was paid ₹ 3,00,000 in full settlement. Afterwards D was admitted for 1/4th share. Calculate the amount of goodwill premium brought by D.
19. The firm XYZ earned a profit of ₹ 2,75,000 during the year ending on 31st March, 2016. 10% of this profit was to be transferred to general reserve. Pass the necessary journal entry for the same.
20. How does the factor 'quality of product' affects the goodwill of a firm?
21. How does the factor 'efficiency of management' affects the goodwill of a firm?
22. How does the factor 'location' affects the goodwill of a firm?
23. Why are 'Reserves and Surplus' distributed at the time of reconstitution of the firm?
24. A and B are partners in the ratio of 5:4. They admit C for 1/10th share, which he acquires, in equal proportion from both. Find the new profit sharing ratio.
25. On the retirement of a partner, how is the profit sharing ratio of remaining partners decided?
26. Give the journal entry to distribute 'Workmen Compensation Reserve' of ₹ 60,000 at the time of retirement of Surjeet when there is a claim of ₹ 15,000 against it. The firm has three partners Gurpreet, Manpreet and Surjeet.
27. What is the need for treatment of goodwill on the death of a partner?
28. State any two deductions that may have to be made from the amount payable to the legal representative of a deceased partner.

29. Name the account which is opened to credit the share of profit of the deceased partner, till the time of his death to his Capital account.
30. At what rate is interest payable on the amount remaining unpaid to the executor of a deceased partner?
31. Why heirs of a retiring/deceased partner are entitled to a share of goodwill of the firm?
32. Why does a firm revalue its assets and reassess its liabilities on retirement or death of a partner?
33. A, T and R were partners in a firm sharing profits in the ratio of 5:6:7 respectively. State the ratio in which the goodwill of the firm amounting to ₹ 16,00,000 will be adjusted in the capital accounts of A and T in case of R's death.
34. Kumar, Verma and Naresh were partners in a firm sharing profit and loss in the ratio of 3:2:2. On 23rd January, 2017, Verma died. Verma's share of profit till the date of his death was calculated as ₹ 2,350. Kumar and Naresh decided to share future profits equally.  
Pass necessary journal entry for the same in the books of the firm.
35. R, S and M are partners sharing profits in the ratio of  $\frac{2}{5}$ ,  $\frac{2}{5}$ , and  $\frac{1}{5}$ . M decides to retire from the business and his share is taken by R and S in the ratio of 1:2. Calculate the new profit sharing ratio.
36. A, B, C and D were partners sharing profits in the ratio of 1:2:3:4. D retired and his share was acquired by A and B equally. Goodwill was valued at 3 years' purchase of average profits of last 4 years, which were ₹ 40,000. General Reserve showed a balance of ₹ 1,30,000. Record necessary journal entries in the books of the firm and prepare D's capital account on his retirement.
37. Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5:3:2. On 1.1.2017, they admitted Yogita as a new partner for  $\frac{1}{10}$ th share in the profits. On Yogita's Admission, the profit and loss account of the firm was showing a debit balance of ₹ 20,000 which was credited by the accountant of the firm to the capital accounts of Geeta, Sunita and Anita in their profit sharing ratios. Did the accountant give correct treatment? Give reason in support of your answer.
38. At the time of retirement of a partner, state the condition when there is no need to compute the gaining ratio.

39. (a) Pankaj, Puneet and Narayan were partners in a firm sharing profits in the ratio of 1:2:1. The firm closes its books on 31st March every year. On 30th September, 2016 Puneet died. On that date his capital account showed a debit balance of ₹ 5,000. There was debit balance of ₹ 30,000 in the profit and loss account. The goodwill of the firm was valued at ₹ 3,80,000. Puneet's share of profit in the year of his death was to be calculated on the basis of the average profit of last 5 years, which was ₹ 90,000.

Pass necessary journal entries in the books of the firm on Puneet's death.

- (b) Jamuna, Ganga and Krishna are partners in a firm. Krishna retired from the firm. After making adjustment for Reserves and Revaluation of Assets and Liability, the balance in Krishna's Capital Account was ₹ 1,20,000. Jamuna and Ganga paid, ₹ 1,80,000 in full settlement to Krishna. Identify the item for which Jamuna and Ganga paid ₹ 60,000 more to Krishna.
40. (a) The firm of Ravi and Mohan was dissolved on 1.03.2016. According to the agreement Ravi had to undertake the dissolution work for an agreed remuneration of ₹ 2000 and to bear all realisation expenses. Dissolution expenses were ₹ 1,500 and the same were paid by the firm. Pass the necessary journal entry for the payment of dissolution expenses.
- (b) Name the asset that is not transferred to the debit side of Realisation Account, but brings certain amount of cash against its disposal at the time of dissolution of the firm.
41. Mohan and Kanwar are partners in a firm. The firm was dissolved on 01.01.2016. Mohan was assigned the work of dissolution. For this work, Mohan was to be paid ₹ 500. Mohan paid dissolution expenses of ₹ 400 from his own pocket. Will any journal entry be passed for ₹ 400 paid by Mohan? If yes, pass the entry, if no, give reason.
42. Hema and Garima were partners in a firm sharing profits in the ratio of 3:2. On March 31, 2016, their Balance Sheet was as follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		36,000	Bank		40,000
Garima's Husband's Loan		60,000	Debtors		76,000
Hema's Loan		40,000	Stock		2,00,000
Capitals:			Furniture		20,000
Hema	2,00,000		Leasehold Premises		1,00,000
Garima	1,00,000	3,00,000			
		4,36,000			4,36,000

On the above date the firm was dissolved. The various assets were realised and liabilities were settled as under:

- (i) Garima agreed to pay her husband's loan.
- (ii) Leasehold Premises realized ₹ 1,50,000 and Debtors ₹ 2,000 less.
- (iii) Half the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 5% less.
- (iv) 50% stock was taken over by Hema on cash payment of ₹ 90,000 and remaining stock was sold for ₹ 94,000.
- (v) Realisation expenses of ₹ 10,000 were paid by Garima on behalf of firm.

Pass necessary journal entries for the dissolution of the firm.

43. P and Q were partners in a firm sharing profits in 3:2 ratio. R was admitted as a new partner for 1/4th share in the profits on April 1, 2016. The Balance Sheet of the firm on March 31, 2016 was as follows:

**Balance Sheet of P and Q as at March 31, 2016**

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	20,000	Cash	20,000
General Reserve	16,000	Debtors	18,000
Capitals		Stock	20,000
P                   90,000		Furniture	12,000
Q <u>68,000</u>	1,64,000	Machinery	40,000
		Buildings	90,000
	<u>2,00,000</u>		<u>2,00,000</u>

The terms of agreement on R's admission were as follows:

- (a) R brought in cash ₹ 60,000 for his capital and ₹ 30,000 for his share of goodwill.
- (b) Building was valued at ₹ 1,00,000 and Machinery at ₹ 36,000.
- (c) The capital accounts of P and Q were to be adjusted in the new profit-sharing ratio.

Necessary Cash was to be brought in or paid off to them as the case may be.

Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of P, Q and R.

44. Khushboo, Leela and Meena were partners in a firm sharing profits in the ratio of 5:3:2. Their Balance Sheet on March 31, 2016 was as follows:

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		70,000	Bank	44,000
Capitals:			Debtors	24,000
Khushboo	90,000		Stock	60,000
Leela	56,000		Building	1,40,000
Meena	60,000	2,06,000	Profit & Loss A/c	8,000
		2,76,000		2,76,000

On April 1, 2016 Leela retired on the following terms:

- Building was to be depreciated by ₹ 10,000.
- A Provision of 50% was to be made on Debtors for doubtful debts.
- Salary outstanding was ₹ 4,800.
- Goodwill of the firm was valued at ₹ 1,40,000.
- 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, 2016) along with interest @ 10% p.a.

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

45. Leena, Madan and Naresh were partners in a firm sharing profit and losses in the ratio of 2:2:3. On March 31st, 2016 their Balance Sheet was follows:

Liabilities		Amount (₹)	Assets	Amount (₹)
Trade Creditors		1,60,000	Land and Building	10,00,000
Bank Overdraft		44,000	Machinery	5,00,000
Long terms debts		4,00,000	Furniture	7,00,000
Employee's Provident Fund		76,000	Investment	2,00,000
Capitals:			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	31,00,000	Deferred Advertisement	1,00,000
		37,80,000	Expenditure	
				37,80,000

On March 31st, 2016 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 appreciate by ₹ 2,40,000 and Machinery 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 ₹ 7,000 in settlement of his full debt of ₹ 10,000.
- (iv) Provision for doubtful debts was to be made at 5% on debtors.
- (v) Closing stock will be valued at market price which is ₹ 1,00,000 less than the book value.
- (vi) Goodwill of the firm be valued at ₹ 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) The total capital of the new firm will be ₹ 32,00,000 which will be in the proportion of the profit sharing ratio of Leena and Naresh.
- (viii) Amount due to Madan was settled by accepting a bill of exchange in his favour payable after 4 months.

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

46. R, S and T were partners in a firm sharing profits in the ratio of 1:2:3. Their Balance Sheet as on 31-03-2016 was follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		50,000	Land		50,000
Bill Payable		20,000	Building		50,000
General Reserve		30,000	Plant		1,00,000
Capitals:			Stock		40,000
R	1,00,000		Debtors		30,000
S	50,000		Bank		5,000
T	25,000	1,75,000			
		2,75,000			2,75,000

R, S and T decided to share the profits equally with effect from 1.4.2016. For this it was agreed that:

- (i) Goodwill of the firm be valued at ₹ 1,50,000.
- (ii) Land be revalued at ₹ 80,000 and building be depreciated by 6%.
- (iii) Creditors of ₹ 6,000 were not likely to be claimed and hence be written off.

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

47. What is meant by 'Reserve Capital'?
48. What is meant by 'Capital Reserve'?
49. What is meant by Private Placement of Shares?
50. What is meant by Securities Premium?
51. What is meant by Over-Subscription?
52. State the step other than rejecting applications that a company can take in case of oversubscription.
53. State the condition under which company can refund the application amount in the event of under-subscription.
54. What is meant by issue of shares for consideration other than cash?
55. State any three purposes other than 'Issue of bonus shares' for which securities premium can be utilized.
56. From the following Statement of profit and loss of Accounts Guru Ltd. for the years ended 31st March 2016, prepare Comparative Statement of Profit & Loss.

Statement of Profit & Loss  
For the year ended 31st March 2016

Particulars	2014-15	2015-16
Revenue from operations	25,00,000	40,00,000
Expenses:		
(a) Employee benefit expenses were 5% of Revenue from operations		
(b) Other expenses	5,90,000	6,80,000
Rate of Tax 35%		

57. From the following information, Prepare a Common-Size Statement of Profit and Loss of Jayant Ltd. for the year ended 31.03.2016:

Particulars	Note No.	2015-16 (₹)
<b>Income</b>		
Revenue from Operations		25,38,000
Other Incomes		38,000
Total Income		25,76,000
<b>Expenses</b>		
Cost of Revenue from Operations		14,00,000
Other Expenses		5,00,000
Total Expenses		19,00,000
Total Income Tax		3,38,000

### 3. APPLICATION BASED QUESTIONS

From Application Typology the questions will be based on:

- A. To apply classroom knowledge in a particular situation
- B. To use abstract information in concrete situation
- C. To use given content to interpret a situation or solve a problem

#### The Blueprint for Application Based Questions

No. of Questions	Marks Per Questions	Total Marks	Chapter Topic (Suggestive List)
2 Questions	3 Mark	6 Marks	Company
2 Questions	4 Mark	8 Marks	Fundamental /Ratios
1 Question	6 Mark	6 Marks	Redemption of Dissolution
5 Question		20 Marks	

*So out of 80 Marks paper 20 Marks i.e. 25% paper will be based on Typology “Application”*

#### SAMPLE QUESTIONS BASED ON “APPLICATION” TYPOLOGY

1. Is a sleeping partner liable for the acts of other partners?
2. Would a charitable dispensary run by 8 members be deemed a partnership firm? Give reason in support of your answer.
3. (a) A, B and C decided that interest on capitals will be provided to each partner @ 5% per annum, but after one year C wants that no interest on capitals is to be provided to any partner. State how ‘C’ can do this?  
(b) Suresh and Ramesh are partners in a firm with capitals of ₹ 3,00,000 and ₹ 4,00,000 respectively. They do not have a partnership deed. Ramesh wants to share the profits in the ratio of capitals. State with reason whether the claim is valid.
4. Can a partner be exempted from sharing the losses in a firm? If yes, under what circumstances?
5. Do all firms need a deed and registration?
6. R, S and T entered into a partnership for manufacturing and distributing educational CDs on 1st April, 2015. R looked after the business development, S content development and T financed the project. At the end of the year (31st March, 2016) R wanted a salary of ₹ 5,000 per month for the additional work he did. The other partners were not inclined to this. How would you resolve this within the ambit of the Indian Partnership Act, 1932?

7. Parveen, Sahil and Riya are partners having fixed capitals of ₹ 2,00,000 ₹ 1,60,000 and ₹ 1,20,000 respectively. They share profits in the ratio of 3:1:1. The partnership deed provided for the following which were not recorded in the books.
- Interest on Capital @ 5% p.a.
  - Salary to Praveen ₹ 1,500 p.m. and to Riya ₹ 1,000 p.m.
  - Transfer of profit to General Reserve ₹ 10,000. Net profit for the year ended 31st March, 2016 was ₹ 1,00,000.
- Pass necessary rectifying entry for the above adjustments in the books of the firm. Also show your workings clearly.
8. A Ltd. forfeited 100 equity shares of ₹ 10 each issued at a premium of 20% for the non-payment of final call of ₹ 5 including premium. State the maximum amount of discount at which these shares can be re-issued.
9. Identify the purpose of utilising securities premium reserve that would maximize the return of shareholders.
10. What maximum amount of discount can be allowed at the time of reissue of forfeited shares, when shares were originally issued at a premium?
11. KTR Ltd. issued 365, 9% Debentures of ₹ 1,000 each on 4-3-2016. Pass necessary journal entries for the issue of debentures in the following situations:
- When debentures were issued at par, redeemable at a premium of 10%.
  - When debentures were issued at 6% discount, redeemable at 5% premium.
12. Sandesh Ltd. took over the assets of ₹ 7,00,000 and liabilities of ₹ 2,00,000 from Sanchar Ltd. for a purchase consideration of ₹ 4,59,500 ₹ 8,500 were paid by accepting a draft in favour of Sanchar Ltd. payable after three months and the balance was paid by issue of equity shares of ₹ 10 each at a premium of 10% in favour of Sanchar Ltd.
- Pass necessary journal entries for the above transactions in the books of Sanchar Ltd.
13. State the provision regarding Debenture redemption reserve as per the Companies Act, 2013.
14. Where is the balance in Debenture Redemption Reserve account is transferred?
15. What amount will be transferred to 'Debenture Redemption Reserve' Account in case of All India Financial Institutions regulated by RBI?
16. Mention any one difference between premium on issue of debentures and premium on redemption of debentures.

17. A group of 60 doctors want to form a partnership business in India. Can they do so? Give reason in support of your answer.
18. Explain with an imaginary example how issue of debentures as collateral security is shown in the balance sheet of a company when it is recorded in the books of accounts.
19. King Ltd. took over Assets of ₹ 25,00,000 and Liabilities of ₹ 6,00,000 of Queen Ltd. King Ltd. Paid the purchase consideration by issuing 10,000 equity shares of ₹ 100 each at a premium of 10% and ₹ 11,00,000 by Bank Draft. Calculate purchase consideration and pass necessary journal entries in the books of King Ltd.
20. Kavita, Meenakshi and Gauri are partners doing a paper business in Ludhiana. After the accounts of partnership have been drawn up and closed, it was discovered that for the years ending 31st March 2015 and 2016, interest on capital has been allowed to partners @ 6% p.a., although there is no provision for interest on capital in the partnership deed. Their fixed capitals were ₹ 2,00,000; ₹ 1,60,000 and ₹ 1,20,000 respectively. During the last two years they had shared the profits as under:

Year	Ratio
31st March 2015	3:2:1
31st March 2016	5:3:2

You are required to give necessary adjusting entry on April 1, 2016.

21. (a) X Ltd. has a current ratio of 3:5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventory is ₹ 24,000, calculate current assets and current liabilities.
- (b) From the following information, calculate Inventory Turnover Ratio :  
 Revenue from Operations : ₹ 4,00,000  
 Average Inventory : ₹ 5,00,000  
 The rate of Gross Loss on Revenue from Operations was 10%.

22. On 1st April, 2014 the following balances appear in the books of Jimmy Davis Ltd. :

12% Debentures (Redeemable on 31st August, 2016)	₹ 20,00,000
Debenture Redemption Reserve	₹ 2,00,000

The company met the requirement of Companies Act, 2013 regarding Debenture Redemption Reserve and Debenture Redemption Investments and redeemed the debentures.

Ignoring interest on investments, pass necessary journal entries for the above transactions in the books of the company.

- 23.** Sajag Ltd. has an authorized capital of ₹ 30,00,000 divided into equity shares of ₹ 30 each. The company invited applications for issuing 70,000 shares. Applications for 68,000 shares were received.
- All calls were made and were duly received except the final call of ₹ 10 per share on 5,000 shares. These shares were forfeited.
- Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013.

#### 4. HOTS BASED QUESTIONS:

- A. Analysis and Synthesis
- B. Classify, compare, contrast, organize or interpret unique pieces of information or differentiate between different information

#### The Blueprint for Hots Typology

No. of Questions	Marks Per Questions	Total Marks	Chapter Topic (Suggestive List)
2 Questions	1 Mark	2 Marks	Company Accounts/Cash Flow Statement
1 Question	6 Mark	6 Marks	Cash Flow Statement/Missing figure question
1 Question	8 Mark	8 Marks	Issue of Shares
4 Questions		16 Marks	

*So out of 80 Marks paper 16 marks i.e 20% paper will be based on Typology “HOTS”*

#### SAMPLE QUESTIONS BASED ON” HOTS” TYPOLOGY

- “An enterprise may hold securities and loan for dealing or trading purposes in which case they are similar to inventory acquired specifically for resale.” Is the statement correct? Cash flow from such activities will be classified under which type of activities while preparing cash flow statement?
- Kartik Mutuals, a mutual fund company, provides you the following information:

	31st March 2015	31st March 2016
Proposed Dividend	₹ 20,000	₹ 15,000

Additional Information:  
Equity Share Capital raised during the year ₹ 3,00,000.  
10% Bank loan repaid was ₹ 1,00,000.  
Dividend received during the year was ₹ 20,000.  
Find out the cash flow from financing activities.

3. TPT Ltd. issued 365, 9% debentures of ₹ 1,000 each on 4-3-2016. Pass necessary journal entries for the issue of debentures in the following situations:
  - (a) When debentures were issued at par redeemable at a premium of 10%.
  - (b) When debentures were issued at 6% discount redeemable at 5% premium.
4. Why is depreciation added back to net profit while preparing 'Cash Flow statement'?
5. ABC Ltd. purchased for cancellation its own 5,000, 9% debentures of 100 each at ₹ 95 per debenture. The brokerage charges ₹ 15,000 were incurred. Calculate the amount to be transferred to capital reserve.
6. Ruchi Ltd. issued 42,000, 7% debentures of ₹ 100 each on 1st April, 2011, redeemable at a premium of 8% on 31st March, 2015. The company decided to create required debenture redemption reserve on 31st March 2014. The company invested the funds as required by law in a fixed deposit with State Bank of India on 1st April, 2014 earning interest @ 10% p.a. Tax was deducted at source by the bank on interest @ 10% p.a. Pass necessary journal entries regarding issue and redemption of debentures.
7. Anna and Bobby were partners sharing profits and losses in the ratio of 5:3. On 1st April, 2014 their capital accounts showed balance of ₹ 3,00,000 and ₹ 2,00,000 respectively. Calculate the amount of profit to be distributed between the partners if the partnership deed provided for interest on capital @ 10% p.a. and the firm earned a profit of ₹ 45,000 for the year ended 31st March, 2015.
8. Differentiate between 'Issued share capital' and 'Subscribed share capital'.
9. Kajal Ltd. with a registered capital of 10,00,000 equity shares of ₹ 10 each, issued 1,00,000 equity shares payable ₹ 3 on application, ₹ 2 on allotment, ₹ 3 on first call and ₹ 2 on second and final call. The amount due on allotment was duly received except Mr. X holding 6,000 shares. His shares were immediately forfeited. On the first call being made, Mr. Y holding 5,000 equity shares paid the entire balance on his holding. Second call was not made.

Pass the necessary journal entries to record the transactions and show how the Share Capital will be presented in the Balance Sheet of the Company. Also prepare notes to accounts.
10. (a) Nidhi Ltd. issued 2,000 shares of ₹ 100 each. All the money was received except on 200 shares on which only ₹ 90 per share were received. These shares were forfeited and out of the forfeited shares 100 shares were reissued at ₹ 80 each as fully paid up. Pass necessary journal entries for the above transactions and prepare the Forfeited Shares Account.

(b) Complete the following Journal Entries:

S. No.	Particulars	L.F.	Debit (₹)	Credit (₹)
(i)	..... Dr. To ..... To ..... (Being the forfeiture of 1,000 shares of ₹ 10 each, ₹ 8 called up, on which allotment money of ₹ 2 and First Call of ₹ 3 has not been received.)		.....	..... .....
(ii)	..... Dr. To ..... To ..... (Being reissue of 1000 forfeited shares fully paid up at ₹ 11 per share)		.....	..... .....
(iii)	..... Dr. To ..... (Being gain on the reissue of shares transferred to capital reserve Account)		.....	.....

11. Fill in the blanks in the following cases:

(a)

**AB Ltd.**

**Journal**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	..... Dr. To ..... (Application money received on 2,000, 12% Debentures of ₹ 1,000 each issued at a premium of 10% and redeemable at a premium of 10%)		.....	.....
	..... Dr. ..... Dr. To ..... To ..... To ..... (.....)		..... .....	..... ..... .....

(b)

**XY Ltd.****Journal**

<b>Date</b>	<b>Particulars</b>	<b>L.F.</b>	<b>Debit (₹)</b>	<b>Credit (₹)</b>
	Sundry Assets A/c Dr. ..... Dr.		18,00,000 .....	
	To Sundry Creditors A/c To .....			2,00,000 .....
	( Business of Rohit and Co. purchased for a consideration of ₹ 20,00,000)			
	..... Dr. ..... Dr.		20,00,000 .....	
	To 8% Debentures A/c (Paid to Rohan and Co. by issue of ..... 8% debentures of ₹ 150 each at a discount of ₹ 50 per debenture)			.....

**12.** Radha Mohan Ltd. invited applications for issuing 4,00,000 equity shares of ₹ 50 each. The amount was payable as follows:

On application ₹ 15 per share

On allotment ₹ 25 per share

On first and final call ₹ 10 per share

Applications for 6,00,000 shares were received and Pro-rata allotment was made to all the applicants on following basis:

Applicants for 4,00,000 shares were allotted 3,00,000 shares.

Applicants for 2,00,000 shares were allotted 1,00,000 shares.

It was decided that excess amount received on applications will be adjusted towards sum due on allotment and surplus if any will be refunded. Vibhuti, who allotted 6,000 shares out of the group applying for 4,00,000 shares did not pay the allotment money and his shares were forfeited immediately. Afterwards these forfeited shares were reissued at ₹ 30 per share fully paid up. Later on first and final call was made. Shahid who had applied for 2,000 shares out of the group applying for 2,00,000 shares failed to pay first and final call and his shares were also forfeited. These shares were afterwards re-issued at ₹ 60 per shares fully paid up.

Pass necessary journal entries in the books of Radha Mohan Ltd. for the above transactions.

13. Sukanya Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each. The shares were issued at a premium of ₹ 20 per share. The amount was payable as follows:

On application and allotment: ₹ 14 per share (including premium of ₹ 10)

On first call: ₹ 8 per share (including premium of ₹ 5)

On final call: ₹ 8 per share (including premium of ₹ 5)

Applications for 96,000 shares were received. Rohit a shareholder holding 7,000 shares failed to pay both the calls and Namit, a holder of 5,000 shares did not pay the final call.

Shares of Rohit and Namit were forfeited. Of the forfeited shares 8,000 shares including all the shares of Rohit were reissued to Reena at ₹ 8 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of Sukanya Ltd.

14. Following is the Balance Sheet of Akash Ltd. as at 31-03-2016:

	Particulars	Note No.	2015-16 (₹)	2014-15 (₹)
I.	<b>EQUITY &amp; LIABILITIES</b>			
	(1) <b>Shareholders' Funds</b>			
	(a) Share Capital		15,00,000	14,00,000
	(b) Reserve & Surplus	1	2,50,000	1,10,000
	(2) <b>Non-Current Liabilities</b>			
	(a) Long-term Borrowings		2,00,000	1,25,000
	(3) <b>Current Liabilities</b>			
	(a) Short-term Borrowings	2	12,000	10,000
	(b) Trade Payable		15,000	83,000
	(c) Short-term Provisions	3	18,000	11,000
	<b>TOTAL</b>		<b>19,95,000</b>	<b>17,39,000</b>
II.	<b>ASSETS</b>			
	(1) <b>Non-Current Assets</b>			
	(a) Fixed Assets			
	(i) Tangible Assets	4	18,60,000	16,10,000
	(ii) Intangible Assets	5	50,000	30,000
	(2) <b>Current Assets</b>			
	(a) Current Investments		8,000	5,000
	(b) Inventories		37,000	59,000
	(c) Trade Receivables		26,000	23,000
	(d) Cash & Cash Equivalents		14,000	12,000
	<b>TOTAL</b>		<b>19,95,000</b>	<b>17,39,000</b>

Note to Accounts:

Note No.	Particulars	2015-16	2014-15
1.	Reserves and Surplus: Surplus (Balance in Statement of Profit and Loss)	2,50,000	1,10,000
2.	Short-term Borrowings: Bank Overdraft	12,000	10,000
3.	Short-term provision: Provision for Tax	18,000	11,000
4.	Tangible Assets: Machinery	20,00,000	17,00,000
	Accumulated Depreciation	(1,40,000)	(90,000)
5.	Intangible Assets: Patents	50,000	30,000

Additional Information:

- (i) Tax paid during the year amounted to ₹ 16,000.  
(ii) Machine with a net book value of ₹ 10,000 (Accumulated Depreciation ₹ 40,000) was sold for ₹ 2,000.

Prepare Cash Flow Statement.

15. Calculate 'Cash Flow from Operating Activities' from the following information.

Particulars	31-03-2016 Amount (₹)	31-03-2015 Amount (₹)
Surplus i.e. Balance in the statement of Profit and Loss	80,000	1,00,000
Trade receivables	2,50,000	2,40,000
Goodwill	15,000	20,000
Outstanding Expenses	8,000	.....
General reserve	80,000	50,000
Provision for Depreciation on Plant	1,00,000	82,000
Prepaid Expenses	.....	6,000
Trade Payables	84,000	60,000

Additional Information:

- (i) Plant costing ₹ 60,000 having book value of ₹ 36,000 was sold for ₹ 40,000 during the year.  
(ii) Income tax paid during the year was ₹ 30,000.  
(iii) Dividend paid during the year was ₹ 18,000.

State any two objectives of preparing Cash Flow Statement.

## 5. EVALUATION BASED QUESTIONS:

- A. To judge/Justify
- B. To predict outcome based on the values

### The Blueprint for Typology “Evaluation”

No. of Questions	Marks Per Questions	Total Marks	Chapter Topic
1 Question	1 Mark	1 Mark	Partnership/Company Accounts
1 Question	3 Mark	3 Mark	Company Accounts
2 Question		4 Mark	

*So out of 80 Marks paper 4 marks i.e 5 % paper will be based on Typology “EVALUATION”*

### SAMPLE QUESTIONS BASED ON “EVALUATION” TYPOLOGY

1. Ananya , Bimal and Chetna are partners dealing in sale of gift items. Ananya without the knowledge of Bimal and Chetna is also running the business of supplying gift items with the help of her husband. She is earning good profit from this business which she did not share with Bimal and Chetna. Was Ananya correct in doing so? Indicate a value which she did not follow.
2. Karan, Nakul and Asha were partners in a firm sharing profits and losses in the ratio 3:2:1. At the time of admission of a partner, the goodwill of the firm was valued at ₹ 2,00,000. The Accountant of the firm passed the entries in books of accounts and thereafter showed goodwill at ₹ 2,00,000 as an assets in the balance sheet. Was he correct in doing so? Why?
3. A, B, C, and D were partners in a firm sharing profit in the ratio 4:3:1:1. On 01.01.2017, they admitted E as a new partner for 1/10th share in profit. E brought ₹ 10,000 for his share of goodwill (premium). The accountant credited the entire amount of premium to A’s capital account. Was the accountant correct in doing so? Give reason in support of your answer.
4. ABC Ltd. was a cloth manufacturing company located in Delhi. Being a socially aware organization, they wanted to set-up a manufacturing plant in a backward area of Kashmir to provide employment to the local people. On July 17, 2016 a flood had hit entire state of Jammu and Kashmir causing massive destruction and loss. The company wanted to help the people, so they decided to raise the funds through issuing 50,000 equity shares of ₹ 50 each to set-up the plant in the rural area of Kashmir.

Pass necessary Journal Entries for the issue of shares and identify any two values that the company wanted to communicate to the society.

5. 'Nadan Ltd.' is a manufacturer of heavy machines in a town of Telangana. It follows high standards of environment safety in the process of manufacturing. The company runs a school to provide quality education and medical center to address health issues of the residents of that area.

The company is going to start a new manufacturing unit in Jharkhand creating livelihood for people, especially those from disadvantaged sections of the society. In order to raise funds the company decided to issue 50,000 shares of ₹ 100 each at par and 80,000, 10% debentures of ₹ 50 each.

Pass necessary journal entries for the issue of shares and debentures. Also identify any one value which the company wants to communicate to the society.

6. To Provide employment to the youth and to develop the Naxal affected backward areas 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 ₹ 10 each at a premium of 50%. The whole amount was payable on application. Applications for 20,00,000 shares were received. Applications for 50,000 were rejected and shares were allotted to the remaining applicants on pro-rata basis.

Pass necessary journal entries for the above transactions in the books of the company and identify any two values which X Ltd. wants to propagate.

7. Ranjit, a Director of Nida Agro Ltd., proposed in a board meeting that to inculcate the habit of saving among people. He wanted to bring a special issue of shares. His proposal was accepted by the company. The company issued 70,000 shares of ₹ 100 each. The share money per share was payable as ₹ 30 on application, ₹ 50 on allotment and ₹ 20 on call.

Makhan, a farmer, holding 50 shares could not pay his call money and Nathan another farmer holding 60 shares paid the call money with allotment.

Makhan paid the amount due to him after four months explaining the reason for this delay; the company did not charge any interest from him.

(a) Calculate the amount received by the company on allotment.

(b) Identify the value which the company wants to communicate to the society.

8. Neeraj and Dheeraj are carrying on a business of repairing electronic items. There are no other technicians for repairing electronics items in the locality. As the electric supply has a lot of fluctuations, the equipments get damaged. Therefore, both the partners themselves do the repairing work to the satisfaction of the customers. The firm donates 10% its profits to a Charitable Hospital of the locality for the medical treatment of person below poverty line. State the two factors affecting the goodwill of the firm discussed in the above para. Also identify any two values which the firm is trying to propagate.