

PART-A

ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. Is it correct to say that a sleeping partner is liable for the acts of other partners?
2. When uniform amount is withdrawn at the end of each month, interest on drawings is calculated as:

(a) Total drawings $\times \frac{\text{Rate}}{100} \times \frac{6\frac{1}{2}}{12}$	(b) Total drawings $\times \frac{\text{Rate}}{100} \times \frac{6}{12}$
(c) Total drawings $\times \frac{\text{Rate}}{100} \times \frac{5\frac{1}{2}}{12}$	(d) Total drawings $\times \frac{\text{Rate}}{100} \times \frac{5}{12}$
3. Nidhi and Shilpi are partners sharing profits in the ratio of 5 : 4. They admit Hemant for 1/9th share which he acquires from Nidhi. What will be the new profit sharing ratio?
(a) 5 : 4 : 1 (b) 4 : 4 : 1 (c) 3 : 4 : 1 (d) None of the above
4. What do you mean by redemption of debentures?
- *5. Partners P and Q are running a factory, manufacturing plastic polythene, situated near a river. To save the natural environment and the river from the ill-effects of chemical waste, they invested in a water treatment plant. Identify the value involved in this case.
6. State any three rights which a newly admitted partner acquires besides the right to take part in business.
7. Distinguish between Calls-in-Arrears and Calls-in-Advance on the following basis:
(a) Meaning (b) Balance of account (c) Interest
8. (a) Give the meaning of collateral security.
(b) Pass the necessary journal entry when 1,000 debentures of ₹ 100 each are issued as collateral security against a bank loan of ₹ 90,000.
- *9. P, Q and R are doing partnership business of school uniform. They have set up a cottage industry in a village. The business earned double profits of ₹ 15,00,000 as compared to previous year. Partners decided to distribute 'free uniforms' to girls studying in nearby villages. Identify four values that are reflected by the partners.
10. Where will you record the following, if the Partner's Capital Accounts are fixed?
(a) Drawings made by a partner (b) Share of loss of the firm
(c) Interest on capital (d) Fresh capital introduced by a partner
11. Give any four points of distinction between shareholders and debentureholders.
12. G, H and I were partners in a firm sharing profits in the ratio of 2 : 2 : 1. According to the partnership deed, legal representatives of deceased partner were entitled to the following payments:
(a) Interest on capital @ 12% p.a.
(b) Salary of ₹ 12,000 p.a.
(c) Share in the profit of the firm (upto the date of death) on the basis of previous year's profit.
(d) Interest on drawings @ 15% p.a.
G died on 31.5.2014. His capital was ₹ 80,000. He had withdrawn ₹ 15,000 and interest on his drawings was calculated as ₹ 1,200. The profit of the firm for the year ended 31.3.2014 was ₹ 60,000.
Prepare G's Capital Account to be presented to his executor.
13. Differentiate between sacrificing ratio and gaining ratio.

14. 600 shares of ₹ 100 each were forfeited for the non-payment of allotment money of ₹ 40 per share. The first and final call of ₹ 20 per share was made. Forfeited shares were reissued for ₹ 58,000 fully paid up. Pass the necessary journal entries in the books of Batra Ltd.
15. Amit and Sumit were partners in a firm with capitals of ₹ 2,40,000 and ₹ 3,20,000 respectively. On 1st April, 2014, they admitted Nitin as a partner for 1/4th share in profit on his payment of ₹ 4,00,000 as his capital and ₹ 1,80,000 for his 1/4th share of goodwill.
- On that date, the creditors were ₹ 1,20,000 and bank overdraft was ₹ 30,000. Their assets were as follows:

Cash	₹ 50,000
Stock	₹ 20,000
Debtors	₹ 80,000
Plant and Machinery	₹ 1,60,000
Land and Buildings	₹ 4,00,000

It was agreed that stock should be depreciated by ₹ 4,000, Plant and Machinery by 20%, ₹ 10,000 should be written off as bad debts and land and buildings should be appreciated by 25%.

Prepare Revaluation Account and Balance Sheet of the new firm.

Or

A, B and C are partners sharing profits and losses in the ratio of 2 : 2 : 1. Their balance sheet as at 31st December, 2013 was as follows:

Balance Sheet

as at 31st December, 2013

Liabilities		₹	Assets		₹
Sundry Creditors		3,00,000	Cash at Bank		3,00,000
Capital A/cs:			Sundry Debtors		1,95,000
A	7,50,000		Less: Provision for doubtful debts	<u>45,000</u>	1,50,000
B	3,00,000		Stock		3,00,000
C	<u>1,50,000</u>	12,00,000	Fixed Assets		7,50,000
		<u>15,00,000</u>			<u>15,00,000</u>

They close the business and the following amounts are realised:

Stock	₹ 3,39,000
Fixed Assets	₹ 6,75,000
Debtors	₹ 1,35,000

Creditors were paid ₹ 2,85,000 in full settlement of their claim. Expenses of dissolution were ₹ 9,000. Show all the closing accounts.

PART-A

ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. Mention any two circumstances when calculation of sacrificing ratio is needed.
2. Current Account of a partner
 - (a) always have a debit balance
 - (b) always have a credit balance
 - (c) can never have a debit balance
 - (d) can have a debit balance or a credit balance
3. P, Q and R are partners sharing profits and losses in the ratio of 3 : 3 : 2. R retires. The new profit sharing ratio between P and Q will be
 - (a) 3 : 2
 - (b) 3 : 1
 - (c) 2 : 1
 - (d) 1 : 1
- *4. A and B are partners sharing profits and losses equally. The profit for the year ending 31st March, 2014 was ₹ 15,00,000. Before distributing profits, they decided to donate 15% of profits to a NGO for taking care of senior citizens. Identify the value involved in it.
5. Is it correct to say that the problem of minimum subscription does not arise in case of oversubscription?
6. State the provisions of Partnership Act, 1932 in the absence of a partnership deed regarding (a) sharing profits or losses, (b) interest on advances other than capital, (c) interest on partner's drawings.
7. What do you mean by minimum subscription in relation to issue of shares?
8. Distinguish between oversubscription and undersubscription.
9. What journal entries would you pass for the following transactions on the dissolution of firm?
 - (a) ₹ 40,000 bills payables settled for ₹ 38,000.
 - (b) Partner P's loan paid off ₹ 25,000.
 - (c) Realisation expenses ₹ 11,000 were paid by the firm.
 - (d) An unrecorded asset of ₹ 15,000 is taken over by the partner R for ₹ 12,000.
10. R, S and T are partners sharing profits in the ratio of 3 : 2 : 1. From 1st January 2014, they decided to share profits in the ratio of 1 : 3 : 2. It was calculated that R's sacrifice, S's gain and T's gain would be $\frac{2}{6}$, $\frac{1}{6}$ and $\frac{1}{6}$ respectively. Partnership deed provides that in the event of any change in the profit sharing ratio, goodwill should be valued at four years purchase of the average of 4 years profits. The profits/losses of preceeding 4 years were as follows:

2010 (profit)	₹ 3,20,000
2011 (profit)	₹ 3,60,000
2012 (loss)	₹ 1,20,000
2013 (profit)	₹ 1,00,000

Pass the necessary journal entry and show your workings.

- *11. Milky Ltd. was registered with an authorised capital of ₹ 25,00,000 divided into 2,50,000 shares of ₹ 10 each. It issued 2,00,000 equity shares payable as ₹ 2 on application, ₹ 5 on allotment (including premium), ₹ 2 on first call and ₹ 2 on final call.

Applications received for 2,25,000 shares. The company has two options to handle the oversubscription of shares.

Option 1: To reject the excess applications received for 25,000 shares.

Option 2: To make pro-rata allotment and adjust the excess application money received for allotment.

Identify the values observed/neglected in above two options.

12. A, B, C were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. Their capitals were ₹ 4,00,000, ₹ 3,20,000 and ₹ 4,00,000 respectively. The firm closes its books on 31st March every year.

On 31st March 2014, A died. The executor of a deceased partner, according to the agreement, was entitled for the following:

- (a) Interest on capital @ 9% per annum. (b) Share of goodwill.
(c) Share of profits.

The goodwill of the firm on A's death was valued at ₹ 1,44,000. The profit of the firm for the year ended 31st March, 2014 was ₹ 96,000.

You are required to prepare A's Capital Account as on 31st March, 2014 to be presented to his executor.

13. Renu and Savita are partners in a firm sharing profits and losses in the ratio of 3 : 2. Following was the Balance Sheet of the firm as at 31st March, 2014:

Liabilities	₹	Assets	₹
Capital A/cs:		Sundry Assets	1,20,000
Renu	90,000		
Savita	30,000		
	1,20,000		1,20,000

Profit ₹ 45,000 for the year ended 31st March, 2014 was divided between the partners without allowing interest on capitals @ 12% p.a. and salary to Renu @ 1,500 per month. During the year, Renu and Savita withdrew ₹ 15,000 and ₹ 30,000 respectively.

Pass necessary adjustment entries and show your working clearly.

14. Give journal entries in each of the following cases assuming the face value of debenture being ₹ 100.

- (a) A 8% debenture issued at ₹ 95, repayable at ₹ 100.
(b) A 8% debenture issued at ₹ 105, repayable at ₹ 100.
(c) A 8% debenture issued at ₹ 100, repayable at ₹ 100.
(d) A 8% debenture issued at ₹ 100, repayable at ₹ 105.

15. A and B are partners sharing profits and losses in the ratio of 5 : 3 and had the following Balance Sheet as at 31st March, 2014:

Liabilities	₹	Assets	₹
Creditors	15,000	Goodwill	22,500
Bills Payable	6,000	Buildings	25,500
General Reserve	21,000	Plant	20,250
Capital A/cs:		Furniture	3,000
A	60,000	Debtors	24,375
B	30,000	Bills Receivables	11,250
	90,000	Stock	16,875
		Bank	8,250
	1,32,000		1,32,000

On 1st April, 2014, they decided to admit C into the partnership giving him 1/5 share. He brings in ₹ 37,500 as his share of capital. The partners decided to revalue the assets as follows:

Goodwill	₹ 37,500
Bills Receivables	₹ 9,375
Buildings	₹ 30,000
Stock	₹ 24,375
Debtors	₹ 23,250
Plant	₹ 18,750
Furniture	₹ 1,500

Prepare Revaluation Account and pass necessary journal entries.

Or

Tarun, Dixit and Saurabh were carrying business in partnership sharing profits in the ratio of 3 : 2 : 1 respectively. On 31st March, 2013, their Balance Sheet stood as follows:

Balance Sheet
as at 31st March, 2013

Liabilities	₹	Assets	₹
Sundry Creditors	32,000	Buildings	46,000
Capital A/cs:		Debtors	14,000
Tarun	40,000	Stock	24,000
Dixit	15,000	Patents	16,000
Saurabh	25,000	Bank	12,000
	80,000		
	1,12,000		1,12,000

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

- Provision for doubtful debts to be made @ 5% on debtors.
- Goodwill of the firm to be valued at ₹ 18,000.
- Buildings to be appreciated by ₹ 17,600.
- ₹ 10,000 to be paid to Dixit immediately and the balance due to him to be treated as loan carrying interest @ 6% per annum.

Prepare Revaluation Account and Balance Sheet of the reconstituted firm.

16. XYZ Ltd., with an authorised capital of ₹ 2,00,000 divided into 20,000 equity shares of ₹ 10 each, issued the entire shares payable as follows:

- ₹ 5 on application (including ₹ 2 as premium)
- ₹ 4 on allotment
- ₹ 3 on call

All share money is received in full with the exception of the allotment money on 200 shares and the call money on 500 shares (including 200 shares on which allotment money had not been paid).

The above 500 shares are duly forfeited and 400 of these (including the 200 shares on which allotment money had not been paid) are reissued at ₹ 7 per share payable by the purchaser.

Make the necessary journal entries.

Or

Vijeta Computers Limited having an authorised capital of 20,000 shares @ ₹ 10 each issued 15,000 shares to the public. Applications were received for 10,000 shares. The amount payable was as follows:

- On application ₹ 3 per share
- On allotment ₹ 4 per share
- On First and Final call ₹ 5 per share

All sums were duly received by the company except the following:

Mr. Ajay, holder of 100 shares did not pay the allotment and call money.

Mr. Vijay, holder of 200 shares did not pay the call money.

The company forfeited all the shares of Mr. Ajay and subsequently reissued them at ₹ 8 fully paid up.

Show the entries in the cash book and journal of the company.

PART-B

FINANCIAL STATEMENT ANALYSIS

- State whether repayment of long-term loan will result in increase or decrease or no change in debt equity ratio.
- Why is a cash flow statement prepared?
- Mention an investing activity which results into outflow of cash.

PART-A

ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. State any one purpose for admitting a new partner.
2. In case of dissolution of partnership firm, what will be the journal entry if unrecorded assets are taken over by a partner?
3. Net profit before commission has been ₹ 60,000. Partner's commission is 20% of net profit before charging such commission. The amount of partner's commission is:
 (a) ₹ 12,500 (b) ₹ 12,000 (c) ₹ 10,000 (d) None of the above
4. Gaining ratio may be applied when:
 (a) a business is sold out (b) a partner is insolvent
 (c) a partner retires (d) a partner is admitted
5. When all the debentures are redeemed, the balance left in the Debenture Redemption Reserve Account is transferred to:
 (a) Capital Reserve (b) Statement of Profit and Loss
 (c) Debentures Account (d) General Reserve Account
6. (a) R and S are partners sharing profits and losses in the ratio of 2 : 3 with capitals of ₹ 2,80,000 and ₹ 1,40,000 respectively. On 1st October, 2013, R and S advanced loans of ₹ 56,000 and ₹ 28,000 respectively to the firm. Show the distribution of profit/loss for the year ended 31st March, 2014 if the profit before interest for the year amounted to ₹ 2,100.
 (b) Is interest on partner's loan recorded in partner's loan account, partner's current account or in both accounts?
7. Kanak Ltd. issued 12,000 fully paid-up equity shares of ₹ 100 each for the purchase of the following assets and liabilities from Sharma Brothers:

Land and Buildings	₹ 4,80,000
Plant	₹ 2,80,000
Stock-in-trade	₹ 3,60,000
Sundry Creditors	₹ 80,000

Pass necessary journal entries.

8. Creation Ltd. with paid-up share capital of ₹ 15,00,000 has a balance of ₹ 3,75,000 in Securities Premium Reserve Account. The Company's management does not want to carry over this balance. You are required to suggest the methods for utilising Securities Premium Reserve which would achieve the objective of the management as well as maximise the return to shareholders.
- *9. After completing BBA, Vijeta tried hard for a job but she did not get any opportunity to work. Then she thought of starting her own business in the basement of her house lying vacant. As she had insufficient funds to invest in the business, she contacted one of her friends, Indu. Vijeta and Indu decided to form a partnership firm.
 (a) Is registration of firm compulsory?
 (b) Identify any three values that are being reflected in this case.
10. Calculate the value of firm's goodwill on the basis of three years' purchase of the average profits for the last three years. The following were the profits of the firm for the last three years:

Year ending 31st December	Profit (₹)
2011	₹ 6,00,000 (after charging an abnormal loss of ₹ 1,20,000)
2012	₹ 4,80,000 (including an abnormal gain of ₹ 60,000)
2013	₹ 5,40,000 (excluding ₹ 60,000 payable on the insurance of machinery)

11. Neeraj Ltd. Company purchased furniture of ₹ 3,96,000 from M/s Hindustan Furnitures. 50% of the amount was paid to the seller by accepting a bill of exchange and for the balance, the company issued 7% debentures of ₹ 100 at a premium of 10%. Pass necessary journal entries in the books of Neeraj Ltd. Company.
12. Ishan, Siddhant and Ayush were partners having capitals of ₹ 1,20,000, ₹ 1,20,000 and ₹ 1,60,000 respectively. Their current account balances were ₹ 20,000, ₹ 10,000 and ₹ 4,000 (Dr.) respectively.

According to the partnership deed, the partners were entitled to interest on capital @ 5% per annum. Ayush was entitled to a salary of ₹ 12,000 per annum. The profits were to be divided as follows :

- The first ₹ 40,000 in proportion to their capitals.
- Next ₹ 60,000 in the ratio of 5 : 3 : 2.
- Remaining profit to be shared equally.

The firm made a profit of ₹ 3,12,000 before charging the above items.

Prepare Profit and Loss Appropriation Account and show your workings clearly.

13. Nikhar, Simran and Ankita were partners in a business sharing profits and losses equally. Ankita retires on 1st January, 2011 when the balance sheet stood as follows:

Balance Sheet

as at 1st January, 2011

Liabilities	₹	Assets	₹
Creditors	875	Cash at Bank	9,375
Bills Payables	5,000	Debtors	15,750
General Reserve	18,750	Furniture	10,000
Profit & Loss A/c	7,500	Bills Receivables	6,250
Capital A/cs:		Stock-in-trade	1,750
Nikhar	18,750	Land and Buildings	40,875
Simran	20,625	Deferred Revenue Expenditure	7,500
Ankita	20,000		
	59,375		
	91,500		91,500

The goodwill of the firm is valued at ₹ 28,125. Amount payable to Ankita is transferred to her loan account. Such amount will be paid in three equal annual installments together with interest @ 10% per annum.

Show the retiring Partner's Capital Account and her Loan Account till it is paid off. Books of accounts are closed on 31st December every year.

14. Kritika Ltd. had 20,000, 8% debentures of ₹ 100 each which were due for redemption on 31st March, 2013. The Company has a balance of ₹ 8,00,000 in its Debenture Redemption Reserve Account.
- Record the necessary journal entries at the time of redemption of debentures.
 - Assume that Kritika Ltd. is an infrastructure company. With how much amount, Debenture Redemption Reserve will be created?

15. Aman, Ankit and Ashish are partners in a firm sharing profits in the ratio of 2 : 1 : 1. Their balance sheet as at 31st December 2013 was as follows:

Liabilities	₹	Assets	₹
Creditors	1,50,000	Land and Buildings	2,40,000
Capital A/cs:		Goodwill	90,000
Aman	2,40,000	Plant and Machinery	1,68,000
Ankit	2,40,000	Car	1,62,000
Ashish	1,80,000	Debtors	1,44,000
	6,60,000	Cash	6,000
	8,10,000		8,10,000

The firm was dissolved on 1st January 2014. The assets and liabilities were settled as follows:

- Assets realised were as follows:
Land and Buildings ₹ 3,00,000; Goodwill ₹ 60,000; Plant and Machinery ₹ 1,50,000; Car ₹ 84,000
Debtors 50% of the book value.
- Realisation expenses were ₹ 6,000.

Prepare necessary accounts to close the books of the firm.

PART-A

ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES

1. Why are assets revalued at the time of admission of a partner?
2. Profits for the last four years are ₹ 1,20,000, ₹ 1,60,000 and ₹ 1,40,000, ₹ 1,80,000 respectively. The goodwill on the basis of two years purchase of average profit will be:
 - (a) ₹ 1,50,000
 - (b) ₹ 1,80,000
 - (c) ₹ 1,90,000
 - (d) None of the above
- *3. A, B and C were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. B retired and requested the firm to pay off his due immediately as he needs money for his daughter's surgery. The firm accepted his request. Identify the value involved.
4. Is it correct that Profit and Loss Appropriation Account is a nominal account in nature?
5. In case of forfeiture of shares, Share Capital Account is debited with:
 - (a) nominal value of shares
 - (b) market value of shares
 - (c) called-up value of shares
 - (d) None of the above
6. Many matters are covered in the typical partnership agreement. Some of them are of little significance to the accountant, while others are quite crucial. What are some of the crucial provisions as far as the accountant is concerned?
7. What will be the maximum amount of discount which may be allowed on reissue of shares in the following situations?
 - (a) When the shares were originally issued at discount.
 - (b) When the shares were originally issued at par or at premium.
8. Holder of a share is called shareholder whereas holder of a debenture is called debentureholder. What are the difference between the two on the basis of
 - (a) Ownership
 - (b) Dividend/Interest
 - (c) Participation
9. E, F and G are partners where fixed capitals were ₹ 30,000, ₹ 24,000 and ₹ 18,000 respectively. As per the partnership agreement, there is a provision for allowing interest on capitals @ 5% per year but entries for the same have not been made for the last two years. The profit sharing ratio during these years is as follows:

Year	E	F	G
2011	4	3	2
2012	3	2	1
2013	1	1	1

Make the necessary adjustment entry at the beginning of the third year (January 2014). Show your workings clearly.

10. Differentiate between average profit method and super profit method of valuation of goodwill.
- *11. Saksham Ltd. issued ₹ 15,00,000, 7% debentures of ₹ 100 each on 1st April, 2010, redeemable in three equal instalments through draw of lots beginning from the year ending 31st March, 2012. Assume that company has transferred sufficient amount to Debenture Redemption Reserve.
 - (a) What is meant by redemption of debentures by draw of lots?
 - (b) State one value symbolised by redeeming the debentures through draw of lots.
 - (c) Identify two values involved in creation of Debenture Redemption Reserve by the company.

12. Renu, Richa and Ritu were in a partnership firm sharing profits and losses in the ratio of 3 : 2 : 1. On 1st April, 2014, Richa retires from the firm. On that date, their balance sheet was as follows:

Balance Sheet
as at 1st April, 2014

Liabilities		₹	Assets		₹
Creditors		12,000	Cash in hand		6,000
Bills payables		18,000	Cash at bank		30,000
Expenses owing		18,000	Debtors		60,000
General Reserve		54,000	Stock		48,000
Capital A/cs:			Factory Premises		90,000
Renu	60,000		Furniture		32,000
Richa	60,000		Loose Tools		16,000
Ritu	60,000	1,80,000			
		2,82,000			2,82,000

The terms were as follows:

- Goodwill of the firm was valued at ₹ 52,000.
- Furniture and loose tools were valued at 10% less than their book values.
- Expenses owing brought down to ₹ 15,000.
- Factory premises revalued at ₹ 97,200.

Prepare Revaluation Account and Balance Sheet of the firm after retirement of Ritu.

13. Ram, Mohan and Sohan were partners sharing profits and losses in the ratio of 5 : 3 : 2. On 31st March, 2013, their Balance Sheet was as under:

Liabilities		₹	Assets		₹
Capital A/cs:			Leasehold		1,25,000
Ram	1,50,000		Patents		30,000
Mohan	1,25,000		Machinery		1,50,000
Sohan	75,000	3,50,000	Stock		1,90,000
Workmen's Compensation Reserve		30,000	Cash at Bank		40,000
Creditors		1,55,000			
		5,35,000			5,35,000

Sohan died on 1st August, 2013. It was agreed that:

- Goodwill of the firm is to be valued at ₹ 1,75,000.
- Machinery be valued at ₹ 1,40,000; Patents at ₹ 40,000; Leasehold at ₹ 1,50,000 on this date.
- For the purpose of calculating Sohan's share in the profits of 2013-2014, the profits should be taken to have accrued on the same scale as in 2012-13, which were ₹ 75,000.

Prepare Sohan's Capital Account and Revaluation Account.

14. Pass necessary journal entries for issue of debentures for the following:

- Khanna Ltd. issued 400, 6% debentures of ₹ 100 each at a premium of ₹ 20 per debenture redeemable at par.
- Kriti Ltd. issued 10,000, 9% debentures of ₹ 100 each at par redeemable at premium of 10%.
- Jai Ltd. issued 25,000, 9% debentures of ₹ 100 each to Gupta Traders, a supplier of machinery costing ₹ 29,00,000 as full and final payment.

15. Pass journal entries for the following transactions at the time of dissolution of the firm of E and G:

- Expenses of realisation ₹ 6,400 were paid by E.
- Loan of ₹ 28,000 advanced by G to the firm was refunded.
- An unrecorded typewriter was sold for ₹ 5,000 whereas its expected value was ₹ 6,800.
- ₹ 26,000 were recovered from a debtor which were written off as bad debts last year.

- (e) Machinery costing ₹ 50,000 was taken over by G at a discount of 40%.
 (f) E agreed to pay off his wife's loan of ₹ 23,000.
 (g) Sundry creditors were paid ₹ 23,000 in full settlement of their account amounted to ₹ 25,000.
 (h) G had taken a loan of ₹ 32,000 from the firm, which was paid fully by him to the firm.

Or

The Balance Sheet of Shiv and Suruchi, sharing profits and losses in the ratio of 3 : 2, as at 31st March, 2014 was as follows:

Liabilities	₹	Assets	₹
Sundry Creditors	42,000	Cash at Bank	15,000
Workmen's Compensation Reserve	18,000	Debtors	97,500
General Reserve	30,000	Less: Provision for doubtful debts	7,500
Capital A/cs:		Stock	45,000
Shiv	90,000	Investments	75,000
Suruchi	60,000	Patents	15,000
	2,40,000		2,40,000

They decided to admit Tanmay on 1st April, 2014 for 1/4th share on the following terms:

- (a) Tanmay shall bring ₹ 37,500 as his share of premium for goodwill.
 (b) The market value of investment was ₹ 67,500.
 (c) A claim of ₹ 3,000 on Workmen's Compensation Reserve to be provided for.
 (d) That unaccounted accrued income of ₹ 750 to be provided for.
 (e) Patents are undervalued by ₹ 7,500.
 (f) A debtor whose dues of ₹ 1,500 were written off as bad debts paid ₹ 1,200 in full settlement.
 (g) Tanmay to bring in capital equal to 1/4th share of the total capital of the new firm after all adjustments.

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

16. Jain Ltd. invited applications for 80,000 equity shares of ₹ 10 each, at a maximum discount permitted by the Companies Act, payable as follows:

On application : ₹ 3
 On allotment : ₹ 3
 On first call : ₹ 2
 On final call : balance

Applications were received for 88,000 shares. Allotment was made on the following basis:

- (a) Group A – To applicants for 56,000 shares – in full
 (b) Group B – To applicants for 32,000 shares – 24,000 shares

Excess application money paid on application was utilised towards allotment money.

Hemant, a shareholder who was allotted 2,400 shares out of Group B, failed to pay allotment money and money due on calls. Such shares were forfeited. 1,600 forfeited shares were reissued as fully paid on receipt of ₹ 8 per share.

Show journal entries in the books of the company.

Or

Khurana Ltd. issued 6,000 preference shares of ₹ 10 each as fully paid to the vendors for the purchase of building. 20,000 equity shares of ₹ 10 each were issued to the public of which, 18,000 were subscribed for. During the first year, ₹ 6 per share were called up, payable as ₹ 3 on application, ₹ 1 on allotment, ₹ 1 on first call and ₹ 1 on second call. The amounts received in respect of the Equity Shares were as follows:

On 16,000 Equity Shares, full amount called
 On 1,200 Equity Shares, ₹ 5 per share
 On 500 Equity Shares, ₹ 4 per share
 On 300 Equity Shares, ₹ 3 per share

The directors forfeited 800 equity shares on which less than ₹ 5 per share had been paid. Show Journal Entries in the books of the company.