CBSE Class 12

Accountancy

Previous Year Question Paper 2020

Series: HMJ/3 **Set- 1**

Code no. 67/3/1

- Please check that this paper contains **27** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **32** questions.
- **Please write down the Serial Number of the question in the answer-book before attempting it.**
- 15 minute time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

ACCOUNTANCY

Time Allowed: **3** hours Maximum Marks: **80**

General Instructions:

Read the following instructions very carefully and strictly follow them:

1. This question paper comprises two **Parts - A** and **B.** There are **32** questions in the question paper. **All** questions are compulsory.

2. **Part A** is compulsory for **all** candidates.

3. **Part B** has two options i.e. **(1)** Analysis of Financial Statements and **(2)** Computerized Accounting. You have to attempt only one of the given options.

4. Heading of the option opted must be written on the AnswerBook before attempting the questions of that particular OPTION.

5. Question nos. **1 to 13** and **23 to 29** are very short answer type questions carrying 1 Mark each.

6. Question nos. **14 and 30** are short answer type-I questions carrying **3** Marks each.

7. Question nos. **15 to 18 and 31** are short answer type-**II** questions carrying **4** Marks each.

8. Question nos. **19, 20 and 32** are long· answer type-**I** questions carrying **6** Marks each.

9. Question nos. **21 and 22** are long· answer type-**II** questions carrying 8 Marks each.

10. Answers should be brief and to the point. The answer of each part should be written in one place.

11. There is no overall choice. However, an internal choice has been provided in 2 questions of three Marks, 2 questions of four Marks, 1 question of six Marks and 2 questions of eight Marks. You have to attempt only one of the choices in such questions.

12. However, separate instructions are given with each part and question, wherever necessary.

PART - A

(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)

1. Puneet and Deepak were in partnership, sharing profits and losses in the ratio of 2 : 1. They admitted Manya as a new partner. Manya brought Rs. 1,00,000 as her share of the goodwill premium, which was entirely credited to Puneet's capital account. On the date of admission, goodwill of the firm was valued at Rs. 3,00,000. Calculate the new profit sharing ratio of Puneet, Deepak and Manya. 1 Mark

Ans: Manya's Share $= \dfrac{\text{Share of total goodwill she brought}}{\text{Firm's of total goodwill}} = \dfrac{1{,}00{,}000}{3{,}00{,}000} = \dfrac{1}{3}$

Puneet and Deepak's old share = 2:1

Puneet's New share = Old share – Sacrificing Share $= \dfrac{2}{3} - \dfrac{1}{3} = \dfrac{1}{3}$

New Ratio of Puneet, Deepak and Manya $= \dfrac{1}{3} : \dfrac{1}{3} : \dfrac{1}{3}$ i.e, 1:1:1

2. Which of the following is a capital receipt? 1 Mark

A. Subscriptions

B. Sale of used sports material

C. Endowment fund

D. Entrance fees

Ans: C. Endowment fund

3. Subscribed capital is: 1 Mark

A. That part of authorized capital which is issued to the public for subscription.

B. **That part of issued capital which has been actually subscribed by the public.**

C. **That part of subscribed capital which has been called up on the shares.**

D. **That part of subscribed capital which has not yet been called up on the shares.**

Ans: B. That part of issued capital which has been actually subscribed by the public.

4. Ashok and Sudha were partners in a firm sharing profits and losses in the ratio of 3 : 1. They admitted Bani as a new partner. Ashok sacrificed $\frac{1}{4}$th of his share and Sudha sacrificed $\frac{1}{4}$th of her share is favour of Bani. Bani's share in the profits of the firm will be: **1 Mark**

A. $\frac{5}{8}$

B. $\frac{1}{8}$

C. $\frac{1}{4}$

D. $\frac{7}{16}$

Ans: C. $\frac{1}{4}$

5. Which of the following statements is not true for Receipts and Payments Account? **1 Mark**

A. **It is a summary of the Cash Book.**

B. It records receipts and payments of a revenue nature only.

C. The receipts and payments may relate to current, preceding, or succeeding accounting periods.

D. Depreciation is not shown in it.

Ans: B. It records receipts and payments of revenue nature only.

6. That part of the subscribed capital which has not yet been called is known as_____. 1 Mark

Ans: Uncalled Capital

7. Rajat, Mishi and Tanvi were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Tanvi died on 31st October, 2019. According to the partnership agreement, her share of profits from the closure of the last accounting year till the date of her death was to be calculated on the basis of aggregate profits of two completed years before death. Profits of the firm for the years ending 31st March, 2018 and 31st March, 2019 were Rs. 57,000 and Rs. 63,000 respectively. The firm closes its books on 31st March every year. Tanvi's share of profits till the date of her death will be: 1 Mark

A. Rs. 24,000

B. Rs. 7,000

C. Rs. 14,000

D. Rs. 12,000

Ans: C. Rs. 14,000

8. Excess value of net assets over purchase consideration at the time of purchase of business is : 1 Mark

A. Credited to the Capital Reserve.

B. Debited to the Goodwill Account.

C. Credited to the General Reserve Account.

D. Credited to the Vendor's Account.

Ans: A. Credited to the Capital Reserve.

9. First call amount received in advance from the shareholders before it is actually called up by the directors is : 1 Mark

A. Debited to calls-in-advance account.

B. Credited to share allotment account.

C. Debited to first call account.

D. Credited to calls-in-advance account.

Ans: D. Credited to calls-in-advance account.

10. Premier Ltd. issued 2,000, 9% Debentures of Rs. 100 each at par, redeemable after five years at a premium of 10%. The minimum amount invested in Debenture Redemption Investments will be: 1 Mark

A. Rs. 30,000

B. Rs. 33,000

C. Rs. 50,000

D. Rs. 2,00,000

Ans: A. Rs. 30,000

11. Fill in the blanks for the transaction 'Interest on drawings' Rs. 4,000.
1 Mark

Journal

Date	**Particulars**	**L.F.**	**Dr. ₹**	**Cr. ₹**
	……………………… Dr. **To…………………** **(Being Interest on drawings charged)**		**4,000**	**4,000**

Ans: Journal Entires

Date	**Particulars**	**L.F.**	**Dr. ₹**	**Cr. ₹**
	Partner's Capital / Current A/c Dr.		4,000	
	To Interest on Drawings A/c			4,000
	(Being Interest on drawings charged)			

12. On 1st April, 2018, Maitreyi Club had a Prize Fund of Rs. 8,00,000. It incurred expenses on prizes amounting to Rs. 8, 70,000 during the year. The balance of Prize Fund in the Balance Sheet as at 31st March, 2019 will be:
1 Mark

A. **Rs. 70,000**
B. **Rs. 8,00,000**
C. **Rs. 70,000**
D. **Zero**

Ans: D. Zero

13. Vashya Ltd. Issued 30,000, 10% Debentures of Rs. 100 each as collateral security for a loan of Rs. 25,00,000 taken from Bank of India. Fill in the blanks for the journal entry for issue of debentures as a collateral security: 1 Mark

Vashya Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	………………………A/c Dr. **To………………………...A/c** **(Being Rs. 30,00,000; 10% debentures issued as collateral security for a loan of Rs. 25,00,000)**		**…….**	 **…….**

Ans: **Vashya Ltd.**

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Debenture Suspense A/c Dr. To 10% Debentures A/c (Being Rs. 30,00,000; 10% debentures issued as collateral security for a loan of Rs. 25,00,000)		30,00,000	30,00,000

14. From the following particulars relating to Shyamji Charitable Society; prepare a Receipts and Payments Account for the year ending 31st March, 2019: 3 Marks

Particulars	Amount (₹)

Cash in hand as on 1.4.2018	**16,000**
Cash at bank as on 1.4.2018	**28,000**
Subscriptions (including ₹11,000 for 2017-18)	**60,000**
Donations for building	**2,90,000**
Miscellaneous expenses	**98,000**
Locker rent	**32,000**
Entrance fees	**41,000**

Or

From the given information of a hospital, calculate the amount of medicines consumed during the year 2018 - 19: 3 Marks

Particulars	**Amount (₹)**
Payment for purchase of medicines	**5,10,000**
Creditors for medicines purchased:	
On 1.4.2018	**34,000**
On 31.3.2019	**29,000**
Stock of Medicines:	
On 1.4.2018	**86,000**
On 31.3.2019	**39,000**
Advance to suppliers of medicines:	
On 1.4.2018	**26,000**
On 31.3.2019	**32,000**

Ans: Shyamji Charitable Society

Receipts and Payments Account for the year ending 31st March, 2019

Dr. **Cr.**

Receipts	**Amount (₹)**	**Payments**	**Amount (₹)**
To Balance b/d Cash 16,000		By Miscellaneous Expenses By Balance c/d	98,000 3,69,000

Bank 28,000 To Subscriptions 2017-18 11,000 2018-19 49,000 To Donations To Locker Rent To Entrance Fees	44,000 60,000 2,90,000 32,000 41,000		
	4,67,000		4,67,000

Or

Stock of Medicines A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d To Creditors (credit purchases)	86,000 4,99,000	By Income and Expenditure A/c- Medicines consumed By Balance c/d	5,46,000 39,000
	5,85,000		5,85,000

Creditors for Medicines A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d (advance) To Cash To Balance c/d (creditors)	26,000 5,10,000 29,000	By Balance b/d (creditors) By Purchases (bal fig) By Balance c/d (advance)	34,000 4,99,000 32,000
	5,65,000		5,65,000

Alternatively:

Credit Purchases = Payment made to creditors + Closing Creditors - Opening Creditors - Closing advance + Opening advance

=5,10,000+29,000-34,000-32,000+26,000

=₹4,99,000

Medicines consumed = Opening stock of Medicines + Purchases - Closing Stock of Medicines =86,000+4,99,000-39,000

=₹5,46,000

15. Veena and Somesh were partners in a firm with capitals of Rs.1,00,000 and Rs. 80,000 respectively. They admitted Nisha on 1st April, 2019 as a new partner for 1/4 th share in the future profits of the firm. Nisha brought Rs. 90,000 as her capital. Nisha acquired her share as 1/12th from Veena and the remaining from Somesh. Calculate the value of goodwill of the firm and pass the necessary journal entries on Nisha's admission. 3 Marks

Ans: Calculation of Goodwill

Particulars	**Amount (₹)**
Total Capital of the firm on the basis of Nisha's share of capital Less: Actual capital of the firm Goodwill of the firm	3,60,000 2,70,000 90,000

Journal Entries For the year ending…...

Date	**Particulars**		**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Cash/ Bank A/c To Nisha's Capital A/c	Dr.	90,000	 90,000

	(Capital brought in by Nisha)		
	Nisha's Current A/c Dr. To Veena's capital A/c To Somesh's capital A/c (Nisha's share in goodwill credited to old partners in the sacrificing ratio)	22,500	 7,500 15,000

Or

Asha, Rina and Chahat were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance Sheet as at 31st March, 2019 was as follows:

Balance Sheet of Asha, Rina and Chahat as at 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	**12,00,000**	**Plant and Machinery**	**14,80,000**
General Reserve	**2,00,000**	**Stock**	**2,20,000**
Capitals:		**Sundry Debtors 2,60,000**	
Asha 3,00,000		**Less Provision for**	
Rina 2,00,000		**doubtful debts 20,000**	**2,40,000**
Chahat 1,00,000	**6,00,000**	**Bank**	**60,000**
	20,00,000		**20,00,000**

Asha, Rina and Chahat decided to share future profits equally with effect from 1st April, 2019. For this, it was agreed that:

I. **Goodwill of the firm is valued at Rs. 1,50,000.**

II. **Bad debts amounted to Rs. 40,000. A provision for doubtful debts was to be made @ 5% on debtors.**

Pass the necessary journal entries to record the above transactions in the books of the firm. **4 Marks**

Ans: Journal Entries For the year ending……

Date	Particulars	Dr. Amount (₹)	Cr. Amount (₹)
	General Reserve Dr. To Asha's Capital A/c To Rina's Capital A/c To Chahat's Capital A/c (General Reserve distributed among the partners in the old ratio)	2,00,000	 80,000 80,000 40,000
	Chahat's Capital A/c Dr. To Asha's capital A/c Dr. To Chahat's capital A/c (Compensation paid by gaining partner to sacrificing partner)	20,000	 10,000 10,000
	Bad debts A/c Dr. To Debtors A/c (Bad debts written off)	40,000	 40,000
	Provision for doubtful debts A/c Dr. Revaluation A/c Dr. To Bad Debts A/c (Bad debts charged to provision and revaluation)	20,000 20,000	 40,000
	Revaluation A/c Dr. To Provision for doubtful debts A/c (Provision for doubtful debts credited @5% on debtors)	11,000	 11,000
	Asha's Capital A/c Dr. Rina's Capital A/c Dr. Chahat's Capital A/c Dr. To Revaluation A/c (Loss on Revaluation debited to Partner's Capital Accounts)	12,400 12,400 6,200	 31,000

16. Neena and Sara were partners in a firm with fixed capitals of Rs. 5,00,000 and Rs. 4,00,000 respectively. It was discovered that interest on capital @ 6%

p.a. was credited to the partners for the two years ending 31st March, 2018 and 31st March, 2019 where as there was no such provision in the partnership deed. Their profit sharing ratio during the last two years was:

2017 - 18 4:5

2018 - 19 5:1

Showing your workings clearly, pass the necessary adjustment entry to rectify the error. 4 Marks

Ans: Journal Entries For the year ending…...

Date	**Particulars**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Sara's Current A/c Dr. To Neena's Current A/c (Interest on Capital wrongly credited, now rectified)	9,000	 9,000

Working Note:

Table showing adjustments

Net Effect

Partners	**Interest on Capital Dr. (₹)**	**Profits 4:5 Cr. (₹)**	**Interest on Capital Dr. (₹)**	**Profits 4:5 Cr. (₹)**	**Dr. (₹)**	**Cr. (₹)**
Neena Sara	30,000 24,000	24,000 30,000	30,000 24,000	45,000 9,000	- 9,000	9,000 -
	54,000	54,000	54,000	54,000	9,000	9,000

17. Aditi, Kurtik and Tina were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31st March, 2019, their Balance Sheet was as follows:
4 Marks

Balance Sheet of Aditi, Kartik and Tina as at 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors Capitals: Aditi 3,00,000 Kartik 2,00,000 Tina 1,00,000	96,000 6,00,000	Furniture Stock Debtors Cash	4,30,000 1,50,000 83,000 33,000
	6,96,000		6,96,000

Aditi died on 1st November, 2019. It was agreed that:

- **I. Goodwill of the firm be valued at Rs. 1,00,000.**
- **II. Profit for the year 2019-20 be taken as having accrued at the same rate as the previous year 2018-19. Profit for the year 2018-19 was Rs. 96,000.**
- **III. Half the amount was paid to Aditi's executors immediately and the remaining half will be paid in two equal annual instalments with interest @ 6% p.a.**

Pass the necessary journal entries to record the above transactions in the books of the firm on the date of her death.

Ans: Journal Entries For the year ending…...

Date	Particulars		Dr. Amount (₹)	Cr. Amount (₹)
2019 Nov. 1	Kartik's Capital A/c Tina's Capital A/c To Aditi's Capital A/c	Dr. Dr.	30,000 20,000	 50,000

	(Deceased partner's share of goodwill transferred to her capital A/c)		
2019 Nov. 1	Profit and Loss Suspense A/c Dr. To Aditi's Capital A/c (Aditi's share of profit till the date of death credited to Aditi's Capital A/c)	28,000	 28,000
2019 Nov. 1	Aditi's Capital A/c Dr. To Aditi's Executors A/c (Balance in Aditi's capital A/c transferred to her Executors A/c)	3,78,000	 3,78,000
2019 Nov. 1	Aditi's Executors A/c Dr. To Cash A/c (Aditi's Executors were paid half of the amount due to them)	1,89,000	 1,89,000

18. From the given Receipts and Payments Account and additional information of Friends Club for the year ended 31st March, 2019, prepare Income and Expenditure Account for the year ending 31st March, 2019.

Receipts and Payments Account of Friends Club for the year ending 31st March, 2019

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d **To Donations** **To Sale of old sports material** **To Subscriptions:** **2017-18 1,600** **2018-19 60,000** **2019-20 <u>5,000</u>** **To Entrance fees**	**50,400** **44,000** **2,000** **66,600** **1,20,000**	**By Furniture (Purchased on 1.12.2018)** **By Salaries** **By Secretary's honorarium** **By Books** **By Balance c/d**	**1,20,000** **1,00,000** **4,000** **44,000** **15,000**
	2,83,000		**2,83,000**

Additional Information:

I. **On 1st April, 2018 the Club had the following balances of assets and liabilities Furniture Rs. 1,00,000; Subscriptions in arrears Rs. 2,000 and Outstanding Salary Rs. 6,000.**

II. **The Club had 75 members each paying an annual subscription of Rs. 1,000.**

III. **Charge depreciation on Furniture @ 10% p.a.** **4 Marks**

Ans: Friends Club

Income and Expenditure A/c for the year ended March 31,2019

Dr. **Cr.**

Expenditure	**Amount (₹)**	**Income**	**Amount (₹)**
To depreciation on furniture (10,000 + 4,000) To Salaries 1,00,000 Less: outstanding (6,000) Salary at the beginning of the year To Secretary's honorarium To surplus - excess of income over expenditure	14,000 94,000 4,000 1,29,000	By Subscriptions By Entrance fees By Donations By Sale of old sports materials	75,000 1,20,000 44,000 2,000
	2,41,000		2,41,000

19. Vasudha and Dewan were partners in a firm sharing profits and losses in the ratio of 2:3. The firm was dissolved on 31st March, 2019. After transfer of assets (other than cash) and external liabilities to Realisation Account, the following transactions took place

I. **Investments of the face value of Rs. 60,000 were sold in the open Market for Rs. 63,000 for which a commission of Rs. 700 was paid to the broker.**

II. **Creditors worth Rs. 65,000 were settled by handing over the entire stock to them along with a payment of Rs. 23,000 by cheque.**

III. **There was old furniture which had been completely written off from the books of the firm. It was taken over by Vasudha at Rs. 2,000.**

IV. **Dewan undertook to pay Ms. Dewan's loan of Rs. 45,000.**

V. **Dewan was appointed to look after the process of dissolution for which he was allowed a remuneration of Rs. 7,000. He agreed to bear the dissolution expenses. Actual expenses incurred by Dewan were Rs. 11,000, which were paid by the firm.**

VI. **Loss on realization amounted to Rs. 9,000. Pass the necessary journal entries to record the above transactions in the books of the firm. 6 Marks**

Ans: Journal Entries For the year ending…...

Date	Particulars	Dr. Amount (₹)	Cr. Amount (₹)
(i)	Bank Dr. To Realisation A/c (Investments realised, net amount received) <u>Alternatively</u> Bank Dr. To Realisation A/c (Investments realised) Realisation A/c Dr. To Bank (Commission paid to broker)	62,300 63,000 700	 62,300 63,000 700
(ii)	Realisation A/c Dr. To Bank (Payment made to creditors as a part of settlement of their dues)	23,000	 23,000
(iii)	Vasudha's Capital A/c Dr.	2,000	

	To Realisation A/c (Written off old Furniture taken over by Vasudha)		2,000
(iv)	Realisation A/c Dr. To Dewan's capital A/c (Ms Dewan's loan settled by Dewan)	45,000	 45,000
(v)	Realisation A/c Dr. To Dewan's capital A/c (Remuneration allowed for looking after dissolution process) Dewan's capital A/c Dr. To Cash/Bank A/c (Dissolution expenses borne by Dewan, paid by the firm)	7,000 11,000	 7,000 11,000
(vi)	Vasudha's Capital A/c Dr. Dewan's Capital A/c Dr. To Realisation A/c (Loss on realisation debited to partners capital accounts)	3,600 5,400	 9,000

20. Pass the necessary journal entries for the issue of debentures for the following transactions : 6 Marks

I. Anand Ltd. issued 800, 9% Debentures of Rs. 500 each at a premium of 20%, to the vendors for machinery purchased from them costing Rs. 4,80,000.

Ans: In the Books of Anand Ltd.

Journal Entries For the year ending…...

Date	**Particulars**	**Dr. Amount (₹)**	**Cr. Amount (₹)**

	Vendors Dr. To 9% Debentures A/c To Securities Premium Reserve A/c (Purchase consideration discharged by issuing 9% Debentures at a premium)	4,80,000	 4,00,000 80,000

II. Dawar Ltd. issued 5,000, 7% Debentures of Rs. 200 each· at a premium of 5%, redeemable at a premium of 10%.

Ans: In the Books of Dawar Ltd.

Journal Entries For the year ending…...

Date	Particulars	Dr. Amount (₹)	Cr. Amount (₹)
	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received on 5,000 7% Debentures)	10,50,000	 10,50,000
	Debenture Application and Allotment A/c Dr. Loss on issue of Debentures A/c Dr. To 7% Debentures A/c To Securities Premium Reserve A/c To Premium on redemption of debentures A/c (Allotment of 7% debentures at a premium,	10,50,000 1,00,000	 10,00,000 50,000 1,00,000

	redeemable at a premium)		

III. Novelty Ltd. issued 1,000, 8% Debentures of Rs. 100 each at a discount of.5%, redeemable at a premium of 10%.

Ans: In the Books of Novelty Ltd.

Journal Entries For the year ending…...

Date	Particulars	Dr. Amount (₹)	Cr. Amount (₹)
	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money received on 1,000 8% Debentures)	95,000	 95,000
	Debenture Application and Allotment A/c Dr. Loss on issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on redemption of debentures A/c (Allotment of 8% debentures at a discount, redeemable at a premium) Alternatively Debenture Application and Allotment A/c Dr. Discount on issue of Debentures A/c Dr. Loss on issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on redemption of debentures A/c (Allotment of 8% debentures at a discount, redeemable at a premium)	95,000 15,000 95,000 5,000 10,000	 1,00,000 10,000 1,00,000 10,000

Or

6 Marks

I. On 1st April, 2019, Bright Ltd. issued 4,00,000, 6% Debentures of Rs. 100 each at a discount of 5%, redeemable after three years. The amount per

debenture was payable as follows:

On Application - Rs. 80 per debenture

On Allotment – Rs. Balance

The debentures were fully subscribed and all money was duly received.

Pass necessary journal entries for issue of debentures.

Ans: In the Books of Bright Ltd.

Journal Entries For the year ending…...

Date	**Particulars**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
2019 Apr 1	Bank A/c Dr. To Debenture Application A/c (Application money received on 4,00,000 debentures)	3,20,00,000	 3,20,00,000
	Debenture Application A/c Dr. To 6% Debentures A/c (Application money on 6% debentures transferred to Debentures account)	3,20,00,000	 3,20,00,000
	Debenture Allotment A/c Dr. Discount on issue of Debentures A/c Dr. To 6% Debentures A/c (Allotment money due on 6% debentures)	60,00,000 20,00,000	 80,00,000

	Bank A/c Dr. To Debenture Allotment A/c (Allotment money received on 6% debentures)	60,00,000	 60,00,000

II. Disha Ltd. took over assets of Rs. 8,00,000 and liabilities of Rs. 3,00,000 from Kriti Ltd, for a purchase consideration of Rs. 6,00,000. The payment was made by issue of 9% Debentures of Rs. 100 each at 20% premium.

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

Ans: In the Books of Disha Ltd.

Journal Entries For the year ending…...

Date	Particulars	Dr. Amount (₹)	Cr. Amount (₹)
	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Kriti Ltd. A/c (Assets and liabilities taken over from Kriti Ltd.)	8,00,000 1,00,000	 3,00,000 6,00,000
	Kriti Ltd.'s A/c Dr. To 9% Debentures A/c To Securities Premium Reserve A/c (Purchase consideration discharged by issuing 9% Debentures at a premium)	6,00,000	 5,00,000 1,00,000

21. Rathi Ltd. invited applications for issuing 1,00,000 shares of Rs. 10 each at a premium of Rs. 2 per share. Amount per share was payable as follows:

On Application Rs. 4 (including premium Rs. 1)

On Allotment Rs. 4 (including premium Rs. 1)

On First and Final Call Balance

Applications were received for 1,50,000 shares and allotment was made to the applicants as follows :

(i) Applicants of 80,000 shares were allotted 60,000 shares.

(ii) Applicants of 50,000 shares were allotted 40,000 shares.

(iii) No shares were allotted to the remaining applicants and their application money was returned.

Yatin, who belonged to category (ii) and who had applied for 5,000 shares failed to pay the allotment and call money. His shares were forfeited. Later, half of Yatin's forfeited shares were reissued @ Rs. 18 per share as fully paid up.

Pass the necessary journal entries to record the above transactions in the books of Rathi Ltd. 8 Marks

Ans: In the Books of Rathi Ltd.

Journal Entries For the year ending…...

Date	**Particulars**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Bank A/c Dr. To Equity Share Application A/c (Application amount received on 1,50,000 shares)	6,00,000	 6,00,000
	Equity Share Application A/c Dr. To Equity Share Application A/c To Securities Premium Reserve A/c To Equity Share Allotment A/c To Bank A/c (Shares allotted and excess application money transferred to share allotment and balance refunded)	6,00,000	 3,00,000 1,00,000 1,20,000 80,000
	Equity Share Application A/c Dr.	4,00,000	

	To Equity Share Application A/c To Securities Premium Reserve A/c (Allotment money due including premium)		3,00,000 1,00,000
	Bank A/c Dr. To Equity Share allotment A/c (Allotment money received except on 4,000 shares) <u>Alternatively</u> Bank A/c Dr. Calls in arrears A/c Dr. To Equity Share Application A/c (Allotment money received except on 4,000 shares)	2,68,000 2,68,000 12,000	 2,68,000 2,80,000
	Equity Share First and Final call A/c Dr. To Equity Share Capital A/c (Share First and final call money due) Bank A/c Dr. To Equity Share First and Final call A/c (First and final call money received except on 4,000 shares) Alternatively Bank A/c Dr. Calls in arrears A/c Dr. To Share First and Final call A/c (First and final call money received except on 4,000 shares)	4,00,000 3,84,000 3,84,000 16,000	 4,00,000 3,84,000 4,00,000
	Equity Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Equity Share Forfeiture A/c To Equity Share Allotment A/c To Equity Share First and Final Call A/c (4,000 shares forfeited for non-payment of allotment and call money) Alternatively Equity Share Capital A/c Dr.	40,000 4,000 40,000	 16,000 12,000 16,000

	Securities Premium Reserve A/c Dr. To Equity Share Forfeiture A/c To Equity Calls in arrears A/c (4,000 shares forfeited for non payment of allotment and call money)	4,000	 16,000 28,000
	Bank A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (2,000 shares reissued for ₹18 per share)	36,000	 20,000 16,000
	Equity Share Forfeiture A/c Dr. To Capital Reserve A/c (Gain on reissue of forfeited shares transferred to capital reserve)	8,000	 8,000

Or

Eiko Ltd. invited applications for issuing 2,00,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share. The amount was payable as follows :

On Application	**Rs. 4 per share**
On Allotment	**Rs. 6 per share (including premium Rs. 3)**
On First and Final Call	**Balance**

Applications were received for 3,00,000 shares and allotment was made on pro-rata basis to all the applicants. Money overpaid on applications was utilised towards sums due -mi allotment. Sunil, who applied for 6,000 shares failed to pay the allotment money while Rishab holding 2,000 shares paid the first and final call money with allotment. Sunil's shares were forfeited immediately after allotment. Thereafter, the first and final call was made and was duly received. Half of the forfeited shares were reissued to Varsha as fully paid for Rs. 9 per share.

Pass the necessary journal entries to record the above transactions in the books of Eiko Ltd. **8 Marks**

Ans: In the Books of Ekio Ltd.

Journal Entries For the year ending…...

Date	Particulars	Dr. Amount (₹)	Cr. Amount (₹)
	Bank A/c Dr. To Equity Share Application A/c (Application amount received on 3,00,000 shares)	12,00,000	 12,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share Allotment A/c (Shares allotted and excess application money transferred to share allotment account)	12,00,000	 8,00,000 4,00,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Allotment money due including premium)	12,00,000	 6,00,000 6,00,000
	Bank A/c Dr. To Equity Share Allotment A/c To Calls in Advance A/c (Allotment money and calls in advance received) Alternatively Bank A/c Dr. Calls in arrears A/c Dr. To Equity Share Allotment A/c To Calls in Advance A/c (Allotment money and calls in advance received)	7,90,000 7,90,000 16,000	 7,84,000 6,000 8,00,000 6,000
	Equity Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Share Forfeiture A/c	28,000 12,000	 24,000

	To Equity Share Allotment A/c (4,000 shares forfeited for non payment of allotment money) Alternatively Equity Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Share Forfeiture A/c To Calls in arrears A/c (4,000 shares forfeited for non payment of allotment money)	 28,000 12,000	16,000 24,000 16,000
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (Share First and final call money due)	5,88,000	 5,88,000
	Bank A/c Dr. Calls in Advance A/c Dr. To Equity Share First and Final call A/c (First and final call money received)	5,82,000 6,000	 5,88,000
	Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (2,000 shares reissued for ₹9 per share)	18,000 2,000	 20,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Gain on reissue of forfeited shares transferred to capital reserve)	10,000	 10,000

22. Ashish and Nimish were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2019 their Balance Sheet was as follows:

Balance Sheet of Ashish and Nimish as at 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals: Ashish 3,10,000 Nimish 2,90,000	6,00,000	**Plant and Machinery** **Furniture** **Debtors** 90,000 **Less provision for doubtful debts** 1,000	2,90,000 2,20,000 89,000
General Reserve	50,000		
Workmen's Compensation Fund	20,000	**Stock**	1,40,000
Creditors	1,10,000	**Cash**	41,000
	7,80,000		**7,80,000**

On 1st April, 2019, Geeta was admitted into the partnership for 1/4 th share in the profits on the following terms:

(i) Goodwill of the firm was valued at Rs. 2,00,000.

(ii) Geeta brought Rs. 3,00,000 as her capital and her share of goodwill premium in cash.

(iii) Bad debts amounted to Rs. 2,000. Create a provision for doubtful debts @ 5% on debtors.

(iv) Furniture was found undervalued by Rs. 65,400.

(v) Stock was taken over by Nimish for Rs. 1,30,000.

(vi) The liability against workmen's compensation fund was determined at Rs. 30,000.

(vii) After the above adjustments, the capitals of Ashish and Nimish were to be adjusted taking Geeta's capital as the base. Excess or shortage was to be adjusted by opening current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the firm after Geeta's admission. **8 Marks**

Ans: Revaluation A/c

Dr. Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bad debts To Provision for doubtful debts To Stock To Workmen's compensation claim To Gain on Revaluation transferred to Ashish's Capital A/c 24,000 Nimish's Capital A/c 16,000	1,000 4,400 10,000 10,000 40,000	By Furniture	65,400
	65,400		65,400

Partner's Capital Accounts

Dr. Cr.

Particulars	Ashish (₹)	Nimish (₹)	Geeta (₹)	Particulars	Ashish (₹)	Nimish (₹)	Geeta (₹)
To Stock A/c	-	1,30,000	-	By Balance b/d	3,10,000	2,90,000	-
				By Cash A/c	-	-	3,00,000
				By Premium for goodwill A/c	30,000	20,000	-
To Balance c/d	5,40,000	3,60,000	3,00,000	By General reserve	30,000	20,000	-
				By Revaluation A/c	24,000	16,000	-
				By Ashish Current A/c	1,46,000	-	-
				By Nimish Current A/c	-	1,44,000	-
	5,40,000	4,90,000	3,00,000		5,40,000	4,90,000	3,00,000

Balance Sheet of the reconstituted firm as on 1st April 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals: Ashish 3,10,000 Nimish 2,90,000 Geeta 3,00,000	12,00,000	Plant and Machinery Furniture Debtors 88,000 Less provision for doubtful debts 4,400	2,90,000 2,85,000 83,600
Workmen's Compensation claim	30,000	Cash Current accounts	3,91,000
Creditors	1,10,000	Ashish 1,46,000 Nimish 1,44,000	2,90,000
	13,40,000		13,40,000

Or

Radha, Manas and Arnav were partners in a firm sharing profits and losses in the ratio of 3:1:1. Their Balance Sheet as at 31st March, 2019 was as follows:

Balance Sheet of Radha, Manas and Arnav as at 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals: **Radha 4,00,000** **Manas 3,00,000** **Arnav 2,00,000**	**9,00,000**	**Furniture** **Investments** **Stock** **Debtors 2,20,000**	**4,60,000** **2,00,000** **2,40,000**
Investment Fluctuation Fund	**1,10,000**	**Less provision for doubtful debts 10,000** **Cash**	**2,10,000** **1,50,000**
Creditors	**2,50,000**		
	12,60,000		**12,60,000**

Manas retired on 1st April, 2019. It was agreed that:

(i) Stock was to be appreciated by 20%.

(ii) Provision for doubtful debts was to be increased to Rs. 15,000.

(iii) Value of furniture was to be reduced by Rs. 3,000.

(iv) Market value of investments was Rs. 1,90,000.

(v) Goodwill of the firm was valued at Rs. 2,00,000 and Manas's share was adjusted in the accounts of Radha and Arnav.

(vi) Manas was paid Rs. 68,000 in cash and the balance was transferred to his loan account.

(vii) Capitals of Radha and Arnav were to be in proportion to their new profit sharing ratio. Surplus/deficit, if any, in their capital accounts was to be adjusted through current accounts. Prepare a Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm. 8 Marks

Ans: Revaluation A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Furniture To Provision for doubtful debts To Profit transferred to Radha's Capital A/c 24,000 Manas's Capital A/c 8,000 Arnav's Capital A/c 8,000	3,000 5,000 40,000	By Stock	48,000
	48,000		48,000

Partner's Capital Accounts

Dr. **Cr.**

Particulars	Radha (₹)	Manas (₹)	Arnav (₹)	Particulars	Radha (₹)	Manas (₹)	Arnav (₹)

To Manas's Capital A/c To Cash A/c To Manas's loan To balance c/d	30,000 - - 4,54,000	- 68,000 3,00,000 -	10,000 - - 2,18,000	By Balance b/d By Investment Fluctuation Reserve By Revaluation A/c By Radha Capital A/c By Arnav Capital A/c	4,00,000 60,000 24,000 - -	3,00,000 20,000 8,000 30,000 10,000	2,00,000 20,000 8,000 - -
	4,84,000	3,68,000	2,28,000		4,84,000	3,68,000	2,28,000
To Arnav's Current A/c To balance c/d	- 5,04,000	- -	50,000 1,68,000	By balance b/d By Radha's Current A/c	4,54,000 50,000	-	2,18,000
	5,04,000		2,18,000		5,04,000		2,18,000

Balance Sheet of Radha, Manas and Arnav as at 31st March, 2019

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Capitals:		Furniture	4,57,000

Radha 5,04,000 Arnav 1,68,000	6,72,000	Investments Stock Debtors 2,20,000 Less provision for doubtful debts 15,000	1,90,000 2,88,000 2,05,000
Manas's Loan Arnav's Current A/c Creditors	3,00,000 50,000 2,50,000	Cash Radha's Current A/c	82,000 50,000
	12,72,000		12,72,000

PART - B

OPTION 1

Analysis of Financial Statements

23. For a company manufacturing garments, procurement of raw material, incurrence of manufacturing expenses, sale of garments are classified as _____ activities. 1 Mark

Ans: Operating

24. Paid Rs. 4,00,000 to acquire shares in R.V. Ltd: and received ·a dividend of Rs. 40,000 after acquisition. These transactions will result in 1 Mark

(A) Cash used in investing activities is Rs. 4,00,000.

(B) Cash generated from financing activities Rs. 4,40,000.

(C) Cash used in investing activities is Rs. 3,60,000.

(D) Cash generated from financing activities Rs. 3,60,000.

Ans: (C) Cash used in investing activities is Rs. 3,60,000.

25. Which of the following is not a tool of Financial Statements Analysis? 1 Mark

(A) Balance Sheet

(B) Cash Flow Statement

(C) Statement of Profit and Loss

(D) All of the above

Ans: (C) Statement of Profit and Loss

26. While preparing Cash Flow Statement, 11 net cash now room operating, investing and financing activities is negative the same is _____ to opening cash balance to obtain _____ cash balance. 1 Mark

Ans: While preparing Cash Flow Statement, 11 net cash now room operating, investing and financing activities is negative the same is added to opening cash balance to obtain closing cash balance.

27. 'Public Deposits' appear in the company's Balance Sheet under the head/subhead: 1 Mark

(A) Intangible Assets

(B) Current Liabilities

(C) Shareholders' Funds

(D) Non-Current Liabilities

Ans: (D) Non-Current Liabilities

28. 'Income received in advance' appears in the Balance Sheet of a company under the sub-head 1 Mark

Ans: Other Current Liabilities

29. 'Purchase of goods Rs. 35,000 for cash will increase the operating ratio.' Is the statement correct? Give reasons. 1 Mark

Ans: No, Both purchases and Closing stock will increase by the same amount.

30. Calculate the Current Ratio and Debt-Equity Ratio from the following information: 3 Marks

	Rs.
Non-Current Assets	**16,00,000**
Current Assets	**4,00,000**
Working Capital	**2,00,000**
Non-Current Liabilities	**12,00,000**

Ans: Curretnt Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Working Capital = Current Assets – Current Liabilities

₹2,00,000=₹4,00,000- Current Liabilities

Current Liabilities=₹2,00,000

Current Ration=$\frac{4,00,000}{2,00,000}$

=2:1

Debt Equity ratio= $\frac{\text{Debt}}{\text{Equity}}$

Debt=₹12,00,000

Equity = Non Current Assets + Current Assets – Non Current Liabilities

=₹16,00,000+4,00,000-12,00,000

=₹6,00,000

Debt Equity ratio= $\frac{\text{Debt}}{\text{Equity}}$

Debt Equity ratio=$\frac{12,00,000}{6,00,000}$

=2:1

Or

From the following information, determine the opening inventory and the closing inventory:

Inventory Turnover Ratio	**5 times**
Revenue from Operations	**Rs. 8,00,000**
Gross Profit Ratio	**25%**

Closing inventory was R. 20,000 more than the opening inventory. **3 Marks**

Ans: Revenue from Operations =8,00,000

Gross Profit Ratio=25%

⇨ Gross Profit $= \frac{25}{100} \times 8,00,000$

⇨ Gross Profit =₹2,00,000 = ₹2,00,000

Cost Revenue from Operations = Revenue from Operations = Gross Profit

=8,00,000-2,00,000

=₹6,00,000

Inventory Turnover Ratio $= \frac{\text{Cost of Revenues from Operations}}{\text{Average Inventory}}$

$$\Rightarrow 5 = \frac{6,00,000}{\text{Average Inventory}}$$

$$\Rightarrow \text{Average Inventory} = ₹1,20,000$$

Inventory Turnover Ratio

$$\text{Average Inventory } = \frac{(\text{Opening Inventroy + Closing Inventroy})}{2}$$

$$₹1,20,000 \ = \frac{(\text{Opening Inventroy + Opeaning Inventroy+20,000})}{2}$$

Opening Inventory = ₹1,10,000

Closing Inventory =1,10,000+20,000

=₹1,30,0000

31. From the following information obtained from the books of Vichar Ltd., prepare a Comparative Statement of Profit and Loss for the year ending 31st March, 2019: 4 Marks

Particulars	2018-19	2017-18
Revenue from operations	300% of cost of materials consumed	200% of cost of materials consumed
Cost of materials consumed	₹4,00,000	₹2,00,000
Other expenses	20% of cost of materials consumed	20% of cost of materials consumed
Tax rate	50%	50%

Ans: Vichar Ltd.

Comparative Statement of Profit and Loss

For the years ended 31st March 2018 and 31st March 2019

Particulars	2017-18 (₹)	2018-19 (₹)	Absolute Increase/ Decrease (₹)	Percentage Increase/ Decrease (%)
Revenue from operations	4,00,000	12,00,000	8,00,000	200
Total Revenue	4,00,000	12,00,000	8,00,000	200
Less expenses: Cost of materials consumed Other expenses	 2,00,000 40,000	 4,00,000 80,000	 2,00,000 40,000	 100 100
Total expenses	2,40,000	4,80,000	2,40,000	100
Profit before Tax Less Tax	1,60,000 80,000	7,20,000 3,60,000	5,60,000 2,80,000	350 350
Profit after Tax	80,000	3,60,000	2,80,000	350

Or

From the following Balance Sheet of Sanchi Ltd., as at 31st March, 2019 prepare a common size Balance Sheet: 4 Marks

Sanchi Ltd.

Balance Sheet as at 31st March, 2019

	Particulars	Note No.	31.3.2019 ₹	31.3.2018 ₹
I- **1.**	**Equity and Liabilities:** **Shareholders Funds:** **(a) Share Capital** **(b) Reserves and Surplus**		 **4,00,000** **1,00,000**	 **2,00,000** **70,000**

2. **3.**	**Non-Current Liabilities:** **Long-term Borrowings** **Current Liabilities:** **Trade Payables**		**3,00,000** **2,00,000**	**4,30,000** **3,00,000**
	Total		**10,00,000**	**10,00,000**
II- **1.** **2.**	**Assets:** **Non-Current Assets:** **Fixed Assets:** **Tangible Assets** **Current Assets:** **(a) Inventories** **(b) Cash and Cash Equivalents**		 **6,00,000** **2,50,000** **1,50,000**	 **5,00,000** **2,00,000** **3,00,000**
	Total		**10,00,000**	**10,00,000**

Ans: Sanchi Ltd.

Common Size Balance Sheet

As on 31st March 2018 and 31st March 2019

	Particulars	**Note No.**	**31.3.2019 ₹**	**31.3.2018 ₹**	**% of Total 31.3.2018**	**% of Total 31.3.2019**
I- 1. 2. 3.	Equity and Liabilities: Shareholders Funds: (c) Share Capital (d) Reserves and Surplus Non-Current Liabilities: Long-term Borrowings Current Liabilities: Trade Payables		 2,00,000 70,000 4,30,000 3,00,000	 4,00,000 1,00,000 3,00,000 2,00,000	 20 7 43 30	 40 10 30 20
	Total		10,00,000	10,00,000	100	100
II- 1.	Assets: Non-Current Assets: Fixed Assets:					

2.	Tangible Assets Current Assets: (c) Inventories (d) Cash and Cash Equivalents		5,00,000 2,00,000 3,00,000	6,00,000 2,50,000 1,50,000	50 20 30	60 25 15
	Total		10,00,000	10,00,000	100	100

32. There was 'Nil' net cash flow from operating activities of Ashok Ltd. during the year ending 31st March, 2019. From the following Balance Sheet of Ashok Ltd. as at 31st March, 2019, prepare a Cash Flow Statement.

Ashok Ltd.

Balance Sheet as at 31 st March, 2019

	Particulars	Note No.	31.3.2019 ₹	31.3.2018 ₹
I-	**Equity and Liabilities:**			
1.	**Shareholders Funds:**			
	(a) Share Capital		**19,00,000**	**11,00,000**
	(b) Reserves and Surplus	**1**	**1,60,000**	**2,00,000**
2.	**Non-Current Liabilities:**			
	Long-term Borrowings	**2**	**1,00,000**	**4,00,000**
3.	**Current Liabilities:**			
	(a) Short - Term Borrowings	**3**	**2,50,000**	**2,30,000**
	(b) Short - Term Provisions	**4**	**1,90,000**	**2,70,000**
	Total		**26,00,000**	**22,00,000**
II-	**Assets:**			
1.	**Non-Current Assets:**			
	Fixed Assets:			
	(i) Tangible Assets	**5**	**15,00,000**	**11,00,000**
	(ii) Intangible Assets	**6**	**2,80,000**	**1,70,000**
2.	**Current Assets:**			
	(a) Current Investments		**1,30,000**	**2,90,000**
	(b) Trade Receivables		**3,90,000**	**4,10,000**

	(c) Cash and Cash Equivalents		**3,00,000**	**2,30,000**
	Total		**26,00,000**	**22,00,000**

Notes to account:

Note No.	Particulars	31.3.2019 ₹	31.3.2018 ₹
1.	**Reserves and Surplus:** **Surplus (Balance in the Statement of Profit and Loss)**	**1,60,000**	**2,00,000**
2.	**Long-term Borrowings:** **8% Debentures**	**1,00,000**	**4,00,000**
3.	**Short - Term Borrowings:** **Bank overdraft**	**2,50,000**	**2,30,000**
4.	**Short - Term Provisions:** **Provision for Tax**	**1,90,000**	**2,70,000**
5.	**Tangible Assets:** **Plant and Machinery** **Accumulated Depreciation**	**16,30,000** **(1,30,000)** **15,00,000**	**11,70,000** **(70,000)** **11,00,000**
6.	**Intangible Assets:** **Goodwill**	**2,80,000**	**1,70,000**

Additional information:

(i) A machinery of the book value of Rs. 60,000, (depreciation provided thereon Rs. 20,000) was sold at a loss of Rs. 6,000.

(ii) 8% Debentures were redeemed on 1st July, 2018. **6 Marks**

Ans: Ashok Ltd.

Cash Flow Statement for the year ended 31st March, 2019

Particulars	Details (₹)	Amount (₹)
CASH FLOWS FROM OPERATING ACTIVITIES Cash Inflows from Operating activities		Nil
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Goodwill	(1,10,000)	
Purchase of Plant and Machinery	(5,40,000)	
Sale of Plant and Machinery	54,000	
Cash used in Investing activities		(5,96,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Share Capital	8,00,000	
Redemption of 8% Debentures	(3,00,000)	
Interest paid on 8% Debentures	(14,000)	
Bank overdraft raised	20,000	
Cash Inflows from Financing activities		5,06,000
Net decrease in Cash and Cash equivalents		(90,000)
Add Opening balance of Cash and Cash equivalents		
Current Investments	2,90,000	
Cash and Cash equivalents	2,30,000	5,20,000
Closing balance of Cash and Cash equivalents		
Current Investments	1,30,000	
Cash and Cash equivalents	3,00,000	4,30,000

Working Notes:

Plant and Machinery A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)

To Balance b/d To Cash A/c (bal. fig.)	11,70,000 5,40,000	By Accumulated Dep. A/c By Statement of Profit and Loss (loss on sale) By Cash A/c By balance c/d	20,000 6,000 54,000 16,30,000
	17,10,000		17,10,000

Accumulated Depreciation A/c

Dr. **Cr.**

Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Plant and Machinery A/c To Balance c/d	20,000 1,30,000	By balance b/d By Depreciation/Statement of P&L	70,000 80,000
	1,50,000		1,50,000

PART - B

OPTION 2

Computerised Accounting

23. The data is classified for creating groups of accounts in the heads of: 1 Mark

(A) Assets, Liabilities and Capital

(B) Assets, Owners' equity, Revenue and Expenses

(C) Assets, Capital, Liabilities, Revenue and Expenses

(D) Capital, Revenue and Expenses

Ans: (C) Assets, Capital, Liabilities, Revenue and Expenses

24. Al : E2 in Excel refers to : 1 Mark

(A) Column on Excel sheet

(B) Row on Excel sheet

(C) Column between start and end points of Excel sheet

(D) Alphabets between A to Eon Excel sheet

Ans: (C) Column between start and end points of Excel sheet

25. To expect a well formatted printable data from Access database, we us 1 Mark

(A) Table

(B) Query

(C) Form

(D) Report

Ans: (D) Report

26. Which of the following is not a limitation of Computerised Accounting system? 1 Mark

(A) Data may be lost or corrupted due to power interruption.

(B) Data is prone to hacking.

(C) Data is not made available to everybody.

(D) Unprogrammed and un-specified report cannot began

Ans: (C) Data is not made available to everybody.

27. A cell reference that holds either row or column constant when the formula

or function is copied to another location is known as: 1 Mark

(A) Absolute cell reference

(B) Ranges

(C) Relative cell reference

(D) Mixed cell reference

Ans: (A) Absolute cell reference

28. Computerised Accounting system takes (i) ____ as: inputs which are processed through (ii) ____ to generate reports. 1 Mark

Ans: Computerised Accounting system takes (i) Accounting transactions as inputs which are processed through (ii) Accounting software to generate reports.

29. A code which consists of an alphabet or abbreviation of a symbol to codify a piece of information is known as _____. 1 Mark

Ans: Mnemonic codes

30. Explain 'Null Values' and 'Complex Attributes'. 3 Marks

Ans: Null Values

Null value refers to the lack of a data item that is represented by a specific value. The following are the factors that contribute to its appearance in database relationships.

1) When an entity does not have a specific attribute.
2) When an attribute's current value is unknown.
3) When the value is unknown due to the fact that it does not exist.

Complex Attributes

By combining the attributes of composite and multi-valued attributes, complex attributes are created. The parenthesis () are used to represent the grouping of components of composite attributes, while the brackets {} are used to show the grouping of components of complex attributes.

Or

Explain any two types of vouchers used for entry in Tally software with the help of examples. 3 Marks

Ans: Types of vouchers (any three):

1. **Contra voucher:** Only used to transfer funds between cash and a bank account. When cash is withdrawn from the Bank for use in the office or deposited in the Bank from the office, this voucher is used.

2. **Receipt Voucher:** Receipt vouchers are used to track all monetary inflows. Such receipts could be for any type of income, such as debtor receipts, loans/advance taken, or loan/advance refunds, and so on.

3. **Payment Voucher:** Payment vouchers are used to track all money outflows, such as purchases, expenses, debts owed to creditors, loan/advance payments, and so on.

4. **Journal Voucher:** A journal voucher is an adjustment voucher that is typically used for non-cash transactions such as ledger adjustments.

31. Explain any two subsystems of accounting information system. 4 Marks

Ans: The two subsystems of accounting information system are:

(a) Transaction processing system

The transaction processing system, sometimes known as the TPS, is the lifeblood of all Accounting Information Systems. This subsystem recorded economic events and situations on a daily basis. In a small business, these daily economic events may number in the hundreds, whereas in a huge corporation, they may number in the thousands.

The TPS records these occurrences and situations on a daily basis and distributes reports to the organization's various sections and departments.

The data is segmented into three transaction cycles as a result of the large number of events gathered by the transaction processing system. Revenue cycles, expenditure cycles, and conversion cycles are all examples of cycles.

b) General ledger and financial reporting system (GL/FRS)

In an AIS, the general ledger and financial reporting system (GL/FRS) are two distinct subsystems. They are grouped together as a single subsystem because of their interdependence and relatedness.

The General Ledger Subsystem, or GLS, processes the majority of TPS outputs. The general ledger control account is updated using the TPS output, which is a known input to GLS.

Transactions are captured in source documents and prime books in a non-computerized accounting system, which is the TPS in a computerised accounting system.This is subsequently entered into a ledger book, and the GLS, which includes a trial balance, control account, and reconciliations accounts, is created.

Or

What is meant by a graph? Explain any three of its advantages. 4 Marks

Ans: A graph is a two-dimensional visual representation of information.

Graphs provide a number of advantages, notably in data analysis. They are as follows:

1. **Helps to present:** It gives us as much information as possible in as little time as possible. It appears that there is no longer any time to sit and read the newspaper to keep up with current events. Newspapers like The Economics Times and India Today (who were early adopters of charting techniques) appear to recognise this phenomenon and utilise graphs to express and summarise the points they make in their stories.

2. **Helps to convince:** Just as a graph may be used to present and examine different aspects of data, it can also be used to persuade. Graphs have the potential to turn enormous volumes of data into displays that can be used to persuade others.

3. **Helps to explore:** It makes the information more attractive and understandable. Certain judgments or analyses can be drawn from the graphic itself.

32. A.R. Associates Ltd. have their offices in Mumbai and Vadodara. HRA for Mumbai is Rs. 10,000 and Vadodara is Rs. 8,000. DA is calculated on Basic Pay (BP) as 15% for BP <= Rs. 14,000 and 10% for BP<= Rs. 15,000. Standard number of days are taken as 30 days per month. Give the formula and calculate the amount of Gross Salary using Excel for the following employees

(i) Neerja is working in Mumbai office. Her Basic Pay is Rs. 30,000. She availed leave without pay for 5 days.

(ii) Manan is working in Vadodara office. His Basic Pay is Rs. 14,000. He did not avail any leave without pay. 6 Marks

Ans: Keys

Employee Name = A1

HRA = B1

Basic Pay = C1

DA = D1

Gross Salary = E1

DA=if (C1 $\geq$15000, 10%, 15%)×C1

if (C1 $\leq$ 14000, 10%, 15%)×C1

Neerja DA = ₹3,000

Gross =₹30,000+10,000+3,000 $\times \frac{25}{30}$

=₹35,833 app

Manan = DA = ₹1800

Gross = ₹23800

CBSE Class 12

Accountancy

Previous Year Question Paper 2019

Series: BVM/1 **Set- 1**

Code no. 67/1/1

- Please check that this question paper contains **16** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **23** questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes of time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m. The students will read the question paper only and will not write any answer on the answer-book during this period.

ACCOUNTANCY

Time Allowed: **3** hours Maximum Marks: **80**

General Instructions :

- This question paper contains three parts **A, B and C**.
- Part **A** is compulsory for all candidates.

- Candidates can attempt only **one** part of the remaining parts **B** and **C**.
- **All** parts of the questions should be attempted at **one** place.

PART - A

Accounting for Partnership Firms and Companies

1. Atul and Neera were partners in a firm sharing profits in the ratio of 3:2. They admitted Mitali as a new partner. Goodwill of the firm was valued at Rs. 2,00,000. Mitali brings her share of goodwill premium of Rs. 20,000 in cash, which is entirely credited to Atul's Capital Account. Calculate the new profit sharing ratio. 1 Mark

Ans. Goodwill of the firm = Rs. 2,00,000

Premium for firm = Rs. 20,000

$\Rightarrow$Mitali's share in future = $\frac{20,000}{2,00,000} = \frac{1}{10}$

Since, Atul account is been credited

Atul's share

$\Rightarrow$profit of mitali share = 1/10

New profit share = Old share - sacrificing share

$$= \frac{3}{5} - \frac{1}{10}$$

$$= \frac{1}{5}$$

Neera's share $= \frac{2}{5} \Rightarrow \frac{2 \times 2}{5 \times 2} \Rightarrow \frac{4}{10}$

Hence, New Profit Share between Atul, Neera and Mitali is $\frac{5}{10} : \frac{4}{10} : \frac{1}{10}$ or **5:4 :1**

2. What is meant by 'Issued Capital'? 1 Mark

Or

What is meant by 'Employees Stock Option Plan'? 1 Mark

Ans. Issued Capital is a portion of the authorised capital that is available for public subscription. Its permitted capital cannot be exceeded. It is the value of the shares issued to shareholders at their face value. The amount invested in the company by the shareholders is represented by the issued share capital and share premium.

Or

Employee Stock Option Plan (ESOP) is basically given to employees by the organisations to foster employee ownership of the company. The Employee Stock Ownership Plan (ESOP) is a plan which is beneficial to employees in which a firm seeks to enhance its subscribed share capital by issuing additional shares to its employees at a set rate.

3. Differentiate between Dissolution of Partnership and Dissolution of a Partnership Firm on the basis of 'Court's Intervention.' 1 Mark

Ans. The difference between Dissolution of Partnership and Dissolution of a Partnership Firm on the basis of 'Court's Intervention is:

BASIS	DISSOLUTION OF PARTNERSHIP	DISSOLUTION OF PARTNERSHIP FIRM

Court intervention	Court doesn't intervene because partnership is dissolved by mutual agreement	A firm can be dissolved by court order.

4. What is meant by 'Gaining Ratio' on retirement of a partner?

Or

P, Q and R were partners in a firm. On 31st March, 2018 R retired. The amount payable to R Rs. 2,17,000 was transferred to his loan account. R agreed to receive interest on this amount as per the provisions of Partnership Act, 1932. State the rate at which interest will be paid to R. 1 Mark

Ans. Since, the profit sharing ratio of the continuing partners gets changed when the partner retires, the Gaining ratio is calculated at the time of retirement or death of a partner. It is the proportion in which the remaining partners acquire the profit share of the departing partner.

Gaining Ratio = New Ratio – Old Ratio

5. Chhavi and Neha were partners in a firm sharing profits and losses equally. Chhavi withdrew a fixed amount at the beginning of each quarter. Interest on drawings is charged @ 6% p.a. At the end of the year, interest on Chhavi's drawings amounted to Rs. 900. Pass necessary journal entry for charging interest on drawings. 1 Mark

Ans. Dr. Journal Entry (Extract) **Cr.**

Date	Particulars	L.F	Dr.(₹)	Cr.(₹)
	Chhavi's Capital/ Current Account Dr. To Interest on drawings A/c (Being Interest on drawings charged)		900	 900

6. How are Specific donations treated while preparing final accounts of a 'Not-For-Profit Organisation'?

Or

State the basis of accounting of preparing 'Income and Expenditure Account' of a Not- For-Profit Organisation. 1 Mark

Ans. A non-profit organisation receives specific donations for a defined purpose alone. Specific donations are recorded on the liabilities side of the Balance Sheet as capital receipts.

Or

Income and Expenditure Account is the account in which all incomes and expenses related to the accounting year are considered, whether they were really received and paid or not. Hence, it is prepared on an accrual basis. On the debit side, expenses are recorded, and on the credit side, income is recorded.

7. The capital of the firm of Anuj and Benu is Rs. 10,00,000 and the market rate of interest is 15%. Annual salary to the partners is Rs. 60,000 each. The profit for the last three years were Rs. 3,00,000, Rs. 3,60,000 and Rs. 4,20,000. Goodwill of the firm is to be valued on the basis of two years purchase of the last three years average super profits. Calculate the goodwill of the firm.

1 Mark

Ans. Super profit = Average profit - normal profit

Average profit = $\frac{(3,00,000+3,60,000+4,20,000)}{3}$

Average profit = Rs 3,60,000

Normal profit = Interest on capital + partner salary

Normal profit =(Rs 10,00,00×15%)+(60,000×2)

Normal profit = Rs 1,50,000+1,20,000

Normal profit = Rs 2,70,000

Since, Super profit = Average profit - normal profit

Super Profit =Rs3,60,000-2,70,000

Super Profit = Rs 90,000

Now,

Goodwill = Super profit × Number of years purchased

Goodwill = 90,000×2

Goodwill = Rs. 1,80,000

8. How the following items for the year ended 31st March, 2018 will be presented in the financial statements of Aisko Club:

Particulars	Dr. (₹)	Cr. (₹)
Tournament Fund	--	1,50,000
Tournament Fund Investments	1,50,000	--
Income from Tournament Fund Investments	--	18,000
Tournament Expenses	12,000	--

Additional Information:

Interest Accrued on Tournament Fund Investments Rs. 6,000 **3 Marks**

Ans.

Balance Sheet of Aisko Club as on 31st March 2018

Liabilities	Amt (₹)	Assets	Amt (₹)
Tournament Fund 1,50,000 Add : Income from Tournament Fund Investments 18,000 Add : Accrued Interest 6,000 Less : Tournament expenses (12,000)	1,62,000	Tournament Fund Investments Accrued Interest on Tournament Fund Investments	1,50,000 6,000

9. Garvit Ltd. invited applications for issuing 3,000, 11% Debentures of Rs.100 each at a discount of 6%. The full amount was payable on application. Applications were received for 3,600 debentures. Applications for 600 debentures were rejected and the application money was refunded. Debentures were allotted to the remaining applicants. Pass the necessary journal entries for the above transactions in the books of Garvit Ltd.

Or

On 1st April 2015, P Ltd. Issued 6,000 12% Debentures of Rs. 100 each at par redeemable at a premium of 7%. The Debentures were to be redeemed at the end of third year. Prepare Loss on issue of 12% Debentures Account.

3 Marks

Ans. In the Books of Garvit Ltd

Journal Entries

For the year ended……...

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
	Bank A/c Dr.		3,38,400	

	To Debenture Application and Allotment A/c (Being application amount received on 3,600 debentures)			3,38,400
	Debenture Application and Allotment A/c Dr. Discount/Loss on issue of Debentures A/c Dr. To 11% Debentures To Bank A/c (Being application money adjusted)		3,38,400 18,000	3,38,400 56,400

Or

Dr. Loss on issue of 12% Debentures Account **Cr**

Date	**Particulars**	**Amt**	**Date**	**Particulars**	**Amt**
2015 April 1	To Premium on Redemption of Debentures A/c	42,000	2016 Mar 31 Mar 31	By Statement of P/L A/c By Balance c/d	14,000 28,000
		42,000			**42,000**
2016 April 1	To balance b/d	28,000	2017 Mar 31 Mar 31	By Statement of P/L A/c By Balance c/d	14,000 14,000
		28,000			**28,000**
2017 April 1	To balance b/d	14,000	2018 Mar 31	By Statement of P/L A/c	14,000
		14,000			**14,000**

10. Unilink Ltd. had outstanding ` 12,00,000, 9% debentures on 1st April, 2014 redeemable at a premium of 8% in two equal annual instalments starting from

31st March, 2018. The company had a balance of ` 3,00,000 in Debenture Redemption Reserve on 31st March, 2017. Pass the necessary journal entries for redemption of debentures in the books of Unilink Ltd. for the year ended 31st March, 2018. **3 Marks**

Ans. In the Books of Unilink Ltd

Journal Entries

For the year ended……...

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
2017 Apr.30	Debenture Redemption Investments A/c Dr. To Bank A/c (Being Debenture Redemption Investments purchased)		90,000	 90,000
2018 Mar.31	Bank A/c Dr. To Debenture Redemption Investments A/c (Being Debenture Redemption Investments sold)		90,000	 90,000
2018 Mar.31	9% Debentures A/c Dr. Premium on redemption of Debentures A/c Dr. To Debenture holders A/c (Being Debentures due for redemption)		6,00,000 48,000	 6,48,000
2018 Mar.31	Debenture holders A/c Dr. To Bank A/c (Being Debentures redeemed)		6,48,000	 6,48,000
2018 Mar.31	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (Being Debenture Redemption Reserve transferred to general reserve)		1,50,000	 1,50,000

11. Ankit, Bobby and Kartik were partners in a firm sharing profits in the ratio 4:3:3. The firm was dissolved on 31-3-2018. Pass the necessary Journal entries for the following transactions after various assets (other than cash and bank) and third party liabilities had been transferred to Realisation Account: (i) The firm had stock of Rs. 80,000. Ankit took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.

(ii) A liability under a suit for damages included in creditors was settled at Rs. 32,000 as against only Rs. 13,000 provided in the books. Total creditors of the firm were Rs. 50,000.

(iii) Bobby's sister's loan of Rs. 20,000 was paid off along with interest of Rs. 2,000.

(iv) Kartik's Loan of Rs.12,000 was settled at Rs. 12,500. **4 Marks**

Ans. Journal Entries

For the year ended……...

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
(i)	Ankit's Capital A/c Dr. Bank A/c Dr. To Realisation A/c (Being stock taken over by Ankit, remaining sold at a profit)		32,000 52,000	 84,000
(ii)	Realisation A/c Dr. To Bank A/c (Being payment made to creditors)		69,000	 69,000
(iii)	Realisation A/c Dr. To Bank A/c (Being Bobby's sister's loan paid along with interest)		22,000	 22,000
(iv)	Kartik's loan A/c Dr. Realisation A/c Dr.		12,000 500	

	To Bank A/c (Settlement of Kartik's Loan A/c)			12,500

12. Radhika, Bani and Chitra were partners in a firm sharing profits and losses in the ratio of 2 : 3 : 1. With effect from 1st April, 2018 they decided to share future profits and losses in the ratio of 3:2:1. On that date their Balance Sheet showed a debit balance of Rs. 24,000 in Profit and Loss Account and a balance of Rs. 1,44,000 in General Reserve. It was also agreed that:

(a)The goodwill of the firm be valued at Rs. 1,80,000.

(b)The Land (having book value of Rs. 3,00,000) will be valued at Rs. 4,80,000. Pass the necessary journal entries for the above changes. 4 Marks

Ans. Journal Entries

For the year ended……...

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
(i)	Radhika's Capital A/c Dr. Bani's Capital A/c Dr. Chitra's Capital A/c Dr. To Profit and Loss A/c (Being undistributed loss transferred to Partners' Capital Accounts)		8,000 12,000 4,000	 24,000
(ii)	General Reserve Dr. To Radhika's Capital A/c To Bani's Capital A/c To Chitra's Capital A/c (Being General Reserve distributed to Partners' Capital Accounts)		1,44,000	 48,000 72,000 24,000
(iii)	Radhika's Capital A/c Dr. To Bani's Capital A/c (Being adjustment entry made for goodwill)		30,000	 30,000

(iv)	Land A/c Dr. To Revaluation A/c (Being Land revalued)		1,80,000	 1,80,000
(v)	Revaluation A/c Dr. To Radhika's Capital A/c To Bani's Capital A/c To Chitra's Capital A/c (Being gain on Revaluation transferred to Partners' Capital Accounts)		1,80,000	 60,000 90,000 30,000

13. From the following Receipts and Payments Account and additional information, prepare Income and Expenditure Account and Balance Sheet of Sears Club, Noida as on March 31, 2018.

Receipts and Payments & Account of Sears Club

for the year ended 31-3-2018

Receipts	Amt (₹)	Payments	Amt (₹)
To Balance b/d **To Subscriptions :** **2016-17 40,000** **2017-18 94,000** **2018-19 7,200** **To Donations for building** **To Interest on Investments** **To Government Grant** **To Sale of old furniture (Book value Rs. 4,000)**	**20,000** **1,41,200** **40,000** **800** **17,400** **1,600**	**By Stationery** **By 12% Investment** **By Electricity expenses** **By Expenses on lectures** **By Sports equipment** **By Books** **By Balance c/d**	**23,400** **8,000** **10,600** **30,000** **59,000** **40,000** **50,000**
	2,21,000		**2,21,000**

Additional Information:

(i) The club has 200 members each paying an annual subscription of Rs. 1,000. Rs. 60,000 were in arrears for last year and 25 members paid in advance in the last year for the current year.

(ii) Stock of stationery on 1- 4 - 2017 was Rs. 3,000 and on 31 - 3 - 2018 was Rs. 4,000. **6 Marks**

Ans. Dr. Income and Expenditure A/c for the year ended March 31, 2018 **Cr.**

Particular	**(₹)**	**Particular**	**(₹)**
To Stationery consumed To loss on sale of old furniture To electricity expenses To expenses on lectures To surplus (b/f)	22,400 2,400 10,600 30,000 1,52,960	By Subscriptions By Interest on investments 800 Add interest accrued 160 By Government Grant	2,00,000 960 17,400
	2,18,360		**2,18,360**

Balance Sheet of Sears Club

as on 31st March 2018

Liabilities	**Amt (₹)**	**Assets**	**Amt (₹)**
Subscriptions received in advance Donations for building Capital Fund 62,000 **Add** Surplus 1,52,960	 7,200 40,000 2,14,960	Outstanding Subscriptions Stock of Stationery Cash Investments Interest accrued on investments Sports Equipment Books	1,01,000 4,000 50,000 8,000 160 59,000 40,000
	2,62,160		**2,62,160**

Working Notes:

Balance Sheet of Sears Club

as on 31st March 2017

Liabilities	Amt (₹)	Assets	Amt (₹)
Subscriptions received in advance Capital Fund	25,000 62,000	Outstanding Subscriptions Stock of Stationery Cash Furniture	60,000 3,000 20,000 4,000
	87,000		**87,000**

Computation of outstanding subscription at the end:

Particulars	**Details**	**Amount**
Subscription due for the year	(200x1000)	2,000
Less : subscription received during year		94,000
Less : subscription received during last year		25,000
Subscription outstanding for 2017-18		81,000
Less : still outstanding subscription for 2016-17	(60,000 - 40,000)	**Rs. 1,01,000**

14. Giriija, Yatin and Zubin were partners sharing profits in the ratio 5:3:2. Zubin died on 1st August, 2015. Amount due to Zubin's executor after all adjustments was Rs. 90,300. The executor was paid Rs. 10,300 in cash immediately and the balance in two equal annual instalments with interest @ 6% p.a. starting from 31st March, 2017. Accounts are closed on 31st March each year.

Prepare Zubin's Executors Account till he is finally paid. **6 Marks**

Ans. Dr. Zubin's Executors Account **Cr**

Date	Particulars	Amt	Date	Particulars	Amt
2015 Aug 1 2016 March 31	To Bank A/c To Balance c/d	10,300 83,200	2015 Aug 1 2016 Mar 31	By Zubin's Capital A/c By Interest accrued	90,300 3,200
		93,500			**93,500**
2017 Mar 31 2017 Mar 31	To Bank A/c To Balance c/d	48,000 40,000	2016 Apr 1 2017 Mar 31	By Balance b/d By Interest A/c	83,200 4,800
		88,000			**88,000**
2018 Mar 31	To Bank A/c	42,400	2017 Apr 1 2018 Mar 31	By Balance b/d By Interest	42,400
		42,400			**42,400**

15. Sonu and Rajat started a partnership firm on April 1, 2017. They contributed Rs. 8,00,000 and Rs. 6,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3 : 2. The partnership deed provided that Sonu was to be paid a salary of Rs. 20,000 per month and Rajat a commission of 5% on turnover. It also provided that interest on capital be allowed @ 8% p.a. Sonu withdrew Rs. 20,000 on 1st December, 2017 and Rajat withdrew Rs. 5,000 at the end of each month. Interest on drawings was charged @ 6% p.a. The net profit as per Profit and Loss Account for the year ended 31st March, 2018 was Rs. 4,89,950. The turnover of the firm for the year ended 31st March, 2018 amounted to Rs. 20,00,000.

Pass necessary journal entries for the above transactions in the books of Sonu and Rajat.

Or

Jay, Vijay and Karan were partners of an architect firm sharing profits in the ratio of 2:2:1. Their partnership deed provided the following:

(i) A monthly salary of Rs. 15,000 each to Jay and Vijay.

(ii) Karan was guaranteed a profit of Rs. 5,00,000 and Jay guaranteed that he will earn an annual fee of Rs. 2,00,000.

Any deficiency arising because of guarantee to Karan will be borne by Jay and Vijay in the ratio of 3:2. During the year ended 31st March, 2018 Jay earned a fee of Rs. 1,75,000 and the profits of the firm amounted to Rs. 15,00,000. Showing your workings clearly. Prepare Profit and Loss Appropriation Account and the Capital Account of Jay, Vijay and Karan for the year ended 31st March, 2018. **8 Marks**

Ans. Journal Entries

For the year ended………

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
(i)	Profit and Loss A/c Dr. To Profit and Loss Appropriation A/c (Being profit transferred from Profit and Loss A/c to Profit and Loss Appropriation A/c)		4,89,950	4,89,950
(ii)	Partner's Salary A/c Dr. To Sonu's Capital A/c (Being salary credited to Sonu's Capital A/c)		2,40,000	2,40,000
(iii)	Profit and Loss Appropriation A/c Dr. To Partner's Salary A/c (Being salary transferred to Profit and Loss Appropriation A/c)		2,40,000	2,40,000
(iv)	Partner's Commission A/c Dr. To Rajat's Capital A/c		1,00,000	1,00,000

	(Being commission credited to Rajat's Capital A/c)			
(v)	Profit and Loss Appropriation A/c Dr. To Partner's Commission A/c (Being salary transferred to Profit and Loss Appropriation A/c)		1,00,000	 1,00,000
(vi)	Interest on Capital A/c Dr. To Sonu's Capital A/c To Rajat's Capital A/c (Being interest on capital credited to Partners' Capital A/c)		1,12,000	 64,000 48,000
(vii)	Profit and Loss Appropriation A/c Dr. To Interest on Capital A/c (Being Interest on Capital transferred to Profit and Loss Appropriation A/c)		1,12,000	 1,12,000
(viii)	Sonu's Capital A/c Dr. Rajat's Capital A/c Dr. To Interest on Drawings A/c (Being Interest on drawings charged)		400 1,650	 2,050
(ix)	Interest on Drawings A/c Dr. To Profit and Loss Appropriation A/c (Being Interest on drawings transferred to Profit and Loss Appropriation A/c)		2,050	 2,050
(x)	Profit and Loss Appropriation A/c Dr. To Sonu's Capital A/c To Rajat's Capital A/c (Being Profit credited to Partners' Capital accounts)		40,000	 24,000 16,000

Or

Dr. Profit and Loss Appropriation A/c **Cr**

for the year ended 31st March 2018

Particular		(₹)	Particular	(₹)
To Salary Jay's Capital A/c Vijay's Capital A/c To Profit transferred to: Jay's Capital A/c **Less** : guarantee to Karan Vijay's Capital A/c **Less** : guarantee to Karan Karan's Capital A/c **Add** : guarantee	 1,80,000 1,80,000 4.66,000 (1,60,200) 4,66,000 (1,06,800) 2,33,000 2,67,000	 3,60,000 3,05,800 3,59,200 5,00,000	By Net Profit By Jay's Capital A/c (2,00,000 – 1,75,000)/ (Deficiency in guaranteed fees)	15,00,000 25,000
		15,25,000		**15,25,000**

Partner's Capital A/c

Dr. **Cr.**

Particulars	Jay (₹)	Vijay (₹)	Karan (₹)	Particulars	Jay (₹)	Vijay (₹)	Karan (₹)
To P/L Appropriation A/c	25,000	--	--	By salary	1,80,000	1,80,000	
To balance c/d	4,60,800	5,39,200	5,00,000	By P/L Appropriation A/c- Profit	3,05,800	3,59,200	5,00,000
	4,85,800	**5,39,200**	**5,00,000**		**4,85,800**	**5,39,200**	**5,00,000**

16. DF Ltd. invited applications for issuing 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share. The amount was payable as follows:

On Application: Rs. 3 per share (including premium Rs. 1)

On Allotment: Rs. 3 per share (including premium Rs. 1)

On First call: Rs. 3 per share On Second and Final Call: Balance amount

Application for 70,000 shares were received. Allotment was made on the following basis. Applications for 5,000 shares – Full Applications for 50,000 shares – 90% Balance of the applications were rejected. Rs. 1,11,000 were received on account of allotment. The amount of allotment due from the shareholders to whom shares were allotted on pro rata basis was fully received. A few shareholders to whom shares were allotted in full, failed to pay the allotment money. Rs. 1,20,000 were received on first call. Directors decided to forfeit those shares on which allotment and call money was due. Half of the forfeited shares were re-issued @ ` 8 per share fully paid up. Final call was not made. Pass the necessary journal entries for the above transactions in the book of DF Ltd.

Or

EF Ltd. invited applications for issuing 80,000 equity shares of Rs. 50 each at a premium of 20%. The amount was payable as follows:

On Application: Rs. 20 per share (including premium Rs. 5)

On Allotment: Rs. 15 per share (including premium Rs. 5)

On First Call: Rs. 15 per share On Second and Final call : Balance amount Applications for 1,20,000 shares were received. Applications for 20,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Seema, holding 4,000 shares failed to pay the allotment money. Afterwards the first call was made. Seema paid allotment money along with the first call. Sahaj who had applied for 2,500 shares failed to pay the first call money. Sahaj's shares were forfeited and subsequently reissued to Geeta for Rs. 60 per share, Rs. 50 per share paid up. Final call was not made.

Pass necessary journal entries for the above transactions in the books of EF Ltd. by opening calls-in-arrears accounts. 8 Marks

Ans. In the books of DF Ltd

Journal Entries

For the year ended………

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Equity Share Application A/c (Being application money received on 70,000 shares)		2,10,000	 2,10,000
(ii)	Equity Share Application A/c Dr. To Equity Share Capital A/c To Securities premium reserve A/c To Equity Share Allotment A/c To Bank A/c (Being application money transferred to share capital, securities premium reserve, share allotment and the balance refunded)		2,10,000	 1,00,000 50,000 15,000 45,000
(iii)	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being Allotment money due on 50,000 shares)		1,50,000	 1,00,000 50,000
(iv)	Bank A/c Dr. To calls in arrears A/c To Equity Share Allotment A/c (Being allotment money received)		1,11,000 24,000	 1,35,000
(v)	Equity Share First call A/c Dr. To Equity Share Capital A/c (Being First call money due on 50,000 shares)		1,50,000	 1,50,000
(vi)	Bank A/c Dr. Calls in arrears A/c (First call) Dr. To Equity Share First call A/c		1,20,000 30,000	 1,50,000

	(Being first call money received)			
(vii)	Equity Share Capital A/c Dr. Securities premium A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c (Being Sahaj's shares forfeited for non payment of first call)		56,000 8,000	 16,000 48,000
(viii)	Bank A/c Dr. Share Forfeiture A/c Dr. To Share capital A/c (Being Sahaj's shares reissued for as fully paid up)		32,000 8,000	 40,000

Or

In the books of DF Ltd

Journal Entries

For the year ended………

Date	Particulars	L.F	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Equity Share Application A/c (Being application money received on 70,000 shares)		2,10,000	 2,10,000
(ii)	Equity Share Application A/c Dr. To Equity Share Capital A/c To Securities premium reserve A/c To Equity Share Allotment A/c To Bank A/c (Being application money transferred to share capital, securities premium reserve, share allotment and the balance refunded)		2,10,000	 1,00,000 50,000 15,000 45,000
(iii)	Equity Share Allotment A/c Dr.		1,50,000	

	To Equity Share Capital A/c To Securities Premium Reserve A/c (Being Allotment money due on 50,000 shares)			1,00,000 50,000
(iv)	Bank A/c Dr. To calls in arrears A/c To Equity Share Allotment A/c (Being allotment money received)		1,11,000 24,000	 1,35,000
(v)	Equity Share First call A/c Dr. To Equity Share Capital A/c (Being First call money due on 50,000 shares)		1,50,000	 1,50,000
(vi)	Bank A/c Dr. Calls in arrears A/c (First call) Dr. To Equity Share First call A/c (Being first call money received)		1,20,000 30,000	 1,50,000
(vii)	Equity Share Capital A/c Dr. Securities premium A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c (Being Sahaj's shares forfeited for non payment of first call)		56,000 8,000	 16,000 48,000
(viii)	Bank A/c Dr. Share Forfeiture A/c Dr. To Share capital A/c (Being Sahaj's shares reissued for as fully paid up)		32,000 8,000	 40,000

17. Akul, Bakul and Chandan were partners in a firm sharing profits in the ratio of 2:2:1. On 31st March, 2018 their Balance Sheet was as follows:

Balance Sheet of Akul, Bakul and Chandan as on 31-3-2018

Liabilities	Amt (₹)	Assets	Amt (₹)
Sundry Creditors Employees Provident Fund General reserve Capitals : Akul 1,60,000 Bakul 1,20,000 Chandan 92,000	45,000 13,000 20,000 3,72,000	Cash at Bank Debtors 60,000 Less : Provision for doubtful debts 2,000 Stock Furniture Plant and Machinery	42,000 58,000 80,000 90,000 1,80,000
	4,50,000		4,50,000

Bakul retired on the above date and it was agreed that:

I. **Plant and Machinery was undervalued by 10%.**

II. **Provision for doubtful debts was to be increased to 15% on debtors.**

III. **Furniture was to be decreased to Rs. 87,000.**

IV. **Goodwill of the firm was valued at Rs. 3,00,000 and Bakul's share was to be adjusted through the capital accounts of Akul and Chandan.**

V. **Capital of the new firm was to be in the new profit sharing ratio of the continuing partners.**

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

Or

Sanjana and Alok were partners in a firm sharing profits and losses in the ratio 3:2. On 31st March, 2018 their Balance Sheet was as follows:

Balance Sheet of Sanjana and Alok as on 31-3-2018

Liabilities	Amt (₹)	Assets	Amt (₹)

Sundry Creditors **Employees Provident Fund** **General reserve** **Capitals :** **Akul 1,60,000** **Bakul 1,20,000** **Chandan 92,000**	**45,000** **13,000** **20,000** **3,72,000**	**Cash at Bank** **Debtors 60,000** **Less : Provision for doubtful debts 2,000** **Stock** **Furniture** **Plant and Machinery**	**42,000** **58,000** **80,000** **90,000** **1,80,000**
	4,50,000		**4,50,000**

On 1st April, 2018, they admitted Nidhi as a new partner for 1/4th share in the profits on the following terms:

(a) Goodwill of the firm was valued at Rs. 4,00,000 and Nidhi brought the necessary amount in cash for her share of goodwill premium, half of which was withdrawn by the old partners.

(b) Stock was to be increased by 20% and furniture was to be reduced to 90%.

(c) Investments were to be valued at Rs. 3,00,000. Alok took over investments at this value.

(d) Nidhi brought Rs. 3,00,000 as her capital and the capitals of Sanjana and Alok were adjusted in the new profit sharing ratio.

Prepare Revaluation Account, Partners Capital Accounts and the Balance Sheet of the reconstituted firm on Nidhi's admission. **8 Marks**

Ans. Revaluation A/c

Dr. **Cr.**

Particular	(₹)	Particular	(₹)
To Provision for doubtful debts To Furniture	7,000 3,000	By Plant and Machinery	20,000

To Profit transferred to: Akul's Capital A/c 4,000 Bakul's Capital A/c 4,000 Chandan's Capital A/c 2,000	10,000		
	20,000		**20,000**

Partner's Capital A/c

Dr. **Cr.**

Particulars	**Akul (₹)**	**Bakul (₹)**	**Chandan (₹)**	**Particulars**	**Akul (₹)**	**Bakul (₹)**	**Chandan (₹)**
To Bakul Capital A/c	80,000	-	40,000	By balance b/d	1,60,000	1,20,000	92,000
To Bakul loan A/c	-	2,52,000	-	By General Reserve	8,000	8,000	4,000
To balance c/d	92,000	-	58,000	By Revaluation A/c	4,000	4,000	2,000
				By Akul Capital A/c	-	80,000	-
				By Chandan Capital A/c	-	40,000	-
	1,72,000	**2,52,000**	**98,000**		**1,72,000**	**2,52,000**	**98,000**
To Bank A/c	-	-	8,000	By balance b/d	92,000	-	58,000
To balance c/d	1,00,000	-	50,000	By Bank A/c	8,000	-	-
	1,00,000	**-**	**58,000**		**1,00,000**	**-**	**58,000**

Balance Sheet of the Reconstituted firm

As on 31st March, 2018

Particular	(₹)	Particular	(₹)
Sundry Creditors Employees Provident Fund Bakul's Loan **Capitals :** Akul 1,00,000 Chandan 50,000	45,000 13,000 2,52,000 1,50,000	Cash at bank Debtors 60,000 Less Provision for doubtful debts 9,000 Stock Furniture Plant and Machinery	42,000 51,000 80,000 87,000 2,00,000
	4,60,000		**4,60,000**

Or

Revaluation A/c

Dr. **Cr.**

Particular	**(₹)**	**Particular**	**(₹)**
To Furniture To Profit transferred to: Sanjana's Capital A/c 24,000 Alok's Capital A/c 16,000	30,000 40,000	By Investments By Stock	40,000 30,000
	70,000		**70,000**

Partner's Capital A/c

Dr. **Cr.**

Particulars	Sanjana (₹)	Alok (₹)	Nidhi (₹)	Particulars	Sanjana (₹)	Alok (₹)	Nidhi (₹)
To Cash A/c	30,000	20,000	-	By Balance b/d	5,00,000	4,00,000	-
To Investments	-	3,00,000	-	By Cash A/c	-	-	3,00,000

A/c				By Premium for goodwill A/c	60,000	40,000	-
To Cash A/c	50,000	-	-	By Workmen's Compensation Reserve A/c	36,000	24,000	-
To Balance c/d	5,40,000	3,60,000	3,00,000	By Revaluation A/c	24,000	16,000	-
				By Cash	-	2,00,000	-
	6,20,000	**6,80,000**	**3,00,000**		**6,20,000**	**6,80,000**	**3,00,000**

Balance Sheet of the Reconstituted firm

As on 31st March 2018

Particular		(₹)	Particular		(₹)
Creditors		60,000	Cash at bank		6,66,000
<u>Capitals:</u>			Debtors	1,46,000	
Sanjana	5,40,000		Less Provision for doubtful debts	<u>2,000</u>	1,44,000
Alok	3,60,000		Stock		1,80,000
Nidhi	<u>3,00,000</u>	12,00,000	Furniture		2,70,000
		12,60,000			**12,60,000**

PART – B

OPTION – I

Analysis of Financial Statements

18. Mevo Ltd., a financial enterprise had advanced a loan of Rs. 3,00,000, invested Rs. 6,00,000 in shares of the other companies and purchased machinery for Rs. 9,00,000. It received dividend of Rs. 70,000 on investment in shares. The company sold an old machine of the book value of Rs. 79,000 at a loss of Rs. 10,000. Compute Cash flows from Investing Activities. 1 Mark

Ans. Cash flow from investing activities :

Particulars	Amount(₹)
Purchase of Machinery	(9,00,000)
Sale of Machinery	69,000
Cash flow from investing activities	**(8,31,000)**

19. Give the meaning of 'Cash Equivalents' for the purpose of preparing Cash Flow Statement. 1 Mark

Ans. Cash equivalents are kept to meet short-term obligations rather than for investments or other purposes. A short-term investment, such as one kept for three months, can be regarded as cash equivalent. Treasury bills, commercial papers, and other financial instruments are examples of cash equivalents.

20. Explain briefly any four objectives of 'Analysis of Financial Statements'.

Or

State under which major headings and sub-headings will the following items be presented in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013. 1 Mark

(i) Prepaid Insurance

(ii) Investment in Debentures

(iii) Calls-in-arrears

(iv) Unpaid dividend

(v) Capital Reserve

(vi) Loose Tools

(vii) Capital work-in-progress

(viii) Patents being developed by the company.

Ans. Objectives of 'Financial Statement Analysis' are. (any four)

- Assessing the company 's profitability and managerial effectiveness.
- Analyzing the company's financial strengths and weaknesses, as well as its creditworthiness.
- Taking a look at the current state of financial analysis
- Identifying the many sorts of assets that a company has and the obligations that the company owes.
- Providing information on the company's cash position and the amount of debt it has in proportion to its equity.
- Examining the company's stock and debts for reasonableness.

Or

S.No.	**Items**	**Major Heads**	**Sub headings**
(i)	Prepaid Insurance	Current Assets	Other current assets
(ii)	Investment in Debentures	Non current assets	Non Current Investments
(iii)	Calls-in-arrears	Shareholders' Funds	Share Capital/ Subscribed Capital

(iv)	Unpaid dividend	Current liabilities	Other Current Liabilities
(v)	Capital Reserve	Shareholders' Funds	Reserves and Surplus
(vi)	Loose Tools	Current Assets	Inventories
(vii)	Capital work in progress	Non-Current assets	Fixed Assets
(viii)	Patents being developed by the company.	Non current assets	Fixed Assets-Intangible Assets under development

21. (a) Calculate Revenue from operations of BN Ltd. From the following information: 4 Marks

Current assets Rs. 8,00,000

Quick ratio is 1.5:1

Current ratio is 2:1

Inventory turnover ratio is 6 times

Goods were sold at a profit of 25% on cost.

(b) The Operating ratio of a company is 60%. State whether 'Purchase of goods costing Rs. 20,000' will increase, decrease or not change the operating ratio.

Or

(a) Calculate 'Total Assets to Debt ratio' from the following information:

Rs.

Equity Share Capital 4,00,000

Long Term Borrowings	**1,80,000**
Surplus i.e. Balance in statement of Profit and Loss	**1,00,000**
General Reserve	**70,000**
Current Liabilities	**30,000**
Long Term Provisions	**1,20,000**

(b) The Debt Equity ratio of a company is 1:2. State whether 'Issue of bonus shares' will increase, decrease or not change the Debt Equity Ratio.

Ans. (a) Gross Profit = Revenue from Operations - Cost of Goods Sold

Current Assets = Rs. 8,00,000

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

$$\Rightarrow \frac{2}{1} = \frac{8{,}00{,}000}{\text{Current Liabilities}}$$

$$\Rightarrow \text{Current Liabilities} = \frac{8{,}00{,}000}{2}$$

⇒Current Liabilities= **Rs. 4,00,000**

$$\textbf{Quick Ratio} = \frac{\textbf{Quick Assets}}{\textbf{Current Liabilities}}$$

⇒1.5/1 = Quick Assets/4,00,000

⇒Quick Assets = 4,00,000 × 1.5

⇒ Quick Assets= **Rs. 6,00,000**

Inventory= Current Assets - Quick Assets

⇒8,00,000 - 6,00,000

$\Rightarrow$**Rs. 2,00,000**

Now;

Inventory Turnover Ratio = $\mathbf{\dfrac{Cost\ of\ Goods\ Sold}{Average\ Stock}}$

$\Rightarrow 6 = \dfrac{\text{Cost of Goods Sold}}{2,00,000}$

$\Rightarrow$Cost of Goods Sold = $6 \times 2,00,000$

$\Rightarrow$Cost of Goods Sold= **Rs. 12,00,000**

Hence;

Gross Profit = Revenue from Operations - Cost of Goods Sold

$\Rightarrow 12,00,000 \times \dfrac{25}{100}$

Gross Profit = Rs. 3,00,000

Revenue from Operations = Cost of Goods Sold + Gross Profit

$= 12,00,000 + 3,00,000$

Revenue from Operations = Rs. 15,00,000.

(b) The growth in indebtedness is caused by the purchase of fixed assets on a long-term delayed payment basis. As a result, the debt-to-equity ratio will **increase**.

Or

(a) Since, Total assets to debt ratio = total assets /debt

Here;

Total assets = Total liabilities

⇒Total assets = Equity Share Capital+Long Term Borrowings+Surplus i.e. Balance in statement of Profit and Loss +General Reserve +Current Liabilities +Long Term Provisions

⇒Total assets = 4,00,000+1,80,000+1,00,000+70,000+30,000+1,20,000

⇒9,00,000

Hence;

Total assets to debt ratio=9,00,000/3,00,000

⇒3:1

(b) Issue of Bonus shares neither affects the shareholders' funds nor affects the debts. Thus, debt to equity ratio will not get changed.

22. From the following information extracted from the Statement of Profit and Loss for the years ended 31st March, 2017 and 2018, prepare a Comparative Statement of Profit & Loss. 4 Marks

Particulars	2017-18	2016-17
Revenue from operations	6,00,000	5,00,000
Other incomes (% of revenue from operations)	20%	20%
Employee benefit expenses (% of Total Revenue)	40%	30%
Tax rate	50%	50%

Ans. COMPARATIVE STATEMENT OF PROFIT & LOSS

For the years ended 31st March 2017 and 2018

Particulars	Note No.	2016-17 (₹)	2017-18 (₹)	Absolute Change	Percentage Change

I) Revenue from Operations II) Add: other income		5,00,000 1,00,000	6,00,000 1,20,000	1,00,000 20,000	20 20
III) Total Revenue (I +II)		6,00,000	7,20,000	1,20,000	20
IV) Less: Expenses Employee Benefit Expenses		1,80,000	2,88,000	1,08,000	60
V) Profit Before tax VI)Less : tax		4,20,000 2,10,000	4,32,000 2,16,000	12,000 6,000	2.86 2.86
VII) Profit after tax		2,10,000	2,16,000	6,000	2.86

23. From the following Balance Sheet of Kiero Ltd. and the additional information as on 31-3-2018, prepare a Cash Flow Statement:

Kiero Ltd. Balance Sheet

as at 31-3-2018

Particulars	**Note No.**	**31.03.2015 (₹)**	**31.03.2014 (₹)**
I. Equity and Liabilities (1) Shareholders Funds (a) Share Capital (b) Reserves and Surplus (2) Non-Current Liabilities Long term Borrowings (3) Current Liabilities (a) Short term borrowings (b) Short term Provisions	 1 2 3 4	 7,90,000 4,60,000 5,00,000 1,15,000 1,18,000	 5,80,000 1,20,000 3,00,000 42,000 46,000
Total		**19,83,000**	**10,88,000**
II. Assets (1) Non-Current Assets Fixed Assets			

(i) Tangible Assets (ii) Intangible Assets (2) Current Assets (a) Current Investments (b) Trade Receivables (c) Cash and Cash Equivalents		9,80,000 2,68,000 1,40,000 4,40,000 1,55,000	6,35,000 1,70,000 70,000 1,50,000 63,000
Total		**19,83,000**	**10,88,000**

Notes to Accounts:

Note No.	Particulars	31.03.2015 (₹)	31.03.2014 (₹)
(1)	**Reserves and Surplus Surplus(Balance in Statement of Profit & Loss) 3,20,000** **General Reserve**	**60,000** **1,40,000**	**60,000** **60,000**
		4,60,000	**1,20,000**
(2)	**Long - term borrowings** **12% Debentures**	**5,00,000**	**3,00,000**
		5,00,000	**3,00,000**
(3)	**Short - term borrowings** **Bank overdraft**	**1,15,000**	**42,000**
		1,15,000	**42,000**
(4)	**Short - term Provisions** **Provision for tax**	**1,18,000**	**46,000**
		1,18,000	**46,000**
(5)	**Tangible Assets** **Machinery** **Less : Accumulated Depreciation**	**11,00,000** **(1,20,000)**	**7,50,000** **(1,15,000)**
		9,80,000	**6,35,000**
(6)	**Intangible Assets**		

	Goodwill	**2,68,000**	**1,70,000**
		2,68,000	**1,70,000**

Additional Information :

12% debentures were issued on 1st September, 2017.

Ans. Cash Flow Statement of Kiero Ltd.

for the year ended 31st March 2018

Particulars	Details	Amount
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax	4,58,000	
Add depreciation on Plant and Machinery Interest	5,000	
on 12% Debentures	50,000	
Operating profit before Working Capital changes	5,13,000	
Less Increase in Trade Receivables	(2,90,000)	
Cash generated from operations	2,23,000	
Less tax paid	(46,000)	
Cash Inflows from Operating activities		**1,77,000**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Plant and Machinery	(3,50,000)	
Purchase of Goodwill	(98,000)	
Cash used in Investing activities		**(4,48,000)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of Shares	2,10,000	
Issue of 12% Debentures	2,00,000	
Bank overdraft raised	73,000	
Interest paid on 12% Debentures	(50,000)	
Cash Inflows from Financing activities		**4,33,000**
D. Net increase in Cash and Cash equivalents		**1,62,000**
Add Opening balance of Cash and Cash		

equivalents Current Investments Cash and Cash equivalents	 70,000 63,000	 **1,33,000**
Closing balance of Cash and Cash equivalents Current Investments Cash and Cash equivalents	 1,40,000 1,55,000	 **2,95,000**

Working Notes:

Calculation of Net Profit before Tax:

Net profit	2,60,000
Add : Amount transferred to reserve	80,000
Add : Provision for Tax	1,18,000
Net profit before tax	**4,58,000**

PART – B

OPTION – II

Computerised Accounting

18. What is meant by 'Database design'? 1 Mark

Ans. Database design is a set of procedures that aid in the creation, implementation, and maintenance of a company's data management systems. The structuring of data according to a database model is known as database design.

19. What is meant by a 'Summary Query'? 1 Mark

Ans. In contrast to a simple query, a summary query extracts an aggregate of data items for a collection of records rather than a detailed set of records. Because accounting reports are based on the summarization of transaction data, this query type is especially important in accounting.

20. Why is it necessary to have safety features in accounting software? Explain any two tools which provide data security. 4 Marks

Ans. Accounting systems contain sensitive information that is why they must always be kept safe and secure from illegal access. Unauthorized access can have disastrous effects, ranging from identity theft issues to the loss of critical data. Accounting data that is modified or deleted, whether on purpose or by accident, causes mayhem in the accounting department. As a result, having a safety feature in the accounting system is critical.

The tools which provide data security are :

1. Firewall

2. Antivirus software

3. Anti spyware software

4. Password Management software.

21. Explain "Null Values and Complex attributes".

Or

Explain closing entries and adjusting entries. 4 Marks

Ans. Null Values - A null value is the absence of a data item that is represented by a specific value.

Complex attributes - These are made up of composite and multi-valued qualities that have been grouped together. The brackets are used to illustrate the grouping of components of complicated attributes, whereas the parenthesis () are used to show the grouping of composite attribute components.

Or

Adjustment entries : Accounting entries that are passed at the end of the accounting period are known as adjusting entries. These entries are made to align the books of accounts with accounting standards' matching concept and accrual principles.

Closing entries : Closing entries are accounting entries that are used to transfer the balances of temporary ledger accounts to permanent ledger accounts. Temporary accounts are income and cost accounts that are created and closed within the accounting period.

22. Explain 'Transparency control' and 'Scalability' as features of Computerized Accounting System.

Or

Explain 'Payroll Accounting Subsystem' & 'Costing Subsystem'. 4 Marks

Ans. The term "computerised accounting system" or CAS refers to the use of hardware and software to handle accounting transactions and produce accounting records and reports. The following are the key qualities that CAS software must have:

1. Transparency and Control: CAS allows for more planning time, improves data accessibility, and improves user satisfaction.The organisation will have increased transparency for day-to-day business operations and access to critical information with computerised accounting.

2. Scalability: CAS allows you to adjust the volume of data processing in response to changes in the size of your company. The programme can be utilised by any size or type of business or organisation.

Or

1. Payroll Accounting Subsystem : It is responsible for paying employees' wages and salaries. A typical wage report shows base pay, dearness allowance, and other allowances, as well as deductions from salary and wages for provident fund, taxes, loans, advances, and other charges. The system creates reports for wage bills, overtime payments, and leave encashment payments.

2. Costing Subsystem: This subsystem is responsible for determining the cost of products produced. It communicates with other accounting subsystems to gather information on material costs, labour costs, and other expenses. The Costing Subsystem offers information on cost changes that occur throughout the time period under consideration.

23. Name and explain the function which returns the future value of an investment which has constant payment and interest. 6 Marks

Ans. The **Excel FV function** is a financial function that calculates an investment's future value. The FV function can be used to calculate the future value of an investment with periodic, constant payments and a constant interest rate.

Purpose

Find out how much an investment will be worth in the future.

FV Syntax

(rate, nper, pmt, [pv], [type])

Notes on Usage

The future value (FV) function determines the future value of an i.

Arguments

- rate - The interest rate per period.
- nper - The number of payment periods in total.

- pmt - Payment made at the end of each period. A negative number must be entered.
- pv - The present value of future payments (optional). If not specified, the value is assumed to be zero. A negative number must be entered.
- Type - When payments are due, 0 indicates the end of the period and 1 indicates the start of the period. The default value is 0.

CBSE

Class XII Accountancy

Delhi Board Paper Set 1 – 2018

Time: 3 Hours **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) Part B has two options- Analysis of Financial Statement and Computerised Accounting.
4) Attempt only one option of part B.
5) All parts of a question should be attempted at one place

SECTION A

1. Amit and Beena were partners in a firm sharing profits and losses in the ratio of 3 : 1. Chaman was admitted as a new partner for $\frac{1}{6}$th share in the profits. Chaman acquired $\frac{2}{5}$th of his share from Amit.
How much share did Chaman acquire from Beena? **[1]**

2. Neetu, Meetu and Teetu were partners in a firm. On 1st January, 2018, Meetu retired. On Meetu's retirement the goodwill of the firm was valued at ₹4,20,000.
Pass necessary journal entry for the treatment of goodwill on Meetu's retirement. **[1]**

3. Distinguish between 'Dissolution of partnership' and 'Dissolution of partnership firm' on the basis of settlement of assets and liabilities. **[1]**

4. Ritesh and Hitesh are childhood friends. Ritesh is a consultant whereas Hitesh is an architect. They contributed equal amounts and purchased a building for ₹2 crores. After a year, they sold it for ₹3 crores and shared the profits equally. Are they doing the business in partnership? Give reason in support of your answer. **[1]**

5. Is 'Reserve Capital' a part of 'unsubscribed capital' or 'Uncalled Capital'? **[1]**

6. Give the meaning of 'Debentures issued as Collateral Security'. **[1]**

7. Jayant, Kartik and Leena were partners in a firm sharing profits and losses in the ratio of 5 : 2 : 3. Kartik died and Jayant and Leena decided to continue the business. Their gaining ratio was 2 : 3.
Calculate the new profit sharing ratio of Jayant and Leela. **[3]**

8. What is meant by a 'Share'? Give any two differences between 'Preference Shares' and 'Equity Shares'. **[3]**

9. NK Ltd., a truck manufacturing company, is registered with an authorised capital of ₹1,00,00,000 divided into equity shares of ₹100 each. The subscribed and paid up capital of the company is ₹50,00,000. The company decided to open technical schools in the Jhalawar district of Rajasthan to train the specially abled children of the area. It is planning to provide them employment in its various production units and industries in the neighbourhood area.
To meet the capital expenditure requirements of the project, the company offered 20,000 shares to the public for subscription. The shares were fully subscribed and paid.
Present the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the Companies Act, 2013. Also identify any two values that the company wants to communicate. **[3]**

10. Complete the following journal entries left blank in the books of VK Ltd.: **[3]**

VK Ltd.
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2018 Feb 1	______________	Dr.		______	
	______________				______
	(Purchased own 500, 9% debentures of ₹100 each at ₹97 each for immediate cancellation)				
Feb 1	______________	Dr.		______	
	______________				______
	______________				______
	(Cancelled own debentures)				
______	______________	Dr.		______	
	______________				______
	(______________)				

11. Banwari, Girdhari and Murari are partners in a firm sharing profits and losses in the ratio of 4 : 5 : 6. On 31st March, 2014, Girdhari retired. On that date the capitals of Banwari, Girdhari and Murari before the necessary adjustments stood at ₹2,00,000, ₹1,00,000 and ₹50,000 respectively. On Girdhari's retirement, goodwill of the firm was valued at ₹1,14,000. Revaluation of assets and re-assessment of liabilities resulted in a profit of ₹6,000. General Reserve stood in the books of the firm at ₹30,000.

The amount payable to Girdhari was transferred to his loan account. Banwari and Murari agreed to pay Girdhari two yearly instalments of ₹75,000 each including interest @ 10% p.a. on the outstanding balance during the first two years and the balance including interest in the third year. The firm closes its books on 31st March every year.

Prepare Girdhari's loan account till it is finally paid showing the working notes clearly. **[4]**

12. Asha and Aditi are partners in a firm sharing profits and losses in the ratio of 3 : 2. They admit Raghav as a partner for $\frac{1}{4}$th share in the profits of the firm. Raghav brings ₹6,00,000 as his capital and his share of goodwill in cash. Goodwill of the firm is to be valued at two years' purchase of average profits of the last four years.

The profits of the firm during the last four years are given below:

Year	Profit (₹)
2013-14	3,50,000
2014-15	4,75,000
2015-16	6,70,000
2016-17	7,45,000

The following additional information is given:

(i) To cover management cost an annual charge of ₹56,250 should be made for the purpose of valuation of goodwill.

(ii) The closing stock for the year ended 31.3.2017 was overvalued by ₹15,000.

Pass necessary journal entries on Raghav's admission showing the working notes clearly. **[4]**

13. Pranav, Karan and Rahim were partners in a firm sharing profits and losses in the ratio of 2: 2 : 1. On 31st March, 2017 their Balance Sheet was as follows:

Balance Sheet of Pranav, Karan and Rahim
as on 31.3.2017

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		3,00,000	Fixed Assets	4,50,000
General Reserve		1,50,000	Stock	1,50,000
Capitals			Debtors	2,00,000
Pranav	2,00,000		Bank	1,50,000
Karan	2,00,000			
Rahim	1,00,000	5,00,000		
		9,50,000		9,50,000

Karan died on 12.6.2017. According to the partnership deed, the legal representatives of the deceased partner were entitled to the following:

(i) Balance in his Capital Account
(ii) Interest on Capital @12% p.a.
(iii) Share of goodwill. Goodwill of the firm on Karan's death was valued at ₹60,000.
(iv) Share in the profits of the firm till the date of his death, calculated on the basis of last year's profit. The profit of the firm for the year ended 31.3.2017 was ₹5,00,000.

Prepare Karan's Capital Account to be presented to his representatives. **[6]**

14. Chander and Damini were partners in a firm sharing profits and losses equally. On 31r4 March, 2017 their Balance Sheet was as follows:

Balance Sheet of Chander and Damini
as on 31.3.2017

Liabilities		Amount ₹	Assets	Amount ₹
Sundry Creditors		1,04,000	Cash at Bank	30,000
Capitals:			Bills Receivable	45,000
Chander	2,50,000		Debtors	75,000
Damini	2,16,000	4,66,000	Furniture	1,10,000
			Land and Building	3,10,000
		5,70,000		**5,70,000**

On 1.4.2017, they admitted Elina as a new partner for $\frac{1}{3}$rd share in the profits on the following conditions:

(i) Elina will bring ₹3,00,000 as her capital and ₹50,000 as her share of goodwill premium, half of which will be withdrawn by Chander and Damini.
(ii) Debtors to the extent of ₹5,000 were unrecorded.
(iii) Furniture will be reduced by 10% and 5% provision for bad and doubtful debts will be created on bills receivables and debtors.
(iv) Value of land and building will be appreciated by 20%.
(v) There being a claim against the firm for damages, a liability to the extern of ₹8,000 will be created for the same.

Prepare Revaluation Account and Partners Capital Accounts. **[6]**

15. On 1st April, 2014, KK Ltd. invited applications for issuing 5,000 10% debentures of ₹1,000 each at a discount of 6%. These debentures were repayable at the end of 3rd year at a premium of 10%. Applications for 6,000 debentures were received and the debentures were allotted on pro-rata basis to all the applicants. Excess money received with applications was refunded.

The directors 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 fixed deposit as per the provisions of the Companies Act 2013. Tax was deducted at source by bank on interest @10% p.a.

Pass the necessary journal entries for issue and redemption of debentures. Ignore entries relating to writing off loss on issue of debentures and interest paid on debentures. **[6]**

16. Srijan, Raman and Manan were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 31st March, 2017 their Balance Sheet was as follows: **[8]**

Balance Sheet of Chander and Damini

as on 31.3.2017

Liabilities		Amount ₹	Assets	Amount ₹
Capitals:			Capital: Manan	10,000
Srijan	2,00,000		Plant	2,20,000
Raman	1,50,000	3,50,000	Investment	70,000
Creditors		75,000	Stock	50,000
Bills Payable		40,000	Debtors	60,000
Outstanding Salary		35,000	Bank	10,000
			Profit & Loss A/c	80,000
		5,00,000		**5,00,000**

On the above date they decided to dissolve the firm.

(i) Srijan was appointed to realise the assets and discharge the liabilities. Srijan was to receive 5% commission on sale of assets (except cash) and was to bear all expenses of realisation.

(ii) Assets were realised as follows:

	₹
Plant	85,000
Stock	33,000
Debtors	47,000

(iii) Investments were realised at 95% of the book value.

(iv) The firm had to pay ₹7,500 for an outstanding repair bill not provided for earlier.

(v) A contingent liability in respect of bills receivable, discounted with the bank had also materialised and had to be discharged for ₹15,000.

(vi) Expenses of realisation amounting to ₹3,000 were paid Srijan.

Prepare Realisation Account Partners' Capital Accounts and Bank Account.

Or

Moli, Bhola and Raj were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. Their partnership deed provided for the following:

(i) Interest on capital @ 5% p.a.

(ii) Interest on drawing @ 12% p.a.

(iii) Interest on partners' loan @ 6% p. a.

(iv) Moli was allowed an annual salary of ₹4,000; Bhola was allowed a commission of 10% of net profit as shown by Profit and Loss Account and Raj was guaranteed a profit of ₹1,50,000 after making all the adjustments as provided in the partnership agreement. Their fixed capitals were Moli : ₹5,00,000; Bhola : ₹8,00,000 and Raj : ₹4,00,000. On 1st April, 2016 Bhola extended a loan of ₹1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2017 before interest on Bhola's loan was ₹3,06,000. Prepare Profit and Loss Appropriation Account of Moli, Bhola and Raj for the year ended 31st March, 2017 and their Current Accounts assuming that Bhola withdrew ₹5,000 at the end of each month, Moli withdrew ₹10,000 at the end of each quarter and Raj withdrew ₹40,000 at the end of each half year. **[8]**

17. X Ltd. invited applications for issuing 50,000 equity shares of ₹10 each. The amount was payable as follows:

On Application:	₹2 per share
On Allotment:	₹2 per share
On First Call:	₹3 per share
On Second and Final Call:	Balance amount

Applications for 70,000 shares were received. Applications for 10,000 shares were rejected and the application money was refunded. Shares were allotted to the remaining applicants on a pro-rata basis and excess money received with applications was transferred towards sums due on allotment and calls, if any.

Gopal, who applied for 600 shares, paid his entire share money with application. Ghosh, who had applied for 6,000 shares, failed to pay the allotment money and his shares were immediately forfeited. These forfeited shares were re-issued to Sultan for ₹20,000; ₹4 per share paid up. The first call money and the second and final call money was called and duly received.

Pass necessary journal entries for the above transactions in the books of X Ltd. Open Calls-in-Advance Account and Calls-in-Arrears Account wherever necessary. **[8]**

Or

A Ltd. invited applications for issuing 1,00,000 shares of ₹10 each at a premium of ₹1 per share. The amount was payable as follows:

On Application:	₹3 per share
On Allotment:	₹3 per share (including premium)
On First Call:	₹3 per share
On Second and Final Call:	Balance amount

Applications for 1,60,000 shares were received. Allotment was made on the following basis:

(i) To applicants for 90,000 shares:	40,000 shares
(ii) To applicants for 50,000 shares:	40,000 shares
(iii) To applicants for 20,000 shares:	full shares

Excess money paid on application is to be adjusted against the amount due on allotment and calls.

Rishabh, a shareholder, who applied for 1,500 shares and belonged to category (ii), did not pay allotment, first and second and final call money.

Another shareholder, Sudha, who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Rishabh and Sudha were forfeited and were subsequently re-issued at ₹7 per share fully paid.

Pass the necessary journal entries in the books of A Ltd. Open Calls-in-Arrears Account and Calls-in-Advance Account wherever required. **[8]**

SECTION B

18. State the primary objective of preparing a Cash Flow Statement. **[1]**

19. 'Interest received and paid' is considered as which type of activity by a finance company while preparing a Cash Flow Statement? **[1]**

20. Prepare a common size Balance Sheet of KJ Ltd. from the following information: **[4]**

Particular	Note No.	31-3-2017 ₹	31-3-2016 ₹
I. Equity and Liabilities			
1. Shareholders' Funds		8,00,000	4,00,000
2. Non-current Liabilities		5,00,000	2,00,000
3. Current Liabilities		3,00,000	2,00,000
Total		**16,00,000**	**8,00,000**
II. Assets			
1. Non- Current Assets		10,00,000	5,00,000

2. Current Assets		6,00,000	3,00,000
Total		**16,00,000**	**8,00,000**

21. 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 (₹)	**2016-17(₹)**
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 ₹2,00,000. **[4]**

22. JW Ltd. was a company manufacturing geysers. As a part of its long term goal for expansion, the company decided to identify the opportunity in rural areas. Initial plan was rolled out for Bhiwani village in Haryana. Since the village did not have regular supply of electricity, the company decided to manufacture solar geysers. The core team consisting of the Regional Manager, Accountant and the Marketing Manager was taken from the Head Office and the remaining employees were selected from the village and neighbourhood areas.

At the time of preparation of financial statements, the accountant of the company fell sick and the company deputed a junior accountant temporarily from the village for two months.

The Balance Sheet prepared by the junior accountant showed the following items against the Major Heads and Sub-heads mentioned which were not as per Schedule III of the Companies Act, 2013.

Items	**Major Head/Sub-Head**
Loose Tools	Trade Receivables
Cheques in Hand	Current Investments
Term Loan from Bank	Other Long-term Liabilities
Computer Software	Tangible Fixed Assets

Identify any two values that the company wants to communicate to the society. Also present the above items under the correct major heads and sub-heads as per Schedule III of the Companies Act, 2013. **[4]**

23. From the following Balance Sheet of JY Ltd. as at 31st March 2017, prepare a Cash Flow Statement : **[6]**

Balance Sheet of JY Ltd.
as at 31.3.2017

Particular	**Note No.**	**31-3-2017 ₹**	**31-3-2016 ₹**
I. Equity and Liabilities			
1. Shareholders' Funds:			
(a) Share capital		5,00,000	5,00,000
(b) Reserves and surplus	1	1,00,000	(25,000)
2. Non-current Liabilities:			
Long term-borrowing	2	2,50,000	1,50,000
3. Current Liabilities:			
(a) Short-term borrowings	3	1,50,000	1,00,000
(b) Short-term provisions	4	2,00,000	1,25,000
Total		**12,00,000**	**8,50,000**
II. Assets			
1. Non- Current Assets:			
(a) Fixed Assets:			
(i) Tangible	5	6,00,000	4,50,000
2. Current Assets:			
(a) Trade Receivable		2,75,000	2,25,000
(b) Cash and Cash Equivalents		1,25,000	75,000
(c) Short-term Loans and Advances		2,00,000	1,00,000
Total		**12,00,000**	**8,50,000**

Notes to Accounts

Note No	Particulars	31-3-2017 ₹	31-3-2016 ₹
1.	Reserve and Surplus		
	(Surplus i.e. Balance in Statement of Profit and Loss)	1,00,000	(25,000)
		1,00,000	**(25,000)**
2.	Long term borrowings :		
	10 % Debentures	2,50,000	1,50,000
		2,50,000	**1,50,000**
3.	Short – term borrowings :		
	Bank Overdraft	1,50,000	1,00,000
		1,50,000	**1,00,000**
4.	Short – term provisions:		
	(i) Proposed Dividend	75,000	50,000
	(ii) Provision for Tax	1,25,000	75,000
		2,00,000	**1,25,000**
5.	Tangible Assets:		
	Machinery	7,37,500	5,25,000
	Accumulated Depreciation	(1,37,500)	(75,000)
		6,00,000	**4,50,000**

Additional Information:

₹1,00,000, 10% Debentures were issued on 31-3-2017.

CBSE
Class XII Accountancy
Delhi Board Paper Set 1– 2018 Solution

SECTION A

1. **Answer :**

Share of Chaman $= \frac{1}{6}$

Share acquired from Amit $= \frac{2}{5} \times \frac{1}{6} = \frac{2}{30}$

Share acquired from Beena = Share of Chaman – Acquired from Amit

$= \frac{1}{6} - \frac{2}{30} = \frac{3}{30} = \frac{1}{10}$

2. **Answer :**

Meetu's Share in Profits: 1/3 (as the profit sharing ratio is not given, it is assumed to be equal).
Goodwill of the firm = ₹4,20,000

Meetu's share of Goodwill = 4,20,000 $\times \frac{1}{3}$ = ₹1,40,000

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2018 Jan 1	Neetu's Capital A/c Dr.		70,000	
	Teetu's Capital A/c Dr.		70,000	
	To Meetu's Capital A/c			1,40,000
	(Being goodwill adjusted in 1:1)			

3. **Answer :**

Basis	**Dissolution of partnership**	**Dissolution of firm**
Settlements of Assets and Liabilities	Assets and Liabilities are revalued and the gain or loss is distributed to all partners in old ratio.	Assets of the firm are realised and liabilities are settled. Balance amount, if any is distributed among all partners.

4. **Answer :**

No, the relationship between Ritesh and Hitesh cannot be called as Partnership but would be they regarded as the co-owners. This is because, Partnership requires the partners to conduct the business on a regular basis and share the profits from the same whereas in this case this is a one-time activity.

5. **Answer :**

Reserve Capital is a part of "Uncalled Capital".

6. **Answer :**

Loans taken are majorly secured by mortgage of the assets known as prime or principal security. Security given in addition to the prime or principal security is termed as Collateral Security. If the borrower is not able to pay the principal amount or interest on loan amount, then the lender has the right to recover the dues from the sale of primary security and in case if the primary security is not sufficient to recover the amount of debt, then the collateral security can be used to recover the due amount.

7. Answer :

$$\text{Jayant's Share (Old)} = \frac{5}{10}$$

$$\text{Jayant's Gain} = \frac{2}{5} \times \frac{2}{10} = \frac{4}{50}$$

$$\text{Jayant's New Share} = \text{Jayant's Old Share} + \text{Jayant's Gain}$$

$$= \frac{5}{10} + \frac{4}{50} = \frac{29}{50}$$

$$\text{Leena's Share (Old)} = \frac{3}{10}$$

$$\text{Leena's Gain} = \frac{3}{5} \times \frac{2}{10} = \frac{6}{50}$$

$$\text{Leena's New Share} = \text{Leena's Old Share} + \text{Leena's Gain}$$

$$= \frac{3}{10} + \frac{6}{50} = \frac{21}{50}$$

Thus, the New Profit Sharing Ratio of Jayant and Leena would be 29 : 21

8. Answer :

A company is an entity incorporated by a group of persons through the process of law and has a share capital divided into shares, the owners of which are referred to as members or shareholders. Share here refers to a unit into which the share capital of a company is divided. It includes the stock of the company and represents ownership claims on business.

Basis of Difference	Preference Shares	Equity Shares
Voting Rights	Preference shareholders have voting rights only in special circumstances	Equity shareholders have voting rights in all the circumstances.
Rate of Dividend	Fixed rate of dividend is received	Rate of dividend is decided by the board every year and is approved by the shareholders.

9. Answer :

Balance Sheet (Extract)

Particular	Note No.	Current year ₹	Previous year ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Share capital	1	70,00,000	50,00,000
Total		**70,00,000**	**50,00,000**

NOTES TO ACCOUNT

	Particulars	₹
1	**Share Capital**	
	Authorised Capital	
	1,00,000 Equity Shares of ₹100 each	1,00,00,000
	Issued share Capital	
	70,000 Equity Shares of ₹100 each	70,00,000
	subscribed fully paid-up capital	
	70,000 Equity Shares of ₹100 each; Fully Called up	**70,00,000**

Values involved are:

(a) Generation of Employment

(b) Social-upliftment by showing concerns for the differently-abled children.

10. Answer :

VK Ltd.
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2018 Feb 1	Own Debenture A/c	Dr.		48,500	
	To cash and Bank A/c				48,500
	(Purchased own 500, 9% debentures of ₹100 each at ₹97 each for immediate cancellation)				
Feb 1	9% Debentures A/c	Dr.		50,000	
	To Own Debenture A/c				48,500
	To Gain on cancellation of Own Debenture A/c				1,500
	(Cancelled own debentures)				
March 31	Gain on cancellation of Own Debenture A/c	Dr.		1,500	
	To Capital Reserve A/c				1,500
	(Gain on cancellation transferred to capital Reserve)				

11. Answer :

Capital of Girdhari = ₹1,00,000

Girdhari's Share of Goodwill = $1{,}14{,}000 \times \frac{5}{15} = 38{,}000$

Girdhari's Share in Revaluation Profit = $6{,}000 \times \frac{5}{15} = 2{,}000$

Girdhari's Share in General Reserve = $30{,}000 \times \frac{5}{15} = 10{,}000$

Total Amount Payable to Girdhari = ₹1,00,000 + ₹ 38,000 + ₹ 2,000 + ₹ 10,000 = ₹1,50,000

In books of Banwari & Murari
Girdhari's Loan Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
2015			2014		
March 31	To Cash and Bank A/c	75,000	April 1	By Girdhari's Capital A/c	1,50,000
March 31	To Balance c/d	90,000	2015		
			March 31	By Interest A/c	15,000
		1,65,000			**1,65,000**
2016			2015		
March 31	To Cash and Bank A/c	75,000	April 1	By Balance b/d	90,000
March 31	To Balance c/d	24,000	2016		
			March 31	By Interest A/c	9,000
		99,000			**99,000**
2016			2016		
March 31	To Cash and Bank A/c	26,400	April 1	By Balance b/d	24,000
			2016		
			March 31	By Interest A/c	2,400
		26,400			**26,400**

Working Notes:

1. Interest for Year 1 $= 1,50,000 \times \frac{10}{100} = 15,000$

2. Interest for Year 2 $= 90,000 \times \frac{10}{100} = 9,000$

3. Interest for Year 1 $= 24,000 \times \frac{10}{100} = 2,400$

12. Answer :

Computation of Adjusted Profit:

Journal
In the books of Z Ltd

Year	Profit (₹) Adjustments		Adjusted Profit (₹)
2013-14	₹3,50,000 – ₹56,250 for Management Cost		2,93,750
2014-15	₹4,75,000 – ₹56,250 for Management Cost		4,18,750
2015-16	₹6,70,000 – ₹56,250 for Management Cost		6,13,750
	₹7,45,000 – ₹56,250 for Management Cost	6,88,750	
2016-17	– ₹15,000 overvaluation of closing Stock	(15,000)	6,73,750
	Total Profit		20,00,000

Average Profit $= \frac{₹20,00,000}{4} = ₹5,00,000$

Goodwill $=$ Average Profit $\times$ No. of years purchase $= ₹5,00,000 \times 2 = ₹10,00,000$

Raghav's Share of Goodwill $= ₹10,00,000 \times \frac{1}{4} = ₹2,50,000$

In the books of Asha, Aditi & Raghav
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2017 Apr. 1	Cash A/c Dr. To Raghav's Capital A/c To Premium for Goodwill A/c (Being Raghav's Capital and share of goodwill brought in cash)		8,50,000	 6,00,000 2,50,000
Apr. 1	Premium for Goodwill A/c Dr. To Asha's Capital A/c To Aditi's Capital A/c (Being Goodwill distributed among sacrificing partners in the ratio 3:2)		2,50,000	 1,50,000 1,00,000

13. Answer :

In the books of Pranav, Karan & Rahim
Karan's Capital Account

Dr. Cr

Date	Particulars	₹	Date	Particulars	₹
2017 Jun 12	Karan's Executors A/c	3,28,800	Jun 12	Balance b/d	2,00,000
			Jun 12	Interest on Capital A/c (WN 1)	4,800
			Jun 12	Pranav's Capital (Goodwill) (WN 2)	16,000
			Jun 12	Rahim's Capital (Goodwill) (WN 2)	8,000
			Jun 12	Profit Loss Suspense A/c (WN3)	40,000
			Jun 12	General Reserve A/c	60,000
		3,28,800			**3,28,800**

Working Notes:

1. **Interest on capital** $= 2,00,000 \times \frac{12}{100} \times \frac{73}{365} = 4,800$

2. **Karan's Goodwill** $= 60,000 \times \frac{2}{5} = 24,000$

3. **Profit till the date of death** $= 5,00,000 \times \frac{73}{365} \times \frac{2}{5} = 40,000$

14. Answer :

In the books of Chander & Damini
Revaluation Account

Dr. Cr

Particulars		₹	Particulars	₹
To Furniture		11,000	By Debtors	5,000
To Provision for bad & Doubtful debts		6,250	By Land and Building	62,000
To Claim for Damages		8,000		
To Profit transferred to:				
Chander's Capital	20,875			
Damini's Capital	20,875	41,750		
		67,000		**67,000**

In the books of Chander, Damini & Elina
Partner's Capital Account

Dr. **Cr.**

Particulars	Chander	Damini	Elina	Particulars	Chander	Damini	Elina
To Bank A/c	12,500	12,500		By Balance b/d	2,50,000	2,16,000	
To Balance c/d	2,83,375	2,49,375	3,00,000	By Bank A/c			3,00,000
				By Premium for Goodwill A/c	25,000	25,000	
				By Revaluation A/c	20,875	20,875	
	2,95,875	2,61,875	3,00,000		2,95,875	2,61,875	3,00,000

15. Answer :

In the books of KK Ltd.
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2014 Apr 1	Bank A/c	Dr.		56,40,000	
	To Debenture Application & Allotment A/c				56,40,000
	(Being debenture application money received @ ₹940 on 6,000 debentures)				
Apr 1	Debenture Application & Allotment A/c	Dr.		56,40,000	
	Loss on Issue of Debentures A/c (3,00,000 + 5,00,000)	Dr.		8,00,000	
	To 10% Debenture A/c				50,00,000
	To Premium on Redemption of Debenture A/c				5,00,000
	To Bank A/c (1000*940)				9,40,000
	(Being debentures allotted at a discount of 6% to be redeemable at a 10% premium. Excess refunded.)				

2016 Mar 31	Balance in Statement of Profit & Loss A/c Dr. To Debenture Redemption Reserve A/c (Being DRR created at 25%)		12,50,000	12,50,000
Apr 1	Debenture Redemption Investment A/c Dr. To Bank A/c (Being DRI in 9% Fixed deposit @ 15% of Debenture Face Value)		7,50,000	7,50,000
2017 Mar 31	10% Debenture A/c Dr. Premium on Redemption of Debentures A/c Dr. To Debentureholders A/c (Being debenture and premium repayment due)		50,00,000 5,00,000	55,00,000
Mar 31	Bank A/c Dr. Income Tax Paid A/c Dr. To Debenture Redemption Investment A/c To Interest on Debenture Redemption Investment A/c (Being DRI matured and 9% Interest received thereon. Tax Deducted at source being 10% of the interest)		8,10,750 6,750	7,50,000 67,500
Mar 31	Debentureholders A/c Dr. To Bank A/c (Being amount paid to Debentureholders)		55,00,000	55,00,000
Mar 31	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (Being DRR transferred to General Reserve)		12,50,000	12,50,000

16. Answer :

Realisation Account

Dr. Cr

Particulars		₹	Particulars		₹
To Plant A/c		2,20,000	By Creditors		75,000
To Investment A/c		70,000	By Bills Payable		40,000
To Stock A/c		50,000	By Outstanding Salary		35,000
To Debtors A/c		60,000	By Bank A/c		
To Bank A/c			Plant	85,000	
Creditors	75,000		Stock	33,000	
Bills Payable	40,000		Debtors	47,000	
Outstanding Salary	35,000	1,50,000	Investment	66,500	2,31,500
To Bank A/c			By Partners Capital A/c		
Outstanding Bill for Repair	7,500		Srijan	81,030	
Dishonour of Discount Bill	15,000	22,500	Raman	81,030	
To Srijan's Capital A/c Commission			Manan	40,515	2,02,575
(2,31,500×0.05)		11,575			
		5,84,075			**5,84,075**

Partner's Capital Account

Dr. **Cr.**

Particulars	Srijan	Raman	Manan	Particulars	Srijan	Raman	Manan
To Balance b/d			10,000	By Balance b/d	2,00,000	1,50,000	
To P/L A/c	32,000	32,000	16,000	By Realisation A/c			
To Realisation A/c				(Commission)	11,575		
(Loss)	81,030	81,030	40,515	By Bank A/c			66,515

To Bank A/c	98,545	36,970					
	2,11,575	1,50,000	66,515		2,11,575	1,50,000	66,515

Bank Account

Dr. Cr.

Particulars	₹	Particulars	₹
To Balance b/d	10,000	By Realisation A/c	1,50,000
To Realisation A/c (Asset realised)	2,31,500	By Realisation A/c	22,500
To Manan's Capital A/c	66,515	By Srijan's Capital A/c	98,545
		By Raman's Capital A/c	36,970
	3,08,015		**3,08,015**

Or

In the books of Moli, Bhola & Raj
Profit & Loss Account
for the year ended 31st march 2017

Dr. Cr.

Particulars	₹	Particulars	₹
To Interest on Bhola's Loan	6,000	By Net Profit	3,06,000
To Net Profit (P/L Appropriation)	3,00,000		
	3,06,000		**3,06,000**

In the books of Moli, Bhola & Raj
Profit & Loss Appropriation Account
for the year ended 31st march 2017

Dr. Cr.

Particulars		₹	Particulars		₹
To Interest on Capital:			By Net Profit (P/L A/c)		3,00,000
Moli's Current	25,000		By Interest on Drawing		
Bhola's Current	40,000		Moli's Current	1,800	
Raj's Current	20,000	85,000	Bhola's Current	3,300	
Moli's Salary		4,000	Raj Current	2,400	7,500
Bhola's Commission		30,000			
Profit transferred to:					
Moli's Current (56,550 – 37,300)	19,250				
Bhola's Current (56,550 – 37,300)	19,250				
Raj's Current (75,400+37,300+37,300)	1,50,000	1,88,500			
		3,07,500			**3,07,500**

Partner's Capital Account

Dr. **Cr.**

Particulars	Moli	Bhola	Raj	Particulars	Moli	Bhola	Raj
To Drawings	60,000	40,000	80,000	By P/L Appropriation (IOC)	25,000	40,000	20,000
To P/L Appropriation	1,800	3,300	2,400	By P/L Appropriation (Salary)	4,000		
To Balance c/d		45,950	87,600	By P/L Appropriation (Commission)		30,000	
				By P/L Appropriation (Divisible profit)	19,250	19,250	1,50,000
				By Balance c/d	13,550		
	61,800	89,250	1,70,000		61,800	89,250	1,70,000

17. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Bank A/c	Dr.		1,44,800	
	To Equity Share Application A/c				1,44,800
	(Being equity Share Application money received)				
	Equity Share Application A/c	Dr.		1,44,800	
	To Equity Share Capital A/c				1,00,000
	To Equity Share Allotment A/c				20,800
	To Calls in Advance A/c				3,000
	To Bank A/c				21,000
	(Being pro-rata Allotment made, excess adjusted towards allotment, calls and refunded)				
	Equity Share Allotment A/c	Dr.		1,00,000	
	To Equity Share Capital A/c				1,00,000
	(Being allotment made due)				
	Bank A/c	Dr.		71,200	
	Calls in Arrears A/c	Dr.		8,000	
	To Equity Share Allotment A/c				79,200
	(Being allotment money received except from Ghosh)				
	Equity Share Capital A/c	Dr.		20,000	
	To Calls in Arrears A/c				8,000
	To Share Forfeiture A/c				12,000
	(Being share forfeiture)				
	Bank A/c	Dr.		20,000	
	To Equity Share Capital A/c				20,000
	(Being shares reissued to Sultan)				
	Share Forfeiture A/c	Dr.		12,000	
	To Capital Reserve A/c				12,000
	(Being amount forfeited transferred to Capital Reserve)				
	Equity Share First Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c				1,50,000
	(Being share first call money made due)				
	Bank A/c	Dr.		1,48,500	
	Calls in Advance A/c	Dr.		1,500	
	To Equity Share First Call A/c				1,50,000
	(Being first call money received)				
	Equity Share Second and Final Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c				1,50,000
	(Being share second and final call money made due)				
	Bank A/c	Dr.		1,48,500	
	Calls in Advance A/c	Dr.		1,500	
	To Equity Share Second and Final Call A/c				1,50,000
	(Being share second and final Call money received)				

Computation Table

Categories	Shares Applied	Shares Allotted	Money received on Application @ ₹2 each	Money transferred to Share Capital @ ₹2 each	Surplus	Allotment due @ ₹2 each	Call in Advance @ ₹6 each	Refund
I	10,000	NIL	20,000	NIL	20,000	NIL	NIL	20,000
II	59,400	49,500	1,18,800	99,000	19,800	19,800	NIL	NIL
III	600	500	6,000	1,000	5,000	1,000	3,000	1,000
	70,000	**50,000**	**1,44,800**	**1,00,000**	**44,800**	**20,800**	**3,000**	**21,000**

Calculation of Amount Due towards Ghosh:

Shared Applied: 6,000

Shares Allotted: 5,000

Application due towards Ghosh: ₹10,000

Application money received from Ghosh: ₹12,000

Excess application money received (to be adjusted against allotment): ₹2,000

Allotment money not received (Arrears): ₹8000 (10,000 – 2,000)

Or

In the books of A Ltd.
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
(i)	Bank A/c To Equity Share Application A/c (Being application money received on 1,60,000 shares)	Dr.		4,80,000	 4,80,000
(ii)	Equity Share Application A/c To Equity Share Capital A/c To Equity Share Allotment A/c To Calls in Advance A/c (Being application money received transferred to Share Capital, to be adjusted on allotment and calls)	Dr.		4,80,000	 3,00,000 1,50,000 30,000
(iii)	Equity Share Allotment A/c (3×1,00,000) To Equity Share Capital A/c (2×1,00,000) To Securities Premium Reserve A/c (1×1,00,000) (Being allotment made due on 1,00,000 shares)	Dr.		3,00,000	 2,00,000 1,00,000
(iv)	Bank A/c Calls in Arrears A/c (WN1) To Equity Share Allotment A/c (3×50,000) (Being allotment money received except 1,200 shares of Rishabh)	Dr. Dr.		1,47,300 2,700	 1,50,000
(v)	Equity Share First Call A/c (3×1,00,000) To Equity Share Capital A/c (3×1,00,000) (Being share first call money due on 1,00,000 shares)	Dr.		3,00,000	 3,00,000
(vi)	Bank A/c	Dr.		2,64,600	

	Calls in Advance A/c Calls in Arrears A/c (WN) To Equity Share First Call A/c (Being first call money received)	Dr. Dr.		30,000 5,400	 3,00,000
(vii)	Equity Share Second and Final Call A/c (2×1,00,000) To Equity Share Capital A/c (Being share second and final call money due on 1,00,000 shares)	Dr.		2,00,000	 2,00,000
(viii)	Bank A/c Calls in Arrears A/c(2×2,000) To Equity Share Second and Final Call A/c (Being share second and final Call money received)	Dr. Dr.		1,96,000 4,000	 2,00,000
(ix)	Share Capital A/c (2,000×10) Securities Premium Reserve A/c (1×1,200) To Calls in Arrears A/c (2,700 + 5,400 + 4,000) To Share Forfeiture A/c (Being 2000 shares of Rishabh and Sudha forfeited due to non-payment of allotment and call money)	Dr. Dr.		20,000 1,200	 12,100 9,100
(x)	Bank A/c (7×2,000) Share Forfeiture A/c To Share Capital A/c (10×2000) (Being 2000 forfeited shares of Rishabh and Sudha reissued as fully paid-up)	Dr. Dr.		14,000 6,000	 12,000
(xi)	Share Forfeiture A/c (9,100 – 6,000) To Capital Reserve A/c (Being amount forfeited transferred to Capital Reserve)	Dr.		3,100	 3,100

Working Note:

Note No.	Particulars	Amount (₹)
1	**Amount not paid by Rishabh (Calls in Arrears)**	
	Allotment Due on Rishabh's Shares (3×1,200)	3,600
	Less: Excess on Application 3×(1500-1200)	900
		2,700
	#No. of Shares allotted to Rishabh = 1,500×40,000/50,000 =1,200	
2	**Amount not paid in respect of First Call (Calls in Arrears)**	
	First call Due (3×2000)-i.e. on 800 and 1,200 shares	6,000
	Less: Excess on Application on Sudha's Shares 3×(1800- 800)-2,400 i.e. adjusted on allotment	600
		5,400

Pro Rata Table

Shares Applied for (₹3)		**Shares Allotted (₹3)**		**Allotment (₹3)**	**First Call (₹3)**	**Second & Final Call (₹2)**	**Refund**
Units	**₹**	**Units**	**₹**	**₹**	**₹**	**₹**	**₹**
90,000	2,70,000	40,000	1,20,000	1,20,000	30,000	-	Nil
50,000	1,50,000	40,000	1,20,000	30,000	-	-	Nil
20,000	60,000	20,000	60,000	-	-	-	Nil
1,60,000	4,80,000	1,00,000	3,00,000	1,50,000	30,000		

SECTION B

18. Answer:

The objective of preparing Cash Flow Statement is to determine the sources (receipts) and the application (payments) of cash and cash equivalents under different activities i.e., operating/investing/financing activity.

19. Answer :

For a finance company, Interest Paid & Received is treated as Cash Flow from Operating Activities. Interest received is cash inflow whereas interest paid is cash outflow.

20. Answer :

Common Size Balance sheet of KJ Ltd.

Particular	Note No.	Absolute Amount		% of Balance sheet Total	
		31-3-2016 ₹	31-3-2017 ₹	31-3-2016 ₹	31-3-2017 ₹
I. Equity and Liabilities					
1. Shareholders' Funds		4,00,000	8,00,000	50.00	50.00
2. Non-current Liabilities		2,00,000	5,00,000	25.00	31.25
3. Current Liabilities		2,00,000	3,00,000	25.00	18.75
Total		**8,00,000**	**16,00,000**	**100.00**	**100.00**
II. Assets					
1. Non- Current Assets		5,00,000	10,00,000	62.50	62.50
2. Current Assets		3,00,000	6,00,000	37.50	37.50
Total		**8,00,000**	**16,00,000**	**100.00**	**100.00**

21. Answer :

Computation of Inventory Turnover Ratio

2016 - 17

$\text{COGS} = \text{Revenue from Operations} - \text{Gross Profit}$

$$=75,00,000-\left(75,00,000\times\frac{25}{125}\right)=75,00,000-15,00,000=₹60,00,000$$

$$\text{Average Inventory} = \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$$

$$=\frac{7,00,000+17,00,000}{2}=₹12,00,000$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}} = \frac{60,00,000}{12,00,000} = 5 \text{ times}$$

2015 - 16

$\text{Cost of Goods Sold (COGS)} = \text{Revenue from Operations} - \text{Gross Profit}$

$$=50,00,000-\left(50,00,000\times\frac{25}{125}\right)$$

$$=50,00,000-10,00,000=`40,00,000$$

$$\text{Average Inventory} = \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$$

$$=\frac{5,00,000+7,00,000}{2}=₹6,00,000$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}} = \frac{40,00,000}{6,00,000} = 6.67 \text{ times}$$

22. Answer :

The values being communicated are:

1. Sustainable use of Energy & Environment Protection
2. Rural Development & Employment Generation

Item	Major Heads	Sub Head
Loose tools	Current Assets	Inventories
Cheques in hand	Current Assets	Cash & Cash Equivalents
Term Loan from Bank	Non- Current Liabilities	Long-Term Borrowing
Computer Software	Non- Current Assets	Fixed Assets-Intangible Assets

23. Answer:

	Particulars	₹	₹
A	**Cash Flow from Operating Activities**		
	Profit as per statement of Profit and Loss on 31st March 2017	1,00,000	
	Less: Profit as per statement of Profit and Loss on 31st March 2016 (Loss)	(25,000)	
		1,25,000	
	Add: Proposed Dividend	75,000	
	Provision for Tax	1,25,000	3,25,000
	Net Profit Before Taxation and Extra-ordinary items		
	Items to be Added:		
	Depreciation Expenses (1,37,500 – 75,000)	62,500	
	Interest on Debentures (1,50,000 × 10%)	15,000	77,500
	Operating Profit Before Working Capital Changes		4,02,500
	Less : Decreases in Current Liabilities and Increases in Current Assets		
	Increases in Trade Receivables (2,75,000 – 2,25,000)	50,000	
	Increases in Short term Loans & Advance (2,00,000 – 1,00,000)	1,00,000	1,50,000
	Cash Generated from Operations		2,52,500
	Less : Tax Paid during the year		75,000
	Net Cash Flows from Operating Activities		**1,77,500**
B	**Cash Flow from Investing Activities**		
	Purchase of Machinery (7,37,500 – 5,25,000)	(2,12,500)	2,12,500
	Cash Used in Investing Activities		**(2,12,500)**
C	**Cash Flow from Financing Activities**		
	Proceeds from Issue of 10% Debentures (2,50,000 – 1,50,000)	1,00,000	
	Increase in Bank Overdraft (1,50,000 – 1,00,000)	50,000	
	Dividend Paid i.e. Opening Proposed Dividend	(50,000)	
	Interest on Debentures (1,50,000 × 10%)	(15,000)	
	Net Cash Flow from Financing Activities		**85,000**
D	**Net Increase or Decrease in Cash and Cash Equivalents (A+B +C)**		50,000
	Add : Cash and Cash Equivalents in the beginning of the period		75,000
	Cash and Cash Equivalents at the end of the period		**1,25,000**

CBSE
Class XII Accountancy
All India Board Paper Set 2 – 2017

Time: 3 Hours **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A

(i) This section consists of **17** questions
(ii) All the question are compulsory
(iii) Question Nos. **1** to **6** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **7** to **10** carry **3** marks each
(v) Question Nos. **11** and **12** carry **4** marks each
(vi) Question Nos. **13** to **15** carry **6** marks each
(vii) Question Nos. **16** and **17** Carry **8** marks each

Section B

(i) This section consists of **6** questions
(ii) All questions are compulsory
(iii) Question Nos.**18** and **19** are very short – answer carrying **1** mark each
(iv) Question Nos. **20** to **22** carry **4** marks
(v) Question No.**23** carries **6** marks

SECTION A

1. Durga and Naresh were partners in a firm. They wanted to admit five more members in the firm. List any two categories of individuals other than minors who cannot be admitted by them.

2. Z. Ltd forfeited 1,000 equity shares of ₹10 each for the non-payment of the first call of ₹2 per share. The final call of ₹3 per share was yet to be made.
Calculate the maximum amount of discount at which these shares can be reissued.

3. X Ltd invited applications for issuing 500, 12 % debentures of ₹100 each at a discount of 5%. These debentures were redeemable after these years at par. Applications for 600 debentures were received. Pro-rata allotment was made to all the applications.
Pass necessary journal entries for the issue of debentures assuming that the whole amount was payable with application.

4. P and Q were partners in a firm sharing profits and losses equally. Their fixed capitals were ₹2,00,000 and ₹3, 00,000 respectively. The partnership deed provided for interest on capital @ 12% per annum. For the year ended 31st March, 2016, the profits of the firm were distributed without providing interest on capital
Pass necessary adjustment entry to rectify the error.

5. A and B were partners in a firm sharing profits and losses in the ratio of 5:3. They admitted C as a new partner. The new profit sharing ratio between A, B and C was 3:2:3. A surrendered $\frac{1}{5}$th of his share in favour of C. Calculate B's sacrifice.

6. Distinguish between 'Fixed Capital Account' and 'Fluctuating Capital Account' on the basis of credit balance.

7. Ganesh Ltd. is registered with an authorised capital of ₹10, 00, 00,000 divided into equity shares of ₹10 each. Subscribed and fully paid up capital of the company was ₹6,00,00 ,000. For providing employment to the local youth for the development of the tribal areas of Arunachal Pradesh the company decided to Set up a hydro power plants there. The company also decided to Open skill development centres in Itnaagar, pasighat and Tawang. To meet its new financial requirements, the company decided to issue 1,00,000 equity shares of ₹10 each and 1,00,000, 9% debentures of ₹100 each. The debentures were redeemable after five years at par. The issue of shares and debentures was fully subscribed. A shareholder holding 2,000 shares failed to pay the final call of ₹2 per share.

Show the share capital in the Balance Sheet of the company as per the provisions of Schedule III of the companies Act, 2013; also identify any two values that the company wishes to propagate.

8. Disha Ltd purchased machinery from Nisha Ltd. and paid to Nisha Ltd. as follows :

(i) By issuing 10,000 equity shares of ₹10 each at a premium of 10%

(ii) By issuing 200, 9% debentures of ₹100 each at a discount of 10%.

(iii) Balance by accepting a bill of exchange of ₹50,000 payable after one month.

Pass necessary journal entries in the books of Disha Ltd. for the purchase of machinery and making payment to Nisha Ltd.

9. Kavi, Ravi, Kumar and Guru were partners in a firm sharing profits in the ratio of 3:2:2:1. On 1.2.2017, Guru retired and the new profit sharing ratio decided between Kavi, Ravi and Kumar was 3:1:1. On Guru's retirement the goodwill of the firm was valued at ₹3, 60,000.

Showing your working notes clearly, pass necessary journal entry in the books of the firm for the treatment of goodwill on Guru's retirement

10. BPL Ltd. converted 500, 9% debentures of ₹100 each issued at a discount of 6% into equity shares of ₹100 each issued at a premium of ₹25 per share. Discount on issue of 9% debentures has not yet been written off. Showing your working notes clearly, pass necessary journal entries for conversion of 9% debentures into equity shares.

11. Ashok, Babu and Chetan were partners in a firm sharing profits in the ratio of 4:3:3. The firm closes its books on 31st March every year. On 31st December, 2016 Ashok died. The partnership deed provided that on the death of a partner his executors will be entitled for the following:

(i) Balance in his capital account. On 1.4.2016, there was a balance of ₹90,000 in Ashok's Capital Account.

(ii) Interest on Capital @12% per annum

(iii) His share in the profits of the firm in the year of his death will be calculated on the basis of rate of net profit on sales of the previous year, which was 25%. The sales of the firm till 31st December, 2016 were ₹4, 00,000.

(iv) His share in the goodwill of the firm. The goodwill of the firm on Ashok's death was valued at 4,50,000.

The partnership deed also provided for the following deduction from the amount payable to the executor of the decreased partner:

(i) His drawings in the year of his death, Ashok's drawings till 31.12.2016 were ₹15,000.

(ii) Interest on drawings @12 % per annum which was calculated on ₹1,500.

The accountant of the firm prepared Ashok's Capital Account to be presented to the executor of Ashok but in a hurry he left it incomplete. Ashok's Capital Account as prepared by the firm accountant is given below

Ashok Capital Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
2016 Dec 31	……………	15,000	2016 April 1	………………	90,000

Dec 31	…………..	…………	Dec 31	……………..	8,300
Dec 31	……………	…………..	Dec 31	……………..	40,000
			Dec 31	……………..	90,000
			Dec 31	………………	90,000
		3,18,100			3,18,000

Your are required to complete Ashok's Capital Account.

12. Madhu and Neha were partners in a firm sharing profits and losses in the ratio of 3: 5. Their fixed capitals were ₹4, 00,000 and ₹6,00,000 respectively. On 1.1.2016, Tina was admitted as a new partner for $\frac{1}{4}$th share in the profits. Tina acquired her share of profit from Neha. Tina brought ₹4, 00,000 as her capital which was to be kept fixed like the capitals of Madhu and Neha. Calculate the goodwill of the firm on Tina's admission and the new profit sharing ratio of Madhu, Neha and Tina. Also, pass necessary journal entry for the treatment of goodwill on Tina's admission considering that Tina did not bring her share of goodwill premium in cash

13. Suresh, Ramesh, Mahesh and Ganesh were partners in a firm sharing profits in the ratio of 2:2:3:3. On 1.4.2016 their Balance Sheet was as follows :

Balance Sheet of Suresh, Ramesh, Mahesh and Ganesh
***as on* 1.4.2016**

Liabilities		₹	Assets	₹
Capitals :			Fixed Assets	6,00,000
Suresh	1,00,000		Current Assets	3,45,000
Ramesh	1,50,000			
Mahesh	2,00,000			
Ganesh	2,50,000	7,00,000		
Sundry Creditors		1,70,000		
Workmen Compensation Reserve		75,000		
		9,45,000		**9,45,000**

From the above date the partners decided to share the future profits equally. For this purpose the goodwill of the firm was valued at ₹90,000.

It was also agreed that:

(i) Claim against Workmen Compensation Reserve will be estimated at ₹1,00,000 and fixed assets will be depreciated by 10%.

(ii) The capitals of the partners will be adjusted according to the new profit sharing ratio. For this, necessary cash will be brought or paid by the partners as the case may be.

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

14. On 1.4.2015, KVK Ltd. issued 15,000, 9% debentures of ₹100 each at a discount of 7%, redeemable at a premium of 10% after 10 years. The company closes its books on 31st March every year. Interest on 9%debentures is payable on 30th September and 31st March every year. The rate of tax deducted at source is 10%.

Pass necessary journal entries for the issue of 9% debentures and debenture interest for the year ended 31.3.2016.

15. Pass necessary journal entries on the dissolution of a partnership firm in the following cases :

(i) Expenses of dissolution were ₹9,000.
(ii) Expenses of dissolution ₹3,400 were paid by a partner, Vishal.
(iii) Shiv, a partner, agreed to do the work for dissolution for a commission of ₹4,500. He also agreed to bear the dissolution expenses. Actual dissolution expenses ₹3,900 were paid from the firm's bank account.
(iv) Naveen, a partner, agreed to look after the dissolution work for which he was allowed a remuneration of ₹3,000. Naveen also agreed to bear the dissolution expenses. Actual expenses on dissolution ₹2,700 were paid by Naveen.
(v) Vivek, a partner, was appointed to look after the dissolution work for a remuneration of ₹7,000. He agreed to bear the dissolution expenses. Actual dissolution expenses ₹6,500 were paid by Rishi, another partner, on behalf of Vivek.
(vi) Gaurav, a partner, was appointed to look after the work of dissolution for a commission of ₹12,500. He agreed to bear the dissolution expenses. Gaurav took over furniture of ₹12,500 as his commission. The furniture had already been transferred to realisation account.

16. VXN Ltd invited application for issuing 50,000 equity shares of ₹10 each as a premium of 8 per share. The amount was payable as follows :

On Application: ₹4 per share (including ₹3 premiums)
On Allotment: ₹6 per share (including ₹3 premiums)
On First Call: ₹5 per share (including ₹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 Giridhar, 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 ₹9 per share fully paid up.

Pass necessary journal entries for the above transaction in the books of the company.

OR

JJK Ltd invited application or issuing 50,000 equity shares of 10 each at par. The amount was payable as follows:

On Application: ₹2 per share
On Allotment: ₹4 per share
On first and Final Call: Balance Amount

The issue was oversubscribed three times. Applications for 30% shares were rejected and money refunded. Allotment was made to the remaining applicants as follows:

Category	No. of Shares Applied	No. of shares Allotted
I	80,000	40,000
II	25,000	10,000

Excess money paid by the applicants who were allotted shares was adjusted towards the sums due on allotment.

Deepak, a shareholder belonging the Category I, who had applied for 1,000 shares, failed to pay the allotment money. Raju, a shareholder holding 100 shares, also failed to pay the allotment money. Raju belonged to category II. Shares of both Deepak and Raju were forfeited immediately after allotment. Afterwards, first and final call was made and was duly received. The forfeited shares of Deepak and Raju were reissued at 11 per share fully paid up

Pass necessary journal entries for the above transactions in the books of the company

17. C and D are partner in a firm sharing profits in the ratio of 4:1. On 31.3.2016 their Balance Sheet was as follows :

Balance Sheet of C and D

As on 31.3.2016

Liabilities		₹	Assets	₹
Sundry Creditors		40,000	Cash	24,000
Provision for Bad debts		4,000	Debtors	36,000
Outstanding Salary		6,000	Stock	40,000
General Reserve		10,000	Furniture	80,000
			Plant and Machinery	80,000
Capitals				
C	1,20,000			
D	80,000	2,00,000		
		2,60,000		2,60,000

On the above date, E was admitted for $\frac{1}{4}$th share in the profits on the following terms:

(i) E will bring 1, 00,000 as his capital and 20,000 for his share of goodwill premium half of which will be withdrawn by C and D.

(ii) Debtors 2,000 will be written off as bad debts and a provision of 4% will be created on debtors for bad debts and doubtful debts.

(iii) Stock will be reduced by ₹2,000, furniture will be depreciated by ₹4,000 and 10% depreciation will be charged on plant and machinery.

(iv) Investments of 7,000 not shown in the Balance Sheet will be takes into account.

(v) There was an outstanding repairs bill of ₹2,300 which will be recorded in the books.

Pass necessary journal entries for the above transactions in the books of the firm on E's admission.

OR

Sameer,Yasmin and Saloni were partners in a firm sharing profits and losses in the ratio of 4:3:3. On 31.3.2016, their Balance Sheet was as follows:

Balance Sheet of Sameer, Yasmin and Saloni

As on 31.3.2016

Liabilities		₹	Assets		₹
Creditors		1,10,000	Cash		80,000
General Reserve		60,000	Debtors	90,000	
Capitals:			Less : Provision	10,000	80,000
Sameer	3,00,000		Stock		1,00,000
Yasmin	2,50,000		Machinery		3,00,000
Saloni	1,50,000	7,00,000	Building		2,00,000
			Patents		60,000
			Profit and Loss Account		50,000
		8,70,000			8,70,000

On the above date, Sameer retired and it was agreed that:

(i) Debtors of 4,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.

(ii) An unrecorded creditor of 20,000 will be recorded.

(iii) Patents will be completely written off and 5% depreciation will be charged on stock, machinery and building.

(iv) Yasmin and Saloni will share future profits in the ratio of 3:2

(v) Goodwill of the firm on Sameer's retirement was valued at ₹5, 40,000.

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

SECTION B

18. State whether the following will increase, decrease or have no effect on cash flow from operating activities while preparing 'Cash Flow Statement':

(i) Decrease in outstanding employees benefits expenses by ₹3,000

(ii) Increase in prepaid insurance by ₹2,000

19. Will 'acquisition of machinery by issue of equity shares' be considered while preparing 'Cash Flow Statement'? Give reason in support of your answer.

20. State the objectives of 'Analysis of Financial Statements'.

21. Financial Statements are prepared following the constituent accounting concepts principles procedures and also the legal environment in which the business organisation operate. These statements are the source of information on the basis of which conclusions are drawn about the profitability and financial position of a company so that their users can easily understand and use them in their economic decisions in a meaningful way.

From the above statements identify any two values that a company should observe while preparing its financial statements. Also, State under which major headings and sub-headings the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act 2013.

(i) Capital Reserve

(ii) Calls-in-Advance

(iii) Loose Tools

(iv) Bank overdraft

22. The proprietary ratio of M Ltd. is 0.80:1 State with reasons whether the following transactions will increase, decrease or not change the proprietary ratio:

(i) Obtained a loan from bank ₹2, 00,000 payable after five years.

(ii) Purchased machinery for cash ₹75,000

(iii) Redeemed 5% redeemable preference shares ₹1,00,000

Issued equity shares to the vendors of machinery purchased for ₹4,00,000.

23. From the following Balance Sheet as SRS Ltd and the additional information as in 31.3.2016, prepare a Cash Flow Statements :

Balance Sheet of SRS Ltd as at 31-3-2016

Particulars	Note No.	31-03-2016 ₹	31-03-2015 ₹
I. Equity and Liabilities			
1. Shareholder's Funds			
(a) Share Capital		4,50,000	3,50,000
(b) Reserve and Surplus	1	1,25,000	50,000
2. Non - Current Liabilities			
(a) Long – term borrowings	2	2,25,000	1,75,000
3. Current Liabilities			

(a) Short – term borrowings	3	75,000	37,500
(b) Short – term provisions	4	1,00,000	62,500
Total		**9,75,000**	**6,75,000**
II. Assets			
1. Non – Current Assets			
(a) **Fixed Assets**			
Tangible assets	5	7,32,500	4,52,500
Intangible	6	50,000	75,000
(b) **Non – Current Investments**		75,000	50,000
2. Current Assets			
(a) Current Investments		20,000	35,000
(b) Inventories	7	61,000	36,000
(c) Cash and Cash		36,500	26,500
Total		**9,75,000**	**6,75,000**

Note No	Particulars	31-3-2016 ₹	31-3-2015 ₹
1.	**Reserve and Surplus**		
	(Surplus i.e. Balance in Statement of Profit and Loss)	1,25,000	50,000
		1,25,000	50,000
2.	**Long term borrowings :**		
	12 % Debentures	2,25,000	1,75,000
		2,25,000	1,75,000
3.	**Short – term borrowings :**		
	Bank Overdraft	75,000	37,500
		75,000	37,500
4.	**Short – term provisions**		
	Provisions for tax	1,00,000	62,500
		1,00,000	62,500
5.	**Tangible Assets**		
	Machinery	8,37,500	5,22,500
	Accumulated Depreciation	(1,05,000)	(70,000)
		7,32,500	4,52,500
6.	**Intangible Assets**		
	Goodwill	50,000	75,000
		50,000	75,000
7.	**Inventories**		
	Stock in trade	61,000	36,000
		61,000	36,000

Additional Information:

(i) ₹50,000, 12% debentures were issued on 31.3.2016

(ii) During the year a piece of machinery costing ₹40,000 on which accumulated depreciation was ₹20,000 was sold at a loss of ₹5,000.

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SECTION A

1. **Answer** :
   The following persons other than Minor, cannot be admitted to a Partnership
   a) Persons of Unsound Mind
   b) Persons disqualified by any Law

2. **Answer** :
   The maximum amount of discount at which the shares can be re-issued is ₹5,000 (i.e., the credit balance in Share Forfeiture Account

3. **Answer** :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Bank A/c	Dr.		57,000	
	To Debenture Application and Allotment A/c				57,000
	(Being application and Allotment Money received on 600 Debentures)				
	Debenture Application & Allotment A/c	Dr.		57,000	
	Discount on Issue of Debentures A/c	Dr.		2,500	
	To 12% Debentures A/c				50,000
	To Bank A/c				9,500
	(Being application and Allotment Money transferred to Debentures Account)				

4. **Answer** :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	P's Current A/c	Dr.		6,000	
	To Q's Current A/c				6,000
	(Being interest on capital, now adjusted)				

Working Note:

Statement Showing Adjustment

	P	Q	Total
Interest on capital@12%	24,000	36,000	(60,000)
Less: Profit wrongly distributed to the extent of interest amount	(30,000)	(30,000)	60,000
Net Effect (Profit sharing)	**(6,000)**	**6,000**	**NIL**

5. Answer :

B's share of Sacrifice is calculated below.

B's Sacrifice = Old Share − New Share

B's Sacrifice $= \frac{3}{8} - \frac{2}{8}$

B's Sacrifice $= \frac{1}{8}$

6. Answer :

Basis	Fixed Capital Account	Fluctuating Capital Account
Credit Balance	Fixed Capital Account always shows a credit balance as all the adjustments related to interest on capital, interest on drawings, salary, etc. are made through Partners' Current Account.	Fluctuating capital account can have both debit and credit balances as all the adjustments of interest on capital, interest on drawings, salary, etc. are made through the same account.

7. Answer :

Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholder's Funds		
a. Share Capital	1	6,09,96,000
b. Reserve and Surplus		
2. Non-Current Liabilities		
Long Term Borrowings	2	1,00,00,000
Total		

Notes to Accounts:

Note No	Particulars		₹
1.	**Share Capital**		
	Authorised Share Capital		
	1,00,00,000 Equity Shares of ₹10 each		10,00,00,000
	Issued, Subscribed, Called-up and Paid up Share Capital		
	61,00,000 Equity Shares of ₹10 each fully called up	6,10,00,000	
	Less: Calls in Arrears (2,000×₹2)	(4,000)	**6,09,96,000**
2.	**Non Current Liabilities**		
	Long Term Borrowings		1,00,00,000

Values Involved:

1. Balanced Regional Growth
2. Providing Employment Opportunities

8. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Machinery A/c	Dr.		1,78,000	
	To Nisha Ltd. A/c (1,10,000 + 18,000 + 50,000)				1,78,000
	(Being Purchase machinery from Nisha Ltd.)				
	Nisha Ltd. A/c (1,10,000 + 18,000 + 50,000)	Dr.		1,78,000	
	Discount on Issue of Debentures A/c (200× 10)	Dr.		2,000	
	To Equity Share Capital A/c(10,000 × ₹10)				1,00,000
	To Securities Premium A/c (10,000× ₹1)				10,000
	To 9% Debentures A/c (200× ₹100)				20,000
	To Bills Payable A/c				50,000
	(Being issued 10,000 equity share of ₹10 each at a premium of 10%, issued 2,00 9% Debentures of ₹100 at a discount of 10% and balance by issuing a bills of exchange account)				

9. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Kavi's Capital A/c	Dr.		81,000	
	To Ravi's Capital A/c				18,000
	To Kumar's Capital A/c				18,000
	To Guru's Capital A/c				45,000
	(Being new goodwill adjusted)				

Working Note:

Gaining Ratio = New Ratio - Old Ratio

Kavi = $\frac{3}{5}-\frac{3}{8}$

$=\frac{24-15}{40}$

$=\frac{9}{40}$

Ravi = $\frac{1}{5}-\frac{2}{8}$

$=\frac{8-10}{40}$

$=-\frac{2}{40}$(sacrificing)

Kumar = $\frac{1}{5}-\frac{2}{8}$

$=\frac{8-10}{40}$

$= \quad -\frac{2}{40}$(sacrificing)

Goodwill Valued = 3,60,000

10.

11. Kavi $=₹3,60,000\times\frac{9}{40}=₹81,000$

Ravi $=₹3,60,000\times\frac{2}{40}=₹18,000$

Kumar $=₹3,60,000\times\frac{2}{40}=₹18,000$

Guru $=₹3,60,000\times\frac{1}{8}=₹45,000.$

10. Answer :

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	9% Debentures A/c Dr. To Debenture holder's A/c (500 × ₹100) (Being 500, 9%Debenture due for redemption.)		50,000	 50,000
	Debenture holder's A/c Dr. To Equity Share Capital A/c (400 × ₹100) To Securities Premium A/c (400× ₹25) (Being 500, 9% Debentures redeemed by converting into 400 equity shares of ₹100 each issued at a Premium of ₹25.)		50,000	 40,000 10,000
	Securities Premium A/c Dr. To Discount on Issued of Debentures A/c (50,000 × 6%) (Being Discount on issue of Debentures written off against balance in Securities Premium Account.)		3,000	 3,000

Working Note:

$$\text{No. of Equity Share } = \frac{\text{Amount Paybale}}{\text{Issued Price}}$$

$$= \frac{50,000}{125}$$

$$\text{No. of Equity Share} = 400 \text{ share.}$$

11. Answer :

Ashok Capital Account

Dr. **Cr.**

Date	Particulars	₹	Date	Particulars	₹
2016			2016		
Dec 31	To Drawing A/c	15,000	April 1	By balance b/d	90,000
Dec 31	To Interest on Drawing A/c	1,500	Dec 31	By Interest on Capital A/c	8,100
Dec 31	To Ashok Executor's A/c	3,01,600	Dec 31	By Profit and Loss Suspense A/c	40,000
			Dec 31	By Babu's Capital A/c	90,000
			Dec 31	By Chetan's Capital A/c	90,000
		3,18,100			3,18,100

12. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Cash A/c	Dr.		4,00,000	
	To Tina's Capital A/c				4,00,000
	(Being capital Brought by Tina in cash)				
	Tina's Current A/c	Dr.		50,000	
	To Neha's Current A/c				50,000
	(Being hidden goodwill adjusted through current account)				

Working Note:

Calculation of Tina's Share of Goodwill (Hidden)

Total Capital of the firm= 16,00,000 $(4,00,000 \times \frac{4}{1})$

Net Worth= 4,00,000+6,00,000+4,00,000 =14,00,000

Hidden Goodwill= Total Capital of the firm – Net Worth

=16,00,000-14,00,000

=2,00,000

Tina's Share in Goodwill= $2,00,000 \times \frac{1}{4} = 50,000$

Calculation of New PSR:

Madhu's Share= $\frac{3}{8}$

Neha's Share= $\frac{5}{8} - \frac{1}{4} = \frac{3}{8}$

Tina's Share= $\frac{1}{4}$

New Share= 3:3:2

13. Answer :

Revaluation Account

Dr. Cr

Particulars	₹	Particulars		₹
To Provision for WCF A/c	25,000	By Revaluation Loss:		
To Depreciation on Fixed Assets	60,000	Suresh Capital A/c	17,000	
		Ramesh Capital A/c	17,000	
		Mahesh Capital A/c	25,500	
		Ganesh Capital A/c	25,500	85,000
	85,000			**85,000**

Partner's Capital Account

Dr. **Cr.**

Particulars	Suresh	Ramesh	Mahesh	Ganesh	Particulars	Suresh	Ramesh	Mahesh	Ganesh
To Revaluation A/c (Loss)	17,000	17,000	25,500	25,500	By Balance b/d	1,00,000	1,50,000	2,00,000	2,50,000
To Mahesh's Capital A/c	2,250	2,250			By Suresh's Capital A/c			2,250	2,250
To Ganesh's Capital A/c	2,250	2,250			By Ramesh's Capital A/c			2,250	2,250
					By Cash A/c	75,250	25,250		
To Cash A/c			25,250	75,250					
To Balance c/d	1,53,750	1,53,750	1,53,750	1,53,750					
	1,75,250	1,75,250	2,04,500	2,54,500		1,75,250	1,75,250	2,04,500	2,54,500

Balance Sheet

Liabilities		₹	Assets		₹
Capital			Fixed Assets	6,00,000	
Suresh	1,53,750		Less: Depreciation	(60,000)	5,40,000
Ramesh	1,53,750				
Mahesh	1,53,750		Current Assets		3,45,000
Ganesh	1,53,750	6,15,000			
Sundry Creditors		1,70,000			
Claim against WCF		1,00,000			
		8,85,000			**8,85,000**

Working Notes:

WN 1: Calculation of Gaining Ratio/ Sacrificing Ratio:

Old Rato New Ratio

2:2:3:3 1:1:1:1

Suresh = $\frac{2}{10} - \frac{1}{4} = -\frac{1}{20}$ Gaining

Ramesh = $\frac{2}{10} - \frac{1}{4} = -\frac{1}{20}$ Gaining

Mahesh = $\frac{3}{10} - \frac{1}{4} = \frac{1}{20}$ Sacrificing

Ganesh = $\frac{3}{10} - \frac{1}{4} = \frac{1}{20}$ Sacrificing

Suresh, Ramesh will compensate Mahesh, Ganesh

Journal Entry for Goodwill

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Suresh's Capital A/c	Dr.		4,500	
	Ramesh's Capital A/c	Dr.		4,500	
	To Mahesh's Capital A/c				4,500
	To Ganesh's Capital A/c				4,500
	(Being gaining partners compensate sacrificing parners)				

WN 2: Calculation of Adjusted Capital

Suresh = 1,00,000 – 21,500= ₹78,500

Ramesh = 1,50,000 – 21,500= ₹1,28,500

Mahesh = 2,04,500 – 25,500= ₹1,79,000

Ganesh = 2,54,500 –25,500= ₹2,29,000

Total Combined Capital= 6,15,000

WN 3: Calculation of New Capital

$$\text{Suresh} = 6{,}15{,}000 \times \frac{1}{4} = 1{,}53{,}750$$

$$\text{Ramesh} = 6{,}15{,}000 \times \frac{1}{4} = 1{,}53{,}750$$

$$\text{Mahesh} = 6{,}15{,}000 \times \frac{1}{4} = 1{,}53{,}750$$

$$\text{Ganesh} = 6{,}15{,}000 \times \frac{1}{4} = 1{,}53{,}750$$

14. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2015 Apr 1	Bank A/c (15,000 × ₹93) To Debenture Application and Allotment A/c (Being received application money on 15,000 Debenture.)	Dr.		13,95,000	 13,95,000
Apr 1	Debenture Application and Allotment A/c Discount on Issued of Debentures A/c(15,000 × ₹7) Loss on Issued of Debentures A/c (15,000× ₹10) To 9% Debentures A/c (15,000 × ₹100) To Premium on Redemption of Debentures A/c (15,000× ₹10) (Being application money transferred to Debenture Account.)	Dr. Dr. Dr.		13,95,000 1,05,000 1,50,000	 15,00,000 1,50,000
Sep 30	Debenture Interest A/c $\left(15{,}00{,}000 \times 9\% \times \frac{6}{12}\right)$ To Debentures holder's A/c To TDS Payable A/c (Being interest due.)	Dr.		67,500	 60,750 6,750
Sep 30	Debentures holder's A/c TDS Payable A/c To Bank A/c $\left(15{,}00{,}000 \times 9\% \times \frac{6}{12}\right)$ (Being interest Paid.)	Dr. Dr.		60,750 6,750	 67,500
2016 Mar 31	Debenture Interest A/c $\left(15{,}00{,}000 \times 9\% \times \frac{6}{12}\right)$ To Debentures holder's A/c To TDS Payable A/c (Being interest due.)	Dr.		67,500	 60,750 6,750
Mar 31	Debentures holder's A/c TDS Payable A/c To Bank A/c $\left(15{,}00{,}000 \times 9\% \times \frac{6}{12}\right)$	Dr. Dr.		60,750 6,750	 67,500

	(Being interest Paid.)			
Mar 31	Statement of Profit & Loss A/c Dr. To Bank A/c $(15,00,000 \times 9\%)$ (Being interest transferred to Profit & Loss Account.)		1,35,000	1,35,000

15. Answer :

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
(i)	Realisation A/c Dr. To Bank A/c (Being expenses borne and paid by firm)		9,000	9,000
(ii)	Realisation A/c Dr. To Vishal's Capital A/c (Being expenses paid by partner on behalf of firm)		3,400	3,400
(iii)-A	Realisation A/c Dr. To Shiv's Capital A/c (Being Remuneration paid)		4,500	4,500
(iii)-B	Shiv's Capital A/c Dr. To Bank A/c (Being Expenses paid by firm)		3,900	3,900
(iv)	Realisation A/c Dr. To Neveen's Capital A/c (Being Remuneration paid)		3,000	3,000
(v)-A	Realisation A/c Dr. To Vivek 's Capital A/c (Being Remuneration paid)		7,000	7,000
(v)-B	Vivek 's Capital A/c Dr. To Rishi's Capital A/c (Being expenses paid by one partner, borne by other)		6,500	6,500
(vi)	**No Entry**			

16. Answer :

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Bank A/c (50,000 × 4) Dr. To Equity Share Application A/c (Received application money on 50,000 shares)		2,00,000	2,00,000

	Equity Share Application A/c Dr.		2,00,000	
	To Equity Share Capital A/c			1,00,000
	To Securities Premium Reserve A/c			1,00,000
	(Transfer of application money to Share Capital)			
	Equity Share Allotment A/c (50,000 × 6) Dr.		3,00,000	
	To Equity Share Capital A/c			1,50,000
	To Securities Premium Reserve A/c			1,50,000
	(Allotment due on 50,000 shares)			
	Bank A/c (49,800 × 6) + (400 × 8) Dr.		3,02,000	
	To Equity Share Allotment A/c (49,800 × 6)			2,98,800
	To Calls-in-Advance A/c (400 × 8)			3,200
	(Allotment money received)			
	Equity Share Capital A/c (200 × 5) Dr.		1,000	
	Securities Premium Reserve A/c (200 × 3) Dr.		600	
	To Equity Share Allotment A/c (200 × 6)			1,200
	To Equity Share Forfeiture A/c (200 × 2)			400
	(Forfeiture of 200 shares for non-payment of allotment money including premium of ₹3)			
	Equity Share First Call A/c (49,800 × 5) Dr.		2,49,000	
	To Equity Share Capital A/c			1,99,200
	To Securities Premium Reserve A/c			49,800
	(Call money due on 49,800 shares)			
	Bank A/c (49,700 × 5) – 2,000 + 900 Dr.		2,47,400	
	Calls-in-Advance A/c (400 × 5)-Adjustment of Previous Receipts Dr.		2,000	
	To Calls-in-Advance A/c (300 × 3)			900
	To Equity Share First Call A/c			2,48,500
	(Received call money)			
	Equity Share Capital A/c (100 × 9) Dr.		900	
	Securities Premium Reserve A/c (100 × 1)		100	
	To Equity Share First Call A/c (100 × 5)			500
	To Equity Share Forfeiture A/c (100 × 5)			500
	(Forfeiture of 100 shares for non-payment of call money)			
	Equity Share Second and Final Call A/c (49,700 × 3) Dr.		1,49,100	
	To Equity Share Capital A/c			99,400
	To Securities Premium Reserve A/c			49,700
	(Call money due on 49,700 shares)			
	Bank A/c Dr.		1,44,300	
	Calls-in-Advance A/c (1,200 + 900)- Adjustment		4,800	
	To Equity Share Second and Final Call A/c			1,49,100

	(Received call money on shares)			
	Bank A/c (300 × 9) Dr.		2,700	
	Equity Share Forfeiture A/c		300	
	To Equity Share Capital A/c			2,700
	(Re-issue of 300 shares at ₹9 per share)			
	Equity Share Forfeiture A/c (400 + 500 – 300) Dr.		600	
	To Capital Reserve A/c			600
	(Profit on re-issue transferred to Capital Reserve Account)			

OR

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Bank A/c (1,50,000 × 2) Dr.		3,00,000	
	To Share Application A/c			3,00,000
	(Received application money on 1,50,000 shares)			
	Share Application A/c Dr.		3,00,000	
	To Share Capital A/c			1,00,000
	To Share Allotment A/c (80,000 + 30,000)			1,10,000
	To Bank A/c (60,000 × 3) + 40,000)			90,000
	(Transfer of application money to Share Capital)			
	Share Allotment A/c (50,000 × 4)		2,00,000	
	To Share Capital A/c			2,00,000
	(Allotment due on 50,000 shares)			
	Bank A/c Dr.		88,900	
	Calls-in Arrears		1,100	
	To Share Allotment A/c (2,00,000 – 1,10,000)			90,000
	(Allotment money received)			
	Share Capital A/c (600 × 6) Dr.		3,600	
	To Share Allotment A/c			1,100
	To Share Forfeiture A/c			2,500
	(Forfeiture of 600 shares for non-payment of allotment money)			
	Share First and Final Call A/c (49,400 × 4) Dr.		1,97,600	
	To Share Capital A/c			1,97,600
	(Call money due on 1,00,000 shares)			
	Bank A/c Dr.		1,97,600	
	To Share First and Final Call A/c			1,97,600
	(Received call money)			

	Bank A/c (600 × 11) To Share Capital A/c To Security Premium Reserve A/c (Reissue of 600 shares at ₹11 per share)	Dr.		6,600	 6,000 600
	Share Forfeiture A/c To Capital Reserve A/c (Profit on re-issue transferred to Capital Reserve Account)	Dr.		2,500	 2,500

Working Notes:

Category	Share Applied	Share Allotted	Application Money Received @ ₹ 2	T/f to Share Capital	Excess Money	Adjusted to Allotment	Adjusted to Call	Refund
I	80,000	40,000	1,60,000	80,000	80,000	80,000	-	-
II	25,000	10,000	50,000	20,000	30,000	30,000	-	-
III	45,000	-	90,000	-	-	-		90,000
	1,50,000	**50,000**	**3,00,000**	**1,00,000**	**1,10,000**	**1,10,000**	**-**	**90,000**

Deepak

Applied 1,000

Alloted $1{,}000 \times \frac{40{,}000}{80{,}000} = 500$

Amount paid at time of application= $1{,}000 \times 100 =$ 2,000
Less: Adjusted towards application= $5{,}00 \times 2$ = (1,000)
Excess 1,000

Amount due on Allotment $500 \times 4 = 2{,}000$
Less: Excess Adjusted =(1,000)
Calls in Arrears 1,000

Raju

Alloted 100 Shares

Applied= $\frac{25{,}000}{10{,}000} \times 100 = 250$

Amount paid at application $250 \times 2 =$ 500
Less : Adjusted with Application= $100 \times 2 =$ 200
Excess 300
Amount due on Allotment $100 \times 4 = 400$
Less: Excess Adjusted =(300)
Calls in Arrears 100

17. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Cash A/c	Dr.		1,20,000	
	To E's Capital				1,00,000
	To Premium for Goodwill A/c				20,000
	(Being capital and goodwill brought in by E)				
	Premium for Goodwill A/c	Dr.		20,000	
	To C's Capital A/c				16,000
	To D's Capital A/c				4,000
	(Being goodwill shared in their sacrificing ratio)				
	C's Capital A/c	Dr.		8,000	
	D's Capital A/c	Dr.		2,000	
	To Cash A/c				10,000
	(Goodwill Withdrawn)				
	General Reserve A/c	Dr.		10,000	
	To C's Capital A/c				8,000
	To D's Capital A/c				2,000
	(Being general reserve shared among the partners in their old ratio)				
	Provision for Doubtful Debts A/c	Dr.		300	
	To Revaluation A/c				300
	(Being excess provision credited to Revaluation A/c)				
	Revaluation A/c	Dr.		14,000	
	To Stock A/c				2,000
	To Furniture A/c				4,000
	To Plant & Machinery A/c				8,000
	(Being decrease in asset debited to Revaluation A/c)				
	Investment A/c	Dr.		7,000	
	To Revaluation A/c				7,000
	(Being asset taken into account)				
	Revaluation A/c	Dr.		2,300	
	To Outstanding Repair A/c				2,300
	(Being outstanding repair bill recorded)				
	C's Capital A/c	Dr.		7,200	
	D's Capital A/c	Dr.		1,800	
	To Revaluation A/c				9,000
	(Being revaluation loss debited to old partners in their old ratio)				

Working Notes:

WN 1: Calculation of Excess/ Deficit Provision for Doubtful Debts

Provision required =36,000-2,000 (w/off) ×4/100= 1,700

Existing Provision (after w/off bad debts)= 2,000

Excess Provision= 300 (i.e., 2,000 - 1,700)

OR

Journal

Sr. No.	Particulars		L.F.	Dr. ₹	Cr. ₹
	General A/c To Sameer's Capital A/c To Yasmin's Capital A/c To Saloni's Capital A/c (Being balance in reserve distributed among all partners in old ratio.)	Dr.		60,000	 24,000 18,000 18,000
	Sameer's Capital A/c Yasmin's Capital A/c Saloni's Capital A/c To Profit & Loss A/c (Being debit balance Profit & Loss A/c written off among all partners in old ratio.)	Dr. Dr. Dr.		20,000 15,000 15,000	 50,000
	Yasmin's Capital A/c Saloni's Capital A/c To Sameer's Capital A/c (Being goodwill adjusted in gaining ratio.)	Dr. Dr.		64,800 21,600	 2,16,000
	Revaluation A/c To Patent A/c To Stock A/c To Machinery A/c To Building A/c To Creditors A/c (Being decrease in assets and increasing in liabilities debited to Revaluation A/c.)	Dr.		1,10,000	 60,000 5,000 15,000 10,000 20,000
	Provision for Doubtful Debts A/c To Revaluation A/c (Being excess Provision written back.)	Dr.		1,700	 1,700
	Sameer's Capital A/c Yasmin's Capital A/c Saloni's Capital A/c To Revaluation A/c (Being loss on revaluation debited to partners capital account in old ratio.)	Dr. Dr. Dr.		43,320 32,490 32,490	 1,08,300
	Sameer's Capital A/c To Sameer's Loan A/c (Amount due to Sameer's transferred to his loan A/c)	Dr.		4,76,680	 4,76,680

Working Note:

WN1: Calculation of Sameer's Share of Goodwill

Gaining Ratio = New Ratio — Old Ratio

$$\text{Yasmin}: \frac{3}{5} - \frac{3}{10} = \frac{3}{10}$$

$$\text{Saloni}: \frac{2}{5} - \frac{3}{10} = \frac{1}{10}$$

$$\text{Gaining Ratio}(\text{Yasmin}:\text{Saloni}) = 3:1$$

$$\text{Sameer's Share of Goodwill} = ₹2{,}16{,}000\left(5{,}40{,}000 \times \frac{4}{10}\right)$$

$$\text{Yasmin Share} = 2{,}16{,}000 \times \frac{3}{10} = 64{,}800$$

$$\text{Saloni Share} = 2{,}16{,}000 \times \frac{1}{10} = 21{,}600$$

WN2: Calculation of Excess/Deficit Provision for Doubtful Debts

$$\text{Required Provision (@5\%)} = (90{,}000 - 4{,}000) \times \frac{5}{100} = 4{,}300$$

Existing Provision (after Writing bad-debts) $= 6{,}000$

Excess Provision (to be written back) $= 1{,}700 (6{,}000 - 4{,}300)$

WN3: Calculation of Sameer's Loan Balance

Amount due to Sameer's = Opening Capital + Credits – Debits

= 3,00,000 + (24,000 + 2,16,0000) – (20,000 – 43,320)

= 3,00,000 + 2,40,000 – 63,320

Amount due to Sameer's = ₹4,76,680

SECTION B

18. Answer :

(i) In case there is a decrease in current liability of employee benefit expenses being due, it would be treated as an item of working capital changes. Accordingly, decrease in current liability would be treated as an outflow of cash from operating activities.

(ii) Increase in Prepaid Insurance is treated as increase in current assets which is treated as decrease in cash flow (or outflow) from operating activities.

19. Answer :

No, acquisition of machinery by issue of equity shares is not considered while preparing cash flow statement. This is because, in the above case, no flow of cash is involved, leaving the Cash Flow Statement unaffected.

20. Answer :

Objectives of Analysis Financial Statements

The following are the various objectives for preparing financial statements.

It enables the conduct of meaningful comparisons of financial data. It provides better and easy understanding of the changes in the financial data overtime.

It helps in designing effective plans and better execution of plans by enabling control and checks over the use of the financial resources.

Analysis of Financial Statements helps to know the earning capacity and profitability of a business firm. It also measures the efficiency of the business operations.

21. Answer :

The values that must be observed by a company while preparing its financial statements are
(a)these statements must be drawn following the defined accounting concepts, principles and methods, and
(b) the financial statements should be drawn following the legal framework of the country of operations.

Items	Major Head	Sub – Head
Capital Reserve	Shareholder's Fund	Reserve & Surplus
Calls – in - Advance	Current Liabilities	Other Current Liabilities
Loose Tools	Current Assets	Inventories
Bank Overdraft	Current Liabilities	Short – term Borrowings

Proprietary Ratio of M Ltd. 0.80 : 1

$$\text{Proprietary Ratio} = \frac{\text{Proprietor's Funds}}{\text{Total Assets}}$$

Transactions	Effects
(a) Obtained a loan from bank Rs 2,00,000 payable after 5 years	Decrease, The total assets would increase with the amount of loan raised and proprietor's funds remains the same
(b) Purchased machinery for cash Rs 75,000	No Change, Total Assets will increase and decrease by same amount :
(c) Redeemed 5% Redeemable preference shares Rs 1,00,000	Decrease, Proprietor's Funds and Total Assets both will decrease by same amount but the percentage change would be more on Proprietor's Fund already in ratio 0.80 : 1
(d) Issued equity shares to vendors of machinery purchased for Rs 4,00,000	Increase, Even though both Proprietor's Funds and Total Assets both will increase by same amount but the percentage change would be more in Proprietor's Fund

22. Answer :

Proprietary Ratio of M Ltd. 0s.80 : 1

$$\text{Proprietary Ratio} = \frac{\text{Proprietor's Funds}}{\text{Total Assets}}$$

Transactions	Effects
(a) Obtained a loan from bank Rs 2,00,000 payable after 5 years	Decrease, The total assets would increase with the amount of loan raised and proprietor's funds remains the same
(b) Purchased machinery for cash Rs 75,000	No Change, Total Assets will increase and decrease by same amount :
(c) Redeemed 5% Redeemable preference shares Rs 1,00,000	Decrease, Proprietor's Funds and Total Assets both will decrease by same amount but the percentage change would be more on Proprietor's Fund already

	in ratio 0.80 : 1
(d) Issued equity shares to vendors of machinery purchased for Rs 4,00,000	Increase, Even though both Proprietor's Funds and Total Assets both will increase by same amount but the percentage change would be more in Proprietor's Fund

23. Answer :

	Particulars	₹	₹
I	**Cash Flow from Operating Activities**		
	Profit as per Profit and Loss	75,000	
	Proposed Dividend	1,00,000	
	Profit Before Taxation	1,75,000	
	Add : Items to be added		
	Depreciation	55,000	
	Goodwill Written off	25,000	
	Interest on Debentures	21,000	
	Loss on Sale of Machinery	5,000	
	Less : Items to be Deducted	-	
	Operating Profit before Working Capital Adjustments	2,81,000	
	Add : Decrease in Current Assets and Increase in Current Liabilities	-	
	Less : Increase in Current Assets and Decrease in Current Liabilities		
	Inventories	(25,000)	
	Cash Generated from Operations (D+E-F)	2,56,000	
	Less : Income Tax Paid (Net of Refund)	-	
	Net Cash Flows from (or used in) Operating Activities		**2,56,000**
II.	**Cash Flow from Investing Activities**		
	Purchase of Machinery	(3,55,000)	
	Sale of Machinery	15,000	
	Purchase of Non – Current Investments	(25,000)	
	Net Cash Flows (or used in) Investing Activities		**(3,65,000)**
III	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Share Capital	1,00,000	
	Interest on Debentures	(21,000)	
	Issue of Debentures	50,000	
	Increase in Bank Overdraft	37,500	
	Payment of Dividend	(62,500)	**1,04,000**
	Net Cash Flow from Financing Activities		
IV	Net Increase or Decrease in Cash and Cash Equivalents (I+ II+III)		(5,000)
	Add : Cash and Cash Equivalents in the beginning of the period (includes Current Investments of ₹35,000)		61,500
	Cash and Cash Equivalents at the end of the period		**56,500**
	(Includes Current Investments of ₹20,000)		

Machinery Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Balance b/d	5,22,500	By Bank A/c (Sale)	15,000
		By Acc. Depreciation A/c	20,000
		By Profit and Loss A/c (Loss)	5,000
To Bank A/c –Purchase (Balancing Fig.)	3,55,000		
		By Balance c/d	8,37,500
	8,77,500		**8,77,500**

Accumulated Depreciation Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Machinery A/c	20,000	By Balance b/d	70,000
To Balance c/d	1,05,000	By Depreciation A/c (Balancing Fig.)	55,000
	1,25,000		**1,25,000**

CBSE
Class XII Accountancy
All India Board Paper Set 1 – 2016

Time: 3 hours **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A

(i) This section consists of **17** questions
(ii) All the question are compulsory
(iii) Question Nos. **1** to **6** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **7** to **10** carry **3** marks each
(v) Question Nos. **11** and **12** carry **4** marks each
(vi) Question Nos. **13** to **15** carry **6** marks each
(vii) Question Nos. **16** and **17** Carry **8** marks each

Section B

(i) This section consists of **6** questions
(ii) All questions are compulsory
(iii) Question Nos.**18** and **19** are very short – answer carrying **1** mark each
(iv) Question Nos. **20** to **22** carry **4** marks
(v) Question No.**23** carries **6** marks

SECTION A

1. A group of 40 people wants to form a partnership firm. They want your advice regarding the maximum number of persons that can be there in a partnership firm and the name of the Act under whose provisions it is given.

2. P, Q, and R were partners in a firm sharing profits in the ratio of 3:2:1. They admitted S as a new partner for $1/8^{th}$ share in the profits which he acquired $1/16^{th}$ from P and $1/16^{th}$ from Q.

3. On 28.2.2016 the first call of ₹2 per share became due on 50,000 equity shares allotted by Kumar Ltd. Komal a holder of 1000 shares did not pay the first call money. Kovil a holder of 750 shares paid the second and final call of ₹4 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.

4. Distinguish between 'Dissolution of Partnership' and 'Dissolution of Partnership Firm' on the basis of 'Economic Relationship'.

5. State the provisions of the Companies Act, 2013 for the creation of 'Debenture Redemption Reserve'.

6. Tom and Harry were partners in a firm sharing profits in the ratio of 5:3. During the year ended 31.3.2015 Tom had withdrawn ₹40,000. Interest on his drawings amounted to ₹2,000.
Pass necessary journal entry for charging interest on drawings assuming that the capitals of the partners were fluctuating.

7. On 2.3.2016 L and B Ltd. issued 635, 9% debentures of ₹500 each. Pass necessary journal entries for the issue of debentures in the following situations:

(a) When debentures were issued at 5% discount, redeemable at 10% premium.
(b) When debentures were issued at 12% premium, redeemable at 6% premium.

8. State any three circumstances other than (i) death of a partner; (ii) admission of a partner and (iii) retirement of a partner, when need for valuation of goodwill of a firm may arise.

9. K Ltd. took over the assets of ₹15,00,000 and liabilities of ₹5,00,000 of P Ltd. For a purchase consideration of ₹13,68,500. ₹25,500 were paid by issuing a promissory note in favour of P Ltd. Payable after two months and the balances was paid by issue of equity shares of ₹100 each at a premium of 25%.
Pass necessary journal entries for the above transactions in the books of K Ltd.

10. To provide employment to the youth and to develop Baramula district of Jammu and Kashmir, Jyoti Power Ltd. decided to setup a power plant. For raising funds the company decided to issue 8,50,000 equity shares of ₹10 each at a premium of ₹3 per share. The whole amount was payable on application. Applications for 20,00,000 shares were received. Applications for 3,00,000 shares were rejected and shares were alloted 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 the company wants to propagate.

11. Vikas and Vivek were partners in a firm sharing profits in the ratio of 3: 2.
On 1.4.2014 they admitted Vandana as a new partner for $1/8^{th}$ the share in the profits with a guaranteed profit of ₹1,50,000. The new profit sharing ratio between Vivek and Vikas will remain the same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 2: 3. The profit of the firm for the year ended 31.3.2015 was ₹9, 00,000.
Prepare Profit and Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31.3.2015.

12. Manav, Nath and Narayan were partners in a firm sharing profits in the ratio of 1: 2: 1. The firm closes its books on 31^{st} March every year. On 30th September, 2015 Nath died. On that date his capital account showed a debit balance of ₹5,000. There was a debit balance of ₹30,000 in the profit and loss account. The goodwill of the firm was valued at ₹3,80,000. Nath's share of profit in the year of his death was to be calculated on the basis of average profit of last 5 years, which was ₹90,000.
Pass necessary journal entries in the books of the firm on Nath's death.

13. Lal and Pal were partners in a firm sharing profits in the ratio of 3: 7. On 1.4.2015 their firm was dissolved. After transferring assets (other than cash) and outsider's liabilities to realisation account, you are given the following information:
(a) A creditor of ₹3,60,000 accepted machinery valued at ₹5,00,000 and paid to the firm ₹1,40,000.
(b) A Second creditor for ₹50,000 accepted stock at ₹45,000 in full settlement of his claim.
(c) A third creditor amounting to ₹90,000 accepted ₹45,000 in cash and investments worth ₹43,000 in full settlement of his claim.
(d) Loss on dissolution was ₹15,000.

Pass necessary journal entries for the above transactions in the books of firm assuming that all payments were made by cheque.

14. R, S and T were partners in a firm sharing profit in the ratio of 1:2:3. On 31-3-2015 their Balance sheet was as follows :

Balance Sheet of A,B and C as on 31-3-2015

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		50,000	Land	50,000
Bills Payable		20,000	Building	50,000
General Reserve		30,000	Plant	1,00,000
Capitals			Stock	40,000
A	1,00,000		Debtors	30,000
B	50,000		Bank	5,000
C	25,000	1,75,000		
		2,75,000		**2,75,000**

On the above date D was admitted as new partner and it was decided that:

(i) Goodwill of the firm will be valued at ₹1,50,000

(ii) Land will be revalued at ₹80,000 and building be depreciated by 6%.

(iii) Creditors of ₹6,000 were not likely to be claimed and hence should be written off

Prepare Revaluations Account, Partner's Capital Accounts and Balance Sheet of the reconstitute firm.

15. On 1.4.2013 JJJ Ltd had ₹1,00,00,000, 10% Debentures of ₹100 each outstanding.

(i) On 1.4.2014 the company purchased in the open market 30,000 of its own debentures for ₹99 each and cancelled the same immediately.

(ii) On 28.2.2015 the company redeemed at par debentures of ₹50, 00,000 by draw of a lot.

(iii) On 31.1.2016 the remaining debentures were purchased for immediate cancellation for ₹19,99,000.

Ignoring interest on debentures and debenture redemption reserve, pass necessary journal entries for the above transactions in the books of the company.

16. SK Ltd. invited applications for issuing 3,20,000 equity shares of ₹10 each at a premium of ₹5 per share. The amount was payable as follows:

On application ₹3 per share (including premium ₹1 per share)

On allotment ₹5 per share (including premium ₹2 per share)

On First and Final Call - Balance

Applications for 4,00,000 shares were received. Applications for 40,000 shares were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with applications was adjusted towards sums due on allotment. Jeevan holding 800 shares failed to pay the allotment money and his shares were immediately forfeited. Afterwards final call was made. Ganesh who had applied for 2,700 shares failed to pay the final call. His shares were also forfeited. Out of the forfeited shares 1,500 shares were re-issued at ₹8 per share fully paid up. The re-issued shares included all the forfeited shares of Jeevan.

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

OR

BBG Ltd. had issued 1,00,000 equity shares of ₹10 each at a premium of ₹3 per share payable with application money. While passing the journal entries related to the issue, some blanks are left. You are required to complete these blanks.

Books of BBG Ltd
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2015 Jan 05	------------ To --------------------- (Amount received on application for 1,40,000) shares @ ₹6 per share including premium)	Dr.		-------	 -------
Jan 17	Equity Share Application A/c To --------------- To ---------------- To ---------------- To ---------------- (Transfer of application money to share capital securities premium, money refunded for 20,000) shares for rejected application and balance adjusted towards amount due on allotment as shares were allotted on Pro-rata basis)	Dr.		-------	 ------- ------- ------- -------
Jan 17	----------- To --------------- (Amount due on allotment @ ₹4 per share)	Dr.		-------	 -------
Feb.20	------------- To --------------- (Balance amount received on allotment)			-------	 -------
April.01	---------- To --------------- (First and Final Call money due)	Dr.		-------	 -------
April 20	----------- Calls – in – arrears A/c To --------------- (Money received on First and Final Call)	Dr. Dr.		------- 3,000	 -------
May 20	---------- To --------------- To --------------- (Forfeited the shares on which call money was not received)	Dr.		-------	 ------- -------
June 15	----------- ----------- To --------------- (Re-issued the forfeited shares)	Dr. Dr.		------- 3,000	 -------
------	----------- To --------------- (---------------------------------)	Dr.		-------	 -------

17. L, M and N were partners in a firm sharing profit in the ratio of 3:2:1. Their Balance Sheet on 31.3.2015 was as follows :

Balance Sheet of L,M and N as on 31-3-2015

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		1,68,000	Bank	34,000
General Reserve		42,000	Debtors	46,000
			Stock	2,20,000
Capitals:			Investments	60,000
L	1,20,000		Furniture	20,000
M	80,000		Machinery	70,000
N	40,000	2,40,000		
		4,50,000		**4,50,000**

On the above date O was admitted as a new partner and it was decided that:

(i) The new profit sharing ratio between L, M, N and 0 will be 2: 2: 1: 1.

(ii) Goodwill of the firm was valued at ₹1,80,000 and O brought his share of goodwill premium in cash.

(iii) The market value of investments was ₹36,000.

(iv) Machinery will be reduced to ₹58,000.

(v) A creditor of ₹6,000 was not likely to claim the amount and hence to be written-off.

(vi) O will bring proportionate capital so as to give him $1/6^{th}$ share in the profits of the firm.

Prepare Revaluation Account. Partner's Capital Accounts and the Balance Sheet of the New Firm

OR

J, H and K were partners in a firm sharing profits in the ratio of 5:3:2. On 31-3-2015 their Balance Sheet was as follows:

Balance Sheet of J,H and K as on 31-3-2015

Liabilities		Amount ₹	Assets		Amount ₹
Creditors		42,000	Land & Building		2,24,000
Investment Fluctuation Fund		20,000	Motor Vans		40,000
P & L Account		80,000	Investments		38,000
Capitals:			Machinery		24,000
J	1,00,000		Stock		30,000
H	80,000		Debtors	80,000	
K	40,000	2,20,000	Less : Provision	6,000	74,000
			Cash		32,000
		3,62,000			**3,62,000**

On the above data H retires and J and K agreed to continue the business on the following terms:

(i) Goodwill of the firm was valued at ₹1,02,000.

(ii) There was a claim of ₹8,000 for workmen's compensation.

(iii) Provision for bad debts was to be reduced by ₹2,000.

(iv) H will be paid ₹14,000 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly installments together with interest @ 10% p.a.

(v) The new profit sharing ratio between J and K 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, Partner's Capital Accounts and Balance Sheet of the new firm.

SECTION B

18. Give the meaning of 'Cash Flow statement'.

19. 'An enterprise may hold securities and loans for dealing or trading purpose in which case they are similar to inventory acquired specifically for resale'. Is the statement correct? Cash Flows from such activities will be classified under which type of activity while preparing Cash Flow Statement?

20.

(a) One of the objectives of 'Financial Statements Analysis' is to judge the ability of the firm to repay its debt and assessing the short-term as well as the long-term liquidity position of the firm. State two more objectives of this analysis.

(b) Name any two items that are shown under the head 'Other Current Liabilities' and any two items that are shown under the head 'Other Current Assets' in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013.

21.

(a) What is meant by 'Activity Ratios'?

(b) From the following information calculate inventory turnover ratio; Revenue from operations ₹16,00,000; Average Inventory ₹2,20,000; Gross Loss Ratio 5%.

22. Following is the Statement of Profit and Loss of Moon India Ltd. for the year ended 31^{st} March 2015.

Particulars	**Note No.**	**31-3-2015 (₹)**	**31-3-2014 (₹)**
Revenue from operations		50,00,000	40,00,000
Other Income		2,00,000	10,00,000
Employee benefit – expenses		60% of the total revenue	50% of the total revenue
Other expenses		10% of employee benefit expenses	20% of employee benefit expenses
Tax Rate		50%	40%

The motto of Moon India Ltd. is to produce and distribute green energy in the backward areas of India. It has also taken up a project of giving vocational training to the girls belonging to the backward areas of Rajasthan. You are required to prepare a comparative statement of Profit and Loss of Moon India Ltd. from the given statement of Profit and Loss and also identify any two values that the company wishes to convey to the society.

23. Following was the Balance Sheet of M.M Ltd at on 31.3.2015.

M.M. Ltd Balance Sheet as at 31-3-2015

Particulars	Note No.	31-03-2015 ₹	31-03-2015 ₹
I. Equity and Liabilities			
1. Shareholder's Funds			
a. Share Capital		5,00,000	4,00,000
b. Reserve and Surplus	1	2,00,000	(50,000)
2. Non - Current Liabilities			
a) Long – term borrowings	2	4,50,000	5,00,000
3. Current Liabilities			
a) Short – term borrowings	3	1,50,000	50,000
b)Short – term provisions	4	70,000	90,000
Total		**13,70,000**	**9,90,000**
II. Assets			
1. Non – Current Assets			
a) Fixed Assets			
Tangible assets	5	10,03,000	7,20,000
Intangible	6	20,000	30,000
b) Non – Current Investments		1,00,000	75,000
2. Current Assets			
a) Current Investments			
b) Inventories	7	50,000	60,000
c) Cash and Cash		1,07,000	45,000
		90,000	60,000
Total		**13,70,000**	**9,90,000**

Note No	Particulars	31-3-2015 ₹	31-3-2014 ₹
1.	Reserve and Surplus		
	(Surplus i.e. Balance in Statement of Profit and Loss)	2,00,000	(50,000)
		2,00,000	**50,000**
2.	Long term borrowings :		
	12 % Debentures	4,50,000	5,00,000
		4,50,000	**5,00,000**
3.	Short – term borrowings :		
	Bank Overdraft	1,50,000	50,000
		1,50,000	**50,000**
4.	Short – term provisions		
	Provisions for tax	70,000	90,000
		70,000	**90,000**
5.	Tangible Assets		
	Machinery	12,03,000	8,21,000
	Accumulated Depreciation	(2,00,000)	(1,01,000)
		10,03,000	**7,20,000**

6.	Intangible Assets Goodwill	20,000	30,000
		20,000	30,000
7.	Inventories Stock in trade	1,07,000	45,000
		1,07,000	**45,000**

Additional Information

(i) 12% Debentures were redeemed on 31-3-2015

(ii) Tax ₹70,000 was paid during the year

Prepare Cash flow Statement

CBSE
Class XII Accountancy
All India Board Paper Set 1– 2016 Solution

SECTION A

1. **Answer :**
A partnership firm can have minimum two and maximum 50 partners as per the new Companies Act, 2013 and vide Rule 10 of the companies (Miscellaneous) Rules, 2014.

2. **Answer :**
Profit Sharing Ratio of P,Q and R = 3:2:1

S's share = $\frac{1}{8}$(acquired $\frac{1}{16}$ th share each from P and Q)

R's share = $\frac{1}{6}$(retained original share)

P's new share = $\frac{3}{6}-\frac{1}{16}=\frac{21}{48}$

Q's new share = $\frac{2}{6}-\frac{1}{16}=\frac{13}{48}$

New Ratio of P,Q,R and S = $\frac{21}{48}:\frac{13}{48}:\frac{1}{6}:\frac{1}{8}$ or 21:13:8:6

3. **Answer :**

In the books of Kumar Ltd
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
2016 Feb.28	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Being first call money due on 50,000 equity shares @ ₹2 each)		1,00,000	 1,00,000
	Bank A/c Dr. Calls – in – Arrears A/c Dr. To Equity Share First Call A/c To Calls – in – Advance A/c (Being amount received on first call except 1000 shares @ ₹2 each and second and final call received in advance @ ₹4 each on 750 shares)		1,01,000 2,000	 1,00,000 3,000

4. Answer :

Basis	Dissolution of Partnership	Dissolution of Firm
Economic Relationship	Economic relationship continues and changes between the partners	Economic Relationship ends amongst all the partners

5. Answer :

As per Section 71 (4) of the Companies Act, 2013 and Companies (Share Capital and Debentures) Rules, 2014, every company issuing Debentures is required to create Debenture Redemption Reserve of atleast an amount equal to 25% of the value of debentures issued at the time of redemption of debentures.

6. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Tom's Capital A/c	Dr.		2,000	
	To Interest on Drawings A/c				2,000
	(Being interest on drawings charged to Tom's Capital A/c)				

7. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
(a)	Bank A/c (635 × ₹475)	Dr.		3,01,625	
	To Debenture Application A/c				3,01,625
	(Being debenture application money received)				
	Debenture Application A/c	Dr.		3,01,625	
	Loss on Issue of Debentures A/c (635 × ₹75)	Dr.		47,625	
	To 9% Debentures A/c				3,17,500
	To Premium on Redemption of Debentures A/c (635 × ₹50)				31,750
	(Being debentures issued at par, redeemable at premium)				
(b)	Bank A/c (635 × ₹560)	Dr.		3,55,600	
	To Debenture Application A/c				3,55,600
	(Being debenture application money received)				
	Debenture Application A/c	Dr.		3,55,600	
	Loss on Issue of Debenture A/c (635 × ₹30)	Dr.		19,050	
	To 9% Debentures A/c				3,17,500
	To Premium on Redemption of Debenture A/c (365 × ₹30)				19,050
	To Securities Premium A/c (635 × ₹60)				38,100
	(Being debenture issued at discount redeemable at a premium)				

8. Answer :

Valuation of goodwill is also arises in the following cases:

(i) When the partnership firm is sold to some other concern on going concern basis.

(ii) When two firms amalgamate that is merger or acquisition of two businesses.

(iii) When the existing partners in the firm jointly agree to change the profit sharing ratio between them.

9. Answer:

K Ltd.
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
(i)	Sundry Assets A/c Dr. Goodwill A/c To Sundry Liabilities A/c To P Ltd (Being assets and liabilities purchased of P Ltd)		15,00,000 3,68,500	 5,00,000 13,68,500
(ii)	P Ltd Dr. To Equity Share Capital A/c To Securities Premium A/c To Bills Payable A/c (Being 10,744 Equity Shares issued of ₹100 each at a premium of ₹25 per share and a promissory note of 25,500)		13,68,500	 10,74,400 2,68,600 25,500

Working Notes :

WN1 : Calculation of Number of Equity Shares

$$\text{Number of Shares Issued} = \frac{\text{Purchase Consideration}}{\text{Issue Price}}$$

$$= \frac{13,43,000}{125} = 10,744 \text{ equity shares}$$

10. Answer :

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Bank A/c Dr. To Equity Share Application & Allotment A/c (Being amount received on 20,00,000 equity shares @ ₹10 each at a premium of ₹3 per share)		2,60,00,000	 2,60,00,000
	Equity Share Application & Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c To Bank A/c (Being application money is transferred to share capital and excess amount refunded)		2,60,00,000	 85,00,000 25,50,000 1,49,50,000

The following are the two values that X Ltd. Wants to propagate.

1. Employment opportunities in the backward areas.
2. Value of Equality by allotting shares on pro-rata basis to 17,00,000 shareholders.

11. Answer :

Profit and Loss Appropriation Account
for the year ended March 31,2015

Dr. **Cr.**

Particular		₹	Particular	₹
To Profit transferred to :			By Profit and Loss A/c	9,00,000
Vikas's Capital A/c	4,50,000			
Vivek's Capital A/c	3,00,000			
Vandana's Capital A/c	1,50,000	9,00,000		
		9,00,000		**9,00,000**

Working Notes:

Vandana's Share in Profit = 9,00,000 $\times \frac{1}{8} = 1,12,500$

Minimum Guaranteed Profit to Vandana = 1,50,000

Deficiency = 37,500 (1,50,000 - 1,12,500)

Deficiency to be borne by Vikas and Vivek in the ratio of 2:3

Amount to be borne by Vikas = 37,500 $\times \frac{2}{5} = 15,000$

Amount to be borne by Vivek = 37,500 $\times \frac{3}{5} = 22,500$

Remaining Profit Share = 7,50,000

$\therefore$ Vikas's Profit Share = 7,50,000 $\times \frac{3}{5} = 4,50,000$

& Vivek's Profit Share = 7,50,000 $\times \frac{2}{5} = 3,00,000$

12. Answer:

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Manav's Capital A/c	Dr.		95,000	
	Narayan's Capital A/c	Dr.		95,000	
	To Nath's Capital A/c				1,90,000
	(Being goodwill adjustment done in gaining ratio)				
	Manav's Capital A/c	Dr.		7,500	
	Nath's Capital A/c	Dr.		15,000	
	Narayan's Capital A/c	Dr.		7,500	
	To Profit and Loss A/c				30,000
	(Being debit balance in P&L A/c written-off among all partners in old ratio)				
	Profit and Loss Suspense A/c	Dr.		22,500	
	To Nath's Capital A/c				22,500
	(Being Nath's share of profit up to date of death dispensed				

	through P&L Suspense A/c)			
	Nath's Capital A/c Dr. To Nath's Executor A/c (Being amount due to Nath transferred to his executor's A/c)		1,92,500	1,92,500

Working Notes :

WN 1: Calculation of Nath's Share of Goodwill

Nath's Share of Goodwill = Firm's Goodwill $\times$ His Profit Share

$$= 3,80,000 \times \frac{2}{4} = 1,90,000$$

1, 90,000 will be borne by gaining partners in gaining ratio.

Since, nothing is specified; it is assumed that continuing partners gain in their old profit sharing ratio of 1:1

Manav's gain = $1,90,000 \times \frac{1}{2} = 95,000$

Narayan's gain = $1,90,000 \times \frac{1}{2} = 95,000$

WN 2 : Calculation of share of debit balance in P&L A/c

Manav's share = $30,000 \times \frac{1}{4} = 7,500$

Nath's share = $30,000 \times \frac{2}{4} = 15,000$

Narayan's share = $30,000 \times \frac{1}{4} = 7,500$

WN 3 : Calculation of Share in Profit (earned during the year)

Nath's share = Average Profits $\times$ Number of Months Nath Remained $\times$ His Profit Share

$$= 90,000 \times \frac{6}{12} \times \frac{2}{4} = 22,500$$

WN 4 : Calculation of Amount transferred to Nath's Executor A/c

Amount due to Nath = Capital + Credit Items - Debit Items

$$= (5,000) + 1,90,000 - 15,000 + 22,500 = 1,92,500$$

13. Answer :

In the books of ……
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
(a)	Bank A/c Dr. To Realisation A/c (Being a creditor of ₹3,60,000 accepted machinery valued at ₹5,00,000 and paid ₹1,40,000 to the firm)		1,40,000	1,40,000
(b)	No entry			
(c)	Realisation A/c Dr.		45,000	

	To Bank A/c (Being a third creditor of ₹90,000 accepted ₹45,000 in cash and investments worth ₹43,000 in full settlement of his claim)				45,000
(d)	Lal's Capital A/c Pal's Capital A/c To Realisation A/c (Being loss on dissolution transferred to partners capital accounts)	Dr. Dr.		4,500 10,500	 15,000

Note: No entry will be made when asset is taken over by the creditor

14. Answer :

Revaluation Account

Dr. Cr

Particulars		₹	Particulars	₹
To Building A/c		3,000	By Land A/c	30,000
To Revaluation Profit A/c			By Creditors A/c	6,000
R	5,500			
S	11,000			
T	16,500	33,000		
		36,000		**36,000**

Partner's Capital Account

Dr. **Cr.**

Particulars	R	S	T	Particulars	R	S	T
To T's Capital A/c	25,000			By Balance B/d	1,00,000	50,000	25,000
				By R/V Profit A/c	5,500	11,000	16,500
To Balance c/d	85,500	71,000	81,500	By General Reserve A/c	5,000	10,000	15,000
				By R's Capital A/c			25,000
	1,10,500	**71,000**	**81,500**		**1,10,500**	**71,000**	**81,500**

Balance Sheet

Liabilities		₹	Assets		₹
Capital					
R	85,500		Land	50,000	
S	71,000		Add :Increase	30,000	80,000
T	81,500	2,38,000	Building	50,000	
			Less : Deprecation	(3,000)	47,000
Creditors	50,000				
Less : Written off	(6,000)	44,000	Plant		1,00,000
			Bank		5,000
Bills payable		20,000	Stock		40,000
			Debtors		30,000
		3,02,000			**3,02,000**

Working Notes

Old Ratio New Ratio

1:2:3 1:1:1

S/R of R = Old Ratio - New Ratio = $\frac{1}{6}-\frac{1}{3}=\boxed{\frac{1}{6}}\Rightarrow$ Gaining

S/R of S = Old Ratio - New Ratio = $\frac{2}{6}-\frac{1}{3}=\frac{0}{6}$

S/R of T = Old Ratio - New Ratio = $\frac{3}{6}-\frac{1}{3}=\boxed{-\frac{1}{6}}\Rightarrow$ Sacrificing

R will compensate T, since he is gaining

R's Capital A/c	Dr	25,000	
To T's Capital A/c			25,000

15. Answer :

In the books of JJJ Ltd
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
(i) 2014 Apr 01	Own Debentures A/c To Bank A/c (Being purchase of 30,000 own debentures @ ₹99 each)	Dr.		29,70,000	29,70,000
	10% Debentures A/c To Own Debentures A/c To Gain (Profit) on cancellation (Being cancellation of own debentures)	Dr.		30,00,000	29,70,000 30,000
	Gain (Profit) on Cancellation A/c To Capital Reserve A/c (Being transfer of gain (Profit) on redemption of debentures to capital reserve)	Dr.		30,000	30,000
(ii) 2015 Feb.28	10% Debentures A/c To Debenture holders A/c (Being 10% Debenture due for redemption)	Dr.		50,00,000	50,00,000
	Debenture holders A/c To Bank A/c (Being amount paid to debenture holders)	Dr.		50,00,000	50,00,000
(iii) 2016 Jan.31	Own Debentures A/c To Bank A/c (Being purchase of 20,000 own debentures)	Dr.		19,99,000	19,99,000
	10% Debentures A/c To Own Debentures A/c To Gain (Profit) on Cancellation (Being own debentures purchased and cancelled)	Dr.		20,00,000	19,99,000 1,000

	Gain (Profit) on Cancellation A/c Dr. To Capital Reserve A/c (Being transfer of Gain (Profit) on redemption of debentures to Capital Reserve)		1,000	 1,000

16. Answer :

Books of SK Ltd
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Bank A/c Dr. To Equity Share Application A/c (Being amount received on application for 4,00,000)		12,00,000	 12,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Securities Premium A/c To Equity Share Allotment A/c To Bank A/c (Being amount of application transferred to Share Capital and excess money is adjusted towards allotment)		12,00,000	 6,40,000 3,20,000 1,20,000 1,20,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being amount due on allotment)		16,00,000	 9,60,000 6,40,000
	Bank A/c (₹16,00,000 – ₹1,20,000 – ₹3,700) Dr. To Equity Share Allotment A/c (Being amount received on share allotment)		14,76,300	 14,76,300
	Share Capital A/c Dr. Securities Premium A/c Dr. To Share Forfeiture A/c To Share Allotment A/c (Being 800 shares of Jain are forfeited due to non – payment of allotment money)		4,000 1,600	 1,900 3,700
	Equity Share First and Final A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being amount due on first and final call on 3,19,200shares)		22,34,400	 15,96,000 6,38,400
	Bank A/c (₹22,34,400 – ₹16,800) Dr. To Equity Share First and Final Call A/c (Being amount received on first and final call)		22,17,600	 22,17,600
	Equity Share Capital A/c Dr. Securities Premium A/c Dr. To Equity Share Forfeiture A/c To Equity Share First and Final Call A/c (Being shares of Gupta were forfeited)		24,000 4,800	 12,000 16,800
	Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (Being forfeited shares were re-issued at ₹8 per share fully paid up)		12,000 3,000	 15,000

	Equity Share Forfeiture A/c Dr. To Capital Reserve A/c (Being excess amount on forfeiture is transferred to capital reserve)		2,400	2,400

Working Note:

Computation Table

Categories	Applied Shares	Shares Allotted	Money Received on Application @ ₹3 each	Money transferred to Share Capital @ ₹ 2 each	Money transferred to Securities Premium @ ₹1 each	Excess Application money	Amount Adjusted on Allotment	Money refunded
I	40,000		1,20,000			1,20,000		1,20,000
II	3,60,000	3,20,000	10,80,000	6,40,000	3,20,000	1,20,000	1,20,000	
	4,00,000	**3,20,000**	**12,00,000**	**6,40,000**	**3,20,000**	**2,40,000**	**1,20,000**	**1,20,000**

Calculation of amount unpaid on Allotment

Share Applied by Jeevan = $\frac{3,60,000}{3,20,000} \times 800 = 900$ shares

Excess money received from Jeevan	=	300 (100 × 3)
Amount due on Allotment	=	2,400 (800 × 3)
Less : Excess Application Money	=	₹300
Amount unpaid on Allotment	=	2,100
Amount unpaid on Securities Premium	=	1,600 (800 × 2)
Total amount unpaid on allotment	=	₹3,700

Calculation of amount received from Jeevan (Share Forfeiture (Cr)

Amount received on application	=	1,600 (800 × 2) ⇒ excluding premium
Add :Excess Application money	=	300
Share Forfeiture (Cr.)	=	1,900

Unpaid amount on First and Final Call

Share Allotted to Ganesh = $\frac{3,20,000}{3,60,000} \times 2,700 = 2,400$ shares

Unpaid amount on First and Final Call = 16,800 (2,400 × 7)

Calculation of amount received from Ganesh (Share Forfeiture Cr.)

Amount received on application	=	₹4,800 (2,400 ×2) ⇒ excluding premium
Amount received on allotment	=	₹7,200 (2,400 × 3) ⇒ excluding premium
Total amount received	=	₹12,000

Calculation of Capital Reserve

(i) 800 shares of Jain are reissued

Share forfeiture (Cr.)	=	900
Less :Share forfeiture (Dr.)	=	1,600 (800 × 2)
Capital Reserve	=	300

(ii) 700 Shares of Ganesh are reissued

Share Forfeiture (Cr.) for 700 shares	=	$3{,}500 \left(\dfrac{12{,}000}{2{,}400} \times 700\right)$
Less : Share Forfeiture (Dr.)	=	1400 (700×2)
Capital Reserve	=	2,100
Total Amount of Capital Reserve	=	2,400 (2,100 + 300)

OR

Books of BBG Ltd
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
2015 Jan. 05	Bank A/c $(1{,}40{,}000 \times 6)$ To Equity Share Application A/c (Being amount received on application for 1,40,000 shares @ ₹6 per share including premium)	Dr.		8,40,000	 8,40,000
Jan. 15	Equity Share Application A/c To Equity Share Capital A/c (1,00,000 × ₹3) To Securities Premium A/c (1,00,000 × ₹3) To Equity Share Allotment A/c (20,000 × ₹6) To Bank a/c (20,000 ×₹ 6) (Being transfer of application money to share capital securities premium, money refunded for 20,000 shares for rejected application and balance adjusted towards amount due on allotment as shares were allotted on Pro-rata basis)	Dr.		8,40,000	 3,00,000 3,00,000 1,20,000 1,20,000
Jan. 17	Equity Share Allotment A/c (1,00,000 × ₹4) To Equity Share Capital A/c (Being amount due on allotment @ ₹4 per share)	Dr.		4,00,000	 4,00,000
Feb. 20	Bank A/c (₹4,00,000 – ₹1,20,000) To Equity Share Allotment A/c (Being balance amount received on allotment)			2,80,000	 2,80,000
April 01	Equity Share First & Final Call (1,00,000 × ₹3) To Equity Share Capital A/c (Being First and Final Call money due)	Dr.		3,00,000	 3,00,000
April 20	Bank A/c Calls – in – arrears A/c To Equity Share First and Final Call A/c (Being money received on First and Final Call)	Dr. Dr.		2,97,000 3,000	 3,00,000
May 20	Equity Share Capital A/c To Equity Share Forfeiture A/c (1,000 × ₹7) To Equity Share First & Final Call A/c (1,000 × ₹3) (Being shares forfeited on which call money was not received)	Dr.		10,000	 7,000 3,000
June 15	Bank A/c (1,000 × ₹7) Equity Share Forfeiture A/c To Equity Share Capital A/c (Being share forfeited reissued)	Dr. Dr.		7,000 3,000	 10,000
June 15	Equity Share Forfeiture A/c To Capital Reserve A/c (Being amount transferred to Capital Reserve)	Dr.		4,000	 4,000

17. Answer :

Revaluation Account

Dr. Cr

Particulars	₹	Particulars		₹
To Investment A/c	24,000	By Creditors A/c		6,000
To Machinery A/c	12,000	By Loss on Revaluation		
		L's Capital A/c	15,000	
		M's Capital A/c	10,000	
		N's Capital A/c	5,000	30,000
	36,000			**36,000**

Partner's Capital Account

Dr. **Cr.**

Particulars	L	M	N	O	Particulars	L	M	N	O
To Revaluation A/c	15,000	10,000	5,000		By Balance c/d	1,20,000	80,000	40,000	
To Balance c/d	1,56,000	84,000	42,000	56,400	By Gen. Reserve A/c	21,000	14,000	7,000	
					By Prem For G/w	30,000			
					By Cash A/c				56,400
	1,71,000	**94,000**	**47,000**	**56,400**		**1,71,000**	**94,000**	**47,000**	**56,400**

Balance Sheet
as on March 31,2015

Liabilities		₹	Assets	₹
Creditors		1,62,000	Bank (34,000 + 56,400 + 30,000)	1,20,400
Capitals :			Debtors	46,000
L	1,56,000		Stock	2,20,000
M	84,000		Investments	36,000
N	42,000		Furniture	20,000
O	56,400	3,38,400	Machinery	58,000
		5,00400		**5,00,400**

Working Notes:

WN1 : Calculation of Sacrificing Ratio

Sacrificing Ratio = Old Ratio - New Ratio

$$\text{L's} = \frac{3}{6} - \frac{2}{6} = \frac{1}{6}$$

$$\text{M's} = \frac{2}{6} - \frac{2}{6} = \text{Nil}$$

$$\text{N's} = \frac{1}{6} - \frac{1}{6} = \text{Nil}$$

WN 2: Adjustment of Goodwill

$$\text{O's Share of Goodwill} = 1{,}80{,}000 \times \frac{1}{6} = 30{,}000$$

30,000 will be credited to L's Capital A/c, as he is the only sacrificing partner

WN3: Calculation of O's Proportionate Capital
Adjusted Old Capital of L = 1, 20,000 + 21,000 + 30,000 – 15,000 = ₹1, 56,000

Adjusted Old Capital of M = 80,000 + 14,000 – 10,000 = ₹84,000
Adjusted Old Capital of N = 40,000 + 7,000 – 5,000 = ₹42,000
Total Adjusted Capital = 1, 56,000 + 84,000 + 42,000 = ₹2, 82,000
O's Proportionate Capital = Total Adjusted Capital × O's Profit Share × Reciprocal of Combined New Share of Old Partners

$$= 2{,}82{,}000 \times \frac{1}{6} \times \frac{6}{5} = 56{,}400$$

OR

Revaluation Account

Dr. Cr.

Particulars	₹	Particulars		₹
To Claim for Workman Compensation A/c	8,000	By Provision for Doubtful Debts A/c		2,000
		By Loss on Revaluation		
		J's Capital A/c	3,000	
		H's Capital A/c	1,800	
		K's Capital A/c	1,200	6,000
	8,000			**8,000**

Partner's Capital Account

Dr. **Cr.**

Particulars	J	H	K	Particulars	J	H	K
To Revaluation A/c	3,000	1,800	1,200	By Balance b/d	1,00,000	80,000	40,000
To H's Capital A/c	10,200		20,400	By IFF A/c	10,000	6,000	4,000
To Cash A/c		14,000		By P&L A/c	40,000	24,000	16,000
To H's Loan A/c		1,24,800		By J's Capital		10,200	
To Balance c/d	1,36,800		38,400	By K's Capital		20,400	
	1,50,000	**1,40,600**	**60,000**		**1,50,000**	**1,40,600**	**60,000**
To Current A/c	31,680			By Balance b/d	1,36,800		38,400
To Balance c/d	1,05,120		70,080	By Current A/c			31,680
	1,36,800		**70,080**		**1,36,800**		**70,080**

Balance Sheet
as on March 31,2015

Liabilities		₹	Assets		₹
Creditors		42,000	Land and Building		1,24,000
			Motor Vans		40,000
Capitals			Investment		38,000
J	1,05,120		Machinery		24,000
K	70,080	1,75,200	Stock		30,000
			Debtors	80,000	
J's Current A/c		31,680	Less : Provision	4,000	76,000
Claim for Workmen Comp.		8,000	Cash (32,000 – 14,000)		18,000
H's Loan A/c		1,24,800	K's Current A/c		31,680
		3,81,680			**3,81,680**

Working Notes:

WN 1: Calculation of Gaining Ratio

Gaining Ratio = New Ratio - Old Ratio

J's = $\frac{3}{5} - \frac{5}{10} = \frac{1}{10}$

K's = $\frac{2}{5} - \frac{2}{10} = \frac{2}{10}$

Gaining Ratio = 1:2

WN 2 : Adjustment of Goodwill

H's Share of Goodwill = 1,02,000 $\times \frac{3}{10} = 30{,}600$

30,600 will be debited to gaining partners (J and K) in the ratio of 1:2

J's share = 30,600 $\times \frac{1}{3} = 10{,}200$

K's share = 30,600 $\times \frac{2}{3} = 20{,}400$

WN 3 Adjustment of Capital

Adjusted Capital of J = 1, 00,000 + 10,000 + 40,000 – 3,000 – 10,200 = ₹1, 36,800

Adjusted Capital of K = 40,000 + 4,000 + 16,000 – 1,200 – 20,400 = ₹38,400

Total Adjusted Capital = 1, 36,800 + 38,400 = ₹1, 75,200

J's New Capital = 1,75,200 $\times \frac{3}{5} = 1{,}05{,}120$

K' New Capital = 1,75,200 $\times \frac{2}{5} = 70{,}080$

K's New Capital > K's Adjusted Capital (K owes 31,680 to the firm)

J's New Capital < J's Adjusted Capital (Firm owes 31,680 to J)

WN 4 Amount transferred to H's Loan A/c

Amount to be transferred = (Credit side – Debit side) – Cash paid

= (1,40,600 – 1,800) – 14,000 = ₹1,24,800

SECTION B

18. Answer :

The statement that records the inflows and outflows of cash and cash equivalents during a particular period from the business operating activities, investing activities and financing activities is called 'Cash Flow Statement'.

19. Answer :

Such a cash flow will be classified under 'Operating Activity'.

20. Answer :

a. The following are the two main objectives other than the one stated in the question.

1. To determine profitability with respect to sales and investments.
2. To make forecast and prepare budgets.

b.

Other Current Liabilities	Other Current Assets
Income received in advance	Prepaid expenses
Unpaid Dividends	Taxes paid in advance

21. Answer :

a. Activity Ratios measures the effectiveness with which a firm uses its available resources. Higher the activity ratio means better the use of capital or resources of the business. Some of the important Activity Ratios are Inventory Turnover Ratio, Debtors Turnover Ratio, Working Capital Turnover Ratio, Current Assets Turnover Ratios etc.

b.

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$$

$$\text{Gross Loss Ratio} = \frac{\text{Gross Loss}}{\text{Revenue from Operations}}$$

$$5\% = \frac{\text{Gross Loss}}{16{,}00{,}000} \Rightarrow \text{Gross Loss} = 5\% \text{ of } 16{,}00{,}000 = 80{,}000$$

$\therefore$ Cost of Revenue from Operations = Revenue from Operations + Gross Loss

= 16,00,000 + 80,000 = 16,80,000

$$\text{Inventory Turnover Ratio} = \frac{16{,}80{,}000}{2{,}20{,}000} = 7.64 \text{ Times}$$

22. Answer :

Comparative Statement of Profit and Loss

for the year ended March 31,2014 and 2015

Particulars	Note No	31st March 2014 ₹	31st March 2014 ₹	Absolute Change ₹	Percentage Change ₹
1. Revenue from operations		40,00,000	50,00,000	10,00,000	25.00
2. Other Income		10,00,000	2,00,000	(8,00,000)	(80.00)
3.**Total Revenue** (1+2)		**50,00,000**	**52,00,000**	**2,00,000**	**4.00**
4. **Expenses**					
Employee Benefit Expenses		25,00,000	31,20,000	6,20,000	24.80
Other Expenses		5,00,000	3,12,000	(1,88,000)	(37.60)
Total Expenses		**30,00,000**	**34,32,000**	**4,32,000**	**14.40**
5.**Profit before Tax (3-4)**		20,00,000	17,68,000	(2,32,000)	(11.60)
Less: Income Tax		8,00,000	8,84,000	84,000	10.50
6. **Profit after Tax**		**12,00,000**	**8,84,000**	**(3,16,000)**	**(26.30)**

The values conveyed by Company are

(i) Rural Development

(ii) Employment opportunities to plenty.

23. Answer :

Cash Flow Statement

for the year ended 31st March 2015

	Particulars	₹	₹
I	**Cash Flow from Operating Activities** A. Net Profit before Tax and Extraordinary items* Adjustments for Non-Cash and Non – Operating Items B. Add **: Items to be added**		 **2,50,000**

	Depreciation	99,000	
	Intangible Assets Written off	10,000	
	Interest on Debentures (12% of 5,00,000)	60,000	
	Provision for Tax	50,000	2,19,000
	C. Less : **Items to be Deducted**		--------
	D. **Operating Profit before Working Capital Adjustments (A+B-C)**		**4,69,000**
	E. Add : **Decrease in Current Assets and Increase in Current Liabilities**		-------
	F: Less : **Increase in Current Assets and Decrease in Current Liabilities**		
	Inventories		(62,000)
	Cash Generated from Operations (D+E-F)		**4,07,000**
	Less : Income Tax Paid (Net of Refund)		(70,000)
	Net Cash Flows from (or used in) Operating Activities		**3,37,000**
II.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets (12,03,000 – 8,21,000)	(3,82,000)	
	Purchase of Non – Current Investments	(25,000)	
	Net Cash Flows (or used in) Investing Activities		(4,07,000)
III	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Share Capital	1,00,000	
	Redemption of Debentures	(50,000)	
	Interest Paid on Debentures	(60,000)	
	Increase in Bank Overdraft	1,00,000	
	Net Cash Flow from Financing Activities		90,000
IV	Net Increase or Decrease in Cash and Cash Equivalents (I+ II+III)		**20,000**
	Add : Cash and Cash Equivalents in the beginning of the period (includes Current Investments of 60,000)		1,20,000
	Cash and Cash Equivalents at the end of the period (Includes Current Investments of 50,000)		**1,40,000**

Provision For Tax Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Bank A/c	70,000	By Balance b/d	90,000
To Balance c/d	70,000	By Statement of Profit and Loss A/c	50,000
	1,40,000		**1,40,000**

CBSE
Class XII Accountancy
All India Board Paper Set 1 – 2015

Time: 3 hours **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A

(i) This section consists of **17** questions
(ii) All the question are compulsory
(iii) Question Nos. **1** to **6** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **7** to **10** carry **3** marks each
(v) Question Nos. **11** and **12** carry **4** marks each
(vi) Question Nos. **13** to **15** carry **6** marks each
(vii) Question Nos. **16** and **17** Carry **8** marks each

Section B

(i) This section consists of **6** questions
(ii) All questions are compulsory
(iii) Question Nos.**18** and **19** are very short – answer carrying **1** mark each
(iv) Question Nos. **20** to **22** carry **4** marks
(v) Question No.**23** carries **6** marks

SECTION A

1. In the absence of Partnership Deed, interest on loan of a partner is allowed :
(i) at 8% per annum
(ii) at 6% per annum
(iii) no interest is allowed
(iv) at 12% per annum

2. Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5:3:2. On 1.1.2015 they admitted Yogita as a new partner for $1/10^{th}$ 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 ratio. Did the accountant give correct treatment? Given reason in support of your answer.

3. On the death of a partner, his share in the profits of the firm till the date of his death is transferred to the:
(i) Debit of Profit and Loss Account.
(ii) Credit of Profit and Loss Account.
(iii) Debit of Profit and Loss Suspense Account
(iv) Credit of Profit and Loss Suspense Account

4. Anant, Gulab and Khushbu were partners in a firm sharing profits in the ratio of 5: 3: 2. From 1.4.2014, they decided to share the profits equally. For this purpose the goodwill of the firm was valued at ₹2,40,000.

Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of Anant, Gulab and Khushbu.

5. Give the meaning of forfeiture of shares.

6. Nirman Ltd. issued 50,000 equity shares of ₹10 each. The amount was payable as follows :
On application - ₹3 per share
On allotment - ₹2 per share
On first and final call - The balance
Applications for 45,000 shares were received and shares were allotted to all the applicants. Pooja, to whom 500 shares were allotted; paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares. The amount received at the time of making first and final call was:
(i) ₹2,25,000
(ii) ₹2,20,000
(iii) ₹2,21,000
(iv) ₹2,19,500

7. Guru Ltd. invited applications for issuing 5,00,000 equity shares of ₹10 each at a premium of ₹5 per share. Because of favourable market conditions the issue was over-subscribed and applications for 15,00,000 shares were received.
Suggest the alternatives available to the Board of Directors for the allotment of shares.

8. On 1.4.2013, Brij and Nandan entered into partnership to construct toilets in government girls schools in the remote areas of Uttarakhand. They contributed capitals of ₹10,00,000 and ₹15,00,000 respectively. Their profit sharing ratio was 2:3 and interest allowed on capital as provided in the Partnership Deed was 12% per annum. During the year ended 31.3.2014, the firm earned a profit of ₹2,00,000.
Prepare Profit and Loss Appropriation Account of Brij and Nandan for the year ended 31.3.2014

9. 'Suvidha Ltd.' is registered with an authorised capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company issued 1,00,000 shares for public subscription. A shareholder holding 100 shares, failed to pay the final call of ₹20 per share. His shares were forfeited. The forfeited shares were re-issued at ₹90 per share as fully paid up.
Present the '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'.

10. 'Good Blankets Ltd.' are the manufacturers of woolen blankets. Blankets of the company are exported to many countries. The company decided to distribute blankets free of cost to five villages of Kashmir Valley destroyed by the recent floods. It also decided to employ 100 young persons from these villages in their newly established factory at Solan in Himachal Pradesh. To meet the requirements of funds for starting its new factory, the company issued 50,000 equity shares of ₹10 each and 2,000 8% debentures of ₹100 each to the vendors of machinery purchased for ₹7,00,000.
Pass necessary journal entries for the above transactions in the books of the company. Also identify any one value which the company wants to communicate to the society.

11. Arun, Varun and Karan were Partners in a firm sharing profits in the ratio of 4:3:3. On 31-3-2014, their Balance Sheet was as follows :

Liabilities		**Amount ₹**	**Assets**	**Amount ₹**
Creditors		17,000	Cash	8,000
Bills Payable		12,000	Debtors	13,000
Karan's Loan		28,000	Bills payable	9,000
Capitals			Furniture	27,000
Arun	70,000		Machinery	1,25,000
Varun	68,000	1,38,000	Karan's Capital	13,000
		1,95,000		1,95,000

On 30.9.2014, Karan died. The partnership Deed provided for the following to the executors of the deceased partner

(a) His share in the goodwill of the firm calculated on the basis of three year's purchase of the average profits of the last four years. The profits of the last four years were ₹1,90,000; ₹1,70,000; ₹1,80,000 and ₹1,60,000 respectively.

(b) His share in the profits of the firm till the date of his death calculated on the basis of the average profits of the last four years.

(c) Interest @8% p.a. on the credit balance, if any, in his Capital Account.

(d) Interest on his loan @12% p.a.

Prepare Karan's Capital Account to be presented to his executors, assuming that his loan and interest on loan were transferred to his Capital Account.

12. Prem, Param and Priya were partners in a firm. Their fixed capitals were Prem ₹2,00,000; Param ₹3,00,000 and Priya ₹5,00,000. They were sharing profits in the ratio of their capitals. The firm was engaged in the sale of ready-to-eat food packets at three different locations in the city, each being managed by Prem, Param and Priya. The outlet managed by Prem was doing more business than the outlets managed by Param and Priya. Prem requested Param and Priya for a higher share in the profits of the firm which Param and Priya accepted. It was decided that the new profit sharing ratio will be 2: 1: 2 and its effect will be introduced retrospectively for the last four years. The profits of the last four years were ₹2,00,000; ₹3,50,000; ₹4,75,000 and ₹5,25,000 respectively. Showing your calculations clearly, pass a necessary adjustment entry to give effect to the new agreement between Prem, Param and Priya.

13. On 1.1.2008, Uday and Kaushal entered into partnership with fixed capitals of ₹7,00,000 and ₹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 ₹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 ₹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 Had on Hari's admission.

(iii) New profit sharing ratio of Uday, Kaushal and Hari on Govind's death.

14. 'Ananya Ltd' had an authorized capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company had already issued 2,00,000 shares. The dividend paid per share for the year ended 31.3.2007 was ₹30. The management decided to export its products to African countries. To meet the requirements of additional funds, the finance manager put up the following three alternate proposals before the Board of Directors:

(i) Issue 47,500 equity shares at a premium of ₹100 per share.

(ii) Obtain a long-term loan from bank which was available at 12% per annum.

(iii) Issue 9% debentures at a discount of 5%.

After evaluating these alternatives the company decided to issue 1,00,000, 9% debentures on 1.4.2008. The face value of each debenture was ₹100. These debentures were redeemable in four installments starting from the end of third year, which was as follows:

Year	**₹**
III	10,00,000
IV	20,00,000
V	30,00,000
VI	40,00,000

Prepare 9% debenture account from 1.4.2008 till all the debentures were redeemed.

15. Mala, Neela and Kala were partners sharing profits in the ratio of 3: 2: 1. On 1.3.2015 their firm was dissolved. The assets were realized and liabilities were paid off. The accountant prepared Realisation Account, Partners' Capital Accounts and Cash Account, but forgot to post few amounts in these accounts.

You are required to complete these below given accounts by posting correct amounts.

Realisation Account

Dr. **Cr.**

Particulars		**Amount ₹**	**Particulars**		**Amount ₹**
To Sundry Assets :			By Provision for bad debts		1,000
Machinery	10,000		By Sundry Creditors		15,000
Stock	21,000		By Sheela's Loan		13,000
Debtors	20,000		By Repairs and Renewals Reserve		1,200
Prepaid Insurance	400		By Cash – Assets sold		
Investment	3,000	54,400	Machinery	8,000	
To Mala's Capital A/c		13,000	Stock	14,000	
Sheela Loan			Debtors	16,000	38,000
To Cash – Creditors paid		15,000	By Mala's Capital Investments		2,000
To Cash – Dishonored bill paid		5,000	By ____________		______
To Cash Expenses		800			
		88,200			**88,200**

Capital Account

Dr. **Cr.**

Particulars	**Mala ₹**	**Neela ₹**	**Kala ₹**	**Particulars**	**Mala ₹**	**Neela ₹**	**Kala ₹**
---------	------	------	------	------	------	------	------
---------		------	------	------	------		------
To Cash	12,000	9,000		By Cash			1,000
	23,000	**15,000**	**3,000**		**23,000**	**15,000**	**3,000**

Cash Account

Dr. **Cr.**

Particulars	Amount ₹	Particulars	Amount ₹
To Balance b/d	2,800	By Realisation A/c	15,000
To Realisation A/c	38,000	Creditors paid	
Sale of Assets		By Dishonoured bill	5,000
To Kala's Capital A/c	1,000	------------------	
		By Mala's Capital A/c	12,000
		By Neela's Capital A/c	9,000
	41,800		**41,800**

16. 'BMY Ltd.' invited applications for issuing 1,00,000 equity shares of ₹10 each at a premium of ₹10 per share. The amount was payable as follows :
On application - ₹10 per share (including ₹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 ₹4,000 as fully paid up.
Pass necessary journal entries for the above transaction in the books of BMY Ltd.

OR

'Blur Star Ltd.' was registered with an authorized capital of ₹2,00,000 divided into 20,000 shares of ₹10 each. 6,000 of these shares were issued to the vendor for building purchased. 8,000 shares were issued to the public and ₹5 per share were called up as follows:
On application - ₹2 per share
On allotment - ₹1 per share
On first call - Balance of the called up amount

The amounts received on these shares were as follows:
On 6,000 shares - Full amount called
On 1,250 shares - ₹3 per share
On 750 shares - ₹2 per share

The directors forfeited 750 shares on which ₹2 per share were received.
Pass necessary journal entries for the above transactions in the books of Blue Star Ltd

17. Om, Ram and Shanti were partners in a firm sharing profits in the ratio of 3:2:1. On 1st April, 2014 their Balance Sheet was as follows:

Balance Sheet

Liabilities		Amount ₹	Assets	Amount ₹
Capital Accounts			Land and Building	3,64,000
Om	3,58,000		Plant and Machinery	2,95,000
Ram	3,00,000		Furniture	2,33,000
Shanti	2,62,000	9,20,000	Bills Receivables	38,000
General Reserve		48,000	Sundry Debtors	90,000
Creditors		1,60,000	Stock	1,11,000
Bills payable		90,000	Bank	87,000
		12,18,000		**12,18,000**

On the above date Hanuman was admitted on the following terms:

(i) He will bring ₹1,00,000 for his capital and will get 1/10th share in the profits.

(ii) He will bring necessary cash for his share of goodwill premium. The goodwill of the firm was valued at ₹3,00,000.
(iii) A liability of ₹18,000 will be created against bills receivables discounted.
(iv) The value of stock and furniture will be reduced by 20%.
(v) The value of land and building will be increased by 10%.
(vi) Capital accounts of the partners will be adjusted on the basis of Hanuman's capital in their profit sharing ratio by opening current accounts.
Prepare Revaluation Account and Partner's Capital Accounts.

OR

Xavier, Yusuf and Zaman were partners in a firm sharing profits in the ratio of 4:3: 2. On 1.4.2014 their Balance sheet was as follows:

Liabilities		**Amount ₹**	**Assets**		**Amount ₹**
Sundry Creditors		41,400	Cash at Bank		33,000
Capital Accounts			Sundry Debtors	30,450	
Xavier	1,20,000		Less: Prov. For Bad debts	1,050	29,400
Yusuf	90,000		Stock		48,000
Zaman	60,000	2,70,000	Plant and Machinery		51,000
			Land and Building		1,50,000
		3,11,400			**3,11,400**

Yusuf had been suffering from ill health and thus gave notice of retirement from the firm. An agreement was, therefore, entered into as on 1.4.2014, the terms of which were as follows:
(i) That land and building be appreciated by 10%
(ii) The provision for bad debts is no longer necessary.
(iii) That stock be appreciated by 20%
(iv) That goodwill of the firm be fixed at ₹54,000. Yusuf share of the same be adjusted into Xavier's and Zamna's Capital Accounts, who are going to share future profits in the ratio of 2: 1.
(v) The entire capital of the newly constituted firm be readjusted by bringing in or paying necessary cash so that the future capitals of Xavier and Zaman will be in their profit sharing ratio.
Prepare Revaluation Account and Partner's Capital Accounts.

SECTION B

18. Which of the following transactions will result into flow of cash?
(i) Cash withdrawn from bank ₹20,000.
(ii) Issued ₹20,000; 9% debentures for the vendors of machinery.
(iii) Received ₹19,000 from debtors.
(iv) Deposited cheques of ₹10,000 into bank

19. The accountant of Manav Ltd. while preparing Cash Flow Statement added depreciation provided on fixed assets to net profit for calculating cash flow from operating activities. Was he correct in doing so? Give reason.

20. Under which major headings and sub-headings will the following items be shown in the Balance Sheet of a company as per schedule VI Part I of the Companies Act, 1956 :
(i) Net loss as shown by Statement of Profit and Loss
(ii) Capital redemption reserve
(iii) Bonds
(iv) Loans repayable on demand
(v) Unpaid dividend

(vi) Buildings
(vii) Trademarks
(viii) Raw materials

21. The Current Ratio of a company is 2.1 : 1.2. State with reasons which of the following transactions will increase, decrease or not change the ratio:
(i) Redeemed 9% debentures of ₹1, 00,000 at a premium of 10%.
(ii) Received from debtors ₹17,000.
(iii) Issued ₹2,00,000 equity shares to the vendors of machinery.
(iv) Accepted bills of exchange drawn by the creditors ₹7,000.

22. The motto of 'Pharma Ltd', a company engaged in the manufacturing of low-cost generic medicines, is 'Healthy India'. Its management and employees are hardworking, honest and motivated. The net profit of the company doubled during the year ended 31-3-2014. Encouraged by its performance, the company decided to pay bonus to all employees at double the rate than last year.
Following is the Comparative Statement of Profit and Loss of the company for the years ended 31-3-2013 and 31-3-2014.

Pharma Ltd
Comparative Statement of Profit and Loss

Particulars	Note No.	2012-13 ₹	2013-14 ₹	Absolute Change ₹	% Change
Revenue from operations		20,00,000	30,00,000	10,00,000	50
Less Employee benefit expenses		12,00,000	14,00,000	2,00,000	16-87
Profit before tax		8,00,000	16,00,000	8,00,000	100
Tax Rate 25%		2,00,000	4,00,000	2,00,000	100
Profit after tax		6,00,000	12,00,000	6,00,000	100

(i) Calculate Net Profit Ratio for the years ending 31st March, 2013 and 2014
(ii) Identify any two values which 'Pharma Ltd' is trying to propagate

23. Following is the Balance Sheets of Solar Power Ltd as at 31.3.2014 :

Solar Power Ltd.
Balance Sheet

Particulars	Note No.	31-3-2014 ₹	31-3-2014 ₹
I. Equity and Liabilities			
1. Shareholder's Funds			
a. Share Capital		24,00,000	22,00,000
b. Reserve and Surplus	1	6,00,000	4,00,000
2. Non - Current Liabilities			
a. Long – term borrowings		4,80,000	3,40,000
3. Current Liabilities			
a. Trade Payables		3,58,000	4,08,000
b. Short Term Provisions		1,00,000	1,54,000
Total		**39,38,000**	**35,02,000**
II. Assets			
1. Non – Current Assets			
a) Fixed Assets			
(i) Tangible assets	2	21,40,000	17,00,000
(ii) Intangible	3	80,000	2,24,000
b) Non – Current Investments			
2. Current Assets			
a) Current Investments		4,80,000	3,00,000
b) Inventories		2,58,000	2,42,000

c) Trade Receivables d)Cash and Cash		3,40,000 6,40,000	2,86,000 7,50,000
Total		**39,38,000**	**35,02,000**

Notes to Accounts

Note No	Particulars	As On 31-3-2014	As On 31-3-2013
1.	**Reserve and Surplus**		
	(Surplus i.e. Balance in Statement of Profit and Loss)	6,00,000	4,00,000
2.	**Tangible Assets**		
	Machinery	25,40,000	20,00,000
	Less: Accumulated Depreciation	(4,00,000)	(3,00,000)
3.	**Intangible Assets**	80,000	2,24,0000
	Goodwill		

Additional Information:-

During the year a piece of machinery, costing ₹48,000 on which accumulated depreciation was ₹32,000, was sold at ₹12,000.

Prepare Cash Flow Statement.

CBSE
Class XII Accountancy
All India Board Paper Set 1– 2015 Solution

SECTION A

1. Answer :
The correct answer is option (ii).
Interest on loan of a partner is allowed at the rate of 6% per annum in absence of Partnership Deed.

2. Answer :
The treatment of Profit and Loss A/c (Dr.) is incorrect. The debit balance of Profit and Loss A/c represents the loss to the firm. As a result, at the time of admission of Yogita, it must be divided among the old partners i.e. Geeta, Sunita and Anita in their old profit sharing ratio i.e. 5:3:2. Thus, it should be debited to the capital accounts of Geeta, Sunita and Anita.

3. Answer :
The correct answer is option (iii).
On the death of a partner, the share of the partner in the profits of the firm till the date of his death is transferred to the debit of Profit and Loss Suspense Account.

4. Answer :

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Gulab's Capital A/c	Dr.		8,000	
	Khushbu Capital A/c	Dr.		32,000	
	To Anant's Capital A/c				40,000
	(Being Gulab and Khushbu being the gaining partners compensated Anant for his share of sacrifice)				

Working Notes
WN1 Calculation of Sacrifice Ratio
Old Ratio
New Ratio: 1:1:1
Sacrificing Ratio = Old Ratio – New Ratio

$$\text{Anant's sacrificing ratio} = \frac{5}{10} - \frac{1}{3} = \frac{5}{10}$$

$$\text{Gulab's sacrificing ratio} = \frac{3}{10} - \frac{1}{3} = \left(-\frac{1}{30}\right) \Rightarrow \text{Gaining}$$

$$\text{Khushbu's sacrificing ratio} = \frac{2}{10} - \frac{1}{3} = \left(-\frac{4}{30}\right) \Rightarrow \text{Gaining}$$

$$\text{Share of Anant in firm's goodwill} = \frac{5}{30} \times 2,40,000 = 40,000$$

WN2 Adjustment of Goodwill
Gulab and Khushbu, being the gaining partner will pay Anant, a sacrificing partner in the ratio of their gain i.e. 1:4

Gulab will pay = 40,000 $\times \frac{1}{5} = 8,000$

Khushbu will pay = 40,000 $\times \frac{4}{5} = 32,000$

5. Answer :

Shares cancelled due to non-payment of due calls is called forfeiture of shares.

6. Answer :

The correct answer is option (iii)

Calculation of amount received with first call

First call amount receivables on 45,000 shares	=	2,25,000
Less : Advance payment by Pooja (500 @ ₹5)	=	2,500
Less: Kundan failure to pay first call (300 @ ₹5)	=	1,500
		2,21,000

7. Answer :

The following three alternatives to the Board of Directors are:

a. Reject the excess application of 10,00,000 shares.

b. Allot shares to all the share applicants on pro-rata basis.

c. Reject few applications and allot shares on proportionate basis to the remaining applicants.

8. Answer :

Profit and Loss Appropriation Account

for the year ended March 2014

Dr. **Cr.**

Particular		₹	Particular	₹
To Interest on Capital A/c			By Profit and Loss A/c	2,00,000
Brij	80,000			
Nandan	1,20,000	2,00,000		
		2,00,000		**2,00,000**

Working Notes:

WN1 Calculation of Interest on Capital

On Brij's Capital = $10,00,000 \times \frac{12}{100} = 1,20,000$

On Nandan's Capital = $15,00,000 \times \frac{12}{100} = 1,80,000$

Total Interest = 1,20,000 + 1,80,000 = 3,00,000

WN 2 Calculation of Proportionate Interest on Capital

Proportionate Interest to Brij = $\frac{1,20,000}{3,00,000} \times 2,00,000 = 80,000$

Proportionate Interest to Nandan = $\frac{1,80,000}{3,00,000} \times 2,00,000 = 1,20,000$

9. Answer :

Particulars	Note No	₹
I. Equity and Liabilities		
1. Shareholder's Funds		
a. Share Capital	1	1,00,00,000
b. Reserve and Surplus	2	7,000
Total		**1,00,07,000**
II. Assets		
2. Current Assets		
a. Cash and Equivalents	3	1,00,07,000
Total		**1,00,07,000**

Note No	Particulars	₹
1.	**Share Capital**	
	Authorised Share Capital	
	10,00,000 shares of 100 each	10,00,00,000
	Issued Share Capital	
	1,00,000 Equity Shares of 100 each	1,00,00,000
	Subscribed Called-up and Paid up Share Capital	
	1,00,000 Shares of 100 each	**1,00,00,000**
2.	**Reserve and Surplus**	
	Capital Reserve	**7,000**
3.	**Cash and Cash Equivalents**	
	Cash at Bank	**1,00,07,000**

10. Answer :

Journal
In the books of Good Blankets Ltd

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Machinery A/c	Dr.		7,00,000	
	To Vendor A/c				7,00,000
	(Being machinery purchased)				
	Vendor A/c	Dr.		7,00,000	
	To Equity Share Capital				5,00,000
	To 8% Debentures A/c				2,00,000
	(Being issued 50,000 equity shares of ₹100 each and 2,000 8% of ₹100 each to the vendor)				

The company wants to generate employment opportunities for the people to manage their livelihood.

11. Answer :

Karan's Capital Account

Dr. Particulars	₹	Particulars	Cr. ₹
To Balance b/d	13,000	By Arun's Capital A/c	90,000
To Executor A/c	2,00,430	By Varun's Capital A/c	67,500
		By Profit and Loss Suspense A/c	26,250
		By Karan's Loan A/c	28,000
		By Interest on Karan's Loan	1,680
	2,13,430		**2,13,430**

Working Notes:

WN 1 Calculation of Interest on Karan's Loan

$$\text{Interest on Loan} = 28{,}000 \times \frac{12}{100} \times \frac{6}{12} = 1{,}680$$

WN 2 Calculation of Karan's share in Profits

$$\text{Average Profit} = \frac{1{,}90{,}000 + 1{,}70{,}000 + 1{,}80{,}000 + 1{,}60{,}000}{4} = 1{,}75{,}000$$

$$\text{Share of Karan's in profits} = 1{,}75{,}000 \times \frac{3}{10} \times \frac{6}{12} = 26{,}250$$

WN 3 Adjustment of Goodwill

Average Profit = 1, 75,000

Goodwill of the firm = Average Profit × Number of year's purchase

= 1, 75,000 × 3 = 5, 25,000

$$\text{Karan's Share of Goodwill} = 5{,}25{,}000 \times \frac{3}{10} = 1{,}57{,}500$$

$$\text{Arun will pay} = 1{,}57{,}500 \times \frac{4}{7} = 90{,}000$$

$$\text{Varun will pay} = 1{,}57{,}500 \times \frac{3}{7} = 67{,}500$$

Note: Gaining ratio is same as their new profit sharing ratio i.e. 4:3.

12. Answer :

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Param's Capital A/c Dr.		1,55,000	
	Priya's Capital A/c Dr.		1,55,000	
	To Prem's Capital A/c			3,10,000
	(Being rectification done)			

Particulars	Prem	Param	Priya	Total
Profit to be credited (Cr.)	6,20,000	3,10,000	6,20,000	15,50,000
Profit wrongly credited (Dr.)	3,10,000	4,65,000	7,75,000	15,50,000
Difference	**3,10,000 (Cr.)**	**1,55,000 (Dr.)**	**1,55,000 (Dr.)**	**Nil**

Working Notes:

WN1: Calculation of Profit Share in Capital Ratio (2:3:5)

Total Profit of last 4 years = 15,50,000 (2,00,000 + 3,50,000 + 4,75,000 + 5,25,000)

$$\text{Prem's Share} = 15{,}50{,}000 \times \frac{2}{10} = 3{,}10{,}000$$

$$\text{Para's Share} = 15{,}50{,}000 \times \frac{3}{10} = 4{,}65{,}000$$

$$\text{Priya's Share} = 15{,}50{,}000 \times \frac{5}{10} = 7{,}75{,}000$$

WN2 Calculation of Profit Share in New Ratio (2:1:2)

$$\text{Prem's Share} = 15{,}50{,}000 \times \frac{2}{5} = 6{,}20{,}000$$

$$\text{Param's Share} = 15{,}50{,}000 \times \frac{1}{5} = 3{,}10{,}000$$

$$\text{Priya's Share} = 15{,}50{,}000 \times \frac{2}{5} = 6{,}20{,}000$$

13. Answer :

(i) Calculation of Sacrificing Ratio of Uday and Kaushal on Govind's admission

Old Ratio of Uday and Kaushal = 1:1

New Ratio of Uday and Kaushal and Govind = 3:2:5

Sacrificing Ratio = Old Ratio – New Ratio

$$\text{Uday Sacrifice} = \frac{1}{2} - \frac{3}{10} = \frac{2}{10}$$

$$\text{Kaushal Sacrifice} = \frac{1}{2} - \frac{2}{10} = \frac{3}{10}$$

Sacrificing Ratio = 2:3

(ii) Calculation of New Profit Sharing Ratio of Uday, Kaushal, Govind and Hari on Hari's admission

Old Ratio of Uday, Kaushal and Govind = 3:2:5

Hari was admitted for $1/10^{th}$ share, which was acquired by him equally from Uday, Kaushal and Govind.

Sacrificing Share

$$\text{Uday} = \frac{1}{3} \times \frac{1}{10} = \frac{1}{10}$$

$$\text{Kaushal} = \frac{1}{3} \times \frac{1}{10} = \frac{1}{30}$$

$$\text{Govind} = \frac{1}{3} \times \frac{1}{10} = \frac{1}{30}$$

New Profit Share = Old Share - Sacrificing Share

$$\text{Uday} = \frac{3}{10} - \frac{1}{10} = \frac{8}{30}$$

$$\text{Kaushal} = \frac{2}{10} - \frac{1}{10} = \frac{5}{30}$$

$$\text{Govind} = \frac{5}{10} - \frac{1}{30} = \frac{14}{30}$$

$$\text{Hari} = \frac{1}{10} \text{ or } \frac{3}{30}$$

Therefore, New Profit Sharing Ratio of Uday, Kaushal, Govind and Hari = 8:5:14:3

(iii) Calculation of New Profit Sharing Ratio of Uday, Kaushal and Hari on Govind's death
Old Ratio of Uday, kaushal, Govind and Hari = 8:5:14:3

Govind died and his share $\left(\frac{14}{30}\right)$ is acquired by Uday and Hari equally

Share Acquired

$$\text{Uday} = \frac{1}{2} \times \frac{14}{30} = \frac{14}{60}$$

$$\text{Hari} = \frac{1}{2} \times \frac{14}{30} = \frac{14}{60}$$

New Profit Share = Old Share + Share Acquired

$$\text{Uday} = \frac{8}{30} + \frac{14}{60} = \frac{30}{60}$$

$$\text{Hari} = \frac{3}{30} + \frac{14}{60} = \frac{20}{60}$$

$$\text{Kaushal} = \frac{5}{30} \text{ or } \frac{10}{60}$$

Therefore, New Profit Sharing Ratio of Uday,kaushal and Hari =30:10:20 or 3:1:2

14. Answer :

9% Debentures A/c

Dr. Cr.

Date	Particulars	J.F.	₹	Date	Particulars	J.F.	₹
2008-09	To Balance c/d		1,00,00,000	2008-09	By Debenture Application A/c By Loss on Issue of Debentures A/c		95,00,000 5,00,000
			1,00,00,000				**1,00,00,000**
2009-10	To Balance c/d		1,00,00,000	2009-10	By Balance b/d		1,00,00,000
			1,00,00,000				**1,00,00,000**
2010-11	To Debenture holder's A/c To Balance c/d		10,00,000 90,00,000	2010-11	By Balance b/d		1,00,00,000
			1,00,00,000				**1,00,00,000**
2011-12	To Debenture holder's A/c To Balance c/d		20,00,000 70,00,000	2011-12	By Balance b/d		90,00,000

			90,00,000				**90,00,000**
2012-13	To Debenture holder's A/c To Balance c/d		30,00,000 40,00,000	2012-13	By Balance b/d		70,00,000
			70,00,000				**70,00,000**
2013-14	To Debenture holder's A/c		40,00,000	2013-14	By Balance b/d		40,00,000
			40,00,000				**40,00,000**

15. Answer:

Realisation Account

Dr. **Cr.**

Particular	₹	Particular		₹
To Machinery A/c	10,000	By Sundry Creditors A/c		15,000
To Stock A/c	21,000	By Sheela's Loan A/c		13,000
To Debtors A/c	20,000	By Repairs and Renewals Reserve A/c		1,200
To Prepaid Insurance A/c	400	By Provision for Bad debts A/c		1,000
To Investment A/c	3,000	By Cash A/c (assets sold)		
To Mala's Capital A/c (Sheela' Loan)	13,000	Machinery	8,000	
		Stock	14,000	
To Cash A/c (Dishonored Bill)	5,000	Debtors	16,000	38,000
To Cash A/c (Creditors)	15,000	By Mala's Capital A/c (Investment)		2,000
To Cash A/c (Expenses)	800	By Loss transferred to :		
		Mala's Capital A/c	9,000	
		Neela's Capital A/c	6,000	
		Kala's Capital A/c	3,000	18,000
	88,200			**88,200**

Partner's Capital Account

Dr. **Cr.**

Particulars	Mala	Neela	Kala	Particulars	Mala	Neela	Kala
To Realisation A/c (Investments)	2,000			By Balance b/d	10,000	15,000	2,000
To Realisation A/c	9,000	6,000	3,000	By Realisation A/c (Loss)	13,000		
To Cash A/c	12,000	9,000		By Cash A/c			1,000
	23,000	**15,000**	**3,000**		**23,000**	**15,000**	**3,000**

Cash Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Balance b/d	2,800	By Realisation A/c (Dishonored Bill)	5,000
To Realisation A/c (Assets sold)	38,000	By Realisation A/c (Sundry Creditors)	15,000
To Kala's Capital A/c	1,000	By Realisation A/c (Expenses)	800
		By Mala's Capital A/c	12,000

		By Neela's Capital A/c	9,000
	41,800		**41,800**

16. Answer :

In the books of BMY Ltd
Journal Entry

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Bank A/c	Dr.		10,03,000	
	To Equity Share Application and Allotment A/c				10,03,000
	(Being amount received on application for 1,00,000 shares along with allotment money on 300 shares)				
	Equity Share Application and Allotment A/c	Dr.		10,03,000	
	To Equity Share Capital A/c				5,00,000
	To Securities Premium A/c				5,00,000
	To Calls-in-Advance A/c				3,000
	(Being amount of application transferred to Share Capital and securities premium)				
	Equity Share Allotment A/c	Dr.		10,00,000	
	To Equity Share Capital A/c				5,00,000
	To Securities Premium A/c				5,00,000
	(Being amount due on allotment)				
	Bank A/c (10,00,000 – 3,000 – 2,000)	Dr.		9,95,000	
	Calls – in – Advances A/c	Dr.		3,000	
	To Equity Share Allotment A/c				9,98,000
	(Being amount received on share allotment)				
	Equity Share Capital A/c	Dr.		2,000	
	Securities Premium A/c	Dr.		1,000	
	To Equity Share Forfeiture A/c				1,000
	To Equity Share Allotment A/c				2,000
	(Being 200 shares forfeited)				
	Bank A/c	Dr.		4,000	
	To Equity Share Capital A/c				2,000
	To Securities Premium A/c				2,000
	(Being forfeited shares were reissued for Rs.4,000)				
	Equity Share Forfeiture A/c	Dr.		1,000	
	To Capital Reserve A/c				1,000
	(Being excess amount on forfeiture is transferred to capital reserve)				

Working Notes:

WN1: Calculation of Amount received on Application

Application amount received on 1,00,000 shares	=	10,00,000
Shareholders of 300 shares paid in advance (300 × 10)	=	3,000
Total amount	=	10,03,000

OR

In the Books of Blue Star Ltd
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Machinery A/c	Dr.		60,000	
	To Vendor A/c				60,000
	(Being machinery purchased)				
	Vendor A/c	Dr.		60,000	
	To Equity Share Capital A/c				60,000
	(Being issued 6,000 shares to the vendor of machinery)				
	Bank A/c	Dr.		16,000	
	To Equity Share Application A/c				16,000
	(Being application money received on 8,000 shares)				
	Equity Share Application A/c	Dr.		16,000	
	To Equity Share Capital A/c				16,000
	(Being amount of application transferred to Share Capital)				
	Equity Share Allotment A/c	Dr.		8,000	
	To Equity Share Capital A/c				8,000
	(Being amount due on share allotment)				
	Bank A/c (8,000 – 750)	Dr.		7,250	
	To Equity Share Allotment A/c				7,250
	(Being amount received on share allotment)				
	Equity Share First Call A/c	Dr.		16,000	
	To Equity Share Capital A/c				16,000
	(Being amount due on share first call)				
	Bank A/c (16,000 – 2,500 – 1,500)	Dr.		12,000	
	To Equity Share First Call A/c				12,000
	(Being amount received on share first call)				
	Equity Share Capital A/c	Dr.		3,750	
	To Equity Share forfeiture A/c				1,500
	To Equity Share Allotment A/c				750
	To Equity Share first call A/c				1,500
	(Being 750 shares forfeited)				

17. Answer:

Revaluation Account

Dr.			Cr
Particulars	**₹**	**Particulars**	**₹**
To Stock A/c	22,200	By Land and Building A/c	36,400
To Furniture A/c	46,600	By Loss transferred to A/c:	
To B/R Discounted A/c	18,000	Om 25,200	
		Ram 16,800	
		Shanti 8,400	50,400
	86,800		**86,800**

Partner's Capital Account

Dr.									Cr.
Particulars	**Om**	**Ram**	**Shanti**	**Hanuman**	**Particulars**	**Om**	**Ram**	**Shanti**	**Hanuman**
To Revaluation A/c (Loss)	25,200	16,800	8,400		By Balance b/d	3,58,000	3,00,000	2,62,000	
To Ram's Current A/c		9,200			By General Reserve A/c	24,000	16,000	8,000	
To Shanti's Current A/c			1,16,600		By Cash A/c				1,00,000
To Balance c/d	4,50,000	3,00,000	1,50,000	1,00,000	By Premium for Goodwill A/c	15,000	10,000	5,000	
					By Om's Current A/c	78,200			
	4,75,200	3,26,000	2,75,000	1,00,000		4,75,000	3,26,000	2,75,000	1,00,000

Working Notes:

WN1: Calculation of New Profit Sharing Ratio

Old Ratio = 3:2:1

Let the total profit of the firm = 1

Remaining profit share of the firm = $1-\frac{1}{10}$

So,

Om's New Share = $\frac{3}{6}\times\frac{9}{10}=\frac{27}{60}$

Ram's New Share = $\frac{2}{6}\times\frac{9}{10}=\frac{18}{60}$

Shanti's New Share = $\frac{1}{6}\times\frac{9}{10}=\frac{9}{10}$

Hanuman's Share = $\frac{6}{6}\times\frac{1}{10}=\frac{6}{60}$

WN2: Calculation of Sacrificing Ratio

Old Ratio = 3:2:1

New Ratio = 9:6:3:2

Sacrificing Ratio = Old Ratio – New Ratio

$$\text{Om}=\frac{3}{6}-\frac{9}{20}=\frac{30-27}{60}=\frac{3}{60}$$

$$\text{Ram}=\frac{2}{6}-\frac{6}{20}=\frac{20-18}{60}=\frac{2}{60}$$

$$\text{Shanti}=\frac{1}{6}-\frac{3}{20}=\frac{10-9}{60}=\frac{1}{60}$$

WN3: Hanuman's share of Goodwill

$$3{,}00{,}000\times\frac{1}{10}=30{,}000$$

This will be credited to Om, Ram and Shanti in sacrificing ratio

WN4: Distribution of Goodwill

$$\text{Om will get} = 30{,}000\times\frac{3}{6}=15{,}000$$

$$\text{Ram will get} = 30{,}000\times\frac{2}{6}=10{,}000$$

$$\text{Shanti will get} = 30{,}000\times\frac{1}{6}=5{,}000$$

WN5 Adjustment of Capital

Total Capital of the firm = Hanuman's Capital × Reciprocal of her share

$$= 1{,}00{,}000\times\frac{10}{1}=10{,}00{,}000$$

New Profit Sharing Ratio = 9:6:3:2

$$\text{Omi's New Capital} = 10{,}00{,}000\times\frac{9}{20}=4{,}50{,}000$$

$$\text{Ram's New Capital} = 10{,}00{,}000\times\frac{6}{20}=3{,}00{,}000$$

$$\text{Shanti's New Capital} = 10{,}00{,}000\times\frac{3}{2}=1{,}50{,}000$$

$$\text{Hanuman's New Capital} = 10{,}00{,}000\times\frac{2}{20}=1{,}00{,}000$$

OR

Revaluation Account

Dr. Cr

Particulars	₹	Particulars	₹
To Profit transferred to :		By Land and Building A/c	15,000

Xavier's Capital A/c	11,400		By Sundry Debtors A/c	1,050
Yusuf's Capital A/c	8,550		By Stock A/c	9,600
Zaman's Capital A/c	5,700	25,650		
		25,650		**25,650**

Partner's Capital Account

Dr. **Cr.**

Particulars	Xavier	Yusuf	Zaman	Particulars	Xavier	Yusuf	Zaman
To Yusuf's Capital A/c	12,000	-	6,000	By Balance b/d	1,20,000	90,000	60,000
				By Revaluation Profit A/c	11,400	8,550	5,700
To Yusuf's Loan A/c		1,16,550		By Xavier's Capital A/c		12,000	
				By Zaman's Capital A/c		6,000	
To Balance c/d	1,19,400		59,700				
	1,31,400	1,16,500	65,700		1,31,400	1,16,500	65,700

Working Notes:

WN1: Adjustment of Goodwill

$$\text{Yusuf's share of Goodwill} = 54{,}000 \times \frac{3}{9} = 18{,}000$$

$$\text{Xavier will pay} = 18{,}000 \times \frac{2}{3} = 12{,}000$$

$$\text{Zaman will pay} = 18{,}000 \times \frac{1}{3} = 6{,}000$$

WN2 Adjustment of Capital

Adjusted Old Capital of Xavier = 1, 19,400

Adjusted Old Capital of Yusuf = 1, 16,500 $\Rightarrow$ will be transferred to Loan A/c

Adjusted Old Capital of Zaman = 59,700

Total adjusted capital = 1, 19,400 + 59,700 = 1,79,100

New Profit Sharing Ratio = 2:1

$$\text{Xavier's New Capital} = 1{,}79{,}100 \times \frac{2}{3} = 1{,}19{,}400$$

$$\text{Zaman's New Capital} = 1{,}79{,}100 \times \frac{1}{3} = 59{,}700$$

Note: Since, here no information is given regarding the share acquired by Xavier and Zaman, therefore, their gaining ratio is same as their new profit sharing ratio i.e. 4:2 or 2:1

SECTION B

18. Answer:

The correct answer is option (ii).

The transaction that resulted into flow of cash is the amount received in cash from debtors of ₹19,000.

Deposit of cheque into bank and withdrawal of cash from bank are cash management activities and do not involve any cash flow. Issue of debentures is regarded as issue of debentures for consideration other than cash and does not involve any cash flow.

19. Answer :

Yes, the accountant of Manav Ltd. was correct. While preparing a Cash Flow Statement, only those items are considered that result in any cash flow. Since, depreciation is a non-cash expense; therefore it has to be added back to the net profit.

20. Answer :

Items		Head	Sub Head (if any)
(i)	Net loss as shown by Statement as Profit and Loss	Shareholder's Funds	Shown by way of deduction under Reserve and Surplus
(ii)	Capital redemption reserve	Shareholder's Funds	Reserve and Surplus
(iii)	Bonds	Non-Current Liabilities	Long-term Borrowings
(iv)	Loans repayable on demand	Current Liabilities	Short – term Borrowings
(v)	Unpaid dividend	Current Liabilities	Other Current Liabilities
(vi)	Buildings	Non- Current Assets	Fixed Assets (Tangible)
(vii)	Trademarks	Non-Current Assets	Intangible Fixed Assets
(viii)	Raw materials	Current Assets	Inventories

21. Answer :

S.No	Items	Effect	Explanation
(i)	Redeemed 9% debentures of ₹1,00,000 at a premium of 10%	Decrease	Current liabilities remain unchanged but current assets are decreased because of outflow of cash.
(ii)	Received from debtors ₹17,000.	No Change	Both debtors and cash/bank are current assets, so increase and decrease in current assets by same amount leaves current ratio unaffected
(iii)	Issued ₹2,00,000 equity shares to the vendors of machinery.	No Change	Since non-current assets and non-current liabilities are increased by the same amount and have no affect on current assets and current liabilities. Therefore, current ratio remains the same i.e. 2.1 :1.2.
(iv)	Accepted bills of exchange drawn by the creditors Its 7,000.	No Change	Here, only one current liability is converting into another current liability (i.e. creditors into bills payable). Thus, current ratio remains unaffected.

22. **Answer :**

For 2013

$$\text{Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Revenue from Operations}} \times 100$$

$$= \frac{6,00,000}{20,00,000} \times 100$$

$$= 30\%$$

For 2014

$$\text{Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Revenue from Operations}} \times 100$$

$$= \frac{12,00,000}{30,00,000} \times 100$$

$$= 40\%$$

The following are the values that are propagated by pharma Ltd.

(i) Staff welfare (since it depicts concerns for its staff members)

(ii) Boosting the morale of employees

23. Answer:

Cash Flow Statement

for the year ended March 31, 2014

	Particulars	₹	₹
A	**Cash Flow from Operating Activities**		
	Profit as per Statement of Profit and Loss	2,00,000	
	Profit Before Taxation		2,00,000
	Items to be added		
	Amortisation of Goodwill	1,44,000	
	Depreciation	1,32,000	
	Loss on Sale of Fixed Assets	4,000	2,80,000
	Operating Profit before Working Capital Adjustments		4,80,000
	Less : Increase in Current Assets		
	Inventories	(16,000)	
	Trade Receivables	(54,000)	
	Less : Decrease in Current Liablities		
	Trade Payables	(50,000)	
	Short – Term Provisions	(54,000)	(1,74,000)
	Net Cash Generated from Operating Activities		**3,06,000**
B	**Cash Flow from Investing Activities**		
	Sale of Machinery	12,000	
	Purchase of Machinery	(5,88,000)	
	Net Cash Used in Investing Activities		**(5,76,000)**
C	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Share Capital	2,00,000	
	Proceeds from Long Term Borrowings	1,40,000	
	Net Cash Flow from Financing Activities		**3,40,000**
D	**Net Increase or Decrease in Cash and Cash Equivalents**		70,000
	Add : Cash and Cash Equivalents in the beginning of the period		10,50,000
	Cash and Cash Equivalents at the end of the period		**11,20,000**

Machinery Account

Dr. Cr.

Particulars	₹	Particulars	₹

To Balance b/d To Bank A/c (Purchase – Bal.Fig.)	20,00,000 5,88,000	By Bank A/c (Sale) By Depreciation on Part of Machinery A/c By Profit and Loss A/c (Loss on Sale) By Balance c/d	12,000 32,000 4,000 25,40,000
	25,88,000		**25,88,000**

Accumulated Depreciation Account

Dr. Cr.

Particulars	₹	Particulars	₹
To Machinery A/c To Balance c/d	32,000 4,00,000	By Balance b/d By Profit and Loss A/c (Dep. charged during the year – Bal. Fig)	3,00,000 1,32,000
	4,32,000		**4,32,000**

CBSE
Class XII Accountancy
All India Board Paper_Set1_2014

Time: 3 Hrs **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B.**
2) Part **A** is **compulsory** for all.
3) All parts of a question should be attempted at one place.

Section A

(i) This section consists of **18** questions.
(ii) All the question are compulsory.
(iii) Question Nos. **1** to **7** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **8** to **10** carry **3** marks each.
(v) Question Nos. **11** and **14** carry **4** marks each.
(vi) Question Nos. **15** to **16** carry **6** marks each.
(vii) Question Nos. **17** and **18** Carry **8** marks each.

Section B

(i) This section consists of **7** questions
(ii) All questions are compulsory
(iii) Question Nos.**19** and **21** are very short – answer carrying **1** mark each
(iv) Question Nos. **22** carry **3** marks
(v) Question Nos. **23** to **24** carry **4** marks
(vi) Question No.**25** carries **6** marks

Section-A

1. X, Y and Z were partners sharing profits in the ratio of 1/2, 3/10 and 1/5. X retired from the firm. Calculate the gaining ratio of the remaining partners.

2. State the rights acquired by a newly admitted partner.

3. Distinguish between 'Dissolution of partnership' and 'Dissolution of partnership firm' on the basis of Court's intervention.

4. Give the meaning of 'Reconstitution of a partnership firm'?

5. D Ltd. invited applications for issuing 10,00,000 equity shares of ₹10 each. The public applied for 8,55,000 shares. Can the company proceed for the allotment of shares? Give reason in support of your answer.

6. 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?

7. What is meant by issue of debentures as collateral security?

8. Hemant and Nishant were partners in a firm sharing profits in the ratio of 3:2. Their capitals were ₹1,60,000 and ₹1,00,000 respectively. They admitted Somesh on 1^{st} April, 2013 as a new partner for 1/5 share in the future profits. Somesh brought ₹1,20,000 as his capital. Calculate the value of goodwill of the firm and record necessary journal entries for the above transactions on Somesh's admission.

9. Tata Ltd. issued 5,000, 10% Debentures of ₹100 each on 1st April, 2012. The issue was fully subscribed. According to the terms of issue, interest on debentures is payable half-yearly on 30th September and 31st March and tax deducted at source is 10%.
Pass the necessary journal entries related to the debenture interest for the half-yearly ending on 31st March, 2013 and transfer of interest on debentures to Statement of Profit and Loss.

10. Pass necessary journal entries in the following cases :

i. Sunrise Ltd. converted 500, 9% debentures of ₹100 each issued at a discount of 10% into equity shares of ₹100 each issued at a premium of ₹25%.

ii. Britannia Ltd. redeemed 3,000, 12% debentures of ₹100 each which were issued at a discount of ₹10 per debenture by converting them into equity shares of ₹100 each ₹90 paid up.

11. Singh and Gupta decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of ₹1,00,000 and ₹50,000 on 1st April, 2012 for this. Singh expressed his willingness to admit Shakti as a partner without capital, who is specially abled but a very creative and intelligent friend of his. Gupta agreed to this. The terms of partnership were as follows :

i. Singh, Gupta and Shakti will share profits in the ratio of 2:2:1.

ii. Interest on capital will be provided @ 6% p.a.

Due to shortage of capital, Singh contributed ₹25,000 on 30th September, 2012 and Gupta contributed ₹10,000 on 1st January, 2013 as additional capital. The profit of the firm for the year ended 31st March 2013 was ₹1,68,900.

a. Identify any two values which the firm wants to communicate to the society.

b. Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2013.

12. Monika, Sonika and Mansha were partners in a firm sharing profits in the ratio of 2:2:1 respectively. On 31st, March 2013, their Balance Sheet as under:

Balance Sheet as on March 31, 2013

Liabilities		₹	Assets	₹
Capital:			Fixed Asset	3,60,000
Monika	1,80,000		Stock	60,000
Sonika	1,50,000		Debtors	1,20,000
Mansha	90,000	4,20,000	Cash	2,70,000
Reserve Fund		1,50,000		
Creditors		2,40,000		
		8,10,000		**8,10,000**

Sonika died on 30th June, 2013. It was agreed between her executors and the remaining partners that:

a. Goodwill of the firm be valued at 3 years' purchase of average profits for the last four years. The average profits were ₹2,00,000.

b. Interest on capital be provided at 12% p.a.

c. Her share in the profits up to the date of death will be calculated on the basis of average profits for the last four years.

Prepare Sonika's Capital Account as on 30th June, 2013.

13. On 1st April, 2012, Vishwas Ltd. was formed with an authorised capital of ₹10,00,000 divided into 1,00,000 equity shares of ₹10 each. The company issued prospectus inviting applications for 90,000 equity shares. The company received applications for 85,000 equity shares. During the first year, ₹8 per share were called. Ram holding 1,000 shares and Shyam holding 2,000 shares did not pay the first call of ₹2 per share. Shyam's shares were forfeited after the first call and later on 1,500 of the forfeited share were re-issued at ₹6 per share, ₹8 called up.

Show the following:

a. Share Capital in the Balance Sheet of the company as per revised Schedule VI Part I of the Companies Act, 1956.
b. Also prepare 'Notes to Accounts' for the same.

14. Pass necessary journal entries for the following transactions in the books of Gopal Ltd:

i. Purchased furniture for ₹2,50,000 from M/s Furniture Mart. The payment to M/s Furniture Mart was made by issuing equity shares of ₹10 each at a premium of 25%.

ii. Purchased a running business from Aman Ltd, for a sum of ₹15,00,000. The payment of ₹12,00,000 was made by issue of fully paid equity shares of ₹10 each and balance by a bank draft. The assets and liabilities consisted of the following:
Plant ₹3,50,000; Stock ₹4,50,000; Land and Building ₹6,00,000; Sundry Creditors ₹1,00,000.

15. Seems, Tanuja and Tripti were partners in a firm trading in garments. They were sharing profits in the ratio of 5:3:2. Their capitals on 1st April, 2012 were ₹3,00,000, ₹4,00,000 and ₹8,00,000 respectively. After the flood in Uttarakhand, all partners decided to help the flood victims personally.
For this Seema withdrew ₹20,000 from the firm of 15th September, 2012. Tanuja instead of withdrawing cash from the firm took garments amounting to ₹24,000 from the firm and distributed those to the flood victims. On the other hand, Tripti withdrew ₹2,00,000 from her capital on 1st January, 2013 and provided a mobile medical van in the flood affected area.
The partnership deed provides for charging interest on drawings @ 6% p.a. After the final accounts were prepared it was discovered that interest on drawings had not been charged. Give the necessary adjusting journal entry and show the working notes clearly. Also state any two values which the partners wanted to communicate to the society.

16. Hanif and Jubed were partners in a firm sharing profits in the ratio of their capitals. On 31st march ,2013 their Balance Sheet was as follows:

Balance Sheet of Hanif and Jubed as on 31st March ,2013

Liabilities		₹	Assets	₹
Creditors		1,50,000	Bank	2,00,000
Workman Companion Fund		3,00,000	Debtors	3,40,000
General Reserve		75,000	Stock	1,50,000
Hanif's Current Account		25,000		
Capital's:			Furniture	4,60,000
Hanif	10,00,000		Machinery	8,20,000
Jubed	5,00,000	15,00,000	Jubed's Current Account	80,000
		20,50,000		**20,50,000**

On the above date the firm was dissolved:

a. Debtors were realised at a discount of 5%, 50% of the stock was taken over by Hanif at 10% less than the book value. Remaining stock was sold for ₹65,000.
b. Furniture was taken over by Jubed for ₹1,35,000. Machinery was sold as scrap for ₹74,000.
c. Creditors were paid in full.
d. Expenses on realisation ₹8,000 were paid by Hanif.

Prepare Realisation Account.

17. X Ltd. invited applications for issuing 75,000 equity shares of ₹10 each at a premium of ₹5 per share. The amount was payable as follows:
On applications and allotment - ₹9 per share (including premium)
On first and final call - the balance amount
Applications for 3,00,000 shares were received. Applications for 2,00,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. The amount was duly received except on 1,500 shares applied by Ravi. His shares were forfeited. The forfeited shares were re-issued at a discount of ₹4 per share.
Pass necessary journal entries for the above transactions in the books of X Ltd.

OR

Y Ltd. invited applications for issuing 80,000 equity shares of ₹10 each at a discount of 10%. The amount was payable as follows:
On applications and allotment - ₹6 per share
On first and final call - the balance amount
Application for 2,00,000 shares were received. Applications for 40,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. All money was received except on 1,600 shares applied by Rohan. His shares were forfeited. The forfeited shares were re-issued at the maximum discount permissible under the law.
Pass necessary journal entries for the above transactions in the books of Y Ltd.

18. Shikhar and Rohit were partners in a firm sharing profit in the ratio 7:3. On 1st April , 2013 they admitted Kavi as a new partners for ¼ share in profit of the firm. Kavi brought ₹4,30,000 as his capital and ₹25,000 for his share of goodwill premium. The Balance Sheet of Shikhar and Rohit as on 1st April, 2013 was as follows:

Balance Sheet of Shikhar and Rohit as on 1st April, 2013

Liabilities		₹	Assets		₹
Capital:			Land and Building		3,50,000
Shikhar	8,00,000		Machinery		4,50,000
Rohit	3,50,000	11,50,000	Debtors	2,20,000	
General Reserve		1,00,000	Less: Provision	20,000	2,00,000
Workman's Compensation Fund		1,00,000	Stock		3,50,000
Creditors		1,50,000	Cash		1,50,000
		15,00,000			**15,00,000**

It was agreed that:

i. The value of Land and Building will be appreciated by 20%.
ii. The value of Machinery will be depreciated by 10%.
iii. The liabilities of Workmen's Compensation Fund was determined at ₹50,000.
iv. Capitals of Shikhar and Rohit will be adjusted on the basis of Kavi's capital and actual cash to be brought in or to be paid off as the case may be.

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

OR

L,M and N were partners in a firm sharing profits in the ratio of 2:1:1. On 15' April, 2013 their Balance Sheet was follows:

Balance Sheet of L, M and N as on 1st April, 2013

Liabilities		₹	Assets		₹
Capital:			Land		8,00,000
L	6,00,000		Building		6,00,000
M	4,80,000		Furniture		2,40,000
N	4,80,000	15,60,000	Debtors	4,00,000	
General Reserve		4,40,000	Less: Provision	20,000	3,80,000
Workman's Compensation Fund		3,60,000	Stock		4,40,000
Creditors		2,40,000	Cash		1,40,000
		26,00,000			**26,00,000**

On the above date N retired.
The following were agreed:

i. Goodwill of the firm was valued at ₹6,00,000.
ii. Land was to be appreciated by 40% and Building was to be depreciated by ₹1,00,000. Furniture was to be depreciated by ₹30,000.
iii. The liabilities for Workmen's Compensation Fund was determined at ₹1,60,000.
iv. Amount payable to N was transferred to his loan account.
v. Capitals of L and M were to be adjusted in their new profit sharing ratio and for this purpose current accounts of the partners will be opened. Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

Section- B

19. What is meant by 'Cash Flow Statement'?

20. Why is separate disclosure of cash flow from investing activities important while preparing Cash Flow Statement?

21. State any one objective of financial statements analysis.

22. Under which major sub-headings the following items will be placed in the Balance Sheet of a company as per revised Schedule-VI, Part-I of the Companies Act, 1956:

i. Capital Reserve
ii. Bonds
iii. Loans repayable on demand
iv. Vehicles
v. Goodwill
vi. Loose tools

23. From the following Statement of profit and loss of Fenox Ltd, for the year ended 31st March, 2013; prepare a comparative statement of Profit and Loss:

Particulars	**2012-13** ₹	**2011-12** ₹
Revenue from operation	8,00,000	6,00,000
Other Income	1,00,000	50,000
Expenses	5,00,000	4,00,000

Rate of Income tax was 40%.

24. ***(a)*** The quick ratio of a company is 1.5 : 1. State with reason which of the following transactions would

i. increase:
ii. decrease or
iii. not change the ratio:

a. Paid rent ₹3,000 in advance.
b. Trade receivables included a debtor Shri Ashok who paid his entire amount due ₹9,700.

(b) From the following information compute 'Proprietary Ratio'.

Long Term Borrowings'	2,00,000
Long Term Provision	1,00,000
Current Liabilities	50,000
Non-Current-Assets	3,60,000
Current -Assets	90,000

25. Prepare a Cash Flow Statement from the information given in the balance sheet of Simco Ltd. As at 31-3-2013and 31-3-2012:

Particulars	Note No.	31-3-2013 ₹	31-3-2012 ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
a. Equity share Capital		2,00,000	1,50,000
b. Reserves and Surplus		90,000	75,000
2. Non-current Liabilities			
a. Long term-borrowing		87,500	87,500
3. Current liabilities			
a. Trade Payables		10,000	76,000
Total		**3,87,500**	**3,88,500**
II. Assets			
1. Non- Current assets			
a. Fixed assets			
i. Tangible assets		1,87,500	1,40,000
b. Non –Current Investment		1,05,000	1,02,500
2. Current assets			
a. Current-Investment (marketable)		12,500	33,500
b. Inventory		4,000	5,500
c. Trade receivable		9,500	23,000
d. Cash and Cash equivalents		68,500	84,000
Total		**3,87,500**	**3,88,500**

Notes to Account:
Note -1

Particulars	2013 ₹	2012 ₹
Reserve and Surplus		
Surplus(balance in statement of profit and loss)	90,000	75,000

CBSE
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All India Board Paper Set1–2014- Solution

SECTION A

1. Answer :

Calculation of Gaining Ratio:

$$X : Y : Z$$

$$\text{Old Ratio}= \frac{1}{2}:\frac{3}{10}:\frac{1}{5}$$

$$\frac{5:3:2}{10}$$

New Ratio = 3:2

Gaining Ratio= New Ratio – Old Ratio

$$\text{Y's Gain}= \frac{3}{5}-\frac{3}{10}=\frac{3}{10}$$

$$\text{Z's Gain}= \frac{2}{5}-\frac{2}{10}=\frac{2}{10}$$

Gaining Ratio= 3:2

2. Answer :

The new partner on admission acquires the two rights:

i. Right to share the future profits of the partnership firm.
ii. Right to share the assets of the partnership firm.

3. Answer :

Basis	Dissolution of Partnership	Dissolution of firm
Intervention by Court	Court does not intervene.	Dissolution of partnership firm can be done with the intervention of the court.

4. Answer :

When there is a change in the existing partnership agreement which causes the termination of the agreement and a new partnership agreement comes into form it is called as 'Reconstitution of a partnership firm'.

5. Answer :

The subscribed shares are less than the minimum subscription required (90%). Thus, D Ltd. cannot proceed with allotment of shares.

6. Answer:

Maximum amount of discount that can be allowed at the time of reissue is the amount received (or paid by) the original shareholder i.e. ₹7. ₹5 is called at the time of final call which includes premium amount also. Thus, it means that ₹7 are received from the shareholder.

7. Answer:

The issue of debentures as an additional security against the loan in addition to the principal security is known as issue of debentures as collateral security.

8. Answer:

Journal Entry

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Cash A/c Dr.		1,20,000	
	To Somesh's Capital A/c			1,20,000
	(Being Somesh brought his share capital)			
	Somesh's Capital A/c Dr.		44,000	
	To Hemant's Capital A/c			26,400
	To Naresh's Capital A/c			17,600
	(Being share of goodwill brought in by Somesh, distributed among sacrificing partners in sacrificing ratio 3:2)			

Calculation of Profit sharing Ratio:

Hemant :Naresh

Old Ratio = 3:2

Somesh Share = $\frac{1}{5}$

Let the total share of the firm =1

Remaining share of the firm =1-$\frac{1}{5}=\frac{4}{5}$

Hemant's New Share = $\frac{3}{5}\times\frac{4}{5}=\frac{12}{25}$

Naresh's New Share = $\frac{2}{5}\times\frac{4}{5}=\frac{8}{25}$

New profit Sharing Ratio =$\frac{12}{25}:\frac{8}{25}:\frac{1}{5}$

$\frac{12:8:5}{25}$

Sacrificing Ratio = old Ratio - New Ratio

Hemant's Sacrifice = $\frac{3}{5}-\frac{12}{25}=\frac{3}{25}$

Naresh's Sacrifice = $\frac{2}{5}-\frac{8}{25}=\frac{2}{25}$

Sacrificing Ratio= 3 : 2

Calculation of Somesh's share of Goodwill:

Total Capitalised Value of Firm = Capital brought in by Somesh x Reciprocal of his share

Total Capitalised Value of Firm $=1,20,000\times\frac{5}{1}=$ 6,00,000

Net Worth = Capital of Hemant +Capital of Naresh + Capital of Somesh

Net Worth = 1,60,000 + 1,00,000 + 1,20,000 = ₹3,80,000

Goodwill of the Firm = Total Capitalised Value of the Firm – Net Worth

Goodwill of the Finn = 6,00,000 – 3,80,000 =₹2,20,000

Somesh's share of Goodwill $=2,20,000\times\frac{1}{5}=$ 44,000

Hemant will get = 44,000 $\times\frac{3}{5}=$ 26,400

Naresh will get = 44,000$\times\frac{2}{5}=$17,600

9. Answer :

Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
2012 Sept.30	Debenture Interest A/c $\left(5,00,000\times\frac{10}{100}\times\frac{6}{12}\right)$	Dr.		25,000	
	To Income Tax Payable A/c (25,000 ×10%)				2,500
	To Debenture holders' A/c				22,500
	(Being amount of interest due for 6 month and tax deducted at source)				
Sept. 30	Debenture holders' A/c	Dr.		22,500	
	To Bank A/c				22,500
	(Being interest paid to the debenture holders)				
Sept.30	Income Tax Payable A/c	Dr.		2,500	
	To Bank A/c				2,500
	(Being payment of tax on interest on denatures)				
2013 Mar.31	Debenture Interest A/c $\left(5,00,000\times\frac{10}{100}\times\frac{6}{12}\right)$	Dr.		25,000	
	To Income Tax Payable A/c (12,000 ×10%)				2,500
	To Debenture holders' A/c				22,500
	(Being amount of interest due for 6 month and tax deducted at source)				
Mar.31	Debenture holders' A/c	Dr.		22,500	
	To Bank A/c				22,500
	(Being interest paid to the debenture holders)				
Mar.31	Income Tax Payable A/c	Dr.		2,500	
	To Bank A/c				2,500
	(Being payment of tax on interest on denatures)				
Mar.31	Statement of Profit and Loss A/c	Dr.		50,000	
	To interest on debentures A/c				50,000
	(Being interest or debentures transferred to statement of profit and loss)				

10. Answer

Books of Sunrise Ltd.
Journal Entry

Date	Particulars		L.F.	Debit ₹	Credit ₹
	12% Debenture A/c	Dr.		50,000	
	To Debenture holder A/c				45,000
	To Discount on issue of debenture A/c				5,000
	(Being 500 12% debenture of ₹100 each issue at a discount of 6% due for redemption)				
	Debenture A/c	Dr.		45,000	
	To Equity Share Capital A/c				36,000

	To Securities Premium A/c (Being payment made to debenture holder by issuing 360 equity share of ₹100 each at premium of ₹25%)			9,000

Working Note:

$$\text{Number of Equity share issued} = \frac{\text{Amount Payable to Debentureholder}}{\text{Price of a Share}}$$

$$\text{Number of Equity share issued} = \frac{45,000}{125(100+25)} = 360 \text{ Equity shares}$$

Books of Britannia Ltd.
Journal Entry

Date	Particulars	L.F.	Debit ₹	Credit ₹
	12% Debenture A/c Dr.		3,00,000	
	To Debenture Holder A/c			2,70,000
	To Discount on issue of Debentures A/c			30,000
	(Being 3,000 12% debenture of ₹100 each due for redemption)			
	Debenture Holder A/c Dr.		2,70,000	
	Discount A/c Dr.		30,000	
	To Equity share capital A/c			3,00,000
	(Being payment made to debenture holder by issuing 3,000 equity share of ₹100 each issued at discount of ₹10)			

$$\text{Number of Equity share issued} = \frac{\text{Amount Payable to Debentureholder}}{\text{Price of a Share}}$$

$$\text{Number of Equity share issued} = \frac{2,70,000}{90} = 3,000 \text{ Equity shares}$$

11. Answer :

(a) Value involved in the above scenario:

i. Conservation of the environment

ii. Encouraging Talent

(b)

Profit and Loss Appropriation Account
For the year ended April 01,2012

Dr. **Cr.**

Particulars		₹	Particulars	₹
To Interest on capital A/c:			By Profit and Loss A/c	1,68,900
Singh	6,750			
Gupta	3,150	9,900		
To Profit transferred to:				
Singh's capital A/c	63,600			
Gupta's Capital A/c	63,600			
Shakti's Capital A/c	31,800	1,59,000		
		1,68,900		**1,68,900**

Working Capital:

Calculation of Interest on Capital:

Interest on Singh's Capital:

On 1,00,000 for whole year:

$$1{,}00{,}000 \times \frac{6}{100} = 6{,}000$$

On 25,000 for 6 month (from Sept.30 to Mar. 31)

$$25{,}000 \times \frac{6}{100} \times \frac{6}{12} = 750$$

Total Interest on Singh's Capital = 6,000+ 750 = 6,750

Interest on Gupta's Capital:

On 50,000 for whole year:

$$50{,}000 \times \frac{6}{100} = 3{,}000$$

On 10,000 for 3 month (from Jan.01 to Mar. 31)

$$10{,}000 \times \frac{6}{100} \times \frac{3}{12} = 150$$

Total Interest on Singh's Capital = 3,000+ 150 = 3,150

12. Answer:

Sonika's Capital Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Executor's A/c	4,74,500	By Balance b/d	1,50,000
		By Monika's Capital A/c	1,60,000
		By Mansha's Capital A/c	80,000
		By Profit and Loss Suspense A/c	20,000
		By Reserve Fund A/c	60,000
		By Interest on Capital A/c	4,500
	4,74,500		**4,74,500**

Calculation of Gaining Ratio of Monika and Mansha:

Monika : Sonika : Mansha

Old Ratio = 2 : 2 : 1

New Ratio of Monika and Mansha = 2 : 1

Gaining Ratio= New Ratio - old Ratio

Monika's Gain= $\frac{2}{3} - \frac{2}{5} = \frac{4}{15}$

Mansha's Gain = $\frac{1}{3} - \frac{1}{5} = \frac{2}{15}$

Gaining Ratio= 4:2 or 2:1

WN1: Calculation of Sonika's Share of Goodwill

$$\text{Goodwill of the firm} = \text{Average Profit} \times \text{Number of year's purchese}$$

$$\text{Goodwill of the firm} = 2{,}00{,}000 \times 3 = 6{,}00{,}000$$

$$\text{share of Goodwill of Sonika's} = 6{,}00{,}000 \times \frac{2}{5} = 2{,}40{,}000$$

$$\text{Monika Will give} = 2{,}40{,}000 \times \frac{2}{3} = 1{,}60{,}000$$

$$\text{Mansha will give} = 2{,}40{,}000 \times \frac{1}{3} = 80{,}000$$

WN 2 : Calculation of Profit share of Sonika :

Profit for the year =2,00,000

$$\text{Sonika'share of Profit} = 2{,}00{,}000 \times \frac{3}{2} \times \frac{2}{5} = 20{,}000$$

WN3 : Calculation Of Interest on Sonika's capital :

Sonika's Capital =1,50,000

$$\text{Interest on Capital} = 1{,}50{,}000 \times \frac{3}{12} \times \frac{12}{100} = 4{,}500$$

WN4 : Sonika's share of Reserve fund :

$$\text{Share of Reserve Fund} = 1{,}50{,}000 \times \frac{2}{5} = 60{,}000$$

13. Answer :

Balance Sheet

as at April 01,2012

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' fund		
a. Share capital		6,77,000
b. Reserve and Surplus		6,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		**6,83,000**
II. Assets		
1. Non-Current Assets		
2. Current Assets		
Cash and Cash Equivalents		6,83,000
Total		**6,83,000**

Note to Account

Note No.	Particular		₹
1	**Share capital**		
	1,00,000 share of ₹10 each		10,00,000
	Issued capital		
	90,000 equity share of ₹10 each		9,00,000
	Subscribed Called up and paid up Capital		
	84,500 equity share of ₹8 each	6,67,000	
	Less: Calls-in- arrears (on 1,000 equity share @ ₹2 per Share)	2,000	
	Add: Share forfeiture(on 500 equity share)	3,000	**6,77,000**

2	**Reserve and Surplus**	
	Capital Reserve	**6,000**
3	**Cash and Cash Equivalents**	
	Cash at Bank	**6,83,000**

14. Answer :

(a)

Journal Entries

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Furniture A/c	Dr.		2,50,000	
	To M/s Furniture A/c				2,50,000
	(Being furniture is purchased from M/s Furniture mart for ₹2,50,000)				
	M/s Furniture Mart A/c	Dr.		2,50,000	
	To Equity share capital A/c				2,00,000
	To Securities Premium A/c				50,000
	(Being issue of 20,000 share at ₹10 each at a premium of 25%)				

Working Note:

Calculation of Number of shares to be issued (at Premium of 25%)

$$\text{No.of shares} = \frac{\text{Purchase Price}}{\text{Issue Price}} = \frac{2,50,000}{12.5(10+2.5)} = 20,000 \text{ share}$$

(b)

Journal Entries

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Plant A/c	Dr.		3,50,000	
	Land and Building A/c	Dr.		6,00,000	
	Stock A/c	Dr.		4,50,000	
	Goodwill A/c (Balancing Figure)	Dr.		2,00,000	
	To Sundry Creditors A/c				1,00,000
	To Aman Ltd. A/c				15,00,000
	(Being purchase of business from Aman ltd.)				
	Aman Ltd. A/c	Dr.		15,00,000	
	To Equity share capital A/c				12,00,000
	To Bank A/c				3,00,000
	(Being issue of 1,20,000 share of ₹10 each and remaining payment is made through bank draft)				

15. Answer :

Journal Entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Tripti's Capital A/c Dr.		2,114	
	To Seema's Capital A/c			1,565
	To Tanuja's Capital A/c			549
	(Being interest on drawings has been changed, now adjusted)			

Adjusting Table:

Particular	Seema	Tanuja	Tripti	Total
Interest on Drawings	650	780	3,000	4,430
Profit of ₹ 770 shared in Ratio 5:3:2(Cr.	2,215	1,329	886	4,430
Difference	**1,565 (Cr.)**	**549 (Cr.)**	**2,114 (Dr.)**	**Nil**

Working Notes:

Calculation of Interest Drawings:

$$\text{Interest on Seema's Drawings} = 20{,}000 \times \frac{6}{100} \times \frac{6.5}{12} = 650$$

$$\text{Interest on Tanjua's Drawings} = 24{,}000 \times \frac{6}{100} \times \frac{6.5}{12} = 780$$

$$\text{Interest on Tripti's Drawings} = 2{,}00{,}000 \times \frac{6}{100} \times \frac{3}{12} = 3{,}000$$

Values involved in the above scenario are as follows:

i. Duty for Nation

ii. Upliftment of Victims

16. Answer :

Realisation Account

Dr. **Cr.**

Particulars		₹	Particulars		₹
To Sundry Asset A/c			By Sundry Liabilities A/c		
Debtors	3,40,000		Creditors		1,50,000
Stock	1,50,000				
Furniture	4,60,000		Bank A/c:		
Machinery	8,20,000	17,70,000	Debtors	3,23,000	
			Stock	65,000	
To Bank A/c		1,50,000	Machinery	74,000	4,62,000
Hanif's Current A/c					
(Realisation Expenses)		8,000	Hanif's Current A/c (stock)		67,500
			Jubed's Current A/c		
			(Furniture)		1,35,000
			Loss transferred to:		
			Hanif's Current A/c	7,42,333	
			Jubed's Current A/c	3,71,167	11,13,500
		19,28,000			**19,28,000**

17.

Journal Entries

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Bank A/c	Dr.		27,00,000	
	To Share Application and Allotment A/c				27,00,000
	(Being share application and allotment received on 3,00,000 of ₹9 each including premium of ₹5 each)				
	Share Application and Allotment A/c	Dr.		27,00,000	
	To Share Capital A/c				3,00,000
	To Securities Premium A/c				3,75,000
	To Bank A/c				18,00,000
	To Share First and Final Call A/c				2,25,000
	(Being share application of 75,000 shares transferred to share capital , share application and allotment on 2,00,000 share refunded and rest is adjusted on share first and final call)				
	Share First and Final Call A/c	Dr.		4,50,000	
	To Share Capital A/c				4,50,000
	(Being share first and final Call due on 75,000 shares of ₹6 each)				
	Bank A/c	Dr.		2,21,625	
	To Share First and Final Call A/c				2,21,625
	(Being share first and final call received)				
	Share Capital A/c	Dr.		11,250	
	To Share Forfeiture A/c				7,875
	To Share First and Final Call A/c				3,375
	(Being 1,125 share were forfeited for non-payment of share first and final of ₹6 each)				
	Bank A/c	Dr.		6,750	
	Share Forfeited A/c	Dr.		4,500	
	To Share Capital A/c				11,250
	(Being 1,125 forfeited share were re-issued at a discount of ₹4 per share)				
	Share Forfeiture A/c	Dr.		3,375	
	To Capital Reserve A/c				3,375
	(Being share forfeiture transferred to capital reserve)				

Computation Table

Category	Share Applied	Share Allotted	Money received on Application and Allotment @ ₹9 each including premium of ₹5 each	Money transfers to share capital@ ₹ 4 each	Money transfer to securities premium @ ₹5 each	Excess Application and Allotment money	Share first and final call due @₹6 each	Amount receivable on share first and final call after adjustment	Money Refunded
I	2,00,000	Nil	18,00,000						18,00,000
II	1,00,000	75,000	9,00,000	3,00,000	3,75,000	2,25,000	4,50,000	2,21,625	
	3,00,000	75,000	27,00,000	3,00,000	3,75,000	2,25,000	4,50,000	2,21,625	18,00,000

Working Note:

Those who applied for 1,00,000 shares, allotted = 75,000 Shares

$$\text{Those who applied for 1,500 shares, allotted} = 75{,}000 \times \frac{1{,}500}{1{,}00{,}000} = 1{,}125 \text{ share}$$

Share Application and Allotment received on 1,500 glares of ₹9 each
(including premium of ₹5 each) = ₹13,500
Shares Allotted (1,125 × 9) = ₹10,125
Excess Application and Allotment money received = ₹3,375
Share First and Final Call due on 1,125 shares of ₹6 each = ₹6,750
Excess Application and Allotment money received = ₹3,375
Share First and Final Call not received = ₹3,375 (6250 – 3,375)
Therefore, Share First and final Call received = ₹2,21,625 (4,50,000 – 2,25,000 – 3,375)

OR

Journal Entries

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Bank A/c	Dr.		12,00,000	
	To Share Application and Allotment A/c				12,00,000
	(Being share application and allotment received on 2,00,000 of ₹6 each including discount of ₹1 each)				
	Share Application and Allotment A/c	Dr.		12,00,000	
	Discount on Issue A/c	Dr.		80,000	
	To Share Capital A/c				5,60,000
	To Bank A/c				2,40,000
	To Share First and Final Call A/c				4,80,000
	(Being share application of 80,000 share transferred to share capital, share application and allotment on 40,000 shares refunded and rest is adjusted on share first and final call)				
	Share First and Final Call A/c	Dr.		2,40,000	
	To Share Capital A/c				2,40,000

	(Being share first and final call due on 80,000 shares of ₹3 each)				

Computation Table

Category	Share Applied	Share Allotted	Money received on Application and Allotment @ ₹6 each including discount of ₹1 each	Money transfers to share capital@ ₹7 each	Money transfer to securities premium@ ₹1 each	Excess Application and Allotment money	Share first and final call due @₹3 each	Money Refunded
I	40,000	Nil	2,40,000					2,40,000
II	1,60,000	80,000	9,60,000	5,60,000	80,000	4,80,000	2,40,000	
	2,00,000	80,000	12,00,000	5,60,000	80,000	4,80,000	2,40,000	

Important Note: This question can't be solved further because the shareholder has already paid excess amount than required on first and final call as he has applied for 1,600 shares and 800 shares are allotted to him

Working Note:

Those who applied for 1,60,000 shares, allotted = 80,000 Shares

$$\text{Those who applied for 1,600 shares, allotted} = 80{,}000 \times \frac{1{,}600}{1{,}60{,}000} = 800 \text{ share}$$

Share Application and Allotment received on 1,600 shares of ₹ 6 each (including discount of Re 1 each) = ₹ 9,600

Shares Allotted (800 x6) =₹4,800

Excess Application and Allotment money received =₹4,800

Share First and Final Call due on 800 shares of its 3 each = ₹2,400

Excess Application and Allotment money received = ₹4,800

Now, he has already paid amount of Its 4,800 in excess at the time of application and allotment which is more than the amount due from him at the time of share final call. Thus, forfeiture is not possible in this case.

Thus, this question has incomplete or wrong information.

18. Answer:

Revaluation Account

Particulars		₹	Particulars	₹
To Machinery A/c		45,000	By Land and Building A/c	70,000
To Profit transferred to:				
Shikhar's Capital A/c	17,500			
Rohit's Capital A/c	7,500	25,000		
		70,000		**70,000**

Partners' Capital Account

Particulars	Shikhar	Rohit	Kavi	Particulars	Shikhar	Rohit	Kavi
To Balance c/d	9,40,000	4,10,000	4,30,000	By Balance b/d	8,00,000	3,50,000	
				By General Res. A/c	70,000	30,000	
				By Workman Compensation Fund A/c	35,000	15,000	
				By Cash A/c			4,30,000
				By Premium for	17,500	7,500	

				Goodwill A/c By Revaluation A/c (profit)	17,500	7,500	
	9,40,000	**4,10,000**	**4,30,000**		**9,40,000**	**4,10,000**	**4,30,000**
To Cash A/c	37,000	23,000		By Balance b/d	9,40,000	4,10,000	4,30,000
To Balance c/d	9,03,000	3,87,000	4,30,000				
	9,40,000	**4,10,000**	**4,30,000**		**9,40,000**	**4,10,000**	**4,30,000**

Balance Sheet
As on April 01,2013 after Kavi's admission

Liabilities		₹	Assets		₹
Liabilities for Workmen's Compensation		50,000	Land and Building		4,20,000
Creditors		1,50,000	Machinery	4,50,000	
Capital:			Less: Depreciation @10%	45,000	4,05,000
Shikhar	9,03,000		Debtors	2,20,000	
Rohit	3,87,000		Less: Provision	20,000	2,00,000
Kavi	4,30,000	17,20,000	Stock		3,50,000
			Cash		5,45,000
		19,20,000			**19,20,000**

Working Note:

Calculation of Profit of shareing Ratio

Shikhar : Rohit

Old Ratio = 3 : 2

Kavi's Share $= \frac{1}{4}$

Let the total share of the firm =1

Remaining share of the firm $= 1 - \frac{1}{4} = \frac{3}{4}$

Shikhar's New Share $= \frac{7}{10} \times \frac{3}{4} = \frac{21}{40}$

Rohit's New Share $= \frac{3}{10} \times \frac{3}{4} = \frac{9}{40}$

New Profit Shareing ratio $= \frac{21}{40} : \frac{9}{40} : \frac{1}{4}$

$\frac{21:9:10}{40}$

Sacrificing Ratio = Old Ratio - New Ratio

Shikhar's Sacrifice $= \frac{7}{10} - \frac{21}{40} = \frac{7}{40}$

Rohit's Sacrifice $= \frac{3}{10} - \frac{9}{40} = \frac{3}{40}$

Sacrificing Ratio = 7: 3

WN1 : Distribution of Goodwill brought in by Kavi :

Shikhar will get $= 25{,}000 \times \frac{7}{10} = 17{,}500$

Rohit will get $= 25{,}000 \times \frac{3}{10} = 7{,}500$

WN2 : Distribution of Workmen's Compensation Fund

Shikhar will get $= 50{,}000 \times \frac{7}{10} = 35{,}000$

Rohit will get $= 50{,}000 \times \frac{3}{10} = 15{,}000$

WN3 : Distribution of General Reserve :

Shikhar will get $= 1{,}00{,}000 \times \frac{7}{10} = 70{,}000$

Rohit will get $= 1{,}00{,}000 \times \frac{3}{10} = 30{,}000$

WN4 : Adjustment of Capital

Total Capital of the firm = Capital brought in by Kavi × Reciprocal of her share

Capital Brought in by Kavi = 4,30,000

Total Capital of the Firm $= 4{,}30{,}000 \times \frac{4}{1} = 17{,}20{,}000$

Shikahr's New Capital $= 17{,}20{,}000 \times \frac{21}{40} = 9{,}03{,}000$

Rohit's New Capital $= 17{,}20{,}000 \times \frac{9}{40} = 3{,}87{,}000$

OR

Revaluation Account

Particulars		₹	Particulars	₹
To Building A/c		1,00,000	By Land A/c	3,20,000
To Furniture A/c		30,000		
To Revaluation Profit				
L's Capital A/c	95,000			
M's Capital A/c	47,500			
N's Capital A/c	47,500	1,90,000		
		3,20,000		**3,20,000**

Partners' Capital Account

Particulars	L	M	N	Particulars	L	M	N
To N's Capital A/c	1,00,000	50,000		Balance b/d	6,00,000	4,80,000	4,80,000
To M Current A/c		1,20,000		By General Reserve A/c	2,20,000	1,10,000	1,10,000
To M Current A/c		1,20,000		By Revaluation Profit A/c	95,000	47,500	47,500
To N's Loan A/c			8,37,500	By Workmen Compensation fund	1,00,000	50,000	50,000
				By L's Capital A/c			1,00,000
To Balance c/d	10,35,000	5,17,500		By M's Capital A/c			50,000
				By L's Current A/c	1,20,00		
	11,35,000	**6,40,000**	**8,37,500**		**11,35,000**	**6,40,000**	**8,37,500**

Balance Sheet
As on April 01,2012 after N's retirement

Liabilities	₹	Assets		₹
L's Capital	10,35,000	Land		11,20,000
M's Capital	5,17,500	Building		5,00,000
Workmen Compensation Liability	1,60,000	Furniture		2,10,000
Creditors	2,40,000	Stock		4,40,000
N's Loan	8,37,500	Cash		1,40,000
L's Current	1,20,000	Debtors	4,00,000	
		Less :Provision	20,000	3,80,000
		M's Current		1,20,000
	29,10,000			**29,10,000**

Working Notes:

Total Capital of L =10,15,000 – 1,00,000 = ₹9,15,000

Total Capital of M = 6,87,500 – 50,000 = ₹6,37,500

Total Capital of new firm = 9,15,000 + 6,37,500 = ₹15,52,500

The new Capital has to be in the new profit sharing ratio = 2:1

$$\text{Therefore, L's new capital} = 15{,}52{,}500 \times \frac{2}{3} = 10{,}35{,}000$$

$$\text{Mr's new Capital} = 15{,}52{,}000 \times \frac{1}{3} = 5{,}17{,}500$$

SECTION- B

19. Answer :

A cash flow statement is prepared to ascertain the gross inflows and outflows of cash and cash equivalents from various business activities.

20. Answer :

The separate disclosure of cash flow from investing activities is important as it helps to show the inflows and outflows of long-term investments and fixed assets.

21. Answer :

Analysis of Financial Statements helps to know profitability of the business with respect to sales and investments.

22. Answer :

Items	SUB-Heads
i. Capital Reserves	Reserves and Surplus
ii. Bonds	Non-current Investment
iii. Loans repayable on demand	Short-Term Borrowings
iv. Vehicles	Fixed Assets
v. Goodwill	Fixed Assets
vi. Loose Tools	Inventories

23. Answer :

Comparative Income Statement

For the years ended 31st March 2012 & 2013

Particulars	**2012-13 ₹**	**2011-12 ₹**	**Absolute Change ₹**	**Percentage Change %**
i. Revenue from operations	8,00,000	6,00,000	2,00,000	33.33
ii. Other Income	1,00,000	50,000	50,000	100
iii. Total Revenue (I+II)	9,00,000	6,50,000	2,50,000	38.46
iv. Expense	5,00,000	4,00,000	1,00,000	25
Profit before Income Tax(III-IV)	4,00,000	2,50,000	1,50,000	60
Less: Income Tax	1,60,000	1,00,000	60,000	60
Profit after Income Tax	**2,40,000**	**1,50,000**	**90,000**	**60**

24. Answer :

(a)

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

1. Rent of ₹3,000 paid in advance will affect the current assets in two ways:

- Cash will reduce by ₹3,000.
- Pre-paid expenses will increase by ₹3,000.

Quick Assets do not include pre-paid expenses. So, quick assets will reduce by ₹3,000 and subsequently, Quick ratio will also decrease.

2. A debtor of ₹9,700 paid his due amount will affect the quick assets in two ways:

Increase in Cash by ₹9,700

Decrease in Debtors by ₹9,700

This simultaneous increase and decrease will not affect the value of quick assets and thus there will be no change in the ratio.

(b)

$$\text{Proprietary Ratio} = \frac{\text{Shareholder's Fund}}{\text{Total Assets}}$$

Total Assets = Total Liabilities + Shareholder's Funds

Total Assets = Current Assets + Non-Current Assets

= 90,000 + 3,60,000 = 4,50,000

Total Liabilities = Long-Term Borrowings + Long-Term Provisions – Current Li abilities

= 2,00,000 + 1,00,000 + 50,000 = 3,50,000

Therefore, Shareholder's funds = Total Assets – Total Liabilities

= 4,50,000 – 3,50,000 = 1,00,000

$$\text{Therefore, Proprietary Ratio} = \frac{1,00,000}{4,50,000} = 0.22:1$$

25.

Cash Flow Statement
For the year ended March 31,2013

	Particulars	₹	₹
A	**Cash Flow from Operating Activities**		
	Profit as per statement of Profit and Loss	15,000	
	Profit Before Taxation	15,000	
	Operating Profit before Working Capital adjustment		15,000
	Add: Decrease in Current Assets		
	Trade Receivable	13,500	
	Inventories	1,500	15,000
	Less: Decrease in Current Liabilities		
	Trade Payable		(66,000)
	Net Cash Flow From Operating Activities		**(36,000)**
B	**Cash Flow Investing Activities**		
	Purchase Of Fixed Assets	(47,500)	
	Purchases Of Investment	(3,000)	
	Net Cash Flow from Investing Activities		**(50,500)**
C	**Cash Flow Financing Activities**		
	Proceeds from Issue Of Share Capital	50,000	
	Net Cash Flow from Financing Activities		**50,000**
D	Net Increases Or Decreases in Cash and Cash Equivalents		(36,500)
	Add: Cash and Cash Equivalents in the beginning of the period		1,17,500
	Cash and Cash Equivalents at the end of the period		**81,000**

CBSE

Class XII Accountancy

All India Board Paper_Set1_2013

Time: 3 Hrs **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A

(i) This section consists of **18** questions.
(ii) All the question are compulsory.
(iii) Question Nos. **1** to **7** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **8** to **10** carry **3** marks each.
(v) Question Nos. **11** and **14** carry **4** marks each.
(vi) Question Nos. **15** to **16** carry **6** marks each.
(vii) Question Nos. **17** and **18** Carry **8** marks each.

Section B

(i) This section consists of **7** questions
(ii) All questions are compulsory
(iii) Question Nos.**19** and **21** are very short – answer carrying **1** mark each
(iv) Question Nos. **22** carry **3** marks
(v) Question Nos. **23** to **24** carry **4** marks
(vi) Question No.**25** carries **6** marks

Section-A

1. If the Partners' Capitals are fixed, where will you record the interest charged on drawings?

2. State the ratio in which the partners share the accumulated profits when there is change in the profit sharing ratio amongst existing partners.

3. At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner?

4. Give the journal entry to distribute 'Workmen Compensation Reserve' of ₹70,000 at the time of retirement of Neeti, when there is a claim of ₹25,000 against it. The firm has three partners Raveena, Neeti and Rajat.

5. What is meant by calls-in-arrears?

6. At what rate is interest paid by the company on call-in- advance if it has not prepared its own Articles of Association?

7. What is meant by issued of debenture as collateral security?

8. Mohan, Neeraj and Peeyush are partners in a firm. They contributed ₹75,000 each as capital three years ago. At the time Peeyush agreed to look after the business as Mohan and Neeraj were busy. The profits for the past three years were ₹45,000, ₹30,000 and ₹60,000 respectively. While going through the books of accounts, Mohan noticed that profit had been distributed in 1:1:2 ratio. When he enquired from Peeyush about this, Peeyush answered that since he looked after the business he should get more profit. Mohan disagreed and it was decided to distribute profits equally with retrospective effect for the last three years.

a. You are required to make necessary corrections in the books of accounts of Mohan, Neeraj and Peeyush by passing an adjustment entry.
b. Identify the value which is being ignored by Peeyush.

9. Pass the necessary journal entries for the issue of 7% Debentures in the following cases :

a. 200 Debentures of ₹150 each issued at 10% premium, redeemable at ₹200 each.
b. 200 Debentures of ₹200 each issued at a discount of 10%, redeemable at par.

10. Tuteja Constructions Ltd. had an outstanding balance of ₹1,26,00,000, 9% debentures of ₹200 each redeemable at a premium of 3%. According to the terms of redemption the company redeemed 50%, of the above debentures by converting them in shares of ₹10 each at discount of 10%. Record the entries for redemption of Debentures in the books of Tuteja Construction Ltd.

11. Asin and Shreyas are partners in a firm. They admit Ajay as a new partner with $1/5^{th}$ share in the profits of the firm. Ajay brings ₹5,00,000 as his share of capital. The value of the total assets of the firm was ₹ 15,00,000 and outside liabilities were valued at ₹5,00,000 on that date. Give the necessary Journal entry to record goodwill at the time of Ajay's admission. Also show your workings.

12. Nikhil Ltd. purchased a running business from Sonia Ltd. for a sum of ₹22,00,000 by issuing 20,000 fully paid equity shares of ₹100 each at a premium of 10%. The assets and liabilities consisted of the following:
Machinery ₹7,00,000, Debtors ₹2,50,000, Stock ₹5,00,000, Building ₹11,50,000 and Bills Payable ₹ 2,50,000.
Pass necessary Journal entries in the books of Nikhil Ltd. for the above transactions.

13. Nandan, John and Rosa are partners sharing profits in the ratio of 4:3:2. On 1^{st} April 2012, John gave a notice to retire from the firm. Nandan and Rosa decided to share future profits in the ratio of 1:1. The capital accounts of Nandan and Rosa after all adjustments showed a balance of ₹43,000 and ₹80,500 respectively. The total amount to be paid to John was ₹95,500. This amount was to be paid by Nandan and Rosa in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary Journal entries in the books of the firm for the above transactions. Show your working clearly.

14. The authorized capital of Suhas Ltd. is ₹50,00,000 divided into 25,000 shares of ₹200 each. Out of these, the company issued 12,000 shares of 200 each at a premium of 10%. The amount per share was payable as follows: ₹60 on application, ₹60 on allotment (including premium), ₹30 on first call and balance on final call. Public applied for 11,000 shares. All the money was duly received.
Prepare an extract of Balance Sheet of Suhas Ltd. as per Revised Schedule VI Part-I of the Companies Act 1956 disclosing the above information. Also prepare 'notes to accounts' for the same.

15. Ahmad, Bheem and Daniel are partners in a firm. On 1^{st} April 2011 the balance in their capital accounts stood at ₹8,00,000, ₹6,00,000 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 ₹3,000 per month and a commission of ₹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 ₹25,000 p.a. Bheem's share of profit, including interest on capital but excluding salary is guaranteed at not less than ₹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 ₹2,16,000. Prepare Profit and Loss Appropriation Account for the year ended 31^{st} March 2012.

16. The Balance Sheet of Shindu, Rahul and Kamesh, who were sharing profit in the ratio of 3:3:4 respectively a on 31^{st} March 2012 was as follows:

Liabilities	₹	Assets	₹

General Reserve		10,000	Cash	32,000
Bills Payable		20,000	Stock	88,000
Loan		24,000	Investment	94,000
Capital:			Land & Building	1,20,000
Sindhu	1,20,000		Sindhu's Loan	20,000
Rahul	1,00,000			
Kamesh	80,000	3,00,000		
		3,54,000		**3,54,000**

Sindhu died on 31st July, 2012. The partnership deed provided for the following on the death of a partner:

a. Goodwill of the firm be valued at two years purchases of average profit for the last year which were 80,000.

b. Sindhu's share of the profit till the date of his death was to be calculated on the basis of Sale. For the year ended 31st March 2012, amounted to 8,00,000 and that from 1st April to 31st July 2012 3,00,000. The profit for the year ended 31st March 2012 was 2,00,000.

c. Interest on Capital was to be provided @6% p.a

d. According to Shindu's will the executor. Should donate his share to 'Matri chhaya- an orphanage for girl's Prepare Sindhu;s Capital Account to be rendered to his executor. Also identify the value being highlighted in questions.

17. Starplus Company issued for public subscription 1,50,000 shares of the value of ₹100 each at a discount of 10% payable per share as follows: ₹20 on application, ₹30 on allotment and ₹40 on call. The company received applications for 3,00,000 shares. The allotment was done as under:

a. Applicants of 30,000 shares were allotted 10,000 shares.
b. Applicants of 1,40,000 shares were allotted 80,000 shares.
c. Remaining applicants were allotted 60,000 shares.

After adjusting excess money in allotment, the money was returned. Harit, a shareholder who had applied for 7,000 shares of group (b), failed to pay allotment and call money. Roshan, another shareholder who was allotted 6,000 shares, paid the call money along with the allotment. Roshan also belonged to group (b). Pass necessary Journal entries to record the above transactions in the books of the company. Show your working notes clearly.

OR

Record the Journal entries for forfeiture and reissue in the following cases:

a. X Ltd. forfeited 200 shares of ₹100 each, ₹70 called up, on which the shareholders had paid application and allotment money of ₹50 per share. Out of these, 150 shares were re-issued to Naresh as ₹70 paid up for ₹80 per share.

b. Y Ltd. forfeited 180 shares of ₹10 each, ₹8 called up, issued at a premium of ₹2 per share to R for non-payment of allotment money of ₹5 per share (including premium). Out of these, 160 shares were re-issued to Sanjay as ₹8 called up for ₹10 per share fully paid up.

c. Z Ltd. forfeited 30 shares of ₹100 each issued at a discount of ₹10 per share for non-payment of first and final call money of ₹30 per share. Out of these, 20 shares were reissued at ₹30 per share fully paid up.

18. Sarthak and Vansh are partners sharing profits 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. Mansi, a common friend, decides to help them. Therefore they admit her into partnership for 1/3rd share in profits. She brings ₹60,000 for goodwill and proportionate capital. At the time of admission of Mansi, the Balance Sheet of Sarthak and Vansh was as under:

Liabilities		**₹**	**Assets**		**₹**
Capital Account:			Plant		66,000
Sarthak	70,000		Furniture		30,000
Vansh	60,000	1,30,000	Investment		40,000
General Reserve		18,000	Stock		46,000
Bank Loan		18,000	Debtors	38,000	

Creditors	72,000	Less: Provision for Bad Debts	4,000	34,000
		Cash		22,000
	2,38,000			**2,38,000**

It was decided to

i. Reduce the value of Stock by ₹10,000.
ii. Plant is to be valued at ₹80,000.
iii. An amount of ₹3,000 included in Creditors was not payable.
iv. Half of the Investments were taken over by Sarthak and remaining were valued at ₹25,000.

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

OR

Prashant and Rajesh were partners in a firm sharing profits in the ratio of 3:2. In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st March 2012. Prashant was deputed to realise the assets and to pay the liabilities. He was paid ₹1,000 as commission for his services. The financial position of the firm on 31st March 2012 was as follows:

Balance Sheet as on 31st March 2012

Liabilities		₹	Assets		₹
Crediors		80,000	Building		1,20,000
Mrs.Prashant's Loan		40,000	Investment		30,000
Rajesh's Loan		24,000	Debtors	34,000	
			Less: Provision for		
Investment Fluctuation Fund		8,000	Doubtful debts	4,000	30,000
Capital:			Bills Receivable		37,400
Prashant	42,000		Cash		6,000
Rajesh	42,000	84,000	Profit and Loss A/c		8,000
			Goodwill		4,000
		2,36,000			**2,36,000**

Following was agreed upon:

i. Prashant agreed to pay off his wife's loan.
ii. Debtors realized ₹24,000.
iii. Rajesh took away all investments at ₹27,000.
iv. Building realized ₹1,52,000.
v. Creditors were payable after 2 months. They were paid immediately at 10% discount.
vi. Bills Receivable were settled at a loss of ₹1,400.
vii. Realisation expenses amounted to ₹2,500.

Prepare Realisation Account, Partners' Capital Accounts and Cash Account to close the books of the firm. Identify the value being conveyed in the question.

Section- B

19. Under which type of activity will you classify Commission and Royalty Received' while preparing Cash flow statement.

20. Give an example of the activity which remains financing activities for the enterprise?

21. State any one limitation of financial statements analysis.

22. Under Under which heads and sub-heads will the following items appear in the Balance Sheet of a company as per Revised Schedule VI Part I of the Companies Act 1956:

i. Debenture
ii. Loose tools
iii. Calls-in-Advance.

23. ***(a)*** Compute 'Debtors Turnover Ratio' from the following information: Total Sales ₹5,20,000, Cash Sales 60% of the Credit Sales, Closing Debtors ₹80,000, Opening Debtors are 3/4th of Closing Debtors.

(b) Current liabilities of a company are ₹1,60,000. Its Liquid ratio is 1.5:1 and Current ratio is 2.5:1. Calculate Quick assets and Current assets.

24. From the following Statement of profit and loss of Moontrack Ltd, for the years ended 31st March 2011 and 2012, prepare a 'Comparative Statement of Profit and Loss'.

Particulars	**Note No.**	**2011-12 ₹**	**2010-11 ₹**
Revenue from operation		40,00,000	24,00,000
Other expenses		24,00,000	18,00,000
Expenses		16,00,000	14,00,000

25. Following are the Balance Sheet of Krishtec Ltd. For the year ended 31st March 2011 and 2012:

Particulars	**Note No.**	**2011-12 ₹**	**2010-11 ₹**
i. Equity and Liabilities			
1. Shareholders' Funds			
a. Share capital		12,00,000	8,00,000
b. Reserves and surplus (Profit & Loss Balance		3,50,000	4,00,000
2. Non-current Liabilities			
a. Long term-borrowing		4,40,000	3,50,000
3. Current liabilities			
a. Trade payables		60,000	50,000
Total		**20,50,000**	**16,00,000**
ii. Assets			
1. Non- Current assets			
a. Fixed assets			
i. Tangible assets		12,00,000	9,00,000
2. Current assets			
a. Inventory		2,00,000	1,00,000
b. Trade Receivable		3,10,000	2,30,000
c. Cash and Cash equivalents		3,40,000	3,70,000
Total		**20,50,000**	**16,00,000**

Prepare a Cash Flow Statement after taking into account the following adjustments:

a. The company paid interest ₹36,000 on its long term borrowings.
b. Depreciation charged on tangible fixed assets was ₹1,20,000.

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SECTION A

1. Answer :

Drawings made by a partner will be debited in Partner's Current Account, when their capitals are fixed.

2. Answer :
When there is a change in profit sharing ratio amongst existing partners, accumulated profits are shared in old profit sharing ratio.

3. Answer :
Interest is payable at 6% p.a. on the amount remaining unpaid to the executor of deceased partner.

4. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Workman Compensation Reserve A/c Dr.		70,000	
	To Workman Compensation Claim A/c			25,000
	To Raveena's Capoital A/c			15,000
	To Neeti's Capital A/c			15,000
	To Rajat's Capital A/c			15,000
	(Being liabilities for Workman Compensation created out of reserve and remaining reserve distributed amongst the partners equally)			

5. Answer :
The amount which is called-up by the company but not yet received from the shareholders till the last date for payment due is known as calls-in-arrears.

6. Answer:
If a company has not prepared its own Article of Association, then Table A of Companies Act, 1956 is applicable. According to Table A of Companies Act, interest on Calls-in-Advance @ is payable at 6% p.a.

7. Answer :
Issue of debentures as a collateral security implies that debentures are issued for procuring or obtaining a loan. Here, debentures act as a security in case of the company fails to meet the debt obligations (Principal Amount + Interest Amount) on time.

8. Answer :
Total Profit (past 3 years) = 45,000+30,000+60,000 = ₹1,35,000

Adjusting Table:

Particulars	Mohan	Neeraj	Peeyush
Profit already received (₹1,35,000 in 1:1:2)	33,750	33,750	67,500
Profit ought to have been received (1,35,000 in 1:1:1)	45,000	45,000	45,000
Amount to be adjusted	**11,250 (Cr.)**	**11,250 (Cr.)**	**22,500 (Dr.)**

Journal Entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Peeyush's Capital A/c Dr. To Mohan's Capital A/c To Neeraj's Capital A/c (Being the adjustment made for profit distributed in wrong ratio)		22,500	 11,250 11,250

The following values were ignored by Peeyush:

1. Honestly, truthfulness and loyalty towards his co- partners.
2. Mutual trust ad understanding.

9. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
a.	Bank A/c Dr. To Debenture Application & Allotment A/c (Being 400 debenture issued at ₹200 at a par)		33,000	 33,000
	Debenture Application & Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 7% Debenture A/c To Securities premium Reserve A/c To Premium on Redemption of Debenture A/c (Being 200 debenture issued at ₹150 each at a premium of 10% ,redeemable at ₹200 each)		33,000 10,000	 30,000 3,000 10,000
b.	Bank A/c Dr. To Debenture Application& Allotment A/c (Being the application money received on 200 debenture)		36,000	 36,000
	Debenture Application & Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 7% Debenture A/c (Being 200 debenture issued at ₹200 each at a discount of 10% ,redeemable at par)		36,000 4,000	 40,000

10. Answer

In the Books of Tuteja Construction Ltd.
Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
	9% Debenture A/c Premium on Redemption of Debenture A/c Debenture holders A/c (Being 31,500 debentures due for redemption)	Dr. Dr.		63,00,000 1,89,000	 64,89,000
	Debenture holders' A/c Discount on Issue of Share A/c To Share Capital A/c (Being the issue of 7,21,000 equity share of ₹10 each at 10% discount on conversion of 31,500 debentures)	Dr. Dr.		64,89,000 7,21,000	 72,10,000

Working Note:

No. of share to be Issued

$= ₹64,89,000 \div ₹9$

$= 7,21,000$ share

11. Answer :

Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Ajay's Capital A/c To Asin's capital A/c To Shreya's Capital A/c (Being Ajay's share of goodwill distributed among old partners equally)	Dr.		3,00,000	 1,50,000 1,50,000

Working Note:

Calculation of Goodwill brought in by Ajay

Value of Firm's Goodwill = Capitalised Value of the Firm - Net Worth

Capitalised Value of the Firm = Capital brought in by Ajay ×Reciprocal of his Share

$$5,00,000 \times \frac{5}{1} = 25,00,000$$

Net Worth = Total Assets - External Liabilities

= 15,00,000 - 5,00,000

= ₹10,00,000

∴ Goodwill of the Firm = 25,00,000 - 10,00,000 = ₹15,00,000

$$\text{Ajay's Share of Goodwill} = 15,00,000 \times \frac{1}{5} = 3,00,000$$

12. Answer :

In Books of Nikhil Ltd.

Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Machinery A/c	Dr.		7,00,000	
	Debtors A/c	Dr.		2,50,000	
	Stock A/c	Dr.		5,00,000	
	Building A/c	Dr.		11,50,000	
	To Bills Payable A/c				2,50,000
	To Sonia Ltd. A/c				22,00,000
	To Capital Reserve A/c (Balancing figure)				1,50,000
	(Being business of Sonia Ltd purchased)				
	Sonia Ltd. A/c	Dr.		22,00,000	
	To Equity Share capital A/c				20,00,000
	To Securities Premium A/c				2,00,000
	(Being 20,000 Equity shares issued at ₹100 each issued at Premium of ₹10%).				

Working Note:

No. of shares to be issued

=₹22,00,000 ÷ ₹110

=20,000 Shares

13. Answer :

Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Bank A/c	Dr.		95,500	
	To Nandan's Capital A/c				66,500
	To Rose's Capital A/c				29,000
	(Being cash brought in by Nandan & Rosa)				
	John's Capital A/c	Dr.		95,500	
	To Bank A/c				95,500
	(Being claim of John discharged)				

Working Notes:

	₹
Adjusted Capital of Nandan	43,000
Adjusted Capital of Rosa	80,500
Amount(capital) to be paid to John	95,500
Total Capital of the firm	2,19,000

Total capital of the firm will be provided by Nandan and Rosa in the ratio of 1:1.
Therefore,
Capital of Nandan will be ₹2,19,000 × 1/2 = ₹1,09,500,
Capital of Rosa will be ₹2,19,000 × 1/2 = ₹1,09,500.

Hence, amount of money to be brought in the Nandan = ₹1,09,500 - ₹43,000 = ₹66,500
Amount to be brought in by Rosa = ₹1,09,500 - ₹80,500 = ₹29,000

14. Answer :

Suhas Ltd.
Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' fund		
a. Share capital	1	22,00,000
b. Reserve and Surplus	2	2,20,000
Total		**24,20,000**
II. Assets		
1. Current Assets		
Cash and Cash Equivalents	3	24,20,000
Total		**24,20,000**

Note to Account

Note No.	Particulars	₹
1	**Share capital**	
	Authorised Capital	
	25,000 equity share of ₹200 each	50,00,000
	Issued Capital	
	12,000 equity share of ₹200 each	24,00,000
	Subscribed fully paid	
	11,000 share of ₹200 each	22,00,000
2	**Reserves and Surplus**	
	Securities Premium Reserve (11,000 share @₹20 each)	2,20,000
3	**Cash and Cash Equivalents**	
	Cash at Bank	24,20,000

15. Answer :

Profit and Loss Appropriation Account
For the year ended 31st March,2012

Dr. **Cr.**

Particulars		₹	Particulars	₹
			By Profit and Loss A/c (Net profit)	2,16,000
To Interest on Capital to:				
Anand	40,000			
Bheem	30,000			
Danial	20,000	90,000		
To Bheem Salary (₹3,000× 12)		36,000		
To Danial Capital (Commission)		12,000		
To Profit transferred to:				
Ahamd $(78,000 \times \frac{5}{10})$		39,000		
Bheem $(78,000 \times \frac{3}{10})$	23,400			

Add: Deficiency from Daniel	1,600	25,000		
Daniel $(78,000 \times \frac{2}{10})$	15,600			
Less: Contribution to Bheem	1,600	14,000		
		2,16,000		**2,16,000**

Working Notes:

1. Bheem's share of Profit	₹23,400
Add: Interest on Capital	₹30,000
	₹53,400
Guaranteed profit	₹55,000
Deficiency to be contributed by Daniel	₹1,600

2. Ahmad's share of profit is ₹39,000 which is more than the guaranteed profit.

16. Answer :

Sindhu's Capital Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Sindhu's Loan A/c	20,000	By Balance b/d	1,20,000
To Sindhu's Executors A/c (Bal. figure)	1,75,900	By General Reserve A/c (10,000×3/10)	3,000
		By Rahul's Capital A/c (Goodwill)	20,571
		By Kamlesh's Capital A/c (goodwill)	27,429
		By Profit and Loss Suspense A/c (Profit)	22,500
		By Interest on Capital A/c $\left(1,20,000 \times \frac{6}{100} \times \frac{4}{12}\right)$	2,400
	1,95,900		**1,95,900**

Working Note:

(1) Calculation of Goodwill

Goodwill = 2 years of purchases of Average Profit of the last three years

= 2 × ₹80,000 = ₹1,60,000

Sindhu's Share of Goodwill= $₹1,60,000 \times \frac{3}{10} = ₹48,000$

Sindhu's Share of goodwill is contributed by Rahul and Kamlesh in their gaining ratio i.e.,3:4

Rahul Contribution = $₹48,000 \times \frac{3}{7} = ₹20,571$

Kamlesh's Contribution = $48,000 \times \frac{4}{7} = ₹27,429$

(2) Sindhu's Share of profit:

Percentage of Profit = profit/Sales $\times 100$

$= 2,00,000/8,00,000 \times 100 = 25\%$

$$\text{Sindhu's share of Profit till the date of death} = ₹3,00,000 \times \frac{25}{100} \times \frac{3}{10} = ₹22,500$$

Value Involved here are:

1. Support/Sympathy and helping poor girl Child.
2. Fulfilling Social Responsibility.

17. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Dr. To share application A/c (Being application money on 3,00,000 shares received)		60,00,000	 60,00,000
	Share application A/c Dr. To Share capital A/c To Share Allotment A/c (WN1) To Bank A/c (WN1) (Being share application money on 1,50,000 shares transferred to share capital. account and excess was utilized on allotment and balance excess returned)		60,00,000	 30,00,000 29,00,000 1,00,000
	Share allotment A/c Dr. Discount on Issue of Share A/c Dr. To Share capital A/c (Being allotment money due on allotment)		45,00,000 15,00,000	 60,00,000
	Bank A/c (45,00,000- 29,00,000- 60,000+2,40,000) Dr. To Share allotment A/c (45,00,000 -29,00,000-60,000) To Calls-in-Advance A/c (Being allotment money received along with call money on 6,000 share)		17,80,000	 15,40,000 2,40,000
	Share Call A/c Dr. To Share capital A/c (Being share call money due)		60,00,000	 60,00,000
	Bank A/c Dr. Calls-in-Advance A/c Dr. To Share Call A/c (Being share call money received)		56,00,000 2,40,000	 58,40,000

Working Note:
WN1

Computation Table

categories	Share Applied	Share Allotted	Money received on Application and @ ₹20 each	Application Money transferred to share capital @ ₹20 each	Excess money Received on application	Excess Amount on application utilised on Allotment at ₹30 each	Excess Amount on application to be returned
A	30,000	10,000	6,00,000	2,00,000	4,00,000	3,00,000	1,00,000
B	1,40,000	80,000	28,00,000	16,00,000	12,00,000	12,00,000	
C	1,30,000	60,000	26,00,000	12,00,000	14,00,000	14,00,000	
Total	3,00,000	1,50,000	60,00,000	30,00,000	30,00,000	29,00,000	1,00,000

WN 2 Calculation of Unpaid Amount on Allotment by Harit

Numbers of Shares applied = 7,000 share

$\therefore$ numbers of share alloted = $\frac{7,000}{1,40,000} \times 80,000 = 4,000$ share

Amount received on palliation (7,000 share ×₹20)	1,40,000
Less: Utilised on application (4,000 share ×₹20)	(80,000)
Excess amount received on application	60,000

Amount due on allotment (4,000 share ×₹30)	1,20,000
Less: Excess amount received on application	(60,000)
Amount unpaid on allotment	60,000

OR

(a)

Journal Entries

Date	Particulars		L.F.	Debit ₹	Credit ₹
a.	Share capital A/c (200 share ×70)	Dr.		14,000	
	To share Forfeiture A/c (200 share ×50)				10,000
	To Calls-in-Arrears A/c (200 share ×20)				4,000
	(Being 200 Share of ₹10 each ,₹70 called-up forfeited for the non-payment of call)				
	Bank A/c	Dr.		12,000	
	To share capital A/c (150 share ×70)				10,500
	To Securities Premium A/c (150 Share ×10)				1,500
	(Being 150 share were reissued as ₹70 paid-up for ₹80 per share)				

	Share Forfeiture A/c (150 Share ×8)	Dr.		7,500	
	To capital Reserve A/c				7,500
	(Being Transfer of profit on re-issue of 150 share)				
b.	Share Capital A/c (180 share ×8)	Dr.		1,440	
	Securities Premium A/c (180 Share ×2)	Dr.		360	
	To Share Forfeiture A/c (180 share ×5)				900
	To Share Allotment A/c (180 share ×5)				900
	(Being share forfeiture for non-payment of allotment)				
	Bank A/c (160 Share ×10)	Dr.		1,600	
	To Share Capital A/c (160 Share × 8)				1,280
	To securities Premium A/c(160 Share × 2)				320
	(Being 160 share were reissued for ₹10, ₹8 called-up)				
	Share Forfeiture A/c	Dr.		800	
	To Capital Reserve A/c				800
	(Being transfer of Profit on re-issue of 160 share)				
c.	Share Capital A/c (30 Share ×100)	Dr.		3,000	
	To Share Forfeiture A/c				1,800
	To Discount on Issue of Share A/c (30 share ×10)				300
	To Share First and Final Call A/c (30 Share× 30)				900
	(Being share forfeiture for non-payment of first and final call)				
	Bank A/c (20 share × 30)	Dr.		600	
	Discount on Issue of Share A/c (20 share × 10)	Dr.		200	
	Share Forfeiture A/c (20 share × 60)	Dr.		1,200	
	To Share Capital A/c (20 share × 100)				2,000
	(Being 20 share were reissued for ₹30 per share , fully called-up)				

Working Note:

Calculation of Amount to be transferred to Capital Reserve

Amount forfeited on 30 shares	1,800	
Amount forfeited on 20 shares $\left(\frac{1,800}{30} \times 20\right)$		1,200
Less: Discount allowed on re-issue of 20 shares		1,200
Amount to be transferred to Capital Reserve		**Nil**

In case (c), journal entry for transferring the profit on re-issue to capital reserve account has not been passed the amount for capital reserve is nil.

18. Answer :

Revaluation Account

Dr. **Cr.**

Particulars		**₹**	**Particulars**	**₹**
To Stock A/c		10,000	By plant A/c	14,000
To Profit on Revaluation transferred to:			By creditors A/c	3,000
Sarthak's Capital A/c	8,000		By Investment A/c	5,000
Vansh's Capital A/c	4,000	12,000		
		22,000		**22,000**

Partners' Capital Account

Dr. **Cr.**

Particulars	**Sarthak**	**Vansh**	**Mansi**	**Particulars**	**Sarthak**	**Vansh**	**Mansi**
To Investment A/c	20,000			By Balance b/d	70,000	60,000	
				By General Reserve A/c	12,000	6,000	
				By Revaluation A/c (Profit)	8,000	4,000	
				By Premium for Goodwill A/c	40,000	20,000	
To Balance c/d	1,10,000	90,000	1,00,000	By Cash A/c			1,00,000
	1,30,000	**90,000**	**1,00,000**		**1,30,000**	**90,000**	**1,00,000**

Balance Sheet

After Mansi' admission

Liabilities		**₹**	**Assets**		**₹**
Capital:			Plant		80,000
Sarthak	1,10,000		Furniture		30,000
Vansh	90,000		Investment		25,000
Mansi	1,00,000	3,00,000	Stock		36,000
Bank Loan		18,000	Debtors	38,000	
Creditors (72,000- 3,000)		69,000	Less: Provision for Bad Debts	4,000	34,000
			Cash (22,000+60,000+1,00,000)		1,82,000
		3,87,000			**3,87,000**

Value being conveyed in the question:
Friendship/support/ Sympathy

Working Note:

1. **Calculation of Mansi's Capital:**

	₹
Adjusted capital of sarthak	1,10,000
Adjusted capital of Vansh	90,000
Total adjusted capital of old partners for 2/3 share	2,00,000

Total Capital of the firm = 2,00,000 × 3/2= ₹3,00,000
Mansi's Capital in the firm = 3,00,000 × 1/3 =₹1,00,000

Cash Account

Dr. Cr.

Particulars	₹	Particulars	₹
To Balance b/d	22,000	By Balance c/d	1,82,000
To Mansi's Capital A/c	1,00,000		
To Premium for Goodwill A/c	60,000		
	1,82,000		**1,82,000**

OR

Revaluation Account

Dr. Cr.

Particulars		₹	Particulars		₹
To Building A/c		1,20,000	By Provision for Doubtful Debts A/c		4,000
To Investment A/c		30,600	By Creditors A/c		80,000
To Debtors A/c		34,000	By Mrs. Prashant's Loan A/c		40,000
To Bills Receivable A/c		37,400	By Investment Fluctuation Fund A/c		8,000
To Goodwill A/c		4,000	By Cash A/c:		
To Prashant's Capital A/c (wife's loan)		40,000	Debtors	24,000	
To Cash A/c :			Building	1,52,000	
Creditors	72,000		Bill Receivable A/c	36,000	2,12,000
Realization Expenses	2,500	74,500	By Rajesh's Capital A/c		27,000
To Prashant's Capital A/c (Commission paid)		1,000			
To Profit transfer to:					
Prashant's Capital A/c	17,700				
Rajesh Capital A/c	11,800	29,500			
		3,71,000			**3,71,000**

Partners Capital Account

Dr. Cr.

Particulars	Prashant	Rajesh	Particulars	Prashant	Rajesh
To Profit and Loss A/c	4,800	3,200	By Balance b/d	42,000	42,000
To Realisation A/c (Investment)		27,000	By Realisation A/c (Profit)	17,700	11,800
To Cash A/c (Bal.fig)	95,900	23,600	By Realisation A/c (Commission)	1,000	
			By Reaslisation A/c (Mrs. Prashant's Loan)	40,000	
	1,00,700	**53,800**		**1,00,700**	**53,800**

Cash Account

Dr. Cr.

Particulars	₹	Particulars	₹
To Balance b/d	6,000	By Realisation A/c)	74,500
To Realisation A/c	2,12,000	By Rajesh's Loan A/c	24,000
		By Prashant's Capital A/c	95,900
		By Rajesh's Capital A/c	23,600

	2,18,000		**2,18,000**

The value being conveyed in this question is the social value of environmental protection, as dumping hazardous material into the river pollutes the environment, which ultimately affects the society as a whole.

SECTION- B

19. Answer :
"Commission and Royalty received " is classified as an Cash from Operating Activities while preparing Cash flow statement..

20. Answer :
Payment of Dividend on share is the activity which remains financing activities for every enterprise.

21. Answer :
The main limitation of financial statements analysis is that it ignores the qualitative aspects such as management skills, labour relation and customer's satisfaction.

22. Answer :

Items	Major Heads	Sub-heads
Debenture	Non-current Liabilities	Long-term Borrowings
Loose Tool	Current Assets	Inventories
Call-in-advance	Current Liabilities	Other Current Liabilities

23. Answer :

a. Calculation of Debtors Turnover Ratio:

$$\text{Debtors turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Debtors}}$$

Cash Sales = 60% of Credit Sales

Let Credit Sales be x

Cash Sales = 0.6 x

Total Sales = Cash Sales + Credit Sales

5,20,000 = 0.6 × + x

Or, 1.6x = 5,20,000

Or, x = 3,25,000

Credit Sales = x = 3,25,000

$$\text{Average Debtors} = \frac{\text{Opening Debtors} + \text{Closing Debtors}}{2}$$

Opening Debtors = 3/4th of Closing debtors

Or, Opening Debtors= $80,000 \times \frac{3}{4} = 60,000$

Average Debtors $= \frac{60,000 + 80,000}{2} = 70,000$

Debtors Turnover Ratio $= \frac{3,25,000}{70,000} = 4.64$ time

b. Calculation of Quick Assets and Current Assets

Current Liabilities = ₹6,00,000

Liquid Ratio = 1.5:1

Current Ratio = 2.5:1

Liquid Ratio $= \frac{\text{Quick Assets}}{\text{Current Liablities}}$

or, $\frac{1.5}{1} = \frac{\text{Quick Assets}}{1,60,000}$

or, Quick Assets = 2,40,000

Current ratio $= \frac{\text{Current Assets}}{\text{Current Liabilities}}$

or, $\frac{2.5}{1} = \frac{\text{Current Assets}}{1,60,000}$

or, Current Assets = 4,00,000

24. Answer :

Particulars	2010-11 ₹	2011-12 ₹	Absolute Change ₹	Percentage Change (%)
I. Revenue from operations	24,00,000	40,00,000	16,00,000	66.67
II. Other Income	18,00,000	24,00,000	6,00,000	33.33
III. Total Revenue (I+II)	42,00,000	64,00,000	22,00,000	52.38
IV. Expense	(14,00,000)	(16,00,000)	(2,00,000)	14.29
V. Profit before Tax (III-IV)	**28,00,000**	**48,00,000**	**20,00,000**	**71.43**

25. Answer :

Cash Flow Statement of Krishtec Ltd.

For the year ended March 31,2012

	Particular	₹	₹
A	**Cash Flow from Operating Activities**		
	Net Profit (as per statement of Profit and Loss)		(50,000)
	Items to be Added:		
	Depreciation	1,20,000	
	Interest Paid	36,000	1,56,000
	Operating Profit before Working Capital adjustment		**1,06,000**
	Add: Decrease in Current Assets & Increases current Liabilities		
	Increases in trade Payable	10,000	
	Less: Increases in Current Assets & Decrease current Liabilities		
	Increases trade receivables	(80,000)	
	Increase in inventory	(1,00,000)	(1,70,000)
	Cash Generated from operations		(64,000)
	Less: Tax paid		NIL
	Net Cash Flow From Investing Activities		**(64,000)**
B	**Cash Flow Investing Activities**		

	Purchase of Tangible assets	(4,20,000)	
	Net Cash flow used in Investing Activities		(4,20,000)
C	**Cash Flow From Financing Activities**		
	Proceeds from Issue Of Equity Share	4,00,000	
	Long-Term Borrowings raised	90,000	
	Interest Paid	(36,000)	
	Net Cash Flow from Financing Activities		**4,54,000**
D	**Net Increases Or Decreases in Cash and Cash Equivalents**		**(30,000)**
	Add: Cash and Cash Equivalents in the beginning of the period		3,70,000
	Cash and Cash Equivalents at the end of the period		**3,40,000**

Working Note:

Fixed Assets (Tangible) Account

Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	9,00,000	By Depreciation A/c	1,20,000
To Bank A/c (Purchase)	4,20,000	By Balance c/d	12,00,000
	13,20,000		**13,20,000**