**Sample Paper 2013**

**Class XII**

## Subject Accountancy

**Time Allowed : 3 Hrs. Max. Marks : 80**

***General Instructions:-***

*(i) This question paper contains two parts A and B.*

*(ii) All parts of the question should be attempted at one place.*

**PART ‘A’**

1. X has given a loan of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 to the firm. He claims 10% p. a. interest. Is his claim

valid in case partnership deed is silent in this matter? **(1)**

2. What is meant by change in profit-sharing ratio? **(1)**

3. Under what circumstances premium for goodwill paid by the incoming partner would

never be recorded in the books of account? **(1)**

4. On dissolution of a firm, out of the proceeds received from the sale of assets who will be

paid first of all. **(1)**

5. What is meant by surrender of shares? **(1)**

6. What is Subscribed Capital? **(1)**

7. What is meant by a Debenture? (**1)**

8. A, B and C are partners in a firm sharing profits and losses in the ratio of 2 : 3 : 5. Their

fixed capitals were [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,00,000, [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30,00,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,00,000 respectively. For the year 2012

interest on capital was credited to them @ 12% instead of 10%. Pass the necessary adjustment

entry. **(3)**

9. Mohan Ltd. gave notice of its intention to redeem its outstanding 14% Debentures of           [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,00,000; at 5% premium. However, an option to convert their holding into 15%

cumulative preference shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 each at[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30 per share was also given. Debenture

holders holding Debentures of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,53,000 accepted the offer. Journalise. **(3)** **(3)**

10. On 31.3.2011 G Ltd. had [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,00,000 9% debentures due for redemption. The company had a

balance of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,40,000 in its Debenture Redemption Reserve Account. Pass necessary journal

entries for redemption of debentures if redemption was carried out of capital. **(3)** **(3)**

11. Akshaya and Ritika were partners in a firm supplying school stationery. They share profits in the ratio of 4 : 1. Their capitals as on 1st April 2012 were [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2,00,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000          respectively.On this date Ritika suggested Akshaya to start supplying low cost stationery          also to the students who belong to low income group and have been admitted to the private          schools of the city as per the provisions of Rights to Education Act 2009. Akshaya agreed          and requested to admit her friend Sunil, a physically handicapped unemployed person in to

the firm, however Sunil will not contribute any capital. Akshaya surrenders 1/4th of her

share and Ritika surrenders 1/2 of her share in favour of Sunil, a new partner.

(i) Identify any four values which according to you motivated them to form the             partnership firm. **(2)**

(ii) Calculate Sacrificing ratio. **(1)**

(iii) Calculate new ratio. **(1)**

12. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into the partnership with1/4 th share in future profits. The new profit sharing ratio is 5 : 4 : 3. C           brings into the business [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 for his capital but could not bring any amount for           goodwill. The firm’s goodwill on C’s admission was valued at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 48,000. Pass journal           entries. **(4)**

13. P Ltd. Purchase business from Q Ltd. for a sum of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,00,000, payable a [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 by            issuing a cheque and the balance in fully paid equity shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each at 10% premium.

The assets and liabilities consisted the following:

Building [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,00,000 Bills Payable [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30,000

Bills Receivables [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 Sundry creditors [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 40,000

Pass necessary journal entries in the books of P Ltd.           **(4)**

14. Akshit Ltd. was registered with an authorized capital of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,00,000 divided into           1,00,000 Equity shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each. The company offered for public subscription 60,000           Equity shares. Applications for 56,000 shares were received and allotment was made to all           the applicants. All the calls were made and were duly received except the second and final           call of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20 per share on 700 shares.

Prepare the Balance sheet of the company. Also prepare Notes to Accounts for the same. **(4)**

15. X, Y, and Z are partners with fixed capitals of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,50,000, [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,20,000 and

1,00,000 respectively. The Balance of current accounts on 1st January, 2011 were X            [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,000 (Cr.); Y [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,000 (Cr.) and Z [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2,000 (Dr.). X advanced [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000 on July 1, 2011.            The partnership deed provided for the following:



(a) Interest on Capital at 5% p. a.

(b) Interest on drawings at 6% p. a. Each partner drew [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,000 on July 1, 2011.

(c) [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000 is to be transferred to a Reserve Account.

(d) Profit and Loss to be shared in the proportion of 3 : 2 : 1 upto [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,000 and above

             60,000 equally.



Net profit of the firm before above adjustments was [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,15,400

From the above information, prepare Profit and Loss Appropriation Account, Capital and Current Accounts of the partners.                                                          **(6)**

16. A, B and C were partners in a business sharing profits equally, C retires on 1.1.2011, when the Balance Sheet stood as follows:

**BALANCE SHEET**

as at 1.1.2011

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Assets | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Bills Payable  Creditors  General Reserve  Profit and Loss A/c  Capitals –  A  B  C | 2,000  350  7,500  3,000  7,500  8,250  8,000 | Cash at Bank  Bills Receivable  Debtors  Stock in Trade  Furniture & Fixtures  Building & Land  Deferred Revenue Expenditure  (Advertisement) | 3,750  2,500  6,300  700  4,000  16,350  3,000 |
| 36,600 | 36,600 |
|  |  |

The goodwill of the firm is valued at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 11,250. Amount payable to C is transferred to his loan account which will be paid in three equal annual installment together with interest @ 10% p. a. Show the Retiring Partner’s Capital Account and his Loan Account till it is paid off. Books of accounts are closed on 31st December ever year. **(6)**

17. Athveth Ltd. invited applications for 80,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20 each at a premium of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 per            share. The share was payable as follows:

10 on Application



10 on Allotment (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 as premium)



4 on First Call



1 on Second and Final Call



Applications were received for 1,50,000. Full allotment was made to an applicant who has applied for 10,000 shares. Applications for 10,000 shares was rejected. Pro-rata allotment was made to the remaining applicants as under:

Applicants for 50,000 shares were allotted 30,000 shares

Applicants for 80,000 shares were allotted 40,000 shares

X, a holder of 150 shares and who belongs to those category who have applied for 50,000 shares failed to pay allotment money and on his subsequent failure to pay first call his shares were forfeited.

(i) Journalise in the books of Athveth Limited. **(6)**

(ii) Which value has been affected by rejecting the application of the applicants  who              had applied for 10,000 shares? Suggest a better alternative for the same. **(2)**

**OR**

Krishna Limited invited applications for 5,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 at a premium of[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 per share payable as follows:

On Application [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15 (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2 as premium)

On Allotment [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1 as premium)

On First and Final Call [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2 as premium)

Applications were received for 7,500 shares and prorata allotment was made to applications for 6,000 shares. Remaining applications were rejected.

Sree, to whom 100 shares were allotted, failed to pay the allotment money and call money. Saran, a holder of 150 shares failed to pay the first and final call. These shares were forfeited after the final call was made.

(i) Which value has been affected by the rejection of application? Suggest a better              alternative for the same. **(2)**

(ii) Pass journal entries in the books of Krishna Ltd.            **(6)**

18. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st           March, 2012, their Balance Sheet was as under:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Assets | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Creditors  Capital A/cs:  A 1,50,000  B  80,000 | 70,000  2,30,000 | Bank  Debtors  Stock  Furniture  Goodwill | 40,000  1,20,000  60,000  50,000  30,000 |
| 3,00,000 | 3,00,000 |
|  |  |

On the above date C is admitted as a partner. A surrendered 1/6th of his share and B 1/3rd of his share in favour of C. Goodwill is valued at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,20,000. C brings in only 1/2 of his share of goodwill in cash and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000 as his capital. Following adjustments are agreed upon:

(i) Stock is to be reduced to [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 56,000 and furniture by [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,000.

(ii) There is an unrecorded asset worth [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000.

(iii) One month’s rent of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,000 is outstanding.

(iv) A creditor for goods purchased for [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,000 had been omitted to                         be recorded although the goods had been correctly included in stock.

(v) Insurance premium amounting to [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,000 was debited to P & L A/c,

of which [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2,000 is related to the period after 31st March, 2012.

You are required to prepare Revaluation Account, Partner’s Capital Accounts and the Balance Sheet of the new firm. **(8)**

**OR**

On 1st January, 2011, X, Y and Z started business sharing profit and losses in the ratio of

3 : 2 : 1 respectively. They contributed [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000, [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 40,000 respectively as their Capital which was deposited into Bank. Each Partner withdrew [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,000 during the year. The firm was dissolved on 31st December, 2011. X took up the stock at an agreed price of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25,000. Y took up furniture at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,000 and Z took up debtors at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 18,500. Creditors were paid off and then remained a balanced of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 14,000 in the Bank Account.

Prepare the necessary accounts to show the result of winding up and to close the books of the firm . **(8)**

**PART - B**

19. Name any two financial characteristics which are analyzed by Financial Analysis. **(1)**

20. Give two examples of extra ordinary items. **(1)**

21. How will you disclose purchase of goodwill in Cash Flow Statement? **(1)**

22. List the different items which are presented under the major head. ‘Non-current Assets’ as            per revised Schedule VI Part I of the Companies Act 1956.                     **(3)**

23. On the basis of the following information, calculate the

(i) Debt-Equity Ratio, and (ii) Working Capital Turnover Ratio **(4)**

|  |  |
| --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Net Sales  Cost of Goods Sold  Other Current Assets  Current Liabilities  Paid-up Share Capital  6% Debentures  9% Loan  Debenture Redemption Reserve (DRR)  Closing Stock | 60,00,000  45,00,000  11,00,000  4,00,000  6,00,000  3,00,000  1,00,000  2,00,000  1,00,000 |

24. Prepare the Comparative Income Statement from the following:

|  |  |  |
| --- | --- | --- |
| Particulars | 31st March, 2011  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | 31st March, 2012  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Revenue from operation  Cost of material consumed  Expenses | 10,00,000  6,00,000  40,000 | 12,50,000  7,50,000  50,000 |

Interest on Investments @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 and Taxes Payable @ 50%.     **(4)**

25. From the following Balance Sheets of Samta Ltd., as at 31st March, 2011 and 31st March, 2012 prepare the Cash Flow Statement:

|  |  |  |
| --- | --- | --- |
| Particulars | 31.3.2011 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)) | 31.3.2012 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)) |
| 1. EQUITY AND LIABILITIES  1. Shareholders’ Funds  Share Capital  Reserves and Surplus: 31.3.2011 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)) 31.3.2012 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg))  Statement of Profit and Loss 2,00,000 4,00,000  Miscellaneous Expenditure (2,00,000) . . .  2. Current Liabilities  Provisions: Proposed Dividend  Total  II. ASSETS  Fixed Assets  Current Assets  Total | 15,00,000  NIL  3,00,000  1,00,000 | 20,00,000  4,00,000  4,00,000  2,00,000 |
| 19,00,000 | 30,00,000 |
| 12,00,000  7,00,000 | 18,00,000  12,00,000 |
| 19,00,000 | 30,00,000 |
|  |  |

Additional Information:

1. During the year [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 depreciation was charged on fixed assets.

(ii) A piece of machinery included in fixed assets costing [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000 on which depreciation          charged as [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,000 was sold for [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,000. (**6)**

**Marking Scheme** **(2012-2013)**

**Pre board Examination Accountancy Set A**

1. No. He can get only 6% p.a. interest*.* **(1 Mark)**
2. A change in profit sharing ratio implies purchase of share of profit by one or more partners from other partner or partners. **(1 Mark)**
3. When the incoming partner pays the amount of premium for goodwill in cash to the old partners privately outside the business, no entries are passed for it. **(1 Mark)**
4. First of all, outside (Third-party) debts of the firm will be paid. **(1 Mark)**
5. It is voluntary return of shares by a shareholder for the purpose of cancellation. **(1 Mark)**
6. It is that part of issued Capital which is subscribed for by the public. **(1 Mark)**
7. Debenture is a written instrument issued by the company, given under the seal of the company, acknowledging a debt and containing provisions in respect of repayment of principal and the payment of interest at a fixed rate. **(1 Mark)**
8. C’s Current A/c Dr. 15,000

To A’s Current A/c 12,000

To B’s Current A/c 3,000

(Interest excessive charged, now rectified) **(1 ½ Mark)**

**Working Note**

Table showing adjustment **(1 ½ Mark)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | A [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | B [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | C [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Total [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Interest already credited @12% | 1,80,000 | 3,60,000 | 7,20,000 | 12,60,000 |
| Interest that should have been credited @ 10% | 1,50,000 | 3,00,000 | 6,00,000 | 10,50,000 |
| Profit over credit | 30,000 | 60,000 | 1,20,000 | 2,10,000 |
| This profit will be divided in the ratio of 2:3:5 | 42,000 | 63,000 | 1,05,000 | 2,10,000 |
| Net Effect | 12,000  (Cr.) | 3,000  (Cr.) | 15,000  (Dr.) | \_\_\_ |

1. Books of Mohan Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | 14% Debenture A/c Dr.  Premium on Redemption of Debenture A/c Dr.  To Debenture holders’ A/c  (Being amount due to debenture holders) |  | 10,00,000  50,000 | 10,50,000 | **1** |
|  | Debenture holders’ A/c Dr.  To 15% Cum. Preference Share Capital A/c  To Securities Premium A/c  (Being conversion of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,53,000 14% debentures redeemed at 105% converted into [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,855, 15% cumulative preference shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30 per share) |  | 4,75,650 | 3,96,375  79,275 | **1** |
|  | Debenture holders’ A/c Dr.  To Bank A/c  (Being [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,74,350 paid to Debenture Holders on redemption) |  | 5,74,350 | 5,74,350 | **1** |

Working Notes: Calculation of numbers of 15% cum. Preference Shares to be issued:

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)4,75,650 / [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 +[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5) = 15,855 shares

1. Books of G. Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| 31.3.2011  31.3.2011  31.3.2011  31.3.2011 | Profit & Loss Appropriation A/c Dr.  To Debenture Redemption Reserve A/c  (Being appropriation of profit to debenture redemption reserve account as per section 117 C (1) of the Companies Act, 1956)  9% Debenture A/c Dr.  To Debenture holder A/c  (being payment due entry made)  Debenture holder A/c Dr.  To Bank A/c  (Being Debenture holders paid)  Debenture Redemption Reserve A/c Dr  To General Reserve A/c  (Being balance in DRR transfer to general reserve) |  | 60,000  8,00,000  8,00,000  4,00,000 | 60,000  8,00,000  8,00,000  4,00,000 | **1**  **½**  **½**  **1** |

**Solution 11.**

1. Values (any 4)

1.Societal concern 2. Sense of responsibility 3. Concern for others, showing love and care

4. Positive thinking 5. Empowering women entrepreneurship 6. Secularism 7.Sup porting the implementation of ‘ Right to Education Act 2009’ **( 2 marks)**

(ii) Sacrificing Ratio

Akshaya surrenders 1/4th of 4/5 = ¼ \* 4/5 = 1/5

Ritika surrenders ½ of 1/5 = ½ \* 1/5 = 1/10

Sacrificing Ratio = 1/5 : 1/10 = 2:1 **(1 mark)**

1. New ratio

Akshaya’s new share = 4/5 – 1/5 = 3/5

Ritika’s new share = 1/5 – 1/10 = 1/10

new ratio = 3/5 : 1/10 : 3/10 = 6: 1: 3 **(1 mark)**

**Solution 12:-**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | Bank A/c Dr.  To C’s Capital A/c  (being capital brought in cash)  C’s Current A/c Dr.  To A’s Capital A/c  To B’s Capital A/c  (Being goodwill of new partner credited in old partners capital in the sacrificing ratio) |  | 50,000  12,000 | 50,000  8,800  3,200 | **1**  **2** |

Working Note:

1. Goodwill of the firm [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)48,000

C’s share of goodwill = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)48,000\* ¼ = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)12,000

1. Sacrificing Ratio = Old ratio – New Ratio

A = 3/5 - 5/12 = 36 – 25 / 60 = 11/60

B = 2/5 – 4/12 = 24 – 20 / 60 = 4/60

A : B = 11 : 4 **(1mark)**

**Solution 13:- Books of P Ltd.**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DATE | PARTICULARS | L.F. | DEBIT [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | CREDIT [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **MARKS** |
|  | Building A/c Dr.  Bills Receivables A/c Dr.  To Bills Payable A/c  To Sundry Creditors A/c  To Q Ltd. A/c  To Capital Reserve A/c (bal. fig.)  (Being assets purchased and liability acquired)  Q Ltd. A/c Dr.  To Bank A/c  (Being part payment of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 made)  Q Ltd. A/c Dr.  To Equity Share Capital A/c  To Securities Premium A/c  (Being issuance of 2,000 equity share of  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each at 10% premium) |  | 4,00,000  50,000  80,000  2,20,000 | 30,000  40,000  3,00,000  80,000  80,000  2,00,000  20,000 | **1 ½**  **1**  **1 ½** |

Working notes:

1. Calculation of Capital Reserve

Capital Reserve = Net Assets – Purchase Consideration

Net Assets = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,00,000 + [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 40,000

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,80,000

Capital Reserve = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,80,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,00,000

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000

1. Calculation of number of equity share to be issued:

= 2,20,000/ 11 = 20,000 shares.

**Solution 14:-** BALANCE SHEET

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Equity and liabilities | Note No. | Current Year [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Previous Year [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Marks** |
|  | Shareholder’s funds   1. share capital   Total  **Assets**  Current Assets   1. Cash and cash equivalents (cash at bank)   Total | 1. | 55,86,000  55,86,000  55,86,000  55,86,000 |  | **1**  **1/2** |

Note to accounts-

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Marks** |
| 1. Share Capital   Authorized:  1,00,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each  Issued :  60,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each  Subscribed and Called-up :  56,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each  Paid-up :  56,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each 56,00,000  Less : Calls- in- arrears 14,000 | 1,00,00,000  60,00,000  56,00,000  55,86,000 |  | **½**  **½**  **½**  **½**  **½** |

**Solution 15:-** PROFIT AND LOSS APPROPRIATION A/C

for the year ended 31st Dec. 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amt. | Mark | Particulars | Amt. | Mark |
| To Interest on Capital  X’s Current A/c 7,500  Y’s Current A/c 6,000  Z’s Current A/c 5,000  To Reserve a/c  To Profit transferred to:  X’s Current A/c 35,734  Y’s Current A/c 25,733  Z’s Current A/c 15,733 | 18,500  20,000  77,200  1,15,700 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼**  **¼** | By Profit and  loss A/c 1,15,400  Less- Interest on  X’s loan(6 months) 600  By Interest on drawings  (6 months)  X’s Current A/c 300  Y’s Current A/c 300  Z’s Current A/c 300 | 1,14,800  900  1,15,700 | **¼**  **¼**  **¼**  **¼**  **¼** |

Capital A/c **marks- 1/2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Z | Particulars | X | Y | Z |
| To Bal. c/d | 1,50,000 | 1,20,000 | 1,00,000 | By Bal. b/d | 1,50,000 | 1,20,000 | 1,00,000 |

Current A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Z | mark | Particulars | X | Y | Z | mark |
| To Bal. b/d  To drawings  To IOD  To Bal. c/d | 10,000  300  40,934  51,234 | 10,000  300  24,433  34,733 | 2**,**000 10,000  300  8,433  20,733 | **1/4**  **¾**  **¼**  **¾** | By Bal. b/d  By IOC  By P& L a/c | 8,000  7,500  35,734  51,234 | 3,000  6,000  25,733  34,733 | 5,000  15,733  20,733 | **¼**  **¼** |

Working notes-

Distribution of profits= X + Y + Z

1. [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,000 (3:2:1) = 30,000 + 20,000 + 10,000
2. [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)17,200 (1:1:1) = 5,734 + 5,733 + 5,733

Total = 35,734 + 25,733+ 15,733

**Solution 16:-** C’s Capital A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** | Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| To Deferred Revenue Exp. A/c  To C’s Loan A/c | 1,000  14,250  15,250 | **¼**  **½** | By Bal. b/d  By A’s Capital A/c  By B’s Capital A/c  By Reserve fund A/c  By Profit and Loss A/c | 8,000  1,875  1,875  2,500  1,000  15,250 | **¼**  **½**  **½**  **¼**  **¼** |

C’s Loan A/c

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** | Date | Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| 2011  Dec 31  Dec 31  2012  Dec 31  Dec 31  2013  Dec 31 | To Bank A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)4,750+ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)1,425)  To Bal. c/d  To bank A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,750 + [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 950)  To Bal c/d  To Bank A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,750 + [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 475) | 6,175  9,500  15,675  5,700  4,750  10,450  5,225  5,225 | **¼**  **¼**  **1/4**  **¼**  **¼**  **¼**  **¼**  **¼** | 2011  Jan 1  Dec 31  2012  Jan 1  Dec 31  2013  Jan 1  Dec 31 | By C’s Capital A/c  By Interest A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)14,250@10%)  By Bal. b/d  By Interest A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 9,500@ 10%)  By Bal. b/d  By Interest A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,750@10%) | 14,250  1,425  15,675  9,500  950  10,450  4,750  475  5,225 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼** |

**Solution 17:-** Books of Athveth Ltd.

(i) JOURNAL

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | Bank A/c Dr.  To Share Application A/c  (being money received on application on 1,50,000 shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 per share)  Share application A/c Dr.  To Share Capital A/c  To Share Allotment A/c  To Bank A/c  (Being application money adjusted and surplus refunded)  Share Allotment A/c Dr.  To Share Capital A/c  To Securities Premium A/c  (being allotment money due on 80,000shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 per share including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 as premium)  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Bank A/c Dr.  To Share Allotment A/c  (being money received on allotment)([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)8,00,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)6,00,000- [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)500)  Share First Call A/c Dr.  To Share Capital A/c  (being first call money due on 80,000 shares [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4 per share)  Bank A/c Dr.  To Share First Call A/c  (being money received on first call except on 150 shares @[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)4 per share)  Share Capital A/c Dr.  Security Premium A/c Dr.  To Share Forfeited A/c  To Share Allotment A/c  To Share First Call A/c  (being 150 shares forfeited @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)19 per share for non-payment of allotment, first call as per Board’s Resolution dated…………) |  | 15,00,000  15,00,000  8,00,000  1,99,500  3,20,000  3,19,400  2,850  750 | 15,00,000  8,00,000  6,00,000  1,00,000  4,00,000  4,00,000  1,99,500  3,20,000  3,19,400  2,500  500  600 | **½**  **1**  **1**  **1**  **½**  **1**  **1** |

Working notes-

1. **Calculation of no. of shares applied by Mr. X**

Total no. of shares applied 50,000 shares and allotted by co. 30,000 shares.

Mr. A’s allotted share = 150

So, Mr. A’ s applied shares = 150 \* 50,000/ 30,000 = 250 shares

1. **Calculation of excess amt. received from Mr. X**

Application money paid on 250 shares( 250\*10)= 2500

less – application money on allotted shares(150\*10)=1500

Excess = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)1000

1. **Calculation of allotment arrears amt. payable by Mr. A**

Allotment money on 150 shares(150\*10) =1500

less- Excess = 1,000

Allotment arrear amt = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 500

1. Value of equality has been affected by rejecting the applications of the retail investors from having shares of the company. **(1 mark)**

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not be demotivated from investing in the capital of big companies in future. **(1 mark)**

**OR**

**Solution 17:-**

(i) Value of equality has been affected by rejecting the applications of the retail investors from having shares of the company. **(1 mark)**

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not be demotivated from investing in the capital of big companies in future. **(1 mark)**

(ii) Books of Krishna Ltd.

JOURNAL

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | Bank A/c Dr.  To Share Application A/c  (being money received on application on 7,500 shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15 per share)  Share application A/c Dr.  To Share Capital A/c  To Securities Premium A/c  To Share Allotment A/c  To Bank A/c  (Being application money adjusted and surplus refunded)  Share Allotment A/c Dr.  To Share Capital A/c  To Securities Premium A/c  (being allotment money due on 5,000shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 per share including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1 as premium)  Bank A/c Dr.  To Share Allotment A/c  (being money received on allotment except on 100 shares)([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)25,000-[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)15,000-[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)200)  Share First and Final Call A/c Dr.  To Share Capital A/c  To Securities Premium A/c  (being first call money due on 5,000 shares [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 per share including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2 as premium on final )  Bank A/c Dr.  To Share First and Final Call A/c  (being money received on first call except on 250 shares)  Share Capital A/c Dr.  Security Premium A/c Dr.  To Share Forfeited A/c  To Share Allotment A/c  To Share First and Final Call A/c  (being 250 shares forfeited for non-payment of allotment, first and final call as per Board’s Resolution dated…………) |  | 1,12,500  1,12,500  25,000  9,800  50,000  47,500  6,250  600 | 1,12,500  65,000  10,000  15,000  22,500  20,000  5,000  9,800  40,000  10,000  47,500  4,150  200  2,500 | **½**  **1**  **1**  **1**  **½**  **1**  **1** |

Working notes-

**Calculation of no. of shares applied by Sree**

Total no. of shares applied 6,000 shares and allotted by co. 5,000 shares.

Sree allotted share = 100

So, Sree applied shares = 100 \* 6,000/ 5,000 = 120 shares

**Calculation of excess amt. received from Sree**

Application money paid on 120 shares(120\*15)= 1800

less – application money on allotted shares(100\*15)=1500

Excess = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 300

**Calculation of allotment arrears amt. payable by Sree**

Allotment money on 100 shares(100\*5) =500

less- Excess = 300

Allotment arrear amt = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 200

**Solution 18 :-** Revaluation Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amount | **Mark** | Particulars | Amount | **Mark** |
| To Stock  To furniture  To outstanding rent  To Creditors | 4,000  5,000  15,000  10,000  34,000 | **¼**  **¼**  **¼**  **¼** | By unrecorded assets  By Prepaid insurance  By loss transferred to :  A’s Capital A/c 7,200  B’s Capital A/c 4,800 | 20,000  2,000  12,000  34,000 | **¼**  **¼**  **¼**  **¼** |

Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | A | B | C | **mark** | Particulars | A | B | C | **Mark** |
| To Revaltn a/c  To goodwill  To bal c/d | 7,200  18,000  136800  162000 | 4,800  12,000  79200  96000 | 100000  100000 | **½**  **½**  **3/4** | By bal b/d  By premium for goodwill  By C’s current a/c  By Bank | 150000  6000  6000  162000 | 80000  8000  8000  96000 | 100000  100000 | **½**  **½**  **½**  **1/4** |

Balance Sheet as on 31st March , 2012

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** | Assets | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| Creditors  Outstanding rent  Capital A/c:  A 1,36,800  B 79,200  C 1,00,000 | 80,000  15,000  3,16,000  4,11,000 | **¼**  **¼**  **1/4** | Bank  Debtors  Stock  Furniture  Prepaid insurance  Unrecorded assets  C’s Current A/c | 1,54,000  1,20,000  56,000  45,000  2,000  20,000  14,000  4,11,000 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼**  **¼** |

Working Notes :

1. Sacrificing ratios :

A’s surrender 1/6 \* 3/5 = 1/10

B’s surrender 1/3 \* 2/5 = 2/15

SR = 3 : 4

1. New ratios :

A’s New share 3/5 – 1/10 = 5/10

B’s New share 2/5 -2/15 = 4/15

C’s New share 1/10 + 2/15 = 7/30

NR = A: B: C: = 15: 8: 7

1. C’s share of goodwill = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,20,000 \* 7/30 = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 28,000

**OR**

**Solution 18 :-**

Balance Sheet as on 31st December, 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | Amt | **Mark** | Assets | Amt | **Mark** |
| X’s Capital:  Opening 1,00,000  Less: Drawings 15,000  Y’s Capital:  Opening 80,000  Less: Drawings 15,000  Z’s Capital:  Opening 40,000  Less: Drawings 15,000 | 85,000  65,000  25,000  1,75,000 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼** | Sundry Assets  (Bal. fig) | 1,75,000  1,75,000 | **½** |

Realization A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amount | **Mark** | Particulars | Amount | **Mark** |
| To Sundry Assets | 1,75,000  1,75,000 | **¼** | By X capital(stock)  By Y capital(furniture)  By Z capital(debtor)  By bank  By loss transferred to capital-  X 56,250  Y 37,500  Z 18,750 | 25,000  5,000  18,500  14,000  1,12,500  1,75,000 | **1/4**  **¼**  **¼**  **¼**  **¼**  **¼**  **¼** |

Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Z | mark | Particulars | X | Y | Z | Mark |
| To Realistn a/c (asset taken)  To Realistn a/c(loss)  To Bank | 25,000  56,250  3,750  85,000 | 5,000  37,500  22,500  65,000 | 18,500  18,750  37,250 | **¾**  **¾**  **½** | By bal b/d  By Bank  (deficit) | 85,000  85,000 | 65,000  65,000 | 25,000  12,250  37,250 | **¾**  **¼** |

Bank A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amount | **Mark** | Particulars | Amount | **Mark** |
| To realization a/c(assets)  To Z’s capital a/c | 14,000  12,250  26,250 | **¼**  **¼** | By X’s capital a/c  By Y’s capital a/c | 3,750  22,500  26,250 | **¼**  **¼** |

PART B

**Solution19:-** Profitability, liquidity and solvency(any 2) **(1 mark)**

**Solution 20:-** Any claim against loss of stocks from an insurance company( for operating activities), a claim for the destruction of building from an insurance company( for investing activity), buy back of shares( for financing activity), insurance proceed from Earthquake Disaster settlement( for operating activity). (Any 2) **(1 mark)**

**Solution 21:**- It will be shown as outflow under cash flow from investing activities. **(1 mark)**

**Solution 22:-** Non – Current Assets

1. Fixed assets

Tangible assets

Intangible assets

Capital work-in-progress

Intangible assets under development

1. Non Current Investments
2. Deferred tax assets(Net)
3. Long term loans and advances **( Marks:- a+b+c+d+e)**
4. Other non-current assets **(1+1/2+1/2+1/2+1/2)**

**Solution 23:-**

(i) Debt-Equity Ratio = Debt/ Equity **(1/2 mark)**

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,00,000/ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)8,00,000 **(1 mark)**

= 0.5:1 **(1/2 mark)**

Debt = 6% debenture + 9 % loan

Equity = Share Capital + DRR

(ii) Working Capital Turnover Ratio = Net Sales / Working Capital **(1/2 mark)**

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,00,000 / [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)8,00,000 **(1 mark)**

= 7.5 times **(1/2 mark)**

Working Capital = Other Current assets + closing stock – current liabilities

**Solution 24:-** Comparative Income Statement

for the year ended 31st March 2011 and 2012

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | 31.3.2011  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | 31.3.2011  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Absolute change in amt | **mark** | % change | **Mark** |
| I. Revenue from operations  II. Add:- Other incomes  Total Revenue ( I+II) | 10,00,000  50,000  10,50,000 | 12,50,000  50,000  13,00,000 | 2,50,000  -  2,50,000 | **¼**  **¼** | 25  23.81 | **¼**  **¼** |
| III. less:- Expenses  Cost of material consumed  Expenses  Profit before tax  IV. Less:- 50% tax  Profit after tax | 6,00,000  40,000  4,10,000  2,05,000  2,05,000 | 7,50,000  50,000  5,00,000  2,50,000  2,50,000 | 1,50,000  10,000  90,000  45,000  45,000 | **¼**  **¼**  **¼**  **¼**  **½** | 25  25  21.95  22  22 | **¼**  **¼**  **¼**  **¼**  **½** |

**Solution 25**:- CASH FLOW STATEMENT for the year ended 31st March, 2012

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| 1. Cash flow from operating activities   Net profit as per P& L statement  Add;- Proposed dividend  Net Profit before Tax  Add;- Depreciation on fixed assets  Loss on sale of machinery  Miscellaneous expenditure w/o  Operating profit before working capital changes  Add :- increase in current liabilities  Less :- increase in current assets  Net cash generated from operating activities   1. Cash flow from investing activities   Sale of fixed assets  Purchase of fixed assets  Net cash used in investing activities   1. Cash Flow from financing activities   Issue of share  Dividend paid  Net cash generated from financing activities   1. Net increase in cash and cash equivalents   ( A+B+C) | 2,00,000  2,00,000  4,00,000  80,000  2,000  2,00,000  6,82,000  1,00,000  7,82,000  5,00,000  10,000  (6,92,000)  5,00,000  (1,00,000) | 2,82,000  (6,82,000)  4,00,000  NIL | **¼**  **¼**  **¼**  **¼**  **¼**  **½**  **¼**  **¼**  **½**  **¼**  **¼**  **½**  **¼**  **¼**  **½**  **¼** |

Working Note:-

Fixed Assets A/c **(1 Mark)**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Amt | Particulars | Amt |
| To Balance b/d  To Bank (purchase) (Bal. fig) | 12,00,000  6,92,000  18,92,000 | By Depreciation A/c  By Bank A/c (sale)  By Statement of profit & Loss A/c  By Balance c/d | 80,000  10,000  2,000  18,00,000  18,92,000 |

**PRE BOARD EXAMINATION - 2012 - 2013**

**ACCOUNTANCY (SET - B)**

**CLASS - XII**

**Time Allowed : 3 Hrs. Max. Marks : 80**

***General Instructions:-***

*(i) This question paper contains two parts A and B.*

*(ii) All parts of the question should be attempted at one place.*

**PART ‘A’**

1. Mr. A claims 6 % p.a. interest on his capital. Is his claim valid if partnership deed is silent in this matter? **(1)**
2. What is meant by Gaining Partners? **(1)**
3. How can a new partner be admitted? **(1)**
4. How much amount will be paid to creditors for [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg). 25,000 if [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,000 of the creditors are not to be paid and the remaining creditors agreed to accept 5% less amount? **(1)**
5. Where would you transfer the balance left in share forfeiture account after the re issue of such shares? **(1)**
6. At what rate interest on Calls in Advance may be paid by a company according to Table A? **(1**)
7. What is Zero Coupon Bond? **(1)**
8. R, S and M are partners in a firm sharing profits and losses in the ratio of 2 : 1: 2. Their fixed capitals were [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,00,000 , [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg). 2,00,000 respectively. Interest on capital for the

year 2011 was credited to them @ 9 % p.a. instead of 10% p.a. The profit for the year before charging interest was [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2,50,000. Prepare necessary adjustment entry. **(3)**

. 9. On 31.3.2011 G Ltd. had [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,00,000 9% debentures due for redemption. The company had a

balance of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,40,000 in its Debenture Redemption Reserve Account. Pass necessary journal

entries for redemption of debentures if redemption was carried out of capital. **(3)**

10. Mohan Ltd. gave notice of its intention to redeem its outstanding 14% Debentures of            [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,00,000; at 5% premium. However, an option to convert their holding into 15%

cumulative preference shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 each at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30 per share was also given. Debenture

holders holding Debentures of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,53,000 accepted the offer. Journalise. **(3)**

11. P Ltd. Purchase business from Q Ltd. for a sum of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,00,000, payable as [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 by            issuing a cheque and the balance in fully paid equity shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each at 10% premium.

The assets and liabilities consisted the following:

Building [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,00,000 Bills Payable [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30,000

Bills Receivables [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 Sundry creditors [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 40,000

Pass necessary journal entries in the books of P Ltd.                   **(4)**

12. Akshit Ltd. was registered with an authorized capital of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,00,000 divided into           1,00,000 Equity shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each. The company offered for public subscription 60,000           Equity shares. Applications for 56,000 shares were received and allotment was made to all           the applicants. All the calls were made and were duly received except the second and final           call of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20 per share on 700 shares.

Prepare the Balance sheet of the company. Also prepare Notes to Accounts for the same. **(4)**

13. Akshaya and Ritika were partners in a firm supplying school stationery. They share profits in the ratio of 4 : 1. Their capitals as on 1st April 2012 were [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2,00,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000

respectively. On this date Ritika suggested Akshaya to start supplying low cost stationery

also to the students who belong to low income group and have been admitted to the private

schools of the city as per the provisions of Rights to Education Act 2009. Akshaya agreed

and requested to admit her friend Sunil, a physically handicapped unemployed person in to

the firm, however Sunil will not contribute any capital. Akshaya surrenders 1/4th of her

share and Ritika surrenders 1/2 of her share in favour of Sunil, a new partner.

1. Identify any four values which according to you motivated them to form

the partnership firm. **(2)**

(ii) Calculate Sacrificing ratio. **(1)**

(iii) Calculate new ratio. **(1)**

14. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into the partnership

with1/4 th share in future profits. The new profit sharing ratio is 5 : 4 : 3. C  brings into

the business [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 for his capital but could not bring any amount for goodwill. The

firm’s goodwill on C’s admission was valued at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 48,000. Pass journal entries. **(4)**

15. A, B and C were partners in a business sharing profits equally, C retires on 1.1.2011, when the

Balance Sheet stood as follows:

**BALANCE SHEET**

as at 1.1.2011

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Assets | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Bills Payable  Creditors  General Reserve  Profit and Loss A/c  Capitals –  A  B  C | 2,000  350  7,500  3,000  7,500  8,250  8,000 | Cash at Bank  Bills Receivable  Debtors  Stock in Trade  Furniture & Fixtures  Building & Land  Deferred Revenue Expenditure  (Advertisement) | 3,750  2,500  6,300  700  4,000  16,350  3,000 |
| 36,600 | 36,600 |
|  |  |

The goodwill of the firm is valued at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 11,250. Amount payable to C is transferred to his loan account which will be paid in three equal annual installment together with interest @ 10% p. a. Show the Retiring Partner’s Capital Account and his Loan Account till it is paid off. Books of accounts are closed on 31st December ever year. **(6)**

16. X, Y, and Z are partners with fixed capitals of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,50,000, [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,20,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000

respectively. The Balance of current accounts on 1st January, 2011 were X [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,000 (Cr.);

Y [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,000 (Cr.) and Z [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2,000 (Dr.). X advanced [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000 on July 1, 2011. The

partnership deed provided for the following:

(a) Interest on Capital at 5% p. a.

(b) Interest on drawings at 6% p. a. Each partner drew [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,000 on July 1, 2011.

(c) [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000 is to be transferred to a Reserve Account.

(d) Profit and Loss to be shared in the proportion of 3 : 2 : 1 upto [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,000 and above

[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,000 equally.

Net profit of the firm before above adjustments was [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,15,400

From the above information, prepare Profit and Loss Appropriation Account, Capital and Current Accounts of the partners.                                                          **(6)**

17. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st           March, 2012, their Balance Sheet was as under:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Assets | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Creditors  Capital A/cs:  A 1,50,000  B  80,000 | 70,000  2,30,000 | Bank  Debtors  Stock  Furniture  Goodwill | 40,000  1,20,000  60,000  50,000  30,000 |
| 3,00,000 | 3,00,000 |
|  |  |

On the above date C is admitted as a partner. A surrendered 1/6th of his share and B 1/3rd of his share in favour of C. Goodwill is valued at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,20,000. C brings in only 1/2 of his share of goodwill in cash and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000 as his capital. Following adjustments are agreed upon:

(i) Stock is to be reduced to [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 56,000 and furniture by [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,000.

(ii) There is an unrecorded asset worth [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20,000.

(iii) One month’s rent of[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,000 is outstanding.

(iv) A creditor for goods purchased for [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10,000 had been omitted to                         be recorded although the goods had been correctly included in stock.

(v) Insurance premium amounting to [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 8,000 was debited to P & L A/c, of which                       [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)  2,000 is related to the period after 31st March, 2012.

You are required to prepare Revaluation Account, Partner’s Capital Accounts and the Balance Sheet of the new firm. **(8)**

**OR**

On 1st January, 2011, X, Y and Z started business sharing profit and losses in the ratio of

3 : 2 : 1 respectively. They contributed[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,00,000, [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 and [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 40,000 respectively as their Capital which was deposited into Bank. Each Partner withdrew [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,000 during the year. The firm was dissolved on 31st December, 2011. X took up the stock at an agreed price of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25,000. Y took up furniture at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,000 and Z took up debtors at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 18,500. Creditors were paid off and then remained a balanced of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 14,000 in the Bank Account.

Prepare the necessary accounts to show the result of winding up and to close the books of the firm. **(8)**

18. Athveth Ltd. invited applications for 80,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 20 each at a premium of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 per            share. The share was payable as follows:

[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 on Application

[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 on Allotment (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 as premium)

[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4 on First Call

[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1 on Second and Final Call

Applications were received for 1,50,000. Full allotment was made to an applicant who has applied for 10,000 shares. Applications for 10,000 shares was rejected. Pro-rata allotment was made to the remaining applicants as under:

Applicants for 50,000 shares were allotted 30,000 shares

Applicants for 80,000 shares were allotted 40,000 shares

X, a holder of 150 shares and who belongs to those category who have applied for 50,000 shares failed to pay allotment money and on his subsequent failure to pay first call his shares were forfeited.

(i) Journalise in the books of Athveth Limited. **(6)**

(ii) Which value has been affected by rejecting the application of the applicants  who              had applied for 10,000 shares? Suggest a better alternative for the same. **(2)**

**OR**

Krishna Limited invited applications for 5,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 at a premium of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 per share payable as follows:

On Application [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15 (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2 as premium)

On Allotment [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1 as premium)

On First and Final Call [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 (including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2 as premium)

Applications were received for 7,500 shares and prorata allotment was made to applications for 6,000 shares. Remaining applications were rejected.

Sree, to whom 100 shares were allotted, failed to pay the allotment money and call money. Saran, a holder of 150 shares failed to pay the first and final call. These shares were forfeited after the final call was made.

(i) Which value has been affected by the rejection of application? Suggest a better              alternative for the same. **(2)**

(ii) Pass journal entries in the books of Krishna Ltd.            **(6)**

**PART B**

1. Under what heads and sub- heads ‘security deposit for telephones’ will appear in the Balance Sheet of a company as per revised schedule VI. **(1)**
2. State why Cash Flow Statement is not a substitute for Income Statement. **(1)**
3. ‘Payment of dividend’ will come under which type of activity while preparing the Cash Flow Statement? **(1)**
4. List the items which are presented under the major head ‘Current Assets’ as per Revised Schedule VI Part I of the Companies Act 1956. **(3)**
5. Prepare the Comparative Income Statement from the following:

|  |  |  |
| --- | --- | --- |
| Particulars | 31st March, 2011  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | 31st March, 2012  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Revenue from operation  Cost of material consumed  Expenses | 10,00,000  6,00,000  40,000 | 12,50,000  7,50,000  50,000 |

Interest on Investments @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 and Taxes Payable @ 50%.     **(4)**

1. On the basis of the following information, calculate the

(i) Debt-Equity Ratio, and (ii) Working Capital Turnover Ratio **(4)**

|  |  |
| --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Net Sales  Cost of Goods Sold  Other Current Assets  Current Liabilities  Paid-up Share Capital  6% Debentures  9% Loan  Debenture Redemption Reserve (DRR)  Closing Stock | 60,00,000  45,00,000  11,00,000  4,00,000  6,00,000  3,00,000  1,00,000  2,00,000  1,00,000 |

1. Following are the Balance Sheets of X Ltd. as at 31st March, 2011 and 2012:

|  |  |  |
| --- | --- | --- |
| Particulars | 31.3.2011 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)) | 31.3.2012 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)) |
| Liabilities  Share capital  Statement of Profit and Loss  9% Debentures  Trade payables (Creditors)  Outstanding Expenses  Assets  Fixed Assets  Investments  Inventories (Stock)  Trade Receivables (debtors)  Cash and cash equivalents | 4,00,000  (50,000)  2,00,000  1,10,000  10,000  6,70,000  3,00,000  2,00,000  50,000  1,00,000  20,000  6,70,000 | 7,00,000  (3,20,000)  4,00,000  1,50,000  20,000  9,50,000  5,00,000  1,40,000  1,00,000  1,70,000  40,000  9,50,000 |

Additional Information:

Included in the fixed assets was a piece of machinery costing [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 70,000 on which depreciation charged was [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)40,000 and it was sold for[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30,000. During the year [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,40,000 depreciation was charged on fixed assets. Prepare the Cash Flow Statement. **(6)**

**Marking Scheme (2012-2013)**

**Pre Board Examination Accountancy Set B**

1. He cannot claim any interest**. (1 mark)**
2. The partners whose shares have increased as a result of change in profit sharing ratio are called gaining partners. **(1 mark**)
3. According to Sec 31 of Indian Partnership Act 1932 a person can be admitted as new partner only with consent of all the existing partners. **(1 mark)**
4. [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 19,000 **(1 mark)**
5. Balance left in share forfeited a/c after the reissue of such shares represents a capital profit, which is transferred to Capital Reserve a/c. **(1 mark)**
6. As per Table A company is required to pay interest @ 6 % p.a. from the date of receipt of Calls in advance to the due date of the call. **(1 mark)**
7. A Zero Coupon Bond is one which doesn’t carry any specific rate of interest. In order to compensate the investors such bonds are issued at a substantial discount. **(1mark)**
8. [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)

S’s Current A/c Dr. 200

M’s Current A/c Dr. 400

To R’s Current A/c 600

(being interest less charge on capital,

now rectified) **(1 ½ mark)**

Working note- **(1 ½ mark)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | R [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | S [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | M [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Total [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) |
| Interest already credited @9%  Interest that should have been credited @10%  Profit divided in the ratio of 2: 1: 2  Net effect | 27,000  30,000  3000  2400  600 (Cr) | 9,000  10,000  1,000  1,200  (Dr)200 | 18,000  20,000  2,000  2,400  (Dr)400 | 54,000  60,000  6,000  6,000  - |

1. Books of G. Ltd.

JOURNAL

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| 31.3.2011  31.3.2011  31.3.2011  31.3.2011 | Profit & Loss Appropriation A/c Dr.  To Debenture Redemption Reserve A/c  (Being appropriation of profit to debenture redemption reserve account as per section 117 C (1) of the Companies Act, 1956)  9% Debenture A/c Dr.  To Debenture holder A/c  (being payment due entry made)  Debenture holder A/c Dr.  To Bank A/c  (Being Debenture holders paid)  Debenture Redemption Reserve A/c Dr  To General Reserve A/c  (Being balance in DRR transfer to general reserve) |  | 60,000  8,00,000  8,00,000  4,00,000 | 60,000  8,00,000  8,00,000  4,00,000 | **1**  **½**  **½**  **1** |

1. Books of Mohan Ltd.

JOURNAL

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | 14% Debenture A/c Dr.  Premium on Redemption of Debenture A/c Dr.  To Debenture holders’ A/c  (Being amount due to debenture holders) |  | 10,00,000  50,000 | 10,50,000 | **1** |
|  | Debenture holders’ A/c Dr.  To 15% Cum. Preference Share Capital A/c  To Securities Premium A/c  (Being conversion of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,53,000 14% debentures redeemed at 105% converted into [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15,855, 15% cumulative preference shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 at [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30 per share) |  | 4,75,650 | 3,96,375  79,275 | **1** |
|  | Debenture holders’ A/c Dr.  To Bank A/c  (Being [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5,74,350 paid to Debenture Holders on redemption) |  | 5,74,350 | 5,74,350 | **1** |

Working Notes: Calculation of numbers of 15% cum. Preference Shares to be issued:

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)4,75,650 / [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30 ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 25 +[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5) = 15,855 shares

**Solution 11:- Books of P Ltd.**

**JOURNAL**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DATE | PARTICULARS | L.F. | DEBIT [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | CREDIT [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **MARKS** |
|  | Building A/c Dr.  Bills Receivables A/c Dr.  To Bills Payable A/c  To Sundry Creditors A/c  To Q Ltd. A/c  To Capital Reserve A/c (bal. fig.)  (Being assets purchased and liability acquired)  Q Ltd. A/c Dr.  To Bank A/c  (Being part payment of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000 made)  Q Ltd. A/c Dr.  To Equity Share Capital A/c  To Securities Premium A/c  (Being issuance of 2,000 equity share of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each at 10% premium) |  | 4,00,000  50,000  80,000  2,20,000 | 30,000  40,000  3,00,000  80,000  80,000  2,00,000  20,000 | **1 ½**  **1**  **1 ½** |

Working notes:

1. Calculation of Capital Reserve

Capital Reserve = Net Assets – Purchase Consideration

Net Assets = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,00,000 + [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 50,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 30,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 40,000

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,80,000

Capital Reserve = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,80,000 - [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 3,00,000

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 80,000

1. Calculation of number of equity share to be issued:

= 2,20,000/ 11 = 20,000 shares.

**Solution 12:-** BALANCE SHEET

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Equity and liabilities | Note No. | Current Year [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Previous Year [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Marks** |
|  | Shareholders funds   1. share capital   Total  **Assets**  Current Assets   1. Cash and cash equivalents (cash at bank)   Total | 1. | 55,86,000  55,86,000  55,86,000  55,86,000 |  | **1**  **1/2** |

Note to accounts-

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Marks** |
| 1. Share Capital   Authorized:  1,00,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each  Issued :  60,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each  Subscribed and Called-up :  56,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each  Paid-up :  56,000 shares of [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 100 each 56,00,000  Less : Calls- in- arrears 14,000 | 1,00,00,000  60,00,000  56,00,000  55,86,000 |  | **½**  **½**  **½**  **½**  **½** |

**Solution 13.**

1. Values (any 4)
2. Societal concern 2. Sense of responsibility 3. Concern for others, showing love and care 4. Positive thinking 5. Empowering women entrepreneurship 6. Secularism 7.Supporting the implementation of ‘ Right to Education Act 2009’ **( 2 marks)**

(ii) Sacrificing Ratio

Akshaya surrenders 1/4th of 4/5 = ¼ \* 4/5 = 1/5

Ritika surrenders ½ of 1/5 = ½ \* 1/5 = 1/10

Sacrificing Ratio = 1/5 : 1/10 = 2:1 **(1 mark)**

1. New ratio

Akshaya’s new share = 4/5 – 1/5 = 3/5

Ritika’s new share = 1/5 – 1/10 = 1/10

new ratio = 3/5 : 1/10 : 3/10 = 6: 1: 3 **(1 mark)**

**Solution 14:-**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | Bank A/c Dr.  To C’s Capital A/c  (being capital brought in cash)  C’s Current A/c Dr.  To A’s Capital A/c  To B’s Capital A/c  (Being goodwill of new partner credited in old partners capital in the sacrificing ratio) |  | 50,000  12,000 | 50,000  8,800  3,200 | **1**  **2** |

Working Note:

1. Goodwill of the firm [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)48,000

C’s share of goodwill = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)48,000\* ¼ = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)12,000

1. Sacrificing Ratio = Old ratio – New Ratio

A = 3/5 - 5/12 = 36 – 25 / 60 = 11/60

B = 2/5 – 4/12 = 24 – 20 / 60 = 4/60

A : B = 11 : 4 **(1mark)**

**Solution 15:-** C’s Capital A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** | Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| To Deferred Revenue Exp. A/c  To C’s Loan A/c | 1,000  14,250  15,250 | **¼**  **½** | By Bal. b/d  By A’s Capital A/c  By B’s Capital A/c  By Reserve fund A/c  By Profit and Loss A/c | 8,000  1,875  1,875  2,500  1,000  15,250 | **¼**  **½**  **½**  **¼**  **¼** |

C’s Loan A/c

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** | Date | Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| 2011  Dec 31  Dec 31  2012  Dec 31  Dec 31  2013  Dec 31 | To Bank A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)4,750+ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)1,425)  To Bal. c/d  To bank A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,750 + [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 950)  To Bal c/d  To Bank A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,750 + [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 475) | 6,175  9,500  15,675  5,700  4,750  10,450  5,225  5,225 | **¼**  **¼**  **1/4**  **¼**  **¼**  **¼**  **¼**  **¼** | 2011  Jan 1  Dec 31  2012  Jan 1  Dec 31  2013  Jan 1  Dec 31 | By C’s Capital A/c  By Interest A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)14,250@10%)  By Bal. b/d  By Interest A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 9,500@ 10%)  By Bal. b/d  By Interest A/c  ([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,750@10%) | 14,250  1,425  15,675  9,500  950  10,450  4,750  475  5,225 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼** |

**Solution 16:-** PROFIT AND LOSS APPROPRIATION A/C

for the year ended 31st Dec. 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amt. | Mark | Particulars | Amt. | Mark |
| To Interest on Capital  X 7,500  Y 6,000  Z 5,000  To Reserve a/c  To Profit transferred to:  X’s Current A/c 35,734  Y’s Current A/c 25,733  Z’s Current A/c 15,733 | 18,500  20,000  77,200  1,15,700 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼**  **¼** | By Profit and  loss A/c 1,15,400  Less- Interest on  X’s loan(6 months) 600  By Interest on drawings  (6 months)  X 300  Y 300  Z 300 | 1,14,800  900  1,15,700 | **¼**  **¼**  **¼**  **¼**  **¼** |

Capital A/c **marks- 1/2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Z | Particulars | X | Y | Z |
| To Bal. c/d | 1,50,000 | 1,20,000 | 1,00,000 | By Bal. b/d | 1,50,000 | 1,20,000 | 1,00,000 |

Current A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Z | mark | Particulars | X | Y | Z | mark |
| To Bal. b/d  To drawings  To IOD  To Bal. c/d | 10,000  300  40,934  51,234 | 10,000  300  24,433  34,733 | 2**,**000 10,000  300  8,433  20,733 | **1/4**  **¾**  **¼**  **¾** | By Bal. b/d  By IOC  By P& L a/c | 8,000  7,500  35,734  51,234 | 3,000  6,000  25,733  34,733 | 5,000  15,733  20,733 | **¼**  **¼** |

Working notes-

Distribution of profits= X + Y + Z

1. [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,000 (3:2:1) = 30,000 + 20,000 + 10,000
2. [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)17,200 (1:1:1) = 5,734 + 5,733 + 5,733

Total = 35,734 + 25,733+ 15,733

**Solution 17 :-** Revaluation Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amount | **Mark** | Particulars | Amount | **Mark** |
| To Stock  To Furniture  To Outstanding rent  To Creditors | 4,000  5,000  15,000  10,000  34,000 | **¼**  **¼**  **¼**  **¼** | By unrecorded assets  By Prepaid insurance  By loss transferred to :  A’s Capital A/c 7,200  B’s Capital A/c 4,800 | 20,000  2,000  12,000  34,000 | **¼**  **¼**  **¼**  **¼** |

Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | A | B | C | **mark** | Particulars | A | B | C | **Mark** |
| To Revaltn a/c  To goodwill  To bal c/d | 7,200  18,000  136800  162000 | 4,800  12,000  79200  96000 | 100000  100000 | **½**  **½**  **3/4** | By bal b/d  By premium for goodwill  By C’s current a/c  By Bank | 150000  6000  6000  162000 | 80000  8000  8000  96000 | 100000  100000 | **½**  **½**  **½**  **1/4** |

Balance Sheet as on 31st March , 2012

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** | Assets | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| Creditors  Outstanding rent  Capital A/c:  A 1,36,800  B 79,200  C 1,00,000 | 80,000  15,000  3,16,000  4,11,000 | **¼**  **¼**  **1/4** | Bank  Debtors  Stock  Furniture  Prepaid insurance  Unrecorded assets  C’s Current A/c | 1,54,000  1,20,000  56,000  45,000  2,000  20,000  14,000  4,11,000 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼**  **¼** |

Working Notes :

1. Sacrificing ratios :

A’s surrender 1/6 \* 3/5 = 1/10

B’s surrender 1/3 \* 2/5 = 2/15

SR = 3 : 4

1. New ratios :

A’s New share 3/5 – 1/10 = 5/10

B’s New share 2/5 -2/15 = 4/15

C’s New share 1/10 + 2/15 = 7/30

NR = A: B: C: = 15: 8: 7

1. C’s share of goodwill = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1,20,000 \* 7/30 = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 28,000

**OR**

**Solution 17:-**

Balance Sheet sa on 31st December, 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | Amt | **Mark** | Assets | Amt | **Mark** |
| X’s Capital:  Opening 1,00,000  Less: Drawings 15,000  Y’s Capital:  Opening 80,000  Less: Drawings 15,000  Z’s Capital:  Opening 40,000  Less: Drawings 15,000 | 85,000  65,000  25,000  1,75,000 | **¼**  **¼**  **¼**  **¼**  **¼**  **¼** | Sundry Assets  (Bal. fig) | 1,75,000  1,75,000 | **½** |

Realization A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amount | **Mark** | Particulars | Amount | **Mark** |
| To Sundry Assets | 1,75,000  1,75,000 | **¼** | By X capital(stock)  By Y capital(furniture)  By Z capital(debtor)  By bank  By loss transferred to capital-  X 56,250  Y 37,500  Z 18,750 | 25,000  5,000  18,500  14,000  1,12,500  1,75,000 | **1/4**  **¼**  **¼**  **¼**  **¼**  **¼**  **¼** |

Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y | Z | mark | Particulars | X | Y | Z | Mark |
| To Realistn a/c (asset taken)  To Realistn a/c(loss)  To Bank | 25,000  56,250  3,750  85,000 | 5,000  37,500  22,500  65,000 | 18,500  18,750  37,250 | **¾**  **¾**  **½** | By bal b/d  By Bank  (deficit) | 85,000  85,000 | 65,000  65,000 | 25,000  12,250  37,250 | **¾**  **¼** |

Bank A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | Amount | **Mark** | Particulars | Amount | **Mark** |
| To realization a/c(assets)  To Z’s capital a/c | 14,000  12,250  26,250 | **¼**  **¼** | By X’s capital a/c  By Y’s capital a/c | 3,750  22,500  26,250 | **¼**  **¼** |

**Solution 18:-** Books of Athveth Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | Bank A/c Dr.  To Share Application A/c  (being money received on application on 1,50,000 shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 per share)  Share application A/c Dr.  To Share Capital A/c  To Share Allotment A/c  To Bank A/c  (Being application money adjusted and surplus refunded)  Share Allotment A/c Dr.  To Share Capital A/c  To Securities Premium A/c  (being allotment money due on 80,000shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 per share including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 as premium)  Bank A/c Dr.  To Share Allotment A/c  (being money received on allotment)  Share First Call A/c Dr.  To Share Capital A/c  (being first call money due on 80,000 shares [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4 per share)  Bank A/c Dr.  To Share First Call A/c  (being money received on first call except on 150 shares[INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)4 per share )  Share Capital A/c Dr.  Security Premium A/c Dr.  To Share Forfeited A/c  To Share Allotment A/c  To Share First Call A/c  (being 150 shares forfeited @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)19 per share for non-payment of allotment, first call as per Board’s Resolution dated…………) |  | 15,00,000  15,00,000  8,00,000  1,99,500  3,20,000  3,19,400  2,850  750 | 15,00,000  8,00,000  6,00,000  1,00,000  4,00,000  4,00,000  1,99,500  3,20,000  3,19,400  2,500  500  600 | **½**  **1**  **1**  **1**  **½**  **1**  **1** |

Working notes-

1. **Calculation of no. of shares applied by Mr. X**

Total no. of shares applied 50,000 shares and allotted by co. 30,000 shares.

Mr. A’s allotted share = 150

So, Mr. A’ s applied shares = 150 \* 50,000/ 30,000 = 250 shares

1. **Calculation of excess amt. received from Mr. X**

Application money paid on 250 shares( 250\*10)= 2500

less – application money on allotted shares(150\*10)=1500

Excess = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)1000

1. **Calculation of allotment arrears amt. payable by Mr. A**

Allotment money on 150 shares(150\*10) =1500

less- Excess = 1,000

Allotment arrear amt = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 500

1. Value of equality has been affected by rejecting the applications of the retail investors from having shares of the company. **(1 mark)**

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not be demotivated from investing in the capital big companies in future. **(1 mark)**

**OR**

**Solution 18:-**

(i) Value of equality has been affected by rejecting the applications of the retail investors from having shares of the company. **(1 mark)**

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not be demotivated from investing in the capital big companies in future. **(1 mark)**

(ii) Books of Krishna Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F. | Debit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Credit [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
|  | Bank A/c Dr.  To Share Application A/c  (being money received on application on 7,500 shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 15 per share)  Share application A/c Dr.  To Share Capital A/c  To Securities Premium A/c  To Share Allotment A/c  To Bank A/c  (Being application money adjusted and surplus refunded)  Share Allotment A/c Dr.  To Share Capital A/c  To Securities Premium A/c  (being allotment money due on 5,000shares @ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 5 per share including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 1 as premium)  Bank A/c Dr.  To Share Allotment A/c  (being money received on allotment except on 100 shares)  Share First and Final Call A/c Dr.  To Share Capital A/c  To Securities Premium A/c  (being first call money due on 5,000 shares [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 10 per share including [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 2 as premium on final )  Bank A/c Dr.  To Share First and Final Call A/c  (being money received on first call except on 250 shares)  Share Capital A/c Dr.  Security Premium A/c Dr.  To Share Forfeited A/c  To Share Allotment A/c  To Share First and Final Call A/c  (being 250 shares forfeited for non-payment of allotment, first and final call as per Board’s Resolution dated…………) |  | 1,12,500  1,12,500  25,000  9,800  50,000  47,500  6,250  600 | 1,12,500  65,000  10,000  15,000  22,500  20,000  5,000  9,800  40,000  10,000  47,500  4,150  200  2,500 | **½**  **1**  **1**  **1**  **½**  **1**  **1** |

Working notes-

**Calculation of no. of shares applied by Sree**

Total no. of shares applied 6,000 shares and allotted by co. 5,000 shares.

Sree allotted share = 100

So, Sree applied shares = 100 \* 6,000/ 5,000 = 120 shares

**Calculation of excess amt. received from Sree**

Application money paid on 120 shares(120\*15)= 1800

less – application money on allotted shares(100\*15)=1500

Excess = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 300

**Calculation of allotment arrears amt. payable by Sree**

Allotment money on 100 shares(100\*5) =500

less- Excess = 300

Allotment arrear amt = [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 200

**PART B**

**19.** Main head - Non current asset, Sub head – Long term loans and advances **(1 mark)**

**20.** Cash flow statement is not a substitute for income statement as it doesn’t calculate profit or loss

of the business. **(1 mark)**

**21.** Payment of dividend is classified under financing activity. **(1 mark )**

**22**. Current assets

a. Current investments b. Inventories c. Trade receivables d. Cash and cash

equivalents e. Short term loans and advances f. Other current assets **(6\*1/2 mark= 3)**

**Solution 23:-** Comparative Income Statement

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars | 31.3.2011  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | 31.3.2011  [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | Absolute change in amt | **mark** | % change | **Mark** |
| I. Revenue from operations  II. Add:- Other incomes  Total Revenue ( I+II) | 10,00,000  50,000  10,50,000 | 12,50,000  50,000  13,00,000 | 2,50,000  -  2,50,000 | **¼**  **¼** | 25  23.81 | **¼**  **¼** |
| III. less:- Expenses  Cost of material consumed  Expenses  Profit before tax  IV. Less:- 50% tax  Profit after tax | 6,00,000  40,000  4,10,000  2,05,000  2,05,000 | 7,50,000  50,000  5,00,000  2,50,000  2,50,000 | 1,50,000  10,000  90,000  45,000  45,000 | **¼**  **¼**  **¼**  **¼**  **½** | 25  25  21.95  22  22 | **¼**  **¼**  **¼**  **¼**  **½** |

**Solution 24:-**

(i) Debt-Equity Ratio = Debt/ Equity **(1/2 mark)**

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 4,00,000/ [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)8,00,000 **(1 mark)**

= 0.5:1 **(1/2 mark)**

Debt = 6% debenture + 9 % loan

Equity = Share Capital + DRR

(ii) Working Capital Turnover Ratio = Net Sales / Working Capital **(1/2 mark)**

= [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) 60,00,000 / [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)8,00,000 **(1 mark)**

= 7.5 times **(1/2 mark)**

Working Capital = Other Current assets + closing stock – current liabilities

**Solution 25**:- CASH FLOW STATEMENT for the year ended 31st March, 2012

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | [INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg) | **Mark** |
| 1. Cash flow from operating activities   Net loss as per P& L statement before Tax  Add;- Depreciation  Interest on debenture([INR](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)2lakh\*9/100) Operating profit before working capital changes  Add :- Increase in trade payables(creditor)  Increase in outstanding expense  Less :- increase in inventories  Increase in trade receivables  Net cash used in operating activities   1. Cash flow from investing activities   Sale of fixed assets  Purchase of fixed assets  Sale of investment  Net cash used in investing activities   1. Cash Flow from financing activities   Issue of share capital  Issue of 9% debenture  Interest paid on debenture  Net cash generated from financing activities   1. Net increase in cash and cash equivalents   ( A+B+C)   1. Cash and cash equivalent at 31.3.11 2. Cash and cash equivalent at 31.3.12 | (2,70,000)  1,40,000  18,000  (1,12,000)  40,000  10,000  (62,000)  (50,000)  (70,000)  30,000  (3,70,000)  60,000  3,00,000  2,00,000  (18,000) | (1,82,000)  (2,80,000)  4,82,000  20,000  20,000  40,000 | **½**  **¼**  **¼**  **½**  **¼**  **¼**  **¼**  **¼**  **½**  **¼**  **¼**  **¼**  **½**  **¼**  **¼**  **¼**  **½**  **½** |

Working Note:- Fixed Assets A/c

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Amt | Particulars | Amt |
| To Balance b/d  To Bank (purchase) (Bal. fig) | 3,00,000  3,70,000  6,70,000 | By Depreciation A/c  By Bank A/c (sale)  By Balance c/d | 1,40,000  30,000  5,00,000  6,70,000 |