

SAMPLE PAPER 4
CLASS –XII(ACCOUNTANCY)

Time allowed : 3 Hours

Maximum Marks : 80

General Instructions:

- 1) This question paper contains two parts- A and B.
- 2) All parts of a question should be attempted at one place.

Part A :Accounting for Not-for-Profit Organizations, Partnership Firms and Companies

Q1. Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 1-1-2018, they admitted Yogita as a new partner for 1/10th 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? Give reason in support of your answer. (1)

OR

Q.X and **Y** were partners in a firm sharing profits and losses in the ratio of 3:4. They admitted **Z** as a new partner for 2/7 share in profits which he acquires equally from **X** and **Y**. Calculate new Profit sharing Ratio. (1)

Q2. How will you treat the following items while preparing final accounts of non-trading concerns?

- (a) Honorarium (b) Legacy. (1)

OR

Q. What is life membership fees and how will you record it in the books of NPO?(1)

Q3. Receipts & Payment Account is prepared on Accrual Basis of Accounting. Is the statement correct? If not what is the correct basis for the above account. (1)

Q4. **X**, **Y** and **Z** were partners in a firm sharing profits in the ratio of 3:2:1. **Z** was guaranteed a profit of ₹10,000. During the year the firm earned a profit of ₹42,000. Calculate the net amount of Profit / Loss transferred to the capital accounts of **X** and **Y**. (1)

Q5. State any two occasions for the dissolution of the firm on court's order. (1)

Q6. Change in profit sharing ratio amounts to dissolution of partnership or partnership firm? Give reason in support of your answer. (1)

OR

Q. Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner?

Q7. **Z Ltd.** purchased machinery from **K Ltd.** **Z Ltd.** paid **K Ltd.** as follows :

- (i) By issuing 5,000 debentures of ₹10 each at a premium of 30%.
- (ii) By issuing 1,000, 8% Debentures of ₹100 each at a discount of 10%.
- (iii) Balance by giving a promissory note of ₹48,000 payable after two months.

Pass necessary journal entries for the purchase of machinery and payment to **K Ltd.** in the books of **Z Ltd** (3)

OR

Q. **K K Limited** obtained a loan of Rs. 10,00,000 from State Bank of India @ 9 % interest. The company issued Rs. 15,00,000, 9 % debentures of Rs. 100/- each, in favour of State Bank of India as collateral security. Pass necessary Journal entries for the above transactions:

- a. When company decided not to record the issue of 9 % Debentures as collateral security.

b. When company decided to record the issue of 9 % Debentures as collateral security (3)

Q8. On 1st October, 2015, X Ltd. issued 20,000, 10% Debentures of ₹ 100 each at a discount of 5% redeemable at par on 31st March, 2018. Compute the amount of discount to be written off each year and prepare Discount on Issue of Debentures A/c for 3 years. (3)

Q9. Surya Ltd with a Registered capital of 1,00,000 Equity Shares of ₹ 10 each, issued 10,000 Equity Shares payable ₹ 3 on Application, ₹ 2 on Allotment, ₹ 3 on First Call and ₹ 2 on Second and Final Call. The amount due on allotment and first call was duly received except Mr. X holding 600 shares. Second call was not made. Show how the Share Capital will be presented in the Balance Sheet of the Company. Also prepare notes to accounts. (3)

Q10. Monu, Nigam and Shreya were partners in a firm sharing profits in the ratio of 4:3:1. The firm closes its books on 31st March every year. As per the terms of partnership deed on the death of any partner, the share of goodwill of the deceased partner will be calculated on the basis of 50% of the net profits credited to the partners' capital account during the last four completed years before death. Monu died on 1st July, 2015. The profits for last four years were:

Year	Profit (Rs.)
2011-12	97,000
2012-13	1,05,000
2013-14	30,000
2014-15	84,000

His share of profit in the year of his death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2015 amounted to Rs. 21,00,000. From 1st April, 2015 to 31st June, 2015 the firm's sales were Rs. 2,00,000.

Pass necessary Journal entries relating to the amount of goodwill and profit to be transferred to Monu's Capital Account. Also show your working clearly. (3)

Q11. Cemto Ltd. forfeited 6,000 shares of Rs 10 each issued at a premium of Rs 2 per share for the non-payment call of Rs 3 per share. 300 of the forfeited shares were reissued for Rs 8 per share as fully paid up. Pass necessary entries for the forfeiture and re-issue of shares. Also prepare share forfeited account. (4)

Q12. Tinu and Binu entered into partnership on 1st April, 2017 and contributed ₹ 4,80,000 and ₹ 3,60,000 respectively as their capitals. On 1st October, 2017, Tinu granted a loan of ₹ 1,20,000 to the firm. The terms of the partnership agreement are as follows:

- 20% of profits before charging interest on drawings but after making appropriations to be transferred to General Reserve.
 - Interest on capital @ 12% p.a. and interest on drawings @ 10% p.a.
 - Tinu to get a monthly salary of ₹ 12,000 and Binu to get salary of ₹ 54,000 per quarter.
 - Tinu is entitled to a commission of 2% on sales. Sales for the year amounted to ₹ 21,00,000.
- The Profit for the year ended 31st March, 2018, before providing any interest was ₹ 11,06,400.
The Drawings of Tinu and Binu were ₹ 2,40,000 and ₹ 3,00,000 respectively.

Tinu wanted interest on her loan @ 15% p.a. and also wanted a greater share in profits as she managed the business actively even though these are not mentioned in the agreement.

Prepare Profit and Loss Appropriation Account to show the division of profits as per the agreement. (4)

OR

Kanika and Gautam are partners doing a dry cleaning business in Lucknow, sharing profits in the ratio 2 : 1 with capitals ₹ 5,00,000 and ₹ 4,00,000 respectively. Kanika withdrew the following amounts during the year 2015 to

pay the hostel expenses of her son

1st April	10,000
1st June	9,000
1st November	14,000
1st December	5,000

Gautam withdrew ₹ 15,000 on the first day of April, July, October and January to pay rent for the accommodation of his family. He also paid ₹ 20,000 per month as rent for the office of partnership which was in a nearby shopping complex. Calculate interest on drawings @6%p.a. (4)

Q13. Give the necessary journal entries for the following transactions on dissolution of the firm of Amit and Rajesh after the transfer of various assets (other than cash) and the third party liabilities to Realisation Account. They shared profits and losses in the ratio of 2:1.

- There was a bill of exchange of ₹ 1,000 under discount. The bill was received from Derek who became insolvent.
- Bills payable of ₹ 3,000 falling due on 30th April, 2016 were discharged at ₹ 2,955.
- Creditors of ₹ 3,000 took over machine of ₹ 1,000 at 10% discount and the balance was paid to them in cash.
- There was an old typewriter which had been written off completely. It was estimated to realize ₹ 6,000. It was taken away by Rajesh at 25% less than the estimated price.
- Amit agreed to take over the responsibility of completing dissolution at an agreed remuneration of ₹ 10,000 and to bear all realization expenses. Actual realization expenses ₹ 8,000 were paid by the firm.
- Loss on realization was ₹ 5,400.

(6)

OR

Q.A, S and P are partners sharing profits and losses in the ratio of 3:3:2. Their balance sheet as on March 31st 2018 was as follows :

Liabilities	Amount	Assets	Amount
Sundry creditors	4,800	Cash at bank	7,400
Bank Loan	7,200	Sundry debtors	8,800
Reserve Fund	2,000	Stock	24,000
Capital :	0	Machinery	
A		Building	31,800
40,000		Advertisement Suspense	
S		A/c	40,000
30,000	1,00,000		2,000
P			
<u>30,000</u>			
	1,14,000		1,14,000

Partners decided that with effect from April 1, 2018, they would share profits and losses in the ratio of 4:3:2. It was agreed that :

- (i) Stock be valued at ₹22,000.
- (ii) Machinery is to be depreciated by 10%.
- (iii) A provision for doubtful debts is to be made on debtors at 5%.
- (iv) Building is to be appreciated by 20%.
- (v) A liability for ₹500 included in sundry creditors is not likely to arise.

Partners agreed that the revised values are to be recorded in the books. Prepare necessary ledger accounts and balance sheet after reconstitution. (6)

Q14. Nexa Ltd. invited applications for issuing 17,000 equity shares of ₹10 each at a premium of ₹16 per share. The amount was payable as follows

- On Application – ₹14 per share (including premium ₹10 per share)
- On Allotment – ₹8 per share (including premium ₹6 per share)
- On First and Final Call – Balance.

Applications for 16,000 shares were received. Raman holding 40 shares failed to pay the allotment money. His shares were forfeited immediately after allotment.

Afterwards the final call was made. Veer who had applied for 120 shares failed to pay the final call. His share were also forfeited. Out of the forfeited shares 100 shares were re-issued at ₹8 per share fully paid-up including all the shares of Raman.

Pass necessary journal entries for the above transactions in the books of Nexa Ltd. (6)

Q15. Ruchin Ltd issued 4,200, 7% Debentures of ₹1,000 each on 1st April, 2011, redeemable at a premium of 8% on 31st March, 2015. The company decided to create required Debenture Redemption Reserve on 31st March, 2014. The company invested the funds as required by law in a fixed deposit with State Bank of India on 1st April, 2014 earning interest @ 10% per annum. Tax was deducted at source by the bank on interest @ 10% per annum. Pass necessary journal entries. (6)

Q16. From the following Receipts and Payments Account, Prepare Income and Expenditure Account of Patel Education Society for the year ending 31st March, 2018 and Balance Sheet as on that date:

Receipts & Payment Account for the year ended 31st March, 2018 (8)

Receipts	₹	Payment	₹
To Balance B/d	33,500	By Salaries	12,000
To Entrance Fees	3,000	By Electricity Charges	1,200
To Subscription		By Other Expenses	5,250
Arrears	500	By Fixed Deposit	25,000
Current Year	35,000	By Utensils	2,000
Advance	750	By Creditors	10,000
To Surplus on sale of refreshment	1,000	By Balance C/d	25,500
To Sale of old Typewriter (Book Value - Nil)	4,000		
To Miscellaneous Income	3,200		
	80,950		80,950

- (i) Following were the assets and liabilities as on 1st April, 2017:
 Utensils `8,000; Furniture `25,000; Consumable Stores `3,500, Creditors `12,000
- (ii) On 31st March, 2018 Stock of Consumable Stores was `7,000; Creditors were `5,500;
 Outstanding Subscription `750 and Accrued Interest on Fixed Deposits was `250
- (iii) Charge depreciation on the closing balance of furniture and utensils @ 10% and 15% respectively.

OR

- (a) Following information was obtained from the Crazy Jay Club:
- | | |
|--|--------|
| (i) Subscription received in 2017-18 as per Receipts and Payment A/c | 89,000 |
| (ii) Advance Subscription received in 2016-17 | 5,000 |
| (iii) Subscription Outstanding at the end of 2017-18
(including `1,500 for 2016-17) | 12,500 |
| (iv) Advance Subscription received for 2018-19 | 3,000 |
| (v) Subscription receivable on 1 st April, 2017 | 8,500 |
- Show how the relevant items will be shown in the Income and Expenditure Account and Balance Sheet.

- (b) From the following items of Receipts and Payment Account of Young Club, prepare Income and Expenditure Account for the year ended 31st March, 2018

Salaries Paid	5,00,000
Electricity Expenses	50,000
Printing & Stationery (including `5,000 for the previous year)	35,000
Subscription Received (including `20,000 received in advance and `50,000 for the previous year)	4,00,000
Net proceeds of Refreshment Room	4,50,000
Miscellaneous Expenses	1,60,000
Interest paid on loan for half year	12,000
Rent and Rates (including `10,000 prepaid)	75,000
Lockers rent received	45,000

Additional Information:

Subscription in arrears on 31st March, 2018 were `80,000 and half year interest on loan was outstanding.

Q17.W and R are partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet as on 31st March, 2016 was as follows : (8)

Balance Sheet of W and R as on 31-3-2016

Liabilities	`	Assets	`
Sundry Creditors	20,000	Cash	12,000
Provision for Bad Debts	2,000	Debtors	18,000
Outstanding salary	3,000	Stock	20,000
General reserve	5,000	Furniture	40,000
Capitals :		Plant Machinery	40,000
W	60,000		

R	<u>40,000</u>	1,00,000		
		1,30,000		1,30,000

On the above date C was admitted for $\frac{1}{6}^{\text{th}}$ share in the profits on the following terms :

- (i) C will bring `30,000 as his capital and `10,000 for his share of goodwill premium, half of which will be withdrawn by W and R.
- (ii) Debtors `1,500 will be written off as bad debts and a provision of 5% will be created for bad and doubtful debts.
- (iii) Outstanding salary will be paid off.
- (iv) Stock will be depreciated by 10%, furniture by `500 and Plant and Machinery by 8%.
- (v) Investments `2,500 not mentioned in the balance sheet were to be taken into account.
- (vi) A creditor of `2,100 not recorded in the books was to be taken into account. Pass necessary Journal Entries for the above transactions in the books of the firm on C's admission.

OR

QA, B and C were partners in a firm sharing profits in the ratio of 5:3:2. Their Balance Sheet was as follows:

Liabilities	`	Assets	`
Creditors	63,000	Land and Building	1,86,000
Investment Fluctuation Fund	30,000	Motor Vans	60,000
Profit and Loss Account	1,20,000	Investment	57,000
Capitals:		Machinery	36,000
A: 1,50,000		Stock	45,000
B: 1,20,000		Debtors 1,20,000	
C: <u>60,000</u>	3,30,000	Less: Provision <u>9,000</u>	1,11,000
		Cash	48,000
	5,43,000		5,43,000

On the above date B retired and A and C agreed to continue the business on the following terms:

- (i) Goodwill of the firm was valued at `2,00,000.
- (ii) Provision for bad debts was to be reduced by `3,000.
- (iii) There was a claim of `12,000 for workmen compensation.
- (iv) Motor Vans was valued at `1,00,000
- (v) Investment was valued at `45,000.
- (vi) Stock was valued at `40,000.
- (vii) B will be paid `24,600 in cash and the balance will be transferred to his loan account.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of A and C.

PART – B:Analysis of Financial Statements

- Q18** Short term investments are not considered while preparing cash flow statement. Why? (1)
- Q19.** The Goodwill of X Ltd increased from `2,00,000 in 2013-2014 to `3,00,000 in 2014-2015. What will be the treatment while preparing Cash Flow Statement for the year ended March 2015? (1)
- Q20.** From the following Statement of profit and loss of the Sakhi Ltd for the years ended 31st March 2015, prepare Comparative Statement of Profit & Loss. (4)

Particulars	2014-15 (`)	2013-14 (`)
Revenue from Operations	40,00,000	25,00,000
Expenses:		
a) Employee benefit expenses were 5% of Revenue from Operations		
b) Other Expenses	6,80,000	5,90,000
Rate of Tax - 35%		

Or

From the following Statement of profit and loss of Star Ltd., for the years ended 31st March, 2015 and 2014, prepare a Common Size Statement: (4)

Particulars	Note No.	2015- 16 Rs.	2014- 15 Rs.
Revenue from operations		25,00,000	20,00,000
Employee benefit expenses		10,00,000	7,00,000
Other expenses		2,00,000	3,00,000
Tax rate 40%			

- Q21.** (a) Under what heads and sub- heads the following items with appear in the Balance Sheet of a company as per Schedule III of Companies Act 2013. (2+2=4)
- (i) Premium Payable on redemption of Preference Shares
 - (ii) Interest Accrued but not due on long term borrowings
 - (iii) Stores and Spares
 - (iv) Calls in Advance
- (b) What is meant by Financial Statement Analysis? How is it important from the viewpoint of creditors and money lenders?
- Q22.** (a) Calculate Interest Coverage ratio from following information: (2+2=4)
- Profit after interest and Tax – `8,40,000 Rate of Income Tax – 30%
- 12% Debentures – `6,00,000
- (b) Calculate Quick ratio from following information:
- Equity Share capital- `4,50,000 General Reserve- `1,50,000
- Quick Assets- `9,00,000 Total Assets – `20,00,000 Capital Employed- `12,00,000
- OR

(a) Net profit after interest and tax Rs. 1,00,000; Current assets Rs. 4,00,000; Current liabilities Rs. 2,00,000; Tax rate 20%; Fixed assets Rs. 6,00,000; 10% Long term debt Rs. 4,00,000. Calculate Return on Investment.

(b) Rate of Gross profit on cost of a company is 25%. Its Gross profit is Rs. 5,00,000. Its shareholders' Funds are Rs. 12,00,000; Current liabilities are Rs. 3,00,000 and Current Assets are Rs. 10,00,000.

Calculate its Working Capital Turnover Ratio.

Q23. Following is the Balance Sheet of R.S. Ltd as at 31st March, 2016: (6)

Particulars	Notes No.	31-3-2016 (₹)	31-3-2015 (₹)
Equity and Liabilities			
(1) Shareholder's Funds			
(a) Share Capital		9,00,000	7,00,000
(b) Reserves and Surplus	1	2,50,000	1,00,000
(2) Non-current Liabilities			
Long-term borrowings	2	4,50,000	3,50,000
(3) Current Liabilities			
(a) Short-term borrowings	3	1,50,000	75,000
(b) Short-term provisions	4	2,00,000	1,25,000
Total		19,50,000	13,50,000
Assets			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible	5	14,65,000	9,15,000
(ii) Intangible	6	1,00,000	1,50,000
(b) Non-current Investments		1,50,000	1,00,000
(2) Current Assets			
(a) Current Investments		40,000	70,000
(b) Inventories	7	1,22,000	72,000
(c) Cash and Cash Equivalents		73,000	43,000
		19,50,000	13,50,000

Notes No.	Particulars	31-3-2016	31-3-2015
1	Reserves and Surplus (Surplus i.e. Balance in the Statement of Profit and Loss)	2,50,000	1,00,000
2	Long-term borrowings – 12% Debentures	4,50,000	3,50,000
3	Short-term borrowings – Bank overdraft	1,50,000	75,000
4	Short-term provisions – Provision for Tax	2,00,000	1,25,000
5	Tangible Assets		
	Machinery	16,75,000	10,55,000
	Less: Accumulated Depreciation	<u>(2,10,000)</u>	<u>(1,40,000)</u>
		<u>14,65,000</u>	<u>9,15,000</u>
6	Intangible Assets		

	Goodwill	1,00,000	1,50,000
7	Inventories		
	Stock in trade	1,22,000	72,000

Additional Information:

(i) 12% Debentures were issued on 31-3-2016.

(ii) During the year a piece of machinery costing ₹80,000, on which accumulated depreciation was ₹40,000, was sold at a loss of ₹10,000.

(iii) Contingent Liability	2016	2015
Proposed Dividend	2,00,000	3,00,000

Prepare a Cash Flow Statement.

Marking scheme

Ans1. No, accountant did not give correct treatment. Partners's Capital Accounts should be debited as firm has incurred loss. (1)

OR

New Share = 4:6:4 or 2:3:2

Ans2. (a) Debited to Income & Expenditure A/c, (b) Liability side.

OR

Ans. It is a membership fees which is paid by members for the whole life. It will be recorded in the liability side of balance sheet. (1)

Ans3 No. Receipts & Payment accounts prepared on cash basis of accounting. (1)

Ans4. X's Net Profit (21,000-1,800) = 19,200

Y's Net Profit (14,000 – 1,200) = 12,800

Z's Net Profit (7,000+3,000) = 10,000 (1)

Ans5 . Apart from minors, the following individuals cannot be admitted as partner (Any Two):

(i) Persons of unsound mind/ Lunatic persons

(ii) Insolvent persons.

(iii) Any other person who has been disqualified by law. (1)

Ans6. Change in Profit sharing ratio amounts to dissolution of partnership and not dissolution of firm as the existing agreement comes to an end and the firm continues under the new agreement. (1)

OR

Ans It is necessary to revalue assets and liabilities of a firm in case of admission of a partner so that the incoming partner is neither put to an advantage nor to disadvantage due to change in the market value of assets and liabilities.

Ans7.

Date	Particulars	Dr	Cr
(i)	Machinery A/c Dr. (Being machinery purchased from K Ltd.) To K Ltd.	2,03,000	2,03,000
(ii)	KLtd. Dr. To Equity Share Capital A/c Reserve A/c To Securities Premium (Being 5,000 equity shares of ₹ 10 each issued at 30% premium)	65,000	50,000 15,000
(iii)	KLtd. Discount on Issue of Debentures A/c Dr. (Being 1,000, 8% debentures of ₹ 100 each issued at 10% discount)	90,000 10,000	1,00,000

(iv)	KLtd. To Bills Payables A/c balance payment made by giving two months promissory note)	Dr. (Being	48,000	48,000
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Working Notes : Purchase Consideration = ` 65,000 + 90,000 + 48,000 = ` 2,03,000

Or

Ans In the Books of K.K. Ltd.(Journal)

Date	Particulars	Dr	Cr)
Case(a) (i)	Bank A/c Dr. To Bank Loan (SBI) A/c (Being bank loan raised from SBI, secured by issue of Rs.15,00,000, 9% Debentures as collateral security)	10,00,000	10,00,000
Case(b) (i)	Bank A/c Dr. To Bank Loan (SBI) A/c (Being bank loan raised from SBI, secured by issue of Rs.15,00,000, 9% Debentures as collateral security)	10,00,000	10,00,000
(ii)	Debentures suspense A/c Dr. To 9% Debentures A/c (Being 9% Debentures issued as collateral security for raising loan from SBI)	15,00,000	15,00,000

Ans8

Year ended 31st March	Debentures Outstanding	Ratio	Amount of Discount to be Written Off
2016	` 20,00,000 (for ½ year)	10	` 1,00,000 × 10/50 = ` 20,000
2017	` 20,00,000 (for 1 year)	20	` 1,00,000 × 20/50 = ` 40,000
2018	` 20,00,000 (for 1 year)	20	` 1,00,000 × 20/50 = ` 40,000
		50	1,00,000

Discount on Issue of Debentures A/c

Date	Particulars	Dr	Date	Particulars	Cr
Oct 15	To 10% Debentures	1,00,000	Mar. 31 16	By Statement of Profit and Loss	20,000
		1,00,000		By Balance c/d	80,000
					1,00,000
Apr. 1 16	To Balance b/d	80,000	Mar. 31 17	By Statement of Profit and Loss	40,000

		80,000		By Balance c/d	40,000 80,000
Apr. 1 17	To Balance b/d	40,000 40,000	Mar. 31 18	By Statement of Profit and Loss	40,000 40,000

Ans9. Balance Sheet of Surya Ltd as at (3)

Particulars	Note No.	Amount
<u>Shareholders Funds</u> Share Capital	1	77,000

Notes to accounts:

Share Capital	
<u>Authorised Share Capital</u> 1,00,000 Equity Shares of Rs 10 each	10,00,000
<u>Issued Share Capital</u> 10,000 Equity Shares of Rs 10 each	1,00,000
<u>Subscribed Share Capital</u> Subscribed but not fully paid up 10,000 equity shares of Rs 10 each, Rs 8 called up 80,000 Less Calls in arrears (600 X 5) <u>3,000</u>	77,000

Ans10. Books of Monu, Nigam and Shreya (Journal) (3)

Particulars	Dr	Cr
Nigam's Capital A/c Dr.	59,250	
Shreya's Capital A/c Dr.	19,750	
To Monu's Capital A/c (Being the amount of goodwill paid)		79,000
Profit & Loss Suspense A/c Dr.	4,000	
To Monu's Capital A/c (Being Monu's share of profit, till the date of death, transferred)		4,000

Calculation of Goodwill: Monu's share of goodwill = Rs. [97,000 + 1,05,000 + 30,000 + 84,000] x 50/100 x 4/8 = **Rs. 79,000**

Ans11.

Particulars	Dr	Cr
Share Capital A/c Dr.	60,000	

(iv)	Rajesh's Capital A/c To Realisation A/c (unrecorded old typewriter taken over by rajat)	Dr 	4,500	4,500
(v)	Realisation A/c To Amit's Capital A/c Amit's Capital A/c To Bank A/c	Dr Dr 	10,000 8,000	10,000 8,000
(vi)	Amit's Capital A/c Rajesh's Capital A/c To Realisation A/c (loss on realisation)	Dr Dr 	36,000 18,000	54,000

OR

Revaluation profit-2,880

Capital Balance A-41,080, S- 31,080, P-30,720

Balance sheet total- 1,14,380

Ans14.

Date	Particulars	Debit	Credit
	Bank A/cDr. To Equity Share Application A/c [Application money received on 16,000 shares]	2,24,000	2,24,000
	Equity Share Application A/c.....Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c [Application money tfd. to share capital, SPR A/c]	2,24,000	64,000 1,60,000
(ii)	Equity Share Allotment A/c.....Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c [Allotment money due on 1,60,00 shares]	1,28,000	32,000 96,000
	Bank A/cDr. Calls in arrear A/c..... Dr. To Equity Share Allotment A/c [Amount received on Allotment except on 40 shares]	1,27,680 320	1,28,000
(iii)	Equity Share Capital A/c.....Dr. Securities Premium Reserve A/c.....Dr. To Forfeited Shares A/c To Calls in Arrear A/c [Forfeiture of 40 shares for non-payment money]	240 240	160 320
(iii)	Equity Share First & Final Call A/cDr.	63,840	

	To Equity Share Capital A/c [First & Final call money due on 15,960 shares] Bank A/c.....Dr. Calls in arrear A/c..... Dr. To Equity Share First & Final Call A/c [Final Call money received except on 120 shares]	 63,360 480	63,840 63,840
(iv)	Equity Share Capital A/c.....Dr. To Forfeited Shares A/c To Calls in Arrear A/c [Forfeiture of 120 shares for non-payment money Bank A/cDr. Forfeited Shares A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c [100 of the forfeited shares reissued as fully paid up] Forfeited Shares A/cDr. To Capital Reserve A/c [Gain on 100 reissued shares tfd. to capital reserve] (160 + 360 – 200)	1,200 800 200 320	720 480 1,000 320

Ans15.

Date	Particulars	Debit	Credit
2011 Apr 1	Bank A/c Dr. To Debenture Application (Being debentures issued)	42,00,000	42,00,000
2011 Apr 1	Debenture Application a/c Dr. Loss on issue of debenture A/c Dr. To 7% Debenture A/c To Premium on redemption of debenture A/c	42,00,000 3,36,000	42,00,000 3,36,000
2014 Mar 31	Surplus i.e. balance in Statement of Profit & Loss Dr. To Debenture redemption Reserve A/c (The profits transferred to Debenture Redemption Reserve)	10,50,000	10,50,000
2014 April 1	Debenture Redemption Investment A/c Dr. To Bank A/c (The Investment made as fixed deposit)	6,30,000	6,30,000
2015 Mar 31	Bank A/c Dr. TDS Collected A/c Dr. To Debenture Redemption Investment A/c To Interest Earned A/c (Sale of DRI on the date ti and interest received)	6,86,700 6,300	6,30,000 63,000
Mar 31	7% Debenture A/c Dr. Premium on Redemption of Debenture A/c Dr. To Debentureholder's A/c (Being amount due to Debenture holders)	42,00,000 3,36,000	45,36,000

Mar 31	Debenture holder's A/c To Bank A/c (Being the amount due paid on redemption)	Dr.	45,36,000	45,36,000
Mar 31	Debenture Redemption Reserve A/c To General Reserve A/c (DRR transferred to General Reserve)	Dr.	10,50,000	10,50,000
Mar 31	Interest earned A/c To Statement of Profit and loss	Dr.	63,000	63,000

Ans16. Capital Fund 58,500
Surplus- 24,750 Balance Sheet as at 1st April, 2018- 89,500

Or

(a) Income & Expenditure A/c for the year ended 31st March, 2018

Expenditure	Amount	Income	Amount
		By Subscription Recd.	89,000
		Add Advance 16-17	5,000
		Add Outstanding 17-18	11,000
		Less Advance 18-19	3,000
		Less Outstanding 16-17	<u>7,000</u>
			95,000

Balance Sheet as at 1st April, 2017

Liabilities	Amount	Assets	Amount
Advance Subscription	5,000	Outstanding Subscription	8,500

Balance Sheet as at 31st March, 2018

Liabilities	Amount	Assets	Amount
Advance Subscription	3,000	Outstanding Subscription	12,500

(b) Surplus 76,000

Ans17.

A1 7.	Journal Entries				
	Date	Particulars	LF	Dr (Rs)	Cr (Rs)
		General Reserve A/c To W's Capital A/c To R's Capital A/c (General Reserve distributed)	Dr	5,000	3,000 2,000
		Cash A/c To C's Capital To Premium on goodwill (Cash received as c's capital and premium for goodwill)	Dr	40,000	30,000 10,000
		Premium for goodwill A/c To W's Cap A/c To R's Capital (Premium to goodwill distributed in sacrificing ratio)	Dr	10,000	6,000 4,000

	W's A/c R's A/c To Cash A/c (being half the goodwill withdrawn in cash)	Dr Dr	3,000 2,000	5,000
	Bad Debt A/c To Debtors A/c (being debtors written off)	Dr	1,500	1,500
	Provision for doubtful debt A/c To Bad Debts A/c	Dr	1500	1500
	Revaluation A/c To Provision for doubtful debt (16,500 X5%)-500	Dr	325	325
	Outstanding salary a/c To Cash A/c (being O/s Salary paid in cash)	Dr	3,000	3,000
	Revaluation A/c To Stock A/c To furniture A/c To Plant and Machinery (being decrease in assets recorded)	Dr	5,700	2,000 500 3,200
	Investment A/c To Revaluation A/c (being increase in investment recorded)	Dr	2,500	2,500
	Revaluation A/c To Creditors A/c (being increase in creditors recorded)	Dr	2100	2100
	W's Capital A/c R's Capital A/c To Revaluation A/c (loss on revaluation transferred to partner's capital a/c)	Dr Dr	3375 2250	5625
Revaluation Profit 26,000 Partner's Capital Account To B's Loan 2,04,600 To Balance c/d A-1,89,143, C-75,657 Balance Sheet Total 5,44,400				

	PART- B					
A18.	Short term investment is the part of cash and cash equivalents.					1
A19.	Increase of goodwill Rs 1,00,000 recorded in investing activities as a purchase of goodwill.					1
A20.	For the year ending 31 st March 2015 and 2016					4
	Particulars	Absolute amounts		Change	% Change	
	Revenue from operations	25,00,000	40,00,000	15,00,000	60	
	Add other income					
	Total Revenue	25,00,000	40,00,000	15,00,000	60	
	Less Expenses					
	Employee benefit Expenses	1,25,000	2,00,000	75,000	60	
	Other Expenses	5,90,000	6,80,000	90,000	15.25	
	Total Expenses	7,15,000	8,80,000	1,65,000	23.08	

	Profit before Tax	17,85,000	31,20,000	13,35,000	74.79	4	
	Less Tax @35%	6,24,750	10,92,000	4,67,250	74.79		
	Profit after Tax	11,60,250	20,28,000	8,67,750	74.79		
	OR						
	Common Size Statement						
	<i>For the year ended 31st March, 2016</i>						
	Particulars	Note No.	Absolute Amount		% age of Revenue Operations		
			2014-15(Rs.)	2015-16(Rs.)	2014-15(Rs.)		2015-16(Rs.)
	Revenue from operations		20,00,000	25,00,000	100%		100%
	Add: Other Income		---	----	----		----
	Total Revenue (A)		20,00,000	25,00,000	100%		100%
	Less: Expenses:						
	Employee benefit expenses		7,00,000	10,00,000	35%		40%
Other Expenses		3,00,000	2,00,000	15%	8%		
Total Expenses (B)		10,00,000	12,00,000	50%	48%		
Profit before tax (A-B)		10,00,000	13,00,000	50%	52%		
Less: Tax @ 40%		4,00,000	5,20,000	20%	20.8%		
Profit after Tax		6,00,000	7,80,000	30%	31.2%		
A21.	(a)					2+ 2	
	Particulars	Head		Sub Head			
	Premium payable on redemption of Preference Shares	Non-Current Liability		Other Long-Term Liability			
	Interest accrued but not due on long term borrowings.	Current Liability		Other CL			
	Stores and Spares.	Current Assets		Inventory			
	Calls in Advance	Current Liability		Other CL			
	(b) Analysis of financial statement is a systemic process of the critical examination of the financial information contained in the financial statements. Creditors and money lenders provide funds to the business so they are analysis the financial statement for safety of their money.						
A22.	(a) Interest Coverage Ratio = $\frac{\text{PBIT}}{\text{Fixed Interest Charged}} \times 100$ $= \frac{12,72,000}{72,000} = 17.67\%$					2+ 2	
	(b) Quick Ratio = $\frac{\text{Quick Assets}}{\text{Current Liabilities}}$ $= \frac{9,00,000}{8,00,000} = 1.125:1$ OR Return on Investment = 20.625% (b) Working Capital Turnover Ratio = 3.57 times						

Ans23 Net Profit before tax & extraordinary items 6,50,000

Cash flow from Operating Activity 6,87,000

Net Cash used in investing activities (7,20,000)

Net Cash flow from financing activities 33,000

