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 ₹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 willbepaid 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 of2 : 3 : 5. Their fixed capitals were ₹15,00,000, ₹30,00,000 and₹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 ₹ 10,00,000; at 5% premium. However, an option to convert their holding into 15% cumulative preference shares of ₹ 25 each at₹30 per share was also given. Debenture holders holding Debentures of₹4,53,000 accepted the offer. Journalise. **(3)**

10. On 31.3.2011 G Ltd. had ₹8,00,000 9% debentures due for redemption. The company had a balance of ₹3,40,000 in its Debenture Redemption Reserve Account. Pass necessary journalentries for redemption of debentures if redemption was carried out of capital. **(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 ₹ 2,00,000 and ₹ 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 tothe 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 ₹50,000 for his capital but could not bring any amount for goodwill. The firm's goodwill on C's admission was valued at ₹ 48,000. Pass journal entries. **(4)**

13. P Ltd. Purchase business from Q Ltd. for a sum of ₹ 3,00,000, payable a₹80,000 by issuing a cheque and the balance in fully paid equity shares of ₹100 each at 10% premium.

The assets and liabilities consisted the following:

Building ₹4,00,000	Bills Payable ₹30,000
Bills Receivables ₹50,000	Sundry creditors ₹ 40,000

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

14. Akshit Ltd. was registered with an authorized capital of ₹1,00,00,000 divided into 1,00,000 Equity shares of ₹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 ₹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 ₹ 1,50,000, ₹ 1,20,000 and ₹ 1,00,000 respectively. The Balance of current accounts on 1st January, 2011 were X ₹8,000 (Cr.); Y ₹ 3,000 (Cr.) and Z ₹ 2,000 (Dr.). X advanced ₹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 ₹ 10,000 on July 1,2011.

(c) ₹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 ₹ 60,000 and above ₹ 60,000 equally.

Net profit of the firm before above adjustments was ₹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	₹	Assets	₹
Bills Payable	2,000	Cash at Bank	3,750
Creditors	350	Bills Receivable	2,500
General Reserve	7,500	Debtors	6,300
Profit and Loss A/c	3,000	Stock in Trade	700

Capitals –		Furniture & Fixtures	4,000
A	7,500	Building & Land	16,350
B	8,250	Deferred Revenue	
C	8,000	Expenditure	3,000
	36,600	(Advertisement)	36,600

The goodwill of the firm is valued at ₹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 ₹ 20 each at a premium of₹5 per share. The share was payable as follows:

₹10	on Application
₹10	on Allotment (including ₹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 ₹25 at a premium of₹5 per share payable as follows:

On Application ₹15 (including ₹2 as premium)

On Allotment₹5 (including ₹1 as premium)

On First and Final Call ₹10 (including ₹2 as premium)

Applications were received for 7,500 shares and prorata allotment wasmade 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 abetter 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	₹	Assets	₹

Creditors	70,000	Bank	40,000
Capital A/cs:		Debtors	1,20,000
A 1,50,000		Stock	60,000
B 80,000		Furniture	50,000
	2,30,000	Goodwill	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 ₹1,20,000.C brings in only 1/2 of his share of goodwill in cash and ₹ 1,00,000 as his capital. Following adjustments are agreed upon:

(i) Stock is to be reduced to ₹56,000 and furniture by ₹5,000.
(ii) There is an unrecorded asset worth ₹20,000.
(iii) One month's rent of ₹15,000 is outstanding.
(iv) A creditor for goods purchased for ₹ 10,000 had been omitted to be recorded although the goods had been correctly included in stock.
(v) Insurance premium amounting to₹ 8,000 was debited to P & L A/c,

of which₹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 theratio of 3 : 2 : 1 respectively. They contributed ₹ 1,00,000, ₹ 80,000 and₹ 40,000 respectively as their Capital which was deposited into Bank. Each Partner withdrew ₹ 15,000 during the year. The firm was dissolved on 31st December, 2011. X took up the stock at an agreed price of ₹25,000. Y took up furniture at ₹ 5,000 and Z took up debtors at ₹ 18,500. Creditors were paid off and then remained a balanced of ₹ 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	₹
Net Sales	60,00,000
Cost of Goods Sold	45,00,000
Other Current Assets	11,00,000
Current Liabilities	4,00,000
Paid-up Share Capital	6,00,000
6% Debentures	3,00,000

9% Loan Debenture Redemption Reserve (DRR) Closing Stock	1,00,000 2,00,000 1,00,000

24. Prepare the Comparative Income Statement from the following:

Particulars	31st March, 2011 ₹	31st March, 2012 ₹
Revenue from operation	10,00,000	12,50,000
Cost of material consumed	6,00,000	7,50,000
Expenses	40,000	50,000

Interest on Investments @ ₹ 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 (₹)	31.3.2012 (₹)
1. EQUITY AND LIABILITIES		
1. Shareholders' Funds		
Share Capital	15,00,000	20,00,000
Reserves and Surplus: 31.3.2011 (₹) 31.3.2012 (₹)		
Statement of Profit and Loss 2,00,000 4,00,000		
Miscellaneous Expenditure (2,00,000) . . .		
2. Current Liabilities	NIL	4,00,000
Provisions: Proposed Dividend		
Total	3,00,000	4,00,000
II. ASSETS	1,00,000	2,00,000
Fixed Assets		
Current Assets		
Total	19,00,000	30,00,000
	12,00,000	18,00,000
	7,00,000	12,00,000
	19,00,000	30,00,000

Additional Information:

During the year ₹ 80,000 depreciation was charged on fixed assets.

(ii) A piece of machinery included in fixed assets costing ₹ 20,000 on whichdepreciation charged as ₹ 8,000 was sold for ₹ 10,000. **(6)**

<u>Marking Scheme</u>(2012-2013)

Pre board Examination Accountancy Set A

No. He can get only 6% p.a. interest. **(1 Mark)**

A change in profit sharing ratio implies purchase of share of profit by one or more partners from other partner or partners. **(1 Mark)**

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)**
First of all, outside (Third-party) debts of the firm will be paid.**(1 Mark)**
It is voluntary return of shares by a shareholder for the purpose of cancellation.**(1 Mark)**
It is that part of issued Capital which is subscribed for by the public.**(1 Mark)**
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)**

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 ₹	B ₹	C ₹	Total ₹
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.)	___

Books of Mohan Ltd.
JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	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 ₹ 4,53,000 14% debentures redeemed at 105% converted into ₹ 15,855, 15% cumulative preference shares of ₹ 25 at ₹ 30 per share)		4,75,650	 3,96,375 79,275	**1**
	Debenture holders' A/c Dr. To Bank A/c (Being ₹ 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:
= ₹4,75,650 / ₹ 30 (₹ 25 + ₹ 5) = 15,855 shares

Books of G. Ltd.
JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	**Mark**
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)		60,000 8,00,000 8,00,000	60,000 8,00,000 8,00,000	**1** ½ ½
31.3.2011	Debenture Redemption Reserve A/c Dr To General Reserve A/c (Being balance in DRR transfer to general reserve)		4,00,000	4,00,000	**1**
31.3.2011					
31.3.2011					

Solution 11.

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.Supporting the implementation of ‘ Right to Education Act 2009’ **(2 marks)**

(ii) Sacrificing Ratio

Akshay 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)**

New ratio

Akshay’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:-

JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	Mark
	Bank A/c Dr. To C's Capital A/c (being capital brought in cash)		50,000	50,000	**1**
	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)		12,000	8,800 3,200	**2**

:

Working Note:
Goodwill of the firm ₹48,000
C's share of goodwill = ₹48,000* ¼ = ₹12,000
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.**

JOURNAL

DATE	PARTICULARS	L.F.	DEBIT ₹	CREDIT ₹	MARKS
	Building A/c Dr.		4,00,000		
	Bills Receivables A/c Dr.		50,000		
	To Bills Payable A/c			30,000	
	To Sundry Creditors A/c			40,000	**1 ½**
	To Q Ltd. A/c			3,00,000	
	To Capital Reserve A/c (bal. fig.)			80,000	
	(Being assets purchased and liability acquired)				**1**
	Q Ltd. A/c Dr.		80,000		
	To Bank A/c			80,000	**1 ½**
	(Being part payment of ₹ 80,000 made)				
	Q Ltd. A/c Dr.		2,20,000		
	To Equity Share Capital A/c			2,00,000	
	To Securities Premium A/c			20,000	

	(Being issuance of 2,000 equity share of ₹ 100 each at 10% premium)				

Working notes:
Calculation of Capital Reserve
Capital Reserve = Net Assets – Purchase Consideration
Net Assets = ₹ 4,00,000 + ₹50,000 - ₹ 30,000 - ₹ 40,000
= ₹ 3,80,000
Capital Reserve = ₹ 3,80,000 - ₹ 3,00,000
= ₹ 80,000
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 ₹	Previous Year ₹	**Marks**
	Shareholder's funds share capital Total **Assets** Current Assets 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	₹	₹	**Marks**
Share Capital Authorized: 1,00,000 shares of ₹ 100 each Issued : 60,000 shares of ₹ 100 each Subscribed and Called-up : 56,000 shares of ₹ 100 each Paid-up : 56,000 shares of ₹ 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	18,5	¼ ¼ ¼ ¼	By Profit and loss A/c 1,15,400 Less- Interest on	1,14,8	¼ ¼

6,000 Z’s Current A/c5,000 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	00 20,000 77,200 1,15,700	¼ ¼ ¼	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	00 900 1,15,700	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

₹ 60,000 (3:2:1) = 30,000 + 20,000 + 10,000

₹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	₹	**Mark**	Particulars	₹	**Mark**
To Deferred Revenue Exp. A/c To C’s Loan A/c	1,000 14,250	¼ ½	By Bal. b/d By A’s Capital A/c By B’s Capital A/c By Reserve fund	8,000 1,875 1,875 2,500	¼ ½ ½ ¼

	15,250		A/c By Profit and Loss A/c	1,000 15,250	¼

C's Loan A/c

Date	Particulars	₹	**Mark**	Date	Particulars	₹	**Mark**
2011 Dec 31	To Bank A/c (₹4,750+ ₹1,425)	6,175	¼	2011 Jan 1	By C's Capital A/c	14,250	¼
Dec 31	To Bal. c/d	9,500	¼	Dec 31	By Interest A/c (₹ 14,250@10%)	1,425	¼
		15,675	**1/4**			15,675	
2012 Dec 31	To bank A/c (₹ 4,750 + ₹ 950)	5,700	¼	2012 Jan 1	By Bal. b/d	9,500	¼
Dec 31	To Bal c/d	4,750	¼	Dec 31	By Interest A/c (₹ 9,500@ 10%)	950	¼
		10,450	¼			10,450	
2013 Dec 31	To Bank A/c (₹ 4,750 + ₹ 475)	5,225	¼	2013 Jan 1	By Bal. b/d	4,750	¼
				Dec 31	By Interest A/c (₹ 4,750@10%)	475	¼
		5,225	¼			5,225	

Solution 17:-
(i)

Books of Athveth Ltd.
JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	**Mark**

	Bank A/c Dr. To Share Application A/c (being money received on application on 1,50,000 shares @ ₹ 10 per share)		15,00,000	15,00,000	½
	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)		15,00,000	8,00,000 6,00,000 1,00,000	1
	Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c (being allotment money due on 80,000shares @ ₹ 10 per share including ₹ 5 as premium)		8,00,000	4,00,000 4,00,000	1
	Bank A/c Dr. To Share Allotment A/c (being money received on allotment)(₹ 8,00,000 - ₹6,00,000- ₹500)		1,99,500	1,99,500	1
	Share First Call A/c Dr. To Share Capital A/c (being first call money due on 80,000 shares ₹ 4 per share)		3,20,000	3,20,000	½
	Bank A/c Dr. To Share First Call A/c (being money received on first call except on 150 shares @₹4 per share)		3,19,400	3,19,400	1
	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 @ ₹19 per share for non-payment of allotment, first call as per Board's Resolution dated…………)		2,850 750		1

Working notes-

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

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 = ₹1000

Calculation of allotment arrears amt. payable by Mr. A

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

less- Excess = 1,000

Allotment arrear amt = ₹ 500

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 ₹	Credit ₹	**Mark**
	Bank A/c Dr.		1,12,500		
	To Share Application A/c			1,12,500	½
	(being money received on application on 7,500 shares @ ₹ 15 per share)				
	Share application A/c Dr.		1,12,500		
	To Share Capital A/c				
	To Securities Premium A/c			65,000	
	To Share Allotment A/c			10,000	**1**
	To Bank A/c			15,000	
	(Being application money adjusted and surplus refunded)			22,500	
	Share Allotment A/c Dr.		25,000		
	To Share Capital A/c				**1**
	To Securities Premium A/c			20,000	
	(being allotment money due on 5,000shares @ ₹ 5 per share including ₹ 1 as premium)			5,000	
	Bank A/c Dr.		9,800		**1**
	To Share Allotment A/c				
	(being money received on allotment except on 100 shares)(₹25,000-₹15,000-₹200)			9,800	½
	Share First and Final Call A/c Dr.		50,000		
	To Share Capital A/c				
	To Securities Premium A/c			40,000	
	(being first call money due on 5,000 shares ₹ 10 per share including ₹ 2 as premium on final)		47,500	10,000	**1**
	Bank A/c Dr.				
	To Share First and Final Call A/c			47,500	
	(being money received on first call except on 250 shares)		6,250		
	Share Capital A/c Dr.		600		**1**
	Security Premium A/c Dr.				
	To Share Forfeited A/c			4,150	
	To Share Allotment A/c			200	
	To Share First and Final Call A/c			2,500	

	(being 250 shares forfeited for non-payment of allotment, first and final call as per Board's Resolution dated………..)					

Working notes-

Calculation of no. of shares applied by Shree

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

Shree allotted share = 100

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

Calculation of excess amt. received from Shree

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

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

Excess = ₹ 300

Calculation of allotment arrears amt. payable by Shree

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

less- Excess = 300

Allotment arrear amt = ₹ 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 Revelation a/c To goodwill To bal c/d	7,200 18,000 136800	4,800 12,000 79200	100000 1000	½ ½ **3/4**	By bal b/d By premium for goodwill By C's current a/c	150000 6000 6000	80000 8000 8000 960	100000 1000	½ ½ ½ **1/4**

	16 20 00	96 00 0	00		By Bank	16 20 00	00	00	

Balance Sheet as on 31st March , 2012

Liabilities	₹	**Mark**	Assets	₹	**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 :
Sacrificing ratios :
A's surrender 1/6 * 3/5 = 1/10
B's surrender 1/3 * 2/5 = 2/15
SR = 3 : 4
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
C's share of goodwill = ₹ 1,20,000 * 7/30 = ₹ 28,000

OR
Solution 18 :-
Balance Sheet as on 31st December, 2011

Liabilities	Amount	**Mark**	Assets	Amount	**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
Fixed assets
Tangible assets
Intangible assets
Capital work-in-progress
Intangible assets under development
Non Current Investments
Deferred tax assets(Net)
Long term loans and advances **(Marks:- a+b+c+d+e)**
Other non-current assets **(1+1/2+1/2+1/2+1/2)**

Solution 23:-

(i) Debt-Equity Ratio = Debt/ Equity **(1/2 mark)**
= ₹ 4,00,000/ ₹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)**
= ₹ 60,00,000 / ₹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 ₹	31.3.2011 ₹	Absolute change in amount	**mark**	% change	**Mark**
I. Revenue from operations	10,00,000	12,50,000	2,50,000	¼	25	¼
II. Add:- Other incomes	50,000	50,000	-	¼	23.81	¼
Total Revenue (I+II)	10,50,000	13,00,000	2,50,000			
III. less:- Expenses						
Cost of material consumed	6,00,000	7,50,000	1,50,000	¼	25	¼
Expenses	40,000	50,000	10,000	¼	25	¼
Profit before tax	4,10,000	5,00,000	90,000	¼	21.95	¼
IV. Less:- 50% tax	2,05,000	2,50,000	45,000	¼	22	¼
	2,05,000	2,50,000	45,000	½	22	½

Profit after tax						

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

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

Working Note:-

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

Particulars	Amount	Particulars	Amount
To Balance b/d	12,00,000	By Depreciation A/c	80,000
To Bank (purchase) (Bal. fig)	6,92,000	By Bank A/c (sale)	10,000
		By Statement of profit & Loss A/c	2,000
			18,00,000
	18,92,000	By Balance c/d	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 ₹. 25,000 if ₹ 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 ₹ 3,00,000 , ₹ 1,00,000 and ₹. 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 ₹ 2,50,000. Prepare necessary adjustment entry. **(3)**

9. On 31.3.2011 G Ltd. had ₹8,00,000 9% debentures due for redemption. The company had a balance of ₹3,40,000 in its Debenture Redemption Reserve Account. Pass necessary journalentries 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 ₹10,00,000; at 5% premium. However, an option to convert their holding into 15% cumulative preference shares of ₹25 each at ₹30 per share was also given. Debenture holders holding Debentures of ₹4,53,000 accepted the offer. Journalise. **(3)**

11. P Ltd. Purchase business from Q Ltd. for a sum of ₹ 3,00,000, payable as ₹80,000 by issuing a cheque and the balance in fully paid equity shares of ₹100 each at 10% premium. The assets and liabilities consisted the following:

Building ₹4,00,000	Bills Payable ₹30,000
Bills Receivables ₹50,000	Sundry creditors ₹ 40,000

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

12. Akshit Ltd. was registered with an authorized capital of ₹1,00,00,000 dividedinto 1,00,000 Equity shares of ₹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 ₹20 per share on 700 shares.
Prepare the Balancesheet of the company. Also prepare Notes to Accounts for the same.

(4)

13. Akshay and Ritika were partners in a firm supplying school stationery. They shareprofits in the ratio of 4 : 1. Their capitals as on 1st April 2012 were ₹ 2,00,000 and ₹ 1,00,000 respectively. On this date Ritika suggested Akshay 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. Akshay agreed and requested to admit her friend Sunil, a physically handicapped unemployed person in tothe firm; however Sunil will not contribute any capital. Akshay surrenders 1/4th of her share and Ritika surrenders 1/2 of her share in favor of Sunil, a new partner. Identify any four values which according to you motivated them to formthe 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 ₹50,000 for his capital but could not bring any amount for goodwill. The firm's goodwill on C's admission was valued at ₹ 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	₹	Assets	₹
Bills Payable	2,000	Cash at Bank	3,750
Creditors	350	Bills Receivable	2,500
General Reserve	7,500	Debtors	6,300
Profit and Loss A/c	3,000	Stock in Trade	700
Capitals –		Furniture & Fixtures	4,000
A	7,500	Building & Land	16,350
B	8,250	Deferred Revenue	
C	8,000	Expenditure	3,000
	36,600	(Advertisement)	
			36,600

The goodwill of the firm is valued at ₹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 ₹ 1,50,000, ₹ 1,20,000 and ₹1,00,000 respectively. The Balance of current accounts on 1st January, 2011 were X ₹ 8,000 (Cr.);
Y ₹3,000 (Cr.) and Z ₹ 2,000 (Dr.). X advanced ₹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 ₹10,000 on July 1,2011.

(c) ₹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 ₹ 60,000 and above ₹ 60,000 equally.Net profit of the firm before above adjustments was ₹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		₹	Assets	₹
Creditors		70,00	Bank	40,000
Capital A/cs:		0	Debtors	1,20,00
A	1,50,000		Stock	0
B	80,000		Furniture	60,000
		2,30,	Goodwill	50,000
		000		30,000

	3,00, 000		3,00,00 0

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 ₹ 1,20,000.C brings in only 1/2 of his share of goodwill in cash and ₹ 1,00,000 as his capital. Following adjustments are agreed upon:

(i) Stock is to be reduced to ₹ 56,000 and furniture by ₹ 5,000.

(ii) There is an unrecorded asset worth ₹ 20,000.

(iii) One month's rent of₹ 15,000 is outstanding.

(iv) A creditor for goods purchased for ₹ 10,000 had been omitted to be recorded although the goods had been correctly included in stock.

(v) Insurance premium amounting to ₹8,000 was debited to P & L A/c, of which ₹ 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 theratio of 3 : 2 : 1 respectively. They contributed₹ 1,00,000, ₹ 80,000 and₹ 40,000 respectively as their Capital which was deposited into Bank. Each Partner withdrew ₹ 15,000 during the year. The firm was dissolved on 31st December, 2011. X took up the stock at an agreed price of ₹ 25,000. Y took up furniture at ₹ 5,000 and Z took up debtors at ₹ 18,500. Creditors were paid off and then remained a balanced of ₹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 ₹ 20 each at a premium of₹5 per share. The share was payable as follows:

₹10	on Application
₹10	on Allotment (including ₹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 ₹25 at a premium of ₹5 per share payable as follows:

On Application ₹15 (including ₹2 as premium)

On Allotment₹5 (including ₹1 as premium)

On First and Final Call ₹10 (including ₹2 as premium)

Applications were received for 7,500 shares and prorate allotment wasmade to applications for 6,000 shares. Remaining applications were rejected.

Shree, 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 abetter alternative for the same.**(2)**

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

(6)

PART B

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)**

State why Cash Flow Statement is not a substitute for Income Statement. **(1)**

'Payment of dividend' will come under which type of activity while preparing the Cash Flow Statement? **(1)**

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)**

Prepare the Comparative Income Statement from the following:

Particulars	31st March, 2011 ₹	31st March, 2012 ₹
Revenue from operation	10,00,000	12,50,000
Cost of material consumed	6,00,000	7,50,000
Expenses	40,000	50,000

Interest on Investments @ ₹ 50,000 and Taxes Payable @ 50%.

(4)

On the basis of the following information, calculate the

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

Particulars	₹
Net Sales	60,00,000
Cost of Goods Sold	45,00,000
Other Current Assets	11,00,000
Current Liabilities	4,00,000
Paid-up Share Capital	6,00,000
6% Debentures	3,00,000
9% Loan	1,00,000
Debenture Redemption Reserve (DRR)	2,00,000
Closing Stock	1,00,000

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

Particulars	31.3.2011 (₹)	31.3.2012 (₹)

Liabilities		
Share capital		7,00,000
Statement of Profit and Loss	4,00,000	(3,20,000)
9% Debentures		4,00,000
Trade payables (Creditors)	(50,000)	1,50,000
Outstanding Expenses		20,000
	2,00,000	9,50,000
Assets	1,10,000	
Fixed Assets		5,00,000
Investments	10,000	1,40,000
Inventories (Stock)		1,00,000
Trade Receivables (debtors)	6,70,000	1,70,000
Cash and cash equivalents		40,000
		9,50,000
	3,00,000	
	2,00,000	
	50,000	
	1,00,000	
	20,000	
	6,70,000	

Additional Information:
Included in the fixed assets was a piece of machinery costing ₹ 70,000 on which depreciation charged was ₹40,000 and it was sold for₹ 30,000. During the year ₹ 1,40,000 depreciation was charged on fixed assets. Prepare the Cash Flow Statement.

(6)

<u>Marking Scheme</u> (2012-2013)
Pre Board Examination Accountancy Set B

He cannot claim any interest. **(1 mark)**

The partners whose shares have increased as a result of change in profit sharing ratio are called gaining partners.**(1 mark**)

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)**

₹ 19,000 **(1 mark)**

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)**

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)**

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)**

		₹	₹
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 ₹	S₹	M ₹	Total ₹
Interest already credited @9%	27,000	9,000	18,000	54,000
Interest that should have been credited @10%	30,000	10,000	20,000	60,000
	3000	1,000	2,000	6,000
Profit divided in the ratio of 2: 1: 2	2400	1,200	2,400	6,000
Net effect	600(Cr)	(Dr)200	(Dr)400	-

Books of G. Ltd.

JOURNAL

Date	Particulars	L.F	Debit ₹	Credit ₹	Mark
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)		60,000	60,000	**1**
31.3.2011	9% Debenture A/c Dr. To Debenture holder A/c (being payment due entry made)		8,00,000	8,00,000	½
31.3.2011	Debenture holder A/c Dr. To Bank A/c (Being Debenture holders paid)		8,00,000	8,00,000	½
31.3.2011	Debenture Redemption Reserve A/c Dr To General Reserve A/c (Being balance in DRR transfer to general reserve)		4,00,000	4,00,000	**1**

Books of Mohan Ltd.

JOURNAL

Date	Particulars	L.F	Debit ₹	Credit ₹	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 ₹ 4,53,000 14% debentures redeemed at 105% converted into ₹ 15,855, 15% cumulative preference		4,75,650	3,96,375 79,275	**1**

	shares of ₹ 25 at ₹ 30 per share)				
	Debenture holders' A/c Dr. To Bank A/c (Being ₹ 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:
= ₹4,75,650 / ₹ 30 (₹ 25 +₹ 5) = 15,855 shares

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

JOURNAL

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

Working notes:
Calculation of Capital Reserve
Capital Reserve = Net Assets – Purchase Consideration
Net Assets = ₹ 4,00,000 + ₹50,000 - ₹ 30,000 - ₹ 40,000
= ₹ 3,80,000
Capital Reserve = ₹ 3,80,000 - ₹ 3,00,000
= ₹ 80,000
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 ₹	Previous Year ₹	**Marks**
	Shareholders' funds share capital	1.	55,86,000		**1**

	Total **Assets** Current Assets Cash and cash equivalents (cash at bank) Total		55,86,000 55,86,000 55,86,000		**1/2**

Note to accounts-

Particulars	₹	₹	Marks
Share Capital Authorized: 1,00,000 shares of ₹ 100 each Issued : 60,000 shares of ₹ 100 each Subscribed and Called-up : 56,000 shares of ₹ 100 each Paid-up : 56,000 shares of ₹ 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.

Values (any 4)

Societal concern 2. Sense of responsibility 3. Concern for others, showing love and care4. Positive thinking 5. Empowering women entrepreneurship 6. Secularism 7.Supporting the implementation of ' Right to Education Act 2009' **(2 marks)**

(ii) Sacrificing Ratio

Akshay 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)**

New ratio

Akshay'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:-

JOURNAL

Date	Particulars	L.F	Debit ₹	Credit ₹	Mark
	Bank A/c Dr. To C's Capital A/c (being capital brought in cash)		50,000	 50,000	**1**
	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)		 12,000	 8,800 3,200	 **2**

:

Working Note:

Goodwill of the firm ₹48,000
C's share of goodwill = ₹48,000* ¼ = ₹12,000
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	₹	**Mark**	Particulars	₹	**Mark**
To Deferred Revenue Exp. A/c	1,000	¼	By Bal. b/d	8,000	¼
To C's Loan A/c	14,250	½	By A's Capital A/c	1,875	½
			By B's Capital A/c	1,875	½
			By Reserve fund A/c	2,500	¼
			By Profit and Loss A/c	1,000	¼
	15,250			15,250	

C's Loan A/c

Date	Particulars	₹	**Mark**	Date	Particulars	₹	**Mark**
2011 Dec 31	To Bank A/c (₹4,750+ ₹ 1,425)	6,175	¼	2011 Jan 1	By C's Capital A/c	14,250	¼
Dec 31	To Bal. c/d	9,500	¼	Dec 31	By Interest A/c (₹14,250@10%)	1,425	¼
		15,675	**1/4**			15,675	
2012 Dec 31	To bank A/c (₹ 4,750 + ₹ 950)	5,700	¼	2012 Jan 1	By Bal. b/d	9,500	¼
Dec 31	To Bal c/d	4,750	¼	Dec 31	By Interest A/c (₹ 9,500@ 10%)	950	¼
		10,450	¼			10,450	
2013 Dec 31	To Bank A/c (₹ 4,750 + 475)	5,225	¼	2013 Jan 1	By Bal. b/d	4,750	¼
				Dec 31	By Interest A/c (₹ 4,750@10%)	475	¼
		5,225	¼			5,225	

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		¼	By Profit and loss A/c		¼

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	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

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
₹ 60,000 (3:2:1) = 30,000 + 20,000 + 10,000
₹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	4,000 5,000 15,000	¼ ¼ ¼	By unrecorded assets By Prepaid	20,000 2,000	¼ ¼

rent	10,000	¼	insurance		¼
To Creditors			By loss transferred to : A's Capital A/c 7,200 B's Capital A/c 4,800	12,000	¼
	34,000			34,000	

Capital A/c

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

Balance Sheet as on 31st March , 2012

Liabilities	₹	**Mark**	Assets	₹	**Mark**
Creditors	80,000	¼	Bank	1,54,000	¼
Outstanding rent	15,000	¼	Debtors	1,20,000	¼
Capital A/c:			Stock	56,000	¼
A 1,36,800			Furniture	45,000	¼
B 79,200			Prepaid insurance	2,000	¼
C 1,00,000	3,16,000	**1/4**	Unrecorded assets	20,000	¼
			C's Current A/c	14,000	¼
	4,11,000			4,11,000	

Working Notes :

Sacrificing ratios :

A's surrender 1/6 * 3/5 = 1/10

B's surrender 1/3 * 2/5 = 2/15

SR = 3 : 4

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

C's share of goodwill = ₹ 1,20,000 * 7/30 = ₹ 28,000

OR

Solution 17:-

Balance Sheet as on 31st December, 2011

Liabilities	Amount	**Mark**	Assets	Amount	**Mark**
X's Capital: Opening 1,00,000 Less: Drawings 15,000 Y's Capital: Opening 80,000 Less: Drawings15,000 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 3,7	5,000 37,500 22,50	18,500 18,750	¾ ¾ ½	By bal b/d By Bank (deficit)	85,000 85,00	65,000 65,000	25,000 12,250	¾ ¼

	50 85,000	0 65,000	37,250			0		37,250	

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.

(i) JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	**Mark**

	Bank A/c Dr.		15,00,00		
	To Share Application A/c		0	15,00,0	½
	(being money received on application on			00	
	1,50,000 shares @ ₹ 10 per share)				
	Share application A/c Dr.				
	To Share Capital A/c		15,00,00		
	To Share Allotment A/c		0	8,00,00	
	To Bank A/c			0	**1**
	(Being application money adjusted and surplus			6,00,00	
	refunded)			0	
	Share Allotment A/c Dr.			1,00,00	
	To Share Capital A/c			0	
	To Securities Premium A/c		8,00,000		**1**
	(being allotment money due on 80,000shares				
	@ ₹ 10 per share including ₹ 5 as premium)				
	Bank A/c Dr.			4,00,00	
	To Share Allotment A/c			0	**1**
	(being money received on allotment)		1,99,500	4,00,00	
	Share First Call A/c Dr.			0	
	To Share Capital A/c				½
	(being first call money due on 80,000 shares ₹		3,20,000		
	4 per share)				
	Bank A/c Dr.			1,99,50	
	To Share First Call A/c			0	**1**
	(being money received on first call except on		3,19,400		
	150 shares₹4 per share)				
	Share Capital A/c Dr.			3,20,00	
	Security Premium A/c Dr.			0	
	To Share Forfeited A/c		2,850		
	To Share Allotment A/c		750		
	To Share First Call A/c				**1**
	(being 150 shares forfeited @ ₹19 per share			3,19,40	
	for non-payment of allotment, first call as per			0	
	Board's Resolution dated………..)				
				2,500	
				500	
				600	

Working notes-

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

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 = ₹1000

Calculation of allotment arrears amt. payable by Mr. A

Allotment money on 150 shares(150*10) =1500 less- Excess = 1,000

Allotment arrear amount = ₹ 500

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.

JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	**Mark**
	Bank A/c Dr.		1,12,500		
	To Share Application A/c			1,12,500	½
	(being money received on application on 7,500 shares @ ₹ 15 per share)				
	Share application A/c Dr.		1,12,500		
	To Share Capital A/c				
	To Securities Premium A/c			65,000	
	To Share Allotment A/c			10,000	**1**
	To Bank A/c			15,000	
	(Being application money adjusted and surplus refunded)			22,500	
	Share Allotment A/c Dr.		25,000		
	To Share Capital A/c				**1**
	To Securities Premium A/c			20,000	
	(being allotment money due on 5,000shares @ ₹ 5 per share including ₹ 1 as premium)			5,000	
	Bank A/c Dr.		9,800		**1**
	To Share Allotment A/c				
	(being money received on allotment except on 100 shares)			9,800	
	Share First and Final Call A/c Dr.		50,000		
	To Share Capital A/c				½
	To Securities Premium A/c			40,000	
	(being first call money due on 5,000 shares ₹ 10 per share including ₹ 2 as premium on final)		47,500	10,000	**1**
	Bank A/c Dr.				
	To Share First and Final Call A/c			47,500	
	(being money received on first call except on 250 shares)		6,250		
	Share Capital A/c Dr.		600		

	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………..)			 4,150 200 2,500	 **1**

Working notes-

Calculation of no. of shares applied by Shree

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

Shree allotted share = 100

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

Calculation of excess amt. received from Shree

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

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

Excess = ₹ 300

Calculation of allotment arrears amt. payable by Shree

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

less- Excess = 300

Allotment arrear amount = ₹ 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 ₹	31.3.2011 ₹	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	6,00,000 40,000 4,10,000	7,50,000 50,000 5,00,000	1,50,000 10,000	¼ ¼ ¼	25 25 21.95	¼ ¼ ¼

consumed Expenses Profit before tax IV. Less:- 50% tax Profit after tax	2,05,000 2,05,000	2,50,000 2,50,000	90,000 45,000 45,000	¼ ½	22 22	¼ ½

Solution 24:-

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

= ₹ 4,00,000/ ₹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)**

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

Working Note:- Fixed Assets A/c

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