

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 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 ₹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. Journalize. (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 journal entries for redemption of debentures if redemption was carried out of capital. (3)
11. Akshay 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 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 to the 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.
 - (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 with 1/4 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 was 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:

- Interest on Capital at 5% p. a.
- Interest on drawings at 6% p. a. Each partner drew ₹ 10,000 on July 1, 2011.
- ₹20,000 are to be transferred to a Reserve Account.
- 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 Expenditure	
C	8,000	(Advertisement)	3,000
	36,600		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 every 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 were 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 categories 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) Journalize 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 was made 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 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	₹	Assets	₹
Creditors	70,000	Bank	40,000
Capital A/cs:		Debtors	1,20,000
A 1,50,000		Stock	60,000
B <u>80,000</u>	2,30,000	Furniture	50,000
		Goodwill	30,000
	<u>3,00,000</u>		<u>3,00,000</u>

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 favor 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 the ratio 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 balance 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	1,00,000
Debenture Redemption Reserve (DRR)	2,00,000
Closing Stock	1,00,000

24. Prepare the Comparative Income Statement from the following:

Particulars	31 st March, 2011	31 st 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)	...
		NIL
2. Current Liabilities		
Provisions: Proposed Dividend	3,00,000	4,00,000
Total	1,00,000	2,00,000
	19,00,000	30,00,000

II. ASSETS		
Fixed Assets	12,00,000	18,00,000
Current Assets	7,00,000	12,00,000
Total	19,00,000	30,00,000

Additional Information:

- (i) During the year ₹ 80,000 depreciation was charged on fixed assets.
- (ii) A piece of machinery included in fixed assets costing ₹ 20,000 on which depreciation charged as ₹ 8,000 was sold for ₹ 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 ₹	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.)	—

9. 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%		4,75,650	3,96,375 79,275	1

	debentures redeemed at 105% converted into ₹ 15,855, 15% cumulative preference 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:

$$= \frac{₹4,75,650}{₹30 (₹25 + ₹5)} = 15,855 \text{ shares}$$

10. 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

Solution 11.

(i) Values (any 4)

1. Social 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 $\frac{1}{4}$ th of $\frac{4}{5} = \frac{1}{4} * \frac{4}{5} = \frac{1}{5}$

Ritika surrenders $\frac{1}{2}$ of $\frac{1}{5} = \frac{1}{2} * \frac{1}{5} = \frac{1}{10}$

Sacrificing Ratio = $\frac{1}{5} : \frac{1}{10} = 2:1$

(1 mark)

(ii) New ratio

Akshay's new share = $\frac{4}{5} - \frac{1}{5} = \frac{3}{5}$

Ritika's new share = $\frac{1}{5} - \frac{1}{10} = \frac{1}{10}$

New ratio = $\frac{3}{5} : \frac{1}{10} : \frac{3}{10} = 6:1:3$

(1 mark)

Solution 12:-

JOURNAL

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

Working Note:

- (i) Goodwill of the firm ₹48,000
C's share of goodwill = ₹48,000 * 1/4 = ₹12,000
- (ii) 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 ₹	MAR KS
	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)		4,00,000 50,000	30,000 40,000 3,00,000 80,000	1 1/2
	Q Ltd. A/c Dr. To Bank A/c (Being part payment of ₹ 80,000 made)		80,000	80,000	1
	Q Ltd. A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being issuance of 2,000 equity share of ₹ 100 each at 10% premium)		2,20,000	2,00,000 20,000	1 1/2

Working notes:

- i. 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
- ii. 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				
	(i) share capital	1.	55,86,000		1
	Total		55,86,000		
	Assets				
	Current Assets				
	(i) Cash and cash equivalents		55,86,000		1/2
	(cash at bank)				
	Total		55,86,000		

Note to accounts-

Particulars	₹	₹	Marks
1. Share Capital			
Authorized:			
1,00,000 shares of ₹ 100 each	1,00,00,000		1/2
Issued :			
60,000 shares of ₹ 100 each	60,00,000		1/2
Subscribed and Called-up :			
56,000 shares of ₹ 100 each	56,00,000		1/2
Paid-up :			
56,000 shares of ₹ 100 each	56,00,000		1/2
56,00,000	55,86,000		1/2
Less : Calls- in- arrears			
14,000			

Solution 15:- PROFIT AND LOSS APPROPRIATION A/C

for the year ended 31st Dec. 2011

Particulars	Amt.	Mark	Particulars	Amt.	Ma rk
To Interest on Capital			By Profit and		
X's Current A/c 7,500		1/4	loss A/c 1,15,400		1/4
Y's Current A/c 6,000		1/4	Less- Interest on		
Z's Current A/c 5,000	18,500	1/4	X's loan(6 months) 600	1,14,800	1/4
To Reserve a/c	20,000	1/4	By Interest on drawings		
To Profit transferred to:			(6 months)		
X's Current A/c 35,734		1/4	X's Current A/c 300		1/4
Y's Current A/c 25,733		1/4	Y's Current A/c 300		1/4
Z's Current A/c 15,733	77,200	1/4	Z's Current A/c 300	900	1/4
	1,15,700			1,15,700	

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	ma
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To Bal.			2,000	1/4	By Bal. b/d	8,000	3,000		rk
b/d	10,000	10,000	10,000	3/4	By IOC	7,500	6,000	5,000	1/4
To	300	300	300	1/4	By P& L a/c	35,734	25,733	15,733	
drawings	40,934	24,433	8,433	3/4					
To IOD									
To Bal.	51,234	34,733	20,733			51,234	34,733	20,733	
c/d									

Working notes-

Distribution of profits= X + Y + Z

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

(ii) ₹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			By Bal. b/d	8,000	1/4
Exp. A/c	1,000	1/4	By A's Capital A/c	1,875	1/2
To C's Loan A/c	14,250	1/2	By B's Capital A/c	1,875	1/2
			By Reserve fund A/c	2,500	1/4
			By Profit and Loss A/c	1,000	1/4
	15,250			15,250	

C's Loan A/c

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

Solution 17:-

Books of Athveth Ltd.

(i)

JOURNAL

Date	Particulars	L.F.	Debit ₹	Credit ₹	Mark

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

Working notes-

a. 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

b. 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

c. 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

- (ii) 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. To Share Application A/c (being money received on application on 7,500 shares @ ₹ 15 per share)		1,12,500	1,12,500	½
	Share application A/c Dr.		1,12,500		

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

Solution 18 :-

Revaluation Account

Particulars	Amount	Mark	Particulars	Amount	Mark
To Stock	4,000	¼	By unrecorded assets	20,000	¼
To furniture	5,000	¼	By Prepaid insurance	2,000	¼
To outstanding rent	15,000	¼	By loss transferred to :		
To Creditors	10,000	¼	A's Capital A/c 7,200		¼
			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
To Revelation a/c	7,200	4,800		½	By balance b/d	150000	80000		½
	18,000	12,000		½	By premium	6000	8000		½

To goodwill	136800	79200	100000	3/4	for goodwill					
To balance c/d					By C's current a/c	6000	8000			
	162000	96000	100000		By Bank	162000	96000	100000	100000	1/4

Balance Sheet as on 31st March, 2012

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

Working Notes:

- (i) Sacrificing ratios :
A's surrender $1/6 * 3/5 = 1/10$
B's surrender $1/3 * 2/5 = 2/15$
SR = 3: 4
- (ii) 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
- (iii) 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:			Sundry Assets	1,75,000	1/2
Opening		1/4	(Bal. fig)		
1,00,000	85,000	1/4			
Less: Drawings					
15,000		1/4			
Y's Capital:	65,000	1/4			
Opening					
80,000					
Less: Drawings		1/4			
15,000	25,000	1/4			
	1,75,000			1,75,000	
Z's Capital:					
Opening					
40,000					
Less: Drawings					
15,000					

Realization A/c

Particulars	Amount	Mark	Particulars	Amount	Mark
To Sundry Assets	1,75,000	1/4	By X capital(stock)	25,000	1/4

			By Y capital(furniture)	5,000	¼
			By Z capital(debtor)	18,500	¼
			By bank	14,000	¼
			By loss transferred to capital-		¼
			X	56,250	¼
			Y	37,500	¼
			Z	18,750	¼
	1,75,000			1,12,500	
				1,75,000	

Capital A/c

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

Bank A/c

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

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

- a. Fixed assets
 - Tangible assets
 - Intangible assets
 - Capital work-in-progress
 - Intangible assets under development
- b. Non-Current Investments
- c. Deferred tax assets(Net)
- d. Long term loans and advances
- e. Other non-current assets

(Marks:- a+b+c+d+e)
(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

$$\text{Equity} = \text{Share Capital} + \text{DRR}$$

- (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	1/4	25	1/4
II. Add:- Other incomes	50,000	50,000	-			
Total Revenue (I+II)	10,50,000	13,00,000	2,50,000	1/4	23.81	1/4
III. less:- Expenses						
Cost of material consumed	6,00,000	7,50,000	1,50,000	1/4	25	1/4
Expenses	40,000	50,000	10,000	1/4	25	1/4
Profit before tax	4,10,000	5,00,000	90,000	1/4	21.95	1/4
IV. Less:- 50% tax	2,05,000	2,50,000	45,000	1/4	22	1/4
Profit after tax	2,05,000	2,50,000	45,000	1/2	22	1/2

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

Particulars	₹	₹	Mark
A. Cash flow from operating activities			
Net profit as per P& L statement	2,00,000		1/4
Add:- Proposed dividend	2,00,000		1/4
Net Profit before Tax	4,00,000		
Add:- Depreciation on fixed assets	80,000		1/4
Loss on sale of machinery	2,000		1/4
Miscellaneous expenditure w/o	2,00,000		1/4
Operating profit before working capital changes	6,82,000		1/2
changes	1,00,000		1/4
Add :- increase in current liabilities	7,82,000		
	5,00,000		1/4
Less :- increase in current assets		2,82,000	1/2
Net cash generated from operating activities			
B. Cash flow from investing activities	10,000		1/4
Sale of fixed assets	(6,92,000)		1/4
Purchase of fixed assets		(6,82,000)	1/2
Net cash used in investing activities			
C. Cash Flow from financing activities	5,00,000		1/4
Issue of share	(1,00,000)		1/4
Dividend paid		4,00,000	1/2
Net cash generated from financing activities		NIL	1/4
D. 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
	18,92,000	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 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 ₹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. Journalize. (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 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 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 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 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 to the 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.

(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)

14. A and B are partners sharing profits in the ratio of 3: 2. They admit C into the partnership With 1/4th 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 Expenditure	
C	8,000	(Advertisement)	3,000
	<u>36,600</u>		<u>36,600</u>

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 every 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 was 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	70,000	Bank	40,000
Capital A/cs:		Debtors	1,20,000
A 1,50,000		Stock	60,000
B <u>80,000</u>	2,30,000	Furniture	50,000
		Goodwill	30,000
	<u>3,00,000</u>		<u>3,00,000</u>

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 favor 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 the ratio 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 balance 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 were 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 that category who has applied for 50,000 shares failed to pay allotment money and on his subsequent failure to pay first call his shares were forfeited.

- (i) Journalize 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 was made 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 a better alternative for the same. (2)
- (ii) Pass journal entries in the books of Krishna Ltd. (6)

PART B

19. 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)
20. State why Cash Flow Statement is not a substitute for Income Statement. (1)
21. 'Payment of dividend' will come under which type of activity while preparing the Cash Flow Statement? (1)
22. 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)
23. Prepare the Comparative Income Statement from the following:

Particulars	31 st March, 2011	31 st 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)

24. 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

25. 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	4,00,000	7,00,000
Statement of Profit and Loss	(50,000)	(3,20,000)
9% Debentures	2,00,000	4,00,000
Trade payables (Creditors)	1,10,000	1,50,000
Outstanding Expenses	10,000	20,000
	6,70,000	9,50,000
Assets		
Fixed Assets	3,00,000	5,00,000
Investments	2,00,000	1,40,000
Inventories (Stock)	50,000	1,00,000
Trade Receivables (debtors)	1,00,000	1,70,000
Cash and cash equivalents	20,000	40,000
	6,70,000	9,50,000

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)

Marking Scheme (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)

Working note-

(1 ½ mark)

(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
	2400	1,200	2,400	6,000
Profit divided in the ratio of 2: 1: 2	600(Cr)	(Dr.)200	(Dr.)400	-
Net effect				

9.

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

10.

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:

$$= \frac{₹4,75,650}{₹30} \text{ (₹25 + ₹5)} = 15,855 \text{ shares}$$

Solution 11:-

Books of P Ltd.

JOURNAL

DATE	PARTICULARS	L.F.	DEBIT ₹	CREDIT ₹	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)		4,00,000 50,000	30,000 40,000 3,00,000 80,000	1 ½
	Q Ltd. A/c Dr. To Bank A/c (Being part payment of ₹ 80,000 made)		80,000	80,000	1
	Q Ltd. A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being issuance of 2,000 equity share of ₹ 100 each at 10% premium)		2,20,000	2,00,000 20,000	1 ½

Working notes:

iii. 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

iv. 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 (ii) share capital Total	1.	55,86,000 55,86,000		1
Assets Current Assets (iii) Cash and cash equivalents (cash at bank) Total		55,86,000 55,86,000		1/2

Note to accounts-

Particulars	₹	₹	Marks
-------------	---	---	-------

2. Share Capital			
Authorized:			
1,00,000 shares of ₹ 100 each	1,00,00,000		1/2
Issued :			
60,000 shares of ₹ 100 each	60,00,000		1/2
Subscribed and Called-up :			
56,000 shares of ₹ 100 each	56,00,000		1/2
Paid-up :			
56,000 shares of ₹ 100 each	56,00,000		1/2
Less : Calls- in- arrears 14,000	55,86,000		1/2

Solution 13.

(iii) 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 = 1/4 * 4/5 = 1/5

Ritika surrenders 1/2 of 1/5 = 1/2 * 1/5 = 1/10

Sacrificing Ratio = 1/5 : 1/10 = 2:1

(1 mark)

(iv) New ratio

Akshay's as 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 ₹	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:

(iii) Goodwill of the firm ₹48,000

C's share of goodwill = ₹48,000 * 1/4 = ₹12,000

(iv) 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			By Bal. b/d	8,000	1/4
Exp. A/c	1,000	1/4	By A's Capital A/c	1,875	1/2

To C's Loan A/c	14,250	½	By B's Capital A/c	1,875	½
			By Reserve fund A/c	2,500	¼
	15,250		By Profit and Loss A/c	1,000	¼
				15,250	

C's Loan A/c

Date	Particulars	₹	Mar k	Date	Particulars	₹	M a r k
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 Balance. 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 Balance 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
		5,225	¼	Dec 31	By Interest A/c (₹ 4,750@10%)	475	¼
						5,225	

Solution 16:- PROFIT AND LOSS APPROPRIATION A/C
for the year ended 31st Dec. 2011

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

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

Working notes-

Distribution of profits= X + Y + Z

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

(iv) ₹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	4,000	1/4	By unrecorded assets	20,000	1/4
To Furniture	5,000	1/4	By Prepaid insurance	2,000	1/4
To Outstanding rent	15,000	1/4	By loss transferred to :		
To Creditors	10,000	1/4	A's Capital A/c 7,200		1/4
			B's Capital A/c 4,800	12,000	1/4
	34,000			34,000	

Capital A/c

Particulars	A	B	C	mark	Particulars	A	B	C	Mark
To Revelation a/c	7,200	4,800		1/2	By balance b/d	150000	80000		1/2
To goodwill	136800	79200	100000	1/2	By premium for goodwill	6000	8000		1/2
To balance c/d				3/4	By C's current a/c	6000	8000	100000	1/4
	162000	96000	100000		By Bank	162000	96000	100000	

Balance Sheet as on 31st March , 2012

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

Working Notes:

(iv) Sacrificing ratios :

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

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

SR = 3: 4

(v) 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

(vi) 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:			Sundry Assets	1,75,000	1/2
Opening 1,00,000		1/4	(Bal. fig)		
Less: Drawings 15,000	85,000	1/4			
Y's Capital:					
Opening 80,000		1/4			
Less: Drawings 15,000	65,000	1/4			
Z's Capital:					
Opening 40,000		1/4			
Less: Drawings 15,000	25,000	1/4			
	1,75,000			1,75,000	

Realization A/c

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

Capital A/c

Particulars	X	Y	Z	mark	Particulars	X	Y	Z	Mar k
To Realization a/c (asset taken)	25,000	5,000	18,500	3/4	By bal b/d	85,000	65,000	25,000	3/4
To Realization a/c(loss)	56,250	37,500	18,750	3/4	By Bank (deficit)			12,250	1/4
To Bank	3,750	22,500	37,250	1/2		85,000	65,000	37,250	
	85,000	65,000							

Bank A/c

Particulars	Amount	Mark	Particulars	Amount	Mark
To realization a/c(assets)	14,000	1/4	By X's capital a/c	3,750	1/4
To Z's capital a/c	12,250	1/4	By Y's capital a/c	22,500	1/4
	26,250			26,250	

Solution 18:-

Books of Athveth Ltd.

(i)

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 80,000 shares @ ₹ 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)		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	2,500 500 600	1

Working notes-

d. 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**e. 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

f. 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

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

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.....)				200 2,500	1
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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 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	-			
Total Revenue (I+II)	10,50,000	13,00,000	2,50,000	¼	23.81	¼
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
Profit after tax	2,05,000	2,50,000	45,000	½	22	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

$$\text{Equity} = \text{Share Capital} + \text{DRR}$$

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