Solved Paper 2013
ACCOUNTANCY
Class-XII

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

General Instructions :

Read the following instructions very carefully and strictly follow them :

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

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

Delhi Set **Code : 67/1/1**

PART A
(Accounting for Partnership Firms and Companies)

1. When the partner capitals are fixed, where the drawings made by a partner will be recorded ? 1

Ans. Drawings made by a partner will be recorded in partner's current account.

2. State the ratio in which the partners share profits or losses on revaluation of assets and liabilities, when there is a change in profit sharing ratio amongst existing partners? 1

Ans. In case of change in profit sharing ratio, profit or losses on revaluation of assets & liabilities are shared in old profit sharing ratio / existing profit sharing ratio.

3. Name the account which is opened to credit the share of profit of the deceased partner, till the time of his death to his Capital account. 1

Ans. P&L suspense A/c.

4. Give the journal entry to distribute 'Workman Compensation Reserve' of ₹ 60,000 at the time of retirement of Sajjan, when there is no claim against it. The firm has three partners Rajat, Sajjan and Kavita. 1

Ans.

Dt.	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Workmen Compensation Reserve A/c Dr.		60,000	
	To Rajat's Capital A/c			20,000
	To Sajjan's Capital A/c			20,000
	To Kavita's Capital A/c			20,000
	(Being Workmen Compensation Reserve transferred to partners' capital account in equal ratio)			

5. What is meant by 'Securities Premium' ? 1

Ans. When shares/debentures are issued at a price higher than the face value then the excess amount received is known as Securities premium.

* **6. What rate of interest the company pays on calls- in advance if, it has not prepared its own Articles of Association? 1**

7. What is meant by issue of debentures as a collateral security? 1

Ans. When a company takes loan & debentures are issued as secondary security in addition to principal security, it is known as Debentures issued as collateral security.

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* *Out of Syllabus*

8. Mona, Nisha and Priyanka are partners in a firm. They contributed ₹ 50,000 each as capital three years ago. At the time Priyanka agreed to look after the business as Mona and Nisha were busy. The profits for the past three years were ₹ 15,000, ₹ 25,000 and ₹ 50,000 respectively. While going through the books of accounts Mona noticed that the profit had been distributed in the ratio of 1 : 1 : 2. When she enquired from Priyanka about this, Priyanka answered that since she looked after the business she should get more profit. Mona disagreed and it was decided to distribute profit equally retrospectively for the three years.

(a) You are required to make necessary corrections in the books of accounts of Mona, Nisha and Priyanka by passing an adjustment entry.

* **(b) Identify the value which was not practiced by Priyanka while distributing profits.** **2 + 1 = 3**

Ans.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Priyanka's Capital A/c Dr.		15,000	
	To Mona's Capital A/c			7,500
	To Nisha's Capital A/c			7,500
	(Being the Capital accounts of Partners' adjusted)			

Working notes:

Profits for last three years = 15,000 + 25,000+50,000 = 90,000

	Mona	Nisha	Priyanka
Profit already distributed(Dr.)	22,000	22,500	45,000
To be distributed as equally(Cr.)	30,000	30,000	30,000

9. Pass the necessary journal entries for issue of 1,000, 7% Debentures of ₹ 100 each in the following cases:

(a) Issued at 5% premium redeemable at a premium of 10%

(b) Issued at a discount of 5% redeemable at par. **3**

Ans.

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(a)	Bank A/c Dr.		1,05,000	
	To 7% Debenture Application & Allotment A/c			1,05,000
	(Being application money received On 1000, 7% debentures at premium of 5%)			
	7% Debenture Application & Allotment A/c Dr.		1,05,000	
	Loss on issue of Debenture A/c Dr.		10,000	
	To Raka's Capital A/c			1,00,000
	To Seema's Capital A/c			5,000
	To Mahesh's Capital A/c			10,000
	(Being compensation against fund adjusted)			
(b)	Bank A/c Dr.		95,000	
	To 7% Debenture Application & Allotment A/c			95,000
	(Being application money received On 1000 debentures at 5% discount.)			
	7% Debentures Application & Allotment A/c Dr.		95,000	
	Discount on issue of debentures A/c Dr.		5,000	
	To 7% Debentures A/c			1,00,000
	(Being 1,000 debentures issued at discount, redeemable at par)			

***10. Taneja Constructions Ltd. has an outstanding balance of ₹ 5,00,000, 7% debentures of ₹ 100 each redeemable at a premium of 10%. According to the terms of redemption, the company redeemed 30% of the above debentures by converting them into shares of ₹ 50 each at a premium of 20%. Record the entries for redemption of debentures in the books of Taneja Constructions Ltd.** **3**

11. Abhay and Beena are partners in a firm. They admit Chetan as a partner with $1/4^{th}$ share in the profits of the firm. Chetan brings ₹ 2,00,000 as his share of capital. The value of the total assets of the firm is ₹ 5,40,000 and

* *Out of Syllabus*

outside liabilities are valued at ₹ 1,00,000 on that date. Give the necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes. **4**

Ans.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Chetan's Capital A/c / Chetan's Current A/c Dr.		40,000	
	To Abhay's Capital A/c			20,000
	To Beena's Capital A/c			20,000
	(Being amount of goodwill transferred to old partners capital account in sacrificing ratio)			

Working notes:

1. In the absence of any agreement Profits are divided equally.
2. Calculation of Hidden Goodwill:

Chetan's Capital for $\frac{1}{4}$ Share = ₹ 2,00,000

(a) Total Capital of New Firm = ₹ 2,00,000 × 4 = ₹ 8,00,000

Net worth = Sundry Assets – Outside Liabilities
= ₹ 5,40,000 – ₹ 1,00,000
= ₹ 4,40,000

Actual Capital = Net Worth + Capital of new partner
= 4,40,000 + 2,00,000
= 6,40,000

Goodwill of the Firm = ₹ 8,00,000 – ₹ 6,40,000
= ₹ 1,60,000.

Chetan's Share = 1,60,000 × $\frac{1}{4}$ = ₹ 40,000

12. Naresh, David and Aslam are partners sharing profits in the ratio of 5 : 3 : 7. On April 1st, 2012, Naresh gave a notice to retire from the firm. David and Aslam decided to share future profits in the ratio of 2 : 3. The adjusted capital accounts of David and Aslam show a balance of ₹ 33,000 and ₹ 70,500 respectively. The total amount to be paid to Naresh is ₹ 90,500. This amount is to be paid by David and Aslam in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary journal entries for the above transactions in the books of the firm. Show your working clearly. **4**

Ans.

Dt.	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Cash A/c Dr.		90,500	
	To David's Capital A/c			44,600
	To Aslam's Capital A/c			45,900
	(Being cash brought in by David & Aslam to adjust Capital in new profit Sharing Ratio)			
	Naresh's Capital A/c Dr.		90,500	
	To Cash A/c / Bank A/c			90,500
	(Being amount paid to Naresh.)			

Working Note:

(i) David's Capital = ₹ 33,000

Aslam's Capital = ₹ 70,500

Naresh to be paid = ₹ 90,500

Total Capital of new firm = ₹ 1,94,000

David's New Capital = ₹ 1,94,000 × $\frac{2}{5}$
= ₹ 77,600

Aslam's New Capital = ₹ 1,94,000 × $\frac{3}{5}$
= ₹ 1,16,400

(ii) Adjustment of capital

	David(₹)	Aslam(₹)
Old Capital	33,000	70,500
New Capital	77,600	1,16,400
Cash to be brought in	44,600	45,900

David should bring ₹ 44,600

Aslam should bring ₹ 45,900

13. Madhav Ltd. issued fully paid equity shares of ₹ 80 each at a discount of ₹ 5 per share for the purchase of a running business from Gupta Bros. for a sum of ₹ 15,00,000.

The assets and liabilities consisted of the following:

Plant ₹ 5,00,000; Trucks ₹ 7,00,000; Stock ₹ 3,00,000; Machinery ₹ 6,00,000 and Sundry Creditors ₹ 5,00,000.

You are required to pass necessary journal entries for the above transactions in the books of Madhav Ltd. 4

Ans.

S.no.	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
1.	Plant A/c	Dr.		5,00,000	
	Trucks A/c	Dr.		7,00,000	
	Stock A/c	Dr.		3,00,000	
	Machinery A/c	Dr.		6,00,000	
	To Sundry Creditors A/c				5,00,000
	To Gupta Bros. A/c				15,00,000
	To Capital Reserve A/c				1,00,000
	(Being business purchased from Gupta Bros.)				
2.	Gupta Bros. A/c	Dr.		15,00,000	
	Discount on issue of shares A/c	Dr.		1,00,000	
	To Equity Share capital A/c				16,00,000
	(Being 20,000 shares issued in purchase consideration)				

Working Notes:-

$$\text{No. of shares} = \frac{15,00,000}{75} = 20,000 \text{ shares.}$$

14. The authorized capital of Suhani Ltd. is ₹ 45,00,000 divided into 30,000 shares of ₹ 150 each. Out of these company issued 15,000 shares of ₹ 150 each at a premium of ₹ 10 per share. The amount was payable as follows:

₹ 50 per share on application, ₹ 40 per share on allotment (including premium), ₹ 30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money was duly received.

Prepare an extract of Balance Sheet of Suhani Ltd. as per Revised Schedule of the Companies Act 2013 disclosing the above information. Also prepare 'notes to accounts' for the same. 4

Ans. **Suhani Ltd.**

Balance Sheet as at (an extract)

	Particulars	Note No.	Amount (₹)
1.	**Equity & liabilities**		
	(a) Share holders' funds:		
	(i) Share Capital	1	21,00,000
	(ii) Reserve & surplus	2	1,40,000
2.	**Assets**		
	Current Assets		
	Cash & cash equivalents	3	22,40,000

Notes to Account:

1.	**Share Capital**	
	Authorized Capital	
	30,000 shares @ ₹ 150 each	45,00,000
	Issued Capital	
	15,000 shares @ ₹ 150 each	22,50,000
	Subscribed Capital	
	Subscribed & fully paid 14,000 shares @ ₹ 150 each	21,00,000
2.	**Reserves & Surplus**	
	Securities premium (reserve)	1,40,000
3.	**Cash & Cash equivalents**	
	Cash at bank	22,40,000

15. Ali, Bimal and Deepak are partners in a firm. On 1st April, 2011 their capital accounts stood at ₹ 4,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively. They shared profits and losses in the proportion of 5 : 3 : 2. Partners are entitles to interest on capital @ 10% per annum and salary to Bimal and Deepak @ ₹ 2,000 per month and ₹ 3,000 per quarter respectively as per the provisions of the partnership deed.

Bimal's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of ₹ 50,000 p.a. Any deficiency arising on that accounts shall be met by Deepak. The profits of the firm for the year ended 31st March, 2012 amounted to ₹ 2,00,000. Prepare Profit & Loss Appropriation Account for the year ended on 31st March, 2012. 6

Ans. **Dr.** **Profit & Loss Appropriation Account** **Cr.**

Particulars			Amount (₹)	Particulars	Amount (₹)
To Interest on Capital				By Profit & Loss A/c	2,00,000
Ali	40,000				
Bimal	30,000				
Deepak	20,000		90,000		
To Salary					
Bimal	24,000				
Deepak	12,000		36,000		
To Profit transferred to capital A/c					
Ali		37,000			
Bimal	22,000				
Add: Deficiency	3,800				
		26,000			
Deepak	14,800				
Less: Deficiency	3,800				
		11,000	74,000		
			2,00,000		**2,00,000**

Calculation:

(a) Deficiency = Guaranteed amount – (amount received)
= ₹ 50,000 – (₹ 24,000 + ₹ 22,200)
= ₹ 50,000 – ₹ 46,200
= ₹ 3,800.

16. The Balance Sheet of Sudha, Rahim and Kartik who were sharing profit in the ratio of 3:3:4 as on 31st March, 2012 was as follows;

Liabilities		Amount (₹)	Assets	Amount (₹)
General Reserve		10,000	Cash	16,000
Bills Payable		5,000	Stock	44,000
Loan		12,000	Investments	47,000
Capitals : Sudha :	60,000		Land & Building	60,000
Rahim :	50,000		Sudha's loan	10,000
Kartik :	40,000	1,50,000		
		1,77,000		**1,77,000**

Sudha died on June 30th 2012. The partnership deed provided for the following on the death of a partner :

(a) Goodwill of the firm be valued at two years purchase of average profits for the last three years.

(b) Sudha's share of profit or loss till the date of her death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2012 amounted to ₹ 4,00,000 and that from 1st April to 30th June 2012 to ₹ 1,50,000. The profit for year ended 31st March, 2012 was ₹ 1,00,000.

(c) Interest on capital was to provided @ 6% p.a..

(d) The average profits of the last three years were ₹ 42,000.

(e) According to Sudha's will, the executors should donate her share to "Matri Chaya-an orphanage for girls".

Prepare Sudha's Capital Account to be rendered to her executor. * Also identify the value being highlighted in the question. **6**

Ans. Dr. **Sudha's Capital A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Sudha's loan A/c	10,000	By Balance b/d	60,000
To Sudha's executors A/c	90,350	By Rahim's capital A/c	10,800
		By Kartik's capital A/c	14,400
		By P&L suspense A/c	11,250
		By Interest on capital	900
		By General Reserve A/c	3,000
	1,00,350		**1,00,350**

Working Notes:

(a)
$$\text{Average profit} = ₹\ 42{,}000$$
$$\text{Goodwill} = 2 \times 42{,}000 = ₹\ 84{,}000$$
$$\text{Sudha's Share of Goodwill} = \frac{3}{10} \times 84{,}000 = ₹\ 25{,}200$$

(b)
$$\text{If sales is ₹ 4,00,000 profit} = ₹\ 1{,}00{,}000$$
$$\text{If sales is ₹ 1 profit} = \frac{1{,}00{,}000}{4{,}00{,}000}\ \text{Profit} = \frac{1{,}00{,}000}{4{,}00{,}000} \times 1{,}50{,}000 = ₹\ 37{,}500$$
$$\text{Sudha's Share} = 37{,}500 \times \frac{3}{10} = ₹\ 11{,}250$$

(c)
$$\text{Interest on capital} = 60{,}000 \times \frac{6}{100} \times \frac{3}{12}$$
$$= ₹\ 900$$

17. Moneyplus Company issued for pulic subscription 75,000 shares of the value of ₹ 10 each at a discount of 10% payable as follows:

₹ 2 per share on application, ₹ 3 per share on allotment and ₹ 4 per share on call.

The company received applications for 1,50,000 shares. The allotment was done as under:

(a) Applicants of 15,000 shares were allotted 5,000 shares.

(b) Applicants of 70,000 shares were allotted 40,000 shares.

(c) Remaining applicants were allotted 30,000 shares.

Money in excess to allotment was returned. Hari, a shareholder who had applied for 3,500 shares out of group B failed to pay allotment and call money. Rohan, a shareholder who was allotted 3,000 shares paid the call money along with the allotment. Rohan also belonged to group B.

Pass necessary journal entries to record the above transactions in the books of the company. Show your working notes clearly. **8**

OR

Record the journal entries for forfeiture and reissue of shares in the following cases:

(a) X Ltd. forfeited 20 shares of ₹ 10 each, ₹ 7 called up on which the shareholder had paid application and allotment money of ₹ 5 per share. Out of these, 15 shares were re-issued to Naresh as ₹ 7 per share paid up for ₹ 8 per share.

(b) Y Ltd. forfeited 90 shares of ₹ 10 each, ₹ 8 called up issued at a premium of ₹ 2 per share to 'R' for non-payment of allotment money of ₹ 5 per share (including premium). Out of these, 80 shares were re-issued to Sanjay as ₹ 8 called up for ₹ 10 per share.

(c) Z Ltd. forfeited 300 shares of ₹ 10 each issued at a discount of ₹ 1 per share for non-payment of first and final call of ₹ 3 per share. Out of these 200 shares were reissued at ₹ 3 per share fully paid up.

Ans. **Journal**

Dt.	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
1.	Bank A/c	Dr.		3,00,000	
	To Share Application A/c				3,00,000
	(Being application money received)				
2.	Share Application A/c	Dr.		3,00,000	
	To Share Capital A/c				1,50,000
	To Share Allotment A/c				1,45,000
	To Bank A/c				5,000
	(Being excess money adjusted & refunded)				
3.	Share Allotment A/c	Dr.		2,25,000	
	Discount on issue of shares A/c	Dr.		75,000	
	To Share Capital A/c				3,00,000
	(Being the allotment money due)				
4.	Bank A/c	Dr.		89,000	
	Call in Arrears A/c	Dr.		3,000	
	To Share Allotment A/c				80,000
	To Calls in Advance A/c				12,000
	(Being Allotment money received)				
	OR				
	Bank A/c	Dr.		89,000	
	To Share Allotment A/c				77,000
	To Share First & Final Call A/c/Calls in Advance				12,000
	(Being Allotment money received)				
5.	Share First & Final Call A/c	Dr.		3,00,000	
	To Share Capital A/c				3,00,000
	(Being call money due)				
6	Bank A/c	Dr.		2,80,000	
	Calls in Advance A/c	Dr.		12,000	
	Calls in Arrears A/c	Dr.		8,000	
	To Share First & Final Call A/c				3,00,000
	(Being call money received)				

Working Notes: Hari applied for 3,500 shares from Group B

He has been allotted $= \frac{1}{4} \times 3500 = 2000$ shares

	Application Money Received	Application Transferred to Capital	Excess	Allot due	Refund
Group A	15,000 × 2 = 30,000	5,000 × 2 = 10,000	20,000	15,000	5,000
Group B	70,000 × 2 = 1,40,000	40,000 × 2 = 80,000	60,000	1,20,000	Nil
Group C	65,000 × 2 = 1,30,000	30,000 × 2 = 60,000	70,000	90,000	Nil

(a)	Hari sent for application	= 7,000
	Transferred to Capital	4,000
	Excess	3,000
	Allotment due	
	2,000 × 3	= 6,000

Adjusted 3,000

Calls in Arrears On allotment ₹ 3,000

Calls in Arrears On First Call of Hari 2000 × 4 = ₹ 8,000

(b) Calls in Advance of Rohan = 3,000 × 4 = ₹ 12,000
marks

OR

Journal

S.no.	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(a) 1.	Share Capital A/c	Dr.		140	
	To Forfeited Shares A/c				100
	To Unpaid Call A/c / Calls in arrears A/c				40
	(Being 20 share forfeited for nonpayment of call money)				
2.	Bank A/c	Dr.		120	
	To Share Capital A/c				105
	To Securities Premium Reserve A/c				15
	(Being excess money adjusted & refunded)				
3.	Forfeited Shares A/c	Dr.		75	
	To Capital Reserve A/c				75
	(Being amount transferred to Capital Reserve)				
(b) 1.	Share Capital A/c	Dr.		720	
	Securities Premium Reserve A/c	Dr.		180	
	To Forfeited Shares A/c				450
	To Share Allotment A/c / Calls in Arrears A/c				450
	(Being 90share forfeited for nonpayment of allotment money)				
2.	Bank A/c	Dr.		800	
	To Share Capital A/c				640
	To Securities Premium Reserve A/c				160
	(Being shares reissued)				
3.	Forfeited Shares A/c	Dr.		400	
	To Capital Reserve A/c				400
	(Being balance amount in Forfeited Shares A/c transferred to Capital Reserve)				
(c) 1.	Share Capital A/c	Dr.		3,000	
	To Discount on issue of shares A/c				300
	To Forfeited Shares A/c				1,800
	To Share First & Final Call A/c / Calls in Arrears A/c				900
	(Being 300 shares forfeited)				
2	Bank A/c	Dr.		600	
	Discount on issue of shares A/c	Dr.		200	
	Share forfeited A/c	Dr.		1,200	
	To Share First & Final Call A/c				2,000
	(Being call money received)				

18. Sahaj and Nimish are partners in a firm. They share profits and losses in the ratio of 2 : 1. Since both of them are specially abled, sometimes they find it difficult to run the business on their own. Gauri, a common friend decided to help them. Therefore, they admitted her into partnership for a 1/3rd share. She brought her share of goodwill in cash and proportionate capital. At the time of Gauri's admission, the Balance Sheet of Sahaj and Nimish was as under:

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital Accounts :			Machinery	1,20,000
Sahaj	1,20,000		Furniture	80,000
Nimish	80,0000	2,00,000	Stock	50,000
General Reserve		30,000	Sundry Debtors	30,000
Creditors		30,000	Cash	20,000
Employees' Provident Fund		40,000		
		3,00,000		**3,00,000**

It was decided to:

(a) Reduce the value of stock by ₹ 5,000.

(b) Depreciate furniture by 10% and appreciate machinery by 5%.

(c) ₹ 3,000 of the debtors proved bad. A provision of 5% was to be created on Sundry Debtors for doubtful debts.

(d) Goodwill of the firm was valued at ₹ 45,000.

Prepare Revaluation Account, Partner's Capital Accounts and Balance sheet of the reconstituted firm. * Identify the value being conveyed in the question. **8**

OR

Prachi, Ritika and Ishita were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Inspite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st March 2012. Prachi was deputed to realise the assets and pay the liabilities. She was paid ₹ 1,000 as commission for her services. The financial position of the firm was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	10,000	Furniture	37,000
Investment Fluctuation Fund	4,500	Stock	5,500
Capitals :		Investments	15,000
Prachi	40,000	Cash	9,000
Ritika	30,000	Ishita's Capital	18,000
	84,500		**84,500**

Following was agreed upon:

Prachi took over investments for ₹ 12,500. Stock and furniture realized ₹ 41,500. There was old furniture which has been written off completely from the books. Ritika agreed to take away the same at the price of ₹ 3,000. Compensation paid to the employees amounted to ₹ 8,000. This liability was not provided in the above Balance Sheet. Realization expenses amounted to ₹ 1,000. Prepare Realisation Account, Partners' Capital Accounts and Cash A/c to close the books of the firm.

* Also identify the value being conveyed in the question.

Ans. Dr. **Revaluation Account** **Cr.**

Liabilities	Amount (₹)	Assets		Amount (₹)
To Stock A/c	5,000	By Machinery A/c		6,000
To Furniture A/c	8,000	By Loss transferred to Capital A/c		
To Bad Debts A/c	3,000	Sahaj	7,567	
To provision for bad debts A/c	1,350	Nimish	3,783	11,350
	17,350			**17,350**

* *Out of Syllabus*

Dr. **Partner's Capital Account** **Cr.**

Particulars	Sahaj (₹)	Nimish (₹)	Gauri (₹)	Particulars	Sahaj (₹)	Nimish (₹)	Gauri (₹)
To Revaluation A/c	7,567	3,783	----	By Balance b/d	1,20,000	80,000	----
				By General reserve A/c	20,000	10,000	----
				By Premium A/c (Goodwill)	10,000	5,000	----
				By Bank A/c / Cash A/c	----	----	1,16,825
To Balance c/d	1,42,433	91,217	1,16,825				
	1,50,000	**95,000**	**1,16,825**		**1,50,000**	**95,000**	**1,16,825**

Balance sheet of Sahaj, Nimish & Gauri (As on ………………..)

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital's A/c s			Machinery (1,20,000 + 6,000)		1,26,000
Sahaj	1,42,433		Furniture (80,000 – 8,000)		72,000
Nimish	91,217		Stock (50,000 – 5,000)		45,000
Gauri	1,16,825	3,50,475	Debtors	30,000	
Creditors		30,000	Less: Bad Debts	3,000	
				27,000	
			Less: Provision for Bad Debts	1350	25,650
Emp. Provident Fund		40,000	Cash / Bank		1,51,825
		4,20,475			**4,20,475**

Working Note:

a. Gauri's Share $= 45{,}000 \times 1/3 = 15{,}000$

b. Calculation of Gauri's Capital

Sahaj's Capital = ₹ 1,42,433

Nimish's Capital = ₹ 91,217

Capital for 2/3 Share = ₹ 2,33,650

Total Capital = ₹ 2,33,650 × 3/2

Gauri's Capital = ₹ 2,33,650 × 3/2 × 1/3 = ₹ 1,16,825

OR

Dr. **Realisation A/c** **Cr.**

Particulars		Amount (₹)	Particulars		Amount (₹)
To Assets A/c			By Creditors A/c		10,000
Furniture	37,000		By Investment Fluctuation Fund A/c		4,500
Stock	5,500		By Prachi's Capital A/c (Investment)		12,500
Investments	15,000	57,500	By Cash A/c		41,500
To Cash A/c (Liabilities paid)			By Ritika's Capital A/c (Old Furniture take over)		3,000
Creditors	10,000		By Loss Transferred to:		
Compensation	8,000	18,000	Prachi Cap A/c	3,000	
To Cash A/c (Realization Exp.)		1,000	Ritika Cap A/c	1,800	
To Prachi Capital A/c (Commission)		1,000	Ishita Cap A/c	1,200	6,000
		77,500			**77,500**

Dr. **Partner's Capital Account** **Cr.**

Particulars	Prachi (₹)	Ritika (₹)	Ishita (₹)	Particulars	Prachi (₹)	Ritika (₹)	Ishita (₹)
To Balance b/d	----	----	18,000	By Balance b/d	40,000	30,000	----
To Realisation A/c (Loss)	3,000	1,800	1,200	By Realisation (Commission paid)	1,000	----	----
To Realisation A/c (Investment Taken Over)	12,500	----	----	By Cash A/c	----	----	19,200
To Realisation A/c (Furniture taken Over)	----	3,000	----				
To Balance c/d	25,500	25,200	----				
	41,000	**30,000**	**19,200**		**41,000**	**30,000**	**19,200**

Dr. **Cash A/c** **Cr.**

Liabilities	Amount (₹)	Assets	Amount (₹)
To Balance b/d	9,000	By Realization (Liabilities paid)	18,000
To Realization A/c	41,500	By Realization (Exp.)	1,000
To Ishita's Capital a/c (Cash brought in)	19,200	By Prachi's Capital A/c (Final Payment)	25,500
		By Ritika Cap A/c (Final Payment)	25,200
	69,700		**69,700**

PART B
(Financial Statements Analysis)

19. Under which type of activity will you classify 'Dividend received by a finance company' while preparing Cash Flow statement ? **1**

Ans. Operating Activity.

20. What is meant by 'Cash from operating activities' ? **1**

Ans. It means cash flow from business transactions which have a direct relation in calculating net income of business.

21. State any one objective of Financial Statement Analysis. **1**

Ans. 1. Knowing the profitability of business.

2. Knowing the solvency of business.

3. Judging the growth & financial strength of business.

4. Forecasting & preparing budgets.

22. Under what heads and sub-heads the following items will appear in the Balance Sheet of a company as per revised Schedule of Companies Act, 2013.

(i) Premium on redemption of Debentures

(ii) Loose tools

(iii) Balances with banks **3**

Ans.

Items	Heading/ Sub Heading
Premium on redemption of debentures	Non Current liability/ Other Long term liabilities
Loose tools	Current Assets/ Inventory
Balance with Bank	Current Assets/ Cash & Cash Equivalents

Note: If an examinee has mentioned either heading or sub-heading full credit may be allowed.

23. (a) Compute 'Working Capital Turnover Ratio' from the following information:

Cash Sales ₹ 1,30,000; Credit Sales ₹ 3,80,000; Sales Returns ₹ 10,000; Liquid Assets ₹ 1,40,000; Current Liabilities ₹ 1,05,000 and Inventory ₹ 90,000.

(b) Calculate 'Debt Equity Ratio' from the following information:

Total Assets ₹ 3,50,000; Total Debt ₹ 2,50,000 and Current Liabilities ₹ 80,000. **4**

Ans. A. Calculation of "Working Capital turnover Ratio"

$$\text{Working Capital turnover Ratio} = \frac{\text{Net Sales}}{\text{Net working capital}} = \frac{5,00,000}{1,25,000} = 4 \text{ times}$$

Net sales = Cash sales + Credit sales – Sales Returns

= ₹ 1,30,000 + ₹ 3,80,000 – ₹10,000 = ₹ 5,00,000

Net Working Capital = CA – CL = ₹ 2,30,000 – ₹ 1,05,000 = ₹ 1,25,000

CA = Liquid Assets + Inventory

= ₹ 1,40,000 + ₹ 90,000 = ₹ 2,30,000

CL = 1,05,000(Given)

B. Calculation of Debt Equity Ratio

$$\text{Debt Equity Ratio} = \frac{\text{Debt/Long Term Debt}}{\text{Equlity/Shareholder's Fund}}$$

Debt = Total Debt – CL

= 2,50,000 – 80,000 = 1,70,000

Equity = Total Assets – Total Debts

= 3,50,000 – 2,50,000 = 1,00,000

$$\text{Debt Equity Ratio} = \frac{1,70,000}{1,00,000} = 1.7:1$$

24. From the following Statement of Profit and Loss of Sun track Ltd. for the years ended 31st March 2011 and 2012, Prepare a 'Comparative Statement of Profit & Loss'.

Particulars	Note No.	2011-12 (₹)	2010-11 (₹)
Revenue from operations		20,00,000	12,00,000
Other Income		12,00,000	9,00,000
Expenses		13,00,000	10,00,000

4

Ans. Comparative statement of Profit & Loss for the year ended 31 Mar 2011 & 2012

S. No.	Particulars	2010-11	2010-12	Absolute Changes increase or decrease	% Change increase or decreases
1.	Revenue from operation	12,00,000	20,00,000	8,00,000	66.6
2.	Add other income	9,00,000	12,00,000	3,00,000	33.3
	Total Revenue (1+2)	21,00,000	32,00,000	11,00,000	52.4
3.	Less Expenses	10,00,000	13,00,000	3,00,000	30.0
4.	Profit before tax	11,00,000	19,00,000	8,00,000	73

Note: If an examiner has presented the above statement as per previous format due credit is to be given

25. Following is the Balance Sheet of Wisben Ltd. as on 31st March 2012:

	Particulars	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
I.	**Equity and Liabilities:**			
	1. Shareholders' Fund			
	(a) Share Capital		7,00,000	6,00,000

	(b) Reserve and Surplus (Profit & Loss Balance)		2,00,000	1,10,000
	2. Non Current Liabilities			
	Long term-Borrowings		3,00,000	2,00,000
	3. Current Liabilities			
	Trade Payables		30,000	25,000
	Total		**12,30,000**	**9,35,000**
II.	**Assets:**			
	1. Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets		11,00,000	8,00,000
	2. Current Assets:			
	(a) Inventories		70,000	60,000
	(b) Trade Receivables		32,000	40,000
	(c) Cash and Cash equivalents		28,000	35,000
	Total		**12,30,000**	**9,35,000**

Adjustments:

During the year a piece of machinery of the book value of ₹ 80,000 was sold for ₹ 65,000. Depreciation provided on tangible assets during the year amounted to ₹ 2,00,000. 6

Prepare a Cash Flow Statement.

Ans.

Particulars		**Details (₹)**	**Amount (₹)**
A. Cash Flow from operating Activities:			
Profit as per statement of profit & loss before tax & extra ordinary items		90,000	
Add: Non Cash & Non Operating Items			
Add:			
1. Depreciation	2,00,000		
2. Loss on sale of Mach.	15,000	2,15,000	
Operating Profit before working capital changes		3,05,000	
Adjustments for current assets & current liabilities except cash & bank.			
Add: Increase in trade payables	5,000		
Less: Increase in Inventories	(10,000)		
Add: Decrease in Trade receivables	8,000		
Net Cash flow from Operating Activities		3,000	3,08,000
B. Cash Flow from Investing Activities:			
Sale of Machinery		65,000	
Purchase of Tangible assets		(5,80,000)	
Net Cash flow from Investing Activities			**(5,15,500)**
C. Cash Flow from Financing Activities:			
Issue of Shares		1,00,000	
Loan raised		1,00,000	
Net Cash flow from financing Activities			**2,00,000**
Decrease in cash and cash Equivalents			(7,000)
Add: Opening balance of cash & cash Equivalents			35,000
Closing Balance of Cash & Cash Equivalent			28,000

Dr. **Bank A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	8,00,000	By Dep. A/c	2,00,000
To Bank A/c(Purchase)	5,80,000	By Mach. Sold A/c	80,000
		By Balance c/d	11,00,000
	13,80,000		**13,80,000**

Dr. **Machinery A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To tangible assets a/c	8,00,000	By Bank a/c	65,000
		By P&L A/c (Loss)	15,000
	80,000		**80,000**

❑❑❑