# Solved Paper 2014

## ACCOUNTANCY

**Time : 3 Hours** **Class-XII** **Max. Marks : 80**

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### 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 - 1** **Code : 67/1/1**

**PART-A**
**(Accounting for Partnership Firms and Companies)**

1. **What is meant by 'Reconstitution of a Partnership Firm' ?** **1**

**Ans.** Reconstitution of partnership firm means the change in the existing agreement among Partners.

2. **X, Y and Z are partners sharing profits in the ratio of $\frac{1}{2}, \frac{2}{5}$ and $\frac{1}{10}$, respectively. Find the new ratio of remaining partners if Z retires.** **1**

**Ans.** Old profit sharing ratio of $X$, $Y$, and $Z$ $= \frac{1}{2} : \frac{2}{5} : \frac{1}{10}$

$$= \frac{5:4:1}{10} = 5:4:1$$

So, new ratio of $X$ and $Y$ after $Z$'s retirement 5 : 4.

3. **Distinguish between 'Dissolution of partnership' and Dissolution of partnership Firm' on the basis of closure of books.** **1**

**Ans.**

| Basis | Dissolution of partnership | Dissolution of partnership firm |
|---|---|---|
| (i) Closure of Books | Books are not compulsorily closed because business is not closed down. | Books of accounts are closed as business is terminated. |

4. **Why heirs of a retiring / deceased partner are entitled to a share of goodwill of the firm?** **1**

**Ans.** Because of goodwill earned by the firm is the result of efforts of all the existing partners in the past. As the remaining partners only will be sharing profits, it is firm to compensate the retiring partner by the remaining partners.

5. **Give the meaning of 'Debenture'.** **1**

**Ans.** Debenture is an acknowledgment of the debt issued by the company under a common seal.

6. **What is the maximum amount of discount at which forfeited shares can be re-issued?**

**Ans.** The maximum amount of discount allowed is the amount received at the time of forfeiture (amount credited to share forfeiture A/c) on these shares.

7. **Give any one purpose for which the amount received as 'securities premium' may be utilised.** **1**

**Ans.** To write off the preliminary expenses of the company.

**8. Saloni and Shrishti were partners in a firm sharing profit in the ratio of 7 : 3. Their capitals were ₹ 2,00,000 and ₹ 1,50,000, respectively. They admitted Aditi on 1st April 2013 as a new partner for $\frac{1}{6}$th share in future profits.**

**Aditi brought ₹ 1,00,000 as her capital. Calculate the value of goodwill of the firm and record necessary journal entries for the above transaction on Aditi's admission.** **3**

**Ans.** Total capital of the firm on the basis of Aditi's share:

$$1,00,000 \times \frac{6}{1} = ₹\ 6,00,000$$

Total capital of the firm = 2,00,000 (Salon's capital) + 1,50,000 (capital of Shrishti) + 1,00,000 (Aditis' capital)

= ₹ 4,50,000

Hidden Goodwill of the firm = 6,00,000 – 4,50,000

= ₹ 1,50,000

$$\text{Aditis's share of Goodwill} = 1,50,000 \times \frac{1}{6}$$

= ₹ 25,000

**Journal Entries**

| Date | Particulars | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|
| (i) | Bank A/c Dr. | | 1,00,000 | |
| | To Aditi's capital A/c | | | 1,00,000 |
| | (Being capital brought by Aditi) | | | |
| (i) | Bank A/c Dr. | | 25,000 | |
| | To Saloni's capital A/c | | | 17,500 |
| | To Shrishti's capital A/c | | | 7,500 |
| | (Being goodwill given by Aditi) | | | |

**9. BG. Ltd. issued 2,000, 1270 debentures of ₹ 100 each on 1st April 2012. The issue was fully subscribed. According to the terms of issue, interest on the debentures is payable half-yearly on 30th September and 31st March and the tax deducted at source is 10%.**

**Pass necessary journal entries related to the debenture interest for the half-yearly ending 31st March 2013 and transfer of interest on debentures of the year to the Statement of Profit and Loss.** **3**

**Ans.** **In the books of B.G. Ltd.**

**Journal Entries**

| Date | Particulars | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|
| 2013 March 31 | Interest on Debentures A/c Dr. | | 12,000 | |
| | To Debenture holder's A/c | | | 1,800 |
| | To TDS Payable A/c | | | 1,200 |
| | (Being interest due on debentures) | | | |
| " | Debenture holders' A/c Dr. | | 10,800 | |
| | To Bank A/c | | | 10,800 |
| | (Being payment mode of interest) | | | |
| " | TDS Payable A/c Dr. | | 1,200 | |
| | To Bank A/c | | | 1,200 |
| | (Being TDS deposited) | | | |
| " | Statement of Profit and Loss Dr. | | 24,000 | |
| | To Interest on Debenture A/c | | | 24,000 |
| | (Being interest transferred to A/c) | | | |

***10. Pass necessary journal entries in the following cases:**

**(i) Z Ltd. redeemed 1500, 12% debentures of ₹ 100 each issued at a discount of 6% by converting them into equity shares of ₹ 100 each issued at a premium of ₹ 25 per share.**

**(i) X Ltd. converted 1,000, 12% debentures of ₹ 100 each issued at a discount of ₹ 10 per debenture into equity shares of ₹ 100 each, ₹ 90 paid up.** 3

**11. Satnam and Qureshi after doing their MBA decided to start a partnership firm to manufacture ISI marked electronic goods for economically weaker section of the society. Satnam also expressed his willingness to admit Juliee as a partner without capital who is specially abled but a very creative and intelligent friend of him. Qureshi agreed to this. They formed a partnership on 1st April 2012 on the following terms:**

**(i) Satnam will contribute ₹ 40,000 and Qureshi will contribute ₹ 2,00,000 as capitals.**

**(ii) Satnam, Qureshi and Juliee will share profits in the ratio of 2 : 2 : 1.**

**(iii) Interest on Capital will be allowed @ 6% p.a.**

**Due to shortage of capital Satnam contributed ₹ 50,000 on 30th September, 2012 and Qureshi contributed ₹ 20,000 on 1st January, 2013 as additional capitals. The profit of the firm for the year ended 31st March 2013 was ₹ 3,37,800.**

* **(a) Identify any two values which they want to communicate to the society.**

**(b) Prepare profit and Loss Appropriation Account for the year ending 31st March 2013.** 4

**Ans.** **In the books of Satnam, Qureshi and Julies**

**Profit and Loss Appropriation A/c**

**Dr.** **for the year ended 31st March, 2013** **Cr.**

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Interest on Capital | | | By Profit and Loss A/c | 3,37,800 |
| Satham's capital | 25,500 | | | |
| Qureshi's capital | 12,300 | 37,800 | | |
| To Profit transfered to Capital A/c | | | | |
| Satham | 1,20,000 | | | |
| Qureshi | 1,20,000 | | | |
| Juliee | 60,000 | 3,00,000 | | |
| | | **3,37,800** | | **3,37,800** |

**Working Notes**

**Calculation:**

**(i)** Satnam's capital $= \left[4,00,000\times\frac{6}{100}\right]+\left[50,000\times\frac{6}{100}\times\frac{6}{12}\right]$

$= ₹\ 24,000 + ₹\ 1,500 = ₹\ 25,00$

**(ii)** Qureshi's capital $= \left[2,00,000\times\frac{6}{100}\right]+\left[20,000\times\frac{6}{100}\times\frac{3}{12}\right]$

$= ₹\ 12,000 + ₹\ 300 = ₹\ 12,300$

**12. Virad, Vishad and Roma were partners in a firm sharing profits in the ratio of 5 : 3 : 2 respectively. On March 31, 2013, their Balance Sheet was as under:**

**Balance Sheet of Virad, Vishad and Roma as on March 31, 2013**

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| General Reserve | | | Buildings | 2,00,000 |
| Virad | 3,00,000 | | Machinery | 3,00,000 |
| Vishad | 2,50,000 | | Patents | 1,10,000 |
| Roma | 1, 50,000 | 7,00,000 | Stock | 1,00,000 |
| Reserve Fund | | 60,000 | Debtors | 80,000 |
| Creditors | | 1,10,000 | Cash | 80,000 |
| | | **8,70,000** | | **8,70,000** |

**Virad died on October 1st, 2013. It was agreed between his executors and the remaining partner's that:**

**(a) Goodwill of the firm be valued at $2\frac{1}{2}$ years purchase of average profits for the last three years. The average profits were ₹ 1,50,000.**

**(b) Interest on capital provided by 10% p.a.**

* *Out of Syllabus*

(c) **Profit for the year 2013-14 be taken as having accrued at the same rate as that of the previous year which was ₹ 1,50,000.**

**Prepare Virad's Capital Account to be presented to his Executors as on October 1st, 2013.** 4

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

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|
| To Executor's A/c | 5,70,000 | By Balance b/d | 3,00,000 |
| | | By Reserve fund | 30,000 |
| | | By Vishad's Capital A/c | 1,12,500 |
| | | By Roma's Capital A/c | 75,000 |
| | | By Profit & Loss suspense A/c | 37,500 |
| | | By Interest on capital A/c | 15,000 |
| | **5,70,000** | | **5,70,000** |

**Working Note:**

Share of profit of Virad $= 1,50,000 \times \frac{5}{10} \times \frac{6}{12} = ₹\ 37,500$

13. **On 1st April 2012 Vivek Ltd. was formed with an authorised capital of ₹ 1,00,00,000 divided into 2,00,000 equity shares of ₹ 50 each. The company issued prospectus inviting applications for ₹ 1,80,000 shares. The issue price was payable as under:**

**On Applications : ₹ 15**

**On Allotment : ₹ 20**

**On Call: : Balance amount**

**The issue was fully subscribed and the company allotted shares to 'A', the applicants. The company did not make the call during the year.**

**Show the following:**

(a) **Share capital in the Balance Sheet of the company as per revised schedule-VI— Part-I of the Companies Act, 2013.**

(b) **Also prepare 'Notes to Accounts' for the same.** 4

**Ans.** **In the Books of Vivek Ltd.**

**Balance Sheet [As Extract]**

**As at ------**

| Particulars | Note No. | (Amount) ₹ (Current Years) | (Amount) ₹ (Per Year) |
|---|---|---|---|
| Equity and Liabilities | | | |
| (1) Share Holders' funds: | | | |
| (a) Share Capital | 1 | 63,00,000 | |

**Notes to Account:**

| | | |
|---|---|---|
| **(i)** | Share Capital | |
| | **Authorised Capital:** | |
| | 2,00,000 equity shares @ ₹ 50 each | 1,00,00,000 |
| | **Issued Capital:** | |
| | 1,80,000 equity shares @ ₹ 50 each | 90,00,000 |
| | Subscribed but not fully paid up | |
| | 1,80,000 shares of ₹ 35 called up | 63,00,000 |

14. **Pass necessary journal entries for the following transactions in the books of Rajan Ltd:**

(a) **Rajan Ltd. purchased machinery of ₹ 7,20,000 from Kundan Ltd. The payment was made to Kundan Ltd. by issue of equity shares of ₹ 100 each at 10% discount.**

(b) **Rajan Ltd. purchased a running business from Vikas Ltd. for a sum of ₹ 2,50,000 payable as ₹ 2,20,000 in fully paid equity shares of ₹ 10 each and balance by bank draft. The assets and liabilities consisted of the following:**

**Plant and Machinery ₹ 90,000; Building ₹ 90,000; Sundry Debtors ₹ 30,000; Stock ₹ 50,000; Cash ₹ 20,000; Sundry Creditors ₹ 20,000.** 4

**Ans.** **In the Books of Rajan Ltd.**

**Journal Entries**

| S.No. | Particulars | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|
| (a) (i) | Machinery A/c Dr. | | 7,20,000 | |
| | To Kundan Ltd. | | | 7,20,000 |
| | (Being machinery purchased) | | | |
| (ii) | Kundan Ltd. Dr. | | 7,20,000 | |
| | Discount on issue of shares A/c Dr. | | 80,000 | |
| | To Equity share capital A/c | | | 8,00,000 |
| | (Being shares issued) | | | |
| (b) (i) | Share Capital A/c Dr. | | 2,80,0000 | |
| | To Sundry Creditors A/c | | | 20,000 |
| | To Vikas Ltd. | | | 2,50,000 |
| | To Capital Reserve (Bal. fig.) A/c | | | 10,000 |
| | (Being business purchased) | | | |
| (ii) | Vikas Ltd. Dr. | | 2,50,000 | |
| | To Equity share capital A/c | | | 2,20,000 |
| | To Bank A/c | | | 30,000 |
| | (Being purchase consideration satisfied) | | | |

**15. Naveen, Seerat and Hina were partners in a firm manufacturing blankets. They were sharing profits in the ratio of 5 : 3 : 2. Their capitals on 1st April 2012 were ₹ 2,00,000; ₹ 3,00,000 and ₹ 6,00,000 respectively. After the floods in Uttaranchal, all partners decided to help the flood victims personally.**

**For this Naveen withdrew ₹ 10,000 from the firm on 1st September 2012. Seerat, instead of withdrawing cash from the firm took blankets amounting to ₹ 12,000 from the firm and distributed to the flood victims. On the other hand, Hina withdrew ₹ 2,00,000 from her capital on 1st January 2013 and set up a centre to provide medical facilities in the flood affected area.**

**The partnership deed provides for charging interest on drawings @ 6% p.a. After the Final Accounts were prepared, it was discovered that interest on drawings had not been charged. Give the necessary adjusting journal entry and show the working notes clearly.**

* **Also state any two values that the partners wanted to communicate to the society.** **6**

**Ans.** **Analytical Table**

| Particulars | Naveen | Seerat | Hina | Total |
|---|---|---|---|---|
| Interest or Drawing (Dr.) | 350 | 360 | — | 710 |
| Profit (Cr.) | 355 | 213 | 142 | 710 |
| Net Effect | 5 (Cr.) | 147 (Dr.) | 142 (Cr.) | |

**Journal Entries**

| Date | Particulars | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|
| | Seerat Capital A/c Dr. | | 147 | — |
| | To Naveen's capital A/c | | — | 5 |
| | To Hina's capital A/c | | — | 142 |
| | (Being adjustment entry passed) | | | |

* *Out of Syllabus*

16. **Shanti and Satya were partners in a firm sharing profits in the ratio of 4 : l. On 31st March, 2013 their Balance Sheet was as follows:**

**Balance Sheet of Shanti and Satya as on 31st March 2013**

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|
| Creditors | 45,000 | Bank | 55,000 |
| Workmen Compensation | | Debtors | 60,000 |
| Fund | 40,000 | Stock | 85,000 |
| Satya's Current Account | 65,000 | Furniture | 1,00,000 |
| Capitals | | Machinery | 1,30,000 |
| Shanti | 2,00,000 | Shanti's Current Account | 20,000 |
| Staya | 1,00,000 | | |
| | **4,50,000** | | **4,50,000** |

**On the above date the firm was dissolved:**

**(1) Shanti took over 40% of the stock at 10% less than its book value and the remaining stock was sold for ₹ 40,000. Furniture realised ₹ 80,000**

**(2) An unrecorded investment was sold for ₹ 20,000. Machinery was sold at a loss of ₹ 60,000.**

**(3) Debtors realised ₹ 55,000.**

**(4) There was an outstanding bill for repairs for which ₹ 19,000 were paid.**

**Prepare Realisation Account.** **6**

**Ans.** **In the Books of Shanti and Satya**

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

| Particulars | | Amount (₹) | Particulars | | Amount (₹) |
|---|---|---|---|---|---|
| To Sundry Assets: | | | By Creditors A/c | | 45,000 |
| Stack | 85,000 | | By Shanti's capital A/c | | 30,600 |
| Furnitures | 1,00,000 | | By Bank A/c: | | |
| Debtors | 60,500 | | Stack | 40,000 | |
| Machinery | 1,30,000 | 57,500 | Furnitures | 80,000 | |
| To Cash A/c | | | Investment | 20,000 | |
| Bill o/s | 19,000 | | Machinery | 70,000 | |
| Creditres | 45,000 | 64,000 | Debtors | 55,000 | 2,65,000 |
| | | | By Loss Transferred to: | | |
| | | | Shanti's A/c | | 78,720 |
| | | | Satya's Cap A/c | | 19,680 |
| | | **4,39,000** | | | **4,39,000** |

17. **Mohan and Mahesh were partners in a firm sharing profits in the ratio of 3 : 2. On 1st April 2012 they admitted Nusrat as a partner in the firm. The Balance Sheet of Mohan and Mahesh on that date was as under:**

**Balance Sheet of Mohan and Mahesh as on 1st April 2012**

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| Creditors | | 2,10,000 | Cash in hand | 1,40,000 |
| Workmen's Compensation | | | Debtors | 1,60,000 |
| Fund | | 2,50,000 | Stock | 1,20,000 |
| General Reserve | | 1,60,000 | Machinery | 1,00,000 |
| Capitals | | | Building | 2,80,000 |
| Shanti | **1,00,000** | | | |
| Staya | **80,000** | 1,80,000 | | |
| | | **8,00,000** | | **8,00,000** |

**It was agreed that:**

**(i) The value of Building and Stock be appreciated to ₹ 3,80,000 and ₹ 1,60,000, respectively.**

**(ii) The liabilities of workmen's compensation fund was determined at ₹ 2,30,000.**

**(iii) Nusrat brought in her share of goodwill ₹ 1,00,000 in cash.**

**(iv) Nusrat was to bring further cash as would make her capital equal to 20% of the combined capital of Mohan and Mahesh after above revaluation and adjustments are carried out.**

**(v) The future profrt sharing ratio will be Mohan $\frac{2}{5}^{th}$, Mahesh $\frac{2}{5}^{th}$, Nusrat $\frac{1}{5}^{th}$.**

**Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of the new firm. Also show clearly the calculation of Capital brought by Nusrat.** **8**

**OR**

**Kushal, Kumar and Kavita were partners in a firm sharing profits in the ratio of 3 : 1 : 1. On 1st April 2012 their Balance Sheet was as follows:**

**Balance Sheet of Kushal, Kurnar and Kavita as on 1st April 2012**

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| Creditors | | 1,20,000 | Cash | | 70,000 |
| Workmen's Compensation | | 1,80,000 | Debtors | 2,00,000 | |
| Fund | | 1,20,000 | Less: Provision | 10,000 | 1,90,000 |
| Capitals: | | | Stock | | 2,20,000 |
| Kushal | **3,00,000** | | Furniture | | 1,20,000 |
| Kumar | **2,80,000** | | Building | | 3,00,000 |
| Kavita | **3,00,000** | 8,80,000 | Land | | 4,00,000 |
| | | **13,00,000** | | | **13,00,000** |

**On the above date Kavita retired and the following was agreed:**

**(i) Goodwill of the firm was valued at ₹ 40,000.**

**(ii) Land was to be appreciated by 30% and building was to be depreciated by ₹ 1,00,000.**

**(iii) Value of furniture was to be reduced by ₹ 20,000.**

**(iv) Bad debts reserve is to be increased to ₹ 15,000.**

**(v) l0% of the amount payable to Kavita was paid in cash and the balance was transferred to her Loan Account.**

**(vi) Capitals of Kushal and Kumar will be in proportion to their new profit sharing ratio. The surplus/deficit, if any in their Capital Accounts will be adjusted through Current Accounts.**

**Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet of Kushal and Kumar after Kavita's. retirement.**

**Ans. Dr.** **Revaluation A/c** **Cr.**

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To profit transferred to: | | | By Building A/c | 1,00,000 |
| Mohan's capital | 84,000 | | By Stock A/c | 40,000 |
| Mahesh's capital | 50,000 | 1,40,000 | | |
| | | **1,40,000** | | **1,40,000** |

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

| Particulars | Mohan (₹) | Mahesh (₹) | Nusrat (₹) | Particulars | Mohan (₹) | Mahesh (₹) | Nusrat (₹) |
|---|---|---|---|---|---|---|---|
| To Balance b/d | 3,92,000 | 2,08,000 | 1,20,000 | By Balance b/d | 1,00,000 | 80,000 | ---- |
| | | | | By Revaluation A/c | 84,000 | 56,000 | ---- |
| | | | | By General Reserve A/c | 96,000 | 64,000 | ---- |
| | | | | By W.C.F. A/c | 12,000 | 8,000 | ---- |
| | | | | By Goodwill A/c | 1,00,000 | ---- | ---- |
| | | | | By Cash A/c | ---- | ---- | 1,20,000 |
| | **3,92,000** | **2,08,000** | **1,20,000** | | **3,92,000** | **2,08,000** | **1,20,000** |

* As per the new guidlines of CBSE Goodwill A/c not to be shown in the books without consideration.

**Balance Sheet**
**As at April 1st, 2012**

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| Creditors | | 2,10,000 | Cash in hand | 3,60,000 |
| W.C claim | | 2,30,000 | Debtors | 1,60,000 |
| Capitals: | | | Stock | 1,60,000 |
| Mohan | 3,92,000 | | Machinery | 1,00,000 |
| Mahesh | 2,08,000 | | Building | 3,80,000 |
| Nusrat | 1,20,000 | 7,20,000 | | |
| | | **11,60,000** | | **11,60,000** |

**Working Note:**

Nusrat's Capital = (Capital of Mohan and Mahesh) × 20%

$= (3,92,000 + 2,08,000) = 6,00,000 \times \frac{20}{100}$

= ₹ 1,20,000 **8**

**OR**

**Dr.** **Revaluation A/c** **Cr.**

| Particulars | Amount (₹) | Particulars | | Amount (₹) |
|---|---|---|---|---|
| To Building A/c | 1,00,000 | By Land A/c | | 1,20,000 |
| To Furniture A/c | 20,000 | By Partners' Capital A/c: | | |
| To P.B.D. | 5,000 | Kushal | 3,000 | |
| | | Kumar | 1,000 | |
| | | Kavita | 1,000 | 5,000 |
| | **1,25,000** | | | **1,25,000** |

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

| Particulars | Kushal (₹) | Kumar (₹) | Kavita (₹) | Particulars | Kushal (₹) | Kumar (₹) | Kavita (₹) |
|---|---|---|---|---|---|---|---|
| To Revaluation A/c | 3,000 | 1,000 | 1,000 | By Balance b/d | 3,00,000 | 2,80,000 | 3,00,000 |
| To Kavita's capital | 6,000 | 2,000 | ---- | By General Reserve A/c | 72,000 | 24,000 | 24,000 |
| To Kavita's Loan | ---- | ---- | 2,97,900 | By Kushal's A/c | ---- | ---- | 6,000 |
| To Cash A/c | ---- | ---- | 33,100 | By Kumar's A/c | ---- | ---- | 2,000 |
| To Kumar's current A/c | ---- | 1,35,000 | ---- | By Kavit's A/c | 1,35,000 | | |
| To Balance c/d | 4,98,000 | 1,66,000 | ---- | | | | |
| | **5,07,000** | **3,04,000** | **3,32,000** | | **5,07,000** | **3,04,000** | **3,32,000** |

**Balance Sheet of the new firm**

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| Creditors | | 1,20,000 | Cash | | 36,900 |
| Bills Payable | | 1,80,000 | Debtors | 2,00,000 | |
| Kavita's Loan A/c | | 2,97,900 | (–) P.B.D | (15,000) | 1,85,000 |
| Capital: | | | Stock | | 2,20,000 |
| Kushal | 4,98,000 | | Furniture | | 1,00,000 |
| Kumar | 1,66,000 | 6,64,000 | Building | | 2,00,000 |
| Kumar's current A/c | | 1,35,000 | Land | | 5,20,000 |
| | | | Kushal's Current A/c | | 1,35,000 |
| | | **13,96,000** | | | **13,96,000** |

**Working Note:**

Existing capital of Kushal = ₹ 63,000

Existing capital of Kumar = ₹ 3,01,000

Total Capital = ₹ 6,64,000

$$\text{Adjusted capital of Kushal} = 6,64,000 \times \frac{3}{4} = ₹\ 4,98,000$$

$$\text{Adjusted capital of Kumar} = 6,64,000 \times \frac{1}{4} = ₹\ 1,66,000$$

**18. * XYZ Ltd. invited applications for 40,000 equity shares of ₹ 100 each at a discount of 67%. The amount was payable as follows:**

**On Application and Allotment - ₹ 90 per share**

**On First and Final call - the balance amount**

**Applications for 60,000 shares were received. Applications for 10,000 shares were rejected and shares were allotted on pro-rata basis to remaining applicants. Excess application money received on application and allotment was adjusted towards sums due on first and final call. The calls were made. A shareholder, who applied for 50 shares, failed to pay the first and final call money. His shares were forfeited. All the forfeited shares were re-issued at ₹ 97 per share fully paid up.**

**Pass necessary journal entries for the above transactions in the books of XYZ Ltd.**

**OR**

**AB Ltd. invited applications for issuing 75,000 equity shares of ₹ 100 each at a premium of ₹ 30 per share. The amount was payable as follows:**

**On Application and Allotment - ₹ 85 per share (including premium)**

**On First and Final call - the balance Amount**

**Applications for 1,27,500 shares were received' Applications for 27,500 shares were rejected and share were allotted on pro-rata basis to the remaining applicants. Excess money received on application and allotment was adjusted towards sums due on first and final call. The calls were made. A shareholder, who applied for 1,000 shares, failed to pay the first and final call money. His shares were forfeited' All the forfeited shares were reissued at ₹ 150 per share fully paid up.**

**Pass necessary journal entries for the above transactions in the books of AB Ltd.** **8**

## PART-B
## (Financial Statements Analysis)

**19. What is meant by 'Cash Equivalents' while preparing Cash Flow Statement ?** **1**

**Ans.** Cash equivalents means short-term, highly liquid investments that are readily convertible into known amount of cash within three months.

**20. State the objective of preparing 'Cash Flow Statement'.** **1**

**Ans.** To provide information regarding sources and uses of cash from operating, investing and financing activities separately.

**21. State any one limitation of 'Analysis of Financial Statements'.** **1**

**Ans.** Qualitative information are ignored.

**22. Under which major sub-headings the following items will be placed in the Balance Sheet of a company as per Schedule of Companies Act, 2013.**

**(i) Accrued incomes**

**(ii) Loose tools**

**(iii) Provision, for employees benefits**

**(iv) Unpaid dividend**

* *Out of Syllabus*

**(v) Short-term loans**

**(vi) Long-term loans** 3

**Ans.**

| S. No. | Item | Sub-Heading |
|---|---|---|
| **(i)** | Accrued incomes | Other current assets |
| **(ii)** | Loose tools | Inventories |
| **(iii)** | Provision, for employees benefits | Long term provisions |
| **(iv)** | Unpaid dividend | So other current liabilities |
| **(v)** | Short-term loans | Short term borrowings |
| **(vi)** | Long-term loans | Long term borrowings |

***23. From the following 'Statement of profit and Loss' for the year ended 31st March 2013 prepare a 'Comparative Statement of Profit and Loss' of Good Services Ltd.**

| Particulars | Note No. | 2012-13 (₹) | 2011-12 (₹) |
|---|---|---|---|
| Revenue from operations | | 20,00,000 | 12,00,000 |
| Other income | | 10,00,000 | 4,00,000 |
| Expenses | | 21,00,000 | 15,00,000 |

**Rate of income tax was 50%** 4

**24. (a) From the following information, compute 'Debt-Equity Ratio':**

| | ₹ |
|---|---|
| **Long term Borrowings** | **2,00,000** |
| **Long term Provisions** | **1,00,000** |
| **Current Liabilities** | **50,000** |
| **Non-current Assets** | **3,60,000** |
| **Current Assets** | **90,000** |

**(b) The current ratio of X. Ltd is 2 : 1. State with reason which of the following transaction would (i) increase ; (ii) decrease or (iii) not change the ratio:**

**(1) Included in the trade payables was a bills payable of ₹ 9,000 which was met on maturity.**

**(2) Company issued 1,00,000 equity shares of ₹ 10 each to the vendors of machinery purchased.** 4

**Ans.** (a) $$\text{Debt-Equity Ratio} = \frac{\text{Debt}}{\text{Equity}}$$

$$\text{Debt} = \text{Long term borrowings} + \text{Long term provisions}$$
$$= 2{,}00{,}000 + 1{,}00{,}000 = ₹\ 3{,}00{,}000$$
$$\text{Equity} = \text{Current assets} + \text{Non-current} + \text{Assets} - \text{debt} - \text{current liabilities}$$
$$= 90{,}000 + 3{,}60{,}000 - 3{,}00{,}000 - 50{,}000 = ₹\ 1{,}00{,}000$$

**(b) (1) Increases:**

**Reason:** Both current assets and current liabilities are decreasing with same amount.

**(2) No change:**

**Reason:** Neither current assets nor current liabilities are changing.

**25. Prepare a cash Flow Statement on the basis of the information given Sheets in the Balance of Liva Ltd. as at 31-3-2013 and 3l-3-2012:** 6

| | Particulars | Note No. | 31-3-2013 (₹) | 31-3-2012 (₹) |
|---|---|---|---|---|
| **I.** | **Equity and Liabilities:** | | | |
| | **1. Shareholders' Fund** | | | |
| | (a) Share Capital | | 2,10,000 | 1,80,000 |
| | (b) Reserve and Surplus | | 1,32,000 | 24,000 |

* *Out of Syllabus*

| | | | | |
|---|---|---|---|---|
| | **2. Non Current Liabilities** | | | |
| | (a) Long term-Borrowings | | 1,50,000 | 1,50,000 |
| | **3. Current Liabilities** | | | |
| | (a) Trade Payables | | 75,000 | 27,000 |
| | **Total** | | **5,67,000** | **3,81,000** |
| **II.** | **Assets:** | | | |
| | 1. Non-Current Assets | | | |
| | (a) Fixed Assets | | | |
| | (i) Tangible Assets | | 2,94,000 | 2,52,000 |
| | (b) Non-Current Investments | | 48,000 | 18,000 |
| | 2. Current Assets: | | | |
| | (a) Current-Investments (marketable) | | 54,000 | 60,000 |
| | (b) Inventories | | 1,07,000 | 40,000 |
| | (c) Trade Receivables | | 40,000 | 35,000 |
| | (d) Cash and Cash Equivalents | | 24,000 | 35,000 |
| | **Total** | | **5,67,000** | **3,81,000** |

Notes to Accounts:

Note - 1

| **Particulars** | **2013 (₹)** | **2012 (₹)** |
|---|---|---|
| Reserve and Surplus<br>Surplus (balance in statement of profit and losses) | 1,32,000 | 24,000 |

**6**

**Ans.** **In the Books of Liva Ltd.**
**Cash Flow Statement**
**for the year ended 31st March 2013**

| **Particulars** | **Details (₹)** | **Amount (₹)** |
|---|---|---|
| **Cash flows from Operating Activities:** | | |
| Net profit before tax and extraordinary items | 1,08,000 | |
| Add: Non-cash and non-operating items | — | |
| **Operating Profit before working capital changes** | 1,08,000 | |
| Add: Increases in trade payables | 48,000 | |
| Less: Increase in trade receivables increase in inventories | (22,5000) | |
| | (83,000) | |
| **Cash Generated from Operating Activities** | | **50,00** |
| **Cash flow from Investing Activities** | | |
| Purchase of fixed Assets | (42,000) | |
| Purchase of Non-Current Invest. | (30,000) | **(72,000)** |
| **Cash used in Investing Activities** | | |
| **Cash flow from Investing Activities** | | |
| Issue of share capital | 30,000 | |
| Cash generated from Financing Activities | | 30,000 |
| Net Increase in Cash and Cash Equivalents | | 8,500 |
| Add: Opening Cash and Cash Equivalents [60,000 + 9,500] | | 69,500 |
| Closing Balance of Cash and Cash Equivalent [54,000 + 24,000] | | 78,000 |

## Delhi Set - 2 Code : 67/1/2

**Except these, all other questions are from Outside Delhi Set - I.**

**PART-A**
**(Accounting for Partnership Firms and Companies)**

**14. On 1st April 2012, Ianta Ltd. was formed with an authorised capital of ₹ 50,00,000 divided into 1,00,000 equity shares of ₹ 50 each. The company issued prospectus inviting applications for 90,000 shares. The issue price was payable as under:**

**On Application: ₹ 15**
**On Allotment: ₹ 20**
**On Call: Balance amount**

**The issue was fully subscribed and the company allotted shares to all the applicants. The ompany did not make the call during the year.**

**Show the following:**

**(a) Share capital in the Balance Sheet of the company as per revised Schedule of Companies Act, 2013.**

**(b) Also prepare 'Notes to Accounts' for the same.** 4

**Ans.** **In the Books of Janta Limited**
**Balance Sheet [An Extract]**

| | Particulars | Note No. | Amount (₹) |
|---|---|---|---|
| **1.** | Equity and liabilities<br>(1) Share holders' funds:<br>(b) Share Capital | 1 | 31,50,000 |

**Notes to Account:**

| | Particulars | Amount (₹) |
|---|---|---|
| **(b)** | Share Capital | |
| | **Authorized Capital** | |
| | 10,000 Equity shares @ ₹ 50 each | 50,00,000 |
| | **Issued Capital** | |
| | 90,000 Equity shares @ ₹ 50 each | 45,00,000 |
| | **Subscribed Capital** | |
| | Subscribed and fully paid up 14,000 shares @ ₹ 150 each | |
| | 90,000 shares @ ₹ 50 each @ 35 called up | 31,50,000 |

**15. Abdul, Kadir and Kasim were partners in a firm supplying food items. They were sharing profits in the ratio of 5 : 3 : 2. Their capitals on 1st April, 2012 were ₹ 1,00,000, ₹ 1,50,000 and ₹ 3,00,000, respectively. After the floods in Uttaranchal, all partners decide to personally help the flood victims.**

**For this, Abdul withdrew ₹ 20,000 from the firm on 1st September 2012, Kadir instead of withdrawing cash from the firm took some food items amounting to ₹ 24,000 from the firm and distributed to the flood victims. On the other hand, Kasim withdrew ₹ 1,00,000 from his capital on 1st January 2013 and provided a Mobile Medical Van for medical facilities in the flood affected area.**

**The partnership deed provides for charging interest on drawings @ 6% p.a. After the Final Accounts were prepared, it was discovered that interest on drawings had not been charged.**

**Give the necessary adjusting journal entry and show the working notes clearly. Also state any two values that the partners wanted to communicate to the society.** 6

**Ans.** **Analytical Table**

| Particulars | Abdul | Kadir | Kasim | Total |
|---|---|---|---|---|
| Omission of interest on Drawing (Dr.) | 700 | 720 | — | 1,420 |
| Profit (Cr.) | 710 | 426 | 284 | 1,420 |
| Net Effect | 10 (cr.) | 294 (Dr.) | 284 (cr.) | |

**Adjustment Journal Entry**

| Date | Particulars | L.F. | Dr. (₹) | Cr. (₹) |
|---|---|---|---|---|
| | Kadir's Capital A/c Dr. | | 294 | — |
| | To Abdul's Capital A/c | | — | 10 |
| | To Kasim's Capital A/c | | — | 284 |
| | (Being adjustment entry passed) | | | |

**16. Jayant and Ramakant were partners in a firm. On 31st March 2013 their Balance Sheet was as follows:**

**Balance Sheet of Jayant and Ramakant as on March 31st, 2013**

| Liabilities | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|
| Creditors | 75,000 | Bank | 70,000 |
| Workmen Compensation | | Debtors | 2,00,000 |
| Fund | 45,000 | Stock | 20,000 |
| Satya's Current Account | 15,000 | Furniture | 20,000 |
| Capitals | | Machinery | 3,12,000 |
| Jayant | 3,00,000 | Ramakant's Current Account | 13,000 |
| Ramakant | 2,00,000 | | |
| | **6,35,000** | | **6,35,000** |

**On the above date the firm was dissolved:**

**(i) Jayant took over 40% of stock at 20% less than its book value and the remaining stock was sold for ₹ 15,000. Furniture realised ₹ 20,000.**

**(ii) An unrecorded asset was sold for ₹ 3,000. Machinery was sold at a loss of ₹ 75,000.**

**(iii) Debtors were realised at a discount of ₹ 10,000.**

**(iv) There was an outstanding bill for repairs for which ₹ 38,000 were paid.**

**Prepare Realisation Account.** **6**

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

| Particulars | | Amount (₹) | Particulars | | Amount (₹) |
|---|---|---|---|---|---|
| To Debtors | | 2,00,000 | By Creditors A/c | | 75,000 |
| To Stock | | 20,000 | By Shanti's Capital A/c | | 6,400 |
| To Machinery | | 3,12,000 | By Bank A/c: | | |
| To Furniture | | 20,000 | Stock | 15,000 | |
| To Bank A/c: | | | Debtors | 1,90,000 | |
| To Cash A/c | | | Unrec. Asset | 3,000 | |
| Creditors | 75,000 | | Machinery | 2,37,000 | |
| Bill O/S | 38,000 | 1,13,000 | Furnitures | 20,000 | 4,65,000 |
| | | | By Loss Transferred to: | | |
| | | | Jayant's capital | | 59,300 |
| | | | Ramakant's capital | | 59,300 |
| | | **6,65,000** | | | **6,65,000** |

## Delhi Set - 3 Code : 67/1/3

**Note :** Except these, all other questions are from Set 1 and Set 2.

**PART-A**
**(Accounting for Partnership Firms and Companies)**

**14. On 1st April 2012 Mayank Ltd. was formed with an authorised capital of ₹ 25,00,000 divided into 50,000 equity shares of ₹ 50 each. The company issued prospectus inviting applications for 45,000 shares. The issue price was payable as under:**

**On Application: ₹ 15**

**On Allotment: ₹ 20**

**On call: Balance amount**

**The issue was fully subscribed and the company allotted shares to all the applicants. The company did not make the call during the year.**

**Show the following:**

**(a) Share capital in the Balance Sheet of the company as per revised Schedule of the companies act 2013.**

**(b) Also prepare 'Notes to Accounts' for the same.** **4**

**Ans.** **In the Books of Vivek Ltd.**

**Balance Sheet [An Extract]**

**As at ............**

| | Particulars | Note No. | Amount (₹) |
|---|---|---|---|
| | Equity and Liabilities | | |
| | (1) Share Holders' funds: | | |
| | (a) Share Capital | 1 | 15,75,000 |

**Notes to Account:**

| | Particulars | Amount (₹) |
|---|---|---|
| **1.** | Share Capital | |
| | **Authorized Capital** | |
| | 50,000 Equity shares @ ₹ 50 each | 25,00,000 |
| | **Issued Capital** | |
| | 45,000 equity shares @ ₹ 50 each | 22,50,000 |
| | **Subscribed Capital** | |
| | Subscribed but not fully paid up | |
| | 45,000 shares @ ₹ 50 each @ 35 called up | 51,75,000 |

**15. Amar, Karan and Varun were partners in a firm manufacturing garments. They were sharing profits in the ratio of 5 : 3 : 2. on 1st April 2012 their capitals were ₹ 3,00,000, ₹ 4,00,000 and ₹ 5,00,000, respectively. After the flood in Uttaranchal, all partners decided to personally help the flood victims. For this Amar withdrew ₹ 30,000 from the firm on 1st September 2012, Karan, instead of withdrawing cash from the firm took garments amounting to ₹ 36,000 from the firm and distributed to the flood victims. On the other hand, Varun withdrew ₹ 1,50,000 from his capital on 1st January 2013 and started a school to provide elementary education in the flood affected area. The partnership deed provides for charging interest on drawing @ 6% p.a. After the Final Accounts were prepared, it was discovered that interest on drawings had not been charged.**

*** Give the necessary adjusting journal entry and show the working notes clearly. Also state any two values that the partners wanted to communicate to the society.** **6**

**Ans.** **Analytical Table**

| Particulars | Amar | Karan | Varun | Total |
|---|---|---|---|---|
| Interest on Drawing (Dr.) | 1,050 | 1,080 | — | 2,130 |
| Profit (Cr.) | 1,065 | 639 | 426 | |
| Net Effect | 15 (Cr.) | 441 (Dr.) | 426 (Cr.) | |

**Journal Entry**

| Date | Particulars | L.F. | Dr. (₹) | Cr. (₹) |
|---|---|---|---|---|
| | Kadir's capital A/c Dr. | | 441 | — |
| | To Abdul's capital A/c | | — | 15 |
| | To Varun's capital A/c | | — | 426 |
| | (Being adjustment entry passed) | | | |

* *Out of Syllabus*

**16. Kumar and Gaurav were partners in a firm sharing profits in the ratio of their capitals. On 31-3-2013 their Balance Sheet was as follows:**

**Balance Sheet of Kumar and Gaurav as on 31st March 2013**

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| Creditors | | 80,000 | Bank | 79,000 |
| Workmen Compensation | | | Debtors | 1,70,000 |
| Fund | | 25,000 | Stock | 34,000 |
| Kumar's Current Account | | 24,000 | Machinery | 79,000 |
| Capitals | | | Gaurav's Current Account | 17,000 |
| Kumar | 1,50,000 | | | |
| Gaurav | 1,00,000 | 2,50,000 | | |
| | | **3,79,000** | | **3,79,000** |

**On the above date the firm was dissolved:**

**(i) Kumar took over 50% of the stock at 10% less than its book value. The remaining stock was sold for ₹ 10,000.**

**(ii) Debtors were realised at a discount of 5%.**

**(iii) An unrecorded asset was sold for ₹ 9,000 and machinery was sold for ₹ 18,000.**

**(iv) Creditors were paid in full.**

**(v) There was an outstanding bill for repairs amounting to ₹ 14,000 which was settled at ₹ 12,000.**

**Prepare Realisation Account.** **6**

**Ans.** **In theBooks of Kumar and Gaurav**

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

| Particulars | | Amount (₹) | Particulars | | Amount (₹) |
|---|---|---|---|---|---|
| To Sundry Assets: | | | By Creditors A/c | | 80,000 |
| Debtors | 1,70,000 | | By Kumar's capital A/c | | 15,300 |
| Stock | 34,000 | | By Bank A/c: | | |
| Machinery | 79,000 | 2,83,000 | Stock | 10,000 | |
| To Cash A/c | | | Debtors | 1,61,000 | |
| O/S Bill | 12,000 | | Unrec. Asset | 9,000 | |
| Creditors | 80,000 | 92,000 | Machinery | 18,000 | 1,98,500 |
| | | | By Loss Transferred to: | | |
| | | | Kumar's A/c | | 48,720 |
| | | | Gaurav's Cap A/c | | 32,480 |
| | | **3,75,000** | | | **3,75,000** |

## Outside Delhi Set - 1 Code : 67/1

**PART-A**
**(Accounting for Partnership Firms and Companies)**

**1. X, Y and Z were partners sharing profits in the ratio of $\frac{1}{2}, \frac{3}{10}$ and $\frac{1}{5}$. X retired from the firm. Calculate the gaining ratio of the remaining partners.** **1**

**Ans.** Y's gain $= \frac{3}{5} - \frac{3}{10} = \frac{3}{10}$

Z's gain $= \frac{2}{5} - \frac{2}{10} = \frac{2}{10}$

Gaining Ratio $= \frac{3}{10} : \frac{2}{10} = 3 : 2$

**2. State the rights acquired by a newly admitted partner.** **1**

**Ans.** (i) Right to share in the assets of the business

(ii) Right to share profit with other partners in agreed ratio

**3. Distinguish between 'Dissolution of partnership' and 'Dissolution of partnership firm' on the basis of Court's intervention.** **1**

**Ans.**

| Basis | Dissolution of partnership | Dissolution of partnership firm |
|---|---|---|
| Court of Intervention | Court does not intervene because partnership is dissolved by mutual agreement. | A firm can be dissolved by the order of court. |

**4. Give the meaning of 'Reconstitution of a partnership firm'.** **1**

**Ans.** Reconstitution of a partnership firm means any change in the existing agreement among the partners.

**5. Ltd. invited applications for issuing 10,00,000 equity shares of ₹ 10 each. The public applied for 8,55,000 shares. Can the company proceed for the allotment of shares ? Give reason in support of your answer.** **1**

**Ans.** Allotment of shares cannot be processed as minimum subscription (90% of the shares offered) has not been received.

**6. A Ltd. forfeited 100 equity shares of ₹ 10 each issued at a premium of 20% for the non-payment of final call of ₹ 5 including premium. State the maximum amount of discount at which these shares can be re-issued.** **1**

**Ans.** These shares can be reissued upto a discount of ₹ 7 per share or ₹ 700.

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

**Ans.** It means issue of debentures as an additional or secondary security in addition to principal security for taking loan.

**8. Hemant and Nishant were partners in a firm sharing profits in the ratio of 3 : 2. Their capitals were ₹ 1,60,000 and ₹ 1,00,000, respectively. They admitted Somesh on 1st April 2013 as a new partner for 1/5 share in the future profits. Somesh brought ₹ 1,20,000 as his capital. Calculate the value of goodwill of the firm and record necessary journal entries for the above transactions on Somesh's admission.** **3**

**Ans.** **Journal Entries**

| Date | Particulars | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|
| | Cash A/c Dr. | | 1,20,000 | |
| | To Somesh's capital A/c | | | 1,20,000 |
| | (Being capital brought in by Somesh) | | | |
| | Somesh's capital A/c Dr. | | 44,000 | |
| | To Hemant's capital A/c | | – | 26,400 |
| | To Nishant's capital A/c | | – | 17,600 |
| | (Being goodwill compensated by Somesh) | | | |

**Working Note:**

$$\text{Total capital of the firm} = 1,20,000 \times \frac{5}{1}$$

= ₹ 6,00,000

Combined capital of all three partners = 1,60,000 + 1,00,000 + 1, 20,000
= ₹ 3,80,000

Goodwill of the firm = 6,00,000 – 3,80,000
= ₹ 2,20,000

$$\text{Somesh's Share in Goodwill} = 2,20,000 \times \frac{1}{5}$$

= ₹ 44,000 [to be given to Hemant and Nishant]

**9. Tata Ltd. issued 5,000, 10% Debentures of ₹ 100 each on 1st April 2012. The issue was fully subscribed. According to the terms of issue, interest on debentures is payable half-yearly on 30th September and 31st March and tax deducted at source is 10%.**

**Pass the necessary journal entries related to the debenture interest for the half-yearly ending on 31st March 2013 and transfer of interest on debentures to Statement of Profit and Loss.** **3**

**Ans.** **In the books of Tata Ltd.**

**Journal Entries**

| Date | Particulars | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|
| 2013 | Interest on Debentures A/c Dr. | | 25,000 | - |
| March 31 | To Debenture holder's A/c | | - | 22,500 |
| | To TDS Payable A/c | | - | 2,500 |

| | | | | |
|---|---|---|---|---|
| | (Being interest due) | | | |
| " | Debenture holders A/c Dr. | | 22,500 | |
| | TDS payable A/c Dr. | | 2,500 | |
| | To Bank A/c | | - | 25,000 |
| | (Being payment paid and TDS deposited) | | | |
| " | Statement of Profit and Loss Dr. | | 50,000 | - |
| | To Interest on Debenture A/c | | - | 50,000 |
| | (Being interest transferred to statement of profit and loss) | | | |

***10. Pass necessary journal entries in the following cases:**

**(i) Sunrise Ltd. converted 500, 9% debentures of ₹ 100 each issued at a discount of 10% into equity shares of ₹ 100 each issued at a premium of 25%.**

**(ii) Britannia Ltd. redeemed 3,000, 12% debentures of ₹ 100 each which were issued at a discount of ₹ 10 per debenture by converting them into equity shares of ₹ 100 each, ₹ 90 paid up.**

**11. Singh and Gupta decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of ₹ 1,00,000 and ₹ 50,000 on 1st April 2012 for this. Singh expressed his willingness to admit Shakti as a partner without capital, who is specially abled but a very creative and intelligent friend of his. Gupta agreed to this. The terms of partnership were as follows:**

**(i) Singh, Gupta and Shakti will share profits in the ratio of 2 : 2 : 1.**

**(ii) Interest on capital will be provided @ 6% p.a.**

**Due to shortage of capital, Singh contributed ₹ 25,000 on 30th September 2012 and Gupta contributed ₹ 10,000 on 1st January 2013 as additional capital. The profit of the firm for the year ended 31st March 2013 was ₹ 1,68,900.**

*** (a) Identify any two values which the firm wants to communicate to the society.**

**(b) Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2013.** 4

**Ans.** **Profit and Loss Appropriation A/c**

**Dr.** **for the year ended 31st March 2013** **Cr.**

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Interest on Capital | | | By Profit and Loss A/c | 1,68,900 |
| Singh's capital | | 6,750 | | |
| Gupta's capital | | 3,150 | | |
| To profit transferred to: | | | | |
| Singh's capital | 63,600 | | | |
| Gupta's capital | 63,600 | | | |
| Shakti's | 31,800 | 1,59,000 | | |
| | | **1,68,900** | | **1,68,900** |

**Working Note:**

$$\text{Interest on Singh's Capital} = 1,00,000 \times \frac{6}{100} + 25,000 \times \frac{6}{100} \times \frac{6}{12} = ₹\ 6,750$$

$$\text{Interest on Gupta's Capital} = 50,000 \times \frac{6}{100} + 10,000 \times \frac{6}{100} \times \frac{3}{12} = ₹\ 3,150$$

**12. Monika, Sonika and Mansha were partners in a firm sharing profits in the ratio of 2 : 2 : 1, respectively. On 31st March 2013 their Balance Sheet was as under:**

**Balance Sheet as on 31st March 2013**

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| General Reserve | | | Fixed Assets | 3,60,000 |
| Monika | 1,80,000 | | Stock | 60,000 |
| Sonika | 1,50,000 | | Debtors | 1,20,000 |
| Mansha | 90,000 | 4,20,000 | Cash | 2,70,000 |

* *Out of Syllabus*

| | | | |
|---|---|---|---|
| Reserve Fund | 1,50,000 | | |
| Creditors | 2,40,000 | | |
| | **8,10,000** | | **8,10,000** |

**Sonika died on 30th June 2013. It was agreed between her executors and the remaining partners that**

**(a) Goodwill of the firm be valued at 3 years' purchase of average profits for the last four years. The average profits were ₹ 2,00,000.**

**(b) Interest on capital be provided at 12% p.a.**

**(c) Her share in the profits up to the date of death will be calculated on the basis of average profits for the last four years.**

**Prepare Sonika's Capita' Account as on 30th June 2013.** **4**

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

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|
| To Sonika's executors | 4,74,000 | By Balance b/d | 1,50,000 |
| | | By Reserve fund | 60,000 |
| | | By Monika's Capital A/c | 1,60,000 |
| | | By Manisha's Capital A/c | 80,000 |
| | | By P & L Suspense A/c | 20,000 |
| | | By Interest on Capital A/c | 4,500 |
| | **4,74,500** | | **4,74,500** |

**Working Note:**

(i) Interest on Sonika's Capital = $50,000 \times \frac{6}{100} + 10,000 \times \frac{6}{100} \times \frac{3}{12}$ = ₹ 24,500

(ii) Calculation of Sonika's Share of Goodwill = $2,00,000 \times 3 \times \frac{2}{5}$ = ₹ 2,40,000

(iii) Sonika's Share of Profit = $2,00,000 \times \frac{3}{12} \times \frac{2}{5}$ = ₹ 20,000

**13. On 1st April 2012, Vishwas Ltd. was formed with an authorised capital of ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. The company issued prospectus inviting applications for 90,000 equity shares. The company received applications for 85,000 equity shares. During the first year, ₹ 8 per share were called. Ram holding 1,000 shares and Shyam holding 2,000 shares did not pay the first call of ₹ 2 per share. Shyam's shares were forfeited after the first call and later on 1,500 of the forfeited shares were re-issued at ₹ 6 per share, ₹ 8 called up.**

**Show the following:**

**(a) Share Capital in the Balance Sheet of the company as per revised Schedule of the Companies Act, 2013.**

**(b) Also prepare 'Notes to Accounts' for the same.** **4**

**Ans.**

**In the Books of Vishwas Ltd.**

**Balance Sheet [As Extract]**

**As at ------**

| | Particulars | Note No. | (Amount) ₹ |
|---|---|---|---|
| **1.** | Equity and Liabilities<br>Share holders' funds:<br>(a) Share Capital | <br><br>1 | <br><br>6,77,000 |

**Notes to Account:**

| | Particulars | Amount (₹) |
|---|---|---|
| **(1)** | Share Capital<br>**Authorized Capital** | |

| | | | |
|---|---|---|---|
| | 1,00,000 Equity shares @ ₹ 10 each | | 10,00,000 |
| | **Issued Capital** | | |
| | 90,000 equity shares @ ₹ 10 each | | 9,00,000 |
| | **Subscribed Capital** | | |
| | Subscribed but not fully paid up | | |
| | 84,500 shares @ ₹ 10 each @ ₹ 8 called up | 6,76,000 | |
| | Less: Calls in Arrears | (2,000) | |
| | Add: Share Forteiture A/c | 3,000 | 6,77,000 |

**14. Pass necessary journal entries for the following transactions in the books of Gopal Ltd.:**

**(i) Purchased furniture for ₹ 2,50,000 from M/s Furniture Mart. The payment to M/s Furniture Mart was made by issuing equity shares of ₹ 10 each at a premium of 25%.**

**(ii) Purchased a running business from Aman Ltd. for a sum of ₹ 15,00,000. The payment of ₹ 12,00,000 was made by issue of fully paid equity shares of ₹ 10 each and balance by a bank draft. The assets and liabilities consisted of the following:**

**Plant ₹ 3,50,000; Stock ₹ 4,50,000; Land and Building ₹ 6,00,000; Sundry Creditors ₹ 1,00,000.** **4**

**Ans.** **In the Books of Gopal Ltd.**

**Journal Entries**

| Date | Particulars | | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|---|
| (i) | Furnitures A/c | Dr. | | 2,50,000 | |
| | To M/S Furnitures Mart | | | | 2,50,000 |
| | (Being furnitures purchased) | | | | |
| | M/S Furnitures Mart | Dr. | | 2,50,000 | |
| | To Equity Share Capital A/c | | | | 2,00,000 |
| | To Securities Premium Capital A/c | | | | 50,000 |
| | (Being shares issued against purchase consideration) | | | | |
| (ii) | Plant A/c | Dr. | | 3,50,000 | |
| | Stock A/c | Dr. | | 4,50,000 | |
| | Land and Building A/c | Dr. | | 6,00,000 | |
| | Goodwill A/c [Bal. Fig.] | Dr. | | 2,00,000 | |
| | To Sundry creditors A/c | | | | 1,00,000 |
| | To Aman Limited A/c | | | | 15,00,000 |
| | (Being business purchased) | | | | |
| | Aman Limited | Dr. | | 15,00,000 | |
| | To Equity Share Capital A/c | | | | 12,00,000 |
| | To Bank A/c | | | | 3,00,000 |
| | (Being shares issued) | | | | |

**15. Seema, Tanuja and Tripti were partners in a firm trading in garments. They were sharing profits in the ratio of 5 : 3 : 2. Their capitals on 1st April, 2012 were ₹ 3,00,000, ₹ 4,00,000 and ₹ 8,00,000, respectively. After the flood in Uttarakhand, all partners decided to help the flood victims personally.**

**For this, Seema withdrew ₹ 20,000 from the firm on 15th September, 2012. Tanuja instead of withdrawing cash from the firm took garments amounting to ₹ 24,000 from the firm and distributed those to the flood victims. On the other hand, Tripti withdrew ₹ 2,00,000 from her capital on 1st January 2013 and provided a mobile medical van in the flood affected area.**

**The partnership deed provides for charging interest on drawings @ 6% p.a. After the final accounts were prepared it was discovered that interest on drawings had not been charged. Give the necessary adjusting journal entry and show the working notes clearly.**

* **Also state any two values which the partners wanted to communicate to the society.** **6**

* *Out of Syllabus*

**Ans.** **Analytical Table**

| Particulars | Seema | Tanjua | Tripti | Total |
|---|---|---|---|---|
| Interest on Drawing (Dr.) | 650 | 720 | — | 1,375 |
| Profit (Cr.) | 685 | 411 | 274 | 1,370 |
| Net Effect | 35 (Cr.) | 309 (Dr.) | 274 (Cr.) | |

**Adjustment Journal Entry**

| Date | Particulars | L.F. | Dr. (₹) | Cr. (₹) |
|---|---|---|---|---|
| | Tanuja's Current A/c Dr. | | 309 | — |
| | To Seema's Capital A/c | | — | 35 |
| | To Tripti's Capital A/c | | — | 274 |
| | (Being adjustment entry passed) | | | |

**16. Hanif and Jubed were partners in a firm sharing profits in the ratio of their capitals. On 31st March 2013 their Balance Sheet was as follows:**

**Balance Sheet of Hanif and Jubed as on 31st March 2013**

| Liabilities | | Amount | Assets | Amount |
|---|---|---|---|---|
| Creditors | | 1,50,000 | Bank | 2,00,000 |
| Workmen's Compensation Fund | | 3,00,000 | Debtors | 3,40,000 |
| General Reserve | | 75,000 | Stock | 1,50,000 |
| Hanif's Current Account | | 25,000 | Furniture | 4,60,000 |
| Capitals: | | | Machinery | 8,20,000 |
| Hanif | 10,00,000 | | Jubed's Current Account | |
| Jubed | 5,00,000 | 15,00,000 | | 80,000 |
| | | **20,50,000** | | **20,50,000** |

**On the above date the firm was dissolved.**

**(i) Debtors were realised at a discount of 5%. 50% of the stock was taken over by Hanif at 10% less than the book value. Remaining stock was sold for ₹ 65,000.**

**(ii) Furniture was taken over by Jubed for ₹ 1,35,000. Machinery was sold as scrap for ₹ 74,000.**

**(iii) Creditors were paid in full.**

**(iv) Expenses on realisation ₹ 8,000 were paid by Hanif.**

**Prepare Realisation Account.** **6**

**Ans.** **In the books of Hanif and Jubed**

**Dr.** **Realization A/c** **Cr.**

| Particulars | Amount (₹) | Particulars | | Amount (₹) |
|---|---|---|---|---|
| To Debtors | 3,40,000 | By Creditors A/c | | 1,50,000 |
| To Stock | 1,50,000 | By Bank A/c | | |
| To Furniture | 4,60,000 | Stock | 65,000 | |
| To Machinery | 8,20,000 | Machinery | 74,000 | |
| To Bank A/c (Creditors paid) | 1,50,000 | Debtors | 3,23,000 | 4,62,000 |
| To Hanif's capital A/c | 8,000 | By Hanif's capital A/c (Stock) | | 67,500 |
| (Realization Exp. paid) | | By Jubed's capital A/c (Furniture) | | 1,35,000 |
| | | By Loss Transferred to: | | |
| | | Hanif's capital | 7,42,333 | |
| | | Jubed's capital | 3,71,167 | 11,13,500 |
| | **19,28,000** | | | **19,28,000** |

**17. X Ltd. invited applications for issuing 75,000 equity shares of ₹ 10 each at a premium of ₹ 5 per share. The amount was payable as follows:**

**On application and allotment – ₹ 9 per share (including premium)**

**On first and final call – the balance amount.**

**Applications for 3,00,000 shares were received. Applications for 2,00,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. The amount was duly received except on 1,500 shares applied by Ravi. His shares were forfeited. The forfeited shares were re-issued at a discount of ₹ 4 per share.**

**Pass necessary journal entries for the above transactions in the books of X Ltd.** 8

**OR**

* **Y Ltd. invited applications for issuing 80,000 equity shares of ₹ 10 each at a discount of 10%. The amount was payable as follows:**

**On application and allotment – ₹ 6 per share**

**On first and final call – the balance amount.**

**Applications for 2,00,000 shares were received. Applications for 40,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. All money was received except on 1,600 shares applied by Rohan. His shares were forfeited. The forfeited shares were re-issued at the maximum discount permissible under the law. Pass necessary journal entries for the above transactions in the books of Y Ltd.**

**Ans.** **In the Books of X Limited**

**Journal Entries**

| Date | Particulars | | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|---|
| | Bank A/c | Dr. | | 27,00,000 | — |
| | To Share App. and Allotment A/c | | | — | 27,00,000 |
| | (Being applications for 3,00,000 shares received) | | | | |
| | Share App. and Allot. A/c | Dr. | | 27,00,000 | — |
| | To Share Capital A/c | | | — | 3,00,000 |
| | To Securities Premium Reserve A/c | | | — | 3,75,000 |
| | To First and Final Case A/c | | | — | 2,25,000 |
| | To Bank A/c | | | — | 18,00,000 |
| | (Being App. and Allot. money due) | | | | |
| | Share First and Final case A/c | Dr. | | 4,50,000 | — |
| | To Share Capital A/c | | | — | 4,50,000 |
| | (Being first and final call money due) | | | | |
| | Bank A/c | Dr. | | 2,21,625 | |
| | Calls in Arrears A/c | Dr. | | 3,375 | |
| | To Share First and Final call A/c | | | | 2,25,000 |
| | (Being first and final call money received) | | | | |
| | Share capital A/c | Dr. | | 11,250 | — |
| | To Share Forfeiture A/c | | | — | 7,875 |
| | To Calls in Arrears A/c | | | — | 3,375 |
| | (Being 1,125 shares forfeited) | | | | |
| | Bank A/c | Dr. | | 6,750 | — |
| | Share Forfeiture A/c | Dr. | | 4,500 | — |
| | To Share Capital A/c | | | — | 11,250 |
| | (Being shares reissued) | | | | |
| | Share Forfeiture A/c | Dr. | | 3,375 | — |
| | To Capital Reserve A/c | | | — | 3,375 |
| | (Being balance of share forfeiture transferred to capital reserve) | | | | |

* *Out of Syllabus*

**Working Note:**

No. of shares Ravi applied for = 1,500

No. of shares allotted to him = $1,500 \times \frac{75,000}{1,00,000}$ = 1,125

Amount to be received from him = 1,125 × 9 [on application and allotment]
= ₹ 10,125

Amount actually received = 1,500 × 9 [on application and allotment]
= ₹ 13,500

Advance money received = 13,500 – 10,125 = ₹ 3,375

Amount to be received on first and final call = 1,125 × 6 = ₹ 6,750

Actual calls in arrears = 6,750 – 3,375 (Advance)
= ₹ 3,375

**OR**

This Question is out of Syllabus because share cannot be issued at discount as per the new guidelines

**18. Shikhar and Rohit were partners in a firm sharing profits in the ratio of 7 : 3. On 1st April 2013 they admitted Kavi as a new partner for 1/4 share in profits of the firm. Kavi brought ₹ 4,30,000 as his capital and ₹ 25,000 for his share of goodwill premium. The Balance Sheet of Shikhar and Rohit as on 1st April 2013 was as follows:**

**Balance Sheet of Shikhar and Rohit as on 1st April 2013**

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| Capitals: | | | Land and Building | | 3,50,000 |
| Shikhar | 8,00,000 | | Machinery | | 4,50,000 |
| Rohit | 3,50,000 | 11,50,000 | Debtors | 2,20,000 | |
| General Reserve | | | Less provision | 20,000 | 2,00,000 |
| Workmen's | | | Stock | | 3,50,000 |
| Compensation Fund | | 7,500 | | | |
| Creditors | | 22,500 | Cash | | 1,50,000 |
| | | **1,73,750** | | | **1,73,750** |

**It was agreed that**

**(i) the value of Land and Building will be appreciated by 20%.**

**(ii) the value of Machinery will be depreciated by 10%.**

**(iii) the liabilities of Workmen's Compensation Fund was determined at ₹ 50,000.**

**(iv) Capitals of Shikhar and Rohit will be adjusted on the basis of Kavi's capita' and actual cash to be brought in or to be paid off as the case may be.**

**Prepare Revaluation Account, Partner' Capital Accounts and the Balance Sheet of the new firm.** **8**

**OR**

**L, M and N were partners in a firm sharing profits in the ratio of 2 : 1 : 1. On 1st April 2013 their Balance Sheet was as follows:**

**Balance Sheet of L, M and N as on 1st April 2013**

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| Capitals: | | | Land | | 8,00,000 |
| L | 6,00,000 | | Building | | 6,00,000 |
| M | 4,80,000 | | Furniture | | 2,40,000 |
| N | 4,80,000 | 15,60,000 | Debtors | 4,00,000 | |
| General Reserve | | | Less Provision | 20,000 | 3,80,000 |
| Workmen's | | 4,40,000 | Stock | | 4,40,000 |
| Compensation Fund | | 3,60,000 | Cash | | 1,40,000 |
| Creditors | | 2,40,000 | | | |
| | | **26,00,000** | | | **26,00,000** |

**On the above date N retired.**

**The following were agreed:**

**(i) Goodwill of the firm was valued at ₹ 6,00,000.**

**(ii) Land was to be appreciated by 40% and Building was to be depreciated by ₹ 1,00,000.**

**(iii) Furniture was to be depreciated by ₹ 30,000.**

**(iv) The liabilities for Workmen's Compensation Fund was determined at ₹ 1,60,000.**

**(v) Amount payable to N was transferred to his loan account.**

**(vi) Capitals of L and M were to be adjusted in their new profit sharing ratio and for this purpose current accounts of the partners will be opened.**

**Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.**

**Ans. Dr. Revaluation A/c Cr.**

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Machinery: | | 45,000 | By Land and Building | 70,000 |
| To Profit transferred: | | | | |
| Shikhar's capital | 17,500 | | | |
| Rohit's capital | 7,000 | 25,000 | | |
| | | **70,000** | | **70,000** |

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

| Particulars | Mohan (₹) | Mahesh (₹) | Nusrat (₹) | Particulars | Mohan (₹) | Mahesh (₹) | Nusrat (₹) |
|---|---|---|---|---|---|---|---|
| To Cash A/c | 37,000 | 23,000 | – | By Balance b/d | 8,00,000 | 3,50,000 | ---- |
| To Balance c/d | 9,03,000 | 3,87,000 | 4,30,000 | By Cash A/c | ---- | ---- | 4,30,000 |
| | | | | By Goodwill A/c | 17,500 | 7,500 | ---- |
| | | | | By General Reserve A/c | 70,000 | 30,000 | ---- |
| | | | | By W.C.F. A/c | 35,000 | 15,000 | ---- |
| | | | | By Revaluation A/c | 17,500 | 7,500 | ---- |
| | **9,40,000** | **4,10,000** | **4,30,000** | | **9,40,000** | **4,10,000** | **4,30,000** |

**Balance Sheet**
**As at April 1st 2013**

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| Creditors | | 1,50,000 | Cash in Hand | | 5,45,000 |
| Workmen's compensation claim | | 5,000 | Stock | | 3,50,000 |
| Partners' capital A/c | | | Machinery | | 4,05,000 |
| Shikhar | 9,03,000 | | Land and Building | | 4,20,000 |
| Rohit | 3,87,000 | | Debtors | 2,20,000 | |
| Kavi | 4,30,000 | 17,20,000 | (–) P.B.D. | (20,000) | 2,00,000 |
| | | **19,20,000** | | | **19,20,000** |

**Working Note:**

**New Ratio:**

Let the total share of the firm be 1

$$\text{Kavi's share} = \frac{1}{4}, \text{ Remaining share} = 1-\frac{1}{4}=\frac{3}{4}$$

$$\text{Shikhar's share} = \frac{3}{4}\times\frac{7}{10}=\frac{21}{40}$$

$$\text{Rohit's share} = \frac{3}{4}\times\frac{7}{10}=\frac{21}{40}$$

$$\text{Kavi's share} = \frac{1}{4}\times\frac{10}{10}=\frac{10}{40}$$

New Ratio = 21 : 9 : 10

Kavi's capital = ₹ 4,30,000

$$\text{Total capital of the firm} = 4,30,000\times\frac{4}{1}=17,20,000$$

$$\text{Shikhar's capital} = 17,20,000\times\frac{21}{40}=9,03,000$$

$$\text{Rohit capital} = 17,20,000\times\frac{9}{40}=₹\,3,87,000$$

Kavi's capital = ₹ 4,30,000

**OR**

**Dr. Revaluation A/c Cr.**

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Building A/c | | 1,00,000 | By Land A/c | 3,20,000 |
| To Furniture A/c | | 30,000 | | |
| To Profit transferred to: | | | | |
| L's capital | 95,000 | | | |
| M's capital | 47,500 | | | |
| N's capital | 47,500 | 1,90,000 | | |
| | | **3,20,000** | | **3,20,000** |

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

| Particulars | L (₹) | M (₹) | N (₹) | Particulars | L (₹) | M (₹) | N (₹) |
|---|---|---|---|---|---|---|---|
| To N's capital A/c | 1,00,000 | 50,000 | ---- | By Balance b/d | 6,00,000 | 4,80,000 | 4,80,000 |
| To N's loan A/c | ---- | ---- | 8,37,500 | By L's capital A/c | ---- | | 1,00,000 |
| To M's current A/c | ---- | 1,20,000 | ---- | By M's capital A/c | ---- | ---- | 50,000 |
| To Balance c/d | 10,35,000 | 5,17,500 | ---- | By General A/c | 2,20,000 | 1,10,000 | 1,10,000 |
| | | | | By W.C.F. A/c | 1.00,000 | 50,000 | 50,000 |
| | | | | By Revaluation A/c | 95,000 | 47,500 | 47,500 |
| | | | | By L's current A/c | 1,20,000 | ---- | ---- |
| | **11,35,000** | **6,87,000** | **8,37,500** | | **11,35,000** | **6,87,000** | **8,37,500** |

**Balance Sheet of the new firm**

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| N's loan A/c | | 8,37,500 | Cash | | 11,20,000 |
| Workmen's compensation claim | | 1,60,000 | Building | | 5,00,000 |
| Creditors | | 2,40,000 | Furniture | | 2,10,000 |
| M's current A/c | | 1,20,000 | Debtors<br>(–) P.B.D | 4,00,000<br>(20,000) | 3,80,000 |
| To partner's capital A/c | | | Stock | | 4,40,000 |
| L | 10,35,000 | | Cash | | 1,40,000 |
| M | 5,17,500 | 15,52,000 | L's current A/c | | 1,20,000 |
| | | **29,10,000** | | | **29,10,000** |

**Working Note:**

Old ratio = 2 : 1 : 1

New ratio = 2 : 1

Remaining capital = 9,15,000 + 6,37,500 = ₹ 15,52,500

$$\text{L's capital} = 15,52,500 \times \frac{2}{3} = ₹\ 10,35,000$$

$$\text{M's capital} = 15,52,500 \times \frac{1}{3} = ₹\ 5,17,500$$

## PART-B
## (Financial Statements Analysis)

**19. What is meant by 'Cash Flow Statement' ?** **1**

**Ans.** Cash flow statement refers to a statement that shows flow of cash and cash equivalents during a specific period of time.

**20. Why is separate disclosure of cash flow from investing activities important while preparing Cash Flow Statement?** **1**

**Ans.** Cash flows from investing activities refer to acquisition or disposal of long term assets. It shows expenditure made with the intention to generate future income.

**21. State any one objective of financial statements analysis.** **1**

**Ans.** To measure the earing capacity of profitability of the firm.

**22. Under which sub-headings will the following items be placed in the Balance Sheet of a company as per revised Schedule VI Part I of the Companies Act, 1956:**

**(i) Capital reserves**

**(ii) Bonds**

**(iii) Loans repayable on demand**

**(iv) Vehicles**

**(v) Goodwill**

**(vi) Loose tools** **3**

**Ans.**

| **Item** | | **Sub-Heading** |
|---|---|---|
| **(i)** | Capital Reserves | Reserves and Surplus |
| **(ii)** | Bonds | Long term Borrowings |
| **(iii)** | Loans Repayable on Demand | Short term Borrowing |
| **(iv)** | Vehicles | Fixed Assets - Tangibles |
| **(v)** | Goodwill | Fixed Assets - Intangibles |
| **(vi)** | Loose Tools | Inventories |

*** 23. From the following Statement of Profit and Loss of Fenox Ltd. for the year ended 31st March 2013, prepare a Comparative Statement of Profit and Loss:**

| **Particulars** | **Note No.** | **2012-13 (₹)** | **2011-12 (₹)** |
|---|---|---|---|
| Revenue from operations | | 8,00,000 | 6,00,000 |
| Other incomes | | 1,00,000 | 50,000 |
| Expenses | | 5,00,000 | 4,00,000 |

**Rate of income tax was 40%.** **4**

**24. (a) The quick ratio of a company is 1.5 : 1. State with reason which of the following transactions would (i) increase; (ii) decrease or (iii) not change the ratio:**

**(1) Paid rent ₹ 3,000 in advance.**

**(2) Trade receivables included a debtor Shri Ashok who paid his entire amount due ₹ 9,700.**

* *Out of Syllabus*

**(b) From the following information compute 'Proprietary Ratio':**

| | ₹ |
|---|---|
| **Long Term Borrowings** | **2,00,000** |
| **Long Term Provisions** | **1,00,000** |
| **Current Liabilities** | **50,000** |
| **Non-Current Assets** | **3,60,000** |
| **Current Assets** | **90,000** |

**Ans. (a) (i) Decrease:**

**Reason:** Liquid Assets will decrease with no change in Current Liabilities.

**(ii) No change:**

**Reason:** Increase in cash and decrease in debtors with no change in Liquid Assets

**(b)** $$\text{Proprietary Ratio} = \frac{\text{Shareholders' funds}}{\text{Total Assets}}$$

Shareholders' Funds = Total Assets - Long Term Borrowings – Long Term Provisions – Current Liabilities
= 90,000 + 3,60,000 – 2,00,000 – 1,00,000 – 50,000
= ₹ 1,00,000

Total Assets = Current Assets + Non-current Assets
= 90,000 + 3,60,000
= ₹ 4,50,000

$$\text{Proprietary Ratio} = \frac{1,00,000}{4,50,000} = 0.22:1$$

**25. Prepare a Cash Flow Statement on the basis of the information given in the Balance Sheet of Simco Ltd. as at 31.3.2013 and 31.3.2012:**

| | Particulars | Note No. | 31st March 2019 (₹) | 31st March 2018 (₹) |
|---|---|---|---|---|
| **I.** | **Equity and Liabilities:** | | | |
| | **1. Shareholders' Fund:** | | | |
| | (a) Share Capital | | 2,00,000 | 1,50,000 |
| | (b) Reserve and Surplus (Profit and Loss Balance) | | 90,000 | 75,000 |
| | **2. Non Current Liabilities:** | | | |
| | Long Term-Borrowings | | 87,500 | 87,000 |
| | **3. Current Liabilities:** | | | |
| | Trade Payables | | 10,000 | 76,000 |
| | **Total** | | **3,87,500** | **3,88,500** |
| **II.** | **Assets:** | | | |
| | **1. Non-Current Assets:** | | | |
| | **(a) Fixed Assets** | | | |
| | (i) Tangible Assets | | 1,87,500 | 1,40,000 |
| | **(b) Non-Current Investments** | | 1,05,500 | 1,02,500 |
| | **2. Current Assets:** | | | |
| | (a) Current Investments (Marketable) | | 12,500 | 33,500 |
| | (b) Inventories | | 4,000 | 5,500 |
| | (b) Trade Receivables | | 9,500 | 23,000 |
| | (c) Cash and Cash equivalents | | 68,500 | 84,000 |
| | **Total** | | **3,87,500** | **3,88,500** |

Notes to Accounts
Note 1

| Particulars | 2013 (₹) | 2012 (₹) |
|---|---|---|
| Reserve and Surplus<br>Surplus (balance in statement of profit and losses) | 90,000 | 75,000 |

**Ans.**

**Cash Flow Statement**
**for the year ended 31st March 2013**

| Particulars | Details (₹) | Amount (₹) |
|---|---|---|
| **(A) Cash Flows from Operating Activities:** | | |
| Net Profit Before Tax and Extraordinary items | 15,000 | |
| Add: Decrease in Trade Receivables | 13,500 | |
| Decrease in Inventories | 1,500 | |
| Less: Decrease in Trade Payables | (66,000) | |
| Net Cash used in Operating Activities | | **(36,000)** |
| **(B) Cash Flow From Investing Activities** | | |
| Purchase of Fixed Assets | (47,500) | |
| Purchase of Non-Current investment | (3,000) | |
| **Cash used in Investing Activities** | | **(50,500)** |
| **(C) Cash Flow from Financing Activities** | | |
| Issue of Share Capital | 50,000 | |
| Cash flow from Financing Activities | | 50,000 |
| Net decrease in Cash and Cash Equivalents | | (36,500) |
| Add: Opening Cash and Cash Equivalents | | 1,17,500 |
| Closing Balance of Cash and Cash Equivalent | | 81,000 |

## Outside Delhi Set - 2 Code : 67/2

**Note :** Except these all other questions are from Set 1.

### PART-A
### (Accounting for Partnership Firms and Companies)

**14. On 1st April 2012, Blue Heaven Ltd. was formed with an authorised capital of ₹ 20,00,000 divided into 2,00,000 equity shares of ₹ 10 each. The company issued prospectus inviting applications for 1,80,000 equity shares. The company received applications for 1,70,000 equity shares. During the first year, ₹ 8 per share were called. Arun holding 2,000 shares and Varun holding 4,000 shares did not pay the first call of ₹ 2 per share. Varun's shares were forfeited after the first call and later on 3,000 of the forfeited shares were re-issued at ₹ 6 per share, ₹ 8 called up.**

**Show the following:**

* **(a) Share Capital in the Balance Sheet of the company as per revised Schedule of the Companies Act, 2013.**

**(b) Also prepare 'Notes to Accounts' for the same.** **4**

**Ans.**

**In the Books of Blue Heaven Ltd.**

**Balance Sheet [An Extract]**

| | Particulars | Note No. | Amount (₹) |
|---|---|---|---|
| **(I)** | Equity and Liabilities | | |
| | Share Holders' Funds: | | |
| | (a) Share Capital | 1 | 13,54,000 |

**Notes to Account:**

| | Particulars | Amount (₹) |
|---|---|---|
| **(1)** | Share Capital | |
| | **Authorized Capital** | |
| | 20,000 equity shares @ ₹ 10 each | <u>2,00,000</u> |
| | **Issued Capital** | |
| | 1,80,000 equity shares @ ₹ 10 each | <u>18,00,000</u> |

* *Out of Syllabus*

| | | |
|---|---|---|
| **Subscribed but not fully paid up capital** | | |
| 1,69,000 shares @ ₹ 10, ₹ 8 called up | 13,52,000 | |
| Subscribed | (4,000) | |
| Add: Share forfeiture A/c | 6,000 | **13,54,000** |

**15. Anju, Manju and Ruchi were partners in a firm trading in medicines. They were sharing profits in the ratio of 5 : 3 : 2. Their capitals on 1st April 2012 were ₹ 3,00,000, ₹ 5,00,000 and ₹ 7,00,000, respectively. After the flood in Uttarakhand, all partners decided to help the flood victims personally.**

**For this, Anju withdrew ₹ 30,000 from the firm on 1st August, 2012. Manju instead of withdrawing cash from the firm took medicines amounting to ₹ 25,000 from the firm and distributed those to the flood victims. On the other hand, Ruchi withdrew ₹ 1,50,000 from her capital on 1st December 2012 and provided the necessary items of daily use in the flood affected area.**

**The partnership deed provides for charging interest on drawings @ 6% p.a. After the final accounts were prepared it was discovered that interest on drawings had not been charged. Give the necessary adjusting journal entry and show the working notes clearly.**

* **Also state any two values which the partners wanted to communicate to the society.** **4**

**Ans.** **Analytical Table**

| Particulars | Anju | Manju | Ruchi | Total |
|---|---|---|---|---|
| Interest on Drawing (Dr.) | 1,200 | 750 | — | 1,950 |
| Profit (Cr.) | 975 | 585 | 390 | 1,950 |
| Net Effect | 225 (Cr.) | 165 (Dr.) | 390 (Cr.) | |

**Adjustment Journal Entry**

| Date | Particulars | | L.F. | Dr. (₹) | Cr. (₹) |
|---|---|---|---|---|---|
| | Arjun's capital A/c | Dr. | | 225 | — |
| | Manju's capital A/c | Dr. | | 165 | — |
| | To Ruchi's capital A/c | | | — | 390 |
| | (Being adjustment entry passed) | | | | |

**6**

**18. KY Ltd. invited applications for issuing 60,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share. The amount was payable as follows:**

**On application and allotment – ₹ 8 per share (including premium)**

**On first and final call – the balance amount.**

**Applications for 2,00,000 shares were received. Applications for 80,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. The amount was duly received except on 600 shares applied by Mukesh. His shares were forfeited. The forfeited shares were re-issued at ₹ 8 per share fully paid-up.**

**Pass necessary journal entries for the above transactions in the books of KY Ltd.**

**OR**

* **JY Ltd. invited applications for issuing 70,000 equity shares of ₹ 10 each at a discount of 10%. The amount was payable as follows:**

**On application and allotment – ₹ 4 per share**

**On first and final call – the balance amount.**

* *Out of Syllabus*

**Applications for 2,00,000 shares were received. Applications for 60,000 shares were rejected and money refunded. Shares were allotted on pro-rata basis to the remaining applicants. The first and final call was made. All money was received except on 1,400 shares applied by Naresh.**

**His shares were forfeited. The forfeited shares were re-issued at the maximum discount permissible under the law.**

**Pass necessary journal entries for the above transactions in the books of JY Ltd.** **8**

**Ans.** **Journal Entries**

| Date | Particulars | | L.F. | Amount Dr. (₹) | Amount Cr. (₹) |
|---|---|---|---|---|---|
| | Bank A/c | Dr. | | 16,00,000 | |
| | To Share Application and Allotment A/c | | | | 16,00,000 |
| | (Being Application and Allotment money received) | | | | |
| | Share Application and Allotment A/c | Dr. | | 16,00,000 | |
| | To Share Capital A/c | | | | 2,40,000 |
| | To Securities Premium Reserve A/c | | | | 2,40,000 |
| | To First and Final case A/c | | | | 4,80,000 |
| | To Bank A/c | | | | 6,40,000 |
| | (Being Application and Allotment money due) | | | | |

**Note:** There is a mistake in the question that the amount to be adjusted on first and final case is more than that of the amount due. So, It cannot be solved further.

## PART-B
## (Financial Statements Analysis)

**19. State the meaning of 'Cash Flow' while preparing Cash Flow Statement.** **1**

**Ans.** Cash flow refers to inflow and outflow of cash and cash equivalents resulting in increase or decrease in cash.

**20. Why is specific disclosure of cash flow from financing activities important while preparing Cash Flow Statement?** **1**

**Ans.** Financing activities can be the activities which result in change in capital and borrowings of an organisation so the disclosure is important to estimate claims by lenders.

## Outside Delhi Set - 3 Code : 67/3

**Note :** Except these all other questions are from Set 1 and Set 2.

## PART-A
## (Accounting for Partnership Firms and Companies)

**14. On 1$^{st}$ April 2012, Micro-tech Ltd. was formed with an authorised capital of ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each. The company issued prospectus inviting applications for 4,50,000 equity shares. The company received applications for 4,20,000 equity shares. During the first year, ₹ 8 per share were called. Trilok holding 1,000 shares and Rajesh holding 2,000 shares did not pay the first call of ₹ 2 per share. Rajesh's shares were forfeited after the first call and later on 1,500 of the forfeited shares were re-issued at ₹ 6 per share, ₹ 8 called up.**

**Show the following:**

**(a) Share Capital in the Balance Sheet of the company as per revised Schedule of companies act, 2013.**

**(b) Also prepare 'Notes to Accounts' for the same.** **4**

**Ans.** **In the Books of Micro-tech Ltd.**

**Balance Sheet [An Extract]**

| | Particulars | Note No. | Amount (₹) |
|---|---|---|---|
| (I) | Equity and Liabilities | | |
| | Share Holders' Funds: | | |
| | (a) Share Capital | 1 | 33,57,000 |

**Notes to Account:**

| | Particulars | | Amount (₹) |
|---|---|---|---|
| (b) | Share Capital | | |
| | **Authorized Capital** | | |
| | 50,000 equity shares @ ₹ 10 each | | 5,00,000 |
| | **Issued Capital** | | |
| | 4,50,000 equity shares @ ₹ 10 each | | 45,00,000 |
| | **Subscribed but not fully paid up capital** | | |
| | 4,19,500 shares @ ₹ 10 each, ₹ 8 called up | 33,56,000 | |
| | Less: Calls in arrears | (2,000) | |
| | Add: Share forfeiture A/c | 3,000 | 33,57,000 |

15. **Rajeev, Sanjeev and Jatin were partners in a firm manufacturing blankets. They were sharing profits in the ratio of 5 : 3 : 2. Their capitals on 1st April 2012 were ₹ 1,00,000, ₹ 2,00,000 and ₹ 4,00,000, respectively. After the flood in Uttarakhand, all partners decided to help the flood victims personally.**

**For this Rajeev withdrew ₹ 10,000 from the firm on 1st October 2012. Sanjeev instead of withdrawing cash from the firm took blankets amounting to ₹ 14,000 from the firm and distributed those to the flood victims. On the other hand, Jatin withdrew ₹ 1,50,000 from his capital on 31st December 2012 and set up a centre to provide medical facilities in the flood affected area.**

**The partnership deed provides for charging interest on drawings @ 6% p.a. After the final accounts were prepared it was discovered that interest on drawings had not been charged. Give the necessary adjusting journal entry and show the working notes clearly. Also state any two values which the partners wanted to communicate to the society.** 6

**Ans.** **Analytical Table**

| Particulars | Rajeev | Sanjeev | Jatin | Total |
|---|---|---|---|---|
| Interest on Drawing (Dr.) | 300 | 420 | — | 720 |
| Profit (Cr.) | 360 | 216 | 144 | 720 |
| Net Effect | 60 (Cr.) | 204 (Dr.) | 144 (Cr.) | |

**Journal Entry Adjustment**

| Date | Particulars | | L.F. | Dr. (₹) | Cr. (₹) |
|---|---|---|---|---|---|
| | Sanjeev's capital A/c | Dr. | | 204 | — |
| | To Rajeev's capital A/c | | | — | 60 |
| | To Jatin's capital A/c | | | — | 144 |
| | (Being adjustment entry passed) | | | | |

## PART-B
## (Financial Statements Analysis)

**19. Why is 'Cash Flow Statement' prepared ? State.** **1**

**Ans.** To provide information regarding sources and uses of cash from operating. Investing and financing activities separately.

**20. What is meant by 'Cash Equivalents' while preparing Cash Flow Statement ?** **1**

**Ans.** These are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in their values.

❑❑❑