Solved Paper 2023
ACCOUNTANCY
Class-XII

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

General Instructions:

Read the following instructions carefully and strictly follow them:

(i) *This question paper contains **34** questions. **All** questions are compulsory.*

(ii) *This question paper is divided into **two** parts - **Part - A** and **Part - B**.*

(iii) ***Part -A** is compulsory for all candidates.*

(iv) ***Part - B** has two options i.e. (I) Analysis of Financial Statements and (II) Computerised Accounting. Candidates must attempt only **one** of the given options as per the subject opted.*

(v) *Question Nos. **1** to **16** and **27** to **30** carries **1** mark each.*

(vi) *Question Nos. **17** to **20**, **31** and **32** carries **3** marks each.*

(vii) *Question Nos. **21, 22**, and **33** carries **4** marks each.*

(viii) *Question Nos. **23** to **26** and **34** carries **6** marks each.*

(ix) *There is no overall choice. However, an internal choice has been provided in **7** questions of **one** mark, **2** questions of **three** marks, **1** question of four marks and **2** questions of **six** marks.*

Delhi Set-I **67/5/1**

PART - A
(Accounting for Partnership Firms and Companies)

1. (a) Yuvraj and Yogesh were partners in a firm sharing profits in the ratio of 2:1. They admitted Yogita as a new partner for $\frac{1}{5}^{th}$ share in future profits. Capital of Yuvraj and Yogesh were ₹ 4,50,000 and ₹ 1,50,000 respectively. Yogita brought ₹ 2,50,000 as her capital. The value of goodwill of the firm on Yogita's admission was:

(A) ₹ 5,50,000 **(B) ₹ 8,50,000**

(C) ₹ 12,50,000 **(D) ₹ 4,00,000** **1**

OR

(b) Monu and Sonu were partners sharing profits in the ratio of 2: 3. They admitted Ram as a new partner for $3/5^{th}$ share in profits which he acquired $\frac{1}{5}^{th}$ from Monu and $\frac{2}{5}^{th}$ from Sonu. The new profit sharing ratio of Monu, Sonu and Ram will be:

(A) 3:1:1 **(B) 1:1:3**

(C) 2:3:1 **(D) 2:3:3** **1**

Ans. (a) Option (D) is correct.

Explanation: Total of Capitals of Yuvraj and Yogesh = ₹4,50,000 + ₹1,50,000 = ₹6,00,000

Capital Brought by Yogita = ₹2,50,000

Goodwill = 2,50,000 × 5 – (6,00,000 + 2,50,000) = ₹12,50,000 – ₹8,50,000 = ₹4,00,000

OR

(b) Option (B) is correct

Explanation: Monu's New Share = $\frac{2}{5}-\frac{1}{5}=\frac{1}{5}$

Sonu's New Share $= \frac{3}{5} - \frac{2}{5} = \frac{1}{5}$

Monu : Sonu: Ram = 1:1:3

2. **Assertion (A): Partnership is the relation between persons who have agreed to share the profits of the business carried on by all or any of them acting for all.**

Reason (R): If a partner carries on any business of the same nature and competing with that of the firm, he/she shall account for and pay to the firm all profit made by him/her in that business.

Choose the correct option from the following:

(A) Both (A) and (R) are correct.

(B) Both (A) and (R) are incorrect.

(C) Both (A) and (R) are correct and (R) is the correct explanation of (A).

(D) Both (A) and (R) are correct and (R) is not the correct explanation of (A). **1**

Ans. Option (D) is correct.

Explanation: Partnership is the result of an agreement between two or more persons to do business and share its profits and losses. The agreement becomes the basis of relationship between the partners. There exists a relationship of mutual agency between all the partners. Each partner carrying on the business is the principal as well as the agent for all the other partners. He can bind other partners by his acts and also is bound by the acts of other partners with regard to business of the firm. Relationship of mutual agency is so important that one can say that there would be no partnership, if the element of mutual agency is absent.

3. **(a) Aysha Ltd. forfeited 1,10,000 shares of 10 each issued at 20% premium for the non-payment of first call of ₹ 2 per share and final call of ₹ 3 per share. Share Forfeited Account will be credited with:**

(A) ₹ 5,50,000 **(B) ₹ 7,70,000**

(C) ₹ 2,20,000 **(D) ₹ 5,00,000** **1**

OR

(b) Which of the following statements is true?

(A) The shares of a public limited company are not freely transferable.

(B) Paid up capital is that part of the subscribed capital which has been called up.

(C) The company cannot raise more capital than the amount of capital as specified in the Memorandum of Association.

(D) The part of the uncalled capital which is called only in the event of winding up of the company is called Capital Reserve. **1**

Ans. (a) Option (A) is correct.

Explanation: Forfeiture amount to be credited=Shares forfeited × Forfeiture amount

= ₹ 1,10,000 × 5 = ₹ 5,50,000

OR

(b) Option (C) is correct.

4. **(a) L M and N are partners sharing profits in the ratio of 5:3:2. They decided to share profits equally with effect from 1st April, 2022. On that date, there was a balance of ₹ 2,00,000 in General Reserve and a credit balance of ₹ 4,00,000 in the Profit and Loss Account. The Journal Entry for the above on account of change in profit sharing ratio will be:** **1**

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	Particulars		Debit Amt. (₹)	Credit Amt. (₹)
(A)	General Reserve A/c	Dr.	2,00,000	
	To Profit and Loss A/c			2,00,000
(B)	M's Capital A/c	Dr.	80,000	
	N's Capital A/c	Dr.	20,000	
	To L's Capital A/c			1,00,000

(C)	General Reserve A/c Profit and Loss A/c To L's Capital A/c To M's Capital A/c To N' Capital A/c	Dr. Dr.	2,00,000 4,00,000	 2,00,000 2,00,000 2,00,000
(D)	General Reserve A/c Profit and Loss A/c To La Capital A/c To Me Capital A/c To N's Capital A/c	Dr. Dr.	2,00,000 4,00,000	 3,00,000 1,80,000 1,20,000

OR

(b) X, Y and Z are partners sharing profits and losses in the ratio of 2:3:1. They decided to share future profits in the ratio of 3:2:1 with effect from 1st April, 2022. At the time of change of profit sharing ratio, unrecorded furniture will be recorded in the books of Accounts by: **1**

(A) Debiting it to Partners' Capital Account **(B) Debiting it to Revaluation Account**

(C) Crediting it to Revaluation Account **(D) Crediting it to Partners' Capital Account** **1**

Ans. (a) Option (D) is correct.

Explanation: Any old reserve at the time of reconstitution of a firm is transferred to the Partners' Capital A/c in the old ratio.

OR

(b) Option (C) is correct.

Explanation: At the time of reconstitution of the firm, the unrecorded assets when to be brought back to the books, is credited to the revaluation account.

5. On dissolution of the partnership firm of A, B and C, the accumulated profits of ₹ 40,000 will be transferred to which of the following account?

(A) Revaluation Account **(B) Realisation Account**

(C) Partners Capital Accounts **(D) Bank Account** **1**

Ans. Option (C) is correct.

Explanation: At the time of admission, retirement, death or dissolution of the firm, the old profits and reserves are transferred to the Partner's Capital Account in the old profit sharing ratio.

6. (a) The debentures which are payable on the expiry of a specified period either in lump-sum or in installments during the life time of the company are known as:

(A) Secured debentures **(B) Specific coupon rate debentures**

(C) Redeemable debentures **(D) Convertible debentures** **1**

OR

(b) Which of the following statement is incorrect with respect to debentures?

(A) Debentures can be issued for cash.

(B) Debenture cannot be issued at discount.

(C) Debentures can be issued as collateral security.

(D) Debentures can be issued at premium. **1**

Ans. (a) Option (C) is correct.

OR

(b) Option (B) is correct.

Explanation: Debentures can be issued at par, premium and discount. It can also be issued as collateral security or even purchase consideration.

7. Premier Auto Ltd. purchased assets of the value of ₹ 3,60,000 from Anand Ltd. and made the payment of purchase consideration by issuing 11% Debentures of ₹ 100 each at a discount of 10 %. The number of debentures issued by Premier Auto Ltd. were: **1**

(A) 3,600 **(B) 36,000**

(C) 40,000 **(D) 4,000**

Ans. Option (D) is correct.

Explanation:

Purchase Consideration = ₹3,60,000

Number of Debentures issued = $\frac{₹3,60,000}{90}$

= 4,000

8. **Nita, Suman and Harish were partners in a firm sharing profits in the ratio of 3:2: 1. Suman retired from the firm. On the date of Suman's retirement. ₹ 30,000 was due to her. The remaining partners decided to pay her in three yearly instalments starting from the end of the first year. ₹ 30,000 will be transferred to which of the following account?** **1**

(A) Suman's Loan Account **(B) Suman's Executor's Accounts**

(C) Suman's Bank Account **(D) Suman's Current Account**

Read the following hypothetical situation and answer Question Nos. 9 and 10 on the basis of the same.

Nitya, Shreya and Ishita are partners in a firm. They share profits in the ratio of 5:3: 2. Their fixed capitals are ₹ 1,80,000; ₹ 1,60,000 and ₹ 2,00,000 respectively. For the year ending 31 March, 2022, Nitya withdrew ₹ 7,500 at the end of every quarter.

Ans. Option (A) is correct.

Explanation: At the time of retirement of a partner, the partners after calculating the final payment to the retiring partner may decide to keep the capital of the retiring partners as a loan. Hence, for this purpose, they transfer the balance amount after all the adjustments on the credit side of the Retiring Partner's Capital A/c to Partners Loan Account.

9. **The average number of months for which interest on drawings will be calculated, will be:** **1**

(A) 3 ½ months **(B) 4½ months**

(C) 7 ½ months **(D) 6 months**

Ans. Option (B) is correct.

10. **The partnership deed provided that interest on capital will be allowed @ 10% p.a. The amount of interest on Ishita's capital will be:** **1**

(A) ₹ 18,000 **(B) ₹ 16,000**

(C) ₹ 20,000 **(D) ₹ 10,000**

Ans. Option (C) is correct.

Explanation: 10% of 2,00,000 = ₹20,000

11. **Khushi, Namita and Manvi were partners in a firm sharing profits and losses in the ratio of 5: 2: 3. On 30th June, 2022, Khushi died. The partnership deed provided that on the death of a partner, her share of profit till the date of death was to be calculated on the basis of average profit of last three years less ₹ 10,000.** **1**

Profits for the last three years were:

Year ended	Profits/Loss (₹)
31st March, 2020	1,20,000
31st March, 2021	(50,000)
31st March, 2022	1,70,000

Khushi's share of profit till the date of her death was:

(A) ₹ 35,000 **(B) ₹ 9,583**

(C) ₹ 28,750 **(D) ₹ 8,750**

Ans. Option (D) is correct.

Explanation:

Average Profit = $\frac{1,20,000 + 1,70,000 - 50,000}{3}$

= ₹80,000

Profit to be considered = ₹80,000 – ₹10,000

= ₹70,000

Profit Share = ₹70,000 × $\frac{3}{12} \times \frac{5}{10}$ = ₹8,750

12. **An equity share of ₹ 10 fully called up on which ₹ 6 has been paid was forfeited for the non-payment of the balance amount. At which of the following minimum price can it be reissued?** **1**

(A) ₹ 4 **(B) ₹ 10**

(C) ₹ 16 **(D) ₹ 6**

Ans. Option (A) is correct.

Explanation: The amount cannot be lower than the difference between the called up value and the paid value.

13. 200 equity shares of ₹ 10 each issued at par were forfeited for non-payment of first call of ₹ 3 per share. Final call of ₹ 2 per share was not yet called. By which amount the share capital will be debited on forfeiture? 1

(A) ₹ 2,000 **(B) ₹ 1,600**

(C) ₹ 1,000 **(D) ₹ 2,200**

Ans. Option (B) is correct.

Explanation:

Share Capital A/c (200 × 8)	Dr.	1,600
To Share Fist Call A/c (200 × 3)		600
To Share Forfeiture A/c (200 × 5)		1,000

14. Indu, Vijay and Pawan were partners in a firm sharing profits in the ratio of 4: 3 : 3. They admitted Subhash into partnership with effect from 1st April, 2022. New profit sharing ratio among Indu, Vijay, Pawan and Subhash will be 3: 3: 2 : 2. An extract of their Balance Sheet an at 31st March, 2022 is given below: 1

Liabilities	Amount (₹)	Assets	Amount (₹)
Investment Fluctuation Reserve	80,000	Investments (Market Value ₹ 80,000)	90,000

Which of the following is the correct accounting treatment of investment fluctuation reserve at the time of Subhash's admission?

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	Particulars		Debit Amt. (₹)	Credit Amt.(₹)
(A)	Investment Fluctuation Reserve A/c	Dr.	10,000	
	To Revaluation A/c			10,000
(B)	Investment Fluctuation Reserve A/c	Dr.	80,000	
	To Indu's Capital A/c			32,000
	To Vijay's Capital A/c			24,000
	To Pawan's Capital A/c			24,000
(C)	Revaluation A/c	Dr.	10,000	
	To Investment Fluctuation Reserve			10,000
(D)	Investment Fluctuation Reserve A/c	Dr.	80,000	
	To Investments A/c			10,000
	To Indu's Capital A/c			28,000
	To Vijay's Capital A/c			21,000
	To Pawan's Capital A/c			21,000

Ans. Option (D) is correct.

15. (a) Amit, Sumit and Kiara are partners sharing profits and losses in the ratio 2 2:1. Sumit is entitled to a commission of 15% on the net profit after charging such commission. The net profit before charging commission is ₹ 9,20,000. The amount of commission payable to Sumit will be: 1

(A) ₹ 1, 20,000 **(B) ₹ 1,38,000**

(C) ₹ 48,000 **(D) ₹ 55,200**

(b) P. Q and R are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. For the year ended 31st March, 2022, interest on capital was credited to them @10% p.a. Instead of 5% p.a. Their fixed capitals were ₹ 2,00,000; ₹ 1,00,000; ₹ 50,000 respectively. The necessary adjustment entry to rectify the error will be: 1

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	Particulars		Debit Amt.(₹)	Credit Amt. (₹)
(A)	P's Current A/c	Dr.	2,000	
	To Q's Current A/c			1,000
	To R's Current A/c			1,000
(B)	P's Current A/c	Dr.	3,000	
	To Q's Current A/c			2,000
	To R's Current A/c			1,000

(C)	P's Capital A/c To Q's Capital A/c To R's Capital A/c	Dr.	2,000	 1,000 1,000
(D)	P's Capital A/c To Q's Capital A/c To R's Capital A/c	Dr.	3,000	 2,000 1,000

Ans. **(a) Option (A) is correct.**

Explanation:

Commission = ₹9,20,000 × $\frac{15}{115}$ = ₹1,20,000

OR

(b) Option (B) is correct.

Explanation: All adjustments will be made through current account as their capitals are fixed.

16. **Aditya, Abhinav and Ankit were partners in a firm sharing profits in the ratio of 4:3: 3. On 31st March, 2022, the firm was dissolved. Aditya was appointed to complete the dissolution process for which he was allowed a remuneration of ₹ 42,000. Aditya also agreed to bear dissolution expenses. Actual expenses on dissolution amounted to ₹ 33,000 which were paid by Aditya. Aditya's Capital Account will be credited by** **1**

(A) ₹ 42,000 **(B) ₹ 33,000**

(C) ₹ 9,000 **(D) ₹ 18,000**

Ans. **Option (A) is correct.**

17. **Aayush and Aarushi are partners sharing profits and losses in the ratio of 3:2. They admitted Naveen into partnership for 1/4th share. Goodwill of the firm was to be valued at three years' purchase of super profits. Average net profit of the firm was ₹ 20,000. Capital investment in the business was ₹ 50,000 and Normal Rate of Return was 10%. Calculate the amount of Goodwill premium brought by Naveen.** **3**

Ans. Average Profit = ₹20,000

Normal Profit = 50,000 × 10% = ₹5,000

Super Profit = 20,000 – 5,000 = ₹15,000

Goodwill = 15,000 × 3 = ₹45,000

Naveen's Share = 45,000 × $\frac{1}{4}$ = ₹11,250

18. **(a) Asha, Disha and Raghav were partners in a firm sharing profits in the ratio of 2:3:1. According to the partnership agreement, Raghav was guaranteed an amount of ₹ 40,000 as his share of profits. The net profit for the year ended 31st March, 2022 amounted to ₹ 1,20,000.**

Prepare Profit and Loss Appropriation Account of the firm for the year ended 31st March, 2022. **3**

OR

(b) Akhil and Nikhil were partners sharing profits and losses in the ratio of 3: 2. Their fixed capitals were ₹ 1,00,000 and ₹ 80,000 respectively. Interest on capital was agreed @ 6% p.a. Nikhil was to be allowed an annual salary of ₹ 9,200. During the year 2021-22, the net profit prior to the calculation of interest on capital but after charging Nikhil's salary amounted to ₹ 1,20,000.

Prepare Profit and Loss Appropriation Account of the firm for the year ending 31st March, 2022 **3**

Ans. **(a)**

In the books of Asha, Disha and Raghav

Dr. **Profit and Loss Appropriation Account** Cr.

Date	Particulars		Amount (₹)	Date	Particulars	Amount (₹)
31/3/22	To Partner's Capital A/c			31/3/22	By Net Profit b/d	1,20,000
	Asha	40,000				
	Less: Given to Raghav	(8,000)	32,000			
	Disha	60,000				
	Less: Given to Raghav	(12,000)	48,000			
	Raghav	20,000				

	Add: From Asha	8,000				
	Add: From Disha	12,000	40,000			
			1,20,000			**1,20,000**

Raghav's Share of Profit = ₹1,20,000 × $\frac{1}{6}$ = ₹20,000

Deficiency = ₹40,000 – ₹20,000 = ₹20,000

Profit to be given by Asha = $\frac{2}{5}$ × ₹20,000 = ₹8,000

Profit to be given by Disha = $\frac{3}{5}$ × ₹20,000 = ₹12,000

OR

(b)

In the books of Akhil and Nikhil

Profit and Loss Appropriation Account
For the year ending 31st March 2022

Dr **Cr.**

Date	Particulars		Amount (₹)	Date	Particulars	Amount (₹)
31/3/22	To Interest on Capital:			31/3/22	By Net Profit b/d	1,29,200
	Akhil	6,000				
	Nikhil	4,800	10,800			
	To Akhil's Capital - Salary		9,200			
	To Partner's Capital Account					
	Akhil	65,520				
	Nikhil	43,680	1,09,000			
			1,29,200			**1,29,200**

19. (a) Tarun, Abhishek, Kamal and Vivek were partners in a firm sharing profits in the ratio of 5 : 3 : 2 : 2. Kamal retired on 31st March, 2022 Tarun, Abhishek and Vivek decided to share future profits equally On Kamal's retirement goodwill of the firm was valued at ₹ 9,00,000 Showing your working clearly, pass the necessary journal entry for treatment of goodwill on Kamal's retirement. It was decided not to show goodwill in the books of the firm. **3**

OR

(b) Atul and Geets were partners sharing profits in the ratio 3:2 Ira was admitted into the firm for 1/4th share of profits. Ira brought ₹ 40,000 as her capital. The capitals of Atul and Geeta after all adjustments relating to goodwill, revaluation of assets and liabilities etc. are ₹ 60,000 and ₹ 40,000 respectively. It is agreed that capitals should be according to the new profit sharing ratio.

Calculate the amount of actual cash to be paid off or brought in by the old partners. Pass the necessary journal entry/entries for the same. **3**

Ans. (a)

In the books of Tarun, Abhishek, Kamal and Vivek

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Abhishek's Capital A/c	Dr.		75,000	
	Vivek's Capital A/c	Dr.		1,50,000	
	To Tarun's Capital A/c				75,000
	To Kamal's Capital A/c				1,50,000
	(Being value of goodwill adjusted among the gaining partners)				

Working Note:

1. Calculation of Gaining Ratio

$$\text{Tarun} = \frac{5}{12} - \frac{1}{3} = \frac{1}{12} \text{ (Sacrifice)}$$

$$\text{Abhishek} = \frac{3}{12} - \frac{1}{3} = -\frac{1}{12}$$

$$\text{Vivek} = \frac{2}{12} - \frac{1}{3} = -\frac{2}{12}$$

2. Kamal's Share of Goodwill

$$\frac{2}{12} \times ₹9,00,000 = ₹1,50,000$$

OR

(b)

In the books of Atul, Geeta and Ira

Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Cash A/c Dr.		20,000	
	To Atul's Capital A/c			12,000
	To Geeta's Capital A/c			8,000
	(Being the amount of cash bought by old partners in the new profit sharing ratio)			

Working Note:

1. Calculation of New Profit Sharing Ratio:

$$\text{Atul's New Share} = \frac{3}{5} \times \frac{3}{4} = \frac{9}{20}$$

$$\text{Geeta's New Share} = \frac{2}{5} \times \frac{3}{4} = \frac{6}{20}$$

$$\text{Ira's Share} = \frac{5}{20}$$

Atul : Geeta : Ira = 9 : 6 : 5

2. Ira's Capital = ₹40,000

Total Capital of the firm as per Ira's Capital = 40,000 × 4 = ₹1,60,000

$$\text{Atul's Capital} = \frac{9}{20} \times 1,60,000 = ₹72,000$$

Therefore Atul needs to bring = 72,000 – 60,000 = ₹12,000

$$\text{Geeta's Capital} = \frac{6}{20} \times 1,60,000 = ₹48,000$$

Therefore Geeta needs to bring = 48,000 – 40,000 = ₹8,000

20. Vimal Ltd. purchased assets worth ₹ 5,00,000 and took over liabilities of ₹ 1,00,000 of Kapil Ltd. for a purchase consideration of ₹ 4,50,000. Vimal Ltd. paid one third of the amount by cheque and balance was settled by issuing 11% debentures of 100 each at a premium of 20%.

Pass necessary journal entries in the books of Vimal Ltd. for the above transactions. **3**

Ans.

In the books of Vimal Ltd

Journal Entries

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Sundry Assets A/c Dr		5,00,000	
	Goodwill A/c Dr		50,000	

	To Sundry Liabilities A/c			1,00,000
	To Kapil Ltd. A/c			4,50,000
	(Being assets and liabilities taken over and recorded)			
	Kapil Ltd A/c Dr.		4,50,000	
	To Bank A/c			1,50,000
	To 11% Debentures A/c			2,50,000
	To Securities Premium A/c			50,000
	(Being purchase consideration paid to Kapil Ltd.)			

21. Narmada Ltd. has an authorized capital of ₹ 10,00,000 divided into equity shares of ₹ 10 each. The company issued a prospectus inviting applications for issuing ₹ 80,000 equity shares. The company received applications for ₹ 75,000 equity shares. All calls were made and were duly received except the first and final call of ₹ 2 per share on 5,000 shares held by Arti. These shares were forfeited.

(a) Present the share capital in the Balance Sheet of the company as per Schedule III, Part 1 of the Companies Act, 2013.

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

Ans.

In the books of Narmade Ltd.

Balance Sheet as on ______________

	Particulars	Note	Amount (₹) Current Year	Amount (₹) Previous Year
I	**Shareholder's Fund:**			
	Equity Share Capital	1	7,40,000	

Notes to Accounts

	Particulars		Amount (₹)
1	**Equity Share Capital**		
	Authorised Capital		
	1,00,000 shares of ₹10 each		10,00,000
	Issued Share Capital		
	80,000 shares of ₹10 each	8,00,000	8,00,000
	Subscribed capital		
	75,000 shares of ₹10 each	7,50,000	
	Subscribed but not fully paid		
	70,000 Shares of ₹10 each, ₹10 called	7,00,000	
	Add: Shares Forfeiture Ac	40,000	
			7,40,000

22. Sonali, Sohan and Shivain were partners in a pen manufacturing firm. They were sharing profits and losses in the ratio of 2: 2: 1. On 31st March, 2022 their Balance Sheet was as follows:

Balance Sheet of Sonali, Sohan and Shivain as on 31st March, 2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital Accounts:			Land and Building	6,00,000
Sonali	4,00,000		Plant and Machinery	5,00,000
Sohan	4,00,000		Debtors	1,60,000
Shivain	4,00,000	12,00,000	Stock	1,40,000
General Reserve		1,00,000	Cash in hand	1,20,000
Creditors		3,60,000	Cash at Bank	1,80,000
Bills payable		40,000		
		17,00,000		**17,00,000**

Sohan died on 30th June, 2022. According to Partnership Deed, his executors were entitled to:

(i) Interest on capital @ 12% p.a.

(ii) His share of goodwill which was ₹ 48,000.

(iii) His share of profit till the date of death was to be calculated on the basis of sales. The sales from 1st April, 2022 to 30 June, 2022 were ₹ 2,50,000. The sales and profits of the firm for the year ending 31st March, 2022 were ₹ 20,00,000 and ₹ 5,00,000 respectively.

Prepare Sohan's Capital Account to be presented to his executors. **4**

Ans.

In the books of Sonali, Sohan and Shivain

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

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	By Sohan's Executor's A/c	5,61,000		By Balance b/d	4,00,000
				By General Reserve	40,000
				By Interest on Capital	48,000
				By Goodwill	48,000
				By Profit and Loss A/c	25,000
		5,61,000			**5,61,000**

Working Note:

Calculation of Profit:

$$\text{Profit as per sale} = 2{,}50{,}000 \times \frac{5{,}00{,}000}{20{,}00{,}000} = ₹62{,}000$$

$$\text{Sohan's Share} = \frac{2}{5} \times 62{,}000 = ₹25{,}000$$

23. (a) Vani Limited invited applications for issuing ₹ 1,00,000 equity shares of 10 each at a premium of 10%. The amounts were payable as under: On Application and Allotment - ₹ 4 per share (including premium ₹ 1)

On first call - ₹ 4 per share

On second and final call - ₹ 3 per share

Applications for ₹ 1,50,000 shares were received and pro-rata allotment was made to all the applicants.

Excess application money was adjusted towards sums due on calls. Parth, a shareholder who had applied for 600 shares did not pay the first call. His shares were forfeited. The second and final call was not yet made. Half of the forfeited shares were reissued at ₹ 8 per share fully paid up..

Journalise the above transactions in the books of Vani Limited by opening calls in arrears and calls in advance account wherever necessary. **6**

OR

(b) Pass necessary journal entries for forfeiture and reissue of forfeited shares in the following cases:

(i) Vipin Ltd. forfeited 10,000 shares of ₹ 10 each issued at a premium of ₹ 1 per share, for non-payment of second and final call of ₹ 2 per share. Out of these, 60% of the shares were reissued at ₹ 7 per share fully paid up. **3**

(ii) Deepak Ltd. forfeited 800 shares of ₹ 10 each, ₹ 8 per share called up, for non-payment of first call of ₹ 3 per share. All the forfeited shares were reissued for ₹ 12 per share fully paid. **3**

Ans.(a)

In the books of Vani Ltd

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr.	Amount (₹) Cr.
	Bank A/c Dr		6,00,000	
	To Share Application and Allotment A/c			6,00,000
	(Being Share Application and Allotment Money received)			
	Share Application and Allotment A/c Dr		6,00,000	

	To Share Capital A/c			3,00,000
	To Calls in Advance A/c			2,00,000
	To Securities Premium A/c			1,00,000
	(Being Application and allotment money transferred to share capital A/c and adjustment made for pro-rata allotment)			
	Share First Call A/c Dr		4,00,000	
	To Share Capital A/c			4,00,000
	(Being Allotment money due)			
	Bank A/c Dr		1,99,200	
	Calls-in-arrears A/c Dr		800	
	Calls in advance A/c Dr		2,00,000	
	To Share First Call A/c			4,00,000
	(Being share first call money received)			
	Share Capital A/c Dr		2,800	
	To Share Forfeiture A/c			2,000
	To Calls in Arrear A/c			800
	(Being 400 allotted shares forfeited for non-payment of first call money)			
	Bank A/c Dr		1,600	
	Share Forfeiture A/c Dr.		400	
	To Share Capital A/c			2,000
	(Being 200 forfeited shares re-issued at ₹8, fully paid up)			
	Share Forfeiture A/c Dr.		600	
	To Capital Reserve A/c			600
	(Being gain on 200 re-issued shares transferred to Capital Reserve A/c			

OR

(b) (i)

In the books of Vipin Ltd

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr.	Amount (₹) Cr.
	Share Capital A/c Dr.		1,00,000	
	To Share Forfeiture A/c			80,000
	To Calls in Arrear A/c			20,000
	(Being 1000 allotted shares forfeited for non-payment of second and final call money)			
	Bank A/c Dr		4,200	
	Share Forfeiture A/c Dr.		1,800	
	To Share Capital A/c			6,000
	(Being 600 forfeited shares re-issued at ₹7, fully paid up)			
	Share Forfeiture A/c Dr.		30,000	
	To Capital Reserve A/c			30,000
	(Being forfeiture money transferred to capital reserve)			

(ii)

In the books of Deepak Ltd

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr.	Amount (₹) Cr.
	Share Capital A/c Dr		6,400	
	To Share Forfeiture A/c			4,000
	To Calls in Arrear A/c			2,400
	(Being 800 allotted shares forfeited for non-payment of first call money)			
	Bank A/c Dr		9,600	
	To Securities Premium A/c			1,600
	To Share Capital A/c			8,000
	(Being 800 forfeited shares re-issued at ₹12, fully paid up)			
	Share Forfeiture A/c Dr.		4,000	
	To Capital Reserve A/c			4,000
	(Being forfeiture money transferred to capital reserve)			

24. (a) Kamal, Rahul and Neeraj were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31st March, 2022, their Balance Sheet was as under:

Balance Sheet of Kamal, Rahul and Neeraj as on 31st March, 2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Capitals:			Land and Building	1,70,000
Kamal	1,20,000		Plant and Machinery	2,60,000
Rahul	1,20,000		Stock	1,00,000
Neeraj	1,20,000	3,60,000	Debtors	80,000
General Reserve		1,20,000	Cash	50,000
Sundry Creditors		1,80,000		
		6,60,000		**6,60,000**

On the above date, Rahul retired and following terms were agreed upon:

(i) Goodwill of the firm was valued at ₹ 3,50,000.

(ii) An item of ₹ 10,000 included in Sundry creditors is not likely to be claimed and hence written off. Stock was valued at ₹ 90,000.

(iii) Capital of the new firm was fixed at ₹ 2,10,000 and the same will be adjusted in the profit sharing ratio of the remaining partners. For this purpose the required cash will be brought in- or paid off as the case may be.

(iv) Amount payable to Rahul will be transferred to his loan account

Prepare Revaluation Account and Partners' Capital Accounts on Rahul's retirement. 6

OR

(b) Ashish and Vishesh were partners sharing profits and losses in the ratio of 3: 2. Their Balance Sheet as at 31st March, 2022 was under:

Balance Sheet of Ashish and Vishesh as at 31st March, 2022

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		30,000	Cash at Bank		50,000
Outstanding electricity bill		20,000	Debtors	80,000	
			Less: provision for bad debts	(2,000)	78,000
Capitals:			Stock		1,12,000
Ashish	3,00,000		Machinery		3,00,000
Vishesh	2,00,000	5,00,000	Profit and Loss A/c		10,000
		5,50,000			**5,50,000**

On 1st April, 2022, Manya was admitted into the firm with 1/4th share in the profits on the following terms:

(i) Manya will bring ₹ 1,00,000 as her capital and ₹ 50,000 as her share of goodwill premium in cash.

(ii) Outstanding electricity bill will be paid off.

(iii) Stock was found over valued by ₹ 12,000.

Pass the necessary journal entries in the books of the firm on Manya's admission. 6

Ans. (a)

In the books of Kamal Rahul and Neeraj

Dr **Revaluation Account** **Cr**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	To Stock A/c	10,000		By Sundry Creditors	10,000
		10,000			**10,000**

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

Date	Particulars	Kamal	Rahul	Neeraj	Date	Particulars	Kamal	Rahul	Neeraj
	To Rahul's capital A/c	75,000		50,000		By Balance b/d	1,20,000	1,20,000	1,20,000
	To Rahul's Loan A/c		2,61,000						
	To Cash A/c – Balancing Figure			54,000		By General Reserve A/c	60,000	36,000	24,000
	To Balance b/d	1,50,000		60,000		By Kamal's Capital A/c		75,000	
						By Neeraj's Capital A/c			
						By Cash A/c – Balancing Figure	45,000	30,000	
		2,25,000	**2,61,000**	**1,44,000**			**2,25,000**	**2,61,000**	**1,44,000**

OR

(b) **In the books of Ashish and Vishesh Ltd**

Journal Entries

Date	Particulars		L.F.	Amount (₹) Dr.	Amount (₹) Cr.
	Ashish's Capital A/c	Dr		6,000	
	Vishesh's Capital A/c	Dr		4,000	
	To Profit and Loss A/c				10,000
	(Being debit balance of profit and loss account transferred)				
	Bank A/c	Dr		1,50,000	
	To Manya's Capital A/c				1,00,000
	To Premium of Goodwill A/c				50,000
	(Being cash brought in by Manya as Capital and Goodwill)				
	Premium for Goodwill A/c	Dr.		50,000	
	To Ashish's Capital A/c				30,000
	To Vishesh's Capital A/c				20,000
	(Being Premium of Goodwill distributed as per the sacrificing ratio 3:2)				
	Outstanding Electricity Bill A/c	Dr		20,000	
	To Bank A/c				20,000
	(Being Outstanding Electricity Bill to be paid off)				
	Revaluation A/c	Dr.		12,000	
	To Stock A/c				12,000
	(Being stock being overvalued in the books)				

	Ashish's Capital A/c Dr.		7,200	
	Vishesh's Capital A/c Dr.		4,800	
	To Revaluation A/c			12,000
	(Being loss on Revaluation)			

25. C. D, E were partners in a firm sharing profits in the ratio of 3 : 1 : 1. Their Balance Sheet as at 31st March, 2022 was as follows:

Balance Sheet of C, D and E as at 31st March, 3033

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Machinery	3,20,000
C - 4,00,000		Investments	3,00,000
D - 2,00,000		Stock	2,00,000
E - 1,00,000	7,00,000	Debtors	1,00,000
C's Loan	1,20,000	Cash at Bank	2,00,000
Sundry Creditors	1,00,000		
Bills payable	2,00,000		
	11,20,000		**11,20,000**

On the above date the firm was dissolved due to certain disagreement among the partners:

(i) Machinery of ₹ 3,00,000 were given to creditors in full settlement of their account and remaining machinery was sold for ₹ 10,000.

(ii) Investments realized ₹ 2,90,000.

(iii) Stock was sold for ₹ 1,80,000.

(iv) Debtors for ₹ 20,000 proved bad.

(v) Realisation expenses amounted to ₹ 10,000.

Prepare Realisation Account. **6**

Ans.

In the Books of C, D and E

Dr. Realisation Account Cr

Date	Particulars		Amount (₹)	Date	Particulars		Amount (₹)
	To Sundry Assets				By Sundry Liabilities:		
	Machinery	3,20,000			Sundry		
	Investment	3,00,000			Creditors	1,00,000	
	Stock	2,00,000			Bills Payable	2,00,000	3,00,000
	Debtors	1,00,000	9,20,000		By Cash A/c		
	To Cash A/c		10,000		Machinery	10,000	
					Investment	2,90,000	
					Stock	1,80,000	
					Debtors	80,000	5,60,000
					By Loss on Realisation		
					C	42,000	
					D	14,000	
					E	14,000	70,000
			9,30,000				**9,30,000**

26. Chiranjeevi Limited issued 2,000, 10% debentures of ₹ 100 each. Pass the necessary Journal entries for the issue of debentures in the following cases:

(a) When debentures were issued at 10% premium, redeemable at 5% premium.

(b) When debentures were issued at 5% discount, redeemable at 10%

(c) When debentures were issued at par, redeemable at a premium of 10%. **6**

Ans.

In the books of Chiranjeevi Ltd

Journal Entries

Date	Particulars		L.F.	Amount (₹) Dr.	Amount (₹) Cr.
(i)	Bank A/c	Dr.		2,20,000	
	To Debenture Application and Allotment A/c				2,20,000
	(Being money received on the issue of debentures at premium)				
	Debenture Application and Allotment A/c	Dr		2,20,000	
	Loss on Issue of Debentures A/c	Dr		10,000	
	To 10% Debentures A/c				2,00,000
	To Securities Premium A/c				20,000
	To Premium on Redemption of deb. A/c				10,000
	(Being debentures issued at premium, redeemable at premium)				
(ii)	Bank A/c	Dr		1,90,000	
	To Debenture Application and Allotment A/c				1,90,000
	(Being Application money received on the issue of 9% debentures at a discount)				
	Debenture Application and Allotment A/c	Dr.		1,90,000	
	Loss on Issue of Debentures A/c	Dr.		30,000	
	To 10% Debenture A/c				2,00,000
	To Premium on Redemption A/c				20,000
	(Being debenture issued at discount, redeemable at premium)				
(iii)	Bank A/c	Dr.		2,00,000	
	To Debenture Application and Allotment A/c				2,00,000
	(Being Money received on issue of 9% debentures)				
	Debenture Application and Allotment A/c	Dr.		2,00,000	
	Loss on the issue of Debentures A/c	Dr.		20,000	
	To 10% Debenture A/c				2,00,000
	To Premium on Redemption A/c				20,000
	(Being debentures issued at par, redeemable at par)				

PART - B
OPTION – I
(Analysis of Financial Statements)

27. (a) Which of the following are not tools of Financial Analysis? **1**

(i) Cash Flow Statement **(ii) Income Statement**

(iii) Balance Sheet **(iv) Ratio Analysis**

(A) (i) and (ii) **(B) (ii) and (iv)**

(C) (ii) and (iii) **(D) (iii) and (iv)**

OR

(b) Which one of the following statement is incorrect? **1**

(A) Liquidity ratios are calculated to measure the short term solvency of the business.

(B) Current ratio is also known as Acid Test Ratio.

(C) Solvency ratios are calculated to determine the ability of the business to service its debt in the long run.

(D) Proprietary ratio expresses the relationship of proprietor's funds to net assets / total assets.

Ans. **(a) Option (C) is correct**

Explanation: Balance Sheet and Income Statement are the part of the financial Statement.

OR

(b) Option (B) is correct.

Explanation: Quick Ratio is also called Acid Test Ratio.

28. (a) Which of the following transaction will result in no flow of cash? **1**

(A) Purchase of machinery

(B) Sale of investments

(C) Acquisition of machinery by issue of equity shares

(D) Redemption of debentures

OR

(b) Match the transactions given in Column-II with their correct category given in Column- I for the purpose of preparation of Cash Flow Statement. **1**

Column - I		**Column - II**	
(a)	Investing Activity	**(i)**	Interest paid
(b)	Financing Activity	**(ii)**	Purchase of Goodwill
(c)	Operating Activity	**(iii)**	Cash receipts from sale of goods

	(a)	**(b)**	**(c)**
(A)	(iii)	(i)	(ii)
(B)	(ii)	(i)	(iii)
(C)	(i)	(iii)	(ii)
(D)	(ii)	(iii)	(i)

Ans. (a) Option (C) is correct.

Explanation: As no actual cash is used for the acquisition of machinery, there will be no cash flow.

OR

(b) Option (B) is correct.

29. The current assets of X Ltd, are ₹ 2,00,000 and its current liabilities are ₹ 1,50,000. If its working capital turnover ratio is 6 times, its revenue from operations will be: **1**

(A) ₹ **2,00,000** **(B)** ₹ **3,00,000**

(C) ₹ **2,50,000** **(D)** ₹ **1,50,000**

Ans. Option (C) is correct.

Explanation:

$$\text{Working Capital Turnover Ratio} = \frac{\text{cost of Revenue from operations}}{\text{current Assets - current liabilities}}$$

$$6 = \frac{\text{cost of Revenue from operations}}{50,000}$$

Cost of revenue from operations = ₹3,00,000

30. Which of the following activities are operating activities for the purpose of preparing Cash flow statement? 1

(i) Dividend and Interest received on securities

(ii) Payment of employee benefit expenses

(iii) Cash receipts from royalties and fees

(iv) Issue of shares against purchase of machinery

(A) (i), (ii) and (iii) **(B) (ii), (iii) and (iv)**

(C) (i),(ii) and (iv) **(D) (ii) and (iii)**

Ans. Option (D) is correct.

31. Name the major heads and sub-heads under which the following items will be presented in the Balance Sheet of a company as per Schedule III. Part I of the Companies Act, 2013. 3

(a) Goodwill

(b) Debenture Redemption Reserve

(c) Licenses and Franchise

Ans.

Items	Major Headings	Sub-headings
Goodwill	Non-Current Assets	Fixed Assets: Intangible Assets
Debenture Redemption Reserve	Shareholders' Funds	Reserves and Surplus
Licenses and Franchise	Non-Current Assets	Non-Current Assets

32. "It is a technique which involves regrouping of data by application of arithmetical relationships." Identify the technique highlighted in the above statement and state its any two objectives. 3

Ans. The technique highlighted is Ratio Analysis

The Objectives are:

(i) Identify Problem Areas: Ratio analysis helps in locating those areas of business which are weak, not functioning properly and require immediate attention.

(ii) Measure Profitability: Through an analysis of gross profit, net profit, expenses and other similar relative amounts, the ratio analysis helps in arriving at true figure of profitability and also highlights changes in it from time to time.

(iii) Ascertain Operational Efficiency: Ratio analysis determines operational efficiency through operating activity ratio and also points out the areas where it may be improved and how. **(Any 2)**

33. (a) From the following information, calculate the value of opening and closing inventory:

Inventory Turnover Ratio-4 times

Gross Profit = 20% on Revenue from operations

Revenue from operations = ₹ **10,00,000**

Opening inventory is 25% of the inventory at the end. 4

OR

(b) Debt-Equity Ratio of Z Ltd. in 2: 1. State with reason whether the following transactions will improve, decline or will not change the debt-equity ratio:

(i) Conversion of ₹ **3,00,000, 9% debentures into equity shares.**

(ii) Cash received from debtors ₹ **1,00,000.**

(iii) Redemption of ₹ 10,00,000, 11% debentures.

(iv) Purchase of goods on credit ₹ 4,00,000. **4**

Ans. (a) Revenue from operations = ₹10,00,000

Gross Profit = 20% of revenue = 20% or ₹10,00,000 = ₹2,00,000

Cost of Revenue from Operations = ₹10,00,000 – ₹2,00,000 = ₹8,00,000

Let closing inventory be x

Opening inventory = 0.25 x

$$\text{Average Inventory} = \frac{x + 0.25x}{2} = 0.625\,x$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Revenue from operations}}{\text{Average inventory}}$$

$$4 = \frac{8,00,000}{0.625x}$$

$$2.5x = 8,00,000$$

$$x = ₹3,20,000$$

Closing Inventory = ₹ 3,20,000

Opening Inventory = 25% of 3,20,000 = ₹80,000

OR

(b) (i) Decline: Conversion of debentures into equity share will reduce the debt and increase the equity, so it will reduce the debt-equity ratio.

(ii) No Change: Cash received from debtors neither affects equity shares nor affects the debt, so the debt equity ratio will remain unchanged.

(iii) Decline: Redemption of debentures will decrease the debt, so it will reduce the debt equity ratio

(iv) No Change: As long term debts are only considered in debt equity ratio, purchasing goods on credit will have no effect on the debt equity ratio.

34. Read the following hypothetical text and answer the questions given below on the basis of the same:

Aditi, initiated her start-up Fizz Ltd. in 2019. Fizz Ltd. is an organic juice extracting unit. Its profits are increasing year-after-year because of the increasing awareness towards health. **6**

Following information has been extracted from the Balance Sheet of "Fizz Ltd. for the year ended 31st March, 2022:

	31st March, 2022 (₹)	**31st March, 2022 (₹)**
Equity Share Capital	90,00,000	60,00,000
11% Debentures	30,00,000	50,00,000
Machinery (at cost)	28,00,000	20,00,000
Accumulated Depreciation		
Machinery	90,000	60,000

Additional Information:

(i) During the year, a machine costing ₹ 4,00,000 was sold at a gain of ₹ 30,000.

(ii) Depreciation charged on machinery during the year was ₹ 50,000.

(iii) Interest paid on 11% debentures amounted to ₹ 5,50,000.

(iv) Dividend of ₹ 3,00,000 was paid on equity shares.

(v) Debentures were redeemed at a premium of 10% on 31st March, 2022.

Calculate cash flows of Fizz Ltd. from Investing Activities and Financing Activities."

Ans.

In the books of Fizz Ltd.

Cash Flow Statement

	Particulars	**Amount (₹)**	**Amount (₹)**
II	Cash Flow from Investing Activities		
	Sale of Machinery	4,10,000	
	Purchase of Machinery	(12,00,000)	
	Cash Flow from Investing Activities		(7,90,000)
III	Cash Flow from Financing Activities		
	Issue of Shares	30,00,000	
	Redemption of Debentures	(22,00,000)	
	Interest Paid	(5,50,000)	
	Dividend Paid	(3,00,000)	
	Cash Flow from Investing Activities		(50,000)

Working Notes:

Dr. Machinery Account Cr.

Date	**Particulars**	**Amount (₹)**	**Date**	**Particulars**	**Amount (₹)**
1/4/21	To Balance b/d	20,00,000		By Cash A/c	4,10,000
	To Profit and Loss A/c	30,000		By Provision for depreciation A/c	20,000
	To Bank A/c (Purchase)	12,00,000		By Balance c/d	28,00,000
		32,30,000			**32,30,000**

Dr. Accumulated Depreciation Account Cr.

Date	**Particulars**	**Amount (₹)**	**Date**	**Particulars**	**Amount (₹)**
	To Machinery A/c	20,000	1/4/21	By Balance b/d	60,000
	To Balance c/d	90,000		By Depreciation A/c	50,000
		1,10,000			**1,10,000**

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Note : Except these, all other questions are from Delhi set- I.

PART - A

(Accounting for Partnership Firms and Companies)

1. (a) Manas and Mili are partners in a firm sharing profits in the ratio of 3: 2. Anita is admitted as a new partner for $\frac{1}{4}^{th}$ share in future profits. Capitals of Manas and Mili were ₹3,00,000 and ₹ 1,50,000 respectively. Anita brought ₹ 2,00,000 as her capital. The value of goodwill of the firm on Anita's admission. **1**

(A) ₹ 2,50,000 **(B) ₹8,00,000**

(C) ₹ 4,50,000 **(D) ₹ 1,50,000**

OR

(b) Mini and Mansi are partners sharing profits in the ratio of 4:3. They admitted Nisha as a new partner for $\frac{3}{7}^{th}$ share in profits which she acquired $\frac{2}{7}^{th}$ from Mini and $\frac{1}{7}^{th}$ from Mansi. The new profit sharing ratio

of Mini, Mansi and Nisha will be: **1**

(A) 4:3:3 **(B)** 5:3:2

(C) 2:3:5 **(D)** 2:2:3

Ans. (a) Option (D) is correct.

Explanation: Total of Capitals of Manas and Mili = ₹3,00,000 + ₹1,50,000 = ₹4,50,000

Capital Brought by Anita = ₹2,00,000

Goodwill = 2,00,000 × 4 – (4,50,000 + 2,00,000) = ₹8,00,000 – ₹6,50,000 = ₹1,50,000

OR

(b) Option (D) is correct

Explanation: Mini's New Share = $\frac{4}{7} - \frac{2}{7} = \frac{2}{7}$

Mansi's New Share = $\frac{3}{7} - \frac{1}{7} = \frac{2}{7}$

Mini : Mansi : Nisha = 2 : 2 : 3

20. Kuber Ltd. purchased assets worth ₹ 10,00,000 and took over liabilities of ₹ 1,00,000 of Amrit Ltd. for a purchase consideration of ₹ 8,00,000. Kuber Ltd. paid ₹ 2,60,000 through a cheque and the balance was settled by issuing 12% debentures of ₹ 100 each at a discount of 10%. Pass necessary journal entries in the books of Kuber Ltd. for the above transactions. **3**

Ans.

In the books of Kuber Ltd

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Sundry Assets A/c	Dr		10,00,000	
	To Sundry Liabilities A/c				1,00,000
	To Amrit Ltd. A/c				8,00,000
	To Capital Reserve A/c				1,00,000
	(Being assets and liabilities taken over and recorded)				
	Amrit Ltd A/c	Dr.		8,00,000	
	Discount on Issue of Debentures A/c	Dr		60,000	
	To Bank A/c				2,60,000
	To 12% Debentures A/c				6,00,000
	(Being purchase consideration paid to Kapil Ltd.)				

21. Unnati Ltd. was registered with an authorised capital of ₹ 8,00,000 divided into equity shares of 10 each. The company issued a prospectus inviting applications for ₹ 60,000 equity shares. The company received applications for 58,000 equity shares. All calls were made and were duly received except the second and final call of ₹ 3 per share on 3,000 shares held by Manit. These shares were forfeited.

(a) Present the hare capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.

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

Ans.

In the books of Unnati Ltd.

Balance Sheet as on ____________

	Particulars	Note	Amount (₹) Current Year	Amount (₹) Previous Year
I	**Shareholder's Fund:**			
	Equity Share Capital	1	5,71,000	

Notes to Accounts

	Particulars		Amount (₹)
1	**Equity Share Capital**		
	Authorised Capital		
	80,000 shares of ₹10 each		8,00,000
	Issued Share Capita		
	60,000 shares of ₹10 each	6,00,000	6,00,000
	Subscribed capital		
	58,000 shares of ₹10 each	5,80,000	
	Subscribed but not fully paid		
	55,000 Shares of ₹10 each, ₹10 called	5,50,000	
	Add: Shares Forfeiture A/c	21,000	
			5,71,000

22. A. B and C were partners in a printer manufacturing firm. They were sharing profits and losses in the ratio of 2:2:1 On 31st March, 2022 their Balance Sheet was as follows:

Balance Sheet of A, B and C as on 31st March, 2022

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Land and Building	3,00,000
A – 1,50,000		Plant and Machinery	2,50,000
B – 2,00,000		Debtors	80,000
C – 2,00,000	5,50,000	Stock	70,000
General Reserve	2,50,000	Cash in hand	60,000
Creditors	30,000	Cash at Bank	90,000
Bills Payable	20,000		
	8,50,000		**8,50,000**

B died on 30th June, 2022 According to the partnership deed, his legal representatives are entitled to:

(i) 24,000 for his share of Goodwill.

(ii) Interest on capital @ 12% p.a.

(iii) His share of profit till the date of death calculated on the basis of sales. The sales from 1st April, 2022 to 30th June, 2022 were ₹ 1,25,000. The sales and profits of the firm for the year ending 31th March, 2022 were ₹ 10,00,000 and ₹ 2,50,000 respectively

Prepare B's Capital Account to be rendered to his legal representatives. **4**

Ans.

In the books of A, B and C

Dr. B's Capital Account Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	By B's Executor's A/c	3,42,500		By Balance b/d	2,00,000
				By General Reserve	1,00,000
				By Interest on Capital	6,000
				By A's Capital A/c	16,000
				By C's Capital A/c	8,000
				By Profit and Loss A/c	12,500
		3,42,500			**3,42,500**

Working Note:

Calculation of Profit:

$$\text{Profit as per sale} = 1{,}25{,}000 \times \frac{2{,}50{,}000}{10{,}00{,}000} = ₹31{,}250$$

$$\text{B's Share} = \frac{2}{5} \times 31{,}250 = ₹12{,}500$$

25. Pass necessary Journal Entries for the following transactions on the dissolution of a partnership firm of Mita and Sonu on 31st March, 2022 after the various assets other than cash and third party liabilities have been transferred to the Realisation Account.

(a) Creditors of ₹ 90,000 took over Land and Building of ₹ 2,00,000 in full settlement of their claim.

(b) Sonu took over debtors amounting to ₹ 50,000 at ₹ 40,000.

(c) Realisation expenses ₹ 1800 were paid by Sonu.

(d) A machine which was not recorded in the books was taken over by Mita at ₹ 11,000 while its expected market value was ₹ 15,000.

(e) Sonu agreed to pay off his wife's loan of ₹ 20,000.

(f) Profit on dissolution amounted to ₹ 50,000. 6

Ans.

In the books of Mita and Sonu

Journal Entries

Date	Particulars		L.F.	Amount (₹) Dr.	Amount (₹) Cr.
(a)	NO ENTRY				
(b)	Sonu's Capital A/c	Dr		40,000	
	To Realisation A/c				40,000
	(Being debtors taken over by Sonu)				
(c)	Realisation A/c	Dr		1,800	
	To Sonu's Capital A/c				1,800
	(Being realisation expenses paid by Sonu)				
(d)	Mita's Capital A/c	Dr		11,000	
	To Realisation A/c				11,000
	(Being unrecorded asset taken over by Mita)				
(e)	Realisation A/c	Dr		20,000	
	To Sonu's Capital A/c				20,000
	(Being Sonu's wife loan paid by sonu)				
(f)	Realisation A/c	Dr		50,000	
	To Sonu's Capital A/c				25,000
	To Mita's Capital A/c				25,000
	(Being profit on realisation transferred to Partners' Capital A/c)				

PART - B

OPTION – I

(Analysis of Financial Statements)

31. Under which major heads and sub-heads will the following items be presented in the Balance Sheet of a Company as per Schedule III, Part I of the Companies Act, 2013:

(a) Cheques-Drafts on hand

(b) Work-in-Progress

(c) Balance in Statement of Profit and Loss 3

Ans.

Items	**Major Headings**	**Sub-headings**
Cheques-Drafts in hand	Current Assets	Cash & Cash Equivalents
Work in Progress	Current Assets	Inventories
Licenses and Franchise	Shareholders' Funds	Reserve and Surplus

32. It is a technique which involves regrouping of data by application of arithmetical relationships.' Identify the technique and state any two advantages of the technique identified. **3**

Ans. Technique: Ratio Analysis

Advantages of Ratio Analysis:

1. **Provides insights into financial performance:** Ratio analysis provides useful insights into the financial performance of a company. It helps in identifying the company's strengths and weaknesses in terms of its liquidity, solvency, profitability, and efficiency. By analyzing various financial ratios, investors can evaluate a company's overall financial health and make informed investment decisions.
2. **Facilitates benchmarking:** Ratio analysis also facilitates benchmarking of a company's financial performance against its competitors or industry averages. This helps in identifying areas where the company is performing well compared to its peers and areas where it needs to improve. This information can be used to develop strategies to improve the company's financial performance.

Limitations of Ratio Analysis:

1. **Limited usefulness when used in isolation:** One of the main limitations of ratio analysis is that it provides a limited view of a company's financial performance. Ratios need to be analyzed in conjunction with other financial information, such as cash flow statements and income statements, to provide a complete picture of the company's financial health. Relying solely on ratios can be misleading and may result in incorrect investment decisions.
2. **Comparability issues:** Another limitation of ratio analysis is the comparability issues that arise when comparing companies in different industries or with different business models. Financial ratios can vary significantly depending on the nature of the business, and comparing ratios across different industries can be challenging. Additionally, differences in accounting methods and reporting standards can further complicate comparisons, making it difficult to draw meaningful conclusions.

Delhi Set-III 67/5/3

Note : Except these, all other questions are from Delhi set- I & set-II.

PART - A
(Accounting for Partnership Firms and Companies)

1. (a) Nita and Samar are partners in a firm sharing profits in the ratio of 3: 2. Their fixed capitals were 90,000 and ₹ 2,10,000 respectively. They admitted Mitali on April ₹1, 2022 as a new partner for 1/5th share in future profits. Mitali brought ₹ 1,50,000 as her capital. The value of goodwill of the firm on Mitali's admission was: **1**

(A) ₹ 3,00,000 **(B) ₹ 7,50,000**

(C) ₹ 1,50,000 **(D) ₹ 30,000**

OR

(b) Bina and Ria are partners sharing profits in the ratio of 5: 3. They admitted Siya as a new partner for 3/8th share which she acquired 2/8th from Bina and 1/8th from Ria. The new profit sharing ratio of Bina, Ria and Siya will be: **1**

(A) 3:2:3 **(B) 2:3:3**

(C) 5:5:6 (D) 9:1:6

Ans. (a) Option (A) is correct.

Explanation: Total of Capitals of Nita and Samar = ₹90,000 + ₹2,10,000 = ₹3,00,000

Capital Brought by Mitali = ₹1,50,000

Goodwill = 1,50,000 × 5 – (3,00,000 + 1,50,000) = ₹7,50,000 – ₹4,50,000 = ₹3,00,000

OR

(b) Option (A) is correct

Explanation: Bina's New Share = $\frac{5}{8} - \frac{2}{8} = \frac{3}{8}$

Ria's New Share = $\frac{3}{8} - \frac{1}{8} = \frac{2}{8}$

Bina : Ria : Siya = 3 : 2 : 3

20. Neon Ltd. purchased assets worth ₹ 18,00,000 and took over liabilities of ₹ 72,00,000 of Zenith Ltd. for a purchase consideration of ₹ 15,00,000. Neon Ltd. paid the amount by accepting a bill of exchange of ₹ 3,00,000 and the balance was settled by issuing 10% debentures of ₹ 100 each at a premium of 20%. Pass necessary journal entries for the above transactions in the books of Neon Ltd. 3

Ans.

In the books of Neon Ltd

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Sundry Assets A/c	Dr		18,00,000	
	To Sundry Liabilities A/c				2,00,000
	To Zenith Ltd. A/c				15,00,000
	To Capital Reserve A/c				1,00,000
	(Being assets and liabilities taken over and recorded)				
	Zenith Ltd. A/c	Dr.		15,00,000	
	To Bills Payable A/c				3,00,000
	To 10% Debentures A/c				10,00,000
	To Securities Premium A/c				2,00,000
	(Being purchase consideration paid to Zenith Ltd.)				

21. Shiv Ltd. was registered with an authorised capital of ₹ 3,00,000 divided into equity shares of 10 each. The company issued a prospectus inviting applications for issuing ₹ 80,000 equity shares. The company received applications for ₹ 79,000 equity shares. All calls ware made and duly received except the second and final call of ₹ 3 per share on 4,000 shares held by Anu. These shares were forfeited.

(a) Present the Share capital' in the Balance Sheet of the company an per Schedule III, Part I of the Companies Act, 2013.

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

Ans.

In the books of Shiv Ltd.

Balance Sheet as on ______________

	Particulars	Note	Amount (₹) Current Year	Amount (₹) Previous Year
I	**Shareholder's Fund:**			
	Equity Share Capital	1	7,78,000	

Notes to Accounts

	Particulars	Amount (₹)
1	**Equity Share Capital**	

	Authorised Capital		
	90,000 shares of ₹10 each		9,00,000
	Issued Share Capital		
	80,000 shares of ₹10 each	8,00,000	8,00,000
	Subscribed capital		
	79,000 shares of ₹10 each	7,90,000	
	Subscribed and fully paid		
	75,000 Shares of ₹10 each, ₹10 called	7,50,000	
	Add: Shares Forfeiture A/c	28,000	
			7,78,000

22. P. Q and R were partners in a water dispenser manufacturing firm. They were sharing profits and losses in the ratio of 2:2:1. On 31st March, 2022, their Balance Sheet was as follows:

Balance Sheet of P, Q and R as on 31st March, 2022

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Plant and Machinery	1,25,000
P – 50,000		Land and Building	1,50,000
Q – 1,25,000		Debtors	40,000
R – 1,00,000	2,75,000	Stock	35,000
General Reserve	1,25,000	Cash at Bank	75,000
Sundry Creditors	25,000		
	4,25,000		**4,25,000**

Q died on 30th June, 2022. According to the partnership deed, his legal representatives were entitled to:

(i) Interest on capital @ 12% p.a.

(ii) 12,000 for his share of Goodwill.

(iii) His share of profit till the date of death was to be calculated on the basis of sales. The sales from 1 April, 2022 to 30th June, 2022 were ₹ 62,500. The sales and profits of the firm for the year ending 31 March, 2022 was ₹ 5,00,000 and ₹ 1,25,000 respectively.

Prepare Q's Capital Account to be rendered to his legal representatives. **4**

Ans.

In the books of P, Q and R

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

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	By Sohan's Executor's A/c	1,97,000		By Balance b/d	1,25,000
				By General Reserve A/c	50,000
				By Interest on Capital A/c	3,750
				By P's Capital A/c	8,000
				By R's Capital A/c	4,000
				By Profit and Loss A/c	6,250
		1,97,000			1,97,000

Working Note:

Calculation of Profit:

Profit as per sale $= 62{,}500 \times \dfrac{1,25,000}{5,00,000} =$ ₹15,625

Sohan's Share $= \dfrac{2}{5} \times 15{,}625 =$ ₹6,250

25. Pass necessary Journal Entries for the following transactions, on the dissolution of a partnership firm of Kavita and Suman on 31st March, 2022, after the various assets (other than cash) and third party liabilities have been transferred to Realisation Account.

(a) Kavita took over stock amounting to ₹ 1,00,000 at ₹ 90,000.

(b) Creditors of ₹ 2,00,000 took over Plant and Machinery of ₹ 3,00,000 in full settlement of their claim.

(c) There was an unrecorded asset of ₹ 23,000 which was taken over by Suman at ₹ 17,000.

(d) Realisation expenses ₹ 2,000 were paid by Kavita.

(e) Bank loan ₹ 21,000 was paid off.

(f) Loss on dissolution amounted to ₹ 7,000. **6**

Ans.

In the books of Kavita and Suman

Journal Entries

Date	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(a)	Kavita's Capital A/c	Dr		90,000	
	To Realisation A/c				90,000
	(Being stock taken by Kavita)				
(b)	NO ENTRY				
(c)	Suman's Capital A/c	Dr		17,000	
	To Realisation A/c				17,000
	(Being an unrecorded asset taken over by Suman				
(d)	Realisation A/c	Dr		2,000	
	To Kavita's Capital A/c				2,000
	(Being Realisation Expenses paid by Kavita)				
(e)	Bank Loan A/c	Dr.		21,000	
	To Bank A/c				21,000
	(Being bank loan paid off)				
(f)	Kavita's Capital A/c	Dr.		3,500	
	Suman's Capital A/c	Dr.		3,500	
	To Realisation A/c				7,000
	(Being Loss on Realisation recarded)				

PART - B

OPTION – I

(Analysis of Financial Statements)

31. Under which heads and sub-heads the following items will appear in the Balance Sheet of Company as per Schedule III, Part –I of the Companies Act, 2013:

(a) Loose tools

(b) calls-in -advance

(c) capital reserve **3**

Ans.

Items	Major Headings	Sub-headings
Loose tools	Current Assets	Inventories
Calls in advance	Current Liabilities	Other Current Liabilities
Capital Reserve	Shareholders' Funds	Reserves and Surplus

32. 'It is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the various items of the balance sheet and the statement of profit and loss'. Identify the process highlighted in the above statement and state its any two objectives. **3**

Ans. The technique highlighted is Financial Analysis.

The analysis is undertaken to serve the following purposes (objectives):

(i) To assess the current profitability and operational efficiency of the firm as a whole as well as its different departments so as to judge the financial health of the firm.
(ii) To ascertain the relative importance of different components of the financial position of the firm.
(iii) To identify the reasons for change in the profitability/financial position of the firm.
(iv) To judge the ability of the firm to repay its debt and assessing the short-term as well as the long-term liquidity position of the firm. **(Any two)**

Outside Delhi Set-I 67/2/1

PART - A
(Accounting for Partnership Firms and Companies)

1. (A) Ram and Mohan were partners with fixed capitals of ₹ 3,00,000 and ₹ 2,00,000 respectively. As per their partnership deed, interest on capital was allowed @ 10% p.a. Net profit for the year ended 31st March, 2022 was 30,000. The amount of interest on capital was credited to each partner's current account for the year ended 31st March, 2022 was:

(a) Ram ₹ 30,000 and Mohan ₹ 20,000 **(b) Ram ₹ 20,000 and Mohan ₹ 10,000**
(c) Ram ₹ 18,000 and Mohan ₹ 12,000 **(d) Ram ₹ 30,000 and Mohan Nil** **1**

OR

(B) Anu, Bindu and Siya were partners in a firm sharing profits and losses in the ratio of 2:2:1. Siya was guaranteed that her share of profit will not be less than ₹ 50,000. The firm's profit for the year ended 31st March, 2022 was ₹ 2,00,000. The amount of deficiency to be borne by Anu was:

(a) ₹ 10,000 **(b) ₹ 2,500**
(c) ₹ 75,000 **(d) ₹ 5,000** **1**

Ans. (A) Option (C) is correct.
Explanation: Ram = 10% of ₹3,00,000 = ₹30,000
Mohan = 10% of ₹2,00,000 = ₹20,000
Which is more than the net profit
So it will be distributed in the ratio of interest on capital i.e., 3: 2.

OR

(B) Option (D) is correct.
Explanation: Siya's share in profit = $\frac{1}{5} \times 2,00,000 =$ ₹40,000
Deficiency = ₹50,000 − ₹40,000 = ₹10,000
As Anu's share of profit is equal to that of Bindu, they will share the deficiency equally that is ₹5,000 each

2. Rohit and Mohit were partners sharing profits and losses in the ratio of 2:1. Their capital accounts as on 31.3.2021 had a credit balance of ₹ 1,09,000 and ₹ 66,000 respectively. They admitted Sahil as a new partner on 1st April, 2021 for $\frac{1}{5}^{th}$ share in profits. Sahil brought ₹ 25,000 as his share of goodwill premium. He agreed to contribute capital in new profit–sharing ratio. The amount of capital brought by Sahil was:

(a) ₹ 40,000 **(b) ₹ 32,000**
(c) ₹ 12,50,000 **(d) ₹ 50,000** **1**

Ans. Option (D) is correct.
Explanation: Total Capital Employed = 1,09,000 + 66,000 + 25,000 = 2,00,000 (It is for $\frac{4}{5}^{th}$ share)
Total capital of the firm = $2,00,000 \times \frac{5}{4} =$ ₹2,50,000
Thus Sahil has to bring ₹50,000

3. (A) Radhe Ltd. forfeited 500 shares of ₹ 10 each fully called up for non–payment of final call of ₹ 3 per share. 300 of these shares were reissued at ₹ 8 per share as fully paid–up. The amount credited to Capital Reserve Account was:

(a) ₹ 1,500 **(b) ₹ 2,100**
(c) ₹ 3,200 **(d) ₹ 1,800** **1**

OR

(B) A Company forfeited 1000 shares of ₹ 10 each, ₹ 7 called up for non–payment of first call of ₹ 2 per share. All these shares were reissued at ₹ 5 per share ₹ 7 paid up. The amount transferred to Capital Reserve Account was:

(a) ₹ 2,000 **(b) ₹ 3,000**

(c) ₹ 4,000 **(d) ₹ 5,000** **1**

Ans. (A) Option (A) is correct.

Explanation:

Amount forfeited on 300 shares	= 300 × ₹7	= ₹2,100
Less: Amount of discount given on 300 shares	= 300 × ₹2	= ₹600
Amount to be transferred to capital Reserve		= ₹1,500

OR

(B) Option (A) is correct.

Explanation:

Amount forfeited on 1000 shares	= 1000 × ₹7	= ₹7,000
Less: Amount of discount given on 1000 shares	= 1000 × ₹5	= ₹5,000
Amount to be transferred		= ₹2,000

4. Suchi and Ruchi were partners in a firm sharing profits and losses equally. Throughout the year Ruchi withdrew ₹ 12,000 in the middle of each month. Interest on drawings is to be charged @ 6% p.a. as per partnership agreement. The average period for calculation of interest on drawings will be:

(a) $6\frac{1}{2}$ **months** **(b) 6 months**

(c) $5\frac{1}{2}$ **months** **(d) 1 month** **1**

Ans. Option (B) is correct.

Explanation: When drawings are done at the middle of the month, the average period is 6 months. It is 6.5 months when drawings are made at the beginning and 5.5 months when drawings are made at the end of the month.

5. On the reconstitution of a firm the value of furniture increased from ₹ 7,00,000 to ₹ 8,00,000 and stock reduced ₹ 4,00,000 from ₹ 4,20,000. Gain or loss on revaluation will be:

(a) Gain ₹ 80,000 **(b) Loss ₹ 80,000**

(c) Gain ₹ 8,00,000 **(d) Loss ₹ 1,20,000** **1**

Ans. Option (A) is correct.

Explanation:

Increase in the value of furniture	= ₹8,00,000 − ₹7,00,000	= ₹1,00,000
Less: Decrease in the value of stock	= ₹4,20,000 − ₹4,00,000	= ₹20,000
Profit on revaluation		= ₹80,000

6. Total assets of a partnership firm, which was dissolved were ₹ 30,00,000 and its total liabilities were ₹ 6,00,000. Assets were realised at 80% and liabilities were settled at 5% less. If dissolution expenses were ₹ 30,000, B profit or loss on dissolution was:

(a) Profit ₹ 18,00,000 **(b) Loss ₹ 6,00,000**

(c) Profit ₹ 6,00,000 **(d) Loss ₹ 18,00,000** **1**

Ans. Option (A) is correct.

Explanation:

Realisation of Assets = 80% of ₹30,00,000 = ₹24,00,000

Less: Realisation of Liabilities = 95% of ₹6,00,000 = ₹5,70,000

Less: Realisation Expenses: = ₹30,000

Profit on realisation = ₹18,00,000

7. Offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) is known as:

(a) Private placement of shares **(b) Sweat equity**

(b) Incorporation cost **(d) Employee stock option plan** **1**

Ans. Option (A) is correct.

8. (A) A partnership firm has four partners. How many additional partners can be admitted into the business as per the provisions of the Companies Act, 2013?

(a) 50 **(b) 46**

(c) 100 **(d) 96** **1**

OR

(B) Amit and Sumit were partners in a firm with fixed capitals of ₹ 6,00,000 and ₹ 4,00,000 respectively. Kavi was admitted as a new partner for 1/5th share in the profit of the firm. Kavi brought ₹ 40,000 as his share of goodwill premium and ₹ 3,00,000 as his capital.

The amount of Goodwill premium credited to Sumit will be:

(a) ₹ 20,000 **(b) ₹ 24,000**

(c) ₹ 16,000 **(d) ₹ 40,000** **1**

Ans. (A) Option (B) is correct.

Explanation: There can be a maximum of 50 partners in a partnership firm. As there are already 4, 46 can more be added.

OR

(B) Option (A) is correct.

Explanation: Profit sharing ratio of the partner is not given, hence they were Sharing Profits equally. On admission of new partner, their sacrificing ratio will also be 1: 1.

9. Gopal, Krishna and Govind were partners sharing profits and losses in the ratio of 5:4:3. Krishna retired on 1st April, 2022. Gopal and Govind purchased his share of profit by giving him ₹ 1,20,000. ₹ 80,000 was paid by Gopal and ₹ 40,000 by Govind. Gaining ratio is:

(a) 1: 2 **(b) 5: 3**

(c) 1: 1 **(d) 2: 1** **1**

Ans. Option (D) is correct.

Explanation: Ratio of share = 80,000 : 40,000 = 2: 1

10. At the time of forfeiture of shares, share capital account is debited with:

(a) Uncalled amount on shares **(b) Paid up amount on shares**

(c) Called up amount on shares **(d) Unpaid amount on shares** **1**

Ans. Option (C) is correct.

11. Elite Ltd. Issued 20,000, 9% Debentures of ₹ 100 each at a discount of 10%, redeemable at a premium. On issue of these debentures, 'Loss on issue of debentures account' was debited with ₹ 4,00,000. The premium on redemption of debentures is:

(a) ₹ 4,00,000 **(b) ₹ 2,00,000**

(c) ₹ 6,00,000 **(d) ₹ 10,00,000** **1**

Ans. Option (B) is correct.

12. (A) Net Assets <u>minus</u> capital reserve is:

(a) Purchase consideration **(b) Goodwill**

(c) Total Assets **(d) Liquid Assets** **1**

OR

(B) When a company issues shares at a premium, the company can collect securities premium along with the following:

(a) Application money **(b) Allotment money**

(c) Call money **(d) Any of the above** **1**

Ans. (A) Option (A) is correct.

OR

(B) Option (B) is correct.

Explanation: Securities premium amount is most preferably collected with the allotment money. It can be collected with application money but never at the time of call.

13. (A) On admission of a new partner, the old partners share the gain or loss on revaluation of assets and reassessment of liabilities in which of the following ratio?

(a) Equally **(b) In old profit sharing ratio**

(c) In new profit sharing ratio **(d) In sacrificing ratio** **1**

OR

(B) Asha and Nisha were partners in a firm sharing profits and losses in the ratio 3:1. Charu was admitted as a new partner for $\frac{1}{4}^{th}$ share in the profits of the firm which she acquired equally from Asha and Nisha. The new profit sharing ratio of Asha, Nisha and Charu will be:

(a) 3:1:4 **(b) 1:1:2**

(c) 5:1:2 **(d) 1: 2:1** **1**

Read the following hypothetical situation and answer question no. 14 and 15 on its basis:

Rudra, Dev and Shiv were partners in a firm sharing profits in the ratio of 5:3:2. Their fixed capitals were ₹ 6,00,000, ₹ 4,00,000 and ₹ 2,00,000 respectively . Besides his capital shiv had given a loan of ₹ 75,000 to the firm. Their partnership deed provided for the following:

(i) Interest on capital @ 9% .p.a.

(ii) Interest on partner's drawings @ 12% .p.a.

(iii) Salary to Rudra ₹ 30,000 per month and to Dev ₹ 40,000 per quarter.

(iv) Interest on Shiv's loan @ 9% .p.a.

During the year Rudra withdrew ₹ 50,000 at the end of each quarter; Dev withdrew ₹ 50,000 in the beginning of each half year and Shiv Withdrew ₹ 70,000 at the end of each half year.

The profit of the firm for the year ended 31–3–2022 before allowing interest on Shivs's loan was ₹ 7,06,750.

Ans. (A) Option (B) is correct.

OR

(B) Option (C) is correct.

Explanation:

Asha's Share = $\frac{3}{4}-\frac{1}{8}=\frac{5}{8}$

Nisha's Share = $\frac{1}{4}-\frac{1}{8}=\frac{1}{8}$

Charu's Share = $\frac{2}{8}$

14. How much amount of net profit will be transferred to Profit and Loss Appropriation A/c?

(a) ₹ 7,06,750 **(b) ₹ 7,02,250**

(c) ₹ 7,00,000 **(d) ₹ 7,13,000** **1**

Ans. Option (C) is correct.

Explanation: Profit to be transferred to P & L Appropriation A/c = Net profit – charge on profit (Interest on loan) ₹7,06,750 – ₹6,750 = ₹7,00,000

15. What will be the amount of interest on drawings of the partners?

(a) Rudra ₹ 2,250; Dev ₹ 4,500 and Shiv ₹ 2,100

(b) Rudra ₹ 9,000; Dev ₹ 9,000 and Shiv ₹ 4,200

(c) Rudra ₹ 4,500; Dev ₹ 4,500 and Shiv ₹ 2,100

(d) Rudra ₹ 24,000; Dev ₹ 12,000 and Shiv ₹ 16,800 **1**

Ans. Option (B) is correct.

16. Assertion (A): Under the fluctuating capital method, the balance in the capital account fluctuates from time to time.

Reason (R): Under the fluctuating capital method, all the adjustments such as share of profit and loss, interest

on capital, drawings, interest on drawings etc. are recorded directly in the capital accounts of the partners.

(a) (A) is correct but (R) is wrong.

(b) Both (A) and (R) are correct but (R) is not the correct explanation of (A).

(c) Both (A) and (R) are incorrect.

(d) Both (A) and (R) are correct and (R) is the correct explanation of (A). 1

Ans. Option (D) is correct.

17. (a) Sinco Ltd. purchased assets of the book value of ₹ 1,98,000 from Dixon Ltd. It was agreed that the purchase consideration be paid by issuing 10% debentures of ₹ 100 each.

Record the necessary journal entries in the books of Sinco Ltd. assuming that the debentures have been issued:

(i) At a discount of 10%. (ii) At a premium of 10%. 3

OR

(b) On 1.4.2021 Y Ltd. invited applications for issuing 10,000, 9% debentures of ₹ 100 each at a discount of 6%. The entire amount was payable with application. Application for 12,000, 9% debentures were received. 9% debentures were allotted on pro–rata basis to all the applicants. Excess money received with applications was refunded. On 31.3.2022 the company decided to write off discount on issue of debentures according to the provisions of the Companies Act, 2013. On that date the company had ₹ 10,000 in its securities premium reserve account.

Pass necessary journal entries for the above transactions in the books of the company. 3

Ans. (a)

In the books of Sinco Ltd

Journal Entries

Date	Particulars	LF	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Assets A/c Dr.		1,98,000	
	To Dixon Ltd A/c			1,98,000
	(Being Assets purchased from Dixon Ltd.)			
	Dixon Ltd A/c Dr.		1,98,000	
	Discount on Issue of Debentures A/c Dr.		22,000	
	To 10% Debentures A/c			2,20,000
	(Being 10% Debentures issued as purchase consideration at a discount of 10%)			
(ii)	Assets A/c Dr.		1,98,000	
	To Dixon Ltd A/c			1,98,000
	(Being Assets purchased from Dixon Ltd.)			
	Dixon Ltd A/c Dr.		1,98,000	
	To 10% Debentures A/c			1,80,000
	To Securities Premium A/c			18,000
	(Being 10% Debentures issued as purchase consideration at a discount of 10%)			

OR

(b)

In the books of Y Ltd.

Journal Entries

Date	Particulars	LF	Amount Dr. (₹)	Amount Cr. (₹)
1/4/2021	Bank A/c Dr		11,28,000	
	To Debenture Application and Allotment A/c			11,28,000
	(Being money on 12,000 9% debentures issued at a discount of 6%)			

	Debenture Application and Allotment A/c Dr		9,40,000	
	Discount on 9% Debenture A/c Dr		60,000	
	To 9% Debenture A/c			10,00,000
	(Being Application and allotment money transferred to 9% debenture account)			
	Debenture Application and Allotment A/c Dr.		1,88,000	
	To Bank A/c			1,88,000
	(Being excess money returned)			
31/3/2022	Securities Premium A/c Dr.		10,000	
	Statement of Profit and Loss A/c Dr.		50,000	
	To Discount on the issue of Debentures A/c (Being Discount on issue of debentures adjusted)			60,000

18. (a) Mohan, Sohan and Suresh were partners in a firm sharing profits in the ratio of 2:2:1. Suresh was guaranteed a profit of ₹ 70,000. Any deficiency on account of guarantee to Suresh was to be borne by Mohan and Sohan in 3:2 ratio. The profit of the firm for the year ended 31.3.2022 amounted to ₹ 2,00,000.

Prepare Profit and Loss Appropriation Account of the firm for the year ended 31.3.2022. 3

OR

(b) A and B were partners in a firm sharing profits equally. Their capitals were: A ₹ 1,20,000 and B ₹ 80,000. The annual rate of interest is 20%. The profits of the firm for the last three years were ₹ 34,000; ₹ 38,000 and ₹ 30,000. They admitted C as a new partner. On C's admission the goodwill of the firm was valued at 2 years purchase of the super profits.

Calculate the value of goodwill of the firm on C's admission. 3

Ans. (a)

In the books of Mohan, Sohan, Suresh

Dr. Profit and Loss Appropriation Account Cr

Date	Particulars		Amount (₹)	Date	Particulars	Amount (₹)
31/3/22	To Partners' Capital A/c			31/3/22	By Net Profit b/d	2,00,000
	Mohan	80,000				
	Less: Given to Suresh	(18,000)	62,000			
	Sohan	80,000				
	Less: Given to Suresh	(12,000)	68,000			
	Suresh	40,000				
	Add: From Mohan	18,000				
	Add: From Sohan	12,000	70,000			
			2,00,000			**2,00,000**

Working Notes:

1. Calculation of Profit Share

$$\text{Mohan's Share} = \frac{2}{5} \times ₹2{,}00{,}000 = ₹80{,}000$$

$$\text{Sohan's Share} = \frac{2}{5} \times ₹2{,}00{,}000 = ₹80{,}000$$

$$\text{Suresh's Share} = \frac{1}{5} \times ₹2{,}00{,}000 = ₹40{,}000$$

2. Amount remaining from the guarantee to Suresh, shared in the ratio 3:2

$$\text{Mohan's share} = \frac{3}{5} \times ₹30{,}000 = ₹18{,}000$$

Sohan's Share = $\frac{2}{5} \times$ ₹30,000 = ₹12,000

OR

(b) Total Capital Employed = ₹1,20,000 + ₹80,000 = ₹2,00,000

Normal Profit = 20% of ₹2,00,000 = ₹40,000

Average Profit = $\frac{34,000 + 38,000 + 30,000}{5}$ = ₹34,000

Super Profit = ₹40,000 – ₹34,000 = ₹6,000

Goodwill = ₹6,000 × 2 = ₹12,000

19. Vibha, Sudha and Ashish were partners in a firm sharing profits in the ratio 2:3:1. Sudha retired and the balance in her capital account after making necessary adjustments on account of reserves, revaluation of assets and re–assessment of liablities was ₹ 85,000. Vibha and Ashish agreed to pay Sudha ₹ 1,15,000 in full settlement of her claim. Record the necessary journal entry for goodwill on Sudha's retirement. 3

Ans.

In the books of Vibha, Sudha and Ashish

Journal Entries

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Goodwill A/c Dr.		60,000	
	To Vibha's Capital A/c			20,000
	To Sudha's Capital A/c			30,000
	To Ashish's Capital A/c			10,000
	(Being goodwill A/c raised)			
	Goodwill A/c Dr.		60,000	
	To vibha's Capital A/c			40,000
	To Ashish's Capital A/c			20,000
	(Being goodwill written off)			

Working Note:

The excess amount paid to Sudha = ₹1,15,000 – ₹85,000 = ₹30,000

The total value of goodwill = ₹30,000 × $\frac{6}{3}$ = ₹60,000

20. Mita, Geeta and Mohit were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April, 2022, they mutually agreed to share profits and losses in the ratio of 2:2:1. It was agreed that:

(i) Goodwill of the firm was valued at ₹ 1,40,000.

(ii) Profit on revaluation of assets and re–assessment of liabilities amounted to ₹ 1,20,000.

Pass necessary journal entries for the above transactions in the books of the firm. Show your working notes clearly. 3

Ans.

In the books of Mita, Geeta and Mohit

Journal Entries

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
1/4/22	Geeta's Capital A/c Dr.		14,000	
	To Mita's Capital A/c			14,000
	(Being adjustment made for goodwill)			
	Revaluation A/c Dr		1,20,000	

	To Mita's Capital A/c To Geeta's Capital A/c To Mohit's Capital A/c (Being profit on revaluation shared in the old profit sharing ratio)			60,000 36,000 24,000

Working Note:

Calculation of Gain/Sacrifice of partners

Old Ratio = 5:3:2

Mita's Gain / Sacrifice:

$$\frac{5}{10}-\frac{2}{5}=\frac{5-4}{10}=\frac{1}{10} \text{ (Sacrifice)}$$

Geeta's Gain /Sacrifice:

$$\frac{3}{10}-\frac{2}{5}=\frac{3-4}{10}=-\frac{1}{10} \text{ (Gain)}$$

Mohit's Gain/Sacrifice:

$$\frac{2}{10}-\frac{1}{5}=\frac{2-2}{10}=\text{Nil}$$

Thus, Mita well be compensated $\left[\frac{1}{10}\times 1{,}40{,}000 = ₹\,14{,}000\right]$ by Geeta.

21. Saraswati Ltd. has an authorised capital of ₹ 10,00,000 divided into equity shares of ₹ 10 each. Subscribed and fully paid up share capital of the company was ₹ 4,00,000. To meet its new financial requirements, the company issued 20,000 equity shares of ₹ 10 each which were payable as follows: ₹ 3 on application; ₹ 3 on allotment, ₹ 2 on first call and ₹ 2 on second and final call. The issue was fully subscribed. The allotment money was payable on 1st May 2021, first call money on 1st August 2021 and final call on 1st October 2021. X whom 1000 shares were allotted, did not pay the allotment and call money; Y an allotee of 600 shares, did not pay the two calls; and Z whom 400 shares were allotted, did not pay the final call. Present the share capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013. Also prepare Notes to Accounts for the same. **3**

Ans.

In the books of Saraswati Ltd.

Balance Sheet as on ______________

	Particulars	Note	Amount (₹) Current Year	Amount (₹) Previous Year
I	**Shareholder's Fund:**			
	Equity Share Capital	1	5,89,800	

Notes to Accounts

	Particulars		Amount (₹)
1	**Equity Share Capital**		
	Authorised Capital		
	1,00,000 shares of ₹10 each		10,00,000
	Issued Share Capital		
	40,000 shares of ₹10 each	4,00,000	

	20,000 shares of ₹10 each	2,00,000	6,00,000
	Paid up capital		
	60,000 Shares@ ₹ 10 each (-) calls in arrear	6,00,000 (10,200)	5,89,800

22. Meena, Beena and Veena were partners in a firm sharing profits & losses equally. Their balance sheet as on 31st March, 2022 was as follows:

Balance Sheet of Meena, Beena and Veena as on 31st March, 2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital:			Plant and	
Meena	1,50,000		Machinery	2,40,000
Beena	1,00,000		Stock	60,000
Veena	75,000	3,25,000	Sundry debtors	35,000
General Reserve		30,000	Cash at Bank	50,000
Sundry Creditors		30,000		
		3,85,000		**3,85,000**

Veena died on 30th June, 2022. According to the partnership deed, the executors of the deceased partner were entitled to:

(i) Balance in Capital account.

(ii) Salary till the date of death @ ₹ 25,000 p.a.

(iii) Share of Goodwill calculated on the basis of twice the average profits of past three years.

(iv) Share of profit from the closure of last accounting year till the date of death on the basis of average of three completed years' profits before death.

(v) Profits for 2019–20, 2020–21 and 2021–22 were ₹ 1,20,000, ₹ 90,000 and ₹ 1,50,000 respectively.

Veena withdrew ₹ 15,000 on 1st June, 2022 for paying her daughter's school fees.

Prepare Veena's capital account to be rendered to her executors. **4**

Ans.

In the books of Meena, Beena and Veena

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

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
1/6	By Drawings A/c	15,000	30-06	By Balance b/d	75,000
30/6	By Executor's A/c	1,66,250		By General Reserve A/c	10,000
				By Salary A/c	6,250
				By Meena's capital A/c By Beena's capital A/c	40,000 40,000
				By P&L Suspense A/c	10,000
		1,81,250			**1,81,250**

Working Note:

Calculation of the value of Goodwill:

$$\text{Average Profit} = \frac{₹1,200,000 + ₹90,000 + ₹1,5,0,000}{3} = ₹1,20,000$$

Goodwill = 2 × ₹1,20,000 = ₹2,40,000

23. Pass the necessary journal entries for the following transactions on the dissolution of the partnership firm of Tina and Rina after various assets (other than cash) and external liabilities have been transferred to Realisation Account:

(i) An unrecorded asset of ₹ 18,000 was taken over by Tina at ₹ 16,000.

(ii) Rina agreed to pay her brother's loan of ₹ 23,000.

(iii) Stock of ₹ 30,000 was taken over by a creditor of ₹ 40,000 in full settlement.

(iv) Expenses of dissolution ₹ 40,000 were paid by Rina.

(v) Creditors were paid ₹ 18,800 in full settlement of their account of ₹ 20,000.

(vi) Tina's loan of ₹ 15,000 was paid through a cheque. **6**

Ans.

In the books of Tina and Rina

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr.	Amount (₹) Cr.
(i)	No Entry			
(ii)	Realisation A/c Dr		23,000	
	To Rina's A/c			23,000
	(Being Rina paid her brother's loan)			
(iii)	No Entry			
(iv)	Realisation A/c Dr.		40,000	
	To Rina's Capital A/c			40,000
	(Being Realisation Expenses paid by Rina)			
(v)	Realisation A/c Dr.		18,800	
	To Bank A/c			18,800
	(Being creditors paid)			
(vi)	Bank A/c Dr.		15,000	
	To Tina's Loan A/c			15,000
	(Being Tina's Loan paid)			

24. Pass necessary journal entries for the issue of debentures in the following cases:

(i) Issued ₹ 75,00,000, 9% debentures of ₹ 100 each at a premium of 10% redeemable at a premium of 5% after 3 years.

(ii) Issued 8,000, 9% debentures of ₹ 100 each at a discount of 6% redeemable at a premium of 3% after 5 years.

(iii) Issued 90,000, 9% debentures of ₹ 100 each at par, redeemable at par after 4 years. **6**

Ans.

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr.	Amount (₹) Cr.
(i)	Bank A/c Dr.		82,50,000	
	To Debenture Application and Allotment A/c			82,50,000
	(Being money received on the issue of debentures at premium)			
	Debenture Application and Allotment A/c Dr		82,50,000	
	Loss on Issue of Debentures A/c		3,75,000	
	To 9% Debentures A/c			75,00,000
	To Securities Premium A/c			7,50,000
	To Premium on Redemption of deb. A/c			3,75,000
	(Being debentures issued at premium, redeemable at premium)			
(ii)	Bank A/c Dr		7,52,000	
	To Debenture Application and Allotment A/c			7,52,000

	(Being Application money received on the issue of 9% debentures at a discount)			
	Debenture Application and Allotment A/c Dr.		7,52,000	
	Loss on Issue of Debentures A/c Dr		24,000	
	Discount on issue of Debentures A/c Dr		48,000	
	To 9% Debenture A/c			8,00,000
	To Premium on Redemption of deb. A/c			24,000
	(Being debenture issued at discount, redeemable at premium)			
(iii)	Bank A/c Dr.		90,00,000	
	To Debenture Application and Allotment A/c			90,00,000
	(Being money received on issue of 9% debentures)			
	Debenture Application and Allotment A/c Dr.		90,00,000	
	To 9% Debenture A/c			90,00,000
	(Being debentures issued at par, redeemable at par)			

25. (a) Ganga Ltd. invited applications for issuing 10,000 equity shares of ₹ 10 each. The amount per share was payable as follows: ₹ 2 on application, ₹ 3 on allotment, ₹ 3 on first call and ₹ 2 on second and final call.

Applications were received for 15,000 shares. The applications for 3,000 shares were rejected and application money refunded. The shares were allotted on pro–rata basis to the applicants of 12,000 shares. Excess money received with applications was adjusted towards sums due on allotment. All shareholders paid the allotment money except one shareholder who was allotted 200 shares. These shares were forfeited. The first call was made thereafter and duly received. The second and final call was not yet made.

Pass Journal entries for the above transactions in the books of Ganga Ltd. Open Calls–in–Arrears Account wherever required. 6

OR

(b) Mukund Ltd. invited applications for issuing 50,000 equity shares of ₹ 10 each at 10% premium. The amount per share was payable as follows: ₹ 3 on application, ₹ 3 (including premium) on allotment and balance amount on first and final call. Applications were received for 1,20,000 shares and 'shares were allotted on pro–rata basis to all the applicants. The excess money received on application was adjusted towards sums due on allotment only. Application money in excess to sums due on allotment was refunded. A shareholder who had applied for 6,000 shares, could not pay the call money and his shares were forfeited.

Pass necessary Journal entries for the above transactions in the books of Mukund Ltd. 6

Ans. (a)

In the books of Ganga Ltd

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr.	Amount (₹) Cr.
	Bank A/c Dr		30,000	
	To Share Application A/c			30,000
	(Being Share Application money received)			
	Share Application A/c Dr		30,000	
	To Share Capital A/c			20,000
	To Share Allotment A/c			4,000
	To Bank A/c			6,000
	(Being Application money transferred to share capital A/c, excess money returned and adjustment made for pro-rata allotment)			
	Share Allotment A/c Dr		30,000	

	To Share Capital A/c			30,000
	(Being Allotment money due)			
	Bank A/c Dr		25,480	
	Calls-in-arrears A/c Dr		520	
	To Share Allotment A/c			26,000
	(Being allotment money received)			
	Share Capital A/c Dr		1,000	
	To Share Forfeiture A/c			480
	To Calls in Arrear A/c			520
	(Being 200 allotted shares forfeited for non-payment of allotment money)			

Working Note:

Number of shares applied $= 200 \times \frac{12,000}{10,000} = 240$

OR

(b)

In the books of Mukund Ltd

Journal Entries

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Bank A/c Dr		3,60,000	
	To Share Application A/c			3,60,000
	(Being Share Application money received)			
	Share Application A/c Dr		3,60,000	
	To Share Capital A/c			1,50,000
	To Share Allotment A/c			1,50,000
	To Bank A/c			60,000
	(Being Application money transferred to share capital A/c, excess money returned and adjustment made for pro-rata allotment)			
	Share Allotment A/c Dr		1,50,000	
	To Securities Premium A/c			50,000
	To Share Capital A/c			1,00,000
	(Being Allotment money due)			
	Share first and final Call A/c Dr.		2,50,000	
	To Share Capital A/c			2,50,000
	(Being amount due on share first and final call)			
	Bank A/c Dr		2,37,500	
	Calls-in-arrears A/c Dr		12,500	
	To Share First and Final Call A/c			2,50,000
	(Being first and final call money received)			
	Share Capital A/c Dr		25,000	
	To Share Forfeiture A/c			12,500
	To Calls in Arrear A/c			12,500

	(Being 2,500 allotted shares forfeited for non-payment of allotment money)			

Working Note:

Calculation of Allotment of 6000 shares applied $= 6000 \times \dfrac{1,20,000}{50,000} = 2{,}500$

26. (a) Madhav and Girdhari were partners in a firm sharing profits and losses in the ratio of 3: 1. Their balance sheet as at 31st March, 2022 was as follows:

Balance sheet of Madhav and Girdhari as on 31st March, 2022

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital: Madhav	3,00,000		Machinery		4,70,000
Girdhari	2,00,000	5,00,000	Investment		1,10,000
Workmen's compensation fund		60,000	Debtors	1,20,000	
			Less: Provision		
Creditors		1,90,000	for doubtful debts	(10,000)	1,10,000
Employee's Provident fund		1,10,000	Stock		1,40,000
			Cash		30,000
		8,60,000			**8,60,000**

On 1st April, 2022, they admitted Jyoti into partnership for 1/4th share in the profits of the firm. Jyoti brought ₹ 1,86,000 as her capital and ₹ 40,000 as her share of goodwill premium in cash. The following terms were agreed upon:

(i) Stock was found undervalued by ₹ 23,000,

(ii) 20% of the investments were taken over by Girdhari at book value.

(iii) Claim on account of workmen's compensation amounted to ₹ 70,000, which was to be paid later.

(iv) Creditors included a sum of ₹ 27,000 which was not likely to be claimed.

Prepare Revaluation A/c and Partners Capital Accounts on Jyoti's admission. **6**

OR

(b) Radhika, Ridhima and Rupanshi were partners in a firm sharing profits and losses in the ratio of 3:5:2. On 31st March, 2022, their balance sheet was as follows:

Balance Sheet of Radhika, Ridhima and Rupanshi as on 31.3.2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Sundry Creditors		60,000	Cash	50,000
General Reserve		40,000	Stock	80,000
Capitals:			Debtors	40,000
Radhika	3,00,000		Investments	30,000
Ridhima	2,00,000		Buildings	5,00,000
Rupanshi	1,00,000	6,00,000		
		7,00,000		**7,00,000**

Ridhima retired on the above date and it was agreed that:

(i) Goodwill of the firm be valued at ₹ 3,00,000.

(ii) Building was valued at ₹ 6,20,000.

(iii) Capital of the new firm was fixed at ₹ 5,00,000, which will be in the new profit sharing ratio of the partners; the necessary adjustments for this purpose were to be made by opening current accounts of the partners.

Prepare Revaluation Account and Partners' Capital Accounts on Ridhima's retirement. **6**

Ans. (a)

In the books of Madhav and Girdhar

Dr **Revaluation Account** **Cr**

Date	Particulars		Amount (₹)	Date	Particulars	Amount (₹)
2022				2022		
01 April				01 April	By Creditors A/c	27,000

	To Workmen Compensation A/c	10,000		By stock A/c	23,000
	To Profit:				
	Madhav 30,000				
	Girdhari 10,000	40,000			
		50,000			**50,000**

Dr. **Partners' Capital A/c** Cr

Date	Particulars	Madhav	Girdhari	Jyoti	Date	Particulars	Madhav	Girdhari	Jyoti
	To Revaluation A/c		22,000			By Balance b/d	3,00,000	2,00,000	
	To Balance c/d	3,60,000	1,98,000	1,86,000		By Revaluation A/c	30,000	10,000	
						By Goodwill A/c	30,000	10,000	
						By cash A/c			1,86,000
		3,60,000	**2,20,000**	**1,86,000**			**3,60,000**	**2,20,000**	**1,86,000**

OR

(b)

In the books of Radhika, Ridhima and Rupanshi

Dr **Revaluation Account** Cr

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2022		
31/3	To Profit:		31/3	By Building A/c	1,20,000
	Radhika 36,000				
	Ridhima 60,000				
	Rupanshi 24,000	1,20,000			
		1,20,000			**1,20,000**

Dr. **Partners' Capital Account** Cr

Date	Particulars	Radhika	Ridhima	Rupanshi	Date	Particulars	Radhika	Ridhima	Rupanshi
	To Ridhima's capital A/c	90,000		60,000		By Balance b/d	3,00,000	2,00,000	1,00,000
	To Ridhima's Loan A/c		4,30,000			By Revaluation A/c	36,000	60,000	24,000
	To Balance c/d	3,00,000		2,00,000		By General Reserve A/c	12,000	20,000	8,000
						By Radhika's A/c		90,000	
						By Rupanshi's A/c		60,000	
						By current A/c	42,000		1,28,000

		3,90,000	4,30,000	2,60,000			3,90,000	4,30,000	2,60,000

Working Note:
Calculation of Gaining Ratio

Radhika's Gain $= \frac{3}{5} - \frac{3}{10} = \frac{3}{10}$

Rupanshi's Gain $= \frac{2}{5} - \frac{2}{10} = \frac{2}{10}$

PART - B
OPTION – I
(Analysis of Financial Statements)

27. (A) Which of the following is a tool of Analysis of Financial Statements?

(a) Statement of Profit & Loss **(b) Ratio Analysis**

(c) Balance Sheet **(d) Notes to Accounts** **1**

OR

(B) _____ratios are calculated to determine the ability of the business to service its debt in the long run.

(a) Profitability **(b) Solvency**

(c) Liquidity **(d) Turnover** **1**

Ans. (A) Option (B) is correct.

OR

(B) Option (C) is correct.

28. The 'Inventory Turnover Ratio' from the following information will be:

	₹
Revenue from operations	**12,00,000**
Average Inventory	**2,00,000**
Gross loss ratio	**20%**

(a) 6 times **(b) 5 times**

(c) 7.2 times **(d) 3 times** **1**

Ans. Option (C) is correct.

Explanation

Cost of Revenue from Operations = ₹12,00,000 + 20% of ₹12,00,000
= ₹14,40,000

$$\text{Inventory Turnover Ratio} = \frac{\text{Cast of Revenue from Operations}}{\text{Average Inventory}}$$

$$= \frac{14,40,000}{2,00,000} = 7.2$$

29. (A) Interest of ₹ 3,000 received in cash on loans and advances will result in:

(a) cash inflow from operating activities.

(b) cash inflow from investing activities.

(c) cash inflow from financing activities.

(d) No change in cash or cash equivalents. **1**

OR

(B) In case of a financial enterprise whose main business is lending and borrowing, 'interest paid' and 'interest received' are classified as:

(a) Operating activities **(b) Investing activities**

(c) Financing activities **(d) Cash equivalents** **1**

Ans. (A) Option (B) is correct.

OR

(B) Option (A) is correct.

Explanation: As the interest paid and received form the regular working of the business, it is treated as Operating Activity.

30. Which of the following transactions will not result in flow of cash:

(a) Cash withdrawn from the bank ₹ 7,000 **(b) Issue of shares ₹ 20,00,000**

(c) Purchase of investments ₹ 60,000 **(d) Payment of wages ₹ 11,000** 1

Ans. Option (A) is correct.

Explanation: As cash at bank form the part of cash equivalents, it is not treated as flow of cash.

31. Under which major heads and sub–heads will the following items be presented in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013?

(i) Bills receivable

(ii) Securities premium reserve

(iii) Calls in advance 3

Ans. (i) Bills Receivable: Trade Receivables of Current Assets

(ii) Securities Premium Reserve: Reserves and Surplus in Shareholder's Fund

(iii) Calls in advance: Current Liabilities

32. It is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the various items of balance sheet and the statement of profit and loss.'

Identify the process and state any two objectives of the identified process.

3

Ans. The process is of Ratio Analysis.

The Objectives are:

(i) Identify Problematic Areas: Ratio analysis helps in locating those areas of business which are weak, not functioning properly and require immediate attention.

(ii) Measure Profitability: Through an analysis of gross profit, net profit, expenses and other similar relative amounts, the ratio analysis helps in arriving at true figure of profitability and also highlights changes in it from time to time.

(iii) Ascertain Operational Efficiency: Ratio analysis determines operational efficiency through operating activity ratio and also points out the areas where it may be improved and how. **(Any 2)**

33. (a) (i) Calculate Revenue from operations of BN Ltd.' from the following information:

Current Assets	**₹ 8,00,000**
Quick ratio	**1.5: 1**
Current ratio	**2: 1**
Inventory turnover ratio	**6 times**

Goods were sold at a profit of 25% on cost.

(ii) The operating ratio of a company is 60%. State whether 'purchase of goods costing ₹ 20,000' will increase, decrease or not change the operating ratio. **3 + 1 = 4**

OR

(b) The debt equity ratio of M Ltd. is 2:1. State with reasons whether the following transactions will increase, decrease or not change the debt equity ratio:

(i) Obtained a loan from ICICI Bank ₹ 1,00,000 payable after 5 years.

(ii) Purchased machinery for cash ₹ 1,50,000.

(iii) Redeemed 9% debentures ₹ 1,00,000.

(iv) Issued equity shares for purchase of machinery of ₹ 5,00,000 to the vendors.

Ans. (a)

(i) Quick Ratio = 1.5:1

Current Ratio = 2:1

Current Assets = ₹8,00,000

Inventory Turnover Ratio = 6 times

Profit = 25%

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$2 = \frac{₹8,00,000}{\text{Current Liabilities}}$$

Current Liabilities = ₹4,00,000

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$1.5 = \frac{\text{Current Assets}}{₹4,00,000}$$

Quick Assets = ₹6,00,000

Average Inventory = Current Asset – Quick Asset

= ₹8,00,000 – ₹6,00,000

$$\text{Inventory Turnover Ratio} = \frac{\text{Cast of Revenue from Operations}}{\text{Average Inventory}}$$

$$6 = \frac{\text{Cast of Revenue from Operations}}{₹2,00,000}$$

Cost of Revenue from Operations = ₹12,00,000

Revenue from Operations = ₹12,00,000 + 25% of ₹12,00,000 = ₹15,00,000

(ii) As the purchase of goods is a part of cost of goods sold, it will increase the operating ratio.

OR

(b) **(i)** As the debt is increasing, Debt Equity ratio will increase.

(ii) As purchase of machinery affects the assets and not the debt, it does not have any affect on the debt-equity ratio

(iii) As the redemption of debentures will reduce the debt of the firm, it will decrease the debt equity ratio.

(iv) As the equity shares are increasing, it will decrease the debt-equity ratio

34. Read the following hypothetical text and answer the given question on the basis of the same.

Sujata started a small enterprise under the 'Skill India Scheme, As the business grew, the revenue started increasing and she decided to form Sujata Ltd. to achieve her objectives with 10 other like minded persons. The financial position of the company is given in its Balance Sheet as at 31.3.2022: **6**

Balance Sheet of Sujata Ltd. as at 31st March, 2022

Particulars	Note No.	31.3.2022 (₹)	31.3.2021 (₹)
I. Equity and Liabilities			
1. Shareholders' Funds			
(a) Equity share capital		20,00,000	17,00,000
(b) Reserves and Surplus		3,00,000	4,00,000
(Statement of Profit and Loss)			
2. Non–current Liabilities			
Long term Borrowings		3,00,000	2,00,000
3. Current Liabilities			
Trade payables		50,000	25,000
Total		**26,50,000**	**23,25,000**

II. Assets			
1. Non–current Assets			
(a) Fixed Assets			
(i) Tangible Assets		8,00,000	9,00,000
(ii) Intangible Assets		5,00,000	2,00,000
(b) Non–current Investments		3,00,000	4,00,000
2. Current Assets			
(a) Inventories		4,00,000	5,00,000
(b) Trade Receivables		1,50,000	1,25,000
(c) Cash & Cash equivalents		5,00,000	2,00,000
Total		**26,50,000**	**23,25,000**

Additional Information:

Depreciation of ₹ 1,00,000 was charged on Tangible Assets during the year.

On the basis of the above information prepare the 'Cash Flow Statement' of Sujata Ltd.

Ans.

In the books of Sujata Ltd.

Cash Flow Statement

	Particulars	Amount (₹)	Amount (₹)
I	Cash flow from Operating Activities:		
	Net Profit before Taxation and Extraordinary Items	(1,00,000)	
	Add:		
	Depreciation	1,00,000	
	Operating profit Before Working capital Changes	0	
	Add:		
	Decrease in Inventories	1,00,000	
	Increase in Trade Payables	25,000	
	Less: Increase in Trade receivables	(25,000)	
	Net Cash flow from Operating Activities		**1,00,000**
II	Cash Flow from Investing Activities		
	Proceeds from sale of non-current investment	1,00,000	
	Purchase of intangible assets	(3,00,000)	
	Net Cash used in Investing Activities		**(2,00,000)**
III	Cash flow from Financing Activities		
	Issue of Shares	3,00,000	
	Increase in Long Term Borrowings	1,00,000	
	Net Cash flow from Investing Activities		**4,00,000**
	Net Increase in Cash and Cash Equivalents (I+II+III)		3,00,000
	Add: Cash and Cash Equivalents at the beginning		2,00,000
	Cash and Cash Equivalents at the end		**5,00,000**

Outside Delhi Set-II 67/2/2

Note : Except these, all other questions are from Outside Delhi set- I.

PART - A
(Accounting for Partnership Firms and Companies)

4. **Abhay and Ravi were partners in a firm sharing profits and losses in the ratio 2:1. During the year, Abhay withdrew ₹ 6,000 in the beginning of each month. Interest on drawings is to be charged at 6% p.a. The average period for the calculation of interest on drawings will be:**

(a) **6 months** (b) **$6\frac{1}{2}$ months**

(c) **$5\frac{1}{2}$ months** (d) **$4\frac{1}{2}$ months** **1**

Ans. Option (B) is correct.

5. On reconstitution of a firm, the value of machinery was depreciated by ₹ 1,00,000 and investments increased to ₹ 70,000 from ₹ 20,000. Gain or loss on revaluation will be:

(a) **Gain ₹ 50,000** (b) **Loss ₹ 50,000**

(c) **Gain ₹ 1,50,000** (d) **Loss ₹ 1,50,000** **1**

Ans. Option (B) is correct.

Explanation:

Decrease in Machinery	= ₹1,00,000
Increase in Investments	= ₹50,000
Loss	= ₹50,000

22. M, B and V were partners in a firm sharing profits & losses in the ratio of 6:3:1. On 30th September, 2022, V died. Their partnership deed provided for the following payments on the death of a partner:

(i) Balance in partner's capital account. Balance in V's capital account on 31st March, 2022 was ₹ 1,50,000.

(ii) Salary till the date of death. V was allowed a monthly salary of ₹ 50,000.

(iii) Share of goodwill which will be calculated on the basis of three years purchase of average profits of three completed years prior to death. The total profit of last three completed years was ₹ 1,50,000.

(iv) Share in the profits of the firm till the date of death calculated on the basis of average profits of the last three completed years.

(v) V had withdrawn ₹ 10,000 on 1st July, 2022 for personal use. Interest on her drawings amounted to ₹ 500.

Firm closes its accounts every year on 31st March.

Prepare V's capital account to be presented to her executors. **4**

Ans.

In the books of M, B and V

V's Capital Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
1/7/22	To drawings	10,000	1/4/22	By Balance b/d	1,50,000
	To interest on Drawings	500	30/9/22	By Salary A/c	3,00,000
	To Executor's A/c	4,57,000		By M's capital A/c By B's capital A/c	10,000 5.000
				By Profit and Loss Suspense A/c	2,500
		4,67,500			**4,67,500**

23. G and M were partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March 2022, their balance sheet was as follows:

Balance Sheet of G and M as on 31st March, 2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		50,000	Bank	75,000
Outstanding expenses		45,000	Other current assets	4,80,000
Provision for doubtful debts		5,000	Machinery	7,00,000
9% loan		15,00,000	Land and building	15,00,000
Capitals:			Patents	10,000
G	6,00,000		Profit and loss account	15,000
M	7,00,000	13,00,000	Goodwill	1,20,000
Total		**29,00,000**	Total	**29,00,000**

On the above date, the firm was dissolved. Other current assets realised 10% less. Land and building and machinery were sold at their book value. 9% loan was discharged with unrecorded interest of ₹ 1,35,000. Expenses on dissolution amounted to ₹ 10,000.

Prepare Realisation Account. **6**

Ans.

Ans.

In the books of G amd M

Realisation Account

Dr | | | | | Cr.

Date	Particulars		Amount (₹)	Date	Particulars		Amount (₹)
	To Sundry Assets A/c				By Sundry Liabilities		
	Machinery	7,00,000			Creditors	50,000	
	Land and Building	15,00,000			Outstanding Expenses	45,000	
	Patents	10,000			Provision for doubtful debts	5,000	
	Other Current Assets	4,80,000	26,90,000		9% Loan	15,00,000	16,00,000
	To Bank A/c				By Bank A/c		
	9% Loan	15,00,000			Other Current Assets	4,32,000	
	Interest	1,35,000	16,35,000		Land and Building	15,00,000	
	To Bank A/c – Realisation Expenses		10,000		Machinery	7,00,000	26,32,000
					By Loss on Realisation		
					G's Capital	61,800	
					M's Capital	41,200	1,03,000
			43,35,000				**43,35,000**

24. Pass necessary journal entries for the issue of debentures in the following cases:

(i) Issued 7,00,000, 9% debentures of ₹ 100 each at a premium of 20%, redeemable at a premium of 10% after 6 years.

(ii) Issued 10,000, 12% debentures of ₹ 100 each at 10% discount, redeemable at a premium of 5% after 5 years.

(iii) Issued 75,000, 12% debentures of ₹ 100 each at par, redeemable at a premium of 10% after three years.

Ans.

Journal Entries

Date	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Bank A/c	Dr.		8,40,000	
	To Debenture Application and Allotment A/c				8,40,000
	(Being money received on the issue of debentures at premium)				
	Debenture Application and Allotment A/c	Dr.		8,40,000	
	Loss on Issue of Debentures A/c	Dr.		70,000	
	To 9% Debentures A/c				7,00,000
	To Securities Premium A/c				1,40,000
	To Premium on Redemption of deb. A/c				70,000
	(Being 9% debentures issued at premium, redeemable at premium)				
(ii)	Bank A/c	Dr		9,00,000	
	To Debenture Application and Allotment A/c				9,00,000
	(Being Application money received on the issue of 9% debentures at a discount)				
	Debenture Application and Allotment A/c	Dr.		9,00,000	
	Loss on Issue of Debentures A/c	Dr		50,000	
	Discount on issue of Debentures A/c	Dr		1,00,000	
	To 9% Debenture A/c				10,00,000
	To Premium on Redemption of deb. A/c				50,000

	(Being debenture issued at discount, redeemable at premium)			
(iii)	Bank A/c Dr.		75,00,000	
	To Debenture Application and Allotment A/c			75,00,000
	(Being Money received on issue of 9% debentures)			
	Debenture Application and Allotment A/c Dr.		75,00,000	
	Loss on issue of Debentures A/s Dr.		7,50,000	
	To 9% Debenture A/c			75,00,000
	To Premium on Redemption of deb. A/c			7,50,000
	(Being debentures issued at par, redeemable at par)			

PART - B
OPTION – I
(Analysis of Financial Statements)

27. (A) Which one of the following statement is/are correct?

(i) Quick Ratio is considered better than Current Ratio as a measure of liquidity position of business.

(ii) Debt–equity ratio measures the short term solvency of the business.

(iii) Interest Coverage Ratio reveals the number of times interest on long term debts is covered by the profits available for interest.

(a) All are correct. **(b) (i) and (iii) are correct.**

(c) (ii) and (iii) are correct. **(d) (i) and (ii) are correct.** **1**

OR

(B) _________ ratios are calculated for measuring the efficiency of operations of business based on effective utilization of resources.

(a) Profitability **(b) Turnover**

(c) Solvency **(d) Liquidity** **1**

Ans. (A) Option (B) is correct.

OR

(B) Option (A) is correct.

28. If revenue from operations is ₹ 9,00,000: gross profit is 25% on cost and operating expenses are ₹ 90,000, the operating ratio will be:

(a) 100% **(b) 50%**

(c) 90% **(d) 10%** **1**

Ans. Option (C) is correct.

Explanation: Revenue from Operations = 9,00,000

Gross Profit = 25% on Cost

Operating Expenses = ₹90,000

Cost of Revenue from operations = ₹9,00,000 - 25% of Cost of Revenue from operations

Cost of Revenue from operations = ₹9,00,000 ÷ 1.25 = ₹7,20,000

$$\text{Operating Ratio} = \frac{\text{Cost of Revenue from operations} + \text{Operating Expenses}}{\text{Revenue from operations}} \times 100$$

$$100 = \frac{₹7,20,000 + ₹90,000}{₹9,00,000} \times 100$$

$$= \frac{₹8,10,000}{₹9,00,000} \times 100 = 90\%$$

30. Which of the following transactions will result into flow of cash?

(a) Deposited ₹ 40,000 into bank.

(b) Withdrew cash from bank ₹ 54,000.

(c) Sold short–term marketable securities for ₹ 25,000 at par.

(d) Sold machinery of book value of ₹ 50,000 at a gain of ₹ 10,000. **1**

Ans. Option (D) is correct.

31. Classify the following items under major heads and sub–heads (if any) in the Balance Sheet of a company as per Schedule III, Part I of the Companies Act, 203:

(i) Loans repayable on demand

(ii) Bills payable

(iii) Patents **3**

Ans. **(i)** Loan Repayable on demand – **Subheading:** Short Term Borrowings and **Heading:** Current Liabilities

(ii) Bills Payable – **Subheading:** Trade Payables and **Heading:** Current Liabilities

(iii) Patents – **Sub Headings**: Fixed Assets – intangible and **Heading:** Non – current Assets

Outside Delhi Set-III 67/2/3

Note : Except these, all other questions are from Outside Delhi set- I & set-II

PART - A
(Accounting for Partnership Firms and Companies)

4. Rita and Usha were partners in a firm sharing profits and losses in the ratio of 3:5. During the year Usha withdrew ₹ 15,000 at the end of each month. Interest on drawings is to be charged @ 8% p.a. The average period for the calculation of interest on drawings will be:

(a) $4\frac{1}{2}$ **months** **(b) 6 months**

(c) $6\frac{1}{2}$ **months** **(d)** $5\frac{1}{2}$ **months** **1**

Ans. Option (D) is correct.

OR

5. On the reconstitution of a firm, the value of the land was appreciated by ₹ 2,00,000 and plant and machinery reduced to ₹ 7,00,000 from ₹ 10,00,000. Gain or loss on revaluation will be:

(a) Gain ₹ 1,00,000 **(b) Loss ₹ 1,00,000**

(d) Gain ₹ 5,00,000 **(c) Loss ₹ 5,00,000**

Ans. Option (B) is correct.

22. P, Q and R were partners in a firm sharing profits and losses in the ratio of 2:1:2. Their balance sheet on 31st March, 2022 was as follows:

Balance Sheet of P, Q and R as on 31.3.2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		48,000	Bank	25,000
Bills payable		22,000	Debtors	75,000
General Reserve		80,000	Stock	2,00,000
Profit for 2021–22		2,00,000	Machinery	3,00,000
Capitals:			Land and Building	10,00,000
P	5,00,000			
Q	2,50,000			
R	5,00,000	12,50,000		
		16,00,000		**16,00,000**

On 30th June, 2022, Q died. The partnership deed provided that on the death of a partner his executors will be entitled for the following:

(i) Balance in his Capital account.

(ii) Interest on capital @ 6% p.a.

(iii) His share in the profits of the firm till the date of his death calculated on the basis of last year's profit.

(iv) His share in the goodwill of the firm calculated on the basis of the three years purchase of the average profits of last four years. Profits for 2018–19 were ₹ 3,00,000, for 2019–20 were ₹ 4,00,000 and for 2020–21 were ₹ 1,00,000.

On 1.6.2022 Q withdrew ₹ 50,000 for meeting his medical expenses. Prepare Q's Capital Account on his death to be presented to his executors. **4**

Ans.

In the books of P, Q and R

Q's Capital A/c

Dr. Date	Particulars	Amount (₹)	Date	Particulars	Cr Amount(₹)
	To Drawings	50,000		By Balance b/d	2,50,000
	To Executor's A/c	4,03,750		By Interest on Capital A/c	3,750
				By Profit and Loss A/c	40,000
				By P&L suspense A/c	10,000
				By P's capital A/c	75,000
				By R's capital A/c	75,000
		4,53,750			4,53,750

Working Note:

Valuation of Goodwill:

$$\text{Average Profit} = \frac{3,00,000 + 4,00,000 + 1,00,000 + 2,00,000}{4} = 2,50,000$$

Goodwill = 3 × 2,50,000 = 7,50,000

$$\text{Q's Share in goodwill} = \frac{1}{5} \times 7,50,000 = ₹1,50,000$$

23. Pass the necessary journal entries for the following transactions on the dissolution of the partnership firm of Tanay and Mehak after various assets (other than cash) and external liabilities have been transferred to Realisation Account:

(i) Creditors of ₹ 60,000 accepted stock valued at ₹ 59,000 in full settlement of their claim.

(ii) Tanay agreed to pay off his wife's loan of ₹ 12,000.

(iii) The firm had a debit balance of ₹ 18,000 in the profit and loss account on the date of dissolution.

(iv) An unrecorded liability of ₹ 20,000 was paid by partner, Mehak, at a discount of 10%.

(v) Tanay's loan of ₹ 4,000 was paid through a cheque.

(vi) Expenses on dissolution amounted to ₹ 11,000, which were paid by Mehak. **6**

Ans.

In the books of Tanay and Mehak

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr	Amount (₹) Cr
(i)	No Entry			
(ii)	Realisation A/s Dr		12,000	
	To Tanay's Capital A/c			12,000
	(Being Tanay's Wife's Loan paid by Tanay)			
(iii)	Tanay's Capital A/c Dr.		9,000	
	Mehak's Capital A/c Dr		9,000	
	To Profit and Loss A/c			18,000
	(Being debit balance in the profit and loss account settled)			
(iv)	Realisation A/c Dr		18,000	
	To Mehak's Capital A/c			18,000
	(Being undisclosed liability settled by Mehak at a discount of 10%)			
(v)	Tanay's Loan A/c Dr.		4,000	
	To Bank A/c			4,000

	(Being Tanay's Loan paid in cheque)			
(vi)	Realisation A/c Dr.		11,000	
	To Mehak's Capital A/c			11,000
	(Being Realisation Expenses paid by Mehak)			

24. Pass necessary journal entries for the issue of debentures in the following cases:

(i) Issued 5,000, 9% debentures of ₹ 100 each at a discount of 10% redeemable at a premium of 5% after 5 years.

(ii) Issued 30,000, 12% debentures of ₹ 100 each at a premium of 5% and redeemable at par after 5 years.

(iii) Issued 8,750, 12% debentures of ₹ 100 each at par, redeemable at par after 5 years. **6**

Ans.

Journal Entries

Date	Particulars	L.F.	Amount (₹) Dr	Amount (₹) Cr
(i)	Bank A/c Dr.		4,50,000	
	To Debenture Application and Allotment A/c			4,50,000
	(Being cash received on issue of 9% debentures)			
	Debenture Application and Allotment A/c Dr		4,50,000	
	Loss on Issue of Debenture A/c Dr		25,000	
	Discount on Issue of Debenture A/c Dr.		50,000	
	To Premium on Redemption of deb. A/c			25,000
	To 9% Debenture A/c			5,00,000
	(Being issue of 9% Debentures redeemable at premium)			
(ii)	Bank A/c Dr.		31,50,000	
	To Debenture Application and Allotment A/c			31,50,000
	(Being money received on issue of 12% Debentures)			
	Debenture Application and Allotment A/c Dr		31,50,000	
	To 9% Debentures A/c			30,00,000
	To Securities Premium Reserve A/c			1,50,000
	(Being 12% Debentures issued at premium, redeemable at par)			
(iii)	Bank A/c Dr		8,75,000	
	To Debenture Application and Allotment A/c			8,75,000
	(Being 12% Debentures issued at Par)			
	Debentures Application and Allotment A/c Dr.		8,75,000	
	To 12% Debentures A/c			8,75,000
	(Being 12% Debentures issued at par, redeemable at par)			

PART - B
OPTION – I
(Analysis of Financial Statements)

31. Under which major heads and sub–heads will the following items be presented in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013?

(i) Income received in advance

(ii) Computer Software

(iii) Balance of forfeited shares account **3**

Ans. (i) Income Received in Advance – As Other Current Liabilities in the head Current Liabilities.

(ii) Computer Software – Under subhead Fixed Assets – Intangibles in the head Non – current Assets

(iii) Balance of forfeited share account – Under the heading Shareholders' funds.

❑❑❑