CBSE Class 12 Accountancy
Sample Paper 07 (2019-20)

Maximum Marks: 80
Time Allowed: 3 hours

General Instructions:

i. This question paper contains two parts – A and B.
ii. Part A is compulsory for all.
iii. Part B has two options – Analysis of Financial Statements and Computerised Accounting.
iv. Attempt only one option of Part B.
v. All parts of a question should be attempted at one place.

Section A

1. Distinguish between fund based accounting and non fund accounting?

2. A partner may wish withdrawn from a firm for various reasons like old age, on health ground, misunderstanding with other partners. Such a situation is called:

    a. Dissolution of partnership firm
    b. Retirement of a partner
    c. Death of a partner
    d. Admission of a partner

3. What is meant by the dissolution of a firm?

4. According to Section 30 of Partnership Act 1932:
    a. New partner is allowed to share old profits
    b. A Minor can be admitted as a partner by the consent of all partners for the time being.
    c. New partner will bring capital and goodwill in cash
    d. New partner will inspect the books of accounts

5. What are the provisions In the absence of partnership deed?

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

7. Why are ‘reserves and surplus’ distributed at the time of reconstitution of the firm?

8. Give the meaning of ‘reconstitution of a partnership firm’.

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

10. Fill in the blanks:

    Revaluation account is a ________ account.

11. i. Partners’ Capital Accounts
    ii. Partners’ loan accounts
    iii. Loan by the spouse of a partner;

    Which account(s) will not be transferred to Realisation" Account?

12. XYZ Co. Ltd., issued 10000, 10% debentures of Rs.100 each at a premium of Rs.5 payable as follows On application Rs. 40, on Allotment Rs. 65 (including premium) All the debentures were subscribed and money was received, at the time of allotment Securities premium account is to be credited with.....
    a. Rs.60,000
    b. Rs.50,000
    c. Rs.55,000
    d. Rs.65,000
13. Fill in the blanks:

    Part of issued capital applied by public for subscription is known as ________ capital.

14. Calculate interest on drawings of Mr. X @ 10% p.a. if he withdrawn Rs. 1000 per month

i. in the beginning of each Month
ii. In the middle each of month
iii. at end of each month.

OR

'Income and expenditure account of a not-for-profit organisation is akin to profit and loss account of a business concern' Explain the statement.

15. Sandeep, Praveen, and Tara are partners sharing profits in the ratio of 3: 2: 1. On 1st April 2012, Sandeep gave the notice to retire from the firm. Praveen and Tara decided to share future profits, in the ratio of 2: 3. The capital accounts of Praveen and Tara after all adjustments showed a balance of Rs. 64,000 and Rs. 1,00,000 respectively. The total amount to be paid to Sandeep was Rs. 1,23,000. This amount was to be paid by Praveen and Tara in such a way that their capitals become proportionate to their new profit-sharing ratio.
Pass necessary journal entries for the above transactions in the books of the firm. Show your workings clearly.

16. Pappu and Munna are partners in a firm sharing profits in the ratio of 3: 2. The Partnership Deed provided that Pappu was to be paid salary of Rs 2,500 per month and Munna was to get a commission of Rs 10,000 per year. Interest on capital was to be allowed @ 5% p.a. and interest on drawings was to be charged @ 6% p.a. Interest on Pappu's drawings was? 1,250 and on Munna's drawings Rs 425. Capital of the partners were Rs 2,00,000 and Rs 1,50,000 respectively and were fixed. The firm earned a profit of Rs 90,575 for the year ended 31st March, 2004. Prepare the Profit and Loss Appropriation Account of the firm.

OR

A firm earns a profit of Rs 30,000 per year. In the same business, a 10% return is generally expected. The total assets of the firm are Rs 2,50,000. The value of outsiders' liabilities is Rs 40,000. Find the value of Goodwill.

17. Y Ltd. forfeited 1,500 shares of Rs. 10 each (Rs. 7 called-up) for non-payment of the allot money of Rs. 4 per share including Rs. 1 as premium. Of these 1,000 shares were

reissue M at per share as Rs. 7 called-up. Journalise the above transactions in the books of Y.

18. The amount of sundry assets transferred to Realisation Account was Rs 80,000. 60% of them have been sold at a profit of Rs. 2,000. 20% of the remaining were sold at a discount of 30% and remaining were taken over by Ramlal (a partner) at book value. Journalise.

19. Following is the receipts and payments account of Delhi Football Club for the year ended 31st December, 2013

Receipt and Payments Account

for the ended 31st December, 2013

Receipts	Amt (Rs.)	Payments	Amt (Rs.)
To Balance b/d	1,800	By Building	40,000
To Donations for building	50,000	By Match expenses	9,000
To Life membership fees	4,000	By Furniture	12,100
To Match fund	8,000	By Investments (Purchased on 1st April, 2013 @ 10% per annum)	16,000
To Subscriptions	5,200		
To Lockers rent	400	By Salaries	7,000
To Interest on investments	1,000	By Insurance	350
To Sale of furniture	10,000	By Sundry expenses	470
(Book value Rs. 8,000)		By Balance c/d	480

To Entrance fees	5,000		
	85,400		85,400

Additional Information

1. During the year, 2013 the club had 550 members and each paying an annual subscription of Rs. 10.
2. 50% of the entrance fees is to be capitalised.
3. Donations for building includes 10% general donations.
4. Salaries outstanding as on 1st January, 2013 was Rs. 1,000 and as on 31st December, 2013 was Rs. 500.

Prepare 'income and expenditure account' of the club for the year ending 31st December, 2013.

20. Pass the necessary journal entries at the time of issue and redemption of Debentures in the following cases:

    i. 10,000, 10% Debentures of Rs. 120 each issued at 5% premium, repayable at par.
    ii. 20,000, 9% Debentures of Rs. 200 each issued at 20% premium, repayable at 30% premium.

OR

On 1st April, 2015, JK Ltd issued 8,000, 9% debentures of Rs.1,000 each at a discount of 6%, redeemable at a premium of 5% after 3 years. The company closes its book on 31st March every year. Interest on 9% debentures is payable on 30th September and 31st March every year. The rate of tax deducted at source is 10%.
Pass necessary journal entries for the issue of 9% debentures and debenture interest for the year ended 31st March, 2016.

21. Jain & Gupta were partners sharing profits in the ratio of 3 : 2. Their balance sheet on March 31st, 2011 was as follows :

Liabilities	(Rs)	Assets		(Rs)
Creditors	20,000	Cash		14,800

Bills Payable	3,000	Debtors	20,500	
Bank Overdraft	17,000	Less: Prov. for Bad Debts	300	20,200
Reserve	15,000	Stock		20,000
Jain's Capital	70,000	Plant		40,000
Gupta's Capital	60,000	Building		70,000
		Motor Vehicles		20,000
	1,85,000			1,85,000

They agreed to admit Mishra for 1/4th share from 1-4-2011 subject to the following terms :

a. Mishra to bring in capital equal to 1/4th of the total capital of Jain & Gupta after all adjustments including premium for goodwill.
b. Building to be appreciated by Rs 14,000 and stock to be depreciated by Rs 6,000.
c. Provision for bad debts on Debtors to be raised to Rs 1,000.
d. A provision be made for Rs 1,800 for outstanding legal charges.
e. Mishra's Share of goodwill/premium was calculated at Rs 10,000.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm on Mishra's admission.

OR

A and B are in partnership sharing profit and losses equally on 31st March 2007, their Balance Sheet stood as follows:

Liabilities		**(Rs)**	**Assets**	**(Rs.)**
Creditors		80,000	Cash	30,000
General Reserve		40,000	Debtors	2,30,000
A's Capital	1,50,000		Stock	10,000
B's Capital	1,30,000	2,80,000	Fixtures	30,000
			Land	1,00,000

		4,00,000		4,00,000

On the same date, C was admitted into the firm subject to the following terms:

a. C will be entitled to a 1/3rd share of the profits;
b. C will bring in Rs. 1,70,000 of which Rs. 50,000 will be treated as his share of goodwill;
c. Rs. 10,000 is to be provided for Doubtful Debts;
d. Fixtures are to be decreased by Rs. 6,000;
e. The stock is to be revalued at Rs. 12,000;
f. Capitals of old partners are to be re-adjusted on the basis of C's capital. Adjustment of capital will be made through cash.

You are required to prepare the Revaluation Account, Partners' Capital Accounts, Cash Account and the Balance Sheet of the firm after the admission of C.

22. EF Ltd. invited applications for issuing 80,000 equity shares of Rs.50 each at a premium of 20%. The amount was payable as follows :
On Application: Rs.20 per share (including premium Rs.5)
On Allotment: Rs.15 per share (including premium Rs.5)
On First Call: Rs.15 per share
On Second and Final call: Balance amount
Applications for 1,20,000 shares were received. Applications for 20,000 shares were rejected and pro-rata allotment was made to the remaining applicants.
Seema, holding 4,000 shares failed to pay the allotment money. Afterwards, the first call was made. Seema paid allotment money along with the first call. Sahaj who had applied for 2,500 shares failed to pay the first call money. Sahaj's shares were forfeited and subsequently reissued to Geeta for Rs.60 per share, Rs.50 per share paid up. Final call was not made.
Pass necessary journal entries for the above transactions in the books of EF Ltd. by opening calls-in-arrears account.

OR

XL Ltd invited applications for issuing 1,00,000 equity shares of Rs. 10 each at par. The

amount was payable as follows
On application — Rs. 3 per share.
On allotment — Rs. 4 per share.
On first and final call — Rs. 3 per share
The issue was over-subscribed by three times. Applications for 20% shares were rejected and the money refunded. Allotment was made to the remaining applications as follows

Category	Number of Shares Applied	Number of Shares Allotted
I	1,60,000	80,000
II	80,000	20,000

Excess money received with applications was adjusted towards sums due on allotment and first and final call. All calls were made and were duly received except the final call by a shareholder belonging to category who has applied for 320 shares. His shares were forfeited. The forfeited shares were re-issued at Rs. 15 per share fully up.

Pass necessary journal entries for the above transactions in the book of XL Ltd. Open calls m-arrears and calls in advance account whenever required.

Section B

23. Which of the following is not concerned with the calculation of Cost of Revenue from Operations?
    a. Opening Inventory
    b. Indirect Expenses
    c. Net Purchases
    d. Direct Expenses
24. What does ‘Interest Coverage Ratio’ indicate?
25. Cost of Revenue from Operations is Rs. 5,00,000. The opening stock is Rs. 40,000 and

the closing stock is Rs. 60,000 (at cost). Calculate inventory turnover ratio.

26. State any two limitations of financial statement analysis.

27. G Ltd is carrying on a paper manufacturing business. In the current year, it purchased machinery for Rs. 30,00,000; it paid salaries of Rs.60,000 to its employees, it required funds for expansion and therefore, issued shares of Rs. 20,00,000. It earned a profit of Rs. 9,00,000 for the current year. Find out cash flows from operating activities.

28. State true or false:

    Capital Reserve recorded under Share Capital (subhead) in Shareholders fund (major head).

29. Match the following:

(a) Cash budget is prepared for	(i) Marketable security
(b) cash flow statement is prepared for	(ii) cash payment of wages
(c) cash equivalents include	(iii) Future period
(d) cash flow from operating activity	(iv) Past period

30. Under what major heads and sub-heads, the following items will appear in the balance sheet of a company as per Schedule III, Part I of the Companies Act, 2013

    i. Tax reserve
    ii. Interest on calls-in-advance
    iii. Stores and spares

OR

Statement of Profit and Loss of Hira Lal & Co. for the years ended 31st March 2013 and 2012 i

Particulars	**31st March 2013(Rs.)**	**31st March 2012(Rs.)**

Revenue from Operations	2,12,500	2,42,500
Cost of Materials Consumed	1,22,500	1,30,000
Empolyees Benefit Expenses	22,500	30,000
Net Profit	67,500	82,500

Prepare Comparative Statement of Profit and Loss.

31. **Following is the statement of profit and loss of Raj Ltd for the year ended 31st March 2011.**

Particulars	**Amt (Rs.)**
Revenue from Operations	2,00,000
(+) Other Incomes	15,000
Total Incomes	2,15,000
Expenses	
Cost of Revenue from Operations	1,10,000
Operating Expenses	5,000
Total Expenses	1,15,000
Profit before Tax	1,00,000
(-) Income Tax	(40,000)
Profit after Tax	60 000

Prepare a common-size statement of profit and loss of Raj Ltd for the year ended 31st March. 2011.

OR

From the following information provided, prepare a comparative statement for the period 2008 and 2009.

Particulars	**2008 Amt (Rs.)**	**2009 Amt (Rs.)**

Revenue from Operations	6,00,000	8,00,000
Gross Profit	40% on Revenue from Operations	50% on Revenue from Operations
Administrative Expenses	20% of Gross Profit	15% of Gross Profit
Income Tax	50%	50%

32. From the following prepare cash flow statement as per AS - 3

Liabilities	**2010**	**2011**	**Assets**	**2010**	**2011**
Share Capital	2,88,000	3,20,000	Fixed Assets	2,40,000	4,00,000
Reserves And Surpluses	64,000	80,000	Less: Accumulated Depreciation	64,000	1,20,000
Bank Loan	80,000	60,000		1,76,000	2,80,000
creditors	2,48,000	2,40,000	Goodwill	64,000	56,000
bills payable	------	4,000	Investment	72,000	88,000
Proposed Dividend	36,000	48,000	Stock	1,60,000	1,80,000
Income Tax Payable	20,000	24,000	Debtors	1,60,000	1,52,000
	.....	.....	Bank	1,04,000	20,000
	7,36,000	7,76,000		7,36,000	7,76,000

Additional information:

i. During the year a part of the machinery costing Rs. 40,000 was sold for Rs. 20,000.
ii. Depreciation provided during the year Rs. 80,000.
iii. Interim Dividend paid during the year Rs. 20,000.

CBSE Class 12 Accountancy

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Solution

Section A

1.

	Basis	Fund Based Accounting	Non fund based Accounting
i)	Accounting base	It is on cash basis.	It is an accrual basis.
ii)	Economic interest	Owners have no economic interests.	Owners have economic interest in the form of profit.
iii)	Funds	Specific funds are used for specific purposes except for general fund.	Funds can be used for any profit earning purpose.
iv)	Usual earnings	Usually expenditure is more than income known as deficit.	The result of matching of revenue and expenses may either be profit or loss.
v)	Accountability	Accountability is towards law, regulations, legislature, parliament contributors and donors of fund.	Accountability is towards all stock holders, viz, owners creditors, government regulations etc.

2. (b) Retirement of a partner

   Explanation: A partner can get retirement in the following ways:

   (1) With the consent of all the partners

   (2) Due to ill health

   (3) Agreement/contract is over

   (4) By giving notice

3. Dissolution of a firm means the dissolution of partnership among all the partners of the firm along with the termination of the firm's business and settlements of all its liabilities as well as settle all its internal accounts .

4. (b) A Minor can be admitted as a partner by the consent of all partners for the time being.

   Explanation: As per the law a minor cannot be admitted in a ny contracts. But with the consent of all the existing partners as per section 30 of the partnership act a minor an be admitted into a partnership firm as a partner for the time being.

5. Following provisions are applicable in the absence of partnership deed or if the Partnership Deed is silent:

   1. No partner is entitled to interest on capital.
   2. No interest on drawing is to be charged from partners.
   3. Partners are entitled to share the profits/Losses equally.
   4. No one partner is entitled to get remuneration/salary/commission for taking part in the carrying of firms business.
   5. Interest on partner loan will be allowed @ 6% p.a. whether firm is in profit or loss.

6. At the time of change in profit sharing ratio among the existing partners,Gain or loss on revaluation are distributed in existing partners in old profit sharing ratio,

7. New partner is not entitled to any share in Reserves and surplus at the time of reconstitution of the firm because they are earned/accrued by the old partners so undistributed profits or losses are always distributed among old partners in old Profit-sharing ratio.

8. Any change in the existing agreement of partnership is reconstitution of a partnership firm. As a result, the existing agreement comes to an end and the new agreement comes into existence. But, the firm continues its business as earlier and Reconstituion of a firm always leads to change in profit-sharing ratio amomg partners.

9. Old ratio of X : Y : Z is 1/2, 2/5 and 1/10 or 5 : 4 : 1

   On retirement of Z, New profit sharing ratio, of X and Y is i.e. 5/9 and 4/9 or 5:4

10. Nominal

11. Partners’ Capital Accounts and Partners’ Loan Accounts are not transferred to the Realisation Account because both these accounts are internal accounts.

12. (b) Rs.50,000

Explanation: Rs.50 000

10,000 debentures X Premium amount Rs. 5= Rs. 50,000

13. Subscribed

14. **Interest on Drawing** = $Amount \times \frac{Rate}{100} \times \frac{months.as.per.Average.Method}{12}$

Case (i) Interest on Drawing = $Amount \times \frac{Rate}{100} \times \frac{6.5}{12}$
$1,000 \times 12 \times \frac{10}{100} \times \frac{6.5}{12}$ = Rs. 650

Case (ii) Interest on drawing = $Amount \times \frac{Rate}{100} \times \frac{6}{12}$
$1,000 \times 12 \times \frac{10}{100} \times \frac{6}{12}$ = Rs. 600

Case (iii) Interest on drawing = $Amount \times \frac{Rate}{100} \times \frac{5.5}{12}$

$1,000 \times 12 \times \frac{Rate}{100} \times \frac{5.5}{12} =$ Rs. 550

OR

The role of a non-trading firm is to provide services to its members. However, in order to do the same, it needs to earn some revenue and incur certain expenditures. When a non-profit firm does so, it needs to prepare an income and expenditure account, which can help it in ascertaining the surplus earned or deficiency incurred during a period. The Income and Expenditure Account is a summary of all items of incomes and expenses which relate to the ongoing accounting year. It is prepared with the objective of finding out the surplus or deficit arising out of current incomes over current expenses. It is quite similar to the Trading and Profit and Loss Account of a trading concern and is prepared in an exact manner. Income and Expenditure Account is a nominal account. Therefore, the rule of nominal account (debit all expenses and losses and credit all incomes and gains) is followed while preparing it. While preparing the account, only items of revenue nature are recorded and all items of capital nature are ignored.

15. **Journal**

Date	**Particulars**		**L.F.**	**Dr.(Rs.)**	**Cr.(Rs.)**

	Bank A/c	Dr.		1,23,000	
	To Praveen's Capital A/c				50,800
	To Tara's Capital A/c				72,200
	Sandeep's Capital A/c	Dr.		1,23,000	
	To Bank A/c				1,23,000

Working Notes: CAPITAL A/C

PARTICULAR	SANDEEP	PARVEEN	TARA	PARTICULAR	SANDEEP	PARVEEN	TARA
TO BAL. C/D		1,14,800	1,72,200	BY BAL. B/D	1,23,000	64,000	1,00,000
TO CASH	1,23,000			BY CASH (B.F)		50,800	72,200
	1,23,000	1,14,800	1,72,200		1,23,000	1,14,800	1,72,200

a. Total Adjusted Capital of the New Firm :
   Capital of Sandeep = 1,23,000
   Capital of Praveen = Rs. 64,000
   Capital of Tara = Rs. 1,00,000
   (+) = Rs. 2,87,000
b. Praveen and Tara will contribute firm's capital (Rs. 2,87,000) in the ratio of 2: 3.
   Praveen's New Capital = Rs. 1,14,800
   Tara's New Capital = Rs. 1,72,200
   Amount to be paid by Praveen = New Capital - Old Capital
   = Rs. 1,14,800 - Rs. 64,000
   = Rs. 50,800
c. Amount to be paid by Tara = New Capital - Old Capital
   = Rs. 1,72,000 - Rs. 1,00,000
   = Rs. 72,200.

16. The profit and loss appropriation account is an extension of the profit and loss account. The main intention of preparing a profit and loss appropriation account is to show the distribution of profits among the partners.

Profit and Loss Appropriation Account
for the year ended 31st March, 2004

Dr.					Cr.
Particulars		**(Rs)**	**Particulars**		**(Rs)**
To Pappu's Salary		30,000	By Net Profit as per Profit and Loss A/c		90,575
To Munna's Commission		10,000	By Interest on Drawings:		
To Interest on Capitals:			Pappu	1,250	
Pappu	10,000		Munna	425	1,675
Munna	7,500	17,500			
To Profit transferred to:					
Pappu's Current A/c	20,850				
Munna's Current A/c	13,900	34,750			
		92,250			92,250

OR

Under this method, goodwill is calculated by taking average super profit as the value of an annuity over a certain number of years. The present value of this annuity is computed by discounting at the given rate of interest (normal rate of return). This discounted present value of the annuity is the value of goodwill.

Calculation of Goodwill

Total Capitalised value of the firm

= $\frac{\text{Actual Profit}}{\text{Rate of Normal Profits}} \times 100$

= $\frac{30{,}000}{10} \times 100$ = Rs 3,00,000

Net Tangible Assets of the firm = Total Tangible Assets - Outsider's Liabilities'

= Rs 2,50,000 - Rs 40,000

= Rs 2, 10,000

Goodwill = Total Capitalised Value - Net Assets

= Rs 3,00,000 - Rs 2,10,000

= Rs 90,000

17. In this question first shares are forfieted than reissued where

Forfieture of shares means the process where the company forfeits the shares of a member or shareholder who fails to pay the call on shares or instalments of the issue price of his shares within a certain period of time after they fall due.

In the Books of Y Ltd.

Journal

Date	**Particulars**		**L.F.**	**Dr. (Rs.)**	**Cr. (Rs.)**
	Share Capital A/c (1,500 $\times$ 7)	Dr.		10,500	
	Securities Premium Reserve A/c (1,500 $\times$ 1)	Dr.		1,500	
	To Forfeited Shares A/c (1,500 $\times$ 4)				6,000
	To Share Allotment A/c (1,500 $\times$ 4) (Being 1,500 shares forfeited for non-payment of allotment money)				6,000
	Bank A/c (1,000 $\times$ 6)	Dr.		6,000	
	Forfeited Shares A/c (1,000 $\times$ 1)	Dr.		1,000	
	To Share Capital A/c (Being 1,000 shares reissued @ 6 per share as 7 called-up)				7,000
	Forfeited Shares A/c	Dr.		3,000	
	To Capital Reserve A/c (Note) (Being the transfer of gain (profit) on reissue)				3,000

18. **JOURNAL**

				Amount	**Amount**

Date	Particulars		L.F.	Rs.	Rs.
	Bank A/c	Dr.		54,480	
	To Realisation A/c (Being assets having the book value of Rs. 48,000 were sold for Rs. 50,000 and assets having the book value of Rs. 6,400 were sold for Rs. 4,480)				54,480
	Ramlal's Capital A/c	Dr.		25,600	
	To Realisation A/c (Being assets having the book value of Rs. 24,000 were taken over by Ramlal at this value)				25,600
	or				
	Bank A/c	Dr.		54,480	
	Ramlal's Capital A/c	Dr.		25,600	
	To Realisation A/c				80,400
	(Being assets having the book value of Rs. 48,000 were sold for Rs. 50,000 and assets having the book value of Rs. 6,400 were sold for Rs. 4,480 & assets having the book value of Rs. 24,000 were taken over by Ramlal at this value)				

Working Notes :

i. **Calculation of amount realised from assets**

a.

60% of Rs. 80,000	48,000
Add: Profit on Sale	2,000
	50,000

b.

30% of the remaining (i.e, (20/100 (Rs. 80,000 - Rs. 48,000)	6,400
Less: 30% Discount	1,920
	4,480

Total amount realised from assets Rs. 50,000 + Rs. 4,480 = Rs. 54,480

ii. Calculation of value of assets taken off by Ramlal

The total Book value of assets	80,000
Less: Book Values of assets sold	54,400
	25,600

19. **Income and Expenditure Account**

for the year ended 31st December, 2013

Dr					Cr
Expenditure		**Amt (Rs.)**	**Income**		**Amt (Rs.)**
To Salaries	7,000		By Donations for Building(10%) $\left(\frac{10}{100} \times 50,000\right)$		5,000
Add: Outstanding Salaries			By Subscription received during the year	5,200	
	<u>500</u>		Add: Subscription outstanding (Note 1)	<u>300</u>	5,500
	7,500		By Locker Rent		400
(-) Outstanding Salaries			By Profit on Sale of Furniture		2,000
1st January, 2013	<u>1,000</u>	6,500	(10,000-8,000)		
To Insurance		350	By Entrance Fees(note 4)		2,500

			$\left(5{,}000 \times \frac{50}{100}\right)$		
To Sundry Expenses		470	By Interest on Investments	1,000	
To Match Expenses (Note 3)			add : Accrued Interest (Note 2)	200	1,200
(9,000-8,000)		1,000			
To Surplus-Excess of Income over Expenditure		8,280			
		16,600			16,600

Working Notes :

(i)	Calculation of outstanding subscription for the current year :	
	Subscription for 2013 = 550 $\times$ 10 =	5,500
	(-) Subscription received during the year	5,200
	Subscription Due (2013)	300
(ii)	Calculation of Accrued Interest on Investments :	
	Interest earned on investment $= 16,000 \times \frac{10}{100} \times \frac{9}{12}$	1,200
	Less :Interest received during the year	(1,000)
	Accrued interest	200
(iii)	Match fund is Rs. 8,000 whereas match expenses are Rs. 9,000,therefore, the difference of Rs.1,000 will be debited to the Income & Expenditure A/c	
(iv)	50% of entrance fees is capitalised, so it will be recorded in the Liability side of Balance Sheet.	

20. **Journal**

Date	Particulars		L.F	Debit(Rs.)	Credit(Rs.)

(i)At time of issue	Bank A/c	Dr.		12,60,000	...
	To Debentures application and Allotment A/c			...	12,60,000
	(Being receipt of Application money)			...	...
	Debentures Application and Allotment A/c	Dr.		12,60,000	...
	To 10% Debentures A/c			...	12,00,000
	To Securities Premium A/c			...	60,000
	(Being Issue of 10% Debenture at Premium Redeemable at par)			...	...
At the time of redemption	10% Debentures A/c	Dr.		12,00,000	...
	To Debentures Holders A/c			...	12,00,000
	(Being amount due to Debentures holders)			...	...
	Debentures holders A/c	Dr.		12,00,000	...
	To Bank A/c			...	12,00,000
	(Being the amount paid to debentures)			...	...
(ii)At time of issue	Bank A/c	Dr.		48,00,000	...
	To Debentures Application and Allotment A/c			...	48,00,000
	(Being Receipt of Application money)			...	...

	Debentures Application and Allotment A/c	Dr.		48,00,000	...
	Loss on Issue of Debentures A/c	Dr.		12,00,000	...
	To 9% Debentures A/c			...	40,00,000
	To Securities Premium Reserve A/c			...	8,00,000
	To Premium on Redemption of Debentures A/c			...	12,00,000
	(Being Issue of 9% Debentures at premium redeemable at premium)			...	...
At the time of redemption	9% Debentures A/c	Dr.		40,00,000	...
	Premium on Redemption of Debentures A/c	Dr.		12,00,000	...
	To Debentures holders A/c			...	52,00,000
	(Being amount due to Debentures holder)			...	...
	Debenture holders A/c	Dr.		52,00,000	...
	To Bank A/c			...	52,00,000
	(Being the amount paid to Debentures holders)			...	...

Note : 1. It is assumed that Debenture Redemption Reserve and Debenture Redemption Investment have been made as per the provisions of the act. And also after redemption Debenture Redemption Reserve has been transferred to General Reserve.

2. Premium payable at the time of redemption of debenture is a loss. And it is accounted at the time of issue due to Prudence Concept.

3. When amount on issue of debenture is received in a single installment, Debenture Application and Allotment account is credited instead of Debenture Application account.

OR

Books Of J.K. Ltd.

JOURNAL

Date	**Particulars**		**L.F.**	**Amt (Dr)**	**Amt (Cr)**
2015					
Apr 1	Bank A/c (8,000*940)	Dr		75,20,000	
	To Debenture Application and Allotment A/c (Being debenture application money received)				75,20,000
Apr 1	Debenture Application and Allotment A/c	Dr		75,20,000	
	Loss on Issue of Debentures A/c [8,000*(50+60)]	Dr		8,80,000	
	To 9% Debentures A/c (8,000*1,000)				80,00,000
	To Premium on Redemption of Debentures A/c (8,000*50) (Being debenture application money transferred to debentures account)				4,00,000
Sep 30	Debenture Interest A/c	Dr		3,60,000	
	To Debentureholders' A/c				3,24,000
	To T.D.S. Payable A/c (Being amount of interest due and tax deducted at source)				36,000

Sep 30	Debenture holders' A/c	Dr		3,24,000	
	T.D.S. Payable A/c	Dr		36,000	
	To Bank A/c (Being interest paid to debenture holders and TDS deposited with government)				3,60,000
2016					
Mar 31	Debenture Interest A/c	Dr		3,60,000	
	To Debentureholders' A/c				3,24,000
	To T.D.S. Payable A/c (Being amount of interest due and tax deducted at source)				36,000
Mar 31	Debentureholders' A/c	Dr		3,24,000	
	T.D.S. Payable A/c	Dr		36,000	
	To Bank A/c (Being interest paid to debenture holders and TDS deposited with government)				3,60,000
Mar 31	Statement of Profit and Loss(finance cost)	Dr		7,20,000	
	To Debenture Interest A/c (3,60,000+3,60,000) (Being annual debenture interest transferred to statement of profit and loss)				7,20,000

Working Notes

Loss on Issue of Debentures	Amt (Rs)
Discount on issue =8,000 $\times$ 60	4,80,000
(+) Premium on redemption=8,000 $\times$ 50	4,00,000
Total	Rs,8,80,000

2.Discount or Loss on issue of Debentures is a loss for the company, which should be written off as early as possible but within the tenure of debentures.

3.Interest is not paid on Debentures issued as Collateral Security.

4.Interest on debenture is accounted as paid to Debenture Holders net of T.D.S. amount. Therefore, net amount of interest (amount of interest less T.D.S.) is paid to debenture Holders and amount of T.D.S. is deposited in Government Account.

5.Debenture Interest for Six Months :

$$80,00,000 \times \frac{9}{100} \times \frac{6}{12} = Rs.3,60,000$$

6.Tax Deducted at Source :

$$3,60,000 \times \frac{10}{100} = Rs.36,000$$

21. **Revaluation Account**

Dr.				Cr.
Particulars		(Rs)	Particulars	(Rs)
To Stock A/c		6,000	By Building A/c	14,000
To Provision for doubtful debts A/c (1000-300)		700		
To Provision for legal charges		1,800		
To Profit transferred to partners' capital A/Cs:				

Jain (5500 x 3/5)	3,300				
Gupta (5500 x 2/5)	2,200	5,500			
		14,000			14,000

Partner's Capital Account

Dr.							**Cr.**
Particulars	**Jain(₹))**	**Gupta(₹)**	**Mishra(₹)**	**Particulars**	**Jain(₹)**	**Gupta(₹)**	**Mishra(₹)**
To Balance c/d	88,300	72,200	40,125	By Balance b/d	70,000	60,000	---
				By Cash A/c	--	--	40,125
				By Mishra's C/A	6,000	4,000	---
				By Revaluation A/c	3,300	2,200	--
				By Reserves	9,000	6,000	--
	88,300	72,200	40,125		88,300	72,200	40,125

Balance Sheet

as at 1st April 2011

Liabilities		**(Rs)**	**Assets**		**(Rs)**
Creditors		20,000	Cash (cash a/c in w.n)		54,925
Bills Payable		3,000	Debtors	20,500	
Bank Overdraft		17,000	Less: Prov. for Bad Debts	1,000	19,500
Provision for Legal Charges		1800	Stock	(20,000-6,000)	14,000
Capitals:			Motor Vehicle		20,000

Jain	88,300		Plant		40,000
Gupta	72,200		Building	(70,000+14000)	84,000
Mishra	40,125	2,00,625	Mishra's c/a		10,000
		2,,42,425			2,42,425

Working Notes:

1. Mishra's capital = $\frac{1}{4}$ (Jain's capital + Gupta's capital after all adjustment)
2. Jain's capital after all adjustment =88300
3. Gupta's capital after all adjustment =72200
4. Mishra's capital = $\frac{1}{4}$ (Jain's capital + Gupta's capital after all adjustment)
   i.e $\frac{1}{4}$ (88,300 + 72,200) = $\frac{1}{4}$ (1,60,500) = Rs 40,125
5. If the student has debited Mishra's account for his share of goodwill as a premium for goodwill than the same will be transferred in a/c.
6. As it is not mentioned in the question about the goodwill that we have to treat it as non-cash treatment.
7. **cash a/c**

particular	**amount**	**particular**	**amount**
To balance b/d	14800		
To Mishra's capital a/c	40125		
		By balance c/d	**54925**
	54925		**54925**

OR

Books of A, B, and C
Revaluation Account

Dr.				**Cr.**
Particulars	**Amt(Rs)**	**Particulars**		**Amt(Rs.)**
To Provision for Doubtful Debts A/c	10,000	By Stock A/c (12,000 -10,000)		2,000

To Fixtures A/c	6,000	By Loss transferred to		
		A's Capital A/c(14000x1/2)	**7,000**	
		B's Capital A/c(14000x1/2)	**7,000**	**14,000**
	16,000			16,000

Partner's Capital Accounts

Particulars	A	B	C	Particulars	A	B	C
To Revaluation A/c(Loss)	7,000	7,000	--	By Balance b/d	1,50,000	1,30,000	---
			--	Reserve A/c	20,000	20,000	---
				By Cash A/c	--	--	1,20,000
To Balance c/d	1,88,000	1,68,000	1,20,000	By Premium for Goodwill A/c	25,000	25,000	--
	1,95,000	1,75,000	1,20,000		1,95,000	1,20,000	1,20,000
To Cash ,a/c (balance fig.)	**68,000**	**48,000**	……..	BY Balance b/d	1,88,000	1,68,000	1,20,000
To Balance c/d	1,20,000	1,20,000	1,20,000				
	1,88,000	1,68,000	1,20,000		1,88,000	1,68,000	1,20,000

Cash Account

Particulars	Amt(Rs)	Particulars	Amt(Rs.)
To Balance b/d	30,000	By A's Capital A/c	68,000
To C's Capital A/c	1,20,000	By B's Capital A/c	48,000
To Premium A/c(Goodwill)	50,000	**By Balance c/d**	**84,000**
	2,00,000		2,00,000

Balance Sheet

as at 31st March 2007

Liabilities		(Rs)	Assets		(Rs.)
Creditors		80,000	Cash		84,000
Capitals:			Debtors	2,30,000	
A	1,20,000		Less: Provision	10,000	2,20,000
B	1,20,000		Stock	(10000+2000)	12,000
C	1,20,000	3,60,000	Fixtures		24,000
			Land		1,00,000
		4,40,000			**4,40,000**

Working Note: Calculation of Proportionate Capitals: Calculation of new share:

1. let the whole share be 1
2. c's share 1/3
3. left share = 1-1/3=2/3
4. A's share= 2/3 x 1/2 =1/3
5. B's share= 2/3 x 1/2 =1/3
6. C's share= 1/3
7. New share = 1:1:1
8. C’s Capital = Rs. 1,20,000 for 1/3 share

   Total Capital of the firm should be = Rs. 1,20,000 x 3 = 3,60,000

   A’s Capital = Rs. 1,20,000 (i.e., Rs 3,60,000 x 1/3)

   B's Capital = 1,20,000 (i.e, Rs 3,60,000 x 1/3)

9. sacrifice ratio = old ratio - new ratio
10. A's sacrfice ratio=1/2 -1-3=3/6-2/6=1/6
11. B's sacrfice ratio=1/2 -1-3=3/6-2/6=1/6 i.e

    sacrifice ratio is 1:1 goodwill will distribute in this ratio

1. **Treatment of Goodwill:**

Date	Particulars		L.F.	Dr.(Rs.)	Cr.(Rs.)
31.3.2007	Cash A/c	Dr.		1,70,000	
	To C's Capital A/c				1,20,000
	To Premium A/c (Goodwill) (Being cash brought in by C for his share of capital and goodwill)				
31.3.2007	Premium A/c (Goodwill)	Dr.		50,000	
	To A's Capital A/c				25,000
	To B's Capital A/c (Being amount of goodwill distributed among A and B in sacrificing ratio)				

22. **Journal Entries**

Date	Particulars	Dr. (Rs.)	Cr.(Rs.)
i	Bank A/c……Dr.	24,00,000	
	To Equity Share Application A/c		24,00,000
	(Being share application money received.)		
ii	Equity Share Application A/c……Dr.	24,00,000	
	To Equity Share Capital A/c		12,00,000
	To Securities premium reserve A/c		4,00,000
	To Equity Share Allotment A/c		4,00,000
	To Bank A/c		4,00,000
	(Being share application money transferred.)		

iii	Equity Share Allotment A/c......Dr.	12,00,000	
	To Equity Share Capital A/c		8,00,000
	To Securities Premium Reserve A/c		4,00,000
	(Being share Allotment money due.)		
iv	Bank A/c......Dr.	7,60,000	
	Calls in arrears A/c......Dr.	40,000	
	To Equity Share Allotment A/c		8,00,000
	(Being share allotment money received)		
v	Equity Share First call A/c......Dr.	12,00,000	
	To Equity Share Capital A/c		12,00,000
	(Being share First call money due on 80,000 shares)		
vi	Bank A/c......Dr.	12,10,000	
	Calls in arrears A/c (First call)......Dr.	30,000	
	To Equity Share First call A/c		12,00,000
	To Calls in Arrears A/c (Allotment)		40,000
	(Being share first call money received)		
vii	Equity Share Capital A/c......Dr.	80,000	
	To Share Forfeiture A/c		50,000
	To Calls in Arrears A/c		30,000
	(Being Sahaj's shares forfeited.)		
viii	Bank A/c ......Dr.	1,20,000	
	To Equity Share Capital A/c		1,00,000
	To Securities Premium Reserve A/c		20,000
	(Being Sahaj's shares reissued.)		
ix	Share Forfeiture A/c ......Dr.	50,000	

	To Capital Reserve A/c		50,000
	(Being balance of forfeiture transferred to capital reserve.)		

OR

Working Notes 1.

Catgory	No of Shares Applied	No of shares Allotted	Excess amount received on Application	Amount to be received On Allotment	Amount to be adjusted on allotment	Amount to be received on 1st and final Calls	Amount adjust on 1st and Final calls	Amount Refunded
I	1,60,000	80,000	80,000 shares$\times$ 3 = 2,40,000	80,000 shares $\times$ 4 =3,20,000	2,40,000	80,000 shares $\times$ 3= 2,40,000	Nil	-
II	80,000	20,000	60,000 Shares$\times$ 3 =180000	20,000 shares $\times$ 4 =80,000	80,000	20,000 shares$\times$ 3 =60000	60,000	40,000
III	60,000	Nil	-	-	-	-	-	60,000 shares$\times$ 3 = 1,80,000
Total	3,00,000	1,00,000			3,20,000		60,000	2,20,000

Working Notes 2.

No of shares applied = 320 shares

No of shares Allotted = 320 shares $\times$80000shares/160000shares = 160 shares

Amount outstanding on 1st and final Call= 160 shares$\times$3 = Rs.480

Working Notes 3.

Amount Transfer To Capital Reserve = Rs. 1120 - 0 = Rs.1120

In the Books of XL limited

Journal

Date	Particulars		L.F.	Debit (Rs.)	Credit (Rs.)
1.	Bank A/c	Dr.		9,00,000	
	To Equity Share Application A/c				9,00,000
	(Being Amount Received on application of share @3 per share on 300000 shares)				
2.	Equity Share Application A/c	Dr.		9,00,0000	
	To Equity Share Capital A/c				3,00,000
	To Calls -In- Advance A/c				3,80,000
	To Bank A/c				2,20,000
	(Being amount transfer to capital a/c and adjustment of pro-rata made.)				
3.	Equity Share Allotment A/c	Dr.		4,00,0000	
	To Equity share Capital A/c				400,0000
	(Being Amount on allotment Due on 100000 shares @4 each.)				
4.	Bank A/c	Dr.		80,000	
	Calls -In- Advance A/c	Dr.		3,20,000	
	To Equity Share Allotment A/c				4,00,000
	(Being amount received on Allotment)				

5.	Equity Share First & Final call A/c	Dr.		3,00,000	
	To Equity share Capital A/c				3,00,000
6	Bank A/c	Dr.		2,39,520	
	Calls- in - Arrear A/c	Dr.		60,000	
	Calls - in - Advance A/c	Dr.		480	
	To Equity Share First & Final call A/c				3,00,000
	(Being Amount received on First and Final calls)				
7.	Equity Share Capital A/c	Dr.		1600	
	To Equity Share Forfeited A/c				1120
	To Calls -in - Arrear A/c				480
	(Being shares forfeited on which amount of call not received)				
8.	Bank A/c	Dr.		2400	
	To Equity Share Capital A/c				1600
	To Security premium reserve A/c				800
	(Being amount received on Shares Re-issued)				
9.	Equity Share Forfeited A/c	Dr.		1120	
	To Capital Reserve A/c				1120
	(Being amount of share forfeited transfer to Capital Reserve transfer A/c)				

Section B

23. (b) Indirect Expenses

Explanation: Revenue from operations means income generated from the main activity of business. Indirect expenses are not directly related to the business. Hence it cannot be included in revenue from operations.

24. 'Interest coverage Ratio' deals with the servicing of interest on loan. It is helpful in assessing the security of interest payable on long term debt. Interest coverage ratio is valuable for debenture holders & for long term funds providers. It indicate how many times the interest charges are covered by the profits available to pay interest charges. A long term lender is interested in finding out whether the business will earn sufficient profits to pay interest charges regularly.

25. Inventory Turnover Ratio = $\frac{\text{cost of Revenue from operations}}{\text{Average Stock}}$

    Average Stock = $\frac{\text{Opening Stock} + \text{Closin}g\text{ stock}}{2}$

    = $\frac{Rs.40{,}000+Rs.60{,}000}{2}$ = Rs. 50,000

    Inventory Turnover Ratio = $\frac{R_S.5{,}00{,}000}{R_S.50{,}000}$ = 10 Times

    It indicates the 10 times inventory is turned into sales during the year.

26. Limitations of financial statement analysis are

    - The results obtained by analysis of financial statements may be misleading due to window dressing
    - Financial statement analysis ignore qualitative aspects like quality of management, labour force and public relations.

27. Rs. 9,00,000 profit earned during the year will be the cash flow from operating activities. An activity that directly affects an organization's cash inflows and outflows, and determine its net income. Cash inflows result from sales of goods or services, sale of shares, and from income earned on investments. Cash outflows result from equipment and inventory purchases, interest and principal payments on loans, salaries, dividends, and various other costs and expenses.

28. False

29. (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)

30. This classification is given as per revised schedule 3 of the company's act,2013 in order bring uniformity in classification and to maintain international standards. Current liabilities and assets represent liabilities and assets within 12 month duration.

Sl.No.	**Items**	**Major headings**	**Sub-headings**
(i)	Tax Reserve	Current Liabilities	Short-term Provisions
(ii)	Interest on Calls-in-advance	Current Liabilities	Other Current Liabilities
(iii)	Stores and Spares	Current Assets	Inventories

OR

Comparative Statement of Profit and Loss

for the years ended 31st March 2012 and 2013

Particulars	**Note No.**	**31st March 2012 Amount (Rs.)**	**31st March 2013 Amount (Rs.)**	**Absolute Change (Increase/ Decrease) (Rs.)**	**Percentage Change (Increase/ Decrease) (%)**
		(A)	(B)	(C = B - A)	(D = $\frac{C}{A} \times 100$)
I. Revenue from Operations		**2,42,500**	**2,12,500**	**(30,000)**	**(12.37)**
II. Expenses:					
(a) Cost of Materials Consumed		1,30,000	1,22,500	(7,500)	(5.76)
(b) Employee Benefit Expenses		30,000	22,500	(7,500)	(25.00)

II. Total Expenses		**1,60,000**	**1,45,000**	**(15,000)**	**(9.37)**
III. Net Profit(I - II)		**82,500**	**67,500**	**(15,000)**	**(18.18)**

This analysis is being carried out in between the income statements of the various accounting duration of the firm, with other firms in the industry and with the industrial average. This will facilitate the firm to know about the status of itself regarding the financial performance. It facilitates to understand about the changes pertaining to various financial data which closely relevantly connected with the financial performance

31. **Books of Raj Ltd.**

Common Size Income Statement

as at 31st March, 2011

Particulars	(A)	(%)
I. Revenue From Operations	200000	100
II. Other Income	15000	7.5
III. Total Revenue	215000	107.5
IV. Expenses:		
Cost of revenue from operation	110000	55
Operating Expenses	5000	2.5
Total Expenses	115000	57.5
V. Profit Before Tax (III – IV)	100000	50

OR

Comparative Statement of Profit and Loss

for the year ended 31st March, 2009

	31st	**31st**	**Absolute Change (Increase or**	**Percentage Change**

Particulars	**March, 2008** **(Rs.)**	**March, 2009** **(Rs.)**	**Decrease)** **(Rs.)**	**(Increase or Decrease)** **(%)**
I. Revenue from Operations (Sales)	6 ,00,000	8,00,000	2,00,000	33.33
II.Total Revenue	6,00,000	8,00,000	2,00,000	33.33
III. Expenses:				
(a) Cost of Revenue from Operations	3,60,000	4,00,000	40,000	11.11
(b) Administrative Expenses	48,000	60,000	12,000	25.00
IV. Total Expenses (a+b)	4,08,000	4,60,000	52,000	12.74
V. Profit before Tax (I I - IV)	1,92,000	3,40,000	1,48,000	77.08
VI. Income Tax @ 50%	(96,000)	(1,70,000)	(74,000)	(77 08)
VII. Profit after Tax (V- VI)	96,000	1,70,000	74,000	77.08

Working Note

	2008	**2009**
Revenue from operations	6,00,000	8,00,000
(-) Gross profit	(2,40,000)	(4,00,000)
Cost of revenue from operations	3,60,000	4,00,000

Administrative expenses	20% on Gross profit i e 48,000	15% on Gross profit i e. 60,000

Comparative statement of P&L A/c is prepared as per Schedule 3, Part 1 of the Companies Act,2013. A comparative statement is a document that compares a particular financial statement with prior period statements or with the same financial report generated by another company. Analysts and business managers use the income statement, balance sheet and cash flow statement for comparative purposes. The process reveals trends in the financials and compares one company's performance with another business.

32. **Cash Flow Statement for the year ended 2011**

A: Cash flow from operating activities:

Profit before Tax and Extraordinary items	1,08,000	.
Adjustments for Non Operating and Non Cash Items:- Add: Depreciation	80,000	.
Goodwill Written off	8,000	.
Less: Profit on sale of Machinery	(4,000)	.
operating profit before working capital changes	1,92,000	.
Add: Decrease in current assets: Debtors	8,000	.
Add: increase in current liability: Bills Payable	4,000	.
	2,04,000	.
Less: increase in current assets Stock	(20,000)	.
less : Decrease in Current Liabilities Creditors	(8,000)	.
Cash flow from operating activities	1,76,000	.
Less: Tax paid (Previous year)	(20,000)	.

Net cash flow from operating activities	.	1,56,000

B: Cash flow from investing activities

Sale of machinery	20,000	...
Purchase of fixed assets	(2,00,000)	...
Purchase of investment	(16,000)	...
Cash flow in investing activities	...	1,96,000

C: Cash flows from operating activities:

Issue of Share capital	...	32,000	...
Repayment of bank loan	...	(20,000)	...
payment of dividend	...	...	...
Regular (Previous Year Amount)	(36,000)	...	...
Interim	(20,000)	(56,000)	...
Cash used in financing activities	...	...	(44,000)
Total of all three Activities: A + B + C =	...	...	(84,000)
Add: Cash and Cash equivalents at the beginning of the year (Previous Year Balance)	...	...	1,04,000
Cash and Cash equivalents at the end of the year (Current Year Balance)	...	...	20,000

Working Notes

(i) Calculation of Profit before tax and extra ordinary items:

Particulars	Amount (Rs.)
Net profit during the year	16,000
Proposed dividend	48,000

Income tax provision (Current Year)	24,000
Interim Dividend	20,000
Profit before tax and extra ordinary items	1,08,000

Fixed Assets Account

Dr.			Cr.
Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
To balance b/d	2,400,000	By Machinery Disposal account	40,000
To Cash a/c (Balancing Figure) (purchase)	2,00,000	By Balance c/d	4,00,000
	4,40,000		4,40,000

Machinery Disposal Account

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
	Rs.		Rs.
To Fixed Assets a/c	40,000	By cash a/c	20,000
To Profit and loss a/c	4,000	By accumulated Depreciation	24,000
(Balancing Figure)			
	44,000		44,000

Accumulated Depreciation Account

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
To assets disposal a/c (Balancing figure)	24,000	By balance b/d	64,000

To balance c/d	1,20,000	By Profit & Loss a/c	80,000
	1,44,000		1,44,000

Income Tax Payable Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Cash a/c	20,000	By Balance b/d	20,000
To Balance c/d	24,000	By Profit & Loss a/c	24,000
	44,000		44,000