CBSE Class 12 Accountancy

Sample Paper 03 (2020-21)

Maximum Marks: 80

Time Allowed: 3 hours

General Instructions:

i. This question paper comprises two Parts – A and B. There are 32 questions in the question paper. All questions are compulsory.
ii. Part A is compulsory for all candidates.
iii. Part B has two options i.e. (1) Analysis of Financial Statements and (2) Computerized Accounting. You have to attempt only one of the given options.
iv. Question nos. 1 to 13 and 23 to 29 are very short answer type questions carrying 1 mark each.
v. Question nos. 14 and 30 are short answer type–I questions carrying 3 marks each.
vi. Question nos. 15 to 18 and 31 are short answer type–II questions carrying 4 marks each.
vii. Question nos. 19, 20 and 32 are long answer type–I questions carrying 6 marks each.
viii. Question nos. 21 and 22 are long answer type–II questions carrying 8 marks each.
ix. There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 2 questions of four marks and 2 questions of eight marks.

Section A

1. When partners accounts are fixed where the drawings will be recorded?
   a. Neither in Current account nor in Capital account
   b. Capital account
   c. Both Current account and Capital account
   d. Current account
2. A and B are partners in firm sharing profits and losses in the ratio 1:2. They admitted C into the partnership and decided to give him share of the future profits. Find the new ratio of the partners.
   a. 4:2:3
   b. 3:2:1

c. 2:4:3
d. 3:4:2

3. Which shareholders can have voting rights in all circumstances.
   a. Preference Shareholders
   b. Equity Shareholders
   c. Bonus Shareholders
   d. Both Preference and equity Shareholders
4. Expenditure incurred by a publisher for acquiring copyrights is a ________.
   a. Capital expenditure.
   b. Capital receipts
   c. Deferred reserve expenditure
   d. Reserve expenditure.
5. If liability is assumed (to be paid) by a partner in such a case partner capital account is ________.
   a. Debited
   b. Both Credited and Debited
   c. No effect on capital account
   d. Credited
6. Swarna Limited invited applications for subscription of 10,000 Equity shares @ Rs.100 each. Applications were received for 25,000 shares. This situation is called as ________.
   a. Oversubscription of shares
   b. Prorata allotment
   c. Full Allotment of shares
   d. Under subscription of shares
7. If a partner agreed to pay the unrecorded liability then ________.
   a. Cre. Realisation A/c and concerned partner's A/c
   b. Only Realisation account is credited
   c. Dr. Realisation A/c and Cr. Concerned partner's capital A/c
   d. Concerned partner's account is debited
8. Which of the following is shown in the debit side of the partners' capital account?
   a. P/L Appropriation Account (Profit)
   b. Loss on revaluation
   c. Profit on revaluation

d. Profit and Loss Account (Cr.balance)

9. In the event of the death of a partner, the amount of general reserve is transferred to the partners' capital accounts in _______ ratio.

10. Debts which were earlier write off as bad debts now recovered, it will be recorded in:
    a. Cr. Side of partner's capital A/c
    b. Dr. Side of revaluation account
    c. Cr. Side of revaluation account
    d. Added in cash/bank account

11. In the absence of any information, interest on retiring partner's loan account should be
    a. Interest @ 6% per annum
    b. No interest
    c. Interest 10%
    d. Bank Rate (Fluctuating rate)

12. If the business is run by experienced and efficient management, its profits will go on _______.
    a. All of these
    b. Constant
    c. Decrease
    d. Increase

13. When the rate of Interest on Drawings is given without the word per annum, interest will be calculated _______.
    a. For 12 month
    b. Irrespective of the time period
    c. For 6 month
    d. For 1 month

14. Ram & Sham are partners sharing profits & losses in the ratio of 3:2. Ram being non-working partner contributes Rs. 20,00,000 as his capital & Shyam being a working party, gets a salary of Rs. 8000 per month. As per partnership deed interest is paid @ 8% p.a. & salary is allowed. Profits before providing that for the year ending 31st March 2015 were Rs. 80,000. Show the distribution of profits.

OR

Following is the information in respect of certain items of a Federal Sports Club. You are required to show them in the Income and Expenditure Account and the Balance Sheet.

Details	Amount (Rs)
Sports Fund as on April 1, 2018	60,000
Sports Fund Investments	60,000
Interest on Sports Fund Investments	6,000
Donations for Sports Fund	20,000
Sports Prizes awarded	16,000
Expenses on Sports Events	7,000
General Fund	3,00,000
General Fund Investments	3,00,000
Interest on General Fund Investments	30,000

15. Puneet and Akshara were partners in a firm sharing profits and losses in the ratio of 2:3. The following was the balance sheet of the firm as on 31st March 2019.

Balance sheet of Puneet and Akshara as on 31st March 2019.

Liabilities		Amount (₹)	Assets	Amount (₹)
Capitals :			Sundry Assets	2,00,000
Puneet	90,000			
Akshara	1,10,000	2,00,000		
		2,00,000		**2,00,000**

The profits ₹ 40,000 for the year ended 31st March 2019 were divided between the partners without allowing interest on capital @ 5% p.a. and commission to Akshara @ ₹ 1,000 per quarter. The drawings of the partners during the year were:

Puneet ₹ 2,500 per month.

Akshara ₹ 10,000 per quarter.

Showing your workings clearly, pass necessary adjustment entry in the books of the firm.

OR

X and Y invested Rs. 20,000 & Rs. 10,000. Interest on capital is allowed @ 6% per annum. Profits are shared in the ratio of 2 : 3. Profits for the year ending 11.3.2015 is Rs. 1,500. Show the allocation of profits when the partnership deed.

a. Allows interest on capital & deed is silent on treating interest as a charge.
b. Interest is charged against profit.

16. L Ltd forfeited 470 equity shares of Rs. 20 each issued at a premium of Rs. 3 per share for the non-payment of allotment money of Rs. 8 (including premium Rs. 3) and first call of Rs. 5 per share. The final call of Rs. 5 per share was not made. Out of these 235 shares were reissued at Rs. 19 each fully paid. Pass necessary journal entries for the above transactions in the books of L Ltd.

17. Pass the necessary journal entries for the following transactions on the dissolution of the firm of Sudha and Shiva after the various assets (other than cash) and outside liabilities have been transferred to Realisation Account:
    i. Sudha agreed to pay off her husband's loan Rs. 19,000.
    ii. A debtor whose debt of Rs. 9,000 was written off in the books paid Rs. 7,500 in full settlement.
    iii. Shiva took over all investments at Rs. 13,300.
    iv. Sundry creditors Rs. 10,000 were paid at 9% discount.
    v. Realisation expenses Rs. 3,400 were paid by Sudha for which she was allowed Rs. 3,000.
    vi. Loss on realisation Rs. 9,400 was divided between Sudha and Shiva in 3: 2 ratio.

18. A and B are partners sharing profits in the ratio of 3 : 2 with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6% p.a. B is to be allowed an annual salary of Rs. 2,500. During 2006, the profits of the year prior to calculation of interest on capital but after charging B's salary amounted to Rs. 12,500. A provision of 5% of the profits is to be made in respect of the Manager's commission. Prepare an account showing the allocation of profits and partners' capital accounts.

19. From the following information of a not-for-profit organisation, show the 'sports material' items in the 'income and expenditure account' for the year ending 31st March 2013 and the balance sheets as at 31 st March 2012 and 31st March 2013

	31sr March 2012 (Rs.)	**31sr March 2013 (Rs.)**
Stock of sports material	2,200	5,800

Creditors for sports material	7,800	9,200
Advance to suppliers for sports material	15,000	25,000

Payment to suppliers for the sports material during the year was Rs. 1,20,000, there were no cash purchases made

20. i. Vayee Ltd. purchased the following assets of E.X. Ltd.: Land and Building of ₹ 60,00,000 at ₹ 84,00,000; Plant and Machinery of ₹ 40,00,000 at ₹ 36,00,000.
The purchase consideration was ₹ 1,10,00,000 . The payment was made by accepting a Bill of Exchange in favour of E.X. Ltd. of ₹ 20,00,000 and remaining by the issue of 8 % debentures of ₹ 100 each at a premium of 20 % Record the necessary journal entries for the above transactions in the books of Vayee Ltd.

ii. Zed Ltd. issued 2,00,000,8 % debentures of ₹ 100 each at a discount of 6 % redeemable at a premium of 10 % after 5 years. The amount was payable as follows:

On application	₹ 50 per debenture
On allotment	balance

Record the necessary journal entries for the issue of debentures in the books of Zed Ltd.

21. P, Q and R were partner in ratio of 3:2:1. Their Balance Sheet as at 31st March, 2021

Liabilities	Rs.	Assets	Rs.
P's Capital	60000	Bank	10000
Q's Capital	60000	Machinery	40000
R's Capital	40000	Debtors	30000
Creditors	30000	Stock	20000
B/P	10000	Furniture	30000
		Building	50000
		B/R	20000
	200000		**200000**

They admitted S for an equal share in future profits and is to pay Rs. 50000 as capital on the following terms:

a. Out of the Creditors a sum of Rs. 10000 is due to S which will be treated as his capital.
b. Prepaid advertisement Rs. 1200 to be recorded.
c. Q's personal expense Rs. 2000 was wrongly debited in the Profit and Loss account.
d. Provision of 5% is to be made on Debtors.
e. A B/R of Rs. 4000 which was previously discounted with the bank, was dishonoured.
f. Expenses on Revaluation Rs. 2100 is paid by P.

Prepare Revaluation Account, Partner's Capital Account and Balance Sheet of the new firm after S's admission

OR

Murari and Vohra were partners in a firm with capitals of Rs 1,20,000 and Rs 1,60,000 respectively. On 1st April, 2010 they admitted Yadav as a partner for 1/4th share in profits on his payment of Rs 2,00,000 as his capital and f 90,000 for his l/4th share of goodwill. On that date, the creditors of Murari and Vohra were Rs 60,000 and bank overdraft was Rs 15,000. Their assets apart from cash included stock Rs 10,000; debtors Rs 40,000; plant and machinery Rs 80,000; land and building Rs 2,00,000. It was agreed that stock should be depreciated by Rs 2,000; plant and machinery by 20%, Rs 5,000 should be written-off as bad debts and land and building should be appreciated by 25%.

Prepare revaluation account, capital accounts of Murari, Vohra and Yadav and the balance sheet of the new firm.

22. GG Ltd had issued 50,000 equity shares of Rs. 10 each at a premium of Rs. 2 per share payable with application money. The incomplete journal entries related to the issue are given below. You are required to complete these blanks.

Date	Particular	L.F	Amt (Dr.)	Amt (Cr.)
2015 Jan 10	.... Dr.		....	
	To			....
	(Being amount received on the application for 70,000 shares @ Rs. 5 per share including premium)			
Jan				

16	Equity Share Application A/c Dr.		....	
	To			....
	To			....
	To			....
	To			....
	(Being transfer of application money to share capital, securities premium, money refunded for 8,000 shares for rejected applications; and balance adjusted towards the amount due on the allotment as shares j were allotted on pro-rata basis)			
Jan 31	.... Dr.		....	
	To			....
	(Being amount due on allotment @ ? 4 per share)			
Feb 20	.... Dr.		....	
	To			....
	(Being balance amount received on allotment)			
Apr 1	.... Dr.		....	
	To			....
	(Being first and final call money due)			
Apr 20	.... Dr.		....	
	Calls - in- arrears A/c Dr.		1,500	
	To			....
	(Being money received on first and final call)			
Aug 27	.... Dr.		....	

	To			....
	To			....
	(Being the shares forfeited on which call money was not received)			
Oct 3	.... Dr.		....	
	.... Dr.			....
	To			....
	(Being the forfeited shares reissued @ t 8 per share fully paid up)			
	.... Dr.		....	
	To			....
	(..............................)			

OR

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. The 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.

Section B

23. Sale of machinery is concerned with ________.

a. Investing Activities
b. Financing Activities
c. None of these
d. Operating Activities

24. State the forms in which ratios can be expressed.
25. If the different financial data is analyzed and compared over a period of time it is called
    a. Statement of P/L
    b. Both Intra firm analysis and Interfirm analysis.
    c. Interfirm analysis
    d. Intra firm analysis
26. Increase in Bank Overdraft balance _______.
    a. Add in Financing Activities
    b. Add in Operating Activities
    c. Less in Financing Activities
    d. Less in Operating Activities
27. Fill in the blanks:
    _______ refer to the amount receivable on account of sale of goods or services rendered by the company in the normal course of business.
28. Revenue from operations is not used in the calculation of _________
    a. Gross Profit Ratio
    b. Operating Ratio
    c. Net Profit Ratio
    d. Trade Payable Turnover Ratio
29. An ideal Current Ratio is:
    a. 2 : 1
    b. 4 : 1
    c. 1 : 1
    d. 3 : 1
30. From the given information, calculate the inventory turnover ratio. Revenue from Operations: Rs. 2,00,000; GP: 25% on cost; Inventory at the beginning is 1/3 of the inventory at the end which was 30% of revenue from operations.

OR

Gross Profit of a company was 25%. Its cash sales were Rs. 200,000 and its credit sales were 90% of the total sales. If the indirect expenses of the company were Rs. 20,000, calculate its Net Profit Ratio.

31. Prepare Comparative Statement of Profit and Loss from the following:

Particulars	**31st March 2019**	**31st March 2018**
Revenue from Operations (Net Sales)	₹5,00,000	₹3,20,000
Purchases of Stock-in-Trade	₹4,50,000	₹2,50,000
Change in Inventories of Stock-in-Trade	₹50,000	₹50,000
Other Expenses (% of Cost of Revenue from Operations or Cost of Goods Sold)	8%	10%
Tax	30%	30%

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. Prepare a cash flow statement on the basis of the information given in the balance sheets of Liva Ltd as at 31st March 2013 and 2012

Particulars	**Note No.**	**31st March, 2013 Amt (Rs)**	**31st March 2012 Amt (Rs.)**
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			

(a) Share Capital		2,10,000	1,80,000
(b) Reserve and Surplus	1	1,32,000	24,000
(2) Non-current Liabilities			
Long-term Borrowings		1,50,000	1,50,000
(3) Current Liabilities			
Trade Payables		75,000	27,000
Total		5,67,000	3,81,000
II.ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		2,94,000	2,52,000
(b) Non-current Investment		48,000	18,000
(2) Current Assets			
(a) Current Investments (Marketable)		54,000	60,000
(b) Inventories		1,07,000	24,000
(c) Trade Receivables		40,000	17,500
(d) Cash and Cash Equivalents		24,000	9,500
Total		**5,67,000**	**3,81,000**

Particulars	**2013(Rs)**	**2012(Rs)**
1. Reserves and Surplus		
Surplus (Balance in Statement of Profit and Loss)	1,32,000	24,000

CBSE Class 12 Accountancy
Sample Paper 03 (2020-21)

Solution

Section A

1. (d) Current account

   Explanation: When capitals are fixed, we prepare two accounts (i) Partner's fixed capital account and (ii) Partner's Current Account. In the capital account, only capitals are shown with additional capital and withdrawn of capital (if any). In current, all items are recorded except capitals i.e. Interest on capital, profit, drawings, interest on drawings, salary, commission, the share of profit etc.

2. (c) 2 : 4 : 3

   Explanation: Calculation of the new profit sharing ratio: br/p>Old Ratio = 1:2

   C's share = or

   Let Share be 1

   Remaining profit = 1 - =

   A's new share = =

   B's new share = =

   New Ratio will be 2 : 4 : 3

3. (b) Equity Shareholders

   Explanation: Equity Shareholders have voting rights in all circumstances. Preference shareholders have voting rights only in special situations.

4. (a) Capital expenditure.

   Explanation: copyrights is considered as an asset so expenditure which increases the asset is capital expenditure.

5. (d) Credited

   Explanation: If a partner is agreed to pay off any liability at the time of dissolution of a partnership firm, in such a case following entry should be recorded in the books of Account:

   Journal Entry will be:
   Realisation A/c ... Dr.
   To Partner's Capital A/c

6. (a) Oversubscription of shares

   Explanation: When a company receives excess applications i.e. more applications than the shares offered for subscription, it is called oversubscription of shares. Under such either excess applicants are rejected or pro-rata basis allotment is done or both.

7. (c) Dr. Realisation A/c and Cr. Concerned partner's capital A/c

   Explanation: When a partner agreed to pay any unrecorded liability since payment has to be made it is recorded on the debit side because of nominal nature of realisation account and partner's liability on the business is increased so partners capital is credited. Journal entry will be:

   Realisation A/c ... Dr
   To Concerned Partner's Capital A/c

8. (b) Loss on revaluation

   Explanation: Loss on revaluation should be debited to the partners' capital account or partners' current account (in case of Fixed Capital A/c). In this question profit on revaluation, profit as per profit and loss appropriation account and profit as per profit and loss account are given, all these items will take place in the credit side of partners capital account or partners current account (in case of Fixed Capital A/c).

9. Old profit sharing
10. (c) Cr. Side of revaluation account

    Explanation: Bad debts recovered will be shown in the credit side of revaluation account and same will be added to cash or bank in the balance sheet.entry would be:
    Bad debts recovered A/c ... Dr
    To revaluation A/c

11. (a) Interest @ 6% per annum

    Explanation: In the absence of any information regarding interest on a loan to the partner, it should be paid @ 6% per annum from the date of retire till the date of payment.

12. (d) Increase

    Explanation: Increase

13. (b) Irrespective of the time period

    Explanation: The word per annum (P.a.) is the key element in the calculation of interest on drawings. When per annum (p.a.) word is given, it means the interest on drawings is to be calculated on the time basis or for a particular time period. When word per annum (p.a.) is not given with the rate of interest on drawings, it means the interest on drawings is to be calculated for the full year irrespective of the time period. Interest on the drawing will be calculated for a full year.

14. **Profit & Loss Appropriation Account**

for the year ended 31st March 2015

Particulars	**Rs.**	**Particulars**	**Rs.**
To Ram's Capital A/c	50,000	By Profit & Loss A/c	80,000
(Interest)	...		...
To Shyam's Capital A/c	30,000	(Net Profits)	...
(Salary)	80,000		80,000

Working Notes:-

Interest on capital == Rs. 1,60,000

Salary = =Rs. 96,000

Total 2,56,000

Ratio of Interest & Salary = 1,600,000 : 96,000 = 5 : 3

Profits share given to Ram = Rs. 50,000

Shyam = = Rs. 30,000

OR

Income and Expenditure Account

for the year ending on March 31, 2019

Dr.			**Cr.**
Expenditure	**Amount (Rs)**	**Income**	**Amount (Rs)**
		By Interest on General Fund Investments	30,000

Balance Sheet

as of March 31, 2019

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Sports Fund	60,000		Sports Fund Investments	60,000
Add: Interest on Sports Fund Investments	6,000		General Fund Investments	3,00,000
Add: Donation for Sports Fund	30,000			
Less: Sports Prizes Awarded	(16,000)			
Less: Expenses on Sports Events	(7,000)	73,000		
General Fund		3,00,000		

15.

In the books of Puneet and Akshara

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2019 Mar. 31	Puneet's Capital A/c Dr. (WN1)		1,000	
	To Akshara's Capital A/c			1,000
	(Being interest on capital and commission not provided earlier, now rectified)			

Working Notes:

i. **Statement showing Adjustment**

Particulars	Puneet		Akshara		Firm	
	Dr. (₹)	Cr. (₹)	Dr. (₹)	Cr. (₹)	Dr.	Cr.
Profits wrongly distributed	16,000		24,000		40,000	
Interest on capital to be		5,200		6,300		11,500
provided (WN2)						

Commission to partner (1,000 4)				4,000		4,000
Right distribution of profits		9,800		14,700		24,500
Net Effect	1,000 (Dr.)		1,000 (Cr.)		Nil	

ii. Calculation of Opening Capital and interest on capital of the partners:

Particulars	Puneet (₹)	Akshara (₹)
Capital of the partner as on 31st March 2019	90,000	1,10,000
Add: Drawings made by the partners	(2,500 12) 30,000	(10,000 4) 40,000
Less: Profits distributed during the year	16,000	24,000
Opening Capital of the partners	1,04,000	1,26,000
Interest on Capital @5% per annum	5,200	6,300

iii. Interest on capital is calculated on the opening balance of capital.

OR

(a) When partnership deed is silent on treating interest as a charge, then Interest on Capital is given limited to profits only.

Profit & Loss Appropriation Account for the year ending 31.3.2015

Particulars		(Rs.)	Particulars	(Rs.)
To Interest on Capital			By Profit & Loss A/c	1,500
X	1,000		(Net Profits)	...
Y	500	1,500		
		1,500		1,500

Working Notes:

Interest on Y's Capital = = 600

Interest on X's Capital = = 1200

Total Interest = (1200+600) = 1800

Calculate the Ratio of Interest in case of insuffiecient profits = 1200 : 600 = 2 : 1

Interest allowed to partner =
Interest allowed to X = = Rs. 1000
Interest allowed to Y = = Rs. 500
(b) Interest is charged on profit – In such case, full interest will be given whether there is profit or loss and if a firm incurred a loss that loss is transferred to partner's capital accounts.
Profit & Loss Appropriation is not prepared in this case instead profit & Loss Account is prepared & deficit is treated as a loss
Profit and Loss Appropriation A/c

Particulars		**(Rs.)**	**Particulars**		**(Rs.)**
To Interest on Capital			By Profit before Interest		1,500
X	1,200	...	By Loss transferred to Capital A/ cs		
Y	600	1800	X	120	
		...	Y	180	300
		1800			1800

Working Notes:

a. In the case of Insufficient Profits or Losses

Profit & Loss/Profit and Loss Adjustment A/c Dr.
To Interest on Capital A/c
(Being interest on capital transferred to P & L Adjustment A/c

b. In case of Sufficient Profits
Profit and Loss Appropriation A/c Dr.
To Interest on Capital A/c
(Being interest on capital transferred to P & L Appropriation A/c)

16. **JOURNAL**

Date	**Particulars**		**LF**	**Dr. (₹)**	**Cr. (₹)**

	Equity Share Capital A/c (470 15)	Dr.		7,050	
	Securities Premium Reserve A/c (470 3)	Dr.		1,410	
	To Equity Share Allotment A/c (470 8)				3,760
	To Equity Share First Call A/c (470 5)				2,350
	To Share Forfeiture A/c (470 5)				2,350
	(Being 470 shares forfeited for non-payment of allotment and first call)				
	Bank A/c (235 19)	Dr.		4,465	
	Share Forfeiture A/c	Dr.		235	
	To Equity Share Capital A/c (235 20)				4,700
	(Being 235 shares reissued @ 19 per share)				
	Share Forfeiture A/c	Dr.		940	
	To Capital Reserve A/c				940
	(Being the balance on reissued shares transferred to capital reserve)				

Working Note :

1. **Amount to be Transferred to Capital Reserve:**

the amount remained after charging discount on the reissue of shares will be transferred to Capital Reserve Account.

Amount forfeited on reissued shares

(-) Amount utilised at the time of reissue(discount on reissue) = (235)

Capital reserve = 1175 - 235 = ₹ 940

2. Since the amount of premium has not been received on the forfeited shares, Securities Premium Account has been debited.

17. **JOURNAL**

Date	Particulars		L.F.	Amount Rs.	Amount Rs.

	Realisation A/c	Dr.		19,000	
	To Sudha's Capital A/c (Being Sudha's husband's loan taken over by Sudha transferred to her capital account)				19,000
	Bank A/c	Dr.		7,500	
	To Realisation A/c (Being debtors Rs. 9,000 was written off in the books paid Rs. 7,500 in full settlement)				7,500
	Shiva's Capital A/c	Dr.		13,300	
	To Realisation A/c (Being investments were taken over by Shiva transferred to his capital account)				13,300
	Realisation A/c (working note no 1)	Dr.		9,100	
	To Bank A/c (Being creditors settled)				9,100
	Realisation A/c	Dr.		3,000	
	To Sudha's Capital A/c (Being realisation expenses borne by Sudha transferred to her capital a/c)				3,000
	Sudha's Capital A/c(9,400 3/5)	Dr.		5,640	
	Shiva's Capital A/c(9,400 2/5)	Dr.		3,760	
	To Realisation A/c (Being loss on realisation transferred to partners' capital A/c's)				9,400

Working note :

1. Total creditors = 10,000

total discount = 9 %

total amount paid to creditors = 10,000 - (9/100 10,000)900=9100

18. **Profit and Loss Appropriation Account**

Particulars		Amount Rs	Particulars	Amount Rs.
To Interest on Capital			By Profit and loss A/c (Net profit) 12500 + 2500 = 15,000 less 5% Manager's Commission (15,000 5/100 = 750)	14,250
A	3000			...
B	1800	4800		...
To Salary(B)		2500		
To Profit transferred to:				...
A's Capital A/c	4,170			...
B's Capital A/c	2,780	6950		...
.		14250		14250

Partner's Capital A/c

Particulars	A	B	Particulars	A	B
To Balance c/d	57170	37080	By Balance b/d	50000	30000
	...	...	By interest on capital	3000	1800
	....	...	By salary	-	2500
	....	...	By P and L Appropriation A/c	4,170	2,780
	57170	37080		57170	37080

19. **Extract of Income and Expenditure Account**

for the year ending on 31st March 2013

Expenditure	Amt (₹)	Income	Amt (₹)

To Sports Material Consumed (See Working Notes)	1,07,800		

Extract of Balance Sheet

as at 31st March 2012

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors for Sports Material	7,800	Stock of Sports Material	2,200
		Advance to Suppliers	15,000

Extract of Balance Sheet

as at 31st March 2013

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors for Sports Material	9,200	Stock of Sports Material	5,800
		Advance to Suppliers	25,000

Working Note:

Calculation of the amount of Sports Material to be debited to the Income & Expenditure account :

		Amt (₹)
Payment made for the purchase of sports material during 2012-13		1,20,000
Less: Creditors in the beginning of the year	(7,800)	
Advance to suppliers of sports material on 31st March 2013	(25,000)	(32,800)
		87,200
Add: Creditors at the end of the year	9,200	
Advance to suppliers of sports material on 31st March 2012	15,000	24,200
Purchases of sports material during the year, 2012-13		1,11,400
Add: Stock of sports material in the beginning of the year		2,200

		1,13,600
Less: Stock of sports material at the end of the year		5,800
Sports material consumed during 2008-09		1,07,800

20. i.

Vayee Ltd.
Journal

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Land & Building A/c	Dr.		84,00,000	
	Plant & Machinery A/c	Dr.		36,00,000	
	To EX Ltd. A/c				1,10,00,000
	To Capital Reserve A/c (Bal. Fig.)				10,00,000
	(Being assets of EX Ltd. purchased)				
	EX Ltd. A/c	Dr.		1,10,00,000	
	To Bills Payable A/c				20,00,000
	To 8% Debentures A/c (75,000 100)				75,00,000
	To Securities Premium Reserve A/c (75,000 20)				15,00,000
	(Being purchase consideration paid by accepting a bill and issuing 75,000 8% debentures of Rs 100 each at 20% premium)				

Working Notes: Number of Debentures issued = (90,00,000/120) = 75,000 debentures

ii.

Zed Ltd.
Journal

			Debit	Credit

Date	Particulars		L.F.	Amount (₹)	Amount (₹)
	Bank A/c	Dr.		1,00,00,000	
	To Debenture Application A/c				1,00,00,000
	(Being application amount received on 2,00,000, 8% Debentures)				
	Debenture Application A/c	Dr.		1,00,00,000	
	Loss on Issue of debentures A/c	Dr.		20,00,000	
	To 8% Debentures A/c				1,00,00,000
	To Premium on Redemption A/c				20,00,000
	(Being debentures allotted and premium on redemption accounted for)				
	Debenture Allotment A/c	Dr.		88,00,000	
	Discount on Issue of Debenture A/c	Dr.		12,00,000	
	To 8% Debentures A/c				1,00,00,000
	(Being allotment due on debentures)				
	Bank A/c	Dr.		88,00,000	
	To Debenture Allotment A/c				88,00,000
	(Being allotment money received)				

21. **Revaluation Account**

Particulars	Rs.	Particulars		Rs.
To Provision	1700	By Prepaid Advertisement		1200
To P's Capital	2100	By Q's Capital		2000
		By Loss Transfer:		
		P	300	

		Q	200	
		R	100	600
	3800			**3800**

Partner's Capital Accounts

Particulars	P	Q	R	S	Particulars	P	Q	R	S
To Revaluation	-	2000	-	-	By Balance b/d	60000	60000	40000	-
To Revaluation	300	200	100	-	By Creditors	-	-	-	10000
To Balance c/d	61800	57800	39900	50000	By Revaluation	2100	-	-	-
					By Cash	-	-	-	40000
	62100	**60000**	**40000**	**50000**		**62100**	**60000**	**40000**	**50000**

Balance Sheet after the admission of S

Liabilities	Rs.	Assets		Rs.
P's Capital	61800	Bank		46000
Q's Capital	57800	Machinery		40000
R's Capital	39900	Debtors	34000	
S's Capital	50000	Less : Provision	1700	32300
B/P	10000	Furniture		30000
Creditors	20000	Building		50000
		B/R		20000
		Stock		20000
		Prepaid Advertisement		1200
	239500			**239500**

OR

Revaluation Account

Dr.			Cr.
Particular	**Amount (Rs)**	**Particulars**	**Amount (Rs)**
To Stock A/c	2,000	By Land and Building A/c	50,000
To Plant and Machinery A/c	16,000		
To Provision for Doubtful Debts A/c	5,000		
To Profit Transferred to			
Murari's Capital A/c 13,500			
Vohra's Capital A/c 13,500	27,000		
	50,000		50,000

Partner's Capital A/c

Particulars	Murari Amount (Rs)	Vohra Amount (Rs)	Yadav Amount (Rs)	Particulars	Murar Amount (Rs)	Vohra Amount (Rs)	Yadav Amount (Rs)
To Balance c/d	1,78,500	2,18,500	2,00,000	By Balance b/d	1,20,000	1,60,000	
				By Cash A/c			2,00,000
				By Premium for			
				Goodwill A/c	45,000	45,000	

				By Revaluation A/c (Profit)	13,500	13,500	
	1,78,500	2,18,500	2,00,000		1,78,500	2,18,500	2,00,000

Balance Sheet
as on 1st April, 2010

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	60,000	Stock (10,000-2,000)	8,000
Bank Overdraft	15,000	Plant and Machinery	64,000
		(80,000 -16,000)	
Capital A/cs		Debtors 40,000	
Murari 1,78,500		(-) Provision for DoubtfulDebts 5,000	35,000
Vohra 2,12,500		Land and Building (2,00,000 + 50,000)	2,50,000
Yadav 2,00,000	5,97,000	Cash	3,15,000
	6,72,000		6,72,000

Working Note: In order to ascertain the book value of the Sundry assets, Memorandum Balance Sheet is prepared. In order to ascertain the book value of the Sundry assets, Memorandum Balance Sheet is prepared. In order to ascertain the book value of the Sundry assets, Memorandum Balance Sheet is prepared.

Memorandum Balance Sheet

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	60,000	Stock	10,000
Bank Overdraft	15,000	Debtors	40,000
Capital A/cs		Plant and Machinery	80,000

Murari 1,20,000		Land and Building	2,00,000
Vohra 1,60,000	2,80,000	Cash (Balancing figure)	25,000
	3,55,000		3,55,000

Cash A/c

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Balance b/d	25,000	By Balance c/d	3,15,000
To Yadav's Capital A/c	2,00,000		
To Premium for Goodwill A/c	90,000		
	3,15,000		3,15,000

22. **In the books of GG Ltd.**

Journal

Date	Particular	L.F	(Dr.)	(Cr.)
2015				
Jan 10	Bank A/c....Dr.		350000	
	To Equity Share Capital A/c			350000
	(Being amount received on the application)			
Jan 16	Equity Share Application A/c.....Dr.		350000	
	To Equity Share Capital A/c			150000
	To Security Premium reserve A/c			100000
	To Equity Share Allotment A/c			60000
	To Bank A/c			40000
	(Being transfer of application money.)			

Jan 31	Equity Share Allotment A/c......Dr.		200000	
	To Equity Share Capital A/c			200000
	(Being amount due on allotment.)			
Feb 20	Bank A/c.....Dr.		140000	
	To Equity Share Allotment A/c			140000
	(Being balance amount received on allotment)			
Apr 1	Equity Share First Call A/c.....Dr.		150000	
	To Equity Share Capital A/c			150000
	(Being first and final call money due)			
Apr 20	Bank A/c.....Dr.		148500	
	Calls - in- arrears A/c.....Dr.		1500	
	To Equity Share First Call A/c			150000
	(Being money received on first and final call)			
Aug 27	Equity Share Capital A/c.....Dr.		5000	
	To Equity Share Forfeited A/c			3500
	To Calls – in – arrears A/c			1500
	(Being shares forfeited.)			
Oct 3	Bank A/c.....Dr.		4000	
	Equity Share Forfeited A/c.....Dr.		1000	

	To Equity Share Capital A/c			5000
	(Being forfeited shares reissued.)			
	Equity Share Forfeited A/c......Dr.		2500	
	To Capital Reserve A/c			2500
	(Being amount Transfer to Capital Reserve A/c)			

OR

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.)		

Section B

23. (a) Investing Activities

Explanation: Sale of machinery is concerned with Investing Activities as a cash inflow from the sale of the company's Non-Current Assets. There is inflow hence added to the Investing Activity.

24. Form of ratios
    i. pure ratio
    ii. percentage ratio
    iii. times ratio
25. (d) Intra firm analysis

    Explanation: Intra-firm comparison means the comparison of two or more departments or divisions of the same business unit with the objective of meaningful analysis in order to improve the operational efficiency of all the departments or divisions.
26. (a) Add in Financing Activities

    Explanation: Increase in Bank overdraft is treated as a source of funds and it is added in financing activities while preparing a cash flow statement as its increase in cash. Increase in Bank overdraft is cash inflow hence it is added.
27. Trade receivables
28. (d) Trade Payable Turnover Ratio

    Explanation: Revenue from operations ie., net sales are not used in calculating trade payable turnover ratio. It is calculated by taking the total purchases made from suppliers and dividing it by the average account payable amount during the same period.
29. (a) 2 : 1

    Explanation: An ideal current ratio is 2:1. It means a business must try to maintain its current assets twice of current liabilities. A high ratio indicates under trading and overcapitalisation.

30. If Revenue from Operations = Rs. 2,00,000

    and G.P. = 25% on cost

    Therefore,

    Cost of Revenue from Operations = 2,00,000 = Rs. 1,60,000

    Closing Inventory = 2,00,000 = Rs. 60,000

    Opening Inventory = 60,000 = Rs. 20,000

    Average Inventory

    =

    = = **4 times**

OR

Net Profit Ratio = x 100 = x 100 = **24%**

Working Note;

1. Total Sales = Cash Sales + Credit Sales

Credit Sales = 90% of total Sales

Hence, cash sales = 10% of the total sales.

Total Sales = Cash Sales x = = Rs. 20,00000

2. Gross Profit = 20,00,000 x = Rs. 5,00,000

3. Net Profit = Gross Profit - Indirect Expenses

= 5,00,000 - 20,000

= Rs. 4,80,000

31. **COMPARATIVE STATEMENT OF PROFIT AND LOSS for the years ended 31st March 2018 and 2019**

Particulars	Note No.	31st March 2018 (₹)	31st March 2019 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
		(A)	(B)	(C = B - A)	
I. Revenue from Operations (Net Sales)		3,20,000	5,00,000	1,80,000	56.25
II. Expenses					
(a) Purchases of Stock-in-Trade		2,50,000	4,50,000	2,00,000	80.00
(b) Change in Inventories of Stock-in-Trade		50,000	50,000	...	...
(c) Other Expenses (WN)		30.000	40.000	10,000	33.33
Total Expenses		3,30,000	5,40,000	2,10,000	63.64

III. Profit before Tax (I - II)		(10,000)	(40,000)	(30,000)	300.00
IV. Less: Tax*		...	...	...	...
V. Profit after Tax (III - IV)		(10,000)	(40,000)	(30,000)	300.00

*Because of Loss, Tax will not be levied.

Working Note:

Particulars	**31st March 2018 (₹)**	**31st March 2019 (₹)**
Purchases of Stock-in-Trade	2,50,000	4,50,000
Change in Inventories of Stock-in-Trade	50,000	50,000
Cost of Revenue from Operations	3,00,000	5,00,000
Other Expenses	30,000	40,000
(% of Cost of Revenue from Operations)	(i.e, 10% of ₹3,00,000)	(i.e., 8% of ₹5,00,000)

OR

Comparative Statement of Profit and Loss

for the year ended 31st March 2009

Particulars	**31st March 2008 (Rs.)**	**31st March 2009 (Rs.)**	**Absolute Change (Increase or Decrease) (Rs.)**	**Percentage Change (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				

(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.

Liva Ltd. Cash Flow Statement (for the year ended 31st March 2013)		
Particulars		**Amt (Rs)**
1.Cash Flow from Operating Activities		
Net profit before Tax and Extraordinary Items (1,32,000-24,000)		1,08,000
(+) Decrease in Current Asset and Increase in Current Liabilities		
Trade Payable	48,000	
(-)Decrease in Current Liabilities and Increase in Current Assets		
Trade Receivables	(22,500)	
Inventories	(83,000)	(57,500)
Net Cash Flow from Operating Activities		50,500
II.Cash Flow from Investing Activities		
Purchase of Tangible Assets	(42,000)	
Purchase of Non-current Investment	(30,000)	
Net Cash used in Investing Activities		(72,000)
III. Cash Flow from Financing Activities		
Issue of Share Capital	30,000	
Net Cash Flow from Financing Activities		30,000
Net Increase in Cash and Cash Equivalents (I+II+III)		**8,500**
(+)Cash and Cash Equivalents in the Beginning (Cash 9,500+ Current Investment 60,000)		69,500
Cash and Cash Equivalents at the End (Cash 24,000+Current Investment 54,000)		**78,000**

Cash Flow from Operating Activities = Rs 50,500
Cash Used in Investing Activities = Rs (72,000)
Cash Flow from Financing Activities = Rs 30,000

Note: 1. Above Statement is prepared as per the Indirect Method of preparing cash flow statement as per Accounting Standard - 3.
2. Purchase of fixed asset is investing activity for both finance and non-finance companies. Thus, it is associated with a purpose to generate income.