CBSE Class 12 Accountancy
Sample Paper 11 (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. Give two main sources of income of Not-For-Profit Organizations.

2. Amount due to a deceased partner shown by his Capital Account is transferred to ____ account

   a. Continuing Partners Account
   b. His Executor's Account
   c. Retired Partners Account
   d. All partners Account

3. When a liability is to be discharged by a partner, why is his capital account credited?

4. DK and SK are partners sharing profits in the ratio of 4:1. They admit PK as a new partner for 1/4th share in future profits, which he wholly acquired form DK. Find out new ratio.

   a. 11:5:2
   b. 11:3:5
   c. 11:4:5

d. 11:4:7

5. Why are Reserves and Surplus and Accumulated Profits & Losses are distributed at the time of reconstitution of firm?

6. Why are 'reserves and surplus' distributed at the time of reconstitution of the firm?

7. State any two occasions on which a firm can be reconstituted.

8. Define the term Sacrificing partner and gaining partner.

9. Give the Journal entry to distribute the 'Workmen Compensation Reserve' of Rs.60,000 at the time of retirement of Vinod, when there is no claim against it. The has three partners.

10. Fill in the blanks:
    Revaluation account is prepared at the time of ________.

11. Explain dissolution of a firm by (i) Agreement and (ii) Notice.

12. Which of the following is correct?

    a. Debentures cannot be issued as 'Collateral Security'
    b. Debentures can be issued in cash only
    c. Debentures cannot be issued at discount
    d. Interest on debentures is paid before paying any dividend

13. Fill in the blanks:
    The % associated with preference shares is prefix is the rate of ________.

14. What are the features of receipt and payment account?

OR

From the following information of a club, show the amounts of match expenses and match fund in the financial statements of the club for the year ended on 31st March, 2016

	Amt (Rs.)

March expenses (paid during the year 2015-2016)	30,000
Match fund (as at 31st March, 2015)	17,000
Donation for match fund (received during the year 2015-16)	9,000
Receipt from the sale of match tickets (received during the year 2015-2016)	3,000

15. Dev, Swati and Sanskar were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On 31st March, 2014 their balance sheet was as follows

Balance Sheet

as at 31st March 2014

Liabilties		Amt(Rs)	Assets	Amt(Rs)
Trade Payables		17,000	Building	1,00,000
Bank Loan		13,000	Inventory	20,000
Capital A/cs			Trade Receivables	23,000
Dev	77,000		Cash	40,000
Swati	87,000		Profit and Loss A/c	57,000
Sanskar	46,000	2,10,000		
		2,40,000		2,40,000

On 30th June, 2014 Dev died. According to partnership agreement, Dev was entitled to interest on capital @ 12% per annum. His share of profit till the date of his death was to be calculated on the basis of the average profits of last four years.
The profits of the last four years were:

Years	Profit (Rs)
2010-2011	2,04,000
2011-2012	1,80,000
2012-2013	90,000

2013-2014 (Loss)	(57,000)

On 1st April, 2014, Dev withdrew Rs 15,000 to pay for his medical bills. Prepare Dev's account to be presented to his executors.

16. The capital accounts of Molu and Golu showed balances of Rs 40,000 and Rs 20,000 as on April 01, 2016. They shared profits in the ratio of 3:2. They were allowed interest on capital @ 10% p.a. and interest on drawings @ 12%p.a. Golu advanced a loan of Rs 10,000 to the firm on August 01, 2016. During the year, Molu withdrew Rs 1,000 per month at the beginning of every month whereas Golu withdrew Rs 1,000 per month at the end of every month. Profit for the year, before the above-mentioned adjustments, was Rs 20,950. Calculate interest on drawings, show distribution of profits and prepare partner's capital accounts.

OR

A partnership firm earned net profits during the last 3 years as follows

Year	Net Profit
2007-2008	1,90,000
2008-2009	2,20,000
2010-2011	2,50,000

The capital employed in the firm throughout the above mentioned period has been Rs 4,00,000. Having regard to the risk involved, 15% is considered to be a fair return on the capital. The remuneration of all the partners during this period is estimated to be Rs 1,00,000 per annum. Calculate the value of goodwill on the basis of

i. 2 years' purchase of super profits earned on average basis during the above mentioned 3 years and
ii. By capitalisation method.

17. On 1st April, 2012, Janta Ltd. was formed with an authorized capital of 50,00,000 divided into 1,00,000 equity shares of 50 each. The company issued prospectus inviting application for 90,000 Shares. The issue price was payable as under:

On Applicant : Rs. 15
On Allotment : Rs. 20
On call: Balance amount
The issue was fully subscribed and the company allotted shares to all he applicants. The company did not make the call during the year.

Show the following:

1. Share capital in the Balance Sheet of the company as per revised schedule - III,Part-I of the companies Act, 2013.
2. Also prepare Notes to Accounts for the same.

18. X and Y are partners in the firm who decided to dissolve the firm. Assets and Liabilities are transferred to Realisation account. Pass necessary journal entries—

    a. Creditors were Rs 1,00,000. They accepted Building valued Rs 1,40,000 and paid cash to the firm Rs 40,000
    b. Aman, an old customer whose account of Rs 1000 was written off as bad in the previous year paid 40% of the amount.
    c. There were 300 shares of Rs 10 each in ABC Ltd which were acquired for Rs 2000 were now valued at Rs 6 each. These were taken over by the partners in the profit sharing ratio.
    d. Profit on Realisation Rs 42000 was divided among the partners.
    e. Land and Building (Book value Rs 1, 60,000) was sold for Rs 3,00,000 through a broker who charged 2% commission on the deal.
    f. Plant and machinery (Book value Rs 60,000) was handed over to the creditor in full settlement of his claim.

19. The following is the receipts and payments account of Queen's Club for the year ended 31 st March, 2012.

Receipt and Payment Account

for the year ended 31st March 2012

Receipts	Amt (Rs.)	Payments	Amt (Rs.)
To Balance b/d	1,82,000	By Salaries	1,66,000

To Subscriptions	1,80,000	By Stationery	32,000
To Tournament fund	1,64,000	By Rent	48,000
To Interest (investment)	65,000	By Telephone expenses	8,000
To Donations	1,12,000	By Sports material and expenses	78,000
To Sale-concert tickets	2,47,000	By Investments 6%	5,00,000
		By Miscellaneous expenses	24,000
		By Concert expenses	58,000
		By Balance c/d	36,000
	9,50,000		9,50,000

Additional Information

i. Subscriptions include Rs. 12,000 for 2010-11 and Rs. 18,000 for 2012-13.
ii. Stock of stationery on 31st March, 2011 and 2012 was Rs. 7,200 and Rs. 5,400 respectively.
iii. Stock of sports material at the beginning and end of the year was Rs. 12,000 and Rs. 21,000 respectively.
iv. Rent includes Rs. 4,000 paid for March, 2011. Rent for March, 2012 is outstanding.
v. Telephone expenses include Rs. 3,000 as quarterly rent up to 31st May, 2012.
vi. The value of building as on 31st March 2011, was Rs. 8,00,000 and you are required to write-off depreciation at 10%.
vii. The value of investments on 31st March, 2011 was Rs. 10,00,000 and the club made similar additional investments during the year on 1st October, 2011.
You are required to prepare the income and expenditure account of the club for the year ended 31st March, 2012.

20. Pass necessary Journal entries for the issue and redemption of debentures in the following cases:

i. 15,000; 9% Debentures of Rs. 250 each issued at 5% premium, repayable at 15% premium
ii. 2,00,000; 12% Debentures of Rs 10 each issued at 8% premium, repayable at par.

OR

Pass necessary Journal entries for issue and redemption of Debentures in the following cases:
10,000; 12% Debentures of Rs 50 each were issued and to be redeemed as follows:

i. Issued at par and redeemed at a premium of 10%.
ii. Issued at a premium of 10% and redeemable at a premium of 20%.

21. On 31st March, 2010 the balance sheet of W and R who shared profits in 3: 2 ratio was as follows

Balance Sheet
as at 31st March, 2010

Liabilities		**Amt (Rs)**	**Assets**		**Amt (Rs)**
Creditors		20,000	Cash		'5,000
Profit and Loss A/c		15,000	Sundry Debtors	20,000	
Capital A/cs			(-) Provision for Doubtful Debts	(700)	19,300
W	40,000		Stock		25,000
R	30,000	70,000	Plant and Machinery		35,000
			Patents		20,700
		1,05,000			1,05,000

On this date, B was admitted as a partner on the following conditions

i. B will get 4/15th share of profits.
ii. B had to bring Rs 30,000 as his capital to which amount other partners' capital shall have to be adjusted.
iii. He would pay cash for his share of goodwill which would be based on 2.5 years' purchase of average profits of past 4 years.

iv. The assets would be revalued as under Sundry debtors at book value less 5% provision for bad debts, stock at ? 20,000, plant and machinery at Rs 40,000.
v. The profits of the firm for the year's ending on 31st March, 2007, 2008 and 2009 were Rs 20,000, Rs 14,000 and Rs 17,000 respectively.
Prepare revaluation account, partners' capital account and balance sheet of the new firm.

OR

B and C were partners sharing profits in the ratio of 3: 2. Their balance sheet as on 31st March, 2019 was as follows

Balance Sheet

as at 31st March, 2019

Liabilities		Amt(Rs)	Assets	Amt(Rs)
Provision for Bad Debts		1,000	Land and Building	80,000
Creditors		60,000	Machinery	20,000
Capital A/cs			Furniture	10,000
B	60,000		Debtors	25,000
C	40,000	1,00,000	Cash	16,000
			Profit and Loss A/c	10,000
		1,61,000		1,61,000

D was admitted to the partnership for l/5 th share in the profits on the follow ing terms

i. The new profit sharing ratio was decided as 2: 2: 1.
ii. D will bring Rs 30,000 as his capital and Rs 15,000 for his share of goodwill.
iii. Half of goodwill amount was withdrawn by the partner who sacrificed his share of profit in favour of D.
iv. A provision of 5% for bad and doubtful debt was to be maintained.
v. An item of Rs 500 included in sundry creditors was not likely to be paid.

vi. A provision of Rs 800 was to be made for claims for damages against the firm.
After making the above adjustments, the capital accounts of B and C were to be adjusted on the basis of D's capital. Actual cash was to be brought in or to be paid off as the case may be.
Prepare revaluation account, capital accounts of the partners and the balance sheet of the new firm.

22. Denspar Ltd. invited applications for issuing 2,00,000 equity shares of Rs.10 each at a premium of Rs.20 per share. The amount was payable as follows:
On Application - Rs.2 per share
On Allotment - Rs.13 per share (including Rs.10 premium)
On First Call - Rs.7 per share (including < 5 premium)
On Final Call - Rs.8 per share (including Rs.5 premium)
Applications for 1,80,000 shares were received. Shares were allotted to all the applicants. Yogesh, a shareholder holding 5,000 shares paid his entire share money along with the allotment money. Vishesh, a holder of 7,000 shares, failed to pay the allotment money. Afterwards the first call was made. Vishesh paid the allotment money along with the first call money. Samyesh, holding 2,000 shares did not pay the final call. Samyesh's shares were forfeited immediately after the final call. Out of the forfeited shares, 1,500 shares were reissued at Rs.8 per share fully paid up.
Pass the necessary journal entries for the above transactions in the books of Denspar Ltd.

OR

'Guru Ltd' invited applications for issuing 80,000 equity shares of Rs. 10 each at a premium of Rs. 10 per share. The amount was payable as follows
On application and allotment — Rs. 10 (including Rs. 5 premium)
On first and final call — Rs. 10 (including Rs. 5 premium)
Applications for 1,00,000 share were received. Applications for 10,000 shares were rejected and application money was refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess application money received from applicants to whom .shares were allotted on pro-rata basis was adjusted towards sums due on first and final call. All calls were made and were duly received except the first and final call money from Kumar who had applied for 1,800 shares. His shares were forfeited.

The forfeited shares were reissued at Rs. 9 per share as fully
paid up.
Pass necessary journal entries for the above transactions m the books of ‘Guru Ltd’.

Section B

23. Low ?Working Capital Turnover Ratio? indicates:
    a. Over-utilization of working capital
    b. Under-utilization of working capital
    c. No use of working capital
    d. There is no working capital

24. Quick Ratio of a company is 1.5:1. State giving reason whether the ratio will improve, decline or not change on payment of dividend by the company.

25. What does ‘Operating Profit Ratio’ indicate?

26. ABC Finance Ltd., a financial company, had invested its surplus funds of Rs. 10,00,000 in 10% Deposit with Tata Housing Ltd. Is the interest received on the deposit Revenue from Operations or Other Income? Give reasons.

27. State with reason whether ‘deposit of cash into bank’ will result into, inflow, outflow or no flow of cash.

28. State true or false:

    Loose Tools > Inventories (Subhead) > Non-Current Assets (Major head).

29. Match the following:

(a) Interim dividend	(i) No flow of cash
(b) Purchase of goodwill	(ii) Inflow
(c) Increase in provision for tax	(iii) Financing activity
(d) refund of tax	(iv) Investing activity

30. Fill in the missing information in the following comparative statement of profit and loss.

Comparative Statement of Profit and Loss for the year ended 31st March 2014 and 2015

Particulars	Note No.	Absolute	Amounts	Absolute Change	Percentage Change
I. Revenue from operations		---	----	---	---
II. Add: Other Incomes		25,000	---	65,000	---
III. Total Revenue(I+II)		---	---	---	---
IV. Expenses:		---	---	--	---
e. Cost of Material Consumed		---	6,00,000	2,00,000	-
f. Other expenses		25000		---	60%
Total Expenses		---	---	---	---
V. Profit before tax (III-IV)		60,000	75,000	---	---
Less : Income Tax @ 30 %		---	---	---	---
VI. Profit after tax		.	.	.	.

OR

Give the major headings under which the following items will be shown in a company's balance sheet as per Schedule III, Part I of the Companies Act, 2013.

i. Trade payables (Sundry creditors)
ii. Provision for tax
iii. Preliminary expenses
iv. Loose tools
v. Interest accrued on investments
vi. Goodwill

31. From the following 'statement of profit and loss' of Moon track Ltd., for the years ended 31st March 2011 and 2012, prepare a 'comparative statement of profit and loss.'

Particulars	**Note No.**	**2011-12 Amt (Rs.)**	**2010-11 Amt (Rs.)**
Revenue from Operations		40,00,000	24,00,000
Other Income		24,00,000	18,00,000
Expenses		16,00,00	14,00,000

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 Balance sheets of Vanijya Ltd.as at 31st march 2010 and 2011. Prepare cash flow statement.

Particulars	**Note no**	**31st March 2011**	**31st March 2010**
Equity and Liabilities			
Shareholders fund			
sahre capital		65000	45000
Reseerve and surplus	1	42500	24000
Current libilities			

Trade payables		11000	8700
		118500	77700
Assets			
Non Current asset			
fixed asset		83000	46700
Current asset			
Stock		13000	11000
debtors		19500	18000
Cash		3000	2000
Total		118500	77700

Notes to accounts

Particulars	**31 march 2011**	**Mar 31, 2010**
General Reserve	27500	15000
Surplus	15000	9000
	42500	24000

Additional Information

i. Dep on fixed asset for the year was 14700.
ii. An interi dividend 7000 has been paid to share holders during the year.

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Solution
Section A

1. Two main sources of income of Not- for- Profit Organizations are :
   i. Subscription from their members ;
   ii. Admission Fees or Entrance Fees.
2. (b)His Executor's Account
   Explanation: Amount due to deceased partner i.e. his capital balance, share of reserve, share of profit, revaluation profit or loss etc. will be adjusted in deceased partner's capital account, and same will be handed over to the executor of deceased partner.
3. When a liability is to be discharged by a partner, his capital account is credited because the partner's claim is increased over the firm by the amount of liability discharged by him, thus his capital account is increased.

   In simple words that particular liability is taken over by the partner so the amount of that liability becomes due to him therefore his account is credited.
4. (c) 11:4:5
   Explanation:
   Calculation of new ratio:
   PK's share = 1/4
   DK's new share will be = 4/5 – 1/4 = 11/20
   SK's new share = 1/5
   New profit sharing ratio = 11:4:5
5. Old reserves, Profits, losses etc. belong to only old partners that's why they are distributed by the old partners. New partner will not share these reserves and profits etc. In this regard, it may be noted that old profits and losses have been earned by old partners in their old ratio so these must be distributed in the old ratio. If these are not distributed, it may later be distributed in new ratio which will be wrong as it will give

wrong share of profit or loss to the partners.

6. 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.

7. A firm can be reconstituted on the following occasions (any two)

   i. When there is a change in the profit sharing ratio of existing partners
   ii. Admission of a new partner
   iii. Death of partner
   iv. Amalgamation of two or more partnership firms
   v. Retirenment of existing partner

8. **Sacrificing Partner:** means the partners whose share have decreased as a result of change are known as sacrificing partners. (like retiring partner)

   Gaining Partner: means the partners whose share have increased as a result of change are known as gaining partners. (like new partner at the time of admission of a partner)

9.

Particulars	LF	Debit Amount Rs.	Credit Amount Rs.
Workmen Compensation Reserve A/c Dr.		60,000	
To Kunwar’s Capital A/c		...	20,000
To Vinod’s Capital A/c		...	20,000
To Himanshu’s Capital A/c		...	20,000
(Being Workmen Compensation Reserve distributed to all the partners in their profit sharing ratio,e.g. 1:1:1, on the retirement of Vinod)			

10. Reconstitution

11. **I**. **Dissolution by agreement**: A firm may be dissolved with the consent of all the partners or in accordance with a contract between the partners. (Section 40)
    II. **Dissolution by the Court**. At the suit of a partner, the Court may dissolve a firm.

12. (d) Interest on debentures is paid before paying any dividend
    Explanation:
    Interest on debentures is paid before paying any dividend. Following statement are false:
    •Debentures cannot be issued as 'Collateral Security'
    •Debentures can be issued in cash only
    •Debentures cannot be issued at discount

13. Dividend

14. A receipt and payment account is a summarized cash book (cash and bank) for a given period. This is simply a summary of the cash transactions as in the cash book, analyzed and classified under suitable headings, including the opening and closing balances. Non-profit organizations (also called non-trading concerns) prepare a receipt and payment account at the end of year. With the help of this account and some additional information, an income and expenditure account is prepared to disclose the true results of non-profit organizations. Receipt and payment account cannot disclose the true result of non-trading concern.

    Features of Receipt and Payment Account:

    i. **Nature:** Receipts and payment account is a real account in nature. It is basically a summary of the cash book. Cash receipts are recorded on the debit side, while cash payments are entered on the credit side.
    ii. **Period:** In this account of all receipts and payments irrespective of the period to which they pertain are shown.
    iii. **Capital and Revenue:** All cash receipts and cash payments whether of capital nature or of revenue nature are included.
    iv. **Distinction:** No distinction is made in receipts/payments made in cash or through bank. With the exception of the opening and closing balances, the total amount of

each receipt and payment is shown in this account.

v. **Adjustment of Non-cash Items:** Non-cash items such as depreciation outstanding expenses accrued income, etc., are not shown in this account.

vi. **Opening and Closing Balance:** It begins with opening balance of cash in hand and cash at bank (or bank overdraft) and closes with the year end balance of cash in hand/cash at bank or bank overdraft. In fact, the closing balance in this account (the difference between the total amount of receipts and payments) which is usually a debit balance reflects cash in hand and cash at bank unless there is a bank overdraft.

OR

Dr	**Match Fund Account**				**Cr**
Particulars	**J.F.**	**Amt. (Rs.)**	**Particulars**	**J.F.**	**Amt. (Rs.)**
To Match Expenses		30,000	By Balance b/d		17,000
			By Donation for Match Fund		9,000
			By Receipts from Sale of Match Tickets		3,000
			By Income and Expenditure A/c		1,000
		30,000			30,000

Expenses on account of match exceed of match exceed the balance in match fund by Rs.1000. This amount will be debited to income and expenditure account.

15. **Dev's Capital Account**

Dr					**Cr**
Date	**Particulars**	**Amount (Rs.)**	**Date**	**Particulars**	**Amount (Rs.)**
2014,	To Profit and Loss	22,800	2014,		77,000

June 30	A/c(57,000×2/5)		Apr 1	By Balance b/d	
June 30	To Drawings A/c	15,000	June 30	By Interest on Capital	2,310
June 30	To Dev's Executor's A/c (Balance Transfer)	51,935	June 30	By Profit and Loss Suspense A/c	10,425
		89,375			89,375

Working Notes

i. **Calculation of interest on capital** = 77,000$\times\frac{12}{100}\times\frac{3}{12}$ = Rs 2,310; Interest on capital will be calculated for 3 months, i.e. till the date of death from last balance sheet date.

ii. **Calculation of profit upto date of death**

Average profit= $\frac{2{,}04{,}000+1{,}80{,}000+90{,}000-57{,}000}{4}$ = Rs 1,04,250

Dev's Share of profit = $1,04,250\times\frac{2}{5}\times\frac{3}{12}$=10,425. Hence Rs.10,425 will be debited to Profit and loss Suspense Account and credited to Dev's Capital Account.

Profit and Loss Appropiation Account					
Dr.					Cr.
Particulars		**Amount (₹)**	**Particulars**		**Amount (₹)**
To Interest on Capital			By Profit and Loss Account(Net profit) (20950-400), Interest on Golu's loan {10,000 × (6/100) × (8/12)		20,550
Molu	4,000		By Interest on Drawings		
Golu	2,000	6,000	Molu	780	
			Golu	660	1,440
To Profit transferred					

to					
Molu's Capital {15,990 × (3/5)}	9,594				
Golu’s Capital {15,990 × (2/5)}	6,396	15,990			
		22,390			22,390

Partners’ Capital Account

Dr.				.	Cr.
Particulars	**Molu (₹)**	**Goli (₹)**	**Particulars**	**Molu (₹)**	**Golu (₹)**
To Drawings	12,000	12,000	By Balance b/d	40,000	20,000
To Interest on Drawing	780	660	By Interest on Capital	4,000	2,000
To Balance c/d	40,814	15,736	By Profit and Loss Appropriation	9,544	6,396
	53,594	28,396		53,594	28,396

16. **Working Note:**

Interest on Molu's Drawing = Total Drawings × $\frac{\text{Rate}}{100} \times \frac{13}{2\times12}$

= $12,000 \times \frac{12}{100} \times \frac{13}{2\times12}$ = ₹ 780

Interest on Golu’s Drawings = Total Drawing × $\frac{\text{Rate}}{100} \times \frac{11}{2\times12}$

= $12,000 \times \frac{12}{100} \times \frac{11}{2\times12}$

= ₹ 660

OR

i. Goodwill = Super Profit $\times$ Number of Years' Purchase
   = 60,000 $\times$ 2 = Rs 1,20,000

ii. Capitalised Value of Goodwill = Super Profit $\times \frac{100}{\text{Normal Rate of Return}}$

$= 60{,}000 \times \frac{100}{15}$ = Rs 4,00,000

working Notes:

3 years' total profit = 1,90,000 + 2,20,000 + 2,30,000= Rs 6,60,000

Average profit = $\frac{6{,}60{,}000}{3}$ = Rs 2,20,000

(-) Remuneration to partners = Rs 1,00,000

Actual average profit = Rs 1,20,000

Capital employed = Rs 4,00,000

Normal rate of return =15%

Normal profit = $4{,}00{,}000 \times \frac{15}{100}$ = Rs 60,000

Super Profit = Actual Average Profit - Normal Profit

= 1,20,000 - 60,000 = Rs 60,000

17. **Balance Sheet of Janta Ltd.**

As at......................

Particulars	Note. no.	Amount Current Years	Amount Previous Years
1. EQUITY AND LIABILITIES :			
Shareholders Funds :			
(a) Share Capital	1	31,50,000	

Notes to Accounts

Particulars	**(Rs.)**
1. Share Capital :	...
Authorised Capital :	...
1,00,000 equity shares of Rs. 50 Each	50,00,000
Issued Capital :	...
90,000 equity shares of Rs. 50 Each	45,00,000

Subscribed capital :	...
Subscribed but not fully paid	...
90,000 shares of Rs. 50 each Rs. 35 called up Rs.	31,50,000

18.

Date	Particulars		L.F.	Debit (Rs.)	Credit (Rs.)
(a)	Cash A/c	Dr.		40,000	...
	To Realisation A/c			...	40,000
	(Being cash Received from the creditor after adjusting value of Building Rs 1,40,000 against his dues)			...	...
(b)	Cash a/c	Dr.		400	...
	To Realisation A/c			...	400
	(Being Cash Received from a debtor whose account was Written off Earlier)			...	...
(c)	X's Capital a/c	Dr.		900	...
	Y's Capital a/c	Dr.		900	...
	To Realisation A/c (300*6)			...	1800
	(Being Investment taken over by the partners)			...	...
(d)	Realisation a/c	Dr.		42,000	...
	To X's Capital A/c			...	21,000
	To Y's Capital A/c			...	21,000
	(Being Profit on Realisation distributed among the partners)			...	...
(e)	Cash a/c	Dr		2,94,000	...
	To Realisation a/c			...	2,94,000

	(Being Land and Building realized after brokerage)			...	...
	Realisation A/c	Dr.		6000	
	To Cash A/c				6000
	(Being Brokerage paid @ 2%)				
(f)	NO JOURNAL ENTRY			...	...

Note : If an asset is given in payment of a liability, no entry is passed for such payment.

19. **Income and Expenditure Account**

for the year ended 31st March, 2012

Dr					Cr
Expenditure		**Amt (Rs.)**	**Income**		**Amt (Rs.)**
To Salaries		1,66,000	By Subscriptions	1,80,000	
To Stationary (consumed)			(-) Subscription for		
Opening Stock	7,200		(2010-11) 12,000		
(+) Purchases	32,000		(2012 -13) 18,000	30,000	1,50,000
	39,200		By Interest on Investment		75,000
(-) Closing Stock	5,400	33,800	By Sale of Concert Tickets	2,47,000	
To Rent	48,000				

(-) Paid for March, 2011	4,000		(-) Concert Expenses	58,000	1,89,000
	44,000		By Donations		1,12,000
(+) Outstanding for March, 2012	4,000	48,000			
To Telephone Expenses(wn2)		6,000			
To Sports Material					
Opening Stock	12,000				
(+) Purchases	78,000				
	90,000				
(-) Closing Stock	21,000	69,000			
To Miscellaneous Expenses		24,000			
To Depreciation on Building (wn1)		80,000			
To Surplus i.e., Excess of Income Over Expenditure		99,200			
		5,26,000			5,26,000

Working notes:

1.Building value Rs.8,00,000

Rate of depreciation = 10%

Depreciation = Rs 8,00,000 × 10/100 = Rs.80,000

2. Telephone expenses = Rs.8,000

Less prepaid expenses Rs.3 000 ×2/3 = Rs.2,000

Net telephone expenses = Rs.6,000

3. Interest on investment = 65,000 +10,000(accrued interest) = Rs. 75,000

20. **Journal**

Date	Particulars		L/F	Debit Amount (Rs.)	Credit Amount (Rs.)
	For Issue of Debentures				
	Bank A/c To Debentures Application and Allotment A/c (Being the receipt of debenture application money)	Dr.		39,37,500	39,37,500
	Debenture Application and Allotment A/c Loss on Issue of Debentures A/c To 9% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of Debentures A/c (Being the issue of debentures at 5% premium but repayable at 15% premium)	Dr. Dr.		39,37,500 5,62,500	37,50,000 1,87,500 5,62,500
	At the time of Redemption				
	9% Debentures A/c Premium on Redemption of Debentures A/c To Debenture Holders' A/c (Being the payment due to debenture holders)	Dr. Dr.		37,50,000 5,62,500	43,12,500
	Debenture holders' A/c To Bank A/c (Being the payment made to debenture holders')	Dr.		43,12,500	43,12,500
	For Issue of Debentures Bank A/c				

	For Issue of Debentures Bank A/c				
	Bank A/c To Debenture Application and Allotment A/c (Being the application money received)	Dr.		21,60,000	21,60,000
	Debenture Application and Allotment A/c To 12% Debentures A/c To Securities Premium Reserve A/c (Being the issue of debentures at 8% premium repayable at par)	Dr.		21,60,000	20,00,000 1,60,000
	For Redemption of Debentures				
	12% Debentures A/c To Debenture holder’s A/c (Being the amount due to redemption)	Dr.		20,00,000	20,00,000
	Debenture holders A/c To Bank A/c (Being the payment made to debentures)	Dr.		20,00,000	20,00,000
	Total			**2,05,07,500** ==========	**2,05,07,500** ==========

OR

Journal

Date	Particulars		L/F	Debit Amount (Rs.)	Credit Amount (Rs.)
	For Issue of Debentures				
	Bank A/c To Debentures Application and Allotment				

	A/c (Being the receipt of debenture application money)	Dr.		5,00,000	5,00,000
	Debenture Application and Allotment A/c Loss on Issue of Debentures A/c To 12% Debentures A/c To Premium on Redemption of Debentures A/c (Being the issue of 10,000 debentures at par redeemable at 10 % premium)	Dr. Dr.		5,00,000 50,000	5,00,000 50,000
	On Redemption of Debentures				
	12% Debentures A/c Premium on Redemption of Debentures A/c To Debenture holders' A/c (Being the amount due to debenture holders on redemption)	Dr.		5,00,000 50,000	5,50,000
	Debenture holders' A/c To Bank A/c (Being the payment made to debenture holders)	Dr.		5,50,000	5,50,000
	On Issue of Debentures				
	Bank A/c To Debenture Application and Allotment A/c (Being the application money received)	Dr.		5,50,000	5,50,000
	Debenture Application and Allotment A/c Loss on Issue of Debentures A/c To 12% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of Debentures A/c	Dr. Dr.		5,50,000 1,00,000	5,00,000 50,000 1,00,000

	(Being 10,000 debentures issued at a premium of 10% and redeemable at a premium of 20%)				
	On Redemption of Debentures				
	12% Debentures A/c Premium on Redemption of Debentures A/c To Debenture holder's A/c (Being the amount due to debenture holders on redemption)	Dr. Dr.		5,00,000 1,00,000	6,00,000
	Debenture holders A/c To Bank A/c (Being the payment made to debentures)	Dr.		6,00,000	6,00,000
	Total			**45,50,000** ========	**45,50,000** ========

21.

Dr		Revaluation Account		Cr
Particulars	**Amt(Rs)**	**Particulars**		
To Provision for Bad Debts A/c	300	By Plant and Machinery A/c		5,000
To Stock A/c	5,000	By Loss Transferred to		
		W's Capital A/c (300×3/5)	180	
		R's Capital A/c (300×2/5)	120	300
	5,300			5,300

Dr	Partners' Capital Account						Cr
Particulars	W (Rs)	R (RA comparative statement is a document that comparess)	B (Rs)	Particulars	W (Rs)	R (Rs)	B (Rs)
To				By Balance			

Revaluation A/c (Loss)	180	120	__	b/d	40,000	30,000	__
To Cash A/c	5,920	7,280	__	By Cash A/c	__	__	30,000
(Balancing figure)				By Premium for Goodwill A/c	6,600	4,400	
To Balance c/d	49,500	33,000	30,000	By Profit and Loss A/c	9,000	6,000	
					55,600	40,400	30,000

Balance Sheet
as at 31st March, 2010

Liabilities		Amt(Rs)	Assets		Amt(Rs)
Creditors		20,000	Debtors	20,000	
Capital A/cs			(-) Provision for Doubtful Debts	(1,000)	19,000
W	49,500		Stock (25,000- 5,000)		20,000
R	33,000		Plant and Machinery (35,000+ 5,000)		40,000
B	30,000	1,12,500	Patents		20,700
			Cash		32,800
		1,32,500			1,32,500

Working Note
Calculation of New Profit Sharing Ratio

Let total profit be 1

B 's share of profit = $\frac{4}{15}$ Remaining share $= 1 - \frac{4}{15} = \frac{15-4}{15} = \frac{11}{15}$

W's new share = $\frac{11}{15} \times \frac{3}{5} = \frac{33}{75}$; R's new share = $= \frac{11}{15} \times \frac{2}{5} = \frac{22}{75}$

B's new share = $\frac{4}{15} \times \frac{5}{5} = \frac{20}{75}$

New profit sharing ratio = 33:22:20

Calculation of Goodwill

4years average profit = $\frac{20{,}000+14{,}000+17{,}000+15{,}000}{4} = Rs16,500$

Value of Firm's Goodw = Average Profit $\times$ Number of Year's Purchase

$= 16,500 \times 2.5 = Rs41,250$

B 's share of goodwill = $41,250 \times \frac{4}{15} = Rs11,000$ to be credited to W and R in Sacrificing ratio i.e., 3:2

Dr	Cash Account		Cr
Particulars	**Amt(Rs)**	**Particulars**	**Amt(Rs)**
To Balance b/d	5,000	By W's Capital A/c	5,920
To B's Capital A/c	30,000	By R's Capital A/c	7,280
To Premium for Goodwill A/c	11,000	By Balance c/d (Balancing figure)	32,800
	46,000		46,000

Calculation of Adjustment of Capital

B's share $= \frac{4}{15}$

B 's capital = Rs 30,000

For $\frac{4}{15}$ th share, capital = Rs 30,000

Total capital = $30,000 \times \frac{15}{4} = Rs12,500$

W 's new capital = $1,12,500 \times \frac{33}{75} = Rs49,500$

R 's new capital = $1,12,500 \times \frac{22}{75} = Rs33,000$

B's new capital = $1,12,500 \times \frac{20}{75} = Rs30,000$

OR

Working Note :

1. Calculation of sacrificing ratio:

Sacrifice = Old Share - New Share

Old Ratio of B,C = 3 : 2

New Ratio of B,C and D = 2:2:1

B's Sacrifice = 3/5 - 2/5 = 1/10

C's Sacrifice = 2/5 - 2/5 = 0

Only B is sacrificing. hence Premium for Goodwill brought by D will be credited to B's capital A/C

2. Adjustment of capital :

   For 1/5th share, D Brought capital = 30,000

   Therefore, the total Capital of the Firm= 30,000 $\times$ 5/1= 1,50,000

   thus, B's Capital- 1,50,000 $\times$ 2/5= 60,000

   C's Capital - 1,50,000 $\times$ 2/5= 60,000

   D's Capital- 1,50,000 $\times$ 1/5= 30,000

3. **Cash A/c**

Dr.			Cr.
Particulars	Amount	Particulars	amount
To balance b/d	16,000	By B's Capital (goodwill)	7,500
To D's Capital	30,000	By B's Capital (Capital)	1,170
To Premium for goodwill	15,000	By balance c/d	76,550
To C's capital	24,220		
	85,220		85,220

Revaluation A/c

Particulars	**Amount**	**Particulars**		**Amount**
To Provision For Doubtful Debts	250	By Creditors		500
To Provision For Claim For Damages	800	By Revaluation Loss		
		B	330	
		C	220	550
	1,050			1,050

Partners Capital A/c

Particulars	B	C	D	Particulars	B	C	D
To revaluation (Loss)	330	220	……..	By Balance b/d	60,000	40,000	…….
To P&L A/c	6,000	4,000	……..	By Premium For Goodwill	15,000	……..	…….
To Cash(Goodwill)	7,500			By Cash	…….	…….	30,000
To Cash (Bal. Fig.)	1,170			By Cash(Bal. Fig.)		24,220	
To Bal c/d	60,000	60,000	30,000				
	75,000	64,220	30,000		75,000	64,220	30,000

Balance Sheet
as at 31.3.2019

Liabilities		Amount	Assets		Amount
Creditors		59,500	Land and building		80,000
Provision For Claim For damages		800	Machinery		20,000
Capital A/c's			Furniture		10,000
B	60,000		Debtors	25,000	
C	60,000		(-) Provision for Bad Debts	(1250)	23,750
D	30,000	1,50,000	Cash		76,550
		2,10,300			2,10,300

22. **Journal Entries**

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
i	Bank A/c...........Dr.		3,60,000	
	To Equity Share Application A/c			3,60,000
	(Being application money received.)			
ii	Equity Share Application A/c...........Dr.		3,60,000	
	To Equity Share Capital A/c			3,60,000
	(Being application money transferred.)			
iii	Equity Share Allotment A/c...........Dr.		23,40,000	
	To Equity Share Capital A/c			5,40,000
	To Security Premium Reserve A/c			18,00,000
	(Being allotment money due.)			
iv	Bank A/c...........Dr.		23,24,000	
	Calls in Arrears A/c...........Dr.		91,000	
	To Equity Share Allotment A/c			23,40,000
	To Calls in Advance A/c			75,000
	(Being allotment money received.)			
v	Equity Share 1st call A/c...........Dr.		12,60,000	
	To Equity Share Capital A/c			3,60,000
	To Security premium Reserve A/c			9,00,000
	(Being Share first call due.)			
vi	Bank A/c...........Dr.		13,16,000	
	Calls in Advance A/c...........Dr.		35,000	
	To Equity Share First Call A/c			12,60,000
	To Calls in arrears A/c			91,000
	(Being call money received.)			

vii	Equity Share Second & Final call A/c...........Dr.		14,40,000	
	To Equity Share Capital A/c			5,40,000
	To Security Premium Reserve A/c			9,00,000
	(Being second and final call money due.)			
viii	Bank A/c...........Dr.		13,84,000	
	Calls in arrears A/c...........Dr.		16,000	
	Calls in advance A/c...........Dr.		40,000	
	To Equity Share 2nd & Final Call A/c			14,40,000
	(Being call money received.)			
ix	Equity Share Capital A/c...........Dr.		20,000	
	Security Premium Reserve A/c...........Dr.		10,000	
	To Calls in arrears A/c			16,000
	To Share forfeited A/c			14,000
	(Being shares forfeited.)			
x	Bank A/c...........Dr.		12,000	
	Share forfeited A/c...........Dr.		3,000	
	To Equity Share Capital A/c			15,000
	(Being shares reissued.)			
xi	Share forfeited A/c...........Dr.		7,500	
	To Capital Reserve A/c			7,500
	(Being share forfeited transferred.)			

OR

JOURNAL

Date	**Particulars**	**L.F**	**Amt**	**Amt**

			(Dr.)	(Cr.)
1.	Bank A/c (1,00,000 × 10) Dr.		10,00,000	....
	To Equity Share Application and Allotment A/c		....	10,00,000
	(Being application money received on 1,00,000 snares)		....	....
2.	Equity Share Application and Allotment A/c Dr.		10,00,000	....
	To Equity Share Capital A/c (80,000 × 5)		....	4,00,000
	To Securities Premium Reserve A/c (80,000 × 5)		....	4,00,000
	To Equity Share First and Final Call A/c		....	1,00,000
	To Bank A/c (10,000 ×10)		....	1,00,000
	(Being application money transferred to share capital account and excess money is adjusted in final call account)		....	....
3.	Equity Share First and Final Call A/c Dr.		8,00,000	....
	To Equity Share Capital A/c (80,000 × 5)		....	4,00,000
	To Securities Premium Reserve A/c (80,000 × 5)		....	4,00,000
	(Being amount due on first and final call)		....	....
4.	Bank A/c Dr.		6,86,000	....
	To Equity Share First and Final Call A/c		....	6,86,000
	(Being amount received on first and final call)		....	....
5.	Equity Share Capital A/c (1,600 × 10) Dr.		16,000	....
	Securities Premium Reserve A/c (1,600 × 5) Dr.		8,000	....
	To Equity Share Forfeiture A/c		....	10,000
	To Equity Share First and Final Call A/c (Being Kumar's share forfeited)		....	14,000
6.	Bank A/c (1,600 × 9) Dr.		14,400	....

	Equity Share Forfeiture A/c Dr.		1,600	....
	To Equity Share Capital A/c (1,600 × 10)		....	16,000
	(Being forfeited shares reissued for Rs. 9 as fully paid up)		....	....
7.	Equity Share Forfeiture A/c Dr.		8,400	....
	To Capital Reserve A/c		....	8,400
	(Being excess amount on forfeiture transferred to capital reserve)		....	....

Working Notes:-

1. Computation Table

Categories	Shares Applied	Shares Allotted	Money Received on Application @ Rs. 10 each	Money Transferred to Share Capital @ Rs. 5 each	Money Transferred to Securities / Premium Reserve	Excess Application Money
I	10,000	-	1,00,000	1,00	-	-
II	90,000	80,000		9,00,000	4,00,000	1,00,000
	1,00,000	80,000	10,00,000	10,00,000	4,00,000	1,00,000

2. Calculation of Amount not Received on First and Final Call:-

Shares allotted to Kumar $= \frac{80{,}000}{90{,}000} \times 1,800 = 1,600$ Shares

Amount received on 1,800 shares @ Rs. 10 each	18,000
Amount transferred to share capital account (1,600×5)	8,000
Amount transferred to securities premium account (1,600 × 5)	8,000
Excess money received on application	2,000
Amount due on first and final call for 1,600 shares of Kumar @ Rs. 10 each	16,000

Amount not received on securities premium	8,000
Amount not received on first and final call	6,000

3. **Calculation of Amount Credited in Share Forfeiture Account:-**

Amount received on application and allotment	18,000
(-) Amount received for securities premium	8,000
Amount to be credited in share forfeiture account	10,000

Section B

23. (b) Under-utilization of working capital

    Explanation: Indicates that a business is investing in too many accounts receivable and inventory assets to support its sales , which could eventually lead to an excessive amount of bad debts and obsolete inventory.

24. Ratio will improve because both liquid/quick assets (Cash or Bank) and current liabilities (Proposed Dividend) will reduce by payment of dividend.

25. Operating profit ratio is calculated to assess the operating margin. It establishes the relationship between ‘Operating Profit’ and ‘Revenue from Operations’ (net sales). Operating profits is arrived at by deducting all other operating expenses from gross profits.

26. It is Revenue from Operations because the business of ABC Finance Ltd. is financing, i.e., giving and taking loans. Revenue from operations can be defined as the income generated by an entity from its daily core business operations.

27. 'Deposit of cash into bank' does not result in cash flow as It is simply a movement between two components ie., cash and cash equivalents. In this transaction outflow is cash and inflow is cash equivalent. So no change in the cash flow.

28. False

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

30. **Comparative Statement of Profit and Loss**

Particulars	Note No.	2013-14 (Rs.)	2014-15 (Rs.)	Absolute Change (Rs.)	Percentage Change (%)
I. Revenue from operations		6,60,000	6,25,000	(35000)	5.3%
II.Other Incomes		25,000	90,000	65,000	260%
III.Total Revenue(I+II)		6,85,000	7,15,000	30,000	4.37%
IV. Expenses:					
a.Cost of Material Consumed		4,00,000	6,00,000	2,00,000	50%
b. Other expenses		25,000	40,000	15,000	60%
V. Total Expenses (a+b)		6,25,000	6,40,000	2,15,000	34.4%
VI. Profit before tax (III-V)		60,000	75,000	15,000	25%
VII. Income Tax @ 30 %		18,000	22,500	4,500	25%
VI. Profit after tax (VI-VII)		42,000	52,500	10,500	25%

OR

Schedule 3 of the Companies Act, 2013 deals with the form of Balance Sheet and Profit & Loss A/c.The Ministry of Corporate Affairs, Government of India, has revised this schedule to keep pace with privatization and globalization to par with the international corporate reporting practices.

Sl No.	Items	Major Headings
(i)	Trade Payables	Current Liabilities

	(Sundry creditors)	
(ii)	Provision for Tax	Current Liabilities - short term provisions
(iii)	Preliminary Expenses	Write off in five equal instalments (Can deduct from Securities Premium Reserve)
(iv)	Loose Tools	Current Assets - inventories
(v)	Interest Accrued on Investments	Current Assets - other current assets
(vi)	Goodwill	Fixed Assets - intangible assets

31. **Comparative Income Statement**

Particular	**2010-11**	**2011-12**	**Absolute Change**	**Absolute % Change**
	(A)	(B)	(C= B-A)	(D= C/A *100)
	Rs.	Rs.	Rs.	%
Revenue From Operations	2400000	4000000	1600000	66.66
Other Income	1800000	2400000	600000	33.33
Total Revenue (I)	4200000	6400000	2200000	52.38
Expenses (II)	1400000	1600000	200000	14.28
Profit Before Tax (I – II)	2800000	4800000	2000000	71.43

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 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**

I. Cash Flow Form Operating Activities:		
Net Profit before Tax	**25500**	
+ Depreciation on fixed asset	14700	
Operating profit before Working Capital Changes	**40200**	
- Stock	2000	
Debtors	1500	
	36700	
+ Trade payables	2300	**39000**
II. Cash Flow From Investing Activities :		
Purchase of fixed asset	(51000)	**(51000)**
III. Cash Flow From Financing Activities :		
Issue of share	20000	
Payment of interim dividend	(7000)	**13000**
Net increase		***1000***
+ Opening Cash and Cash Equivalent		2000
Closing Cash and Cash Equivalent		3000