SAMPLE PAPER- 2 (Solved)
ACCOUNTANCY
Class – XII

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:
1. This question paper contains Two parts A& B.
2. Both the parts are compulsory for all.
3. All parts of questions should be attempted at one place.
4. Marks are given at the end of each question.

Part – A
Partnership, Share Capital and Debentures

1. Vinod and Yuvraj are partners in a firm without a partnership deed. Vinod's Capital is Rs.10,000 and Yuvraj's capital is Rs.14,000. Yuvraj has advanced a loan of Rs.5,000 and claims interest @ 12% p.a. on it. State with reasons whether his claim is valid or not. [1]

2. Vinod and Himesh are equal partners. What two main steps they should use in the calculation of goodwill according to the Super Profit Method? [1]

3. Vinay and Vinod were partners in a firm sharing profits in 3:2 ratio. From 1st March, 2016, they decided to change it to 3:1. For this purpose the goodwill of the firm was valued at Rs.1,20,000. Give necessary journal entry for the treatment of goodwill. [1]

4. A, B and C were partners sharing profits in the ratio of 5:3:2. B retired on 1st January, 2006 with A and C agreeing to share the profits in future in the ratio of 6:4. Find the Gaining Ratio. [1]

5. State the steps other than rejecting applications that a company can take in case of over subscription. [1]

6. As per the new guidelines of the Companies Act, 2013, what minimum amount of profit is required to be transferred to the Debenture Redemption Reserve before redemption? [1]

7. What is meant by Minimum Subscription? [3]

8. AK and BK were sharing profits in the ratio of 3:2. They decided to admit CK into the partnership for 1/6th share of the future profits. Goodwill was valued at 4 times the [3]

average super profit of the firm was Rs.18,000. The firm had assets worth Rs.15,00,000 and Liabilities Rs.12,00,000. The Normal earning capacity of such firms is expected to be 10% p.a. You are required to ascertain the Average Profit or Actual Profit earned by the firm during the last 4 years.

9. Complete the following journal entries by filling the blank spaces when Vinod Limited forfeited 200 shares of Rs.20 each, Rs.15 per share called up on which Rs.10 per share had been paid: [3]

Date	Particulars	L.F.	Debit	Credit
	……………………..A/c Dr.		3,000	
	To ………………. A/c			…………
	To Calls in Arrears A/c			…………
	(Being 200 shares forfeited for not paying the call money Rs.5 per share)			
	…………………….. A/c Dr.		…………	
	……………………...A/c Dr.		…………	
	To ………………….A/c			3,000
	(Being 200 forfeited shares reissued as Rs.15 per share paid for payment of Rs.10 each)			
	………………………A/c Dr.		…………	
	To ………………….A/c			…………
	(Being gain on reissue transferred to capital reserve)			

10. The authorised capital of Vinod Limited is Rs.45,00,000 divided into 30,000 shares of Rs.150 each. Out of these, company issued 15,000 shares of Rs.150 each at a premium of Rs.10 per share. The amount was payable as follows: [3]
Rs.50 per share on application
Rs.40 per share on allotment (including premium)
Rs.30 per share on first call
Balance on final call
Public applied for 14,000 shares. All the money was duly received.
Prepare company's balance sheet (extract) as per Schedule III of the Companies Act, 2013 and also prepare Notes to Accounts.

11. The following is the Balance Sheet of A, B and C as on 31st March 2014: [4]

Liabilities	Amount	Assets	Amount
Sundry Creditors	4,500	Cash in hand	300
Reserve Fund	4,800	Cash at bank	7,500
Capitals: A	15,000	Stock	9,000
B	7,500	Debtors	9,000
C	7,500	Furniture	12,000
		Loose Tools	1,500
	39,300		39,300

C died on 30th June, 2014. Under the terms of Partnership Deed, the executors of the deceased partner were entitled to:

(i) Amount standing to the credit of Partner's Capital Account.

(ii) Interest on Capital @ 6% per annum.

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

(iv) Share of profit from the closing of last financial year to the date of death on the basis of last year's profit. The profit of the last three years were as follows:

Year	Profits
2011-12	9,000
2012-13	10,500
2013-14	12,000

The firm closes its books on 31st March every year. The partners shared profits in the ratio of their capitals. Prepare C's Capital Account to be presented to her executors.

12. Satnam and Qureshi after doing their MBA decided to start a partnership firm to manufacture ISI marked electronic goods for economically weaker section of the society. Satnam also expressed his willingness to admit Julie as a partner without capital who is specially abled but a very creative and intelligent friend of him. Qureshi agreed to this. They formed a partnership on 1st April,2014 on the following terms: [4]
i. Satnam will contribute Rs.4,00,000 and Qureshi will contribute Rs.2,00,000 as capitals.
ii. Satnam, Qureshi and Julie will share profits in the ratio of 2:2:1.
iii. Interest on capital will be allowed @ 6% p.a.
Due to shortage of capital Satnam contributed Rs.50,000 on 30th September, 2014 and Qureshi contributed Rs.20,000 on 1st January, 2015 as additional capitals. The profit of the firm for the year ended 31st March, 2015 was Rs.3,37800.
a. Identify any two values which the firm wants to communicate to the society.
b. Prepare Profit and Loss Appropriation Account.

13. (a) Vinod and Ashish were partners in a firm sharing profits in the ratio of 3:2. Their capitals were Rs.80,000 and Rs.50,000 respectively. They admitted Gaurav in the firm on 1st January, 2013 as a new partner for 1/5th share in the future profits. Gaurav brought Rs.60,000 as his capital. Calculate the value of goodwill of the firm and record necessary journal entries on Gaurav's admission. [3+3]
(b) AK, NK and SK were partners in a firm sharing profits in the ratio of 5:3:2. Goodwill appeared at Rs.90,000 and General Reserve at Rs.50,000 in the books of the firm. NK decided to retire from the firm. On the date of his retirement, goodwill of the firm was valued at Rs.2,40,000. The new profit sharing ratio of AK and SK was 2:3. Give entries.

14. (a) On 1st April, 2012 a company issued 4,000 9% debentures of Rs. 100 each at a discount of 10%, repayable at a premium of 10%. The terms of issue provided for the redemption of Rs. 40,000 debentures every year commencing from March 31st, 2014, either by purchase from open market or by draw of lots at the company's option. [3+3]
On March 31st, 2014, the company purchased for cancellation its own debentures of the face value of Rs. 32,000 at Rs. 95 per debenture and Rs. 8,000 at Rs. 90 per debenture. The expenses of purchase amounted to Rs. 1,000. Record necessary journal entries for redemption of 9% debentures.

(b) Company has converted its 550; 9% Debentures of Rs.1,000 each into New 13% Debentures of Rs.100 each. The new debentures were issued at a premium of 10%.

15. Vinod and Mukesh were partners in a firm sharing profits in the ratio of their capitals. On 31st March, 2013, their Balance Sheet was as follows: [6]

Liabilities	Amount	Assets	Amount
Creditors	1,50,000	Bank	2,00,000
Workmen compensation fund	3,00,000	Debtors	3,40,000
General Reserve	75,000	Stock	1,50,000
Vinod's Current A/c	25,000	Furniture	4,60,000
Capitals: Vinod	10,00,000	Machinery	8,20,000
Mukesh	5,00,000	Mukesh's Capital A/c	80,000
	20,50,000		20,50,000

On the above date the firm was dissolved:

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

(ii) Furniture was taken over by Mukesh for Rs.1,35,000. Machinery was sold as scrap for Rs.74,000.

(iii) Creditors were paid in full.

(iv) Expenses on realisation Rs.8,000 were paid by Vinod.

Prepare Realisation Account.

16. W and R were partners in a firm sharing profits in the ratio of 3:2 respectively. On 31st March, 2013, their Balance Sheet was as follows: [8]

Liabilities	Amount	Assets		Amount
Bank Loan	10,000	Cash		2,500
Creditors	17,500	Debtors	10,000	
Investment Fluctuation	4,000	Less: Provision	350	9,650
Fund	20,000	Stock		12,500
Capitals: W	15,000	Plant		17,500
R		Patents		10,350
		Investments		10,000
		Goodwill		4,000
	66,500			66,500

B was admitted as a new partner on the following conditions:

(i) B will get 4/15th share of profits.
(ii) B had to bring Rs.15,000 as his capital.
(iii) B would pay cash for his share of goodwill based on 2.5 years purchase of average profit of last 4 years.
(iv) The profits of the firm for the years ending 31st March, 2010, 2011, 2012 and 2013 were Rs.10,000; Rs.7,000; Rs.8,500 and Rs.7,500 respectively.
(v) Stock was valued at Rs.10,000 and provision for doubtful debts was raised up to Rs.500.
(vi) Plant was revalued at Rs.20,000.

Prepare Revaluation Account, Partners Capital Account and Balance Sheet of new firm.

OR

Lalit, Madhur and Neena were partners sharing profits as 50%, 30% and 20% respectively. On 31st March, 2013, their Balance Sheet was as follows:

Liabilities	Amount	Assets	Amount
Creditors	28,000	Cash	34,000
Provident Fund	10,000	Debtors 47,000	
Investment Fluctuation	10,000	Less: Provision 3,000	44,000
Fund	50,000	Stock	15,000
Capitals: Lalit	40,000	Investments	40,000
Madhur	25,000	Goodwill	20,000
Neena		Profit and Loss A/c	10,000
	1,63,000		1,63,000

On this date, Madhur retired and Lalit and Neena agreed to continue on the following terms:

(i) The goodwill of the firm was valued at Rs.51,000.

(ii) There was a claim for workmen compensation to the extent of Rs.6,000.

(iii) Investment were brought down to Rs.15,000.

(iv) Provision for bad debts was reduced by Rs.1,000.

(v) Madhur was paid Rs.10,300 in cash and the balance was transferred to his loan account payable in two equal instalments together with interest @ 12% p.a.

Prepare Revaluation Account, Partners Capital Accounts and Madhur's Loan Account till the loan is finally paid off.

17. Vinod Limited issued 40,000 Equity Shares of Rs.10 each at a premium of Rs.2.50 per share. The amount was payable as follows: [8]

On Application ……………………… Rs.2 per share

On Allotment ………………………. Rs.4.50 per share (including premium)

And on Call …………………………..Rs.6 per share

Allotment was made to the applicants as follows:

(i) Applicants for 20,000 shares were allotted 10,000 shares

(ii) Applicants for 56,000 shares were allotted 14,000 shares

(iii) Applicants for 48,000 shares were allotted 16,000 shares

It was decided that excess amount received on applications would be utilised on allotment and the surplus would be refunded.

Ram, to whom 1,000 shares were allotted, who belongs to category (i), failed to pay allotment money. His shares were forfeited after the call.

Pass necessary journal entries in the books of Vinod Limited for the above transactions.

OR

Vinod Limited invited applications for issuing 80,000 shares of Rs.10 each at a premium of Rs.40 per share but applications were received only for 77,000 shares. Complete the following journal entries.

Date	Particulars	L.F.	Debit	Credit
	…………….. A/c Dr.		……	
	To …………………A/c			26,95,000
	(Being application money received @ Rs.35 each including Rs.30 premium)			
	…………………A/c Dr.		……	
	To …………………A/c			3,85,000
	To Securities Premium A/c			……
	(Being application money adjusted)			
	…………………A/c Dr.		6,16,000	
	To …………………A/c			……
	To Securities Premium			……
	(Being allotment money due @ Rs.8 including premium of Rs.4 each share)			
	…………………A/c Dr.		……	
	To …………………A/c			……
	(Being allotment money received except on 7,000 shares)			
	…………………A/c Dr.		……	
	Securities Premium A/c Dr.		……	
	To …………………A/c			……
	To Share Allotment A/c			……
	(Being 7,000 shares forfeited by the Vinod Limited)			
	…………………A/c Dr.		……	
	To …………………A/c			……
	To Securities Premium A/c			4,20,000
	(Being first and final call due with premium)			
	…………………A/c Dr.		……	
	To …………………A/c			4,86,500
	(Being first and final call received except on 500 shares)			
	…………………A/c Dr.		……	
	Securities Premium A/c Dr.		……	
	To …………………A/c			3,500
	To First and Final Call A/c			……
	(Being 500 shares forfeited by the Vinod Limited)			

	…………………A/c Dr.		……	
	To …………………A/c			……
	To Securities Premium A/c			……
	(Being 1,000 shares reissued @ Rs.50 per share fully paid, including 500 shares, which were forfeited after the call)			
	…………………A/c Dr.		……	
	To …………………A/c			……
	(Being gain on forfeiture transferred to the capital reserve)			

Part- B Financial Statement Analysis

18. Redemption of Debentures would result in inflow, outflow or no flow of cash. Give your answer with reason. [1]

19. When is interest received considered as financing activity? [1]

20. (a) How will you show the following items in the balance sheet of a company? [4]
    (i) Capital Reserve
    (ii) Statement of P/L
    (iii) Bank Overdraft
    (iv) Income received in advance
    (b) State any one objective of Financial Statement Analysis.

21. Calculate 'Return on Investment' and 'Debt to Equity Ratio' from the following information: [4]

Net Profit after Interest and Tax	Rs.3,00,000
10% Debentures	Rs.5,00,000
Tax Rate	40%
Capital Employed	Rs.40,00,000

22. Following information was extracted from the Statement of Profit and Loss for the years ended 31st March, 2012 and 2013. Prepare Comparative Statement of Profit and Loss: [4]

Particulars	31.3.2013	31.3.2012
Revenue from operations	10,00,000	8,00,000
Employees benefit expenses	5,00,000	4,00,000
Other expenses	50,000	1,00,000
Tax rate	50%	50%

23. Prepare Cash Flow Statement from the following Balance Sheet: [6]

	Particular	Note No.	31.3.2013 (Rs)	31.3.2012 (Rs)

I	**Equity and Liabilities**			
1.	**Shareholder's Funds:**			
	a) Share Capital		6,30,000	5,60,000
	b) Reserve and Surplus	1	3,08,000	1,82,000
2.	**Current Liabilities:**			
	a) Trade Payables		2,80,000	1,82,000
	Total		12,18,000	9,24,000
II	**Assets:**			
1.	**Non-Current Assets:**			
	a) Fixed Assets:			
	i. Tangible (machinery)		3,92,000	2,80,000
2.	**Current Assets:**			
	a) Inventories		98,000	1,40,000
	b) Trade Receivables		6,30,000	4,20,000
	c) Cash and Cash equivalents		98,000	84,000
	Total		12,18,000	9,24,000

Notes to Accounts:

Particulars	31.3.2013	31.3.2012
1. Reserves and Surplus Surplus i.e. Balance in Statement of P/L	3,08,000	1,82,000

Additional Information:

(a) An old machinery having book value of Rs.42,000 was sold for Rs.56,000.

(b) Depreciation provided on machinery during the year was Rs.28,000.

Solution Sample Paper -02

Solution 1. Claim of Vinod is not valid because in the absence of partnership deed, interest on partner's loan will be given @ 6% p.a.

Solution 2. Two main steps involved in the calculation of goodwill are:

(i) Calculation of Average Profit

(ii) Calculation of Super Profit i.e. Average Profit – Normal Profit

Solution 3. Vinay's Capital A/c Dr. 18,000

To Vinod's Capital A/c 18,000

(Being adjustment made for goodwill at the time of change in ratio)

Note: Goodwill adjustment amount = 1,20,000 x 3/20 = 18,000

Solution 4. Old Share of A and C = 5 : 2

New Share of A and C = 6:4 (given)

Gain Ratio = A = 6/10 – 5/10 = 1/10

C = 4/10 – 2/10 = 2/10

Solution 5. A company can exercise the following options:

(i) To make pro rata allotment to the applicants

(ii) Company may reject some applications and make pro rata allotment to the remaining applicants.

Solution 6. As per the new guidelines of the Companies Act, 2013, minimum 25% amount of the profit is required to be transferred to the Debenture Redemption Reserve before redemption.

Solution 7. Minimum subscription can be described as follows:

- As per the section 39 of the Companies Act, 2013, Minimum subscription is that amount which company must receive through the subscription of shares issued by the company.
- As per the SEBI's guidelines, a company must receive 90% subscription of the issued share capital before making allotment of shares/debentures to the applicants.
- In case of less than 90% Subscription Company may cancel the issue and refund the money the applicants.

Solution 8. Goodwill (given) = 18,000

Goodwill is calculated by = Super Profit x 4

i.e. 18,000 = Super Profit x 4

Super Profit = 18,000/4 = 4,500

Capital Employed = Assets – Liabilities

i.e. 3,00,000 = 15,00,000 – 12,00,000

Solution 9. **Journal Entries**

Date	Particulars	L.F.	Debit	Credit
	Share Capital A/c Dr.		3,000	
	To Share Forfeiture A/c			2,000
	To Calls in Arrears A/c			1,000
	(Being 200 shares forfeited for not paying the call money Rs.5 per share)			
	Bank A/c Dr.		2,000	
	Share Forfeiture A/c Dr.		1,000	
	To Share Capital A/c			3,000
	(Being 200 forfeited shares reissued as Rs.15 per share paid for payment of Rs.10 each)			
	Share Forfeiture A/c Dr.		1,000	
	To Capital Reserve A/c			1,000
	(Being gain on reissue transferred to capital reserve)			

Solution 10. **Balance Sheet**

Particulars	Note No.	Amount
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
(a) Share Capital	1	21,00,000
(b) Reserves and Surplus	2	1,40,000
Total		22,40,000
II. ASSETS		
Current Assets		
Cash and Cash Equivalents	3	22,40,000
		22,40,000

Notes to Accounts

Particulars	Amount
1. Share Capital	
Authorised Capital	
30,000 Equity Shares of Rs.150 each	45,00,000
Issued Capital	
15,000 Equity Shares of Rs.150 each	22,50,000
Subscribed Capital	
14,000 Equity Shares of Rs.150 each	21,00,000

2. Reserves and Surplus Securities Premium Reserve	1,40,000
3. Cash and Cash Equivalents	22,40,000

Solution 11. C's Capital Account

Particulars	Amount	Particulars	Amount
To C's Executor's A/c (Bal. fig.)	14,813	By Balance b/d By Interest on Capital By Reserve Fund By A's Capital A/c By C's Capital A/c By Profit and Loss Suspense	7,500 1,200 113 3,500 1,750 750
	14,813		14,813

Important Notes:

(1) Goodwill = 9,000 + 10,500 + 12,000 = 31,500/3 = 10,500 x 2 = 21,000

(2) Interest on capital = 7,500 x 6/100 x 3/12 = 113

(3) C's Share of profit = 12,000 x 3/12 x 1/4 = 750

Solution 12. Values highlighted are:

(i) Respect for Law (by manufacturing ISI marked electronic goods)

(ii) Women Empowerment

(iii) Sensitivity towards the specially abled people

Profit and Loss Appropriation Account

Particulars	Amount	Particulars	Amount
To Interest on Capital: Satnam's Capital A/c Qureshi's Capital A/c To Profit Transferred to: Satnam's Capital A/c Qureshi's Capital A/c Juliee's Capital A/c	 25,500 12,300 1,20,000 1,20,000 60,000	By Profit and Loss A/c	3,37,800
	3,37,800		3,37,800

Solution 13. (a) Journal Entries

Date	Particulars	L.F.	Debit	Credit
	Bank A/c Dr. To Gaurav's Capital A/c (Being capital introduced by Gaurav)		60,000	 60,000

	Gaurav's Capital A/c Dr. To Vinod's Capital A/c To Ashish's Capital A/c (Being adjustment of premium for goodwill is done)		22,000	 13,200 8,800

(b) Journal Entries

Date	Particulars	L.F.	Debit	Credit
	AK's Capital A/c Dr. NK's Capital A/c Dr. SK's Capital A/c Dr. To Goodwill A/c (Being old goodwill written off)		45,000 27,000 18,000	 90,000
	General Reserve A/c Dr. To AK's Capital A/c To NK's Capital A/c To SK's Capital A/c (Being General Reserve shared by the partners)		50,000	 25,000 15,000 10,000
	SK's Capital A/c Dr. To AK's Capital A/c To NK's Capital A/c (Being goodwill adjusted at the time retirement)		96,000	 24,000 72,000

Solution 14. (a) Journal Entries

Date	Particulars	L.F.	Debit	Credit
	Own Debentures A/c Dr. To Bank A/c (Being company purchased its own 320 debentures)		38,600	 38,600
	9% Debentures A/c Dr. To Own Debentures A/c To Gain on Cancellation (Being own debentures cancelled)		40,000	 38,600 1,400
	Gain on Cancellation A/c Dr. To Capital Reserve (Being gain transferred to capital reserve)		1,400	 1,400

(b) Journal Entries

Date	Particulars	L.F.	Debit	Credit
	9% Debentures A/c Dr. To Debenture holders A/c (Being amount due to the debenture holders)		5,50,000	 5,50,000

	Debenture holders A/c Dr. To 13% Debenture A/c To Securities Premium (Being new debentures issued)		5,50,000	 5,00,000 50,000

Note: No. of Debentures issued = 5,50,000/110 = 5,000

Solution 15. Realisation Account

Particulars	Amount	Particulars	Amount
To Debtors	3,40,000	By Creditors	1,50,000
To Stock	1,50,000	By Vinod's Capital A/c (stock)	67,500
To Furniture	4,60,000	By Bank A/c (assets realised)	
To Machinery	8,20,000	Stock 65,000	
To Bank A/c (creditors)	1,50,000	Debtors 3,23,000	
To Vinod's Capital A/c	8,000	Machinery 74,000	4,62,000
(Realisation Expenses)		By Mukesh's Capital A/c	1,35,000
		By Loss Transferred:	
		Vinod	7,42,333
		Mukesh	3,71,167
	19,28,000		19,28,000

Solution 16. Revaluation Account

Particulars	Amount	Particulars	Amount
To Stock A/c	2,500	By Plant A/c	2,500
To Provision for doubtful debts	150	By Loss Transferred:	
		W's Capital A/c	90
		R's Capital A/c	60
	2,650		2,650

Partners' Capital Account

Particulars	W	R	B	Particulars	W	R	B
To Goodwill	2,400	1,600		By Bal. b/d	20,000	15,000	
To Rev. A/c	90	60		By I.F.F	2,400	1,600	
To Bal. c/d	23,210	17,140	15,000	By Premium	3,300	2,200	
				By Cash A/c			15,000
	25,700	18,800	15,000		25,700	18,800	15,000

Balance Sheet

Liabilities	Amount	Assets	Amount
Bank Loan	10,000	Cash	23,000
Creditors	17,500	Debtors 10,000	
Capitals: W	23,210	Less: Provision 500	9,500

R	17,140	Stock	10,000
B	15,000	Plant	20,000
		Patents	10,350
		Investments	10,000
	82,850		82,850

OR

. Revaluation Account

Particulars	Amount	Particulars	Amount
To Workmen Compensation	6,000	By Provision for bad debts	1,000
To Investment	15,000	By Loss Transferred:	
		Lalit	10,000
		Madhur	6,000
		Neena	4,000
	21,000		21,000

Partners' Capital Account

Particulars	Lalit	Madhur	Neena	Particulars	Lalit	Madhur	Neena
To Rev. A/c	10,000	6,000	4,000	By Bal. b/d	50,000	40,000	25,000
To P/L A/c	5,000	3,000	2,000	By Lalit's Cap.		10,929	
To Goodwill	10,000	6,000	4,000	By Neena's Cap.		4,371	
To Madhur	10,929		4,371				
To Cash		10,300					
To Madhur loan		30,000					
To Bal. c/d	14,071		10,629				
	50,000	55,300	25,000		50,000	55,300	25,000

Madhur's Loan Account

Date	Particulars	Amount	Date	Particulars	Amount
Mar. 31, 2013	To Bal. c/d	30,000	31 March	By Madhur's Cap. A/c	30,000
		30,000			30,000
2014 Mar. 31	To Cash A/c To Bal. c/d	18,600 15,000	2013 April 1 2014 Mar. 31	By Balance b/d By Interest	30,000 3,600
		33,600			33,600
2015 Mar.31	To Cash A/c	16,800	2013 April 1 2014 Mar. 31	By Balance b/d By Interest	15,000 1,800
		16,800			16,800

Solution 17. Journal Entries

Date	Particulars	L.F.	Debit	Credit
	Bank A/c Dr.		2,48,000	
	To Equity Share Application A/c			2,48,000
	(Being application money received)			
	Equity Share Application A/c Dr.		2,48,000	
	To Equity Share Capital A/c			80,000
	To Equity Share Allotment A/c			1,47,000
	To Bank A/c			21,000
	(Being application money adjusted)			
	Equity Share Allotment A/c Dr.		1,80,000	
	To Equity Share Capital A/c			80,000
	To Securities Premium			1,00,000
	(Being allotment money due)			
	Bank A/c Dr.		30,500	
	To Equity Share Allotment			30,500
	(Being allotment money received)			
	Equity Share First and final call A/c Dr.		2,40,000	
	To Equity Share Capital A/c			2,40,000
	(Being first and final call due)			
	Bank A/c Dr.		2,34,000	
	To Equity Share first and final call			2,34,000
	(Being first and final call received)			
	Equity Share Capital A/c Dr.		10,000	
	Securities Premium A/c Dr.		2,500	
	To Share Forfeiture A/c			4,000
	To Share Allotment A/c			2,500
	To first and final call			6,000
	(Being 1,000 shares forfeited by the Vinod Limited)			

Note : Calculation of applied shares = 20,000/10,000 x 1,000 = 2,000 shares.

OR

Date	Particulars	L.F.	Debit	Credit
	Bank A/c Dr.		26,95,000	
	To Equity Share Application A/c			26,95,000
	(Being application money received @ Rs.35 each including Rs.30 premium)			
	Equity Share Application A/c Dr.		26,95,000	
	To Equity Share Capital A/c			3,85,000
	To Securities Premium A/c			23,10,000

	(Being application money adjusted)			
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium (Being allotment money due @ Rs.8 including premium of Rs.4 each share)		6,16,000	 3,08,000 3,08,000
	Bank A/c Dr. To Equity Share Allotment (Being allotment money received except on 7,000 shares)		5,60,000	 5,60,000
	Equity Share Capital A/c Dr. Securities Premium A/c Dr. To Share Forfeiture A/c To Share Allotment A/c (Being 7,000 shares forfeited by the Vinod Limited)		63,000 28,000	 56,000 35,000
	Equity Share First and final call A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being first and final call due with premium)		4,90,000	 70,000 4,20,000
	Bank A/c Dr. To Equity Share first and final call (Being first and final call received except on 500 shares)		4,86,500	 4,86,500
	Equity Share Capital A/c Dr. Securities Premium A/c Dr. To Share Forfeiture A/c To First and Final Call A/c (Being 500 shares forfeited by the Vinod Limited)		5,000 3,000	 3,500 4,500
	Bank A/c Dr. To Share Capital A/c To Securities Premium A/c (Being 1,000 shares reissued @ Rs.50 per share fully paid, including 500 shares, which were forfeited after the call)		50,000	 10,000 40,000
	Share forfeiture A/c Dr. To Capital Reserve (Being gain on forfeiture transferred to the capital reserve)		7,000	 7,000

Part – B

Analysis of Financial Statements

Solution 18. Redemption of debentures is outflow of cash because it is a payment to the debenture holders and decreases cash.

Solution 19. When a company receives interest on calls in arrears it is considered as financing activity.

Solution 20. (a) Items to be shown in the Balance Sheet:

(i) Capital Reserve ----------- Shareholders Funds-------------Reserves and Surplus

(ii) Statement of P/L --------- Shareholders Funds-------------Reserves and Surplus

(iii) Bank Overdraft---------- Current Liabilities -------------- Short-term borrowings

(iv) Income received in advance------ Current Liabilities ----- Other current liabilities

(b) The main objective of Financial Statement Analysis is to know long term as well as short term solvency of the business firm.

Solution 21. (i) Return on Investment =

Net Profit before interest and tax/capital employed x 100

= 5,50,000/40,00,000 x 100 = 13.75%

Working Note:

Net Profit before Interest and Tax = 3,00,000 + 50,000 (Interest) + 2,00,000 Tax = 5,50,000

(ii) Debt to Equity Ratio =

Debt = 5,00,000 i.e.10% Debentures

Equity = Capital Employed 40,00,000 – Debt 5,00,000 = 35,00,000

Debt/Equity = 5,00,000/35,00,000 = 1:7

Solution 22. Comparative Statement of Profit and Loss

Particulars	31.3.2013	31.3.2012	Absolute change	% change
(i) Revenue from operations	10,00,000	8,00,000	2,00,000	25
(ii) Expenses:				
(a) Employee benefit expenses	5,00,000	4,00,000	1,00,000	25
(b) Other expenses	50,000	1,00,000	(50,000)	(50)
Total Expenses	5,50,000	5,00,000	50,000	10
Net profit before tax (i –ii)	4,50,000	3,00,000	1,50,000	50
Less: Tax	2,25,000	1,50,000	75,000	50
Net profit after tax	2,25,000	1,50,000	75,000	50

Solution 23. Cash Flow Statement

Particulars	Detail	Amount
A. Cash Flow from Operating Activities		
Net Profit before tax	1,26,000	
Add: Depreciation	28,000	
Less: Profit on sale of Machinery	(14,000)	
Operating profit before working capital changes	1,40,000	
Add: Trade payables	98,000	
Add: Decrease in Inventories	42,000	
Less: Increase in Trade Receivable	(2,10,000)	
Cash flow from operating activities before tax	70,000	70,000
B. Cash Flow from Investing Activities		
Proceeds from sale of machinery	56,000	
Purchase of machinery	(1,82,000)	
Cash used in Investing Activities		(1,26,000)
C. Cash Flow from Financing Activities		
Issue of Shares	70,000	
Cash Flow from Financing Activities		70,000
D. Decrease in Cash and Cash Equivalents (A + B + C)		14,000
Add: Cash and Cash Equivalents in the beginning		84,000
Cash and Cash Equivalents at the end		98,000

Working Note: Plant and Machinery Account

Particulars	Amount	Particulars	Amount
To Bal. b/d	2,80,000	By Bank A/c	56,000
To Gain on sale of machinery	14,000	By Depreciation	28,000
To Bank A/c (Bal. fig. purchase)	1,82,000	By Bal. c/d	3,92,000
	4,76,000		4,76,000

Note for teachers and students: In case you have any doubt or any inquiries please go through "Ultimate Book of Accountancy" CBSE class 12th **OR** You can contact the respected author: authorcbse@gmail.com