CBSE Class 12 Accountancy
Sample Paper 02 (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. Registration of partnership firm is _______.
   a. Optional
   b. Under Companies Act 2013
   c. Not Allowed
   d. Compulsory
2. Anu and Babita are partners in a firm sharing profits and losses in the ratio of 3:2. On April 1, 2003, they admit Deepak as a new partner for $\frac{3}{13}$ share in the profits. Deepak contributed the following assets towards his capital and for his share of goodwill: Land ₹90,000, machinery ₹70,000, stock ₹60,000 and debtors ₹40,000. On the date of admission of Deepak, the goodwill of the firm was valued at ₹5,20,000, which does not appear in the

books. Calculate the amount of goodwill brought in by a new partner.

a. ₹1,00,000
b. ₹1,15,000
c. ₹1,20,000
d. ₹1,10,000

3. _______ Shareholders have the right to receive arrears of dividend before the dividend is paid to the equity shareholders.
   a. Redeemable Preference Shares
   b. Cumulative Preference Shares
   c. Only Convertible Shares
   d. Non cumulative preference Shares
4. On what basis the receipts and payments account is prepared?
   a. Cash basis
   b. Accrual basis
   c. Both Cash basis and Accrual basis
   d. None of these
5. Current Accounts of the partners will be closed by _______.
   a. Transferring in Realisation Account
   b. Transferring in Cash Account
   c. Transferring in Capital Account
   d. All of these
6. Discount on Reissue of shares cannot be more than the _______.
   a. Called up amount
   b. Forfeited Amount
   c. Face value of share
   d. Bank amount received
7. In what circumstances a partnership firm can be dissolved?
   A. When all partners become insolvent.
   B. When the business of the firm become unlawful.
   C. When Capital account of a partner shows a negative balance.
   D. (A)
   E. (B)
   F. (C)

G. Both A and B

8. Goodwill of the firm is 30,000. The gain of A is $\frac{1}{6}$ and Sacrifice of B is $\frac{1}{6}$. How will goodwill adjust?
   a. Debit Goodwill with Rs.10,000 and Credit A and B with Rs.5,000 each
   b. Debit A and Credit B with Rs. 5,000
   c. Debit B and Credit A with Rs. 5,000
   d. Debit A and B with Rs. 15,000 each and Credit Goodwill with Rs. 30,000
9. The partnership is dissolved on the _______ of a partner.
10. Which partner's capital account can be credited at the time of settlement of goodwill amount?
    a. Retiring and Sacrificing partner both
    b. A partner who has no gain or sacrifice
    c. Retired partner
    d. Sacrificing partner
11. Firm may continue with the remaining partners after death of partner by purchasing or acquiring the share of _______ partner.
    a. Admitted partner
    b. Retired partner
    c. Deceased partner
    d. Both Deceased and Retired partner
12. Internal Goodwill is calculated when:
    a. Both At the time of death of a partner and A new partner is admitted
    b. At the time of death of a partner
    c. A new partner is admitted
    d. Writing off old goodwill given in B/S
13. How would you calculate interest on drawing of the equal amount drawn on the last day of every month?
    a. $\frac{rate \times 5.5}{100 \times 12}$
    b. $\frac{rate \times 5.5}{100}$
    c. $\frac{rate \times 6.5}{100 \times 12}$
    d. $\frac{rate \times 6.0}{100 \times 12}$
14. From the following particulars relating to Ganesh Charitable Society, prepare a Receipts and Payments Account for the year ending 31st March 2019:

Particulars		Amount (₹)
Opening balance of cash		20,000
Subscriptions received:		
2017 - 18	25,000	
2018 - 19	1,00,000	
2019 - 20	15,000	1,40,000
Entrance fees received		45,000
Sale of old sports material		5,000
Rent paid		19,000
Donations received for construction of the building		1,00,000
Office expenses paid		23,000

OR

Following are the extracts of Receipt and Payment Account for the year ended March 31, 2018:

Receipt	Amount (Rs)
Subscriptions	
2016-17	2,500
2017-18	26,750
2018-19	1,000
	30,250

Additional Information is provided as follows :

Total number of members: 230

Annual membership fee: Rs. 125

Subscriptions outstanding on April 1, 2017: Rs. 2,750

Prepare a statement showing all relevant items of subscriptions viz., income, advance, outstanding, etc.

15. Arun and Arora were partners in firm sharing profits in the ratio of 5: 3. Their fixed capitals on 1st April 2019 were: Arun: Rs 60,000 and Arora: Rs 80,000. They agreed to allow interest on capital @ 12% per annum and to charge on drawings @ 15% per annum. The profit of the firm for the year ended 31st March 2020 before all the above adjustments were Rs 12,600. The drawings made by Arun were Rs 2,000 and by Arora Rs 4,000 during the year.
Prepare profit and loss appropriation account of Arun and Arora. Show your calculations clearly. The interest on capital will be allowed even if the firm incurs a loss.

OR

M, V, and A are partners, the balances in their capital accounts being ₹. 30,000, ₹ 25,000 and ₹ 20,000 respectively. In arriving at these figures, the profits for the year ended March 31, 2018, amounting to Rs. 24,000 had been credited to partners in the proportion in which they shared profits. During the year the drawings of M, V, and A were ₹. 5,000, ₹ 4,000 and ₹ 3,000, respectively. Subsequently, the following omissions were noticed:
Record adjustment journal entries.

i. Interest on Capital, at the rate of 10% p.a., was not charged.
ii. Interest on Drawings: M ₹ 250, V ₹ 200, A ₹ 150 was not recorded in the books.

16. A Company forfeited Rs 100 Equity Shares of 100 each issued at a premium of 50% (to be paid at the time of allotment) on which first call money of Rs. 30 per equity share was not received, final call of Rs. 20 is yet to be made. These equity shares were subsequently reissued at Rs. 70 per share at Rs. 80 paid-up.
Give the necessary Journal entries regarding forfeiture and reissue of shares.

17. Gaurav, Saurabh, and Vaibhav were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. They decided to dissolve the firm on 31st March 2018. After transferring Sundry assets (other than cash in hand and cash at Bank) and third party liabilities to realisation account, the assets were realized and liabilities were paid off as follows:
   i. A machinery with a book value of Rs.6,00,000 was taken over by Gaurav at 50% and stock worth Rs.5,000 was taken over by a creditor of Rs.9,000 in full settlement of his claim.
   ii. Land and building (book value Rs.3,00,000) was sold for Rs.4,00,000 through a broker

who charged 2% commission.

iii. The remaining creditors were paid Rs.76,000 in full settlement of their claim and the remaining assets were taken over by Vaibhav for Rs.17,000.

iv. Bank loan of Rs.3,00,000 was paid along with interest of Rs.21,000.

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

18. Ramesh and Suresh were partners in a firm sharing profits in the ratio of their capitals contributed on commencement of business which were Rs 80,000 and Rs 60,000 respectively. The firm started business on April 1, 2016. According to the partnership agreement, interest on capital and drawings are 12% p.a. and 10% p.a., respectively. Ramesh and Suresh are to get a monthly salary of Rs 2,000 and Rs 3,000, respectively. The profits for year ended March 31, 2017 before making above appropriations was Rs 1,00,300. The drawings of Ramesh and Suresh were Rs 40,000 and Rs 50,000, respectively. Interest on drawings amounted to Rs 2,000 for Ramesh and Rs 2,500 for Suresh. Prepare Profit and Loss Appropriation Account and partners' capital accounts, assuming that their capitals are fluctuating.

19. Following is the Receipt and Payment Account and additional information relating to Superb Sports Club, prepare Income and Expenditure Account for the year ended March 31, 2016, and also Balance Sheet as on that date.

1.

Dr.			Cr.
Receipts	**Amount (Rs.)**	**Payments**	**Amount (Rs.)**
To Balance b/d (Cash in Hand)	18,000	By Balance b/d (bank overdraft)	16,000
To Member's subscriptions	2,50,000	By Upkeep of field and pavilion	1,15,000
To Member's admission fee	15,000	By Tournament expenses	40,000
To Sale of old sports materials	2,500	By Rates and Insurance	10,000
To Hire of ground	28,000	By Telephone	3,500
To Subscription for		By Postage and Courier	

tournament	60,000	charges	4,000
To Life membership fee	20,000	By Printing and Stationery	26,000
To Donation for tournament	6,00,000	By Miscellaneous expenses	4,400
		By Secretary's honorarium	30,000
		By Grass seeds	2,600
		By Investments	6,00,000
		By Purchase of sports materials	68,000
		By Balance c/d	74,000
	9,93,500		9,93,500

Assets on 1st April 2015 were as follows :

Donations and Surplus on account of the tournament are to be kept in Reserve for a permanent pavilion. Subscriptions due on March 31, 2016, were Rs. 42,000. Write-off 50% of sports materials and 30% of printing and stationery.

2. Subscriptions receivable: Rs 28,000
3. Printing and Stationery: Rs 11,000
4. Stock of sports materials: Rs 85,000
5. Cash in hand: Rs 18,000
6. Play ground: Rs 5,00,000

20. i. On 15-2-2017 A Ltd. invited applications for issue of 1,00,000, 9% debentures of ₹100 each at a discount of 6%, redeemable at par after 3 years. The full amount was payable on application and the debentures were issued on 15-3-2017. Pass the journal entries for the above transactions.

    ii. R Ltd. issued 10,000, 12% Debentures of ₹100 each at a discount of 5%. Pass Journal entries.

21. Alfa and Beta were partners in a firm. They were trading in artificial limbs. On 1st April, 2013 they admitted Gama, a good friend of Beta into the partnership, Gama lost his one hand in accident and Alfa and Beta decided to give one artificial hand free of cost to Gama. The balance sheet of Alfa and Beta as at 31st March, 2013 was as follows

Balance Sheet

as at 31st March, 2013

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Provision for Doubtful Debts	40,000	Cash	1,00,000
Workmen's Compensation Fund	56,000	Sundry Debtors	8,00,000
Outstanding Expenses	30,000	Stock	2,00,000
Creditors	3,00,000	Machinery	3,86,000
Capital A/cs		Profit and Loss A/c	40,000
Alfa 5,00,000			
Beta 6,00,000	11,00,000		
	15,26,000		15,26,000

Gama was admitted in the firm on the following terms:

i. Gama will bring Rs 4,00,000 as his share of capital, but he was unable to bring any amount for goodwill.
ii. The new profit sharing ratio between Alfa, Beta and Gamma will be 3: 2: 1.
iii. Claim on account of workmen compensation was Rs 30,000.
iv. To write off bad debts amounted to Rs 40,000.
v. Creditors were paid Rs 20,000 more.
vi. Outstanding expenses be brought down to Rs 12,000.
vii. Rs 20,000 be provided for an unforeseen liability.
viii. Goodwill of the firm was valued at Rs 1,80,000.

Prepare revaluation account, capital accounts of partners and the opening balance sheet of the new firm. Also, identify any one value which the partners wanted to communicate to the society.

OR

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

Balance Sheet

as at 31st March, 2013

Liabilities		**Amt (Rs)**	**Asssets**		**Amt Rs**
Creditors		17,500	Cash		2,500
Investment Fluctuation Fund		4,000	Debtors	10,000	
Bank Loan		10,000	(-) Provision for Doubtful Debts	(350)	9,650
Capital A/cs			Stock		12,500
W	20,000		Plant		17,500
R	15,000	35,000	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 $\frac{4}{15}$ th 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 the balance sheet of the new firm.

22. A Ltd invited applications for issuing 1,00,000 shares of Rs.10 each at a premium of Rs.1 per share. The amount was payable as follows.

On application	Rs.3 per share
On allotment	Rs.3 per share (including premium)
On first call	Rs.3 per share
On second and final call	Balance amount

(i)	To applicants for 90,000 shares	40,000 shares
(ii)	To applicants for 50,000 shares	40,000 shares
(iii)	To applicants for 20,000 shares	Full shares

Excess money paid on the application is to be adjusted against the amount due on allotment and calls.

Rishabh, a shareholder, who applied for 1,500 shares and belonged to category (ii), did not pay allotment, first and second and final call money. Another shareholder, Sudha, who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Rishabh and Sudha were forfeited and were subsequently re-issued at Rs.7 calls-in-advance account wherever required.

OR

KLN Ltd. invited applications for issuing 1,00,000 shares of Rs.10 each at a premium of Rs.2 per share. The amount was payable as follows :

On Application - Rs.3 per share (including premium Rs.1)

On Allotment - Rs.4 per share (including premium Rs.1)

On First call - Rs.3 per share

On Second and Final Call - Balance amount

Application for 1,90,000 shares was received. The allotment was made to the applicants as follows:

Category	No. of Shares Applied	No. of Shares Allotted
I	50,000	40,000

II	1,00,000	60,000

Remaining applications were rejected.

Rajat, a shareholder belonging to Category I who had applied for 2,500 shares, failed to pay the amount due on the allotment and first call. His shares were immediately forfeited.

Reema, a shareholder belonging to Category II who was holding 3,000 shares failed to pay the first call and second call money. Her shares were also forfeited. Afterwards, 4,000 shares were reissued @ Rs.8 per share fully paid up. These included all the forfeited shares of Reema.

Pass necessary journal entries for the above transactions in the books of 'KLN Ltd.'

Section B

23. A Short term investment of Rs. 20,000 is sold at par. It will result in ________.
    a. None of these
    b. Outflow of cash
    c. Inflow of cash
    d. No flow of cash
24. What is Stock Turnover Ratio?
25. When the analysis is made on the basis of Published statements, reports and information it is known as.....
    a. Horizontal analysis
    b. Internal Analysis
    c. External analysis
    d. Vertical Analysis
26. Dividend paid by a finance company comes under ________.
    a. Financing Activity
    b. Operating Activities
    c. Investing Activities
    d. Manufacturing Activity
27. Salaries paid to office staff is shown in the Statement of Profit and Loss under ________ Expenses.
28. Which Ratio shows the relationship between current assets with current liabilities
    a. Gross profit ratio

b. Quick ratio
c. Current ratio
d. Debt ratio

29. _____A tool used by individuals to conduct a quantitative analysis of information in a company's financial statements
a. Common Size Statements
b. Ratio analysis
c. Cash flow statement
d. Comparative Statements

30. Complete the Balance Sheet of Raj Ltd. From the following information :

Balance Sheet

As at 31st March 2015

Particulars	Note No.	Amount (Rs.)
I. EQUITY AND LIABILITIES	.	.
(1) Shareholders' funds	.	.
(a) Share capital	.	-
(b) Reserves and surplus	.	50,000
(2) Non-current Liabilities - Long-term borrowings	.	14,00,000
(3) Current liabilities - Trade Payables	.	1,00,000
Total	.	.
II. ASSETS	.	.
(1) Non-current assets	.	.
(a) Fixed assets	.	-
(2) Current Assets	.	.
(a) Inventories	.	-
(b) Trade Receivables	.	70,000
(c) Cash and Cash Equivalents	.	-

Total	.	.

Additional Information:

OR

From the following information calculate =

Equity share capital = Rs 20,00,000

Reserves and Surplus = Rs 12,00,000

12% Debentures = Rs 10,00,000

Bank Loan = Rs 8,00,000

Current Liabilities = Rs 5,00,000

Fixed Assets = Rs 25,00,000

Goodwill = Rs 4,00,000

Current Assets = Rs 18,00,000

i. Current Ratio is 2.5 : 1
ii. Debt-equity Ratio is 2 : 1
iii. Inventory Turnover Ratio is 8 Times
iv. Cost of Revenue from operation is Rs. 4,00,000
v. Debt equity ratio
vi. Total Assets to Debt ratio
vii. Proprietory ratio

31. From the following information prepare a comparative statement of profit and loss of V Ltd for the year ended 31st March 2015.

Particulars	31st March 2015 Amt. (Rs.)	31st March 2014 Amt. (Rs.)
Revenue from Operations	20,00,000	10,00,000
Cost of Material Consumed	15,00,000	6,00,000
Other Expenses	12 % of Cost of Material Consumed	10 % of the Cost of Material Consumed
Tax Rate	40%	30%

Tax Rate	[illegible]	[illegible]

Prepare a comparative statement of profit and loss.

OR

From the following data, prepare Statement of Profit and Loss in the comparative form:

Particulars	31st March 2013(Rs.)	31st March 2012(Rs.)
Revenue from Operations	8,00,000	6,00,000
Cost of Materials Consumed(% of Revenue from Operations)	60%	70%
Employees Benefit Expenses	1,00,000	40,000
Income tax	50%	50%

32. From the following Balance sheets of Vanijya Ltd.as at 31st March 2010 and 2011. Prepare a cash flow statement.

Particulars	Note no	31st March 2011	31st March 2010
Equity and Liabilities			
Shareholders fund			
Share capital		65000	45000
Reserve and surplus	1	42500	24000
Current liabilities			
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 the fixed asset for the year was 14700.
ii. An interim dividend 7000 has been paid to shareholders during the year.

CBSE Class 12 Accountancy

Sample Paper 02 (2020-21)

Solution

Section A

1. (a) Optional

   Explanation: Registration of a partnership firm is optional. It means there is no need for the registration of a partnership firm. As per the Partnership Act, 1932, it is an option for a partnership firm to get registered or not. But it is always advisable to get registered. because in case of any disputes registered firm are more legal in the eyes of Law.

2. (c) ₹1,20,000

   Explanation: Calculation of goodwill amount brought by new partner:

   Total goodwill of the firm = Rs.5,20,000

   Deepak will bring the share of Premium of Goodwill = $5,20,000 \times \frac{3}{13} = 1,20,000$

3. (b) Cumulative Preference Shares

   Explanation: A preference share whose annual fixed-rate dividend, if it cannot be paid in any year, accrues until it can. It is paid first after that dividend is paid by equity shareholders.

4. (a) Cash basis

   Explanation: Receipt and payment account is a summary of cash book which records only cash receipts and cash payments for the current year, last year and next year hence it is based on a cash basis.

5. (c) Transferring in Capital Account

   Explanation: When capitals of the partners are fixed, in such a case all the items (at the time of dissolution of partnership firm) will be transferred to the current accounts of the partners. After all adjustments, current accounts will be closed by transferring the balance in Current Account to respective capital accounts of the partners.

6. (b) Forfeited Amount

   Explanation: A company can reissue its shares (forfeited shares) at a discount but discount should not exceed the forfeited amount i.e. the amount credited to the forfeited shares.

7. (d) Both A and B

Explanation: A firm can be dissolved compulsorily in the following cases:

i. When all the partners of a partnership firm or all but one partner, become insolvent, rendering them incompetent to sign a contract;
ii. When the business of the partnership firm becomes illegal.

8. (b) Debit A and Credit B with Rs. 5,000

Explanation: In this case, the adjustment will be made as follows:

i. Goodwill of the firm Rs.30,000 (given)
ii. A's Gain share in goodwill 30,000 $\times \frac{1}{6}$ = 5,000
iii. B's Sacrifice share of goodwill 30,000 $\times \frac{1}{6}$ = 5,000

Now, Debit the gainer and credit the sacrificing partner.

Hence,

A's Capital Account	Dr.		5000	
To B's Capital A/c				5000

9. Retirement / Death
10. (a) Retiring and Sacrificing partner both

Explanation: If any partner sacrificing instead of gaining at the time of retirement or death, in such a case that partner's capital account and retiring partner's capital account should be credited for the adjustment of goodwill amount.

11. (c) Deceased partner

Explanation: Reconstitution of partnership takes place at the time of retirement or death of a partner. A firm may continue its business even after the death of a partner, with the consent of continuing partners. In such a case, the share of a deceased partner will be purchased or acquired or gained by the remaining partner in gaining ratio.

12. (a) Both At the time of death of a partner and A new partner is admitted

Explanation: Internal goodwill or self-generated or non-purchase goodwill is not required to value at all but it is calculated when a new partner is admitted, a partner retires, at the time of death of a partner and when there is a change in the existing profit sharing ratio of the partners. Hence we can say Internal Goodwill is calculated for admission, retirement death and change in profit sharing ratio.

13. (a) $\frac{rate \times 5.5}{100 \times 12}$

Explanation: In the case of drawings, when a fixed amount is withdrawn at the end of the last day of every month, interest in drawings will be calculated as follows:

Step 1. Average Time Period = $\frac{period\ after\ 1st\ installment + period\ after\ last\ installment}{2} = \frac{11+0}{2}$ $= \frac{11}{2} = 5.5$

Step 2. Total Drawings $\times \frac{Rate}{100} \times \frac{5.5}{12}$

14. **Receipts and Payments Account of Ganesh Charitable Society**

for the year ended 31st March 2019

Dr.				**Cr.**
Receipts		**(₹)**	**Payments**	**(₹)**
To Balance b/d		20,000	By Rent	19,000
To Subscriptions received:			By Office Expenses	23,000
2017-18	25,000		By balance c/d	2,68,000
2018-19	1,00,000			
2019-20	15,000	1,40,000		
To Entrance Fees		45,000		
To Sale of old sports materials		5,000		
To Donations received for construction of the building		1,00,000		
		3,10,000		3,10,000

OR

Amount of subscription due for the year 2017-18 irrespective of cash Rs. 28,750 (i.e. Rs. 125 × Rs. 230)

Statement showing all items of Subscriptions

Details	**Amount (Rs.)**
Subscriptions received as per Receipts and Payments Account	30,250

Add: Subscriptions outstanding on March 31, 2018	2,250
Add: Subscriptions received in advance on April 1, 2017	NIL
	32,500
Less: Subscriptions outstanding on April 1, 2017	2,750
	29,750
Less: Subscriptions received in advance on March 31, 2018	1,000
Income from Subscription for the year 2017-18 (125×230)	28,750

Note: The amount of subscriptions outstanding as on 01-04-2018 has been ascertained as follows:

Details	(Rs.)	(Rs.)
(i) Outstanding as on 01.04.2017	2,750	
Received for 2016–17	2,500	250
(ii) Due for 2017–18 (125×230)	28,750	
Received for 2017–18	26,750	2,000
Outstanding as on 31-3-2018		2,250

15. **Profit and Loss Appropriation Account**

Particulars		Rs.	Particulars		Rs.
To Interest on capital:			By Net Profit		12600
Arun	7200		By Interest on Drawings:		
Arora	9600	16800	Arun	300	
			Arora	600	900
			By Loss transferred:		
			Arun	2062	
			Arora	1238	3300

	16800		16800

OR

Interest on Capital shall be calculated on opening capital
In absence of information, profit is shared equally.

	M	V	A
Closing Capital	30,000	25,000	20,000
Add: Drawings	5,000	4,000	3,000
Less: Profit (1:1:1)	(8,000)	(8,000)	(8,000)
Opening Capital	27,000	21,000	15,000

Interest on Capital
M = $27000 \times \frac{10}{100}$ = ₹ 2700
V = $21000 \times \frac{10}{100}$ = ₹ 2100
A = $15000 \times \frac{10}{100}$ = ₹ 1500

Adjustment of Profit

	M	**V**	**A**	**Total**
Interest on Capital (on Opening Capital)	2,700	2,100	1,500	6,300
Interest on Drawings	(250)	(200)	(150)	(600)
	2,450	1,900	1,350	5,700
Wrong distribution	(1,900)	(1,900)	(1,900)	(5,700)
	550	NIL	(550)	

Adjustment Journal Entry

Date	**Particulars**	**L.F**	**Debit Amount ₹**	**Credit Amount ₹**
	A's capital A/c ... Dr.		550	
	To M's capital A/c			550

	(Adjustment of profit made)			

16. In this question, first shares are forfeited and then reissued for that the accounting treatment has been done as shown.

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

Journal

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
	Share Capital A/c (100 × Rs. 80)	Dr.		8,000	
	To Forfeited Shares A/c (100 ×Rs. 50)				5,000
	To Share First call A/c (100× Rs. 30) (Being the forfeiture of 100 equity shares on which first call money is not received)				3,000
	Bank A/c (100× Rs. 70)	Dr.		7,000	
	Forfeited Shares A/c (100×Rs.10)	Dr.		1,000	
	To Share capital A/c (100× Rs. 80) (Being the reissue of 100 equity shares @ 70 per share; 80 paid-up)				8,000
	Forfeited Shares A/c	Dr.		4,000	
	To Capital Reserve A/c (Being the gain in respect of 100 forfeited shares issued transferred to capital reserve)				4,000

17. **Journal of Ltd.**

Date	Particulars	Dr. (Rs.)	Cr. (Rs.)
1.	Gourav's Capital A/c ... Dr.	3,00,000	

	To Realisation A/c		3,00,000
	(Being machinery taken over by partner.)		
	No entry for Stock taken by Creditor		
2.	Bank A/c ... Dr.	3,92,000	
	To Realisation A/c		3,92,000
	(Being Land and Building sold.)		
	Realisation A/c ... Dr.	76,000	
	To Bank A/c		76,000
	(Being payment made to creditors)		
	Vaibhav's Capital A/c ... Dr.	17,000	
	To Realisation A/c		17,000
	(Being assets were taken over by partner.)		
	Realisation A/c	3,21,000	
	To Bank A/c		3,21,000
	(Being bank loan paid along with interest Rs. 21,000.)		

18.

Profit and Loss Appropriation Account					
Dr.					Cr.
Particulars		**Amount (Rs)**	**Particulars**		**Amount (Rs)**
Interest on Capital			Profit and Loss Account		1,00,300
Ramesh	9,600		Interest on Drawings		
Suresh	7,200	16,800	Ramesh	2,000	
			Suresh	2,500	4,500

Partner's Salaries					
Ramesh	24,000				
Suresh	36,000	60,000			
Profit Transferred to capital Accounts					
Ramesh's Capital {28,000 × (4/7)}	16,000				
Suresh's Capital {28,000 × (3/7)}	12,000	28,000			
		1,04,800			1,04,800

Partners' Capital Account

	Ramesh	Suresh		Ramesh	Suresh
Particulars	**Amount (Rs.)**	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**	**Amount(Rs.)**
Drawings	40,000	50,000	Cash	80,000	60,000
Interest on Drawings	2,000	2,500	Interest on Capital	9,600	7,200
Balance c/d	87,600	62,700	Partners' Salaries	24,000	36,000
			Profit & Loss Appropriation	16,000	12,000
	1,29,600	1,15,200		1,29,600	1,15,200

Profit-Sharing Ratio on the basis of Capital	=	Ramesh	:	Suresh
		80,000	:	60,000
		4	:	3

Working Note: If the date of withdrawal is not given, then interest on total drawings for the year is calculated for six months on an average basis.

19.

Books of Superb Sports Club
Income and Expenditure Account
for the year ending on March 31, 2016

Dr.					**Cr.**
Expenditure		**Amount (Rs)**	**Income**		**Amount (Rs)**
To Upkeep of field and pavilion		1,15,000	By Subscriptions	2,50,000	
To Rates and Insurance		10,000	Add: Outstanding (closing)	42,000	
				2,92,000	
To Telephone		3,500	Less: Outstanding (opening)	28,000	2,64,000
To Postage and Courier charges		4,000	By Admission fees		15,000
To Printing & stationery	26,000		By Sale of old sports material		2,500
Add: Opening stock available for use	11,000		By Rent of hall		28,000
	37,000				
Less: Closing stock	25,900	11,100			
To Miscellaneous expenses		4,400			
To Secretary's honorarium		30,000			
To Grass seeds		2,600			
To Sports materials consumed:					
Opening stock	85,000				
Add: Purchases	68,000				
	1,53,000				

Less: Closing stock	76,500	76,500		
To Surplus (Excess of income over expenditure)		52,400		
		3,09,500		3,09,500

Balance Sheet of Superb Sports Club
as at March 31, 2016

Liabilities		Amount (Rs.)	Assets	Amount (Rs.)
Capital Fund	6,26,000		Cash in hand	74,000
Add: Surplus	52,400		Outstanding subscriptions	42,000
	6,78,400		Stock of sports materials	76,500
Add: Life membership fee	20,000	6,98,400	Stock of printing and stationery	25,900
Pavilion Fund:			Investments	6,00,000
Surplus from Tournament (Rs.60,000 - 40,000)	20,000		Play ground	5,00,000
Donation	6,00,000	6,20,000		
		13,18,400		13,18,400

Balance Sheet of Superb Sports Club
as at March 31, 2015

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Bank overdraft	16,000	Cash in hand	18,000

Capital fund (balancing figure)	6,26,000	Outstanding subscription	28,000
		Stock of sports materials	85,000
		Printing and Stationery	11,000
		Playground	5,00,000
	6,42,000		6,42,000

20. i.

A Ltd.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
15-02-17	Bank A/c	Dr.		94,00,000	
	To 9% Debenture Application & Allotment A/c				94,00,000
	(Application money received for 1,00,000 debentures @ ₹94 each)				
15-03-17	9% Debenture Application & Allotment A/c	Dr.		94,00,000	
	Discount on Issue of Debenture A/c	Dr.		6,00,000	
	To 9% Debentures A/c				1,00,00,000
	(Application money transferred to Debentures A/c consequent upon allotment issued at 6% discount)				

ii.

R Ltd.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		9,50,000	
	To 12% Debenture Application & Allotment A/c				9,50,000
	(Application money received for 10,000 debentures @ ₹95 each)				
	12% Debenture Application & Allotment A/c	Dr.		9,50,000	
	Discount on Issue of Debentures A/c	Dr.		50,000	
	To 12% Debenture A/c				10,00,000
	(Application money transferred to Debentures A/c consequent upon allotment, issued at 5% discount)				

21. **Revaluation A/c**

Dr.			**Cr.**
Particulars	**Amount (Rs)**	**Particulars**	**Amount (Rs)**
To Creditors	20,000	By Outstanding Expenses	18,000
To Unforeseen Liability	20,000	By Loss on Revaluation Transferred to	
		Alfa's Capital A/c 11,000	
		Beta's Capital A/c 11,000	22,000
	40,000		40,000

Partner's Capital A/c

Dr.							**Cr.**
Particulars	**Alfa Amount (Rs)**	**Beta Amount (Rs)**	**Gama Amount (Rs)**	**Particulars**	**Alfa Amount (Rs)**	**Beta Amount (Rs)**	**Gama Amount (Rs)**

To Beta's Capital			30,000	By Balance c/d	5,00,000	6,00,000	
To Revaluation A/c	11,000	11,000		By Workmen's Compensation Fund A/c	13,000		
To P&L A/c	20,000	20,000		By Cash			4,00,000
To Balance c/d	4,82,000	6,12,000	3,70,000	By Gama's Capital A/c		30,000	
	5,13,000	6,43,000	4,00,000		5,13,000	6,43,000	4,00,000

Balance Sheet
as on 1st April, 2013

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Outstanding Expenses (30,000–18,000)	12,000	Cash	500,000
Creditors	3,20,000		
Workmen Compensation Fund	30,000	Sundry Debtors	7,60,000
Unforeseen Liability	20,000	Stock	2,00,000
Capital A/cs		Machinery	3,86,000
Alfa 4,82,000		Gama's current A/C	30,000
Beta 6,12,000			
Game 4,00,000	14,94,000		
	19,16,000		19,16,000

Value conveyed by the partners is care and concern towards differently abled persons.

Working Note

Cash A/c

Dr.			Cr.
Particulars	**Amount (Rs)**	**Particulars**	**Amount (Rs)**
To Balance b/d	1,00,000	By Creditors (3,00,000 + 20,000)	3,20,000
To Gama's Capital A/c	4,00,000	By Balance c/d	1,80,000
	5,00,000		5,00,000

Calculation of Sacrificing Ratio

Sacrificing Ratio = Old Share - New Share

Alfa = $\frac{1}{2} - \frac{3}{6} = \frac{3-3}{6} = \text{ Nil, Beta } = \frac{1}{2} - \frac{2}{6} = \frac{3-2}{6} = \frac{1}{6}$

OR

Dr		**Revaluation Account**			**Cr**
Particulars		**Amt (Rs)**	**Particulars**		**Amt (Rs)**
	To Stock A/c	2,500	By Plant A/c		2,500
	To Provision for Doubtful Debts A/c	150	By Loss Revaluation transferred to		
			W's Capital A/c (150×3/5)	90	
			R's Capital A/c (150×2/5)	60	150
		2,650			2,650

Dr	**Partners' Capital Account**						**Cr.**
Particulars	**W (Rs)**	**R(Rs)**	**B(Rs)**	**Particulars**	**W (Rs)**	**R(Rs)**	**B (Rs)**
To Revaluation A/c	90	60	-	By Balance b/d	20,000	15,000	-
To Goodwill							

A/c	2,400	1,600	-	By Cash A/c	-	-	15,000
To Balance c/d	23,210	17,140	15,000	By Investment Fluctuation Fund A/c	2400	1600	
				By Premium for Goodwill A/c	3,300	2,200	-
	25,700	18,800	15,000		25,700	18,800	15,000

Balance Sheet

Liabilities		Amt (Rs)	Assets		Amt (Rs)
Creditors		17,500	Cash		23,000
Bank Loan		10,000	Debtors	10,000	
Capital A/cs			(-) Provision for Doubtful Debts	(500)	9,500
W	23,210		Stock (12,500-2,500)		10,000
R	17,140		Patents		10,350
B	15,000	55,350	Plant (17,500+2,500)		20,000
			Investments		10,000
		82,850			82,850

Working Note

Average Profit = $\frac{10,000+7,000+8,500+7,500}{4} = Rs8,250$

Goodwill = Average Profit × Number of Years' Purchase

= 8,250 × 2.5= Rs 20,625

B's share = $20,625 \times \frac{4}{15} = Rs5,500$ which will be distributed among W and R in their sacrificing ratio, i.e. 3:2.

W's share = 3/5 × 5500 = 3300

R's share = 2/5 × 5500 = 2200

Loss on Revaluation transferred to

W's Capital A/c (150×3/5) = 90

R's Capital A/c (150×2/5) = 60

Distribution of Investment fluctuation Fund in old Ratio

W's share = 4,000×3/5 = 2400

R's share = 4,000×2/5 = 1600

Goodwill appearing in the balance sheet is to be written off in old sharing ratio

W's share = 4,000×3/5 = 2400

R's share = 4,000×2/5 = 1600

22. **Working Note:**

Shares applied	**Shares applied**	**Money received n application @ Rs.3**	**Money transferred to share capital**	**Excess Money adjusted in allotment**
90,000	40,000	2,70,000	1,20,000	1,20,000
50,000	40,000	1,50,000	1,20,000	30,000
20,000	20,000	60,000	60,000	-
1,60,000	1,00,000	4,80,000	3,00,000	1,50,000

i. **Calculation of Calls-in-arrears on Rishabh's Shares**

Allotment due (1,200 × 3) = 3,600

(-) Excess on application (1,500 - 1200 × 3 = (900)

= Rs.2,700

ii. **Calculation of Calls-in-arrears on First Call**

Amount due (2,000 × 3) = 6,000

(-) Excess on application

Adjusted on allotment (1,800 - 800) × 3 - 2,400 = (600)

= Rs.5,400

iii. **Calculation of Amount Forfeited**

Rishabh (1,500 × 3)		4,500
Sudha (1,800 × 3)	5,400	
(-) Excess adjusted	(800)	4,600

Total amount forfeited		9,100

JOURNAL ENTRIES

Date	Particulars		L.F.	Amt (Dr)	Amt (Cr)
	Bank A/c (1,60,000 × 3)	Dr		4,80,000	
	To Equity Share Application A/c				4,80,000
	(Being application money received)				
	Equity Share Application A/c	Dr		4,80,000	
	To Equity Share Capital A/c				3,00,000
	To Equity Share Allotment A/c				1,50,000
	To Calls-in-advance A/c				30,000
	(Being application money transferred to share capital account)				
	Equity Share Allotment A/c	Dr		3,00,000	
	To Equity Share Capital A/c				2,00,000
	To Securities Premium Reserve A/c				1,00,000
	(Being allotment money due)				
	Bank A/c	Dr		1,47,300	
	Calls-in-arrears A/c	Dr		2,700	
	To Equity Share Allotment A/c				1,50,000
	(Being allotment money received except on 1,200 shares)				
	Equity Share First Call A/c	Dr		3,00,000	
	To Equity Share Capital A/c				3,00,000
	(Being first call money due)				

	Bank A/c	Dr		2,64,600	
	Calls-in-advance A/c	Dr		30,000	
	Calls-in-arrears A/c	Dr		5,400	
	To Equity Share First Call A/c				3,00,000
	(Being second and final call money received)				
	Equity Share Second and Final Call A/c	Dr		2,00,000	
	To Equity Share Capital A/c				2,00,000
	(Being second and final call money due)				
	Bank A/c	Dr		1,96,000	
	Calls-in-arrears A/c	Dr		4,000	
	To Equity Share Second and Final Call A/c				2,00,000
	(Being second and final call money received)				
	Share Capital A/c	Dr		20,000	
	Securities Premium Reserve A/c	Dr		1,200	
	To Calls-in-arrears A/c				12,100
	To Share Forfeiture A/c				9,100
	(Being shares forfeited)				
	Bank A/c	Dr		14,000	
	Share forfeited A/c	Dr		6,000	
	To Share Capital A/c				20,000
	(Being forfeited share re-issued)				
	Share forfeited A/c	Dr		3,100	
	To Capital Reserve A/c				3,100
	(Being forfeited amount transfer to capital reserve)				

OR

JOURNAL ENTRIES

Date	Particulars	LF	Dr. (Rs.)	Cr. (Rs.)
	Bank A/c ... Dr.		5,70,000	
	To Equity Share Application A/c			5,70,000
	(Being application money received.)			
	Equity Share Application A/c ... Dr.		5,70,000	
	To Equity Share Capital A/c			2,00,000
	To Securities Premium Reserve A/c			1,00,000
	To Equity Share Allotment A/c			1,50,000
	To Bank A/c			1,20,000
	(Being application money transferred.)			
	Equity Share Allotment ... Dr.		4,00,000	
	To Equity Share Capital A/c			3,00,000
	To Securities Premium Reserve A/c			1,00,000
	(Being allotment money due.)			
	Bank A/c ... Dr.		2,43,500	
	Calls in Arrears Ac ... Dr.		6,500	
	To Equity Share Allotment A/c			2,50,000
	(Being allotment money received.)			
	Equity Share First Call A/c ... Dr.		3,00,000	
	To Equity Share Capital A/c			3,00,000
	(Being call money due.)			
	Bank A/c ... Dr.		2,85,000	

	Calls in Arrears A/c ... Dr.		15,000	
	To Equity Share First Call A/c			3,00,000
	(Being call money received.)			
	Equity Share Capital A/c ... Dr.		16,000	
	Securities Premium Reserve A/c ... Dr.		2,000	
	To Share Forfeited A/c			5,500
	To Calls in Arrears A/c			12,500
	(Being Share forfeited.)			
	Equity Share Second & Final Call A/c ... Dr.		1,96,000	
	To Equity Share Capital A/c			1,96,000
	(Being second & final call due.)			
	Bank A/c ... Dr.		1,90,000	
	Calls in Arrears A/c ... Dr.		6,000	
	To Equity Share Second & Final Call A/c			1,96,000
	(Being Call money received.)			
	Equity Share Capital A/c .... Dr.		30,000	
	To Share forfeited A/c			15,000
	To Calls in Arrears			15,000
	(Being Shares forfeited.)			
	Bank A/c ... Dr.		32,000	
	Share Forfeited A/c ... Dr.		8,000	
	To Equity Share Capital A/c			40,000
	(Being share reissued.)			
	Share forfeited A/c .... Dr.		9,750	
	To Capital Reserve A/c			9,750

	(Being share forfeited transferred.)			

Section B

23. (d) No flow of cash

    Explanation: There will be no flow of cash because short term investment and cash both are part of cash and cash equivalents. The decrease in investment and increase in cash will keep Cash and Cash Equivalents are same. Hence we can say there is no flow of cash.

24. Stock Turnover Ratio = $\frac{\text{Cost of Goods Sold}}{\text{Average Stock or Inventory}}$

    It reflects the relationship between the cost of goods sold and the average amount of inventory carried during that period.

25. (c) External analysis

    Explanation: Analysis made by external users on the basis of published financial statements is called external analysis. Only an external user may have to use published statements; an internal user has access to all accounting records, he would not have to depend on and wait for the information to be published and they can do internal analysis throughout the year.

26. (a) Financing Activity

    Explanation: Dividend paid by a finance company comes under Financing activity. As Dividend is an operating activity for a finance company.

27. Employees Benefit

28. (c) Current ratio

    Explanation: Current Ratio shows the relationship between current assets and current liabilities.

29. (b) Ratio analysis

    Explanation: Ratio Analysis is a tool used by individuals to conduct a quantitative analysis of information in a company's financial statements.

30. **Balance Sheet**

As at 31st March 2015

Particulars	Note No.	Amount (Rs.)
I. EQUITY AND LIABILITIES		.....
(1) Shareholders' funds		.....

(a) Share capital	1	6,50,000
(b) Reserves and surplus		50,000
(2) Non-current Liabilities		.....
(a)Long-term borrowings		14,00,000
(3) Current liabilities		.....
(a)Trade Payable		1,00,000
Total		22,00,000
II. ASSETS		.....
(1)Non-current assets		.....
(a)Fixed assets	2	19,50,000
(2)Current Assets		.....
(a) Inventories	3	50,000
(b) Trade Receivables		70,000
(c) Cash and Cash Equivalents		1,30,000
Total		22,00,000

Working Notes:-

i. Debt Equity Ratio = $\frac{Debt}{Equity}$

$2 = \frac{Rs.14,00,000}{Equity}$

$Equity = \frac{Rs.14,00,000}{2}$

= Rs. 7,00,000

Equity = Share Capital + Reserves and Surplus

7,00,000 = Share Capital + 50,000

Share Capital = 7,00,000 - 50,000 = Rs. 6,50,000

ii. Fixed Assets = Total Assets - Current Assets

= 22,00,000 - 3,70,000

= 18,30,000

iii. Inventory Turnover Ratio = $\frac{\text{Cost of Revenue from Operations}}{\text{Inventory}}$

$$8 = \frac{4,00,000}{\text{Average Inventory}}$$

Inventory = $\frac{4,00,000}{8} = Rs.50,000$

iv. Current Ratio$= \frac{\text{Current Assets}}{\text{Current Liablities}}$

Current Assets = $2.5 \times Rs.1,00,000$

= Rs. 2,50,000

OR

(a) Debt Equity Ratio = Debt/Equity

In this we first calculate Debt & Equity as follows:-

Debt = 12% Debentures + Bank Loan

= 10,00,000 + 8,00,000

= 18,00,000

Equity = Equity share capital + Reserves and Surplus

= 20,00,000 + 12,00,000

= Rs 32,00,000

Debt / Equity = 18,00,000/32,00,000

= 0.56 / 1

= 0.56:1

(b) Total Assets to Debt ratio = Total Assets/Long term Debt

In this we first calculate Long Term Debt & Total assets as follows:-

Total Assets = Fixed assets + Goodwill + Current assets

= 25,00,000 + 4,00,000 + 18,00,000

= Rs 47,00,000

Long Term Debt = 12% Debentures + Bank Loan = 18,00,000

Total Assets to Debt Ratio = 47,00,000/18,00,000

= 2.6 / 1

= 2.6:1

(c) For Proprietory Ratio we put the values simply as follows:-

Proprietory Ratio = Equity/Total Assets

= 32,00,000/47,00,000

= 0.68 or 68%

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

for the year ended 31st March, 2015

Particulars	2014	2015	Absolute Change (Increase or Decrease (Rs.)	Percentage Change (Increase or Decrease) (Rs.)
I. Revenue from Operations	10,00,000	20,00,000	10,00,000	100.00
II. Total Income	10,00,000	20,00,000	10,00,000	100.00
III. Expenses				
a) Cost of Material Consumed	6,00,000	15,00,000	9,00,000	150.00
b) Other Expenses	60,000	1,80,000	1,20,000	200.00
IV. Total Expenses (a+b)	6,60,000	16,80,000	10,20,000	154.54
V. Profit before Tax (II - IV)	3,40,000	3,20,000	(20,000)	(5 88)
VI. Tax	(1,02,000)	(1,28,000)	(26,000)	(25.49)
VII. Profit after Tax (V-VI)	2,38,000	1,92,000	(46,000)	(19.32)

OR

Comparative Statement of Profit and Loss

for the years ended 31st March 2012 and 2013

Particulars	Note No.	31st March 2012 Amount	31st March 2013 Amount	Absolute Change (Increase/ Decrease) Amount	Percentage Change (Increase/

		(Rs.)	(Rs.)	(Rs.)	Decrease) (%)
		(A)	(B)	(C = B - A)	$(D = \frac{C}{A} \times 100)$
I. Revenue from Operations		**6,00,000**	**8,00,000**	**2,00,000**	**33.33**
II. Expenses:					
(a) Cost of Materials Consumed		4,20,000	4,80,000	60,000	14.29
(b) Employee Benefit Expenses		40,000	1,00,000	60,000	150.00
II. Total Expenses:		**4,60,000**	**5,80,000**	**1,20,000**	**26.09**
III. Net Profit before Tax(I - II)		**1,40,000**	**2,20,000**	**80,000**	**57.14**
IV. Less: Tax		70,000	1,10,000	40,000	57.14
V. Net Profit after Tax(III - IV)		**70,000**	**1,10,000**	**40,000**	**57.14**

Comparative statements are the financial statements that determine the financial position of a firm at different period of time. For the purpose of financial analysis, two financial statements are prepared in competitive form. These financial statements generally include the income statement and balance sheet. The income statement gives detailed information on the operating and non-operating results for an accounting period.

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