

CBSE Sample Paper 01
Class 12 Accountancy

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

- i. This question paper contains Two parts A & B.
 - ii. Both the parts are compulsory for all.
 - iii. All parts of questions should be attempted at one place.
 - iv. Marks are given at the end of each question.
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Part – A

NPO, Partnership, Share Capital and Debentures

1. _____ is accounted as a capital receipt and added to capital fund. It is not accounted as income because it is a one-time payment. **[1]**
2. Which of the following statement is not correct: **[1]**
 - a. A partnership business may include trade, vocation and profession but not Joint ownership.
 - b. As an agent a partner represents other partners and binds them through his act.
 - c. As a principal, a partner is bound by the act of other partners.
 - d. Interest on Partner's Loan is 6% p.a. is fixed in all circumstances.
3. According to Accounting Standard -26 (AS-26): **[1]**
 - a. Self-generated goodwill is not accounted as an asset OR goodwill should not be raised in the books of accounts.
 - b. Purchased goodwill should not be written off.
 - c. Goodwill can be recorded in the books whether money or money's worth paid for it or not.
 - d. Self-generated goodwill is always shown under the fixed assets.
4. The word "Reconstitution of Partnership" is used at the time of: **[1]**
 - a. Retirement/Death of a partner
 - b. Change in existing profit sharing ratio of the partners

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- c. Admission of a partner
d. All of the above
5. Why a new partner contribute towards goodwill on his admission? **[1]**
6. The 'Lawrence' partnership firm has 3 partners. Madhav, Viraj and Mundra, sharing profits in the ratio of $\frac{1}{2}$, $\frac{2}{5}$ and $\frac{1}{10}$. Find new ratio of remaining partners if Mundra retires. **[1]**
7. What is meant by 'Compulsory Dissolution' of a partnership firm? **[1]**
8. One of the partners (Mr. Khilnani) in a partnership firm has withdrawn Rs.4,500 at the end of each quarter, throughout the year. Calculate interest on drawings at the rate of 6% per annum. **[1]**
9. Ronald and Shaan are partners sharing profits in the ratio of 4:1. Their capitals were Rs.90,000 and Rs.70,000 respectively. They admit Pratham for $\frac{1}{3}$ rd share in the profits. Pratham brought Rs.1,00,000 as his capital. Calculate the value of firm's Goodwill. **[1]**
10. If the amount due to the outgoing partner is not paid and remaining partners continued the business without settling his amount, in such a case section _____ of Indian Partnership Act 1932 is applicable. **[1]**
11. P/L Suspense A/c debited in the deceased partner's capital account. What it indicates? **[1]**
12. What is meant by Employees Stock Option Plan? **[1]**
13. Name the type of 'Capital' which is called up only on winding up. **[1]**
14. Debenture holders are treated as: **[1]**
- a. Customers of the company
 - b. Vendors of the company
 - c. Owners/Shareholders of the company
 - d. Lenders of the company
15. Calculate the amount of subscriptions outstanding from the following information for the year ending 2018-19: **[3]**
- A club has 375 members each paying an annual subscription of Rs.1,000.
- Subscriptions outstanding on 31st March 2018 60,000
- Subscriptions received in advance on 31st March 2019 45,000
- Subscription received in advance on 31st March 2018 18,000
- The Receipt and Payment Account showed a sum of Rs.3,97,500 received as subscriptions.
16. Vinod, Gaurav and Swami are partners in a firm sharing profits in the ratio of $\frac{3}{8}$; $\frac{3}{8}$ and $\frac{1}{4}$. On 1st April, 2019 they decided to share future profits equally. On that date, there

was a balance of General Reserve Rs.48,000. It was decided to maintain the General Reserve Instead of distributing it. Give adjustment entry at the time of change in profit sharing ratio. **[3]**

17. On 1st April, 2017 the following balances appeared in the books of Vinod Limited: **[4]**

12% Debentures (Redeemable on 31st August, 2019) Rs.20,00,000

Debenture Redemption ReserveRs.2,00,000

The company met the requirements of Companies Act, 2013 regarding Debenture Redemption Reserve and Debenture Redemption Investments and redeemed the debentures. Ignoring interest on investments pass necessary journal entries for the above transactions in the books of the company.

OR

Vinod Ltd. is involved in manufacturing Electronic Products Since last 60 years. As an accountant your required to pass issue and redemption journal entries in the books of accounts for the 10,000; 12% Debentures of Rs.50 issued by the company at a premium of 10% and redeemable at a premium of 20%.

18. FK, HK and DK are partners in a firm sharing profits in the ratio of 5:3:2. On 1st April, 2018, the capitals of the partners were Rs.5,00,000; Rs.3,00,000 and Rs.2,00,000 respectively. The firm closes its books on 31st March every year. DK died on 5th April, 2018. **[4]**

On that date:

- Goodwill of the firm was valued at Rs.30,000; and
- DK's share of profit till the date of his death was calculated as Rs.200.

Prepare DK's capital account to be rendered to his executors.

19. Partnership firm of Vinod and Swami has earned average profit of Rs.4,00,000 during the last few years. The normal rate of return in similar business is 10%. Find out the value of Goodwill by using: **[4]**

- Capitalization of Super Profit Method and
- Super Profit Method (when goodwill is valued at 3 years purchase of super profit)

Assets of the business were Rs.40,00,000 and external liabilities were Rs.7,20,000.

20. Following is the Receipts and Payments Account of Vinod's Welfare Club in Himachal Pradesh (Sanwara Hills) for the year ending 31st March, 2018: **[6]**

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Particulars		Amount	Particulars	Amount
To Balance b/d		48,875	By Salary	7,500
To Subscriptions:			By Newspapers	5,125
2016-17	3,000		By Electricity Bill	2,500
2017-18	66,250		By 9% FD 1st July 2017	50,000
2018-19	1,250	70,500	By Books	26,500
To Sale of old newspapers		3,125	By Rent	17,000
To Govt. Grants		25,000	By Furniture	26,250
To Sale of old Furniture (Book value Rs.17,500)		14,250	By Balance c/d	28,000
To Interest on Fixed Deposits		1,125		
		1,62,875		1,62,875

Additional Information:

- i. Subscription outstanding on 31st March, 2017 was Rs.5,000 and on 31st March, 2018 was Rs.6,250.
 - ii. On 31st March, 2018 Salary outstanding was Rs.1,500 and Rent outstanding was Rs.3,000.
 - iii. The club owned furniture on 01st April, 2017 Rs.37,500 and Books Rs.17,500 Prepare Income and Expenditure Account and Balance Sheet.
21. The partnership agreement of Ronald, Madhav and Shaan provides that: **[6]**
- Profits will be shared in the ratio of 2:2:1.
- Interest on capital to be allowed at the rate of 6% per annum.
- Interest on drawings to be charged at the rate of 3% per annum.
- Madhav to be given a salary of Rs.500 per month.
- Madhav Guarantee to the firm that the firm would earn a net profit of at least Rs.80,000 per annum any shortfall in these profits would be personally met by him.
- The capitals of the partners on 1st April, 2018 were:
- Ronald Rs.1,20,000
- Madhav Rs.1,00,000

Shaan Rs.1,00,000

During the financial year 2018-19, all the three partners withdrew Rs.1,000 each at the beginning of every month. The net profit of the firm for the year was Rs.70,000.

You are required to prepare:

- i. Profit & Loss Appropriation A/c
- ii. Partners Capital A/cs

OR

Give the necessary journal entries for the following transactions on dissolution of the firm of Anita and Ravi on 31st March 2016, after the various assets (other than cash) and the third party liabilities have been transferred to Realisation Account. They shared profits and losses in the ratio 3 : 2.

- a. Ravi was to get a remuneration of Rs. 23,000 for completing the dissolution process. He also agreed to bear realization expenses. Realisation expenses of Rs. 10,000 were paid by Ravi from the firm's cash.
 - b. Amitesh, an old customer whose account for Rs. 60,000 was written off as bad debt in the previous year, paid 90%.
 - c. Creditors of Rs. 40,000, accepted furniture valued at Rs. 38,000 in full settlement of their claim.
 - d. Land and Building was sold for Rs. 3,00,000 through a broker who charged 2% commission.
 - e. There were 500 shares of Rs. 40 each in Vision Ltd., acquired at a cost of Rs. 22,000 and had been written off completely from the books. These shares are now valued at Rs. 50 each and divided among the partners in their profit sharing ratio.
 - f. Profit on realization was Rs. 45,000.
22. Vinod, Gaurav and Swami were partners in a firm sharing profits and losses in the ratio of 6:5:3. Their Balance Sheet as at 31st March, 2018 was as follows: [8]

Liabilities	Amount	Assets	Amount
Creditors	50,400	Bank	3,780
General Reserve	21,000	Stock	1,11,720
Capitals: Vinod	70,800	Machinery	10,500

Gaurav	59,700	Land and Building	1,05,000
Swami	29,100		
	2,31,000		2,31,000

They agreed to admit Chirag into partnership and give him 1/8th share in the profits on the following terms:

- Chirag will bring Rs.29,400 as his capital and Rs.28,140 as his share of goodwill premium.
- That after making adjustments, the Capital Accounts of the old partners will be in proportion of Chirag's capital to his share in the business, i.e. actual cash to be paid off or brought in by the old partners by cheque as the case may be.

Prepare Partners' capital account and Bank account assuming that gain on revaluation was Rs.19,040.

OR

Kavya, Manya and Navita were partners sharing profits as 50%, 30% and 20% respectively. On march 31, 2016, their Balance Sheet stood as follows :

Liabilities	Amount	Assets		Amount
Creditors	1,40,000	Fixed Assets		8,90,000
General Reserve	1,00,000	Investment		2,00,000
Capitals: Kavya	6,00,000	Stock		1,30,000
Manya	5,00,000	Debtors	4,00,000	
Navita	4,00,000	Less: Provision	30,000	3,70,000
		Bank		1,50,000
	17,40,000			17,40,000

On the above date, Kavya retired and Manya and Navita agreed to continue the business on the following terms :

- Firm's goodwill was valued at 60,000 and it was decided to adjust Kavya's share of goodwill in the capital accounts of continuing partners.
- There was a claim for workmen's compensation to the extent of 4,000.

- c. Investments were revalued at 2,13,000.
- d. Fixed Assets were to be depreciated by 10%.
- e. Kavya was to be paid 20,000 through a bank draft and the balance was transferred to her loan account which will be paid in two equal annual instalments together with interest @ 10% p.a. Prepare Revaluation A/c, Partner's Capital accounts and Kavya's Loan Account till it is finally paid.

23. Vinod Ltd. issued 10,000 Equity Shares of Rs.10 each at a premium of Rs.3 per share payable as: **[8]**

On Application Rs.4
 On Allotment Rs.5 (including premium)
 On First Call Rs.2
 Balance..... as and when required.

The public applied for 12,000 shares. The company made pro-rata allotment to all the applicants. One shareholder who was allotted 900 shares paid the entire amount with allotment while another shareholder who had applied for 1200 shares, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited. Of the forfeited shares, 800 were reissued at Rs.7 per share.

You are required to prepare:

- a. Share Allotment Account
- b. Securities Premium Reserve Account
- c. Share Forfeiture Account
- d. Calls-in-Arrears Account

OR

Shakti Ltd. invited applications for issuing 1,00,000 Equity Shares of Rs. 10 each. The amount was payable as follows

- I. On application Rs. 3 per share
- II. On AllotmentRs. 2 per share
- III. On First and Final Call Rs. 5 per share

Applications were received for 2,20,000 shares. Applications for 20,000 shares were rejected and their application money was refunded. Shares were allotted to the remaining applicants as follows:

- a. Allotted 50% shares to Raman who had applied for 40,000 shares.

- b. To allot in full to Akbar who had applied for 20,000 shares
- c. To allot balance of shares on Pro Rata basis to the other applicants.

Excess application money was utilised in payment of allotment and Final Call. All calls were made and were duly received except the first and final call on 600 shares allotted to an applicant in category C. His shares were forfeited. The forfeited shares were reissued for Rs. 9 per share fully paid-up. Pass the necessary Journal Entries in the books of Shakti Ltd. for the above transactions.

Part - B

Financial Statement Analysis

24. What is meant by 'Share Application Money Pending Allotment'? **[1]**
25. Name any two items which are shown under the heading Other Current Assets. **[1]**
26. Where will you record 'Calls in Advance' in Balance Sheet? **[1]**
27. State the interest of Trade Unions in the Analysis of Financial Statements. **[1]**
28. Vinod Financials Ltd., a mutual fund company invested Rs.10,00,000 in Shares of Amazon Ltd. The company received a dividend of Rs.90,000 during the year. How will it be depicted in the cash flow statement? **[1]**
29. Classify the following activities as(i) Operating (ii) Investing (iii) Financing in case of a 'Financial Enterprise': **[1]**
 - a. Sale of Non-current Investments
 - b. Interest received on Debentures held as investment
30. a. The net profit after interest and tax of a company was Rs. 1,20,000; Rate of income tax is 40%. The company has 10% debentures of Rs.1,00,000. Calculate interest coverage ratio.
- b. From the following information related to a company calculate inventory turnover ratio : Opening inventory Rs. 20,000; Closing inventory Rs. 22,000; Purchases Rs. 80,000; Wages Rs. 9,000; Carriage outwards Rs. 2,000; Returns outwards Rs. 1,000; Revenue from operations Rs. 80,000; Carriage inwards Rs. 4,000; Rent Rs. 5,000. **[4]**
31. From the following Statement of Profit and Loss of Sun Ltd., for the years ended 31st March, 2015 and 2016, prepare a Common Size Statement: **[4]**

Particulars	Note No.	31.3.2018 (Rs)	31.3.2017 (Rs)
Revenue from operations		30,00,000	20,00,000

Expenses		12,00,000	10,00,000
Other Incomes		3,60,000	4,00,000
Tax		50%	40%

OR

From the following Balance Sheet of Sun Ltd., as on 31st March 2012, prepare a Common Size Balance Sheet:

	Particulars	Note No.	31.03.2012
	1.	2.	3.
I.	Equity and Liabilities		
1.	Shareholders' funds		
	(a) Share capital		30,00,000
	(b) Reserves and Surplus		4,00,000
2.	Non-Current Liabilities		
	long term borrowings		10,00,000
3.	Current Liabilities		6,00,000
	Trade		
	payables		
	Total		50,00,000
II.	ASSETS		
(1)	Non-Current Assets		
	(a) Fixed Assets		
	(i) Tangible Assets		30,00,000
	(ii) Intangible assets		6,00,000
(2)	CURRENT ASSETS		

	(a) Inventories		10,00,000
	(b) Cash and cash equivalents		4,00,000
	Total		50,00,000

Show your working clearly.

32. Following is the Balance Sheet of Vinod Ltd. as on 31st March, 2018. [6]

	Particular	Note No.	31.3.2018 (Rs)	31.3.2017 (Rs)
I.	Equity and Liabilities			
1.	Shareholder's Funds:			
	(a) Share Capital		60,00,000	45,00,000
	(b) Reserve and Surplus		15,00,000	9,00,000
2.	Non-Current Liabilities:			
	Long-Term Borrowings (10% Debentures)		9,00,000	6,00,000
3.	Current Liabilities:			
	(a) Trade Payables		4,50,000	6,00,000
	(b) Short-term Provisions		2,10,000	1,80,000
	Total		90,60,000	67,80,000
II.	Assets:			
1.	Non-Current Assets:			
	(a) Fixed Assets:			
	i. Tangible		57,00,000	45,00,000
	ii. Intangible (Goodwill)		14,10,000	8,10,000
2.	Current Assets:			
	(a) Inventories		7,50,000	4,80,000
	(b) Trade Receivables		6,30,000	6,30,000

	(c) Cash and Cash equivalents		5,70,000	3,60,000
	Total		90,60,000	67,80,000

Notes to Accounts

	Particulars	Note No.	31.3.2018 (Rs)	31.3.2017 (Rs)
I.	Equity and Liabilities			
1.	Shareholder's Funds:			
	(a) Share Capital		60,00,000	45,00,000
	(b) Reserve and Surplus		15,00,000	9,00,000
2.	Non-Current Liabilities:			
	Long-Term Borrowings (10% Debentures)		9,00,000	6,00,000
3.	Current Liabilities:			
	(a) Trade Payables		4,50,000	6,00,000
	(b) Short-term Provisions		2,10,000	1,80,000

Prepare a Cash Flow Statement after taking into account the following adjustment:

- During the year, a piece of machinery costing Rs.80,000 on which depreciation was Rs.60,000, was sold for 18,000.
- Tax paid during the year Rs.60,000.
- Debentures were issued on 1st July 2017.

CBSE Sample Paper 05
Class 12 Accountancy
Answer

1. Life membership Fee
2. (a) A partnership business may include trade, vocation and profession but not Joint ownership.
3. (a) Self-generated goodwill is not accounted as an asset OR goodwill should not be raised in the books of accounts.
4. (d) All of the above
5. A new partner should contribute towards goodwill because he has to compensate the partners who sacrifice their share of profit in his favor.
6. New Ratio = 5:4
7. a. When all partners or except one all become insolvent
b. When business is unlawful (unlawful activities)
8. Interest on drawings Rs.405. (time period = 4.5 month)
9. Total capital of firm = $1,00,000 \times 3 = 3,00,000$
Existing Capital = $90,000 + 70,000 + 1,00,000 = 2,60,000$
Goodwill = $3,00,000 - 2,60,000 = 40,000$
10. Section 37
11. His share of loss transferred to his account.
12. Employees Stock Option Plan grants options to its employees to subscribe for shares of company at a predetermined price. This option is a right but not an obligation. This option is only for those employees who fulfil the prescribed terms and conditions.
13. Reserve Capital
14. (d) Lenders of the company
15. $3,97,500 + 18,000 - 45,000 - 60,000 = 3,10,500$
Total subscription due = $375 \times 1,000 = 3,75,000$
Subscription outstanding = $3,75,000 - 3,10,500 = 64,500$
- 16.

Swami's Capital A/c Dr.	4,000	
To Vinod's Capital A/c		2,000

To Gaurav's Capital A/c		2,000
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Ratio: Vinod sacrifice 1/24; Gaurav 1/24 Sacrifice and Swami Gain 2/24

17.

Journal Entries			
Statement of P/L		3,00,000	
To DRR			3,00,000
Debenture Redemption Investment A/C	Dr.	3,00,000	
To Bank A/C (Being Invested is made)			3,00,000
Bank A/c	Dr.	3,00,000	
To Debenture Redemption Investment A/c (Being investment encashed)			3,00,000
12% Debentures A/c	Dr.	20,00,000	
To Debenture holders A/c (Being amount due to the debenture holders)			20,00,000
Debenture holders A/c	Dr.	20,00,000	
To Bank A/c (Being amount paid to debenture holders)			20,00,000
Debenture Redemption Reserve Dr.		5,00,000	
To General Reserve (Being DRR transferred to General Reserve)			5,00,000

OR

Journal Entries			
At the time of Issue			
Bank A/c	Dr.	5,50,000	

To Debenture Application & Allotment A/c			5,50,000
Debenture Application & Allotment A/c	Dr.	5,50,000	
Loss on issue of Dentures A/c	Dr.	1,00,000	
To 12% Debenture A/c			5,00,000
To Securities Premium Reserve			50,000
To Premium on Redemption			1,00,000
On Redemption of Debentures			
12% Debenture A/c	Dr.	5,00,000	
Premium on Redemption	Dr.	1,00,000	
To Debenture holders			6,00,000
Debenture holders	Dr	6,00,000	
To Bank A/c			6,00,000

18. DK's Capital Account

Particulars	Amount	Particulars	Amount
To DK's Executor's A/c	2,06,200	By Bal. b/d	2,00,000
(Balancing Figure)		By P/L Suspense	200
		By FK	3,750
		By HK	2,250
	2,06,200		2,06,200

19. i. Goodwill = Super Profit 72,000 x 100/10 = 7,20,000
 Super profit = 40,00,000 - 7,20,000 = 32,80,000 × 10% = 3,28,000
 4,00,000 (AP) – 3,28,000 = 72,000
 ii. Goodwill = 72,000 × 3 = 2,16,000

20.

Income and Expenditure Account			

Expenditure	Amount	Income	Amount
To Salary 7,500 + 1,500	9,000	By Subscription	70,500
To Newspapers	5,125	By Sale of old newspapers	3,125
To Electricity Bill	2,500	By Govt. Grants	25,000
To Rent 17,000+3,000	20,000	By Interest on FD 1,125 + 2,250	3,375
To Loss on sale of furniture	3,250		
To Surplus	62,125		
	1,02,000		1,02,000

Opening Balance Sheet			
Liabilities	Amount	Assets	Amount
Capital Fund	1,08,875	Cash	48,875
(Balancing Figure)		Subscription outstanding	5,000
		Furniture	37,500
		Books	17,500
	1,08,875		1,08,875

Closing Balance Sheet			
Liabilities	Amount	Assets	Amount
Capital Fund 1,08,875 + 62,125	1,71,000	Cash	28,000
Salary outstanding	1,500	Subscription outstanding	6,250
Rent outstanding	3,000	Furniture	46,250
Advance Subscription	1,250	Books	44,000
		Fixed deposit	50,000

		Accrued interest on FD	2,250
	1,76,750		1,76,750

21. Profit and Loss Appropriation Account

Particulars	Amount	Particulars	Amount
To interest on Capital		By P/L A/c	70,000
Ronald	7,200	By Madhav's Capital A/c	10,000
Madhav	6,000	By Interest on Drawings	
Shaan	6,000	Ronald	195
To Madhav's Salary	6,000	Madhav	195
To Profit transferred:		Shaan	195
Ronald	22,154		
Madhav	22,154		
Shaan	11,077		
	80,585		80,585

Partners' Capital Account Balance:

Ronald Rs.1,37,159; Madhav Rs.1,21,959; Shaan Rs.1,04,882

OR

Date	Particulars		L.F.	Debit	Credit
(a)	(i) Realisation A/c	Dr.		23,000	
	To Ravi's capital A/c				23,000
	(Being remuneration allowed to the partners to carry out dissolution)				
	(ii) Ravi's Capital A/c	Dr.		10,000	
	To Cash A/c				10,000

	(Realisation expenses paid by the firm & borne by Ravi)				
(b)	Bank A/c	Dr.		54,000	
	To Realisation A/c				54,000
	(Amount recovered from debtors earlier written off as bad debts)				
(c)	No Entry				
(d)	Bank A/c	Dr.		2,94,000	
	To Realisation A/c				2,94,000
	(Being amount realised from land & building after deducting commission)				
(e)	Anita's capital A/c	Dr		15,000	
	Ravi's capital A/c			10,000	
	To Realisation A/c				25,000
	(Being Shares transferred to Anita, Ravi in their profit sharing ratio)				
(f)	Realisation A/c	Dr.		45,000	
	To Anita's capital A/c				27,000
	To Ravi's capital A/c				18,000
	(Being profit on realization transferred to Anita and Ravi in 3:2)				

22. Partner's Capital Account

Partic- ulars	Vinod	Gaurav	Swami	Chirag	Partic- ulars	Vinod	Gaurav	Swami	Chirag
To Bank	11,820	10,550			By	70,800	59,700	29,100	

(Bal.)					Bal.b/d				
To Bal.c/d	88,200	73,500	44,100	29,400	By G.Res.	9,000	7,500	4,500	
					By Rev.	8,160	6,800	4,080	
					By Bank				29,400
					By Prem.	12,060	10,050	6,030	
					By Bank (Bal.)			390	
	1,00,020	84,050	44,100	29,400		1,00,020	84,050	44,100	29,400

Bank Account

Particulars	Amount	Particulars	Amount
To Balance b/d	3,780	By Vinod	11,820
To Chirag's Capital A/c	29,400	By Gaurav	10,550
To Premium	28,140	By Balance c/d	39,340
To Swami's Capital A/c	390		
	61,710		61,710

Note: Total Capital of the firm = $29,400 \times 16/2 = 2,35,200$

OR

Revaluation A/c

Particulars	Amount	Particulars	Amount

To Workmen Comp. Claim	4,000	By Investments	13,000
To Fixed Assets A/c	89,000	By Loss transferred to:	
		Kavya's Capital A/c: 40,000	
		Manya's Capital A/c: 24,000	
		Navita's capital A/c: 16,000	80,000
	93,000		93,000

Kavya's Loan A/c 6,20,000; Manya's Capital A/c 4,88,000; Navita's Capital A/c 3,92,000

First installment paid 3,72,000 (with interest 62,000)

Second installment paid 3,41,000 (with interest 31,000)

[2 for Revaluation+2 for capital accounts+2 for loan account]

23. Share Allotment Account

Particulars	Amount	Particulars	Amount
To Share Capital A/c	20,000	By Share Application	8000
To Securities Premium Reserve	30,000	By Calls in Arrears	4,200
To Calls in Advance	1,800	By Bank	39,600
	51,800		51,800

Securities Premium Reserve Account

Particulars	Amount	Particulars	Amount
To Balance c/d	27,000	By Share Allotment A/c	27,000
	27,000		27,000

Share Forfeiture Account

Particulars	Amount	Particulars	Amount
To Share Capital A/c	800	By Share Capital A/c	3,800
To Capital Reserve	3,000		

	3,800		3,800
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Calls in Arrears Account

Particulars	Amount	Particulars	Amount
To Share Allotment	4,200	By Share Capital A/c	6,200
To First Call	2,000		
	6,200		6,200

OR

Date	Particulars		L.F	Debit	Credit
	Bank A/c	Dr.		6,60,000	
	To Equity Share Application A/c				6,60,000
	(Being application money received)				
	Equity Share Application A/c			6,60,000	
	To Equity Share Capital A/c				3,00,000
	To Bank A/c				60,000
	To Equity Share Allotment A/c				1,60,000
	To First and Final Call A/c				1,40,000
	(Being application money transferred)				
	Equity Share Allotment A/c	Dr		2,00,000	
	To Equity Share Capital A/c				2,00,000
	(Being share allotment money due)				
	Bank A/c	Dr		40,000	
	To Equity share allotment a/c				40,000
	(Being amount received on allotment)				

	Equity share first and final call A/c	Dr.		5,00,000	
	To Equity share Capital A/c				5,00,000
	Bank A/c	Dr.		3,58,200	
	To Equity share first and final call A/c				3,58,200
	(Being first and final call money received)				
	Equity Share capital A/c	Dr.		6,000	
	To Share Forfeited A/c				4,200
	To Calls in arrears A/c				1,800
	(Being 3000 shares forfeited)				
	Bank A/c	Dr.		5,400	
	Share Forfeiture A/c	Dr.		600	
	To Equity Share Capital A/c				6,000
	(Being forfeited shares reissued)				
	Shares Forfeited A/c	Dr.		3,600	
	To Capital Reserve A/c				3,600
	(Being gain on reissue on forfeited shares transferred to capital reserve account)				

24. Money received by the company but allotment is not made yet.
25. (i) Accrued income (ii) Prepaid Expenses
26. Calls in advance is recorded under Other Current Liabilities.
27. Trade unions are interested for the welfare of the employees i.e. better working condition, emoluments, bonus and security of job etc.
28. It will be depicted in the Cash Flow Statement as Operating Activities
29. (i) Operating Activities (ii) Operating Activities
30. a. Interest Coverage Ratio

$$\text{Interest Coverage Ratio} = \frac{\text{Net profit before interest and tax}}{\text{Interest on Long term loans}}$$

Net profit before interest and tax = Net profit after interest and tax + tax @40%
+Interest

$$= 1,20,000 + 80,000 + 10,000 = 2,10,000$$

$$\text{Interest coverage ratio} = 2,10,000/10,000 = 21 \text{ Times}$$

b. Cost of Revenue from operations = 90,000

$$\text{Inventory Turnover ratio} = 90,000/21,000 = 4.29$$

31. Common Size Statement

Particulars	31.3.2017 (Rs)	31.3.2018 (Rs)	% change 31.3.2017	% change 31.3.2018
Revenue from operations	20,00,000	30,00,000	100	100
Add: Other incomes	4,00,000	3,60,000	20	12
Total Revenue from operations	24,00,000	33,60,000	120	112
Less: Expenses	10,00,000	12,00,000	50	40
Profit before tax	14,00,000	21,60,000	70	72
Less: Tax	5,60,000	10,80,000	28	36
Profit after Tax	8,40,000	10,80,000	42	36

OR

	Particulars	Note No.	Absolute Amount	Percentage of Balance Sheet Total
			31.03.2012	31.03.2012
I.	Equity and Liabilities			(%)
1.	Shareholders' funds			
	(a) Share capital		30,00,000	66.7
	(b) Reserves and Surplus		4,00,000	10
2.	Non-Current Liabilities			
	Long term borrowings		10,00,000	20
3.	Current Liabilities			
	Trade payables		6,00,000	3.3

	Total		50,00,000	100
II.	Assets			
1.	Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible assets		30,00,000	66.7
	(ii) Intangible assets		6,00,000	3.3
2.	Current Assets			
	(a) Inventories		10,00,000	20
	(b) Cash and cash equivalents		4,00,000	10
			50,00,000	100

32. Cash Flow Statement

Particular	Amount
Cash Flow from Operating Activities	
Profit before tax 6,00,000 + 90,000 Tax Provision	6,90,000
Add: Loss on Sale of machinery	2,000
Depreciation	60,000
Interest on Debentures	82,500
Operating Profit before Working capital changes	8,34,500
Less: Trade Payable	1,50,000
Inventories	2,70,000
Cash generated from operating activities before tax	4,14,500
Less: Tax paid	60,000
Cash flow from operating activities	3,54,500

Particular	Amount
Cash Flow from Investing Activities	
Goodwill	(6,00,000)
Machinery (purchase)	(12,80,000)
Machinery (sale)	18,000
Cash used in Investing Activities	(18,62,000)

Particular	Amount
Cash Flow from Financing Activities	
Share Capital	15,00,000
Debentures	3,00,000
Interest on Debentures	(82,500)
Cash flow from Financing Activities	17,17,500

Particular	Amount
Cash flow from operating activities	3,54,500
Cash used in Investing activities	(18,62,000)
Cash flow from financing activities	17,17,500
	2,10,000
Add: Opening cash and cash equivalents	3,60,000
Closing cash and cash equivalents	5,70,000

Important Note: For more information and tips and tricks of Accountancy, please go through the “Ultimate Book of Accountancy” by Vishvas Publications OR Send your inquiry on authorcbse@gmail.com