CBSE Class 12 Accountancy
Sample Paper 09 (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. How fixed capital account is differ from fluctuating capital account?
    a. Fixed capital account neither show positive or negative accounts
    b. Fixed capital account can never show a negative balance
    c. Fixed capital account can show only negative account
    d. Fixed capital account can show both positive and negative accounts
2. The incoming partner cannot acquire his share of profits:
    a. From one or more partners (not from all partners)
    b. From the old partners in their old profit sharing ratio
    c. From the old partners in their new profit sharing ratio
    d. From the old partners in some agreed ratio

3. Sumo Ltd. was formed with an authorised Share Capital of ₹40,00,000 divided into 4,00,000 shares of Rs 10 each. The Company offers 130000 shares to the public payable ₹3 per share on Application, ₹3 per share on Allotment and the balance on First and Final Call. Applications were received for 120000 shares. All money payable on the allotment was duly received, except on 200 shares held by Y. First and Final Call was not made by the Company. Call in arrears will be of:
   a. ₹400
   b. ₹500
   c. ₹600
   d. ₹800
4. Entrance fee is treated as
   a. None of these
   b. Both revenue receipt and capital receipt
   c. Revenue receipt
   d. Capital receipt
5. After which account it is assumed that dissolution of the firm stands closed?
   a. Memorandum Balance Sheet
   b. Cash A/c
   c. Partners Capital A/c
   d. Realisation A/c
6. Which type of shares legally can be issued at discount?
   a. Employees stock option scheme plan
   b. Equity Shares
   c. Preference Shares
   d. Sweat Equity Shares
7. How would you treat investment fluctuation reserve given in the balance sheet at the time of dissolution?
   a. Debit side of partners' capital account
   b. Cash Account credit side
   c. Credit side of Realisation Account
   d. Debit side of Realisation Account
8. P, Q and R are partners sharing profits equally. They decided that in future R will get $\frac{1}{5}$ share in profits and the remaining profit will be shared by P and Q equally. On the day of

change, a firm's goodwill is valued at Rs 60,000. Identify the gain or sacrifice of the partners.

a. P Debit Rs.4,000 and Q Credit Rs.4,000
b. P Debit with Rs. 8,000 Q and R credit with Rs. 4,000 each
c. P and Q debit with Rs. 4,000 each and R Credit with Rs. 8,000
d. Q Debit Rs.4,000 and P Credit Rs.4,000

9. Fill in the blanks:

An account operated to ascertain the loss or gain at the death of a partner is called _______ account.

10. New Profit sharing Ratio after the retirement of a partner, can be calculated as:
    a. New Ratio - Acquired share
    b. New Ratio - Sacrificing Ratio
    c. Old Ratio + Acquired share
    d. Old Ratio - Acquiring Ratio
11. If the old ratio and the new ratio of remaining partners are different then in such case outgoing partners profit share will be adjusted through which account?
    a. The Capital Accounts of gaining partners
    b. The Current Accounts of gaining partners
    c. The Current Accounts of all partners
    d. The Capital Accounts of all partners
12. The formula for Capitalisation of Super Profit Method is
    a. Super Profit × Number of years purchase
    b. None of these
    c. (Super Profit - Normal Profit) × 100 + Normal Rate of Return.
    d. Super Profit × 100 + Normal Rate of Return
13. Interest payable on the capital of the partners is charged to
    a. Profit and Loss Account
    b. Realisation Account
    c. Profit and Loss Appropriation Account
    d. Profit and Loss Adjustment Account
14. Present the following information for the year ended 31st March 2018 in the financial statement of a not-for-profit organisation.

Particulars	(Rs.)
Opening balance of Match Fund	5,00,000
Sale of Match tickets	3,75,000
Donations for Match Fund received during the year	1,24,000
Match expenses	10,00,000

OR

Calculate interest on drawings of Mr. X @ 10% p.a. if he withdrawn Rs. 1000 per month

i. In the beginning of each Month
ii. In the middle each of month
iii. at end of each month.

15. Anju, Manju and Mamta are partners whose fixed capitals were Rs 10,000, Rs 8,000 and Rs 6,000, respectively. As per the partnership agreement, there is a provision for allowing interest on capitals @ 5% p.a. but entries for the same have not been made for the last three years. The profit-sharing ratio during 2014 (4:3:5), 2015 (3:2:1) and 2016 (1:1:1). Make necessary and adjustment entry at the beginning of the fourth year i.e. Jan. 2017.

OR

Rakesh and Roshan are partners, sharing profits in the ratio of 3:2 with capitals of Rs 40,000 and Rs 30,000, respectively. They withdrew from the firm the following amounts, for their personal use:

Rakesh	Month	Rs
	May 31, 2016	600
	June 30, 2016	500
	August 31, 2016	1,000
	November 1, 2016	400
	December 31, 2016	1,500
	January 31, 2017	300

	March 01, 2017	700
Rohan	At the beginning of each month	400

Interest is to be charged @ 6% p.a. Calculate interest on drawings, assuming that book of accounts is closed on March 31, 2017, every year.

16. Y Ltd. forfeited 1,500 shares of Rs. 10 each (Rs. 7 called-up) for non-payment of the allot money of Rs. 4 per share including Rs. 1 as premium. Of these 1,000 shares were reissue M at per share as Rs. 7 called-up. Journalise the above transactions in the books of Y.
17. What Journal entries would be passed for the discharge of following unrecorded liabilities on the dissolution of a firm of partners A and B.
    a. There was a contingent liability in respect of bills discounted but not matured of Rs. 18,500. An acceptor of one bill of Rs. 2,500 became insolvent and fifty paise in a rupee was recovered. The liability of the firm on account of this bill discounted and dishonoured has not so far been recorded.
    b. There was a contingent liability in respect of a claim for damages for Rs. 75,000, such liability was settled for Rs. 50,000 and paid by the partner A.
    c. The firm will have to pay Rs. 10,000 as compensation to an injured employee, which was a contingent liability not accepted by the firm.
    d. Rs. 5,000 for damages claimed by a customer has been disputed by the firm. It was settled at 70% by a compromise between the customer and the firm.
18. Ambrish, Lalit and Charu are partners in a firm. They do not have a Partnership Deed.
    i. Ambrish, who has contributed more capital than other partners, demands interest on capital at 10% p.a. But Lalit and Charu do not agree with him.
    ii. Lalit has devoted his full time to the business and demands a salary of ₹5,000 p.m. But Ambrish and Charu do not agree with him.
    iii. Charu demands interest on the loan of ₹50,000 advanced by her at the market rate of interest, i.e., 12% p.a.
    iv. Ambrish has drawn ₹10,000 from the firm for personal use. Lalit and Charu demand that interest should be charged 10% per annum.
    v. Profit before taking into account any of the above claims amounted to ₹50,000 at the end of the first year of the business. Ambrish demands share of profit in the capital ratio.

How will the disputes be settled?

19. From the following information of Gems Club, prepare Income and Expenditure Account for the year ended 31st March 2018.

Receipts and Payments Account of Gems Club for the year ending 31st March 2018.

Receipts	Amount (Rs.)	Payments	Amount
To Balance b/d	50,000	By Furniture	1,30,000
To Interest on Investments	2,400	By Salaries	64,500
To Donations	17,000	By Miscellaneous Expenses	52,000
To Subscriptions	3,00,000	By Telephone Charges	12,000
To Rent Received	70,000	By Fax Machine	6,000
To Sale of old newspapers	600	By 6% Investments (on 01.08.2017)	1,00,000
		By printing and Stationery	19,000
		By Balance c/d	56,500
	4,40,000		4,40,000

Additional Information:

Subscriptions received included Rs.15,000 for 2018 – 19. The amount of subscriptions outstanding on 31st March 2018 were Rs.20,000. Salaries unpaid on 31st March 2018 were Rs.8,000 and Rent receivable was Rs.2,000. Opening stock of printing and stationery was Rs.12,000, whereas Closing stock was Rs.15,000.

20. SSS Ltd. issued 25,000,10% debentures of 100 each. Give journal entries and the Balance Sheet in each of the following cases when :

i. The debentures were issued at a premium of 20%

ii. The debentures were issued as collateral security to bank against a loan of Rs.20,00,000.

iii. The debentures were issued to a supplier of machinery costing Rs.28,00,000 as his full and final payment.

21. C and D are partners in a firm sharing profits in the ratio of 4: 1. On 31st March, 2016, their balance sheet was as follows

Balance Sheet

as at 31 st March, 2016

Liabilities		**Amt (Rs)**	**Assets**	**Amt(Rs)**
Sundry Creditors		40,000	Cash	24,000
Provision for Bad Debts		4,000	Debtors	36,000
Outstanding Salary		6,000	Stock	40,000
General Reserve		10,000	Furniture	80,000
Capital A/cs			Plant and Machinery	80,000
C	1,20,000			
D	80,000	2,00,000		
		2,60,000		2,60,000

On the above date, E was admitted for $\frac{1}{4}$ th share in the profits on the following terms

i. E will bring Rs1,00,000 as his capital and Rs 20,000 for his share of goodwill premium, half of which will be withdrawn by C and D.
ii. Debtors Rs 2,000 will be written off as bad debts and a provision of 4% will be created on debtors for bad and doubtful debts.
iii. Stock will be reduced by Rs 2,000, furniture will be depreciated by Rs 4,000 and 10%, depreciation will be charged on plant and machinery.
iv. Investments Rs 7,000 not shown in the balance sheet will be taken into account.
v. There was an outstanding repairs bill of ^ 2,300 which will be recorded in the books.
Pass necessary journal entries for the above transactions in the books of the firm on E's admission.

OR

A and B are partner in a firm sharing profits and loss in the ratio of 2:1.

Balance Sheet

Liabilities		Rs.	Assets	Rs.
Capitals:			Buildings	80000
A	160000		Furniture	24000
B	120000	28000	Stock	48000
General Reserve		96000	Debtors	240000
Creditors		64000	Bank	48000
		440000		440000

it was decided to admit C into the firm on the following terms:

i. C will bring in Rs. 84000 of which Rs. 36000 will be treated as his share of goodwill.
ii. C will be entitled to 1/4th share of the profits.
iii. Provision for doubtful debts is to be created Rs. 9000
iv. Furniture is to be depreciated by 5%.
v. Stock is to be revalued at 42000.

Prepare Revaluation Account, Partner's Capital Account and Balance Sheet of the new firm.

22. X Ltd invited applications for issuing 50,000 equity shares of Rs.10 each. The amount was payable as follows.

On application	Rs.2 per share
On allotment	Rs.2 per share
On first call	Rs.3 per share
On second and final call	Balance amount

Applications for 70,000 shares were received. Applications for 10,000 shares were rejected and the application money was refunded.

Shares were allotted to the remaining applicants on a pro-rate basis and excess money received with applications was transferred towards sums due on allotment and calls if any.

Gopal, who applied for 600 shares, paid his entire share money with the application.

Ghosh, who had applied for 6,000 shares, failed to pay the allotment money and his shares were immediately forfeited. These forfeited shares were re-issued to Sultan for Rs.20,000; Rs.4 per share paid-up. The first call money and the second and final call money was called and duly received. Pass necessary journal entries for the above transactions in the books of X Ltd.
Open Calls-in-advance account and calls-in-arrears account wherever necessary.

OR

XL Ltd invited applications for issuing 1,00,000 equity shares of Rs. 10 each at par. The amount was payable as follows
On application — Rs. 3 per share.
On allotment — Rs. 4 per share.
On first and final call — Rs. 3 per share
The issue was over-subscribed by three times. Applications for 20% of shares were rejected and the money refunded. The allotment was made to the remaining applications as follows

Category	**Number of Shares Applied**	**Number of Shares Allotted**
I	1,60,000	80,000
II	80,000	20,000

Excess money received with applications was adjusted towards sums due on the allotment and first and final call. All calls were made and were duly received except the final call by a shareholder belonging to the category who has applied for 320 shares. His shares were forfeited. The forfeited shares were reissued at Rs. 15 per share fully up.

Pass necessary journal entries for the above transactions in the book of XL Ltd. Open calls m-arrears and calls in advance account whenever required.

Section B

23. The decrease in the value of Trade Receivable will be _______.
   a. Added in operating activities
   b. Added in Investing Activities
   c. Deducted in Investing activities

d. Deducted in operating activities

24. State two profitability ratios of a firm can be measured.

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. Cash Flow from Operating activities + Cash flow from investing activities + Cash flow from financing activities =?
    a. Net Increase/Decrease in Long term borrowings
    b. Net Increase/Decrease in cash and cash equivalents
    c. Net Increase/Decrease in Non-current Assets
    d. Net Increase/Decrease in Share Capital

27. Fill in the blanks:

    ________ refers to that amount which is stated in the Memorandum of Association.

28. Identify the following formula used for:

    Cost of Revenue from operations + Operating Expenses/ Revenue from operations $\times$ 100
    a. Proprietary Ratio
    b. Gross profit ratio
    c. Working Capital Turnover Ratio
    d. Operating Ratio

29. Revenue from operations – Cost of Revenue from operations =?
    a. Net Profit
    b. Net Purchases
    c. Net Sales
    d. Gross Profit

30. Current Assets are ₹5,25,000; Inventories ₹2,00,000 (includes Loose Tools ₹75,000); Working Capital ₹2,25,000, calculate Current Ratio.

    OR

    A firm has a Current Ratio of 4 : 1 and a Quick Ratio of 2.5 : 1. Assuming Inventories are ₹

22,500, find out total Current Assets and Total Current Liabilities.

31. Following is the statement of profit and loss of Moon India Ltd for the year ended 31st March 2014 and 2015.

Particulars	**Note No.**	**31st March 2015 Amt (Rs.)**	**31st March 2014 Amt (Rs.)**
Revenue from Operations		50,00,000	40,00,000
Other Incomes		2,00,000	10,00,000
Employee benefit Expenses		60% of Total Revenue	50% of Total Revenue
Other Expenses		10% of Employee benefit Expenses	20% of Employee benefit Expenses
Tax Rate		50%	40%

The motto of Moon India Ltd is to produce and distribute green energy in the backward areas of India. It has also taken up a project of giving vocational training to the girls belonging to the backward areas of Rajasthan. You are required to prepare a comparative statement of profit and loss of Moon India Ltd from the given statement of profit and loss and also identify any two values that the company wishes to convey to the society.

OR

From the following Balance Sheet of Exe Ltd. as at 31st March 2019, prepare Comparative Balance Sheet:

BALANCE SHEET as of 31st March 2019

Particulars	Note No.	31st March 2019 (₹)	31st March 2018 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital (Equity)		18,00,000	12,00,000

2. Non-Current Liabilities			
Long-term Borrowings: 8% Debentures (Secured)		6,00,000	6,00,000
3. Current Liabilities			
Trade Payables		6,00,000	3,00,000
Total		30,00,000	21,00,000
II. ASSETS			
1. Non-Current Assets			
Fixed Assets: Tangible Assets		18,00,000	15,00,000
2. Current Assets			
(a) Trade Receivables		10,00,000	5,00,000
(b) Cash and Cash Equivalents		2,00,000	1,00,000
Total		30,00,000	21,00,000

32. Following are the Balance Sheets of Vanya Ltd. as at 31st March 2019 and 2018

Particulars	Note No.	31st March 2019	31st March 2018
I. Equity & Liabilities			
1. Shareholders Funds			
Share Capital		1400000	100000
Reserve and Surplus	1	500000	400000
2. Non-Current Liabilities			
Long Term Borrowings		500000	140000
3. Current Liabilities			
Trade Payables		100000	60000
Short Term Provisions	2	80000	60000
Total		2580000	1660000

II. Assets			
1. Non-Current Asset			
Fixed Asset			
Tangible Asset	3	1600000	900000
Intangible Asset	4	140000	200000
2. Current Asset			
Inventories		250000	200000
Trade Receivables		500000	300000
Cash & Cash Equivalents		90000	60000
Total		2580000	1660000

Notes to Accounts

Particulars	**31st March 2019**	**31st March 2018**
Reserves and Surplus		
Surplus	500000	400000
Short Term Provisions		
Provision for Tax	80000	60000
Tangible Asset		
Machinery	1760000	1000000
Accumulated Dep	-160000	-100000
	1600000	900000
Intangible Asset		
Goodwill	140000	200000

Prepare cash flow statement after taking into account the following adjustments

1. Tax paid during the year amounted to 70000.

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Solution

Section A

1. (b) Fixed capital account can never show a negative balance

   Explanation: When capitals of the partners are fixed, two accounts are prepared at that time i.e. Partners Fixed capital account and Partners Current account. Partners fixed capital account shows only capital balance and additional capital or withdrawal of some part of capital permanently (if any). That's why this account cannot show a negative balance. This account shows an only positive balance.
2. (c) From the old partners in their new profit sharing ratio

   Explanation: A new partner can acquire his share of profits from the old partners in their old profit sharing ratio or from one partner or from the old partners equally. But he cannot acquire his share of profit from the old partners in the new profit sharing ratio because the new profit sharing ratio is fixed only after the admission of the new partner. New partner only can get his share from only old partner or partners.
3. (c) ₹600

   Explanation: Call in arrears are the amount which is called but not paid by some shareholders.

   Allotment money is not received on 200 shares

   Allotment money is Rs. 3

   Call in Arrear will be 600 i.e. 200 shares $\times$ 3 = 600

   Note: Amount of first and final call is not called by the company, so it should not be considered as Calls in Arrears.
4. (c) Revenue receipt

   Explanation: Entrance Fee is a recurring item which is to be treated as revenue receipt. Hence it is shown on the credit side of income and expenditure account.
5. (b) Cash A/c

   Explanation: At the time of dissolution of partnership firm, all accounts will be closed and at the end, cash or bank account is prepared. Both sides of the cash/ banks account will be equal automatically without adding any balancing figure at the end. There should be no balance in cash A/c.

6. (d) Sweat Equity Shares

   Explanation: A company cannot its shares at discount as per section 53 of the Companies Act, 2013. But Sweat Equity Shares can be issued at discount legally.

7. (c) Credit side of Realisation Account

   Explanation: At the time of dissolution of partnership firm, investment fluctuation reserve should be transferred to the credit side of realisation account. It should not be distributed as a free reserve. It is transferred only if investments are there in the question.

8. (c) P and Q debit with Rs. 4,000 each and R Credit with Rs. 8,000

   Explanation: Change in Ratio:

   Old Ratio = 1:1:1

   R's new share = $\frac{1}{5}$ or $\frac{2}{10}$
   Remaining share = $1 - \frac{1}{5} = \frac{4}{5}$
   P's new share = $\frac{4}{5} \times \frac{1}{2} = \frac{4}{10}$
   Q's new share = $\frac{4}{5} \times \frac{1}{2} = \frac{4}{10}$
   New Ratio = 4:4:2 = 2:2:1

   Sacrifice or Gain of partners:
   P = $\frac{1}{3} - \frac{2}{5} = \frac{1}{15}$ Gain
   Q = $\frac{1}{3} - \frac{2}{5} = \frac{1}{15}$ Gain
   R = $\frac{1}{3} - \frac{1}{5} = \frac{2}{15}$ Sacrifice

9. Revaluation

10. (c) Old Ratio + Acquired share

    Explanation: To calculate the new profit sharing ratio at the time of retirement, the following formula should be used: New Share = Old Share + Acquired Share.
    Sometimes these acquired share is in negative. it means that there is some sacrifice by the partner and some other partner is gaining more share in the future profit and thus no such share is added only gainer partner ratio is added.

11. (a) The Capital Accounts of gaining partners

    Explanation: When the new profit sharing ratio of the continuing partners differ from their old ratio, in such a case outgoing partner's share of profits will be adjusted through the capital account of gaining a partner. The Entry will be as follows:

Capital Account of gaining Partner A/c ... Dr.

To Capital Account of outgoing Partner A/c

(Profit distributed of outgoing partner)

12. (d) Super Profit × 100 + Normal Rate of Return

Explanation: Super Profit × 100 + Normal Rate of Return

13. (c) Profit and Loss Appropriation Account

Explanation: Profit and Loss Appropriation Account

14.

Income and Expenditure A/c

for the year ended 31st March 2018

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Match Expenses	1,000		

Balance sheet

as at 31st March 2018

Liabilities		**Rs.**	**Assets**	**Rs.**
Match fund	5,00,000			
Add Sale of Match Tickets	3,75,000			
Add Donations	1,24,000			
Less Match expenses	(9,99,000)	---		

OR

Interest on Drawing = $Amount \times \frac{Rate}{100} \times \frac{months.as.per.Average.Method}{12}$

Case (i) Interest on Drawing = $Amount \times \frac{Rate}{100} \times \frac{6.5}{12}$

$1,000 \times 12 \times \frac{10}{100} \times \frac{6.5}{12}$ = Rs. 650

Case (ii) Interest on drawing = $Amount \times \frac{Rate}{100} \times \frac{6}{12}$

$1,000 \times 12 \times \frac{10}{100} \times \frac{6}{12}$ = Rs. 600

Case (iii) Interest on drawing = $Amount \times \frac{Rate}{100} \times \frac{5.5}{12}$

$1,000 \times 12 \times \frac{Rate}{100} \times \frac{5.5}{12} == $ Rs. 550

15. An amount at an agreed rate of interest which is credited to a partner based on the amount of capital contributed by him/her. In order to ascertain a true picture of the business' profitability, it is a common practice to provide interest on capital. Journal entry for interest on capital includes two accounts; Capital A/c & Interest on Capital A/c. Interest on capital is an expense for the business and is added to the capital of the proprietor thereby increasing his total capital in the business. It is not paid in cash or by the bank.

Interest on Capital

Anju = 10,000 × $\frac{5}{10}$ = Rs 500

Manju = 8,000 × $\frac{5}{10}$ = Rs 400

Mamta = 6,000 × $\frac{5}{10}$ = Rs 30

adjustment of profit

Year 2014

	Anju	**Manju**	**Mamta**	=	**Total**
Interest on Capital	500	400	300	.	1,200
Wrong distribution of Rs 1,200 (4:3:5)	(400)	(300)	(500)	=	(1,200)
	100	100	(200)	.	NIL

Year 2015

	Anju	**Manju**	**Mamta**	=	**Total**
Interest on Capital	500	400	300	.	1,200
Wrong distribution of Rs 1,200 (3:2:1)	(600)	(400)	(200)	=	(1,200)
.	(100)	NIL	100	.	NIL

Year 2016

	Anju	**Manju**	**Mamta**	=	**Total**
Interest on Capital	500	400	300	.	1,200

Wrong distribution of Rs 1,200 (1:1:1)	(400)	(400)	(400)	=	(1,200)
	100	NIL	(100)	.	NIL

Final Adjustment

	Anju	Manju	Mamta
2014	100	100	(200)
2015	(100)	NIL	100
2016	100	NIL	(100)
.	100	100	(200)

Adjusting Journal Entry

Date	Particulars		L.F	Debit Amount Rs	Credit Amount Rs
Jan. 2017					
	Mamta's Capital A/c	Dr.		200	
	To Anju's Capital A/c				100
	To Manju Capital A/c				100
	(Adjustment of profit made)				

OR

The partnership deed normally carries the name of the business, the address of its principal place of business and a short summary of the business the partners intend to operate. A business in this context might include the purchase of residential or commercial real estate with the intention of renting it out and making income from it. The deed gives important financial details of the partnership, such as the amount of capital to be invested by each partner, the ownership shares that each partner is entitled to through this investment, the salaries to be paid to each partner and the method of distributing the business income.

Interest on drawings should be calculated from the date of the withdrawal of the amount. In case the date of the withdrawal is not given, interest should be charged for six months on the total amount because it is assumed that the drawings were made evenly throughout the year.

Rakesh's Interest on Drawings

	Drawings × Period	Product
31 May 2016 to 31 March 2017	600 × 10 month =	6,000
30 June 2016 to 31 March 2017	500 × 9 month=	4,500
31 August 2016 to 31 March 2017	1,000 × 7month =	7,000
1 November 2016 to 31 March 2017	400 × 5 month=	2,000
31 December 2016 to 31 March 2017	1,500 × 3month =	4,500
31 January 2017 to 31 March 2017	300 × 2month =	6,00
01 March 2017 to 31 March 2017	700 × 1 month =	700
	Sum of Product	25,300

Interest = Sum of Product × $\frac{\text{Rate}}{100} \times \frac{1}{12}$

= $25,300 \times \frac{6}{100} \times \frac{1}{12}$

= Rs 126.5

Interest on Rohan's Capital

= Total Drawing × $\frac{\text{Rate}}{100} \times \frac{13}{2 \times 12}$

$= 4,800 \times \frac{6}{100} \times \frac{13}{2 \times 12}$

= Rs 156

16. In this question, first shares are forfeited than reissued where Forfeiture of shares 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.

In the Books of Y Ltd.

Journal

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
	Share Capital A/c (1,500 × 7)	Dr.		10,500	
	Securities Premium Reserve A/c (1,500 × 1)	Dr.		1,500	
	To Forfeited Shares A/c (1,500 × 4)				6,000
	To Share Allotment A/c (1,500 × 4) (Being 1,500 shares forfeited for non-payment of allotment money)				6,000
	Bank A/c (1,000 × 6)	Dr.		6,000	
	Forfeited Shares A/c (1,000 × 1)	Dr.		1,000	
	To Share Capital A/c (Being 1,000 shares reissued @ 6 per share as 7 called-up)				7,000
	Forfeited Shares A/c	Dr.		3,000	
	To Capital Reserve A/c (Note) (Being the transfer of gain (profit) on reissue)				3,000

17.

Journal

Date	Particulars	LF	Dr. (Rs.)	Cr. (Rs.)
i	Realisation A/c ....Dr.		17,250	
	To Bank A/c			17,250
	(Being bill dishonoured Paid by firm.)			
ii	Realisation A/c ....Dr.		50,000	
	To A's Capital A/c			50,000
	(Being claim for damages paid by "A")			

iii	Realisation A/c ....Dr.		10,000	
	To Bank A/c			10,000
	(Being Compensation to employee paid by firm)			
iv	Realisation A/c ....Dr.		3,500	
	To Bank A/c			3,500
	(Being claim for damages to customer paid by firm)			

18. The partners do not have a Partnership Deed. Therefore, provisions of the Indian Partnership Act, 1932 will apply to settle the disputes:
   i. Interest on capital is not payable to any partner. Therefore, Ambrish will not get interested in the capital.
   ii. Remuneration is not payable to any partner. Therefore, Lalit will not get a salary.
   iii. Interest in Partner's Loan is payable 6% p.a. Therefore, Charu will get interest ₹3,000 i.e., $\left(50000 \times \frac{6}{100}\right)$.
   iv. Interest in Ambrish's Drawings will not be charged.
   v. Profit after Interest on Charu's Loan, i.e., ₹47,000 is to be distributed equally.

19. **Income & Expenditure A/c**

Particulars		**(Rs.)**	**Particulars**		**(Rs.)**
To Salaries	64,500		By Subscription	3,00,000	
+ outstanding	<u>8,000</u>	72,500	(-) advance	(15,000)	
To Miscellaneous Expenses		52,000	+ o/s subscription	<u>20,000</u>	3,05,000
To Telephone Charges		12,000	By Interest	2400	
To Printing & Stationery			+ Accrued Interest	<u>1600</u>	4,000
Opening Stock	12,000		By Donations		17,000
+ Purchases	19,000		By Rent	70,000	
- Closing Stock	<u>(15,000)</u>	16,000	+ Receivable	2,000	72,000
To Surplus		2,46,100	By Sale of old newspaper		600

		3,98,600		**3,98,600**

20.

JOURNAL

Date	Particulars		L.F.	Amt (Dr)	Amt (Cr)
	Bank A/c (25,000*120)	Dr		30,00,000	
	To Debenture Application and Allotment A/c (Being application money received)				30,00,000
	Debenture Application and Allotment A/c	Dr		30,00,000	
	To 10% Debentures A/c (25,000*100)				25,00,000
	To Securities Premium Reserve A/c (25,000*20) (Being application money transferred to 10% debentures account)				5,00,000

Balance Sheet
as at..........

	Particulars	Note No.	Amt (Rs)
I.	**EQUITY AND LIABILITIES**		
1	Shareholders' Funds		
	Reserve and Surplus	1	5,00,000
2	Non-current Liabilities		
	Long-term Borrowings	2	25,00,000
	Total		30,00,000
II.	**ASSETS**		
1	Current Assets		

	Cash and Cash Equivalents	3	30,00,000
	Total		30,00,000

Notes to Accounts

	Particulars	**Amt (Rs)**
1	Reserves and Surplus	
	Securities Premium Reserve	5,00,000
2	Non-current Liabilities	
	10% Debentures	25,00,000
3	Cash and Cash Equivalents	
	Cash at Bank	30,00,000

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Date	**Particulars**		**L.F.**	**Amt (Dr)**	**Amt (Cr)**
(i)	Bank A/c	Dr		20,00,000	
	To Bank loan A/c (Being bank loan taken)				20,00,000
(ii)	Debenture Suspense A/c	Dr		25,00,000	
	To 10% Debentures A/c (Being 25,000, 10% debentures of Rs.100 each issued as Collateral security)				25,00,000

Balance Sheet

As at ....

	Particulars	**Amt (Rs)**
1	**EQUITY AND LIABILITIES**	

	Non-current Liabilities	
	Long-term Borrowings	20,00,000

Notes to Accounts

	Particulars		**Amt (Rs)**
1	**Long-term Borrowings**		
	Loan from Bank		20,00,000
	25,000, 10% Debentures of Par Value of Rs.100 each Issued as Collateral Security	25,00,000	
	(-)Debenture Suspense	(25,00,000)	
			20,00,000

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Date	**Particulars**		**L.F.**	**Amt (Dr)**	**Amt (Cr)**
	Machinery A/c	Dr		28,00,000	
	To Vendor's A/c (Being machinery purchased)				28,00,000
	Vendor's A/c	Dr		28,00,000	
	To 10% Debentures A/c (25,000 × 100)				25,00,000
	To Securities Premium Reserve A/c (Being 25,000, 10% debentures issued to the supplier of machinery at premium)				3,00,000

Balance Sheet

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

	Particulars	**Note No.**	**Amt (Rs)**
I.	**EQUITY AND LIABILITIES**		

1	**Shareholders' Funds**		
	Reserves and Surplus	1	3,00,000
2	**Non-current Liabilities**		
	Long-term Borrowings	2	25,00,000
	Total		28,00,00
II.	**ASSETS**		
1.	**Non-current Assets**		
	Fixed Assets		
	Tangible Assets	3	28,00,000
	Total		28,00,000

Notes to Accounts

	Particulars	Amt (Rs)
1	**Reserves and Surplus**	
	Securities Premium Reserve	3,00,000
2	**Long-term Borrowings**	
	10% Debentures (25,000 debentures @ Rs.100)	25,00,000
3	**Tangible Fixed Assets**	
	Machinery	28,00,000

NOTES :

- Debentures issued as collateral security being for the loan of the company, debentures issued as collateral security are shown in the Note to Accounts in which loan is secured by debentures is shown.
- If the company fails to pay the loan along with interest with the time, the lender may recover the dues from the sale of primary security or by seeking redemption of collateral security.

21.

JOURNAL

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
2016 March 31	Cash A/c	Dr		1,20,000	
	To E's Capital A/c				1,00,000
	To Premium for Goodwill A/c				20,000
	(Being cash and premium for goodwill brought in by E)				
	premium for Goodwill A/c	Dr		20,000	
	To C's Capital A/c				16,000
	To D's Capital A/c				4,000
	(Being premium for goodwill shared by old partners in sacrificing ratio, i.e., 4: 1)				
	C's Capital A/c	Dr		8,000	
	D's Capital A/c	Dr		2,000	
	To Cash A/c				10,000
	(Being half the goodwill withdrawn by C and D)				
	General Reserve A/c	Dr		10,000	
	To C's Capital A/c				8,000
	To D's Capital A/c				2,000
	(Being general reserve distributed among old partners in old ratio)				
	Revaluation A/c	Dr		16,300	
	To Outstanding Repair Bill A/c				2,300

	To Stock A/c				2,000
	To Furniture A/c				4,000
	To Plant and Machinery A/c (80,000 × 10%)				8,000
	(Being the decrease in the value of assets and increase in the value of liabilities recorded)				
	Bad Debts A/c	Dr		2,000	
	To Debtors A/c				2,000
	(Being bad debts charged)				
	Provision for Doubtful Debts A/c	Dr		2,000	
	To Bad debts A/c				2,000
	(Being Bad debts written-off)				
	Investment A/c	Dr		7,000	
	Provision for Doubtful Debts A/c (WN)	Dr		640	
	To Revaluation A/c				7,640
	(Being decrease in the value of liabilities and increase in the value of assets recorded)				
	C's Capital A/c	Dr		6,928	
	D's Capital A/c	Dr		1,732	
	To Revaluation A/c				8,660
	(Being loss on revaluation transferred to old partners in old ratio)				

Working Notes

i. **Distribution of Goodwill in Sacrificing Ratio**

C's share =$20,000 \times \frac{4}{5} = Rs16,000$

D's Share = $20,000 \times \frac{1}{5} = Rs4,000$

NOTE It has been assumed that the C and D sacrifice ratio is 4:1 as equal to old profit sharing ratio.

ii. Loss of Revaluation

It can be ascertained by preparing revaluation account in the following manner

Dr	Revaluation Account			Cr
Particulars	**Amt (Rs)**	**Particulars**		**Amt (Rs)**
To Outstanding Repair Bill A/c	2,300	By Investment A/c		7,000
To Stock A/c	2,000	By Provision for Doubtful Debts A/c		640
To Furniture A/c	4,000	By Loss on Revaluation Transferred to		
To Plant and Machinery A/c	8,000	C's Capital A/c	6,928	
		D's Capital A/c	1,732	8,660
	16,300			16,300

iii. **Provision for Bad Debts** Debtors = 36,000

iv. (-) Bad debts = (2,000), which will be adjusted against the provision for bad debts

Rs 34,000

New provision for doubtful debts @ 4% = 34,000$\times \frac{4}{100} = Rs1,360$

Existing provision after adjusting bad debts (4,000 - 2,000) = 2,000

(-) New provision = (1,360)

Excess Provision = Rs 640

OR

Revaluation Account

Particulars	**Rs.**	**Particulars**		**Rs.**
To Provision for Doubtful debts	9000	By Loss Transfer:		
To Furniture	1200	A	10800	

To Stock	6000	B	5400	16200
	16200			**16200**

Partner's Capital Accounts

Particulars	A	B	C	Particulars	A	B	C
To Revaluation	10800	5400	-	By Balance b/d	160000	120000	-
To Balance c/d	237200	158600	48000	By General Reserve	64000	32000	-
				By Bank	-	-	48000
				By Premium for goodwill	24000	12000	-
	248000	**164000**	**48000**		**248000**	**164000**	**48000**

Balance Sheet after C's admission

Liabilities		Rs.	Assets		Rs.
Capitals:			Building		80000
A	237200		Furniture		22800
B	158600		Stock		42000
C	48000	209500	Debtors	240000	
			Less: Provision	9000	231000
			Bank		132000
		507800			**507800**

22. **JOURNAL**

Date	Particulars	LF	Amt (Dr)	Amt (Cr)

	Bank A/c..........Dr.		1,44,800	
	To Equity Share Application A/c			1,44,800
	(Being share application money received.)			
	Equity Share Application A/c..........Dr.		1,44,800	
	To Equiry Share Capital A/c			1,00,000
	To Equity Share Allotment A/c			20,800
	To Bank A/c			21,000
	To calls-in- advance A/c			3,000
	(Being share application money due.)			
	Equity Share Allotment A/c..........Dr.		1,00,000	
	To Equity Share Capital A/c			1,00,000
	(Being share allotment money due.)			
	Bank A/c..........Dr.		71,200	
	Calls-in-arrears A/c..........Dr.		8,000	
	To Equity Share Allotment A/c			79,200
	(Being share allotment money received.)			
	Equity Share Capital A/c..........Dr.		20,000	
	To Calls-in-arrears A/c			8,000
	To Share Forfeiture A/c			12,000
	(Being share forfeited.)			
	Bank A/c..........Dr.		20,000	
	To Equity Share Capital A/c			20,000
	(Being shares issued to sultan.)			
	Share Forfeiture A/c..........Dr.		12,000	
	To Capital Reserve A/c			12,000

	(Being balance of share forfeiture transferred to capital reserve.)			
	Equity Shares First Call A/c..........Dr.		1,50,000	
	To Equity Shares Capital A/c			1,50,000
	(Being share first call money due.)			
	Bank A/c..........Dr.		1,48,500	
	Calls-in-advance A/c..........Dr.		1,500	
	To Equity Shares First Call A/c			1,50,000
	(Being share first call money received.)			
	Equity Share Second and Final Call A/c..........Dr.		1,50,000	
	To Equity Share Capital A/c			1,50,000
	(Being share second call money due.)			
	Bank A/c..........Dr.		1,48,500	
	Calls-in-advance A/c..........Dr.		1,500	
	To Equity Share Second and Final Call A/c			1,50,000
	(Being share second and final call money received.)			

Working Note:

Analyse Table

	Shares applied	**Shares allotted**	**Received on application @ Rs.2**	**Transferred to share capital @ Rs.2**	**Excess**	**Allotment @ Rs.2**	**Calls-in-advance @ Rs.6**	**Refund**
I	10,000	....	20,000	....	20,000	....	....	20,000
II	59,400	49,500	1,18,800	99,000	19,800	19,800	....	....
III	600	500	6,000	1,000	5,000	1,000	3,000	1,000

	70,000	50,000	1,40,800	1,00,000	44,800	20,800	3,000	21,000

OR

Working Notes 1.

Category	No of Shares Applied	No of shares Allotted	Excess amount received on Application	Amount to be received On Allotment	Amount to be adjusted on Allotment	Amount to be received on 1st and final Calls	Amount adjust on 1st and Final calls	Amount Refunded
I	1,60,000	80,000	80,000 shares × 3 = 2,40,000	80,000 shares × 4 = 3,20,000	2,40,000	80,000 shares × 3 = 2,40,000	Nil	-
II	80,000	20,000	60,000 Shares × 3 = 180000	20,000 shares × 4 = 80,000	80,000	20,000 shares × 3 =60000	60,000	40,000
III	60,000	Nil	-	-	-	-	-	60,000 shares × 3 = 1,80,000
Total	3,00,000	1,00,000			3,20,000		60,000	2,20,000

Working Notes 2.

No of shares applied = 320 shares

No of shares Allotted = 320 shares × 80000 shares/160000shares = 160 shares

Amount outstanding on 1st and final Call = 160 shares × 3 = Rs.480

Working Notes 3.

Amount Transfer To Capital Reserve = Rs. 1120 - 0 = Rs.1120

In the Books of XL limited

Journal

Date	Particulars		L.F.	Debit (Rs.)	Credit (Rs.)
1.	Bank A/c	Dr.		9,00,000	
	To Equity Share Application A/c				9,00,000
	(Being Amount Received on the application of share @3 per share on 300000 shares)				
2.	Equity Share Application A/c	Dr.		9,00,0000	
	To Equity Share Capital A/c				3,00,000
	To Calls -In- Advance A/c				3,80,000
	To Bank A/c				2,20,000
	(Being amount transfer to capital a/c and adjustment of pro-rata made.)				
3.	Equity Share Allotment A/c	Dr.		4,00,0000	
	To Equity share Capital A/c				400,0000
	(Being Amount on allotment Due on 100000 shares @4 each.)				
4.	Bank A/c	Dr.		80,000	
	Calls -In- Advance A/c	Dr.		3,20,000	

	To Equity Share Allotment A/c				4,00,000
	(Being amount received on Allotment)				
5.	Equity Share First & Final call A/c	Dr.		3,00,000	
	To Equity share Capital A/c				3,00,000
6	Bank A/c	Dr.		2,39,520	
	Calls- in - Arrear A/c	Dr.		60,000	
	Calls - in - Advance A/c	Dr.		480	
	To Equity Share First & Final call A/c				3,00,000
	(Being Amount received on First and Final calls)				
7.	Equity Share Capital A/c	Dr.		1600	
	To Equity Share Forfeited A/c				1120
	To Calls -in - Arrear A/c				480
	(Being shares forfeited on which amount of call not received)				
8.	Bank A/c	Dr.		2400	
	To Equity Share Capital A/c				1600
	To Security premium reserve A/c				800
	(Being amount received on Shares Re-issued)				
9.	Equity Share Forfeited A/c	Dr.		1120	
	To Capital Reserve A/c				1120

	(Being amount of share forfeited transfer to Capital Reserve transfer A/c)				

Section B

23. (a) Added in operating activities

    Explanation: The decrease in the value of Trade Receivables (Current assets) will be added in operating activities while preparing a cash flow statement. Because Decrease in Trade Receivable is an inflow of cash.

24. i. Net Profit Ratio,

    ii. Return on Investment.

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. (b) Net Increase/Decrease in cash and cash equivalents

    Explanation: After calculating cash flows from different three activities (Operating, Investing and Financing), they are added to know the net increase or decrease in cash and cash equivalents.

27. Authorised Capital

28. (d) Operating Ratio

    Explanation: This financial ratio is most commonly used for industries which require a large percentage of revenues to maintain operations.

29. (d) Gross Profit

    Explanation: Gross Profit is calculated by deducting cost of revenue from operations from Revenue from operations. i.e Net sale – Cost of goods sold

30. Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{4{,}50{,}000^*}{3{,}00{,}000} = 1.5 : 1$

    Working Capital = Current Assets - Current Liabilities

    Current Liabilities = Current Assets - Working Capital

    = ₹5,25,000 - ₹2,25,000 = ₹3,00,000

    *Current Assets = Current Assets - Loose Tools

    = ₹5,25,000 - ₹75,000 = ₹4,50,000

OR

Let Current Liabilities (CL) be x

Current Ratio is 4 : 1, hence Current Assets = 4x

Quick Ratio is 2.5 : 1, hence Liquid Assets or Quick Assets = 2.5x

Quick Assets + Inventories = Current Assets

or 2.5x + ₹ 22,500 = 4x

or 1.5x = ₹ 22,500

$x = \frac{₹22,500}{15}$ = ₹ 15,000

Thus, Current Liabilities = ₹ 15,000

Current Assets = ₹ 15,000 × 4 = ₹ 60,000

31. **MOON INDIA LTD.**

Comparative Statement of Profit and Loss

(for the year ended 31st March 2014 and 2015)

Particulars A	**NOTE NO B**	**31st March 2014 C**	**31st March 2015 D**	**Absolute Change (Increase or Decrease) (E = C - D)**	**% Change (Increase or Decrease %) (F = E/C * 100)**
I. Revenue from Operations		40,00,000	50,00,000	10,00,000	25
ii. Other Income		10,00,000	2,00,000	(8,00,000)	(80)
iii. Total Revenue (I + II)		**50,00,000**	**52,00,000**	**2,00,000**	4
iv. **Expenses**					
Employee					

Benefit Expenses		25,00,000	31,20,000	6,20,000	24.8
Other Expenses		5,00,000	3,12,000	(1,88,000)	(37.6)
Total Expenses		**30,00,000**	**34,32,000**	**4,32,000**	14.4
V. Profit before Tax (III -IV)		**20,00,000**	**17,68,000**	**(2,32,000)**	(11.6)
(-) Tax		(8,00,000)	(8,84,000)	(84,000)	(10.5)
VI. Profit after Tax		**12,00,000**	**8,84,000**	**(3,16,000)**	(26.33)

The values which the company wants to communicate to the society are :

i. Upliftment of rural areas.
ii. Women empowerment by providing employment opportunities to girls.
iii. Promoting environment-friendly way to producing energy.

Note **Employee Benefit Expenses**: According to question, it is calculated on Total Revenue.
2014 50,00,000* 50% = 25,00,000
2015 52,00,000* 60%= 31,20,000

Other Expenses: According to the question it is calculated on Employee Benefit Expenses.
2014 25,00,000* 20% = 5,00,000
2015 31,20,000 * 10% = 3,12,000

OR

Exe Ltd.

COMPARATIVE BALANCE SHEET as at 31st March 2018 and 2019

			Absolute	**Percentage**

Particulars	Note No	31st March 2018 (₹)	31st March 2019 (₹)	Change (Increase / Decrease) (₹)	Change (Increase / Decrease) (₹)
		(A)	(B)	(C = B - A)	$\left(D = \frac{C}{A} \times 100\right)$
I. EQUITY AND LIABILITIES					
1. Shareholders'Funds					
Share Capital:					
Equity Share Capital		12,00,000	18,00,000	6,00,000	50.00
2. Non-Current Liabilities					
Long-term Borrowings:					
Secured Loan-8% Debentures		6,00,000	6,00,000	...	...
3. Current Liabilities					
Trade Payables		3,00,000	6,00,000	3,00,000	100.00
Total		21,00,000	30,00,000	9,00,000	42.86
II. ASSETS					
1. Non-Current Assets					
Fixed Assets: Tangible Assets		15,00,000	18,00,000	3,00,000	20.00
2. Current Assets					
(a) Trade Receivables		5,00,000	10,00,000	5,00,000	100.00
(b) Cash and Cash		1,00,000	2,00,000	1,00,000	100.00

Equivalents					
Total		21,00,000	30,00,000	9,00,000	42.86

32. **Cash Flow Statement**

Particulars	**Rs.**	**Rs.**
I. Cash Flow from Operating Activities :		
Net profit before tax	**1,90,000**	
+ Depreciation on Machinery	60,000	
Goodwill written off	60,000	
Operating profit before working capital changes	**3,10,000**	
+ Increase in trade payables	40,000	
	3,50,000	
- Increase in Inventories	(50,000)	
- Increase In Trade Receivables	(2,00,000)	
Cash Generated from operations	**1,00,000**	
- Income Tax Paid	70,000	***30,000***
II. Cash Flow From Investing Activities :		
Purchase of Machinery	(7,60,000)	(***7,60,000***)
III. Cash Flow from Financing Activities :		
Issue of Shares	4,00,000	
Loan Taken	3,60,000	***7,60,000***
Net increase		***30000***
+ Opening Cash and Cash Equivalents		60000
Closing Cash and Cash Equivalents		90000