Sample Question Paper

Accountancy (055)

Class XII

TIme Allowed : 3 Maximum Marks : 80

General Instruction:

1. *This question paper contains three parts A, B and C.*
2. *Part A is Compulsory for all.*
3. *Attempt only one part of the remaining parts B and C.*
4. *All parts of questions should be attempted at one place.*

PART - A

Partnership Firms and Company Accounts

Q.1 Alka, Barkha and Charu are partners in a firm having no partnership agreement. Alka, Barkha and Charu contributed ₹ 2,00,000 and ₹ 1,00,000 respectively. Alka and Barka desire that the profits should be divided in the ratio of capital contribution. Charu does not agree to this is Charu correct Giv reason. (1)

Q.2. Pawan and Jayshree are partners. Bindu is admitted for 1/4th share. What is the ratio in which Pawan and Jayshree will sacrifice their share in favour of Bindu? (1)

Q.3. State any two occasions on which a firm may be reconstituted. (1)

Q.4. When is 'Partner's Executors' Account prepared ? (1)

Q.5. What is the maximum amount of discount at which forfeited shares can be re-issued? (1)

Q.6. What is meant by 'Minium Subscription'? (1)

Q.7. What is meant by 'Debentures issued at a collateral security ? (1)

Q.8. On 31st March 2005, after the closing of books of accounts, the Capital Accounts of A, B and C stood at ₹ 24,000; ₹ 20,000; ₹ 12, 000 respectively. The profit for the year ₹ 36,000 was distributed equally.

Subsequently, it was discovered that interest on capital @ 5% p.a. had been omitted. The profit-sharing ratio was 2 : 2: 1. Pass an adjustment Journal entry. (3)

Q.9. On 31st March, 2010, Rhythm Limited issued 1,000 10% debentures of ₹ 500 each at par. Debentures are redeemable after 7 years. However, the company gave an option to debenture holders to get their debentures converted into equity shares of ₹ 100 each at a premium of ₹ 25 per anytime after the expiry of one year.

Shivansh, holder of 200 debentures, informed on Jan. 1, 2012 that he wanted to exercise the option of conversion of debentures into equity shares.

Pass necessary journal entries to record the issue of debentures on Jan. 1, 2010 and conversion of debentures on Jan. 1,2012. (3)

Q.10. Pass the necessary journal for 'issue of debentures' for the following:

(i) Jain Ltd. issued 750, 12%Debentures of ₹ 100 each at a discount of 10% redeemable at a premium of 5%. (3)

(ii) Sohan Ltd. issued 800, 9% Debentures of ₹ 100 each at a premium of ₹ 20 per Debenture redeemable at a premium of ₹ 10 per Debenture. (3)

Q.11. Shabir and David were partners in a firm supplying school uniform. They share profits in the ration of 4 : 3. Their capitals as on 1st April, 2011 were ₹ 1,00,000 and ₹ 50,000 respectively. On this date Shabir suggested David to start supplying low cost school uniforms also to the students who belong to low income group and have been admitted to agreed and requested to admit his friend Charu, a visually handicapped unemployed person into the firm, however Charu will not contribute any capital, Shabir agrees to it. They were in need of more capital. Shabir, therefore persuaded a rich friend of his, Rafiq, who hailed from Assam to be a partner.

1. Rafiq contributed ₹ 7,00,000 in cash, Delivery van of ₹ 2,75,000 and furniture of ₹ 25,000 as his capital.

2. The new profit sharing ratio is 3:2:1:1

(a) Identify any four values which according to you motivated them to form the partnership firm.

Q.12. P,Q and R were partners in a firm sharing profits in 2 : 2 : 1 ratio. The firm closes its books on 31st March every year. P died three month after the last accounts were prepared. On that date, the good will of firm was valued at ₹ 90,000. On the basis of the average profit of the last four years. The profits of last four years were:

Year ended 31.3.2007	₹ 2,00,000
Year ended 31.3.2006	₹ 1,80,000
Year ended 31.3.2005	₹ 2,10,000
Year ended 31.3.2004	₹ 1,70,000 (Loss)

Pass the necessary Journal entries for the treatment of goodwill and P's share of profit on his death. Show clearly the calculation of P's share of profit. (4)

Q.13. Raghav limited purchased a running business from Krishna Traders for a sum of ₹ 15,00,000 payable ₹ 3,00,000 by cheque and for the balance issued equity shares of ₹ 100 each at a premium of 20%.

The assets and liabilities consisted of the following:

	₹
Plant and Machinery	4,00,000
Building	6,00,000
Stock	5,00,000
Sundry Debtors	3,00,000
Sundry Creditors	2,00,000

Record necessary Journal entires in the books of Raghav limited. (4)

Q.14. Janta Ltd. had an authorised capital of ₹ 2,00,000 divided into equity shares of ₹ 10 each. The company offered for subscription 1,00,000 shares. The issue was fully subscribed. The amount payable on application was ₹ 2 per share. ₹ 4 per share was payable each on allotment and first and final call. A share holder holding 100 shares failed to pay the allotment money. His shares were forfeited. The company did not make the first & final call.

Show how the 'share capital' will be shown in the company's balance-sheet. Also prepare Notes to Accounts for the same. (4)

Q.15. A, B and C were partners in a firm having capitals of ₹ 60,000; ₹ 60,000 and ₹ 80,000 respectively. Their Current Account balance were A : ₹ 10,000; ₹ 5,000 and C : ₹ 2,000 (Dr.). According to the Partnership Deed, the partners were entitled to interest on capital @ 5% p.a. C being the working partner was also entitled to a salary of ₹ 6,000 p.a. The profits were to be their capitals.

(i) The first ₹ 20,000 in proportion to their capitals.

(ii) Next 30,00 in the ratio of 5 : 3 : 2.

(iii) Remaining profits to be shared equally.

The firm made a profit of ₹ 1,56,000 before charging any of the above items. Prepare the Profit and Loss Appropriation Account and pass the necessary Journal entry for apportionment of profit. (6)

Q.16 A, B and were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2005, their Balance Sheet was:

Liabilities		(₹)	**Assets**	(₹)
Creditors		7,000	Building	20,000
Reserve		10,000	Machinery	30,000
Capital A/c			Stock	10,000
A	30,000		Patents	6,000
B	25,000		Debtors	8,000
C	15,000	70,000	Cash	13,000
		87,000		87,000

B died on 1st October, 2005. It was agreed between his executors and the remaining partners that:

(i) Goodwill be valued at two years' purchase of the average profit of the previous five years, which were 2001: ₹ 15,000; 2002: 13,000; 2003: ₹ 12,000; 2004: ₹ 15,000 and 2005: ₹ 20,000.

(ii) Patents be valued at ₹ 8,000; Machinery at ₹ 28,000; and Building at ₹ 30,000.

(iii) Profit for the year 2005-06 be taken as having accrued at hte same rate as the previous year.

(iv) Interest on Capital be provided @ 10% p.a.

(v) A sum of ₹ 4,250 was to be paid to his executors immediately.

Prepare B's Capital Account and his Executors' Account at the time of his death.

Q.17. Srijan Limited issued ₹ 10,000 new capital divided into ₹ 100 shares at a premium of ₹ 20 per share, payable as under:

On Application	₹ 10 per share
On Allotment	₹ 40 per share (Including Premium of 10 per share)
On first and Final Call	Balance

Over-payments on application were to be applied towards sums due on allotment and first and final call. Where no allotment was made, money was to be refunded in full.

The issue was oversubscribed to the extent of 23,000 shares. Applicants for 12,000 shares and applicants for 3,000 shares were sent letters of regret. Share were allotted in full to the remaining applicants.

All the money due was duly received.

(a) Which value been affected by rejecting the application of the applicants who has applied for 3,000 shares ? Suggest a better alternative for the same.

(b) Give Journal Entries to record the above transactions (including cash transaction) in the books of the company. (8)

OR

Sangita Limited invited application for issuing 60,000 shares of ₹ 10 each at par. The amount was payables as follows:

On Application	₹ 2 per Share
On Allotment	₹ 3 per Share
On First and Final Call	₹ 5 per Share

Applications were received for 92,000 shares. Allotment was made on the following basis:

(i) To applicants for 40,000 shares - Full

(ii) To applicants for 50,000 shares - 40%

(iii) To applicants for 2,000 shares - nil. Most this category had applied for less than 50 shares each.

₹ 1,08,000 was realized on account of allotment (excluding the amount carried from application money) and ₹ 2,50,000 on account of call.

The directors decided to forfeit shares of those applicants to whom full allotment was made on which allotment money was overdue.

(a) Which value has been affected by the rejection of application of category (iii) applicants ? Suggest a better alternative for the same.

(b) Pass journal entries in the books of Sangita Limited to record the above transactions.

Q.18. L and M share profits of a business in the ratio 5:3. They admit N into the firm for a fourth share in the profits to be contributed equally by L&M. On the date of admission, the Balance Sheet of L&M was as follows:

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

Liabilities	(₹)	**Assets**	(₹)
L's Capital	30,000	Machinery	26,000
M's Capital	20,000	Furniture	18,000
Reserve Fund	4,000	Stock	10,000
Bank Loan	12,000	Debtors	8,000
Creditors	2,000	Cash	6,000
	68,000		68,000

Terms of N's admission were as follows:

(i) N will bring ₹ 25,000 as his capital.

(ii) Goodwill of the firm is to be valued at 4 year's purchase of the average super profits of the last three years. Average profits of the last three years are ₹ 20,000; while the normal profits that can be earned on the capital employed are ₹ 12,000.

(iii) Furniture is to be revalued at ₹ 24,000 and the value of stock to be reduced by 20% Prepare Revaluation Account, Partners's Capital Accounts and Balance Sheet of the firm after admission of N.

OR

Following is the Balance A Sheet of X and Y, who share profits and losses in the ratio of 4:1, as at 31st March, 2012:

Liabilities		(₹)	Assets		(₹)
Sundry Creditors		8,000	Bank		20,000
Bank Overdraft		6,000	Debtors	17,000	
X's Brother's Loan		8,000	Less: Provision	2,000	15,000
Y's Loan		3,000	Stock		15,000
Investment Fluctuation Fund		5,000	Investment		25,000
Capital	X	50,000	Buildings		25,000
	Y	40,000	Goodwill		10,000
			Profit & Loss A/c		10,000
		1,20,000			1,20,000

The firm was dissolved on the above date and the following arrangement were decide upon:

(i) X agreed to pay off his brother's Loan.

(ii) Debtors of ₹ 5,000 proved bad.

(iii) Other assets realised — Investments 20% less; and goodwill at 60%.

(iv) One of the creditors for ₹ 5,000 was paid only ₹ 3,000.

(v) Buildings were auctioned for ₹ 30.000 and the auctioneer's commission amounted ₹ 1,000.

(vi) Y took over part of stock at ₹ 4,000 (being 20% less than the book value). balance stock realised 50%.

(vii) Realisation expenses amounted to ₹ 2,000.

Prepare:

(i) Realization A/c

(ii) Partners' Capital Accounts.

(iii) Bank A/c

PART B

Financial Statement Analysis

Q.19. X Ltd. has a Debt-Equity at 3 : 1. According to the management it should maintained at 1:1. What are the two choice to do so?

Q.20. state whether cash deposited in bank will result in inflow, outflow or no flow of cash.

Q.21. Interest received by a finance company is classified under which kind of activity preparing a cash flow statement ?

Q.22. List the items which are shown under the heading, 'Current Assets' in the Balance Sheet of a company as per provisions of Schedule VI, of the companies Act 1956. (3)

Q.23. From the following information prepare the Comparative Income Statement of Victor Ltd.:

Particulars	**2012** (₹)	**2013** (₹)
Revenue from Operations	15,00,000	18,00,000
Cost of Materials Consumed	11,00,000	14,00,000
Employees Benefit Expenses	20% Profit	20% fo Gross Profit
Income Tax	50%	50%

Q.24. Calculate 'Return of Investment' and 'Debit-Equity Ratio from the following in formations:

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

Q.25. From the following summarized balance sheets of a company, calculate cash flow from operating activities :

Particulars		Note No.	31-3-2011 (₹)	31-3-2012 (₹)
I.	**Equity & Liabilities**			
	Shareholders Funds			
	Equity Share Capital		1,00,000	1,00,000
	Reserve and Surplus	1	30,000	60,000
	Non-Current Liabilities			
	Long term borrowings	2	60,000	80,000
	Current Liabilities			
	Trade Payables		60,000	45,000
	Other Current Liabilities		40,000	45,000
	Total		**2,90,000**	**3,30,000**
II.	**Assets :**			
	Non-Current Assets			
	Fixed assets		1,50,000	1,90,000
	Non-current investments		40,000	30,000
	Current Assets			
	Inventories		40,000	55,000
	Trade Receivables		40,000	45,000
	Cash and Cash equivalents		20,000	10,000
	Total		**2,90,000**	**3,30,000**

Notes :

1.Reserves and Surplus :		
Profit & Loss Balance	30,000	60,000
2.Long-term Borrowing :		
6% Debentures	60,000	80,000

Additional Information :

(i) A piece of machinery costing 5,000 on which depreciation of 2,000 had been charged was sold for ₹ 1,000. Depreciation charged during the year was ₹ 17,000.

(ii) New debentures have been issued on 1st August, 2011. (6)

Marking Scheme
Sample Question Paper
Accountancy (055)
Class XII

Part A
Partnership Firms and Company Accounts

1. Charu is correct.

   Reason : In the absence of partnership are shared equally.

   (½+½=1mark)

2. Old Ratio i.e. 1:1 (1 mark)

3. A partnership firm may be reconstituted in the following circumstances :

   (Any two)

   (i) Change in the profit sharing ratio among the existing partners;

   (ii) Admission of a new partner and

   (iii) Death of a partner. (½x2=1 Mark)

4. partner's executor's account is prepared at the time of death of a partner. 1 Mark

5. Maximum amount of discount at which the forfeited shares can be re-issued is the amount forfeited on such shares. 1 Mark

6. Minimum subscription refers to the minimum amount which in the opinion of board of directors must be raised through the issue of shares so that the company has the necessary funds to carry out its business. It is 90% of the issued amount. 1 Mark

7. When the debentures are issued as a secondary security for obtaining loan, such debentures are said to have been issued as 'collateral security.'

   1 Mark

8.

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
2005	C's Capital	Dr.		5,000	
April	To A's Capital A/c				2,600
	To B's Capital A/c				2,400
	(Being the effect of adjustment recorded) (WN 1 and 2)				

Working Notes:

1. Statement showing the calculation of opening capital and interest on capital.

Particulars	A (₹)	B (₹)	C (₹)
Closing Capitals as at 31.3.2005	24,000	20,000	12,000
Less: Profit already credited	12,000	12,000	12,000
Opening Capital	12,000	8,000	NIL
Interest on Capital @ 5% p.a.	600	400	NIL

2. Table Showing the adjustment to be made

Particulars		A (₹)	B (₹)	C (₹)	Firm(₹)
(i) Distribution of profit `36,000 in wrong ratio, i.e., equal to be cancelled	Dr.	12,000	12,000	12,000	36,000
(ii) Amount which should have been credited:					
Interest on Capital (WN 1)	Cr.	600	400	NIL	1,000
Share of Profit (`36,000 - `1,000) (2:2:1)	Cr.	14,000	14,000	7,000	35,000
		14,600	14,400	7,000	35,000
(iii) Net effect to be debited or credited		2,600(Cr.)	2,400(Cr.)	5,000(Cr.)	NIL

9. **JOURNAL**

Date	Particulars	LF	Dr. (₹)	Cr. (₹)
2010 Jan 1	Bank A/c Dr.		5,00,000	
	To 10% Debenture Application & Allotment A/c			5,00,000
	(Being application money received on 1000 debentures @ ₹500)			
2010 Jan 1	10% Debenture Application & Allotment A/c Dr.		5,00,000	
	To 10% Debenture A/c			5,00,000
	(Being application money transferred to 10% debentures account consequent upon allotment)			
2012 Jan 1	10% Debenture A/c Dr.		1,00,000	
	To Debenture holder A/c			1,00,000
	(Being amount due to Debenture holder on conversion)			
2012 Jan 1	Debenture holder A/c Dr.		1,00,000	
	To Equity share capital A/c			80,000
	To Securities Premium A/c			20,000
	(Being the issue of 800 equity share of ₹100 each at a premium of ₹25 per share)			

10. **JOURNAL**

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
(i)	Bank A/c	Dr.		67,500	
	To 12% Debenture Application				
	and Allotment A/c				67,500
	(Being Debenture application and allotment money received on 750 debentures @ ₹90each)				
	12% Debenture Application and				
	Allotment A/c	Dr.		67,500	
	Discount on issue of Debenture A/c	Dr.		7,500	
	Loss issue of debentures A/c	Dr.		3,750	
	To 12% Debentures				75,000
	To Premium on redemption of Debentures				
	(Being issue of 750 debentures @ ₹100 each at a discount of 10% redeemable at a premium of 5%)				
(ii)	Bank A/c	Dr.		96,000	
	To 9% Debenture Application &				
	Allotment A/c				96,000
	(Being application and allotment money received on 800 debentures @ ₹120 each)				
	9% Debenture Application &				
	Allotment A/c	Dr.		96,000	
	Loss on issue of Debentures A/c	Dr.		8,000	
	To 9% Debentures A/c				80,000
	To Securities Premium A/c				16,000
	To Securities on Redemption of				
	Debentures A/c				8,000
	(Being issue of Debentures at premium redeemable at premium)				

11. (a) Values : (Any four)

(i) Secularism

(ii) Supporting the implementation of "Right to Education Act 2009".

(iii) Sensitivity towards differently abled individuals.

(iv) Empowering women entrepreneurship.

(v) Providing entrepreneurial opportinities to people from different areas of the country. (½x4=2 Mark)

(b) (i) Calculation of sacrificing ratio

Old ratio = Shabir : David = 4 : 3

New ratio = Shabir : Charu : Rafiq = 3 : 2 : 1 : 1

Sacrificing sacrifice = Old ratio — New ratio

Shabir's sacrifice = 4/7 – 3/7 = 1/7

David's sacrifice = 3/7 – 2/7 = 1/7

Thus, sacrificing ratio = Shabir : David = 1 : 1 (1 Mark)

(ii) Journal entry

Cash A/c	Dr.	7,00,000	
Delivery Van A/c	Dr.	2,75,000	
Furniture A/c	Dr.	25,000	
To Rafiq's Capital A/c			10,00,000

(Being cash, delivery van and furniture totaling ₹ 10,00,000 brought in by Rafiq)

Q.12. Ans.

(i) P's share of Profit = Average Profit x 3/12 x 2/5

Average Profit $= \dfrac{2,00,000 + 1,80,000 + 2,10,000 - 1,70,000}{4}$

= ₹ 1,05,000

P's Share of Profit = ₹1,05,000 x 3/12 x 2/5 x 2/5 = 10,500.(1Mark)

(ii) P's Share in Goodwill = ₹ 90,000 x 2/5 = ₹ 36,000.

Date	Particulars	LF	Dr. (₹)	Cr. (₹)
2007 Jan 30	Profit and Loss Suspense A/c Dr.		10,500	
	To P's Capital A/c			10,500
	(Being P's share of profit credited)			
	Q's Capital A/c Dr.		24,000	
	R's Capital A/c Dr.		12,000	
	To P's Capital A/c			36,000
	(Being P's share of goodwill contributed by the continuing partners)			

13. **JOURNAL**

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
	Plant and Machinery A/c	Dr.		4,00,000	
	Building A/c	Dr.		6,00,000	
	Stock A/c	Dr.		5,00,000	
	Sundry Debtors A/c	Dr.		3,00,000	
	To Sundry Creditors A/c				2,00,000
	To Krishna Traders A/c				15,00,000
	To Capital Reserve A/c				1,00,000
	(Being the purchase of assets and liabilities of Krishna Traders)				
	Krishna Traders A/c	Dr.		3,00,000	
	To Bank A/c				3,00,000
	(Being ₹3,00,000 paid to Krishna Traders by cheque)				
	Krishna Traders A/c	Dr.		12,00,000	
	To Share Capital A/c				10,00,000
	To Securities Premium A/c				2,00,000
	(Being the balance of ₹12,00,000 discharged by issue of equity shares at 20% premium)				

14.

Balance Sheet of Janta Ltd.
as at ....
(Presentation of Share Capital)

Particulars	Notes No.	(₹)	(₹)
1. EQUITY AND LIABILITIES			
Share holder's funds:			
Share Capital	1	59,600	

Notes to Accounts :

Note No. 1		₹ Amount
Authorised Capital		
20, 000 equity shares of ₹ 10 each		2,00,000
Issued capital		
10,000 equity shares of ₹ 10 each		1,00,000
Subscribed, but not fully paid		
9,900 shares of ₹ 10 each ₹ 6 called up	59,400	
Add : Share forfeited A/c	200	59,600

15. Profit and Loss Appropriation Account

Particulars		(₹)	Particulars	(₹)
To A's Capital (Interest of Capital)		3,000	By Profit and Loss A/c	1,56,000
To B's Capital (Interest of Capital)		3,000		
To C's Capital (Interest of Capital)		4,000		
To C's Capital (Salary)		6,000		
To Partners' Current A/cs (Share of Profit)				
A	51,000			
B	45,000			
C	44,000	1,40,000		
		1,56,000		1,56,000

* Division of profit among partners	A (₹)	B (₹)	C (₹)
First ₹ 20,000 (3 : 3: 4)	6,000	6,000	8,000
Next ₹ 30,000 (5 : 3: 2)	15,000	9,000	6,000
Remaining Profit 90,000 (equally)	30,000	30,000	30,000
	51,000	45,000	44,000

Journal Entry for Appropriation of Profit:

JOURNAL

Date	Particulars	LF	Dr. (₹)	Cr. (₹)
	Profit and Loss Appropriate A/c Dr.		1,40,000	
	To A's Capital A/c			51,000
	To B's Capital A/c			45,000
	To C's Capital A/c			44,000
	(Being the divisible profit transferred to Partners' Current Accounts)			

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

Particulars	(₹)	Particulars	(₹)
To B's Executors' A/c	44.250	By Balance b/d	25.000
		By Reserve (₹ 1,000x3.10)	3,000
		By Revaluation A/c (WN 1)	3,000
		By Profit and Loss Suspense A/c (₹ 20,000 x 6/12x3/10)	3,000
		By Interest on Capital A/c (for 6 months)	1,250
		By A's Capital a/c (Good will) (WN 2)	6,429
		By C's Capital A/c (Good will) (WN 2)	2,571
	44,250		44,250

Dr. **B's EXECUTOR'S ACCOUNT**

Particulars	(₹)	Particulars	(₹)
To Cash A/c	4,250	By B's Capital a/c	44,250
To B's Executor's Loan A/c	40,00		
	44,250		44,250

Working Notes:

1. Dr. **REVALUATION ACCOUNT** Cr.

Particulars		(₹)	**Particulars**	(₹)
To Machinery A/c		2,000	By Patents A/c	2,000
To Profit transferred to:			By Building A/c	10,000
A's Capita; A/c	5,000			
B's capital A/c	3,000			
C's Capital A/c	2,000	10,000		
		12,000		12,000

2. Calculation of B's Share of Goodwill:

$$\text{Firm's Goodwill} = \frac{₹(15{,}000+13{,}000+12{,}000+15{,}000+20{,}000)}{5} \times 2$$

Goodwill = ₹15,000 x 2 = ₹ 30,000

B's share of goodwill = ₹ 30,000 x 3/10 = ₹ 9,000, which is adjusted between A and C in their gaining ratio, i.e., 5 : 2.

A's share = ₹ 9,000 x 5/7 = ₹ 6,429 and C's share = ₹ 9,000 x 2/7 = ₹ 2,571.

17. (a) Value of Equity has affected by rejecting the applications of the retail investors from having shares of the company. (1 mark)

The better alternative may be to allot the shares proportionately to all the applicants so that such applicants may not' be demotivated from investing in the capital of big companies in future. (1 mark) b

JOURNAL

Date	Particulars		LF	Dr. (₹)	Cr. (₹)
(i)	Bank A/c	Dr		230,000	
	To Share Application A/c				2,30,000
	(Being application money received on 23,000 Share @ 10 per share				
(ii)	Share Application A/c	Dr.		2,30,000	
	To Share Capital A/c				1,00,000
	To Share Allotment A/c				80,000
	To Calls-in-advance A/c				20,000
	To Bank A/c				30,000
	Being application money adjusted and balance refunded)				
(iii)	Share allotment A/c	Dr.		4,00,000	
	To Share Capital A/c				3,00,00
	To Securities Premium A/c				1,00,00
	(Being allotment money due)				
(iv)	Bank A/c	Dr.		3,20,000	
	To Share Allotment A/c				3,20,000
	(Being allotment money received)				
(v)	Share First & Final Call A/c	Dr.		70,00,000	
	To Share Capital A/c				6,00,00
	To Securities Premium A/c				1,00,00
	(Being Call money due)				
(vi)	Bank A/c	Dr.		6,80,000	
	Calls-in Advance A/c	Dr.		20,000	
	To Share First & Final Call A/c				7,00,00
	(Being call money received)				

(1x6=6 marks) 2+6=8 mark

Working Notes :

(i) Total amount received on application = ₹10x23,000	=	2,30,000
(ii) Pro rate category applied ₹12,000 : Allotted 2,000 (i.e. 6 : 1)		
Money received on application ₹12,000 x 10	=	1,20,000
Money required on application ₹2,000 x 10	=	20,000
Excess money received on application	=	1,00,000
Money required on allotment ₹2,000 x 40	=	80,000

So entire amount due on allotment is already received. Excess ₹20,000 is transferred call in advance. This amount will be credited to Calls in Advance A/c In the case. Calls

In Advance A/c will be debited in entry No. 6 along with Bank A/c and Share First and Final Call A/c will be credited with full amount of `7,00,000.

(a) Value of Equality has been affected by rejecting the applications of the retail investors from having shares of the company. **(1 mark)**

The better alternative may be to allot the shares proportionately to all the applicants so the such applicants may not be demotivated from investing inn the capital of big companies in future. **(1 mark)**

(b) In the Books of Sangita Ltd.

Date	Particulars	LF	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr.		1,84,000	
	To Share Application A/c			1,84,000
	(Being application money received on 92,000 Share @ ₹2 per share)			
(ii)	Share Application A/c Dr.		1,84,000	
	To Share capital A/c			1,20,000
	To Bank A/c			4,000
	To Share Allotment A/c			60,000
	(Being the application money adjusted towards share capital and share allotment and surplus refunder)			
(iii)	Share Allotment A/c Dr.		1,80,000	
	To Share Capital A/c			1,80,000
	(Being allotment money due on 60,000 shares @ ₹3 per share)			
(iv)	Bank A/c Dr.		1,08,000	
	To Share Allotment A/c			1,08,000
	(Being allotment money received)			
(v)	Share First and Final Call A/c Dr.		3,00,000	
	To Share capital A/c			3,00,000
	(Being First and Final call money due on 60,000 share @ `5 per share)			
(vi)	Bank A/c Dr.		2,50,000	
	To Share First and Final Call A/c			2,50,000
	(Being first and final call money received)			
(vii)	Share Capital A/c Dr.		40,000	
	To Share Allotment A/c			12,000
	To Share First and Final Call A/c			20,000
	To Share Forfeited A/c			8,000
	(Being 4,000 shares forfeited due to non-payment of allotment and first and final call) (Note1)			

(1+1+1+1+½+½+1 = 6 marks)

Note (1)

Total Amount due on Allotment	=	1,80,000
Less : Excess Application money		60,000
		1,20,000
Amount received on Allotment		1,08,000
Amount not received on Allotment		12,000

This amount has not been received from those applicants to whom full allotment was made. Hen number of shares from whom allotment money has not been received = 12,000 = 4,000 Shares.

18.

REVALUATION ACCOUNT

Particulars		(₹)	**Particulars**	(₹)
To Stock A/c		2,000	By Furniture A/c	6,000
To Partner's Capital A/c				
L	2,500			
M	1,500	4,000		
		6,000		6,000

(1½

PARTNER'S CAPITAL ACCOUNTS

Particulars	(₹)	(₹)	(₹)	**Particulars**	(₹)	(₹)	(₹)
To Balance c/D	39,000	27,000	25,000	By Balance b/d	30,000	20,000	___
				By Reserve Fund	2,500	1,500	___
				By Revaluation A/c	2,500	1,500	___
				By Cash A/c	___		25,000
				By A/s Current A/c (1)	4,000	4,000	---
	39,000	27,000	25,000		39,000	27,000	25,000

(1½ X3 =½)

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

Particulars		(₹)	**Particulars**	(₹)
Capital c/d			Machinery	26,000
L	39,000		Furniture	24,0000
M	27,000		Stock	8,000
N	25,000	91,000	Debtors	8,000
Bank Loan		12,000	Cash	31,000
Creditors		2,000	N's Current A/c	8,000
		1,50,000		1,50,000

Working Note (1) :

Super Profits = Average Profits - Normal Profit

= 20,000 - 12,000 = 8,000

Goodwill of the Firm = 8,000 x 4 = 32,000

N's Share = $\frac{32,000}{4}$ = 8,000

N's Current A/c Dr. 8,000

To L's Capital A/c 4,000

To M's Capital A/c 4,000

(1½ + 4½ + 2 = 8)

or

REALISATION ACCOUNT

Particulars	(₹)	Particulars		(₹)
To Debtors	17,000	By Sundry Creditors		8,000
To Stock	15,000	By Provision for Doubtful Debts		2,000
To Investment	25,000	By Investment Fluctuation Fund		5,000
To Buildings	25,000	By X's Brother's Loan A/c		8,000
To Goodwill	10,000	By Bank A/c		
To X's Capital A/c		Assets realised		
(X's brother's Loan)	8,000	Debtors	12,000	
To Bank A/c		Investments	20,000	
Creditors	6,000	Goodwill	6,000	
To Bank A/c		Buildings	29,000	
Realisation exp)	2,000	Stock	5,000	72,000
		By Y's Capital (Stock)		4,000
		By Loss transferred to		
		X's Capital a/c	7,200	
		Y's Capital A/c	1,800	9,000
	1,08,000			1,08,000

Y's LOAN ACCOUNT

Particulars	(₹)	Particulars	(₹)
To Bank A/c	3,000	By Balance b/d	3,000

PARTNER'S CAPITAL ACCOUNT

Particulars	(₹)	(₹)	Particulars	(₹)	(₹)
To Profit & Loss A/c	8,000	2,000	By Balance b/d	50,000	40,000
To Realisation A/c (Stock)	___	4,000	By Realisation A/c		
To Realisation A/c (Stock)	7,200	1,800	(X's brother's loan)	8,000	
To Bank A/c	42,800	32,200			
	58,000	40,00		58,000	40,000

(2)

BANK ACCOUNT

Particulars	(₹)	Particulars	(₹)
To Balance b/d	20,000	By Balance b/d (Overdraft)	6,000
To Realisation A/c (Assets Realized)	72,000	By Y's Loan A/c	3,000
		By Realisation A/c (Creditors paid off)	6,000
		By Realisation A/c (Exp.)	2,000
		By X's Capital A/c	42,800
		By Y's Capital A/c	32,200
	92,000		92,000

(2)

(4+2+2 = 8)

Part B

Financial Statement Analysis

19. The two choices to maintain Debt equity at 1 : 1 form 3 : 1 are : (any Two)

(i) To increase equity

or (ii) To reduce Debt

(iii) Both i.e increase in equity and reduce Debt. ½x2=1

20. No Flow

21. Operating Activity

22. Balance Sheet of ......
as at 3 1st March, 2012

(b) In the Books of Sangita Ltd.

Particulars	**Note No.**	(₹)	(₹)
11. Assets			
(2) Current Assets			
(a) Current Investments			
(b) Inventories			
(c) Trade Receivable			
(d) Cash and Cash Equivalents			
(e) Short Term Loans and advance			
(f) Other Current Assets			

(1½ x6 = 3 Marks)

23.

COMPARATIVE INCOME STATEMENT OF VICTOR LTD.
of the years 2012 and 2013

Particular ₹	2012 ₹	2013 Change ₹	Absolute change ₹	Percentage
I Revenue from Operations (Total Revenue)	150,00,000	18,00,000	3,00,000	20
II Expense				
(a) Cost of Material Consumed	11,00,000	14,00,000	3,00,000	27.27
(b) Employees Benefit Expenses	80,000	1,00,000	20,000	26
Total Expenses	11,80,000	15,00,000	3,20,000	27.11
III Net Profit before Tax (I-II)	3,20,000	3,00,000	(20,000)	(6.25)
Less Tax 50%	1,60,00	1,50,000	(10,000)	(6.25)
IV Net Profit after Tax	1,60,000	1,60,000	(10,000)	(6.25)

(one mark for each correct Row - 1x4 = 4 marks)

24.

Ans. Return of Investment = $\frac{\text{Net Profit before Interest and Tax}}{\text{Capital Employed}}$ x 100 **$\frac{1}{2}$**

$= \frac{₹\ 5{,}5000\ (\text{Note})}{₹\ 40{,}00{,}000}$ x100 =13.75% **$\frac{1}{2}$**

Note Calculation of Net Profit Interest and Tax	₹
Net Profit after Interest and tax	3,00,000
Add: Tax: $\frac{₹\ 3{,}00{,}00 \times 40}{60}$	2,00,000
Net Profit before Tax	5,00,00
Add: Interest on 10% Debentures	50,000
Net Profit before Interest and tax	5,50,000

Debit Equity Ratio = $\frac{\text{Debt}}{\text{Equity}} = \frac{₹\ 5{,}00{,}000\ (\text{Note})}{₹\ 35{,}00{,}000}$ = 1 : 7 **1**

Note Debit = 10% Debentures = ` 5,00,000 **$\frac{1}{2}$**

Equity = Capital Employed - Debt

= ₹ 40,00,00 - ₹ 5,00,00 = ₹ 35,00,00 **$\frac{1}{2}$**

25. Calculation of Cash Flow from Operating Activities :

		₹	₹
Cash flow from Operation Activities			
Net Profit before Tex and Extra-ordonary items			
(W. Note-1)			30,000
abutments for :			
Depreciation	17,000		
Interest on Debentures (W. Note-2)	4,400		
Loss on sale of Machinery	2,000		23,400
Operating profit before working capital changes			53,400
Increase in Current Liabilities			
Increase in other Current Liabilities			5,000
			58,400
Decrease in Current Liabilities			
Trade Payable		15,00	
Increase in Current Assets			
Inventory		15,000	
Trade Receivables		5,000	(35,000)
Net Cash Glow form Operating Activities			23,400

Working Notes

1. Closing Balance of Profit & Loss A/c = ₹60,000

   Less : Opening Balance of Profit & Loss A/c = ₹30,000

   Net Profit for the Year = ₹30,000

2.Interest on Debentures :

On ₹60,000 for 4 months $= 60{,}000 \times \frac{4}{12} \times \frac{6}{100} = 1{,}200$

On ₹80,000 for 8 months $= 80{,}000 \times \frac{8}{12} \times \frac{6}{100} = 3{,}200$

$= 1{,}200 + 3{,}200 = 4{,}400$