CBSE
Class XII Accountancy
All India Board Paper_Set1_2013

Time: 3 Hrs **Max. Marks: 80**

General Instructions:

1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A

(i) This section consists of **18** questions.
(ii) All the question are compulsory.
(iii) Question Nos. **1** to **7** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **8** to **10** carry **3** marks each.
(v) Question Nos. **11** and **14** carry **4** marks each.
(vi) Question Nos. **15** to **16** carry **6** marks each.
(vii) Question Nos. **17** and **18** Carry **8** marks each.

Section B

(i) This section consists of **7** questions
(ii) All questions are compulsory
(iii) Question Nos.**19** and **21** are very short – answer carrying **1** mark each
(iv) Question Nos. **22** carry **3** marks
(v) Question Nos. **23** to **24** carry **4** marks
(vi) Question No.**25** carries **6** marks

Section-A

1. If the Partners' Capitals are fixed, where will you record the interest charged on drawings?

2. State the ratio in which the partners share the accumulated profits when there is change in the profit sharing ratio amongst existing partners.

3. At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner?

4. Give the journal entry to distribute 'Workmen Compensation Reserve' of ₹70,000 at the time of retirement of Neeti, when there is a claim of ₹25,000 against it. The firm has three partners Raveena, Neeti and Rajat.

5. What is meant by calls-in-arrears?

6. At what rate is interest paid by the company on call-in- advance if it has not prepared its own Articles of Association?

7. What is meant by issued of debenture as collateral security?

8. Mohan, Neeraj and Peeyush are partners in a firm. They contributed ₹75,000 each as capital three years ago. At the time Peeyush agreed to look after the business as Mohan and Neeraj were busy. The profits for the past three years were ₹45,000, ₹30,000 and ₹60,000 respectively. While going through the books of accounts, Mohan noticed that profit had been distributed in 1:1:2 ratio. When he enquired from Peeyush about this, Peeyush answered that since he looked after the business he should get more profit. Mohan disagreed and it was decided to distribute profits equally with retrospective effect for the last three years.

a. You are required to make necessary corrections in the books of accounts of Mohan, Neeraj and Peeyush by passing an adjustment entry.
b. Identify the value which is being ignored by Peeyush.

9. Pass the necessary journal entries for the issue of 7% Debentures in the following cases :

a. 200 Debentures of ₹150 each issued at 10% premium, redeemable at ₹200 each.
b. 200 Debentures of ₹200 each issued at a discount of 10%, redeemable at par.

10. Tuteja Constructions Ltd. had an outstanding balance of ₹1,26,00,000, 9% debentures of ₹200 each redeemable at a premium of 3%. According to the terms of redemption the company redeemed 50%, of the above debentures by converting them in shares of ₹10 each at discount of 10%. Record the entries for redemption of Debentures in the books of Tuteja Construction Ltd.

11. Asin and Shreyas are partners in a firm. They admit Ajay as a new partner with 1/5th share in the profits of the firm. Ajay brings ₹5,00,000 as his share of capital. The value of the total assets of the firm was ₹ 15,00,000 and outside liabilities were valued at ₹5,00,000 on that date. Give the necessary Journal entry to record goodwill at the time of Ajay's admission. Also show your workings.

12. Nikhil Ltd. purchased a running business from Sonia Ltd. for a sum of ₹22,00,000 by issuing 20,000 fully paid equity shares of ₹100 each at a premium of 10%. The assets and liabilities consisted of the following: Machinery ₹7,00,000, Debtors ₹2,50,000, Stock ₹5,00,000, Building ₹11,50,000 and Bills Payable ₹ 2,50,000. Pass necessary Journal entries in the books of Nikhil Ltd. for the above transactions.

13. Nandan, John and Rosa are partners sharing profits in the ratio of 4:3:2. On 1st April 2012, John gave a notice to retire from the firm. Nandan and Rosa decided to share future profits in the ratio of 1:1. The capital accounts of Nandan and Rosa after all adjustments showed a balance of ₹43,000 and ₹80,500 respectively. The total amount to be paid to John was ₹95,500. This amount was to be paid by Nandan and Rosa in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary Journal entries in the books of the firm for the above transactions. Show your working clearly.

14. The authorized capital of Suhas Ltd. is ₹50,00,000 divided into 25,000 shares of ₹200 each. Out of these, the company issued 12,000 shares of 200 each at a premium of 10%. The amount per share was payable as follows: ₹60 on application, ₹60 on allotment (including premium), ₹30 on first call and balance on final call. Public applied for 11,000 shares. All the money was duly received.
Prepare an extract of Balance Sheet of Suhas Ltd. as per Revised Schedule VI Part-I of the Companies Act 1956 disclosing the above information. Also prepare 'notes to accounts' for the same.

15. Ahmad, Bheem and Daniel are partners in a firm. On 1st April 2011 the balance in their capital accounts stood at ₹8,00,000, ₹6,00,000 and ₹4,00,000 respectively. They shared profits in the proportion of 5:3:2 respectively. Partners are entitled to interest on capital @ 5% per annum and salary to Bheem ₹3,000 per month and a commission of ₹12,000 to Daniel as per the provisions of the partnership deed.
Ahmad's share of profit, excluding interest on capital, is guaranteed at not less than ₹25,000 p.a. Bheem's share of profit, including interest on capital but excluding salary is guaranteed at not less than ₹55,000 p.a. Any deficiency arising on that account shall be met by Daniel. The profit of the firm for the year ended 31st March 2012 amounted to ₹2,16,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March 2012.

16. The Balance Sheet of Shindu, Rahul and Kamesh, who were sharing profit in the ratio of 3:3:4 respectively a on 31st March 2012 was as follows:

Liabilities	₹	Assets	₹

General Reserve		10,000	Cash	32,000
Bills Payable		20,000	Stock	88,000
Loan		24,000	Investment	94,000
Capital:			Land & Building	1,20,000
Sindhu	1,20,000		Sindhu's Loan	20,000
Rahul	1,00,000			
Kamesh	80,000	3,00,000		
		3,54,000		**3,54,000**

Sindhu died on 31st July, 2012. The partnership deed provided for the following on the death of a partner:

a. Goodwill of the firm be valued at two years purchases of average profit for the last year which were 80,000.
b. Sindhu's share of the profit till the date of his death was to be calculated on the basis of Sale. For the year ended 31st March 2012, amounted to 8,00,000 and that from 1st April to 31st July 2012 3,00,000. The profit for the year ended 31st March 2012 was 2,00,000.
c. Interest on Capital was to be provided @6% p.a
d. According to Shindu's will the executor. Should donate his share to 'Matri chhaya- an orphanage for girl's Prepare Sindhu;s Capital Account to be rendered to his executor. Also identify the value being highlighted in questions.

17. Starplus Company issued for public subscription 1,50,000 shares of the value of ₹100 each at a discount of 10% payable per share as follows: ₹20 on application, ₹30 on allotment and ₹40 on call. The company received applications for 3,00,000 shares. The allotment was done as under:

a. Applicants of 30,000 shares were allotted 10,000 shares.
b. Applicants of 1,40,000 shares were allotted 80,000 shares.
c. Remaining applicants were allotted 60,000 shares.

After adjusting excess money in allotment, the money was returned. Harit, a shareholder who had applied for 7,000 shares of group (b), failed to pay allotment and call money. Roshan, another shareholder who was allotted 6,000 shares, paid the call money along with the allotment. Roshan also belonged to group (b). Pass necessary Journal entries to record the above transactions in the books of the company. Show your working notes clearly.

OR

Record the Journal entries for forfeiture and reissue in the following cases:

a. X Ltd. forfeited 200 shares of ₹100 each, ₹70 called up, on which the shareholders had paid application and allotment money of ₹50 per share. Out of these, 150 shares were re-issued to Naresh as ₹70 paid up for ₹80 per share.
b. Y Ltd. forfeited 180 shares of ₹10 each, ₹8 called up, issued at a premium of ₹2 per share to R for non-payment of allotment money of ₹5 per share (including premium). Out of these, 160 shares were re-issued to Sanjay as ₹8 called up for ₹10 per share fully paid up.
c. Z Ltd. forfeited 30 shares of ₹100 each issued at a discount of ₹10 per share for non-payment of first and final call money of ₹30 per share. Out of these, 20 shares were reissued at ₹30 per share fully paid up.

18. Sarthak and Vansh are partners sharing profits in the ratio of 2:1. Since both of them are specially abled sometimes they find it difficult to run the business on their own. Mansi, a common friend, decides to help them. Therefore they admit her into partnership for 1/3rd share in profits. She brings ₹60,000 for goodwill and proportionate capital. At the time of admission of Mansi, the Balance Sheet of Sarthak and Vansh was as under:

Liabilities		**₹**	**Assets**		**₹**
Capital Account:			Plant		66,000
Sarthak	70,000		Furniture		30,000
Vansh	60,000	1,30,000	Investment		40,000
General Reserve		18,000	Stock		46,000
Bank Loan		18,000	Debtors	38,000	

Creditors	72,000	Less: Provision for Bad Debts	4,000	34,000
		Cash		22,000
	2,38,000			**2,38,000**

It was decided to

i. Reduce the value of Stock by ₹10,000.
ii. Plant is to be valued at ₹80,000.
iii. An amount of ₹3,000 included in Creditors was not payable.
iv. Half of the Investments were taken over by Sarthak and remaining were valued at ₹25,000.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of reconstituted firm.
Identify the value being conveyed in the question.

OR

Prashant and Rajesh were partners in a firm sharing profits in the ratio of 3:2. In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st March 2012. Prashant was deputed to realise the assets and to pay the liabilities. He was paid ₹1,000 as commission for his services. The financial position of the firm on 31st March 2012 was as follows:

Balance Sheet as on 31st March 2012

Liabilities		₹	Assets		₹
Crediors		80,000	Building		1,20,000
Mrs.Prashant's Loan		40,000	Investment		30,000
Rajesh's Loan		24,000	Debtors	34,000	
			Less: Provision for		
Investment Fluctuation Fund		8,000	Doubtful debts	4,000	30,000
Capital:			Bills Receivable		37,400
Prashant	42,000		Cash		6,000
Rajesh	42,000	84,000	Profit and Loss A/c		8,000
			Goodwill		4,000
		2,36,000			**2,36,000**

Following was agreed upon:

i. Prashant agreed to pay off his wife's loan.
ii. Debtors realized ₹24,000.
iii. Rajesh took away all investments at ₹27,000.
iv. Building realized ₹1,52,000.
v. Creditors were payable after 2 months. They were paid immediately at 10% discount.
vi. Bills Receivable were settled at a loss of ₹1,400.
vii. Realisation expenses amounted to ₹2,500.

Prepare Realisation Account, Partners' Capital Accounts and Cash Account to close the books of the firm.
Identify the value being conveyed in the question.

Section- B

19. Under which type of activity will you classify Commission and Royalty Received' while preparing Cash flow statement.

20. Give an example of the activity which remains financing activities for the enterprise?

21. State any one limitation of financial statements analysis.

22. Under Under which heads and sub-heads will the following items appear in the Balance Sheet of a company as per Revised Schedule VI Part I of the Companies Act 1956:

i. Debenture
ii. Loose tools
iii. Calls-in-Advance.

23. ***(a)*** Compute 'Debtors Turnover Ratio' from the following information: Total Sales ₹5,20,000, Cash Sales 60% of the Credit Sales, Closing Debtors ₹80,000, Opening Debtors are $3/4^{th}$ of Closing Debtors.
(b) Current liabilities of a company are ₹1,60,000. Its Liquid ratio is 1.5:1 and Current ratio is 2.5:1. Calculate Quick assets and Current assets.

24. From the following Statement of profit and loss of Moontrack Ltd, for the years ended 31st March 2011 and 2012, prepare a 'Comparative Statement of Profit and Loss'.

Particulars	**Note No.**	**2011-12 ₹**	**2010-11 ₹**
Revenue from operation		40,00,000	24,00,000
Other expenses		24,00,000	18,00,000
Expenses		16,00,000	14,00,000

25. Following are the Balance Sheet of Krishtec Ltd. For the year ended 31st March 2011 and 2012:

Particulars	**Note No.**	**2011-12 ₹**	**2010-11 ₹**
i. Equity and Liabilities			
1. Shareholders' Funds			
a. Share capital		12,00,000	8,00,000
b. Reserves and surplus (Profit & Loss Balance		3,50,000	4,00,000
2. Non-current Liabilities			
a. Long term-borrowing		4,40,000	3,50,000
3. Current liabilities			
a. Trade payables		60,000	50,000
Total		**20,50,000**	**16,00,000**
ii. Assets			
1. Non- Current assets			
a. Fixed assets			
i. Tangible assets		12,00,000	9,00,000
2. Current assets			
a. Inventory		2,00,000	1,00,000
b. Trade Receivable		3,10,000	2,30,000
c. Cash and Cash equivalents		3,40,000	3,70,000
Total		**20,50,000**	**16,00,000**

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

a. The company paid interest ₹36,000 on its long term borrowings.
b. Depreciation charged on tangible fixed assets was ₹1,20,000.

CBSE
Class XII Accountancy
All India Board Paper_Set1–2013- Solution

SECTION A

1. Answer :

Drawings made by a partner will be debited in Partner's Current Account, when their capitals are fixed.

2. Answer :
When there is a change in profit sharing ratio amongst existing partners, accumulated profits are shared in old profit sharing ratio.

3. Answer :
Interest is payable at 6% p.a. on the amount remaining unpaid to the executor of deceased partner.

4. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Workman Compensation Reserve A/c Dr.		70,000	
	To Workman Compensation Claim A/c			25,000
	To Raveena's Capoital A/c			15,000
	To Neeti's Capital A/c			15,000
	To Rajat's Capital A/c			15,000
	(Being liabilities for Workman Compensation created out of reserve and remaining reserve distributed amongst the partners equally)			

5. Answer :
The amount which is called-up by the company but not yet received from the shareholders till the last date for payment due is known as calls-in-arrears.

6. Answer:
If a company has not prepared its own Article of Association, then Table A of Companies Act, 1956 is applicable. According to Table A of Companies Act, interest on Calls-in-Advance @ is payable at 6% p.a.

7. Answer :
Issue of debentures as a collateral security implies that debentures are issued for procuring or obtaining a loan. Here, debentures act as a security in case of the company fails to meet the debt obligations (Principal Amount + Interest Amount) on time.

8. Answer :
Total Profit (past 3 years) = 45,000+30,000+60,000 = ₹1,35,000

Adjusting Table:

Particulars	Mohan	Neeraj	Peeyush
Profit already received (₹1,35,000 in 1:1:2)	33,750	33,750	67,500
Profit ought to have been received (1,35,000 in 1:1:1)	45,000	45,000	45,000
Amount to be adjusted	**11,250 (Cr.)**	**11,250 (Cr.)**	**22,500 (Dr.)**

Journal Entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Peeyush's Capital A/c Dr.		22,500	
	To Mohan's Capital A/c			11,250
	To Neeraj's Capital A/c			11,250
	(Being the adjustment made for profit distributed in wrong ratio)			

The following values were ignored by Peeyush:

1. Honestly, truthfulness and loyalty towards his co- partners.
2. Mutual trust ad understanding.

9. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
a.	Bank A/c Dr.		33,000	
	To Debenture Application & Allotment A/c			33,000
	(Being 400 debenture issued at ₹200 at a par)			
	Debenture Application & Allotment A/c Dr.		33,000	
	Loss on Issue of Debenture A/c Dr.		10,000	
	To 7% Debenture A/c			30,000
	To Securities premium Reserve A/c			3,000
	To Premium on Redemption of Debenture A/c			10,000
	(Being 200 debenture issued at ₹150 each at a premium of 10% ,redeemable at ₹200 each)			
b.	Bank A/c Dr.		36,000	
	To Debenture Application& Allotment A/c			36,000
	(Being the application money received on 200 debenture)			
	Debenture Application & Allotment A/c Dr.		36,000	
	Loss on Issue of Debenture A/c Dr.		4,000	
	To 7% Debenture A/c			40,000
	(Being 200 debenture issued at ₹200 each at a discount of 10% ,redeemable at par)			

10. Answer

In the Books of Tuteja Construction Ltd.
Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	9% Debenture A/c Dr. Premium on Redemption of Debenture A/c Dr. Debenture holders A/c (Being 31,500 debentures due for redemption)		63,00,000 1,89,000	 64,89,000
	Debenture holders' A/c Dr. Discount on Issue of Share A/c Dr. To Share Capital A/c (Being the issue of 7,21,000 equity share of ₹10 each at 10% discount on conversion of 31,500 debentures)		64,89,000 7,21,000	 72,10,000

Working Note:

No. of share to be Issued

$= ₹64,89,000 \div ₹9$

$= 7,21,000$ share

11. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Ajay's Capital A/c Dr. To Asin's capital A/c To Shreya's Capital A/c (Being Ajay's share of goodwill distributed among old partners equally)		3,00,000	 1,50,000 1,50,000

Working Note:

Calculation of Goodwill brought in by Ajay

Value of Firm's Goodwill = Capitalised Value of the Firm - Net Worth

Capitalised Value of the Firm = Capital brought in by Ajay ×Reciprocal of his Share

$$5,00,000 \times \frac{5}{1} = 25,00,000$$

Net Worth = Total Assets - External Liabilities

= 15,00,000 - 5,00,000

= ₹10,00,000

∴ Goodwill of the Firm = 25,00,000 - 10,00,000 = ₹15,00,000

$$\text{Ajay's Share of Goodwill} = 15,00,000 \times \frac{1}{5} = 3,00,000$$

12. Answer :

In Books of Nikhil Ltd.
Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Machinery A/c	Dr.		7,00,000	
	Debtors A/c	Dr.		2,50,000	
	Stock A/c	Dr.		5,00,000	
	Building A/c	Dr.		11,50,000	
	To Bills Payable A/c				2,50,000
	To Sonia Ltd. A/c				22,00,000
	To Capital Reserve A/c (Balancing figure)				1,50,000
	(Being business of Sonia Ltd purchased)				
	Sonia Ltd. A/c	Dr.		22,00,000	
	To Equity Share capital A/c				20,00,000
	To Securities Premium A/c				2,00,000
	(Being 20,000 Equity shares issued at ₹100 each issued at Premium of ₹10%).				

Working Note:
No. of shares to be issued
=₹22,00,000 ÷ ₹110
=20,000 Shares

13. Answer :

Journal

Date	Particulars		L.F.	Debit ₹	Credit ₹
	Bank A/c	Dr.		95,500	
	To Nandan's Capital A/c				66,500
	To Rose's Capital A/c				29,000
	(Being cash brought in by Nandan & Rosa)				
	John's Capital A/c	Dr.		95,500	
	To Bank A/c				95,500
	(Being claim of John discharged)				

Working Notes:

	₹
Adjusted Capital of Nandan	43,000
Adjusted Capital of Rosa	80,500
Amount(capital) to be paid to John	95,500
Total Capital of the firm	2,19,000

Total capital of the firm will be provided by Nandan and Rosa in the ratio of 1:1.
Therefore,
Capital of Nandan will be ₹2,19,000 × 1/2 = ₹1,09,500,
Capital of Rosa will be ₹2,19,000 × 1/2 = ₹1,09,500.

Hence, amount of money to be brought in the Nandan = ₹1,09,500 - ₹43,000 = ₹66,500
Amount to be brought in by Rosa = ₹1,09,500 - ₹80,500 = ₹29,000

14. Answer :

Suhas Ltd.
Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' fund		
a. Share capital	1	22,00,000
b. Reserve and Surplus	2	2,20,000
Total		**24,20,000**
II. Assets		
1. Current Assets		
Cash and Cash Equivalents	3	24,20,000
Total		**24,20,000**

Note to Account

Note No.	Particulars	₹
1	**Share capital**	
	Authorised Capital	
	25,000 equity share of ₹200 each	50,00,000
	Issued Capital	
	12,000 equity share of ₹200 each	24,00,000
	Subscribed fully paid	
	11,000 share of ₹200 each	22,00,000
2	**Reserves and Surplus**	
	Securities Premium Reserve (11,000 share @₹20 each)	2,20,000
3	**Cash and Cash Equivalents**	
	Cash at Bank	24,20,000

15. Answer :

Profit and Loss Appropriation Account
For the year ended 31st March,2012

Dr. **Cr.**

Particulars		₹	Particulars	₹
			By Profit and Loss A/c (Net profit)	2,16,000
To Interest on Capital to:				
Anand	40,000			
Bheem	30,000			
Danial	20,000	90,000		
To Bheem Salary (₹3,000× 12)		36,000		
To Danial Capital (Commission)		12,000		
To Profit transferred to:				
Ahamd ($78,000 \times \frac{5}{10}$)		39,000		
Bheem ($78,000 \times \frac{3}{10}$)	23,400			

Add: Deficiency from Daniel	1,600	25,000		
Daniel $(78,000 \times \frac{2}{10})$	15,600			
Less: Contribution to Bheem	1,600	14,000		
		2,16,000		**2,16,000**

Working Notes:

1. Bheem's share of Profit	₹23,400
Add: Interest on Capital	₹30,000
	₹53,400
Guaranteed profit	₹55,000
Deficiency to be contributed by Daniel	₹1,600

2. Ahmad's share of profit is ₹39,000 which is more than the guaranteed profit.

16. Answer :

Sindhu's Capital Account

Dr. **Cr.**

Particulars	₹	Particulars	₹
To Sindhu's Loan A/c	20,000	By Balance b/d	1,20,000
To Sindhu's Executors A/c (Bal. figure)	1,75,900	By General Reserve A/c (10,000×3/10)	3,000
		By Rahul's Capital A/c (Goodwill)	20,571
		By Kamlesh's Capital A/c (goodwill)	27,429
		By Profit and Loss Suspense A/c (Profit)	22,500
		By Interest on Capital A/c $\left(1,20,000 \times \frac{6}{100} \times \frac{4}{12}\right)$	2,400
	1,95,900		**1,95,900**

Working Note:

(1) Calculation of Goodwill

Goodwill = 2 years of purchases of Average Profit of the last three years
= 2 × ₹80,000 = ₹1,60,000

Sindhu's Share of Goodwill= ₹1,60,000 $\times \frac{3}{10}$ =₹48,000

Sindhu's Share of goodwill is contributed by Rahul and Kamlesh in their gaining ratio i.e.,3:4

Rahul Contribution = ₹48,000 $\times \frac{3}{7}$ =₹20,571

Kamlesh's Contribution = 48,000 $\times \frac{4}{7}$ =₹27,429

(2) Sindhu's Share of profit:

Percentage of Profit = profit/Sales $\times 100$

$= 2,00,000/8,00,000 \times 100 = 25\%$

$$\text{Sindhu's share of Profit till the date of death} = ₹3,00,000 \times \frac{25}{100} \times \frac{3}{10} = ₹22,500$$

Value Involved here are:

1. Support/Sympathy and helping poor girl Child.
2. Fulfilling Social Responsibility.

17. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Dr. To share application A/c (Being application money on 3,00,000 shares received)		60,00,000	 60,00,000
	Share application A/c Dr. To Share capital A/c To Share Allotment A/c (WN1) To Bank A/c (WN1) (Being share application money on 1,50,000 shares transferred to share capital. account and excess was utilized on allotment and balance excess returned)		60,00,000	 30,00,000 29,00,000 1,00,000
	Share allotment A/c Dr. Discount on Issue of Share A/c Dr. To Share capital A/c (Being allotment money due on allotment)		45,00,000 15,00,000	 60,00,000
	Bank A/c (45,00,000- 29,00,000- 60,000+2,40,000) Dr. To Share allotment A/c (45,00,000 -29,00,000-60,000) To Calls-in-Advance A/c (Being allotment money received along with call money on 6,000 share)		17,80,000	 15,40,000 2,40,000
	Share Call A/c Dr. To Share capital A/c (Being share call money due)		60,00,000	 60,00,000
	Bank A/c Dr. Calls-in-Advance A/c Dr. To Share Call A/c (Being share call money received)		56,00,000 2,40,000	 58,40,000

Working Note:
WN1

Computation Table

categories	Share Applied	Share Allotted	Money received on Application and @ ₹20 each	Application Money transferred to share capital @ ₹20 each	Excess money Received on application	Excess Amount on application utilised on Allotment at ₹30 each	Excess Amount on application to be returned
A	30,000	10,000	6,00,000	2,00,000	4,00,000	3,00,000	1,00,000
B	1,40,000	80,000	28,00,000	16,00,000	12,00,000	12,00,000	
C	1,30,000	60,000	26,00,000	12,00,000	14,00,000	14,00,000	
Total	3,00,000	1,50,000	60,00,000	30,00,000	30,00,000	29,00,000	1,00,000

WN 2 Calculation of Unpaid Amount on Allotment by Harit

Numbers of Shares applied = 7,000 share

$\therefore$ numbers of share alloted = $\frac{7,000}{1,40,000} \times 80,000 = 4,000$ share

Amount received on palliation (7,000 share ×₹20)	1,40,000
Less: Utilised on application (4,000 share ×₹20)	(80,000)
Excess amount received on application	60,000

Amount due on allotment (4,000 share ×₹30)	1,20,000
Less: Excess amount received on application	(60,000)
Amount unpaid on allotment	60,000

OR

(a)

Journal Entries

Date	Particulars		L.F.	Debit ₹	Credit ₹
a.	Share capital A/c (200 share ×70)	Dr.		14,000	
	To share Forfeiture A/c (200 share ×50)				10,000
	To Calls-in-Arrears A/c (200 share ×20)				4,000
	(Being 200 Share of ₹10 each ,₹70 called-up forfeited for the non-payment of call)				
	Bank A/c	Dr.		12,000	
	To share capital A/c (150 share ×70)				10,500
	To Securities Premium A/c (150 Share ×10)				1,500
	(Being 150 share were reissued as ₹70 paid-up for ₹80 per share)				

	Share Forfeiture A/c (150 Share ×8)	Dr.		7,500	
	To capital Reserve A/c				7,500
	(Being Transfer of profit on re-issue of 150 share)				
b.	Share Capital A/c (180 share ×8)	Dr.		1,440	
	Securities Premium A/c (180 Share ×2)	Dr.		360	
	To Share Forfeiture A/c (180 share ×5)				900
	To Share Allotment A/c (180 share ×5)				900
	(Being share forfeiture for non-payment of allotment)				
	Bank A/c (160 Share ×10)	Dr.		1,600	
	To Share Capital A/c (160 Share × 8)				1,280
	To securities Premium A/c(160 Share × 2)				320
	(Being 160 share were reissued for ₹10, ₹8 called-up)				
	Share Forfeiture A/c	Dr.		800	
	To Capital Reserve A/c				800
	(Being transfer of Profit on re-issue of 160 share)				
c.	Share Capital A/c (30 Share ×100)	Dr.		3,000	
	To Share Forfeiture A/c				1,800
	To Discount on Issue of Share A/c (30 share ×10)				300
	To Share First and Final Call A/c (30 Share× 30)				900
	(Being share forfeiture for non-payment of first and final call)				
	Bank A/c (20 share × 30)	Dr.		600	
	Discount on Issue of Share A/c (20 share × 10)	Dr.		200	
	Share Forfeiture A/c (20 share × 60)	Dr.		1,200	
	To Share Capital A/c (20 share × 100)				2,000
	(Being 20 share were reissued for ₹30 per share , fully called-up)				

Working Note:

Calculation of Amount to be transferred to Capital Reserve

Amount forfeited on 30 shares	1,800	
Amount forfeited on 20 shares $\left(\frac{1,800}{30}\times 20\right)$		1,200
Less: Discount allowed on re-issue of 20 shares		1,200
Amount to be transferred to Capital Reserve		**Nil**

In case (c), journal entry for transferring the profit on re-issue to capital reserve account has not been passed the amount for capital reserve is nil.

18. Answer :

Revaluation Account

Dr. Particulars		₹	Particulars	Cr. ₹
To Stock A/c		10,000	By plant A/c	14,000
To Profit on Revaluation transferred to:			By creditors A/c	3,000
Sarthak's Capital A/c	8,000		By Investment A/c	5,000
Vansh's Capital A/c	4,000	12,000		
		22,000		**22,000**

Partners' Capital Account

Dr. Particulars	Sarthak	Vansh	Mansi	Particulars	Sarthak	Vansh	Cr. Mansi
To Investment A/c	20,000			By Balance b/d	70,000	60,000	
				By General Reserve A/c	12,000	6,000	
				By Revaluation A/c (Profit)	8,000	4,000	
				By Premium for Goodwill A/c	40,000	20,000	
To Balance c/d	1,10,000	90,000	1,00,000	By Cash A/c			1,00,000
	1,30,000	**90,000**	**1,00,000**		**1,30,000**	**90,000**	**1,00,000**

Balance Sheet

After Mansi' admission

Liabilities		₹	Assets		₹
Capital:			Plant		80,000
Sarthak	1,10,000		Furniture		30,000
Vansh	90,000		Investment		25,000
Mansi	1,00,000	3,00,000	Stock		36,000
Bank Loan		18,000	Debtors	38,000	
Creditors (72,000- 3,000)		69,000	Less: Provision for Bad Debts	4,000	34,000
			Cash (22,000+60,000+1,00,000)		1,82,000
		3,87,000			**3,87,000**

Value being conveyed in the question:
Friendship/support/ Sympathy

Working Note:

1. **Calculation of Mansi's Capital:**

	₹
Adjusted capital of sarthak	1,10,000
Adjusted capital of Vansh	90,000
Total adjusted capital of old partners for 2/3 share	2,00,000

Total Capital of the firm = 2,00,000 × 3/2= ₹3,00,000

Mansi's Capital in the firm = 3,00,000 × 1/3 =₹1,00,000

Cash Account

Dr. Cr.

Particulars	₹	Particulars	₹
To Balance b/d	22,000	By Balance c/d	1,82,000
To Mansi's Capital A/c	1,00,000		
To Premium for Goodwill A/c	60,000		
	1,82,000		**1,82,000**

OR

Revaluation Account

Dr. Cr.

Particulars		₹	Particulars		₹
To Building A/c		1,20,000	By Provision for Doubtful Debts A/c		4,000
To Investment A/c		30,600	By Creditors A/c		80,000
To Debtors A/c		34,000	By Mrs. Prashant's Loan A/c		40,000
To Bills Receivable A/c		37,400	By Investment Fluctuation Fund A/c		8,000
To Goodwill A/c		4,000	By Cash A/c:		
To Prashant's Capital A/c (wife's loan)		40,000	Debtors	24,000	
To Cash A/c :			Building	1,52,000	
Creditors	72,000		Bill Receivable A/c	36,000	2,12,000
Realization Expenses	2,500	74,500	By Rajesh's Capital A/c		27,000
To Prashant's Capital A/c (Commission paid)		1,000			
To Profit transfer to:					
Prashant's Capital A/c	17,700				
Rajesh Capital A/c	11,800	29,500			
		3,71,000			**3,71,000**

Partners Capital Account

Dr. Cr.

Particulars	Prashant	Rajesh	Particulars	Prashant	Rajesh
To Profit and Loss A/c	4,800	3,200	By Balance b/d	42,000	42,000
To Realisation A/c (Investment)		27,000	By Realisation A/c (Profit)	17,700	11,800
To Cash A/c (Bal.fig)	95,900	23,600	By Realisation A/c (Commission)	1,000	
			By Reaslisation A/c (Mrs. Prashant's Loan)	40,000	
	1,00,700	**53,800**		**1,00,700**	**53,800**

Cash Account

Dr. Cr.

Particulars	₹	Particulars	₹
To Balance b/d	6,000	By Realisation A/c)	74,500
To Realisation A/c	2,12,000	By Rajesh's Loan A/c	24,000
		By Prashant's Capital A/c	95,900
		By Rajesh's Capital A/c	23,600

	2,18,000		**2,18,000**

The value being conveyed in this question is the social value of environmental protection, as dumping hazardous material into the river pollutes the environment, which ultimately affects the society as a whole.

SECTION- B

19. Answer :
"Commission and Royalty received " is classified as an Cash from Operating Activities while preparing Cash flow statement..

20. Answer :
Payment of Dividend on share is the activity which remains financing activities for every enterprise.

21. Answer :
The main limitation of financial statements analysis is that it ignores the qualitative aspects such as management skills, labour relation and customer's satisfaction.

22. Answer :

Items	Major Heads	Sub-heads
Debenture	Non-current Liabilities	Long-term Borrowings
Loose Tool	Current Assets	Inventories
Call-in-advance	Current Liabilities	Other Current Liabilities

23. Answer :

a. Calculation of Debtors Turnover Ratio:

$$\text{Debtors turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Debtors}}$$

Cash Sales = 60% of Credit Sales

Let Credit Sales be x

Cash Sales = 0.6 x

Total Sales = Cash Sales + Credit Sales

5,20,000 = 0.6 × + x

Or, 1.6x = 5,20,000

Or, x = 3,25,000

Credit Sales = x = 3,25,000

$$\text{Average Debtors} = \frac{\text{Opening Debtors} + \text{Closing Debtors}}{2}$$

Opening Debtors = 3/4th of Closing debtors

$\text{Or, Opening Debtors} = 80{,}000 \times \frac{3}{4} = 60{,}000$

$\text{Average Debtors} = \frac{60{,}000 + 80{,}000}{2} = 70{,}000$

$\text{Debtors Turnover Ratio} = \frac{3{,}25{,}000}{70{,}000} = 4.64 \text{ time}$

b. Calculation of Quick Assets and Current Assets

Current Liabilities = ₹6,00,000

Liquid Ratio = 1.5:1

Current Ratio = 2.5:1

$\text{Liquid Ratio} = \frac{\text{Quick Assets}}{\text{Current Liablities}}$

$\text{or, } \frac{1.5}{1} = \frac{\text{Quick Assets}}{1{,}60{,}000}$

$\text{or, Quick Assets} = 2{,}40{,}000$

$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$

$\text{or, } \frac{2.5}{1} = \frac{\text{Current Assets}}{1{,}60{,}000}$

$\text{or, Current Assets} = 4{,}00{,}000$

24. Answer :

Particulars	2010-11 ₹	2011-12 ₹	Absolute Change ₹	Percentage Change (%)
I. Revenue from operations	24,00,000	40,00,000	16,00,000	66.67
II. Other Income	18,00,000	24,00,000	6,00,000	33.33
III. Total Revenue (I+II)	42,00,000	64,00,000	22,00,000	52.38
IV. Expense	(14,00,000)	(16,00,000)	(2,00,000)	14.29
V. Profit before Tax (III-IV)	**28,00,000**	**48,00,000**	**20,00,000**	**71.43**

25. Answer :

Cash Flow Statement of Krishtec Ltd.

For the year ended March 31,2012

	Particular	₹	₹
A	**Cash Flow from Operating Activities**		
	Net Profit (as per statement of Profit and Loss)		(50,000)
	Items to be Added:		
	Depreciation	1,20,000	
	Interest Paid	36,000	1,56,000
	Operating Profit before Working Capital adjustment		**1,06,000**
	Add: Decrease in Current Assets & Increases current Liabilities		
	Increases in trade Payable	10,000	
	Less: Increases in Current Assets & Decrease current Liabilities		
	Increases trade receivables	(80,000)	
	Increase in inventory	(1,00,000)	(1,70,000)
	Cash Generated from operations		(64,000)
	Less: Tax paid		NIL
	Net Cash Flow From Investing Activities		**(64,000)**
B	**Cash Flow Investing Activities**		

	Purchase of Tangible assets	(4,20,000)	
	Net Cash flow used in Investing Activities		(4,20,000)
C	**Cash Flow From Financing Activities**		
	Proceeds from Issue Of Equity Share	4,00,000	
	Long-Term Borrowings raised	90,000	
	Interest Paid	(36,000)	
	Net Cash Flow from Financing Activities		**4,54,000**
D	**Net Increases Or Decreases in Cash and Cash Equivalents**		**(30,000)**
	Add: Cash and Cash Equivalents in the beginning of the period		3,70,000
	Cash and Cash Equivalents at the end of the period		**3,40,000**

Working Note:

Fixed Assets (Tangible) Account

Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	9,00,000	By Depreciation A/c	1,20,000
To Bank A/c (Purchase)	4,20,000	By Balance c/d	12,00,000
	13,20,000		**13,20,000**