CBSE
Class XII Accountancy
Delhi Board Paper_Set3_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 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. What rate of interest the company pays on calls - in advance if it has not prepared its own Articles of Association?

2. What is meant by 'Securities Premium'?

3. Name the account which is opened to credit the share of profit of the deceased partner, till the time of his death to his Capital account.

4. State the ratio in which the partners share profits or losses on revaluation of assets and liabilities, when there is a change in profit sharing ratio amongst existing partners?

5. When the partner capitals are fixed, where the drawing made by a partner will be recorded?

6. What is meant by issue of debentures as a collateral security?

7. Give the journal entry to distribute Workman Compensation Reserve' of ₹60,000 at the time of retirement of Sajjan, when there is not claim against it. The firm has three partners Rajat, Sajjan and Kavita.

8. Mona, Nisha and Priyanka are partners in a firm. They contributed ₹50,000 each as capital three years ago. At that time Priyanka agreed to look after the business as Mona and Nisha were busy. The profits for the past three years were ₹15,000, ₹25,000 and ₹50,000 respectively. While going through the books of accounts Mona noticed that the profit had been distributed in the ratio of 1:1:2. When the enquired from Priyanka about this, Priyanka answered that since she looked after the business she should get more profit. Mona disagreed and it was decided to distribute profit equally retrospectively for the last three years.

a. You are required to make necessary corrections in the books of accounts of Mona, Nisha and Priyanka by passing an adjustment entry.
b. Identify the value which was not practiced by Priyanka while distributing profits.

9. Pass the necessary journal entries for the issue of debentures in the following cases:
(a) ₹40,000, 12% debentures of ₹100 each issued at a premium of 5% redeemable at par.
(b) ₹70,000, 12% debentures of ₹100 each issued at a premium of 5% redeemable at ₹110 each.

10. Forex Constructions Ltd. Has an outstanding balance of ₹22,00,000, 9% debentures of ₹100 each redeemable at a premium of 15%. According to the terms of redemption, the company redeemed 60% of the above debentures by converting them into shares of ₹10 each at a premium of 60%. Record the entries for redemption of debentures in the books of Forex Construction Ltd.

11. Abhay and Beena are partners in a firm. They admit Chetan as a partner with $^1/_4$th shares in the profits of the firm. Chetan brings ₹2,00,000 as his share of capital. The value of the total assets of the firm is ₹,40,000 and outside liabilities are valued at ₹1,00,000 on that date. Give the necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.

12. Madhav Ltd. issued fully paid equity shares of ₹80 each at a discount of ₹5 per share for the purchase of a running business from Gupta Bros. for a sum of ₹15,00,000. The assets and liabilities consisted of the following : Plant ₹5,00,000; Trucks ₹7,00,000; Stock ₹3,00,000; Machinery ₹6,00,000 and Sundry Creditors ₹5,00,000. You are required to pass necessary journal entries for the above transactions in the books of Madhav Ltd.

13. The authorized capital of Suhani Ltd. is ₹45,00,000 divided into 30,000 shares of ₹150 each. Out of these company issued 15,000 shares of ₹150 each at a premium of ₹10 per share. The amount was payable as follows: ₹50 per share on application, ₹40 per share on allotment (including premium), ₹30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money was duly received.
Prepare an extract of Balance Sheet of Suhani 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.

14. Naresh, David and Aslam are partners sharing profits in the ratio of 5:3:7. On April 1st, 2012, Naresh gave a notice to retire from the firm. David and Aslam decided to share future profits in the ratio of 2 : 3. The adjusted capital accounts of David and Aslam show a balance of ₹33,000 and ₹70,500 respectively. The total amount to the paid to Naresh is ₹90,500. This amount is to be paid by David and Aslam in such a way that their capitals become proportionate to their new profit sharing ratio. Pass necessary journal entries for the above transactions in the books of the firm. Show your working clearly.

15. Asgar, Chaman and Dholu are partners in a firm. Their capital accounts stood at ₹ 6,00,00; ₹ 5,00,000 and ₹ 4,00,000 respectively on 1stApril, 2011. They shared profits and losses in the proportion of 4 : 2 : 3. Partners are entitled to interest on capital @ 8% per annum and salary to Chaman and Dholu @ ₹ 7,000 per month and ₹ 10,000 per quarter respectively as per the provision of the partnership deed. Dholu's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of ₹ 1,10,000 p.a. Any deficiency arising on that account shall be met by Asgar. The profits for the year ended 31st March, 2012 amounted to ₹ 4,24,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2012.

16. The Balance Sheet of Sudha, Mohit and Rohit who were sharing profit in the ratio of 1:2:3 as. On 31st march, 2012 their Balance Sheet was as follows:

Liabilities	**₹**	**Assets**	**₹**
General Reserve	60,000	Cash	36,000
Bills Payable	20,000	Stock	85,000

Loan		24,000	Investments	58,000
Capital : Sudha	75,000		Land & Building	2,20,000
Mohit	1,00,000		Rohit's Loan	30,000
Rohit	1,50,000	3,25,000		
		4,29,000		**4,29,000**

Rohit died on September 1st 2012. The partnership deed provided for the following on the death of a partner:

a. Goodwill of the firm be valued at two years purchase of average profits for the last three years.
b. Rohit's share of profit or loss till the date of her death was to be calculated on the basis of sales. Sales for the year ended 31st March, 2012 amounted to ₹6,00,000 and that from 1st April to 1st September 2012 to ₹3,50,000. The profit for the year ended 31st March, 2012 was ₹1,50,000.
c. Interest on capital was to be provided @ 8% p.a.
d. The average profits of the last three years were ₹72,000.
e. According to Sudha's will, the executors should donate her share to "Matri Chhaya - an orphanage for girls".

Prepare Rohit's Capital Account to be rendered to her executor. Also identify the value being highlighted in the question.

17. Sahaj and Nimish are partners in a firm. They share profits and losses 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. Gauri, a common friend decides to help them. Therefore, they admitted her into partnership for a 1/3rd share. She brought her share of goodwill in cash and proportionate capital. At the time of Gauri's admission, the Balance sheet of Sahaj and Nimish was as under:

Liabilities		**₹**	**Assets**	**₹**
Capital Accounts:			Machinery	1,20,000
Sahaj	1,20,000		Furniture	80,000
Nimish	80,000	2,00,000	Stock	50,000
General Reserve		30,000	Sundry Debtors	30,000
Creditors		30,000	Cash	20,000
Employee's Provident Fund		40,000		
		3,00,000		**3,00,000**

It was decided to:

a. Reduce the value of stock by ₹5,000.
b. Depreciate furniture by 10% and appreciate machinery by 5%.
c. ₹3,000 of the debtors proved bad. A provision of 5% was to be created on Sundry Debtors for doubtful debts.
d. Goodwill of the firm was valued at ₹45,000.

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

OR

Prachi, Ritika and Ishita were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Inspite 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. Prachi was deputed to realise the assets and pay the liabilities. She was aid ₹1,000 as commission for her services. The financial position of the firm was as follows:

Liabilities	**₹**	**Assets**	**₹**
Creditors		Furniture	37,000
Investment Fluctuation		Stock	5,500
Fund	2,00,000	Investments	15,000

Capitals	30,000	Cash	9,000
Prachi	30,000	Ishita's Caital	18,000
Ritika	40,000		
	84,500		**84,500**

18. Moneyplus Company issued for public subscription 75,000 shares of the value of ₹10 each at a discount of 10% payable as follows: ₹ 2 per share on application, ₹3 per share on allotment and ₹4 per share on call. The company received applications for 1,50,000 shares. The allotment was done as under:

a. Applicants of 15,000 shares were allotted 5,000 shares.
b. Applicants of 70,000 shares were allotted 40,000 shares.
c. Remaining applicants were allotted 30,000 shares.

Money in excess to allotment was returned. Hari, a shareholder who had applied for 3,500 shares out of group B failed to pay allotment and call money. Rohan, a shareholder who was allotted 3,000 shares paid the call money along with the allotment. Rohan 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 of shares in the following cases:

a. X Ltd. forfeited 20 shares of ₹10 each, ₹7 called up on which the shareholder had paid application and allotment money of ₹5 per share. Out of these, 15 shares were re-issued to Naresh as ₹7 per share paid up for ₹8 per share.
b. Y Ltd. forfeited 90 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, 80 shares were re-issued to Sanjay as ₹8 called up for ₹10 per share.
c. Z Ltd. forfeited 300 shares of ₹10 each issued at a discount of ₹1 per share for non-payment of first and final call of ₹3 per share. Out of these 200 shares were reissued at ₹3 per share fully paid up.

Section – B

19. Under which type of activity will you classify' Refund of Income Tax Received' while preparing Cash Flow Statement?

20. State with reason whether 'Purchase of fixed asset on long term deferred payment' would result in inflow, outflow or no flow of cash.

21. State any one advantage of Financial Statement Analysis'.

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

i. Mining Rights
ii. Encashment of employees earned leave payable on retirement
iii. Vehicles

23. From the Following Statements of Profit and Loss Suntrack 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 Operations		20,00,00	12,00,000
Other Incomes		12,00,000	9,00,000
Expenses		13,00,000	10,00,000

24. (a) Compute Working Capital Turnover Ratio using the following information.

Particulars	₹
Cash Sales	1,30,00
Credit Sales	3,80,000
Sales Returns	10,000
Liquid Assets	1,40,000
Current Liabilities	1,05,000
Inventory	90,000

(b) Calculate Debt Equity Ratio

Particulars	₹
Total Assets	3,50,000
Total Debts	2,50,000
Current Liabilities	80,000

25. Following is the Balance Sheet of Wisben Ltd. As on 31st March, 2012

Balance Sheet of Tiger Super Steel Ltd.

Particulars	Note No.	2012 ₹	2011 ₹
I. Equity and Liabilities			
1. Shareholders' Funds			
a. Share Capital		7,00,000	6,00,000
b. Reserves and Surplus (Profit & Loss Balance)		2,00,000	1,10,000
2. Non-Current Liabilities			
a. Long Term-Borrowing		3,00,000	2,00,000
3. Current Liabilities			
a. Trade Payables		30,000	25,000
Total		**12,30,000**	**9,35,000**
II. Assets			
1. Non- Current assets			
a. Fixed assets			
i. Tangible assets		11,00,000	8,00,000
b. Non –Current Investment			
2. Current assets			
a. Inventory		70,000	60,000
b. Trade Receivable		32,000	40,000
c. Cash and Cash Equivalents		28,000	35,000
Total		**12,30,000**	**9,35,000**

Adjustments:

During the year a piece of machinery of the book value of ₹80,000 was sold for ₹65,000. Depreciation provided on tangible assets during the year amounted to ₹2,00,000.

Prepare a Cash Flow Statement.

CBSE
Class XII Accountancy
Delhi Board Paper_Set3–2013- Solution

SECTION A

1. **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.

2. **Answer:**
When shares are issued at a price higher than its face value then, the difference between the issue price and the face value of share is considered as premium (capital gain) for the company. This premium amount is transferred to a separate account called Securities Premium Account.

3. **Answer:**
Profit and Loss Suspense Account is opened to credit the share of profit of the deceased partner, till the time of his death to his Capital account.

4. **Answer:**
When there is a change in profit sharing ratio amongst existing partners, the revaluation profit or loss will be shared by the partners in their old Ratio.

5. **Answer:**
Drawings made by a Partner will be recorded in Partner's Current Account, when their capitals are fixed.

6. **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.

7. **Answer:**

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Workmen Compensation Reserve A/c	Dr.		60,000	
	To Rajat's Capital A/c				20,000
	To Sajjan's Capital A/c				20,000
	To Kavita's Capital A/c				20,000
	(Being workmen compensation reserve distributed among all partners in equal ratio 1:1:1)				

8. **Answer:**
a.

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Priyanka Capital A/c To Mona's Capital A/c To Nisha's Capital A/c (Being profit distributed in wrong ratio now rectified)	Dr.		15,000	 7,500 7,500

Total Profit (past 3 years) = 15,000 + 25,000 + 50,000 = 90,000

Adjustment Table

Particulars		Mona	Nisha	Priyanka	Total
Wrong Distribution of Profits (1:1:2) written Back	Dr.	22,500	22,500	45,000	90,000
Right Distribution of Profits (1:1:1)	Cr.	(30,000)	(30,000)	(30,000)	(90,000)
Net Effect		(7,5000)Cr.	(7,500)Cr.	15,000Dr.	-

b. The values which were not practiced by Priyanka are as follows:

1. Mutual trust and understanding

2. Honesty and loyalty towards her co-parnters

9. **Answer:**

(a)

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Bank A/c To Debenture Application A/c (Being 400 debentures issued at ₹100 at a premium of 5%)	Dr.		42,000	 42,000
	Debenture Application A/c To 12% Debenture A/c To Securities Premium A/c (Being 400 debentures of ₹100 issued at a premium of 5% and redeemable at par)	Dr.		42,000	 40,000 2,000

(b)

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Bank A/c To Debenture Application A/c (Being 700 debentures issued at ₹100 at a premium of 5%)	Dr.		73,500	 73,500

	Debenture Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 12% Debenture A/c To Securities Premium A/c To Premium on Redemption A/c (Being 700 debentures of ₹100 issued at a premium of 5% and redeemable at of ₹110)		73,500 7,000	70,000 3,500 7,000

10. Answer:

In the Books of Forex Constructions Ltd.
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	9% Debenture A/c Dr. Premium on Redemption A/c Dr. To Debenture holders' A/c (Being Debenture due for redemption at a premium of 15%)		22,00,000 3,30,000	25,30,000
	Debenture holders' A/c (40% of 25,30,000) Dr. To Equity Share Capital A/c (63,250 Shares x 10) To Securities Premium A/c (63,250 Shares x 6) (Being 63,250 Shares of ₹10 each issued at a premium of 60% to debenture holders)		10,12,000	6,32,500 3,79,500

Working Note:

$$\text{Number of share to be issued} = \frac{\text{Amount due to the Debentureholders}}{\text{Issue Price}} = \frac{10{,}12{,}000}{16(10+6)} = 63{,}250 \text{ share}$$

11. Answer:

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	To Bank A/c Dr. To Chetan's Capital A/c To Debenture holders' A/c (Being Chetan brought his share of capital)		2,00,000	2,00,000
	Chetan's Capital A/c Dr. To Abhay's Capital A/c To Beena's Capital A/c (Being Chetan's Share of Goodwill distributed among old partners in their sacrificing ratio 1:1)		90,000	45,000 45,000

Working Note

Calculation of Goodwill brought in by Chetan

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

Capitalised Value of the Firm = Capital brought in by Chetan $\times$ Reciprocal of his Share

$$= 2,00,000 \times \frac{4}{1} = 8,00,000$$

$$\text{Net Worth} = \text{Total Assets} - \text{External Liabilities}$$
$$= 5,40,000 - 1,00,000 = 4,40,000$$

$$\therefore \text{Goodwill of the firm} = 8,00,000 - 4,40,000 = 3,60,000$$

$$\text{Chetan's Share of Goodwill} = 3,60,000 \times \frac{1}{4} = 90,000$$

12. Answer:

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Plant A/c	Dr.		5,00,000	
	Trucks A/c	Dr.		7,00,000	
	Stock A/c	Dr.		3,00,000	
	Machinery A/c	Dr.		6,00,000	
	To Capital Reserve A/c (Balancing Figure)				1,00,000
	To Sundry Creditors A/c				5,00,000
	To Gupta Bros				15,00,000
	(Being Assets and Liabilities purchased from Gupta Bros)				
	Gupta Bros A/c	Dr.		15,00,000	
	Discount on Issue of Shares A/c (20,000 Shares × ₹5)	Dr.		1,00,000	
	To Equity share capital A/c (20,000 shares × ₹80)				16,00,000
	(Being 20,000 equity shares of ₹ 80 each issue at discount of ₹5 to Gupta Bros)				

Working Note

Calculation of Number of Equity shares issued

$$\text{Numberof Equity Shares} = \frac{\text{Purchase Consideraion}}{\text{Issue Price}(\text{Face Value} - \text{Discount})}$$

$$= \frac{15,00,000}{(80-5)}$$

= 20,000 Equity Shares

13. Answer:

Suhani Ltd.
Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' fund		
a. Share Capital	1	21,00,000
b. Reserve and Surplus	2	1,40,000
2. Non-Current Liabilities		
3. Equity and Liabilities		
Total		**22,40,000**
II. Assets		

1. Non-Current Liabilities		
2. Equity and Liabilities		
a. Cash and Cash Equivalents	3	22,40,000
Total		**22,40,000**

Note to Account

Note No.	Particulars	₹
1	**Share capital**	
	Authorised	
	30,000 Share of ₹150 each	45,00,000
	Issued Capital	
	15,000 Share of ₹150 each	22,50,000
	Subscribed Called up and Paid-up Share Capital	
	14 ,000 Share of ₹150 each	21,00,000
2	**Reserves and Surplus**	
	Securities Premium	1,40,000
3	**Cash and Cash Equivalents**	
	Cash at Bank	22,40,00

14. Answer :

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Cash A/c Dr.		90,500	
	To David's Capital A/c			44,600
	To Aslam's Capital A/c			45,900
	(Being Being Deficiency in capital to be brought in by David and Aslam)			

Working Notes

Adjusted Capital of David = 33,000

Adjusted Capital of Aslam = 70,500

Amount Payable to Naresh = 90,500

Total Capital of the New firm = Total Adjusted Capital of David and Aslam + Amount Payable

= (33,000 + 70,500) + 90,500 = 1,94,000

New Ratio = 2:3

New Capital of David= $1{,}94{,}000 \times \frac{2}{5} = 77{,}600$

New Capital of Aslam = $1{,}94{,}000 \times \frac{3}{5} = 1{,}16{,}400$

Calculation of Amount to be Paid off/Brought in by David and Aslam

Particulars	David	Aslam
New Capital Balance	77,600	1,16,400
Old Adjusted Capital	33,000	70,500
Amount to be brought in	44,600 (Deficit)	45,900 (Deficit)

15. Answer :

Profit and Loss Appropriation Account

Dr. **Cr.**

Particulars		**₹**	**Particulars**	**₹**
To Interest on Capital A/c			By Profit and Loss A/c	4,24,000
Asgar	48,000			
Chaman	40,000			
Dholu	32,000	1,20,000		
To Salary to:				
Chaman (₹7,000 x 12)	84,000			
Dholu (₹10,000 x 4)	40,000	1,24,000		
To Profit transferred to:				
Asgar Capital A/c	70,000			
Chaman Capital A/c	40,000			
Dholu Capital A/c	70,000	1,80,000		
		4,24,000		**4,24,000**

Working Notes:

Profit available for distribution = 4,24,000 –1,20,000 - 1,24,000 = ₹1,80,000

Profit Sharing Ratio = 4:2:3

$\text{Asgarr's Profit Share} = 1{,}80{,}000 \times \frac{4}{9} = 80{,}000$

$\text{Chanman's Profit Share} = 1{,}80{,}000 \times \frac{2}{9} = 40{,}000$

$\text{Dholu's Profit Share} = 1{,}80{,}000 \times \frac{3}{9} = 60{,}000$

$\text{Dholu's Minimum Guaranteed Profit} = 1{,}10{,}000 \; (\text{exculding interest but including salary})$

$\therefore \text{Dholu's Minimum Gururanted Profit} \; (\text{excluding salary}) = 1{,}10{,}000 - 40{,}000 = 70{,}000$

But, Dholu's Actual Profit Share = 60,000

$\text{Deficiency in Dholu's Share} = 70{,}000 - 60{,}000 = 10{,}000$

This Deficiency is to be borne by Asgar alone,

Therefore,

$\text{Asgar's New Profit Share} = 80{,}000 - 10{,}000 = 70{,}000$

16. Answer :

Rohit's Capital Account

Particulars	**₹**	**Particulars**	**₹**
To Rohit's Loan A/c	30,000	By Balance b/d	1,50,000
To Rohit 's Executor's A/c	2,70,750	By General Reserve A/c	30,000
		By Sadhna's Capital A/c (Goodwill)	24,000
		By Mohit Capital A/c (Goodwill)	48,000
		By Profit and Loss Suspense (profit)	43,750
		By Interest on Capital A/c	5,000
	3,00,750		**3,00,750**

Working Notes

1) Calculation of Rohit's share of Goodwill

$$\text{Goodwill of Firm} = \text{Average Profit} \times 2 \text{ years}$$
$$= 72{,}000 \times 2 = 1{,}44{,}000$$
$$\text{Rohit's Share of Goodwill} = \frac{3}{6} \times 1{,}44{,}000$$
$$= 72{,}000$$

$$(2) \text{Interest on Sudha's Capital} = 1{,}50{,}000 \times \frac{8}{100} \times \frac{5}{12} = 5{,}000$$

(3) Calculation of Rohit's Share of Profits

Sales for last year = 6,00,000

Profit for last year = 1,50,000

Sales from April 01 to Sept 1, 2012 = 3,50,000

$$\text{Up to Date Profit of Deceased Parnter} = \frac{\text{Previous Year's Profit}}{\text{Previous Year's Sales}} \times \text{Sales till the date of death of Partner} \times \text{Share of Deceased Parner}$$

$$\therefore \text{ Rohit's Profit till his death} = \frac{1{,}50{,}000}{6{,}00{,}000} \times 3{,}50{,}000 \times \frac{3}{6} = 43{,}750$$

Value Involved in the given scenario

(1) Fulfilment of Social Responsibility

(2) Sympathy and Helping Orphan and Destitute Girl Child

17. Answer:

Revaluation Account

Dr. **Cr.**

Particulars	₹	Particulars		₹
To Stock A/c	5,000	By Machinery A/c		6,000
To Depreciation on Furniture A/c	8,000			
		By Loss on Revaluation		
To Bad Debts A/c	3,000	transferred to:		
To Provision for Doubtful Debts A/c	1,350	Sahaj A/c	7,567	
		Nimish A/c	3,783	11,350
	17,350			**17,350**

Partners' Capital Account

Particulars	Sahaj	Nimish	Gauri	Particulars	Sahaj	Nimish	Gauri
To Revaluation A/c (Loss)	7,567	3,783		By Balance b/d	1,20,000	80,000	
				By Cash A/c			1,16,825
				By Premium for Goodwill A/c	10,000	5,000	
To Balance c/d	1,42,433	91,217	1,16,825	By General Reserve A/c	20,000	10,000	
	1,50,000	**95,000**	**1,16,825**		**1,50,000**	**95,000**	**1,16,825**

Balance Sheet

After Gauri's Admission

Liabilities	₹	Assets		₹
Capital A/c		Machinery (1,20,000+6,000)		1,26,000
Sahaj	1,42,433	Furniture (80,000 – 8,000)		72,000
Nimish	91,217	Stock (50,000 – 5,000)		45,000
Gauri	1,16,825	Sundry Debtors	30,000	
Creditors	30,000	Less: Bad Debts	(3,000)	
		Less: Provision for Doubtful		
Employees' Provident Fund	40,000	Debts	(1,350)	25,650
		Cash		
		(20,000 + 15,000+ 1,16,825)		1,51,825
	4,20,475			**4,20,475**

Working Note

WN1 Calculation of Gauri's Share of Goodwill

Value of Firm's Goodwill = 45,000

Gauri's Profit Share $= \frac{1}{3}$rd

Gauri's Share of Goodwill $= 45{,}000 \times \frac{1}{3} = 15{,}000$

WN2 Calculation of Capital brought in by Gauri

Old Ratio = 2:1

Gauri is admitted for 1/3rd share

Let Total Profit be 1

$\therefore$ Remaining Profit $= 1 - \frac{1}{3} = \frac{2}{3}$

Sahaj's New Profit Share = $\frac{2}{3} \times \frac{2}{3} = \frac{4}{9}$

Nimish's New Profit Share = $\frac{1}{3} \times \frac{2}{3} = \frac{2}{9}$

Gauri's Profit Share = $\frac{1}{3}$ or $\frac{3}{9}$

$\therefore$ New Ratio Share = 4:2:3

Adjust Old Capital of Sahaj = 1,50,000 - 7,567 = 1,42,433

Adjust Old Capital of Nimish = 95,000 - 3,783 = 91,217

Total Adjusted capital Sahaj and Nimish = 1,42,433 + 91,217 = 2,33,650

Combined Share of Sahaj and Nimish = $\frac{4}{9} + \frac{2}{9} = \frac{6}{9}$ Or $\frac{2}{3}$

Total Capital of the New Firm = Total Adjusted Capital of Sahaj and Nimish × Reciprocal of Total Combined Share of Sahaj and Nimish

$$= 2{,}33{,}650 \times \frac{3}{2} = 3{,}50{,}475$$

Gauri's Capital $= 3{,}50{,}475 \times \frac{1}{3} = 1{,}16{,}825$

The following are the values involved in the scenario depicted in the question.

Valuing friendship and helping friends

Sympathy and sensitivity towards differently abled individuals.

OR

Realisation Account

Dr. Particulars	₹	Particulars		Cr. ₹
To Furniture A/c	37,000	By Investment Fluctuation Funds A/c		4,500
To Stock A/c	5,500	By Creditors A/c		10,000
To Investments A/c	15,000	By Parchi Capital A/c (Investments taken over)		12,500
To Cash A/c (Employee Compensation Paid)	8,000	By Cash A/c (Stock and Furniture taken over)		41,500
To Cash A/c (Creditors Paid)	10,000	By Ritika's Capital A/c (Old Furniture Taken over)		3,000
To Prachi's Capital A/c (commission for services)	1,000	By Loss on Realisation transferred to:		
To Cash A/c (Realisation Expenses)	1,000	Prachi's Capital A/c	3,000	
		Ritika's Capital A/c	1,800	
		Ishita's Capital A/c	1,200	6,000
	77,500			**77,500**

Partners' Capital Account

Dr Particulars	Prachi	Ritika	Ishita	Particulars	Prachi	Ritika	Cr. Ishita
To Balance b/d			18,000	By Balance b/d	40,000	30,000	
To Realistion A/c	12,500	3,000		By Realisation A/c	1,000		
To Realisation A/c (Loss)	3,000	1,800	1,200	By Cash A/c (Balancing Figure)			19,200
To Cash A/c (Balancing Figure)	25,500	25,200					
	41,000	**30,000**	**19,200**		**41,000**	**30,000**	**19,200**

Cash Account

Dr. Particulars	₹	Particulars	Cr. ₹
To Balance b/d	9,000	By Realisation A/c (Employee Compensation paid)	8,000
To Realisation A/c (Stock and Furniture Realised)	41,500	By Realisation A/c (Creditors paid)	10,000
To Ishita's Capital A/c	19,200	By Realisation A/c (Commission for Services)	1,000
		By Prachi's Capital A/c	25,500
		By Ritika's Capital A/c	25,200
	69,700		**69,700**

The following are the values involved in the scenario depicted in the question.

a. Making people aware of the water pollution.
b. Environmental degradation
c. Violation of rules and regulations and overlooking the repeated notifications by the authorities.
d. Violating the social values

18. Answer:

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Bank A/c Dr. To Share Application A/c (Being application money on 1,50,000 shares received)		3,00,000	 3,00,000
	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 75,000 shares transferred to share capital account and excess was utilized on allotment and balance excess money refunded)		3,00,000	 1,50,000 1,45,000 5,000
	Share Allotment A/c Dr. Discount on Issue of Shares A/c To Share capital A/c (Being allotment money due on allotment)		2,25,000 75,000	 3,00,000
	Bank A/c (2,25,000 – 1,45,000 – 3,000 + 12,000) Dr. To Share Allotment A/c (2,25,000 – 1,45,000 – 3,000) To Calls-in-Advance A/c (Being allotment money received along with advance call money on 3,000 shares and ₹1,45,000 excess money adjusted)		89,000	 77,000 12,000
	Share Call A/c Dr. To Share Allotment A/c (Being share Call Money due)		3,00,000	 3,00,000
	Bank A/c (3,00,000 – 8,000 – 12,000) To Calls-in-Advance A/c To Share capital A/c (Being share call money received and Calls-in-Advance money adjusted)		2,80,000 12,000	 2,92,000

Working Note:

WN1:

1	2	3	4	5	6	7	8
Category	Shares Applied	Shares Allotted	Money Receive on application at ₹2 each	Excess money Received on application	Excess money received on application	Excess Amount on application utilised on Allotment at ₹3 each	Excess Amount on application to be returned

a b c	15,000 70,000 65,000	5,000 40,000 30,000	30,000 1,40,000 1,30,000	10,000 80,000 60,000	20,000 60,000 70,000	15,000 60,000 70,000	5,000
Total	1,50,000	75,000	3,00,000	1,50,000	1,50,000	1,45,000	5,000 (Refunded)

WN2 Calculation of Unpaid Amount o Allotment by Hari

Number of shares applied by Hari = 3,500 Shares

$$\therefore \text{ Number of shares allotted to Hari } = \frac{3{,}500}{70{,}000} \times 40{,}000 = 2{,}000 \text{ Shares}$$

Amount Received on application (3,500 shares × ₹2)	7,000
Less: Utilised on application (2,000 Shares × ₹2)	(4,000)
Excess amount received on application	3,000

Amount due on allotment (2,000 shares × ₹3)	6,000
Less: Excess amount received on application	(3,000)
Amount unpaid on Allotment by Hari	**3,000**

OR

Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
(a)	Share Capital A/c (20 Shares x 7) To Share Forfeiture A/c (20 Shares x 5) To Calls-in-Arrears A/c (20 Shares x 2) (Being 20 Shares of ₹10 each, ₹7 called-up forfeited for the non-payment of call)	Dr.		140	 100 40
	Bank A/c (25 Shares x 8) To Share Capital A/c (15 Shares x 7) To Share Premium (15 shares x 1) To Bank A/c (WN1) (Being 15 Shares were reissued as ₹7 paid-up for ₹8 per share)	Dr.		120	 105 15
	Share Forfeiture A/c To Capital Reserve A/c (Being transfer of Profit on Re-issue of 15 Shares)	Dr.		75	 75
(b)	Share Capital A/c (90 Shares x 8) Securities Premium A/c (90 Shares x 2 To Share Forfeiture A/c (90 Shares x 5) To Share Allotment A/c (90 Shares x 5) (Being shares Forfeited for Nonpayment of Allotment)	Dr. Dr.		720 180	 450 450

	Bank A/c (80 Shares x 10) To Share Capital A/c (80 Shares x 8) To Share Premium A/c (80 Shares x 2) (Being share were reissued for ₹10, ₹8 called-up)	Dr.		800	 640 160
	Share Forfeiture A/c To Capital Reserve A/c (Being transfer of Profit on re-issue of 80 Shares)	Dr.		400	 400
(c)	Share Capital A/c (300 Shares x 10) To Share Forfeiture A/c (300 Shares x 6) To Discount on Issue of Shares A/c (300 shares x 1) To Share First and Final Call A/c (300 Shares x 3) (Being Shares forfeited for nonpayment of First and final Call)	Dr.		3,000	 1,800 300 900
	Bank A/c (200 Shares x 3) Discount on Issue of Shares A/c (200 Shares x 2) Share Forfeiture A/c (200 Shares x 6) To Share Capital A/c (200 Shares x 10) (Being 200 Shares were reissued for ₹3 per share, fully called-up)	Dr. Dr. Dr.		600 200 1,200	 2,000

SECTION B

19. Answer :

'Refund of Income Tax received' is classified as Cash from Operating Activities while preparing Cash Flow Statement.

20. Answer :

'Purchase of fixed asset on long term deferred payment' will result in no flow of cash at present but would result into outflow of cash when the payment is due.

21. Answer :

Advantage of Financial Statement Analysis is that it helps in ascertaining the liquidity position of the firm (i.e. both short term and long-term).

22. Answer :

	Items	Heads	Sub-Heads
i.	Mining Rights	Non-Current Assets	Intangibles
ii.	Encashment of Employees earned leave payable on retirement	Current Liabilities	Other Current Liabilities
iii.	Vehicles	Non-Current Assets	Tangibles

23. Answer:

Comparative Statement of Profit and Loss

Particulars	2010-11	2011-12	Absolute Change ₹	Percentage Change (%)
i. Revenue from operations	12,00,000	20,00,00	8,00,000	66.67
ii. Other Incomes	9,00,000	12,00,000	3,00,000	33.33
Total Revenues	21,00,000	32,00,000	11,00,000	52.38
Less: Expenses	(10,00,000)	(13,00,000)	(3,00,000)	30
Net Profit	**11,00,000**	**19,00,000**	**8,00,000**	**72.7**

24. Answer :

$$(a)\text{Working Capital Turnover Ratio } = \frac{\text{Net Sales}}{\text{Working Capital}}$$

$\text{Working Capital } = \text{Current Assets} - \text{Current Liabilities}$

$\text{Current Assets } = \text{ Liquid Assets } + \text{Inventory}$

$= 1,40,000 + 90,000 = 2,30,000$

Current Liabilities = 1,05,000

$\therefore$ Working Capital = 2,30,000 $-1,05,000 = 1,25,000$

Net Sales = Cash Sales + Credit Sales $-\text{Sales Return}$

=1,30,000 + 3,80,000 $-10,000 = 5,00,000$

$$\text{Working Capital Tunover Ratio} = \frac{5,00,000}{1,25,000} = 4\text{times}$$

$$(b)\text{Debet Equity Ratio } = \frac{\text{Debts}}{\text{Equity}}$$

$\text{Debts} = \text{Total Debts} - \text{Current Liabilities}$

= $2,50,000 - 80,000$

= 1,70,000

$\text{Equity} = \text{Total Assets} - \text{Total Debts}$

=3,50,000 $-2,50,000$

= 1,00,00

$$\text{Debet Equity Ratio} = \frac{\text{Debts}}{\text{Equity}} = \frac{1,70,000}{1,00,000} = 1.7:1$$

25. Answer:

Cash Flow Statement
For the year ended March 31,2012

	Particulars	₹	₹
A	**Cash Flow from Operating Activities**		
	Net Profit (As per Statement of Profit and Loss) (2,00,000 – 1,10,000)		90,000
	Items to be Added:		
	Depreciation	2,00,000	
	Loss on Sale of Machinery	15,000	2,15,000
	Operating Profit before working Capital Adjustments		3,05,000
	Add: Decrease in Current Assets & Increase in Current Liabilities		
	Decrease in Trade Receivables	8,000	
	Increase in Trade Payables	5,000	

	Less: Increase in Current Assets & Decrease in Current Liabilities		
	Increase in Inventory	(10,000)	3,000
	Cash Generated from Operations		3,08,000
	Less: Tax Paid		NIL
	Net Cash Flow from Operating Activities		**3,08,000**
B	**Cash Flow Investing Activities**		
	Purchase Of Machinery	(5,80,000)	
	Proceeds from Sale of Machinery	65,000	
	Net Cash used in Investing Activities		**(5,15,000)**
C	**Cash Flow Financing Activities**		
	Proceeds from Issue of Equity Share	1,00,000	
	Long-Term Borrowings raised	1,00,000	2,00,000
	Net Cash Flow from Financing Activities		
D	Net Increases Or Decreases in Cash and Cash Equivalents		**(7,000)**
	Add: Cash and Cash Equivalents in the beginning of the period		35,000
	Cash and Cash Equivalents at the end of the period		**28,000**

Working Notes:

Tangible Assets (Machinery) Account

Dr. **Cr.**

Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	8,00,000	By Bank A/c (Sale)	65,000
To Bank A/c (Purchases –Bal. Fig)	5,80,000	By Depreciation A/c	2,00,000
		By Profit and Loss A/c (Loss)	15,000
		By Balance c/d	11,00,000
	13,80,000		**13,80,000**