**Sample Paper 2013**

**Class XII**

##  Subject Accountancy

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

***General Instructions:-***

*(i) This question paper contains two parts A and B.*

*(ii) All parts of the question should be attempted at one place.*

**PART ‘A’**

1. X has given a loan of  50,000 to the firm. He claims 10% p. a. interest. Is his claim

 valid in case partnership deed is silent in this matter? **(1)**

2. What is meant by change in profit-sharing ratio? **(1)**

3. Under what circumstances premium for goodwill paid by the incoming partner would

 never be recorded in the books of account? **(1)**

4. On dissolution of a firm, out of the proceeds received from the sale of assets who will be

 paid first of all. **(1)**

5. What is meant by surrender of shares? **(1)**

6. What is Subscribed Capital? **(1)**

7. What is meant by a Debenture? (**1)**

8. A, B and C are partners in a firm sharing profits and losses in the ratio of 2 : 3 : 5. Their

 fixed capitals were  15,00,000,  30,00,000 and  60,00,000 respectively. For the year 2012

 interest on capital was credited to them @ 12% instead of 10%. Pass the necessary adjustment

 entry. **(3)**

9. Mohan Ltd. gave notice of its intention to redeem its outstanding 14% Debentures of            10,00,000; at 5% premium. However, an option to convert their holding into 15%

 cumulative preference shares of  25 each at 30 per share was also given. Debenture

 holders holding Debentures of  4,53,000 accepted the offer. Journalise. **(3)** **(3)**

10. On 31.3.2011 G Ltd. had  8,00,000 9% debentures due for redemption. The company had a

 balance of  3,40,000 in its Debenture Redemption Reserve Account. Pass necessary journal

 entries for redemption of debentures if redemption was carried out of capital. **(3)** **(3)**

11. Akshaya and Ritika were partners in a firm supplying school stationery. They share profits in the ratio of 4 : 1. Their capitals as on 1st April 2012 were  2,00,000 and  1,00,000          respectively.On this date Ritika suggested Akshaya to start supplying low cost stationery          also to the students who belong to low income group and have been admitted to the private          schools of the city as per the provisions of Rights to Education Act 2009. Akshaya agreed          and requested to admit her friend Sunil, a physically handicapped unemployed person in to

 the firm, however Sunil will not contribute any capital. Akshaya surrenders 1/4th of her

 share and Ritika surrenders 1/2 of her share in favour of Sunil, a new partner.

 (i) Identify any four values which according to you motivated them to form the             partnership firm. **(2)**

 (ii) Calculate Sacrificing ratio. **(1)**

 (iii) Calculate new ratio. **(1)**

12. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into the partnership with1/4 th share in future profits. The new profit sharing ratio is 5 : 4 : 3. C           brings into the business  50,000 for his capital but could not bring any amount for           goodwill. The firm’s goodwill on C’s admission was valued at  48,000. Pass journal           entries. **(4)**

13. P Ltd. Purchase business from Q Ltd. for a sum of  3,00,000, payable a  80,000 by            issuing a cheque and the balance in fully paid equity shares of  100 each at 10% premium.

 The assets and liabilities consisted the following:

 Building  4,00,000 Bills Payable  30,000

 Bills Receivables  50,000 Sundry creditors  40,000

 Pass necessary journal entries in the books of P Ltd.           **(4)**

14. Akshit Ltd. was registered with an authorized capital of  1,00,00,000 divided into           1,00,000 Equity shares of  100 each. The company offered for public subscription 60,000           Equity shares. Applications for 56,000 shares were received and allotment was made to all           the applicants. All the calls were made and were duly received except the second and final           call of  20 per share on 700 shares.

 Prepare the Balance sheet of the company. Also prepare Notes to Accounts for the same. **(4)**

15. X, Y, and Z are partners with fixed capitals of  1,50,000,  1,20,000 and

 1,00,000 respectively. The Balance of current accounts on 1st January, 2011 were X             8,000 (Cr.); Y  3,000 (Cr.) and Z  2,000 (Dr.). X advanced  20,000 on July 1, 2011.            The partnership deed provided for the following:

 (a) Interest on Capital at 5% p. a.

 (b) Interest on drawings at 6% p. a. Each partner drew  10,000 on July 1, 2011.

 (c)  20,000 is to be transferred to a Reserve Account.

 (d) Profit and Loss to be shared in the proportion of 3 : 2 : 1 upto  60,000 and above

             60,000 equally.

 Net profit of the firm before above adjustments was  1,15,400

 From the above information, prepare Profit and Loss Appropriation Account, Capital and Current Accounts of the partners.                                                          **(6)**

16. A, B and C were partners in a business sharing profits equally, C retires on 1.1.2011, when the Balance Sheet stood as follows:

**BALANCE SHEET**

as at 1.1.2011

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | INR | Assets | INR |
| Bills PayableCreditorsGeneral ReserveProfit and Loss A/cCapitals – A B C | 2,0003507,5003,0007,5008,2508,000 | Cash at BankBills ReceivableDebtorsStock in TradeFurniture & FixturesBuilding & LandDeferred Revenue Expenditure (Advertisement) | 3,7502,5006,3007004,00016,3503,000 |
| 36,600 |  36,600 |
|  |  |

The goodwill of the firm is valued at  11,250. Amount payable to C is transferred to his loan account which will be paid in three equal annual installment together with interest @ 10% p. a. Show the Retiring Partner’s Capital Account and his Loan Account till it is paid off. Books of accounts are closed on 31st December ever year. **(6)**

17. Athveth Ltd. invited applications for 80,000 shares of  20 each at a premium of  5 per            share. The share was payable as follows:

 10 on Application

 10 on Allotment (including  5 as premium)

 4 on First Call

 1 on Second and Final Call

 Applications were received for 1,50,000. Full allotment was made to an applicant who has applied for 10,000 shares. Applications for 10,000 shares was rejected. Pro-rata allotment was made to the remaining applicants as under:

 Applicants for 50,000 shares were allotted 30,000 shares

 Applicants for 80,000 shares were allotted 40,000 shares

 X, a holder of 150 shares and who belongs to those category who have applied for 50,000 shares failed to pay allotment money and on his subsequent failure to pay first call his shares were forfeited.

 (i) Journalise in the books of Athveth Limited. **(6)**

 (ii) Which value has been affected by rejecting the application of the applicants  who              had applied for 10,000 shares? Suggest a better alternative for the same. **(2)**

**OR**

 Krishna Limited invited applications for 5,000 shares of  25 at a premium of 5 per share payable as follows:

 On Application  15 (including  2 as premium)

 On Allotment  5 (including  1 as premium)

 On First and Final Call  10 (including  2 as premium)

 Applications were received for 7,500 shares and prorata allotment was made to applications for 6,000 shares. Remaining applications were rejected.

 Sree, to whom 100 shares were allotted, failed to pay the allotment money and call money. Saran, a holder of 150 shares failed to pay the first and final call. These shares were forfeited after the final call was made.

 (i) Which value has been affected by the rejection of application? Suggest a better              alternative for the same. **(2)**

 (ii) Pass journal entries in the books of Krishna Ltd.            **(6)**

18. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st           March, 2012, their Balance Sheet was as under:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | INR  | Assets | INR |
| CreditorsCapital A/cs: A 1,50,000 B  80,000 | 70,0002,30,000 | BankDebtorsStockFurnitureGoodwill | 40,0001,20,00060,00050,00030,000 |
| 3,00,000 | 3,00,000 |
|  |  |

On the above date C is admitted as a partner. A surrendered 1/6th of his share and B 1/3rd of his share in favour of C. Goodwill is valued at  1,20,000. C brings in only 1/2 of his share of goodwill in cash and  1,00,000 as his capital. Following adjustments are agreed upon:

 (i) Stock is to be reduced to  56,000 and furniture by  5,000.

 (ii) There is an unrecorded asset worth  20,000.

 (iii) One month’s rent of  15,000 is outstanding.

 (iv) A creditor for goods purchased for  10,000 had been omitted to                         be recorded although the goods had been correctly included in stock.

 (v) Insurance premium amounting to  8,000 was debited to P & L A/c,

 of which  2,000 is related to the period after 31st March, 2012.

 You are required to prepare Revaluation Account, Partner’s Capital Accounts and the Balance Sheet of the new firm. **(8)**

**OR**

 On 1st January, 2011, X, Y and Z started business sharing profit and losses in the ratio of

3 : 2 : 1 respectively. They contributed  1,00,000,  80,000 and  40,000 respectively as their Capital which was deposited into Bank. Each Partner withdrew  15,000 during the year. The firm was dissolved on 31st December, 2011. X took up the stock at an agreed price of  25,000. Y took up furniture at  5,000 and Z took up debtors at  18,500. Creditors were paid off and then remained a balanced of  14,000 in the Bank Account.

 Prepare the necessary accounts to show the result of winding up and to close the books of the firm . **(8)**

**PART - B**

19. Name any two financial characteristics which are analyzed by Financial Analysis. **(1)**

20. Give two examples of extra ordinary items. **(1)**

21. How will you disclose purchase of goodwill in Cash Flow Statement? **(1)**

22. List the different items which are presented under the major head. ‘Non-current Assets’ as            per revised Schedule VI Part I of the Companies Act 1956.                     **(3)**

23. On the basis of the following information, calculate the

 (i) Debt-Equity Ratio, and (ii) Working Capital Turnover Ratio **(4)**

|  |  |
| --- | --- |
| Particulars | INR |
| Net SalesCost of Goods SoldOther Current AssetsCurrent LiabilitiesPaid-up Share Capital6% Debentures9% LoanDebenture Redemption Reserve (DRR)Closing Stock | 60,00,00045,00,00011,00,0004,00,0006,00,0003,00,0001,00,0002,00,0001,00,000 |

24. Prepare the Comparative Income Statement from the following:

|  |  |  |
| --- | --- | --- |
| Particulars | 31st March, 2011INR | 31st March, 2012INR |
| Revenue from operationCost of material consumed Expenses | 10,00,0006,00,00040,000 | 12,50,0007,50,00050,000 |

 Interest on Investments @  50,000 and Taxes Payable @ 50%.     **(4)**

25. From the following Balance Sheets of Samta Ltd., as at 31st March, 2011 and 31st March, 2012 prepare the Cash Flow Statement:

|  |  |  |
| --- | --- | --- |
| Particulars | 31.3.2011 (INR) | 31.3.2012 (INR) |
| 1. EQUITY AND LIABILITIES 1. Shareholders’ Funds Share Capital Reserves and Surplus: 31.3.2011 (INR) 31.3.2012 (INR) Statement of Profit and Loss 2,00,000 4,00,000 Miscellaneous Expenditure (2,00,000) . . . 2. Current Liabilities Provisions: Proposed Dividend TotalII. ASSETS Fixed Assets Current Assets Total  | 15,00,000NIL3,00,0001,00,000 | 20,00,0004,00,0004,00,0002,00,000 |
| 19,00,000 | 30,00,000 |
| 12,00,0007,00,000 | 18,00,00012,00,000 |
| 19,00,000 | 30,00,000 |
|  |  |

Additional Information:

1. During the year  80,000 depreciation was charged on fixed assets.

(ii) A piece of machinery included in fixed assets costing  20,000 on which depreciation          charged as  8,000 was sold for  10,000. (**6)**

**Marking Scheme** **(2012-2013)**

**Pre board Examination Accountancy Set A**

1. No. He can get only 6% p.a. interest*.* **(1 Mark)**
2. A change in profit sharing ratio implies purchase of share of profit by one or more partners from other partner or partners. **(1 Mark)**
3. When the incoming partner pays the amount of premium for goodwill in cash to the old partners privately outside the business, no entries are passed for it. **(1 Mark)**
4. First of all, outside (Third-party) debts of the firm will be paid. **(1 Mark)**
5. It is voluntary return of shares by a shareholder for the purpose of cancellation. **(1 Mark)**
6. It is that part of issued Capital which is subscribed for by the public. **(1 Mark)**
7. Debenture is a written instrument issued by the company, given under the seal of the company, acknowledging a debt and containing provisions in respect of repayment of principal and the payment of interest at a fixed rate. **(1 Mark)**
8. C’s Current A/c Dr. 15,000

 To A’s Current A/c 12,000

 To B’s Current A/c 3,000

(Interest excessive charged, now rectified) **(1 ½ Mark)**

**Working Note**

 Table showing adjustment **(1 ½ Mark)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | A INR | B INR | C INR | Total INR |
| Interest already credited @12% | 1,80,000 | 3,60,000 | 7,20,000 | 12,60,000 |
| Interest that should have been credited @ 10% | 1,50,000 | 3,00,000 | 6,00,000 | 10,50,000 |
| Profit over credit | 30,000 | 60,000 | 1,20,000 | 2,10,000 |
| This profit will be divided in the ratio of 2:3:5 | 42,000 | 63,000 | 1,05,000 | 2,10,000 |
| Net Effect | 12,000(Cr.) | 3,000(Cr.) | 15,000(Dr.) |  \_\_\_ |

1. Books of Mohan Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit INR | Credit INR | **Mark**  |
|  | 14% Debenture A/c Dr.Premium on Redemption of Debenture A/c Dr.  To Debenture holders’ A/c(Being amount due to debenture holders) |  | 10,00,000 50,000 | 10,50,000 |  **1** |
|  | Debenture holders’ A/c Dr. To 15% Cum. Preference Share Capital A/c To Securities Premium A/c(Being conversion of INR 4,53,000 14% debentures redeemed at 105% converted into INR 15,855, 15% cumulative preference shares of INR 25 at INR 30 per share) |  | 4,75,650 | 3,96,375 79,275 | **1** |
|  | Debenture holders’ A/c Dr. To Bank A/c(Being INR 5,74,350 paid to Debenture Holders on redemption) |  | 5,74,350 | 5,74,350 | **1** |

Working Notes: Calculation of numbers of 15% cum. Preference Shares to be issued:

 = 4,75,650 /  30 ( 25 + 5) = 15,855 shares

1. Books of G. Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit INR | Credit INR | **Mark**  |
| 31.3.201131.3.201131.3.201131.3.2011 | Profit & Loss Appropriation A/c Dr. To Debenture Redemption Reserve A/c(Being appropriation of profit to debenture redemption reserve account as per section 117 C (1) of the Companies Act, 1956)9% Debenture A/c Dr. To Debenture holder A/c(being payment due entry made)Debenture holder A/c Dr. To Bank A/c (Being Debenture holders paid)Debenture Redemption Reserve A/c Dr To General Reserve A/c(Being balance in DRR transfer to general reserve) |  | 60,0008,00,0008,00,0004,00,000 | 60,0008,00,0008,00,0004,00,000 | **1****½****½****1** |

 **Solution 11.**

1. Values (any 4)

1.Societal concern 2. Sense of responsibility 3. Concern for others, showing love and care

4. Positive thinking 5. Empowering women entrepreneurship 6. Secularism 7.Sup porting the implementation of ‘ Right to Education Act 2009’ **( 2 marks)**

 (ii) Sacrificing Ratio

 Akshaya surrenders 1/4th of 4/5 = ¼ \* 4/5 = 1/5

 Ritika surrenders ½ of 1/5 = ½ \* 1/5 = 1/10

 Sacrificing Ratio = 1/5 : 1/10 = 2:1 **(1 mark)**

1. New ratio

Akshaya’s new share = 4/5 – 1/5 = 3/5

Ritika’s new share = 1/5 – 1/10 = 1/10

new ratio = 3/5 : 1/10 : 3/10 = 6: 1: 3 **(1 mark)**

**Solution 12:-**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit INR | Credit INR | **Mark**  |
|  | Bank A/c Dr. To C’s Capital A/c(being capital brought in cash)C’s Current A/c Dr. To A’s Capital A/c To B’s Capital A/c(Being goodwill of new partner credited in old partners capital in the sacrificing ratio) |  | 50,00012,000 | 50,0008,8003,200 | **1****2** |

Working Note:

1. Goodwill of the firm 48,000

C’s share of goodwill = 48,000\* ¼ = 12,000

1. Sacrificing Ratio = Old ratio – New Ratio

A = 3/5 - 5/12 = 36 – 25 / 60 = 11/60

B = 2/5 – 4/12 = 24 – 20 / 60 = 4/60

A : B = 11 : 4 **(1mark)**

 **Solution 13:- Books of P Ltd.**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DATE | PARTICULARS | L.F. | DEBIT INR | CREDIT INR | **MARKS** |
|  | Building A/c Dr.Bills Receivables A/c Dr. To Bills Payable A/c To Sundry Creditors A/c To Q Ltd. A/c  To Capital Reserve A/c (bal. fig.)(Being assets purchased and liability acquired)Q Ltd. A/c Dr. To Bank A/c(Being part payment of INR 80,000 made)Q Ltd. A/c Dr. To Equity Share Capital A/c To Securities Premium A/c(Being issuance of 2,000 equity share ofINR 100 each at 10% premium)  |  |  4,00,000 50,000 80,000 2,20,000 |  30,000 40,000 3,00,000 80,000 80,000 2,00,000 20,000 | **1 ½****1****1 ½**  |

Working notes:

1. Calculation of Capital Reserve

Capital Reserve = Net Assets – Purchase Consideration

Net Assets =  4,00,000 +  50,000 -  30,000 -  40,000

 =  3,80,000

Capital Reserve =  3,80,000 -  3,00,000

 =  80,000

1. Calculation of number of equity share to be issued:

= 2,20,000/ 11 = 20,000 shares.

**Solution 14:-** BALANCE SHEET

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Equity and liabilities | Note No. | Current Year INR | Previous Year INR | **Marks**  |
|  | Shareholder’s funds1. share capital

 Total**Assets** Current Assets1. Cash and cash equivalents (cash at bank)

 Total  | 1. | 55,86,00055,86,00055,86,00055,86,000  |  | **1****1/2** |

Note to accounts-

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  |  INR |  INR | **Marks** |
| 1. Share Capital

Authorized:1,00,000 shares of INR 100 eachIssued :60,000 shares of INR 100 eachSubscribed and Called-up :56,000 shares of INR 100 each Paid-up : 56,000 shares of INR 100 each 56,00,000Less : Calls- in- arrears 14,000 | 1,00,00,000 60,00,000 56,00,000 55,86,000 |  | **½****½****½****½****½** |

**Solution 15:-** PROFIT AND LOSS APPROPRIATION A/C

for the year ended 31st Dec. 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amt.  | Mark | Particulars  | Amt.  | Mark |
| To Interest on Capital X’s Current A/c 7,500 Y’s Current A/c 6,000 Z’s Current A/c 5,000To Reserve a/c To Profit transferred to: X’s Current A/c 35,734 Y’s Current A/c 25,733 Z’s Current A/c 15,733 | 18,50020,00077,2001,15,700 | **¼****¼****¼****¼****¼****¼****¼** | By Profit and  loss A/c 1,15,400Less- Interest on X’s loan(6 months) 600By Interest on drawings(6 months) X’s Current A/c 300 Y’s Current A/c 300 Z’s Current A/c 300   | 1,14,8009001,15,700 | **¼****¼****¼****¼****¼** |

 Capital A/c **marks- 1/2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars  | X  | Y | Z | Particulars  | X | Y | Z |
| To Bal. c/d | 1,50,000 | 1,20,000 | 1,00,000 | By Bal. b/d | 1,50,000 | 1,20,000 | 1,00,000 |

 Current A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars  | X  | Y | Z | mark | Particulars  | X | Y | Z | mark |
| To Bal. b/dTo drawingsTo IODTo Bal. c/d | 10,000 30040,93451,234 | 10,000 30024,43334,733 |  2**,**000 10,000 3008,43320,733 | **1/4****¾****¼****¾** | By Bal. b/dBy IOCBy P& L a/c |  8,000 7,50035,73451,234 |  3,000 6,00025,73334,733 |  5,00015,73320,733 | **¼****¼** |

Working notes-

Distribution of profits= X + Y + Z

1.  60,000 (3:2:1) = 30,000 + 20,000 + 10,000
2. 17,200 (1:1:1) = 5,734 + 5,733 + 5,733

 Total = 35,734 + 25,733+ 15,733

**Solution 16:-** C’s Capital A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | INR | **Mark**  | Particulars  | INR | **Mark**  |
| To Deferred Revenue Exp. A/cTo C’s Loan A/c | 1,00014,25015,250 | **¼****½** | By Bal. b/dBy A’s Capital A/cBy B’s Capital A/cBy Reserve fund A/cBy Profit and Loss A/c | 8,0001,8751,8752,5001,00015,250 | **¼****½****½****¼****¼** |

 C’s Loan A/c

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | INR | **Mark**  | Date  | Particulars  | INR  | **Mark**  |
| 2011Dec 31Dec 312012Dec 31Dec 312013Dec 31 | To Bank A/c(INR4,750+ INR1,425)To Bal. c/dTo bank A/c (INR 4,750 + INR 950)To Bal c/dTo Bank A/c (INR 4,750 + INR 475) | 6,1759,50015,6755,7004,75010,4505,2255,225 | **¼****¼****1/4****¼****¼****¼****¼****¼** | 2011Jan 1Dec 31 2012Jan 1Dec 312013Jan 1Dec 31 | By C’s Capital A/cBy Interest A/c(INR14,250@10%)By Bal. b/dBy Interest A/c(INR 9,500@ 10%)By Bal. b/dBy Interest A/c(INR 4,750@10%) | 14,250 1,42515,6759,50095010,4504,7504755,225 | **¼****¼****¼****¼****¼****¼** |

**Solution 17:-** Books of Athveth Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  | Particulars  | L.F.  | Debit INR | Credit INR | **Mark**  |
|  | Bank A/c Dr. To Share Application A/c(being money received on application on 1,50,000 shares @ INR 10 per share)Share application A/c Dr. To Share Capital A/c To Share Allotment A/c To Bank A/c(Being application money adjusted and surplus refunded)Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c(being allotment money due on 80,000shares @ INR 10 per share including INR 5 as premium)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Bank A/c Dr. To Share Allotment A/c (being money received on allotment)(INR8,00,000 - INR6,00,000- INR500)Share First Call A/c Dr. To Share Capital A/c(being first call money due on 80,000 shares INR 4 per share) Bank A/c Dr. To Share First Call A/c(being money received on first call except on 150 shares @INR4 per share)Share Capital A/c Dr.Security Premium A/c Dr. To Share Forfeited A/c To Share Allotment A/c  To Share First Call A/c(being 150 shares forfeited @ INR19 per share for non-payment of allotment, first call as per Board’s Resolution dated…………) |  | 15,00,00015,00,0008,00,0001,99,5003,20,0003,19,4002,850750 | 15,00,0008,00,0006,00,0001,00,0004,00,0004,00,0001,99,5003,20,0003,19,4002,500500600 | **½****1****1****1****½****1****1** |

Working notes-

1. **Calculation of no. of shares applied by Mr. X**

Total no. of shares applied 50,000 shares and allotted by co. 30,000 shares.

Mr. A’s allotted share = 150

So, Mr. A’ s applied shares = 150 \* 50,000/ 30,000 = 250 shares

1. **Calculation of excess amt. received from Mr. X**

Application money paid on 250 shares( 250\*10)= 2500

less – application money on allotted shares(150\*10)=1500

Excess = 1000

1. **Calculation of allotment arrears amt. payable by Mr. A**

 Allotment money on 150 shares(150\*10) =1500

 less- Excess = 1,000

 Allotment arrear amt =  500

1. 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 that such applicants may not be demotivated from investing in the capital of big companies in future. **(1 mark)**

 **OR**

**Solution 17:-**

 (i) 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 that such applicants may not be demotivated from investing in the capital of big companies in future. **(1 mark)**

(ii) Books of Krishna Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  | Particulars  | L.F.  | Debit INR | Credit INR | **Mark**  |
|  | Bank A/c Dr. To Share Application A/c(being money received on application on 7,500 shares @ INR 15 per share)Share application A/c Dr. To Share Capital A/c To Securities Premium A/c To Share Allotment A/c To Bank A/c(Being application money adjusted and surplus refunded)Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c(being allotment money due on 5,000shares @ INR 5 per share including INR 1 as premium)Bank A/c Dr. To Share Allotment A/c (being money received on allotment except on 100 shares)(INR25,000-INR15,000-INR200)Share First and Final Call A/c Dr. To Share Capital A/c To Securities Premium A/c(being first call money due on 5,000 shares INR 10 per share including INR 2 as premium on final ) Bank A/c Dr. To Share First and Final Call A/c(being money received on first call except on 250 shares)Share Capital A/c Dr.Security Premium A/c Dr. To Share Forfeited A/c To Share Allotment A/c  To Share First and Final Call A/c(being 250 shares forfeited for non-payment of allotment, first and final call as per Board’s Resolution dated…………) |  | 1,12,5001,12,50025,0009,80050,00047,5006,250600 | 1,12,50065,00010,00015,00022,50020,0005,0009,80040,00010,00047,5004,1502002,500 | **½****1****1****1****½****1****1** |

Working notes-

**Calculation of no. of shares applied by Sree**

Total no. of shares applied 6,000 shares and allotted by co. 5,000 shares.

Sree allotted share = 100

So, Sree applied shares = 100 \* 6,000/ 5,000 = 120 shares

**Calculation of excess amt. received from Sree**

Application money paid on 120 shares(120\*15)= 1800

less – application money on allotted shares(100\*15)=1500

Excess =  300

**Calculation of allotment arrears amt. payable by Sree**

 Allotment money on 100 shares(100\*5) =500

 less- Excess = 300

 Allotment arrear amt =  200

**Solution 18 :-** Revaluation Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amount  | **Mark**  | Particulars  | Amount  | **Mark**  |
| To StockTo furniture To outstanding rentTo Creditors | 4,0005,00015,00010,00034,000 | **¼****¼****¼****¼** | By unrecorded assets By Prepaid insuranceBy loss transferred to :  A’s Capital A/c 7,200 B’s Capital A/c 4,800 | 20,0002,00012,00034,000 | **¼****¼****¼****¼** |

 Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | A  | B  | C  | **mark** | Particulars  | A  | B  | C  | **Mark**  |
| To Revaltn a/cTo goodwill To bal c/d | 7,20018,000136800162000 | 4,80012,0007920096000 | 100000100000 | **½****½****3/4** | By bal b/dBy premium for goodwillBy C’s current a/c By Bank | 15000060006000162000 | 800008000800096000 | 100000100000 | **½****½****½****1/4** |

 Balance Sheet as on 31st March , 2012

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities |  INR | **Mark** | Assets |  INR | **Mark**  |
| Creditors Outstanding rent Capital A/c: A 1,36,800 B 79,200 C 1,00,000 | 80,00015,0003,16,0004,11,000 | **¼****¼****1/4** | Bank Debtors Stock Furniture Prepaid insurance Unrecorded assets C’s Current A/c  | 1,54,0001,20,000 56,000 45,000 2,000 20,00014,0004,11,000 | **¼****¼****¼****¼****¼****¼****¼** |

Working Notes :

1. Sacrificing ratios :

A’s surrender 1/6 \* 3/5 = 1/10

B’s surrender 1/3 \* 2/5 = 2/15

SR = 3 : 4

1. New ratios :

A’s New share 3/5 – 1/10 = 5/10

B’s New share 2/5 -2/15 = 4/15

C’s New share 1/10 + 2/15 = 7/30

NR = A: B: C: = 15: 8: 7

1. C’s share of goodwill =  1,20,000 \* 7/30 =  28,000

 **OR**

**Solution 18 :-**

Balance Sheet as on 31st December, 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities |  Amt  | **Mark** | Assets |  Amt  | **Mark**  |
| X’s Capital:  Opening 1,00,000Less: Drawings 15,000Y’s Capital:  Opening 80,000Less: Drawings 15,000Z’s Capital:  Opening 40,000Less: Drawings 15,000 | 85,00065,00025,0001,75,000 | **¼****¼****¼****¼****¼****¼** | Sundry Assets(Bal. fig) | 1,75,0001,75,000 | **½** |

 Realization A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amount  | **Mark**  | Particulars  | Amount  | **Mark**  |
| To Sundry Assets  | 1,75,0001,75,000 | **¼** | By X capital(stock)By Y capital(furniture)By Z capital(debtor)By bank By loss transferred to capital- X 56,250 Y 37,500 Z 18,750 | 25,0005,00018,50014,0001,12,5001,75,000 | **1/4****¼****¼****¼****¼****¼****¼** |

 Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y  | Z | mark | Particulars  | X | Y  | Z  | Mark  |
| To Realistn a/c (asset taken)To Realistn a/c(loss)To Bank | 25,00056,2503,75085,000 | 5,00037,50022,50065,000 | 18,50018,75037,250 | **¾****¾****½** | By bal b/dBy Bank(deficit) | 85,00085,000 | 65,00065,000 | 25,00012,25037,250 | **¾****¼** |

 Bank A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amount  | **Mark**  | Particulars  | Amount  | **Mark**  |
| To realization a/c(assets)To Z’s capital a/c | 14,00012,25026,250 | **¼****¼** | By X’s capital a/cBy Y’s capital a/c | 3,75022,50026,250 | **¼****¼** |

 PART B

**Solution19:-** Profitability, liquidity and solvency(any 2) **(1 mark)**

**Solution 20:-** Any claim against loss of stocks from an insurance company( for operating activities), a claim for the destruction of building from an insurance company( for investing activity), buy back of shares( for financing activity), insurance proceed from Earthquake Disaster settlement( for operating activity). (Any 2) **(1 mark)**

**Solution 21:**- It will be shown as outflow under cash flow from investing activities. **(1 mark)**

**Solution 22:-** Non – Current Assets

1. Fixed assets

Tangible assets

Intangible assets

Capital work-in-progress

Intangible assets under development

1. Non Current Investments
2. Deferred tax assets(Net)
3. Long term loans and advances **( Marks:- a+b+c+d+e)**
4. Other non-current assets **(1+1/2+1/2+1/2+1/2)**

 **Solution 23:-**

 (i) Debt-Equity Ratio = Debt/ Equity **(1/2 mark)**

 =  4,00,000/ 8,00,000 **(1 mark)**

 = 0.5:1 **(1/2 mark)**

 Debt = 6% debenture + 9 % loan

 Equity = Share Capital + DRR

 (ii) Working Capital Turnover Ratio = Net Sales / Working Capital **(1/2 mark)**

 =  60,00,000 / 8,00,000 **(1 mark)**

 = 7.5 times **(1/2 mark)**

 Working Capital = Other Current assets + closing stock – current liabilities

 **Solution 24:-** Comparative Income Statement

 for the year ended 31st March 2011 and 2012

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars  | 31.3.2011 INR | 31.3.2011 INR | Absolute change in amt | **mark** | % change  | **Mark** |
| I. Revenue from operationsII. Add:- Other incomes Total Revenue ( I+II)  | 10,00,00050,00010,50,000 | 12,50,00050,00013,00,000 | 2,50,000-2,50,000 | **¼****¼** | 2523.81 | **¼****¼** |
| III. less:- ExpensesCost of material consumedExpensesProfit before taxIV. Less:- 50% tax Profit after tax  | 6,00,00040,0004,10,0002,05,0002,05,000 | 7,50,00050,0005,00,0002,50,0002,50,000 | 1,50,00010,00090,00045,00045,000 | **¼****¼****¼****¼****½**  | 252521.952222  | **¼****¼****¼****¼****½**  |

**Solution 25**:- CASH FLOW STATEMENT for the year ended 31st March, 2012

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  | INR  | INR | **Mark**  |
| 1. Cash flow from operating activities

Net profit as per P& L statementAdd;- Proposed dividendNet Profit before TaxAdd;- Depreciation on fixed assets  Loss on sale of machinery Miscellaneous expenditure w/o  Operating profit before working capital changesAdd :- increase in current liabilities Less :- increase in current assetsNet cash generated from operating activities 1. Cash flow from investing activities

Sale of fixed assets Purchase of fixed assetsNet cash used in investing activities1. Cash Flow from financing activities

Issue of share Dividend paid Net cash generated from financing activities1. Net increase in cash and cash equivalents

( A+B+C) | 2,00,0002,00,0004,00,00080,0002,0002,00,0006,82,0001,00,0007,82,0005,00,00010,000(6,92,000)5,00,000(1,00,000) | 2,82,000(6,82,000)4,00,000NIL  |  **¼** **¼****¼****¼****¼** **½****¼****¼** **½****¼****¼** **½****¼****¼** **½****¼** |

Working Note:-

 Fixed Assets A/c **(1 Mark)**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  | Amt | Particulars  | Amt  |
| To Balance b/dTo Bank (purchase) (Bal. fig) | 12,00,0006,92,00018,92,000 | By Depreciation A/cBy Bank A/c (sale)By Statement of profit & Loss A/cBy Balance c/d | 80,00010,0002,00018,00,00018,92,000 |

**PRE BOARD EXAMINATION - 2012 - 2013**

**ACCOUNTANCY (SET - B)**

**CLASS - XII**

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

***General Instructions:-***

*(i) This question paper contains two parts A and B.*

*(ii) All parts of the question should be attempted at one place.*

**PART ‘A’**

1. Mr. A claims 6 % p.a. interest on his capital. Is his claim valid if partnership deed is silent in this matter? **(1)**
2. What is meant by Gaining Partners? **(1)**
3. How can a new partner be admitted? **(1)**
4. How much amount will be paid to creditors for . 25,000 if  5,000 of the creditors are not to be paid and the remaining creditors agreed to accept 5% less amount? **(1)**
5. Where would you transfer the balance left in share forfeiture account after the re issue of such shares? **(1)**
6. At what rate interest on Calls in Advance may be paid by a company according to Table A? **(1**)
7. What is Zero Coupon Bond? **(1)**
8. R, S and M are partners in a firm sharing profits and losses in the ratio of 2 : 1: 2. Their fixed capitals were  3,00,000 ,  1,00,000 and . 2,00,000 respectively. Interest on capital for the

year 2011 was credited to them @ 9 % p.a. instead of 10% p.a. The profit for the year before charging interest was  2,50,000. Prepare necessary adjustment entry. **(3)**

. 9. On 31.3.2011 G Ltd. had  8,00,000 9% debentures due for redemption. The company had a

 balance of  3,40,000 in its Debenture Redemption Reserve Account. Pass necessary journal

 entries for redemption of debentures if redemption was carried out of capital. **(3)**

10. Mohan Ltd. gave notice of its intention to redeem its outstanding 14% Debentures of             10,00,000; at 5% premium. However, an option to convert their holding into 15%

 cumulative preference shares of  25 each at  30 per share was also given. Debenture

 holders holding Debentures of  4,53,000 accepted the offer. Journalise. **(3)**

11. P Ltd. Purchase business from Q Ltd. for a sum of  3,00,000, payable as  80,000 by            issuing a cheque and the balance in fully paid equity shares of  100 each at 10% premium.

 The assets and liabilities consisted the following:

 Building  4,00,000 Bills Payable  30,000

 Bills Receivables  50,000 Sundry creditors  40,000

 Pass necessary journal entries in the books of P Ltd.                   **(4)**

12. Akshit Ltd. was registered with an authorized capital of  1,00,00,000 divided into           1,00,000 Equity shares of  100 each. The company offered for public subscription 60,000           Equity shares. Applications for 56,000 shares were received and allotment was made to all           the applicants. All the calls were made and were duly received except the second and final           call of  20 per share on 700 shares.

 Prepare the Balance sheet of the company. Also prepare Notes to Accounts for the same. **(4)**

13. Akshaya and Ritika were partners in a firm supplying school stationery. They share profits in the ratio of 4 : 1. Their capitals as on 1st April 2012 were  2,00,000 and  1,00,000

 respectively. On this date Ritika suggested Akshaya to start supplying low cost stationery

 also to the students who belong to low income group and have been admitted to the private

 schools of the city as per the provisions of Rights to Education Act 2009. Akshaya agreed

 and requested to admit her friend Sunil, a physically handicapped unemployed person in to

 the firm, however Sunil will not contribute any capital. Akshaya surrenders 1/4th of her

 share and Ritika surrenders 1/2 of her share in favour of Sunil, a new partner.

1. Identify any four values which according to you motivated them to form

the partnership firm. **(2)**

 (ii) Calculate Sacrificing ratio. **(1)**

 (iii) Calculate new ratio. **(1)**

14. A and B are partners sharing profits in the ratio of 3 : 2. They admit C into the partnership

 with1/4 th share in future profits. The new profit sharing ratio is 5 : 4 : 3. C  brings into

 the business  50,000 for his capital but could not bring any amount for goodwill. The

 firm’s goodwill on C’s admission was valued at  48,000. Pass journal entries. **(4)**

15. A, B and C were partners in a business sharing profits equally, C retires on 1.1.2011, when the

 Balance Sheet stood as follows:

**BALANCE SHEET**

as at 1.1.2011

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | INR | Assets | INR |
| Bills PayableCreditorsGeneral ReserveProfit and Loss A/cCapitals – A  B C | 2,0003507,5003,0007,5008,2508,000 | Cash at BankBills ReceivableDebtorsStock in TradeFurniture & FixturesBuilding & LandDeferred Revenue Expenditure (Advertisement) | 3,7502,5006,3007004,00016,3503,000 |
| 36,600 |  36,600 |
|  |  |

The goodwill of the firm is valued at  11,250. Amount payable to C is transferred to his loan account which will be paid in three equal annual installment together with interest @ 10% p. a. Show the Retiring Partner’s Capital Account and his Loan Account till it is paid off. Books of accounts are closed on 31st December ever year. **(6)**

16. X, Y, and Z are partners with fixed capitals of  1,50,000,  1,20,000 and  1,00,000

 respectively. The Balance of current accounts on 1st January, 2011 were X  8,000 (Cr.);

 Y  3,000 (Cr.) and Z  2,000 (Dr.). X advanced  20,000 on July 1, 2011. The

 partnership deed provided for the following:

 (a) Interest on Capital at 5% p. a.

 (b) Interest on drawings at 6% p. a. Each partner drew  10,000 on July 1, 2011.

 (c)  20,000 is to be transferred to a Reserve Account.

 (d) Profit and Loss to be shared in the proportion of 3 : 2 : 1 upto  60,000 and above

             60,000 equally.

 Net profit of the firm before above adjustments was  1,15,400

 From the above information, prepare Profit and Loss Appropriation Account, Capital and Current Accounts of the partners.                                                          **(6)**

17. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st           March, 2012, their Balance Sheet was as under:

|  |  |  |  |
| --- | --- | --- | --- |
| Liabilities | INR | Assets | INR |
| CreditorsCapital A/cs: A 1,50,000 B  80,000 | 70,0002,30,000 | BankDebtorsStockFurnitureGoodwill | 40,0001,20,00060,00050,00030,000 |
| 3,00,000 | 3,00,000 |
|  |  |

On the above date C is admitted as a partner. A surrendered 1/6th of his share and B 1/3rd of his share in favour of C. Goodwill is valued at  1,20,000. C brings in only 1/2 of his share of goodwill in cash and  1,00,000 as his capital. Following adjustments are agreed upon:

 (i) Stock is to be reduced to  56,000 and furniture by  5,000.

 (ii) There is an unrecorded asset worth  20,000.

 (iii) One month’s rent of 15,000 is outstanding.

 (iv) A creditor for goods purchased for  10,000 had been omitted to                         be recorded although the goods had been correctly included in stock.

 (v) Insurance premium amounting to  8,000 was debited to P & L A/c, of which                         2,000 is related to the period after 31st March, 2012.

 You are required to prepare Revaluation Account, Partner’s Capital Accounts and the Balance Sheet of the new firm. **(8)**

**OR**

 On 1st January, 2011, X, Y and Z started business sharing profit and losses in the ratio of

3 : 2 : 1 respectively. They contributed 1,00,000,  80,000 and  40,000 respectively as their Capital which was deposited into Bank. Each Partner withdrew  15,000 during the year. The firm was dissolved on 31st December, 2011. X took up the stock at an agreed price of  25,000. Y took up furniture at  5,000 and Z took up debtors at  18,500. Creditors were paid off and then remained a balanced of  14,000 in the Bank Account.

 Prepare the necessary accounts to show the result of winding up and to close the books of the firm. **(8)**

18. Athveth Ltd. invited applications for 80,000 shares of  20 each at a premium of  5 per            share. The share was payable as follows:

  10 on Application

  10 on Allotment (including  5 as premium)

  4 on First Call

  1 on Second and Final Call

 Applications were received for 1,50,000. Full allotment was made to an applicant who has applied for 10,000 shares. Applications for 10,000 shares was rejected. Pro-rata allotment was made to the remaining applicants as under:

 Applicants for 50,000 shares were allotted 30,000 shares

 Applicants for 80,000 shares were allotted 40,000 shares

 X, a holder of 150 shares and who belongs to those category who have applied for 50,000 shares failed to pay allotment money and on his subsequent failure to pay first call his shares were forfeited.

(i) Journalise in the books of Athveth Limited. **(6)**

 (ii) Which value has been affected by rejecting the application of the applicants  who              had applied for 10,000 shares? Suggest a better alternative for the same. **(2)**

**OR**

 Krishna Limited invited applications for 5,000 shares of  25 at a premium of  5 per share payable as follows:

 On Application  15 (including  2 as premium)

 On Allotment  5 (including  1 as premium)

 On First and Final Call  10 (including  2 as premium)

 Applications were received for 7,500 shares and prorata allotment was made to applications for 6,000 shares. Remaining applications were rejected.

 Sree, to whom 100 shares were allotted, failed to pay the allotment money and call money. Saran, a holder of 150 shares failed to pay the first and final call. These shares were forfeited after the final call was made.

(i) Which value has been affected by the rejection of application? Suggest a better              alternative for the same. **(2)**

 (ii) Pass journal entries in the books of Krishna Ltd.            **(6)**

 **PART B**

1. Under what heads and sub- heads ‘security deposit for telephones’ will appear in the Balance Sheet of a company as per revised schedule VI. **(1)**
2. State why Cash Flow Statement is not a substitute for Income Statement. **(1)**
3. ‘Payment of dividend’ will come under which type of activity while preparing the Cash Flow Statement? **(1)**
4. List the items which are presented under the major head ‘Current Assets’ as per Revised Schedule VI Part I of the Companies Act 1956. **(3)**
5. Prepare the Comparative Income Statement from the following:

|  |  |  |
| --- | --- | --- |
| Particulars | 31st March, 2011INR | 31st March, 2012INR |
| Revenue from operationCost of material consumed Expenses | 10,00,0006,00,00040,000 | 12,50,0007,50,00050,000 |

Interest on Investments @  50,000 and Taxes Payable @ 50%.     **(4)**

1. On the basis of the following information, calculate the

(i) Debt-Equity Ratio, and (ii) Working Capital Turnover Ratio **(4)**

|  |  |
| --- | --- |
| Particulars | INR |
| Net SalesCost of Goods SoldOther Current AssetsCurrent LiabilitiesPaid-up Share Capital6% Debentures9% LoanDebenture Redemption Reserve (DRR)Closing Stock | 60,00,00045,00,00011,00,0004,00,0006,00,0003,00,0001,00,0002,00,0001,00,000 |

1. Following are the Balance Sheets of X Ltd. as at 31st March, 2011 and 2012:

|  |  |  |
| --- | --- | --- |
| Particulars | 31.3.2011 (INR) | 31.3.2012 (INR) |
| LiabilitiesShare capitalStatement of Profit and Loss9% DebenturesTrade payables (Creditors)Outstanding ExpensesAssetsFixed AssetsInvestmentsInventories (Stock)Trade Receivables (debtors)Cash and cash equivalents |  4,00,000 (50,000) 2,00,000 1,10,000 10,000 6,70,000 3,00,000 2,00,000 50,000 1,00,000 20,000 6,70,000 |  7,00,000 (3,20,000) 4,00,000 1,50,000 20,000 9,50,000 5,00,000 1,40,000 1,00,000 1,70,000 40,000 9,50,000 |

Additional Information:

Included in the fixed assets was a piece of machinery costing  70,000 on which depreciation charged was 40,000 and it was sold for 30,000. During the year  1,40,000 depreciation was charged on fixed assets. Prepare the Cash Flow Statement. **(6)**

**Marking Scheme (2012-2013)**

**Pre Board Examination Accountancy Set B**

1. He cannot claim any interest**. (1 mark)**
2. The partners whose shares have increased as a result of change in profit sharing ratio are called gaining partners. **(1 mark**)
3. According to Sec 31 of Indian Partnership Act 1932 a person can be admitted as new partner only with consent of all the existing partners. **(1 mark)**
4.  19,000 **(1 mark)**
5. Balance left in share forfeited a/c after the reissue of such shares represents a capital profit, which is transferred to Capital Reserve a/c. **(1 mark)**
6. As per Table A company is required to pay interest @ 6 % p.a. from the date of receipt of Calls in advance to the due date of the call. **(1 mark)**
7. A Zero Coupon Bond is one which doesn’t carry any specific rate of interest. In order to compensate the investors such bonds are issued at a substantial discount. **(1mark)**
8.  

S’s Current A/c Dr. 200

M’s Current A/c Dr. 400

 To R’s Current A/c 600

(being interest less charge on capital,

now rectified) **(1 ½ mark)**

 Working note- **(1 ½ mark)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars  | R INR | S INR | M INR | Total INR |
| Interest already credited @9%Interest that should have been credited @10%Profit divided in the ratio of 2: 1: 2Net effect | 27,00030,00030002400600 (Cr) | 9,00010,0001,0001,200(Dr)200 | 18,00020,0002,0002,400(Dr)400 | 54,00060,0006,0006,000- |

1. Books of G. Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit INR | Credit INR | **Mark**  |
| 31.3.201131.3.201131.3.201131.3.2011 | Profit & Loss Appropriation A/c Dr. To Debenture Redemption Reserve A/c(Being appropriation of profit to debenture redemption reserve account as per section 117 C (1) of the Companies Act, 1956)9% Debenture A/c Dr. To Debenture holder A/c(being payment due entry made)Debenture holder A/c Dr. To Bank A/c (Being Debenture holders paid)Debenture Redemption Reserve A/c Dr To General Reserve A/c(Being balance in DRR transfer to general reserve) |  | 60,0008,00,0008,00,0004,00,000 | 60,0008,00,0008,00,0004,00,000 | **1****½****½****1** |

1. Books of Mohan Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit INR | Credit INR | **Mark**  |
|  | 14% Debenture A/c Dr.Premium on Redemption of Debenture A/c Dr.  To Debenture holders’ A/c(Being amount due to debenture holders) |  | 10,00,000 50,000 | 10,50,000 |  **1** |
|  | Debenture holders’ A/c Dr. To 15% Cum. Preference Share Capital A/c To Securities Premium A/c(Being conversion of INR 4,53,000 14% debentures redeemed at 105% converted into INR 15,855, 15% cumulative preference shares of INR 25 at INR 30 per share) |  | 4,75,650 | 3,96,375 79,275 | **1** |
|  | Debenture holders’ A/c Dr. To Bank A/c(Being INR 5,74,350 paid to Debenture Holders on redemption) |  | 5,74,350 | 5,74,350 | **1** |

Working Notes: Calculation of numbers of 15% cum. Preference Shares to be issued:

 = 4,75,650 /  30 ( 25 + 5) = 15,855 shares

 **Solution 11:- Books of P Ltd.**

 **JOURNAL**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| DATE | PARTICULARS | L.F. | DEBIT INR | CREDIT INR | **MARKS** |
|  | Building A/c Dr.Bills Receivables A/c Dr. To Bills Payable A/c To Sundry Creditors A/c To Q Ltd. A/c  To Capital Reserve A/c (bal. fig.)(Being assets purchased and liability acquired)Q Ltd. A/c Dr. To Bank A/c(Being part payment of INR 80,000 made)Q Ltd. A/c Dr. To Equity Share Capital A/c To Securities Premium A/c(Being issuance of 2,000 equity share of INR 100 each at 10% premium)  |  |  4,00,000 50,000 80,000 2,20,000 |  30,000 40,000 3,00,000 80,000 80,000 2,00,000 20,000 | **1 ½****1****1 ½**  |

Working notes:

1. Calculation of Capital Reserve

Capital Reserve = Net Assets – Purchase Consideration

Net Assets =  4,00,000 +  50,000 -  30,000 -  40,000

 =  3,80,000

Capital Reserve =  3,80,000 -  3,00,000

 =  80,000

1. Calculation of number of equity share to be issued:

= 2,20,000/ 11 = 20,000 shares.

**Solution 12:-** BALANCE SHEET

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Equity and liabilities | Note No. | Current Year INR | Previous Year INR | **Marks**  |
|  | Shareholders funds1. share capital

 Total**Assets** Current Assets1. Cash and cash equivalents (cash at bank)

 Total  | 1. | 55,86,00055,86,00055,86,00055,86,000  |  | **1****1/2** |

Note to accounts-

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  |  INR |  INR | **Marks** |
| 1. Share Capital

Authorized:1,00,000 shares of INR 100 eachIssued :60,000 shares of INR 100 eachSubscribed and Called-up :56,000 shares of INR 100 each Paid-up : 56,000 shares of INR 100 each 56,00,000Less : Calls- in- arrears 14,000 | 1,00,00,000 60,00,000 56,00,000 55,86,000 |  | **½****½****½****½****½** |

**Solution 13.**

1. Values (any 4)
2. Societal concern 2. Sense of responsibility 3. Concern for others, showing love and care 4. Positive thinking 5. Empowering women entrepreneurship 6. Secularism 7.Supporting the implementation of ‘ Right to Education Act 2009’ **( 2 marks)**

 (ii) Sacrificing Ratio

 Akshaya surrenders 1/4th of 4/5 = ¼ \* 4/5 = 1/5

 Ritika surrenders ½ of 1/5 = ½ \* 1/5 = 1/10

 Sacrificing Ratio = 1/5 : 1/10 = 2:1 **(1 mark)**

1. New ratio

Akshaya’s new share = 4/5 – 1/5 = 3/5

Ritika’s new share = 1/5 – 1/10 = 1/10

new ratio = 3/5 : 1/10 : 3/10 = 6: 1: 3 **(1 mark)**

**Solution 14:-**

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Particulars | L.F | Debit INR | Credit INR | **Mark**  |
|  | Bank A/c Dr. To C’s Capital A/c(being capital brought in cash)C’s Current A/c Dr. To A’s Capital A/c To B’s Capital A/c(Being goodwill of new partner credited in old partners capital in the sacrificing ratio) |  | 50,00012,000 | 50,0008,8003,200 | **1****2** |

Working Note:

1. Goodwill of the firm 48,000

C’s share of goodwill = 48,000\* ¼ = 12,000

1. Sacrificing Ratio = Old ratio – New Ratio

A = 3/5 - 5/12 = 36 – 25 / 60 = 11/60

B = 2/5 – 4/12 = 24 – 20 / 60 = 4/60

A : B = 11 : 4 **(1mark)**

**Solution 15:-** C’s Capital A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | INR | **Mark**  | Particulars  | INR | **Mark**  |
| To Deferred Revenue Exp. A/cTo C’s Loan A/c | 1,00014,25015,250 | **¼****½** | By Bal. b/dBy A’s Capital A/cBy B’s Capital A/cBy Reserve fund A/cBy Profit and Loss A/c | 8,0001,8751,8752,5001,00015,250 | **¼****½****½****¼****¼** |

 C’s Loan A/c

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Particulars | INR | **Mark**  | Date  | Particulars  | INR  | **Mark**  |
| 2011Dec 31Dec 312012Dec 31Dec 312013Dec 31 | To Bank A/c(INR4,750+ INR1,425)To Bal. c/dTo bank A/c (INR 4,750 + INR 950)To Bal c/dTo Bank A/c (INR 4,750 + INR 475) | 6,1759,50015,6755,7004,75010,4505,2255,225 | **¼****¼****1/4****¼****¼****¼****¼****¼** | 2011Jan 1Dec 31 2012Jan 1Dec 312013Jan 1Dec 31 | By C’s Capital A/cBy Interest A/c(INR14,250@10%)By Bal. b/dBy Interest A/c(INR 9,500@ 10%)By Bal. b/dBy Interest A/c(INR 4,750@10%) | 14,250 1,42515,6759,50095010,4504,7504755,225 | **¼****¼****¼****¼****¼****¼** |

**Solution 16:-** PROFIT AND LOSS APPROPRIATION A/C

for the year ended 31st Dec. 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amt.  | Mark | Particulars  | Amt.  | Mark |
| To Interest on Capital X 7,500 Y 6,000 Z 5,000To Reserve a/c To Profit transferred to: X’s Current A/c 35,734 Y’s Current A/c 25,733 Z’s Current A/c 15,733 | 18,50020,00077,2001,15,700 | **¼****¼****¼****¼****¼****¼****¼** | By Profit and  loss A/c 1,15,400Less- Interest on X’s loan(6 months) 600By Interest on drawings(6 months) X 300 Y 300 Z 300   | 1,14,8009001,15,700 | **¼****¼****¼****¼****¼** |

 Capital A/c **marks- 1/2**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars  | X  | Y | Z | Particulars  | X | Y | Z |
| To Bal. c/d | 1,50,000 | 1,20,000 | 1,00,000 | By Bal. b/d | 1,50,000 | 1,20,000 | 1,00,000 |

 Current A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars  | X  | Y | Z | mark | Particulars  | X | Y | Z | mark |
| To Bal. b/dTo drawingsTo IODTo Bal. c/d | 10,000 30040,93451,234 | 10,000 30024,43334,733 |  2**,**000 10,000 3008,43320,733 | **1/4****¾****¼****¾** | By Bal. b/dBy IOCBy P& L a/c |  8,000 7,50035,73451,234 |  3,000 6,00025,73334,733 |  5,00015,73320,733 | **¼****¼** |

Working notes-

Distribution of profits= X + Y + Z

1.  60,000 (3:2:1) = 30,000 + 20,000 + 10,000
2. 17,200 (1:1:1) = 5,734 + 5,733 + 5,733

 Total = 35,734 + 25,733+ 15,733

**Solution 17 :-** Revaluation Account

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amount  | **Mark**  | Particulars  | Amount  | **Mark**  |
| To StockTo Furniture To Outstanding rentTo Creditors | 4,0005,00015,00010,00034,000 | **¼****¼****¼****¼** | By unrecorded assets By Prepaid insuranceBy loss transferred to :  A’s Capital A/c 7,200 B’s Capital A/c 4,800 | 20,0002,00012,00034,000 | **¼****¼****¼****¼** |

 Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | A  | B  | C  | **mark** | Particulars  | A  | B  | C  | **Mark**  |
| To Revaltn a/cTo goodwill To bal c/d | 7,20018,000136800162000 | 4,80012,0007920096000 | 100000100000 | **½****½****3/4** | By bal b/dBy premium for goodwillBy C’s current a/c By Bank | 15000060006000162000 | 800008000800096000 | 100000100000 | **½****½****½****1/4** |

 Balance Sheet as on 31st March , 2012

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities |  INR | **Mark** | Assets |  INR | **Mark**  |
| Creditors Outstanding rent Capital A/c: A 1,36,800 B 79,200 C 1,00,000 | 80,00015,0003,16,0004,11,000 | **¼****¼****1/4** | Bank Debtors Stock Furniture Prepaid insurance Unrecorded assets C’s Current A/c  | 1,54,0001,20,000 56,000 45,000 2,000 20,00014,0004,11,000 | **¼****¼****¼****¼****¼****¼****¼** |

Working Notes :

1. Sacrificing ratios :

A’s surrender 1/6 \* 3/5 = 1/10

B’s surrender 1/3 \* 2/5 = 2/15

SR = 3 : 4

1. New ratios :

A’s New share 3/5 – 1/10 = 5/10

B’s New share 2/5 -2/15 = 4/15

C’s New share 1/10 + 2/15 = 7/30

NR = A: B: C: = 15: 8: 7

1. C’s share of goodwill =  1,20,000 \* 7/30 =  28,000

 **OR**

**Solution 17:-**

Balance Sheet sa on 31st December, 2011

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities |  Amt  | **Mark** | Assets |  Amt  | **Mark**  |
| X’s Capital:  Opening 1,00,000Less: Drawings 15,000Y’s Capital:  Opening 80,000Less: Drawings 15,000Z’s Capital:  Opening 40,000Less: Drawings 15,000 | 85,00065,00025,0001,75,000 | **¼****¼****¼****¼****¼****¼** | Sundry Assets(Bal. fig) | 1,75,0001,75,000 | **½** |

 Realization A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amount  | **Mark**  | Particulars  | Amount  | **Mark**  |
| To Sundry Assets  | 1,75,000 1,75,000 | **¼** | By X capital(stock)By Y capital(furniture)By Z capital(debtor)By bank By loss transferred to capital- X 56,250 Y 37,500 Z 18,750 | 25,0005,00018,50014,0001,12,5001,75,000 | **1/4****¼****¼****¼****¼****¼****¼** |

 Capital A/c

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Particulars | X | Y  | Z | mark | Particulars  | X | Y  | Z  | Mark  |
| To Realistn a/c (asset taken)To Realistn a/c(loss)To Bank | 25,00056,2503,75085,000 | 5,00037,50022,50065,000 | 18,50018,75037,250 | **¾****¾****½** | By bal b/dBy Bank(deficit) | 85,00085,000 | 65,00065,000 | 25,00012,25037,250 | **¾****¼** |

 Bank A/c

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars  | Amount  | **Mark**  | Particulars  | Amount  | **Mark**  |
| To realization a/c(assets)To Z’s capital a/c | 14,00012,25026,250 | **¼****¼** | By X’s capital a/cBy Y’s capital a/c | 3,75022,50026,250 | **¼****¼** |

**Solution 18:-** Books of Athveth Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  | Particulars  | L.F.  | Debit INR | Credit INR | **Mark**  |
|  | Bank A/c Dr. To Share Application A/c(being money received on application on 1,50,000 shares @ INR 10 per share)Share application A/c Dr. To Share Capital A/c To Share Allotment A/c To Bank A/c(Being application money adjusted and surplus refunded)Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c(being allotment money due on 80,000shares @ INR 10 per share including INR 5 as premium)Bank A/c Dr. To Share Allotment A/c (being money received on allotment)Share First Call A/c Dr. To Share Capital A/c(being first call money due on 80,000 shares INR 4 per share) Bank A/c Dr. To Share First Call A/c(being money received on first call except on 150 sharesINR4 per share )Share Capital A/c Dr.Security Premium A/c Dr. To Share Forfeited A/c To Share Allotment A/c  To Share First Call A/c(being 150 shares forfeited @ INR19 per share for non-payment of allotment, first call as per Board’s Resolution dated…………) |  | 15,00,00015,00,0008,00,0001,99,5003,20,0003,19,4002,850750 | 15,00,0008,00,0006,00,0001,00,0004,00,0004,00,0001,99,5003,20,0003,19,4002,500500600 | **½****1****1****1****½****1****1** |

Working notes-

1. **Calculation of no. of shares applied by Mr. X**

Total no. of shares applied 50,000 shares and allotted by co. 30,000 shares.

Mr. A’s allotted share = 150

So, Mr. A’ s applied shares = 150 \* 50,000/ 30,000 = 250 shares

1. **Calculation of excess amt. received from Mr. X**

Application money paid on 250 shares( 250\*10)= 2500

less – application money on allotted shares(150\*10)=1500

Excess = 1000

1. **Calculation of allotment arrears amt. payable by Mr. A**

 Allotment money on 150 shares(150\*10) =1500

 less- Excess = 1,000

 Allotment arrear amt =  500

1. 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 that such applicants may not be demotivated from investing in the capital big companies in future. **(1 mark)**

 **OR**

**Solution 18:-**

 (i) 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 that such applicants may not be demotivated from investing in the capital big companies in future. **(1 mark)**

(ii) Books of Krishna Ltd.

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date  | Particulars  | L.F.  | Debit INR | Credit INR | **Mark**  |
|  | Bank A/c Dr. To Share Application A/c(being money received on application on 7,500 shares @ INR 15 per share)Share application A/c Dr. To Share Capital A/c To Securities Premium A/c To Share Allotment A/c To Bank A/c(Being application money adjusted and surplus refunded)Share Allotment A/c Dr. To Share Capital A/c To Securities Premium A/c(being allotment money due on 5,000shares @ INR 5 per share including INR 1 as premium)Bank A/c Dr. To Share Allotment A/c (being money received on allotment except on 100 shares)Share First and Final Call A/c Dr. To Share Capital A/c To Securities Premium A/c(being first call money due on 5,000 shares INR 10 per share including INR 2 as premium on final ) Bank A/c Dr. To Share First and Final Call A/c(being money received on first call except on 250 shares)Share Capital A/c Dr.Security Premium A/c Dr. To Share Forfeited A/c To Share Allotment A/c  To Share First and Final Call A/c(being 250 shares forfeited for non-payment of allotment, first and final call as per Board’s Resolution dated…………) |  | 1,12,5001,12,50025,0009,80050,00047,5006,250600 | 1,12,50065,00010,00015,00022,50020,0005,0009,80040,00010,00047,5004,1502002,500 | **½****1****1****1****½****1****1** |

Working notes-

**Calculation of no. of shares applied by Sree**

Total no. of shares applied 6,000 shares and allotted by co. 5,000 shares.

Sree allotted share = 100

So, Sree applied shares = 100 \* 6,000/ 5,000 = 120 shares

**Calculation of excess amt. received from Sree**

Application money paid on 120 shares(120\*15)= 1800

less – application money on allotted shares(100\*15)=1500

Excess =  300

**Calculation of allotment arrears amt. payable by Sree**

 Allotment money on 100 shares(100\*5) =500

 less- Excess = 300

 Allotment arrear amt =  200

 **PART B**

**19.** Main head - Non current asset, Sub head – Long term loans and advances **(1 mark)**

**20.** Cash flow statement is not a substitute for income statement as it doesn’t calculate profit or loss

of the business. **(1 mark)**

**21.** Payment of dividend is classified under financing activity. **(1 mark )**

**22**. Current assets

 a. Current investments b. Inventories c. Trade receivables d. Cash and cash

 equivalents e. Short term loans and advances f. Other current assets **(6\*1/2 mark= 3)**

**Solution 23:-** Comparative Income Statement

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Particulars  | 31.3.2011 INR | 31.3.2011 INR | Absolute change in amt | **mark** | % change  | **Mark** |
| I. Revenue from operationsII. Add:- Other incomes Total Revenue ( I+II)  | 10,00,00050,00010,50,000 | 12,50,00050,00013,00,000 | 2,50,000-2,50,000 | **¼****¼** | 2523.81 | **¼****¼** |
| III. less:- ExpensesCost of material consumedExpensesProfit before taxIV. Less:- 50% tax Profit after tax  | 6,00,00040,0004,10,0002,05,0002,05,000 | 7,50,00050,0005,00,0002,50,0002,50,000 | 1,50,00010,00090,00045,00045,000 | **¼****¼****¼****¼****½**  | 252521.952222  | **¼****¼****¼****¼****½**  |

**Solution 24:-**

 (i) Debt-Equity Ratio = Debt/ Equity **(1/2 mark)**

 =  4,00,000/ 8,00,000 **(1 mark)**

 = 0.5:1 **(1/2 mark)**

 Debt = 6% debenture + 9 % loan

 Equity = Share Capital + DRR

 (ii) Working Capital Turnover Ratio = Net Sales / Working Capital **(1/2 mark)**

 =  60,00,000 / 8,00,000 **(1 mark)**

 = 7.5 times **(1/2 mark)**

 Working Capital = Other Current assets + closing stock – current liabilities

**Solution 25**:- CASH FLOW STATEMENT for the year ended 31st March, 2012

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  | INR  | INR | **Mark**  |
| 1. Cash flow from operating activities

Net loss as per P& L statement before TaxAdd;- Depreciation  Interest on debenture(INR2lakh\*9/100) Operating profit before working capital changesAdd :- Increase in trade payables(creditor) Increase in outstanding expenseLess :- increase in inventories Increase in trade receivablesNet cash used in operating activities 1. Cash flow from investing activities

Sale of fixed assets Purchase of fixed assetsSale of investmentNet cash used in investing activities1. Cash Flow from financing activities

Issue of share capitalIssue of 9% debentureInterest paid on debentureNet cash generated from financing activities1. Net increase in cash and cash equivalents

( A+B+C)1. Cash and cash equivalent at 31.3.11
2. Cash and cash equivalent at 31.3.12
 | (2,70,000)1,40,00018,000(1,12,000)40,00010,000(62,000)(50,000)(70,000)30,000(3,70,000)60,0003,00,0002,00,000(18,000) | (1,82,000)(2,80,000)4,82,00020,00020,00040,000 |  **½****¼****¼** **½****¼****¼****¼****¼** **½****¼****¼****¼** **½****¼****¼****¼** **½** **½** |

Working Note:- Fixed Assets A/c

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars  | Amt | Particulars  | Amt  |
| To Balance b/dTo Bank (purchase) (Bal. fig) | 3,00,0003,70,0006,70,000 | By Depreciation A/cBy Bank A/c (sale)By Balance c/d | 1,40,00030,0005,00,0006,70,000 |