

CBSE
Class XII Accountancy
Delhi Board Paper_Set1_2013

Time: 3 Hrs

Max. Marks: 80

General Instructions:

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

Section A

- (i) This section consists of **18** questions.
- (ii) All 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. When the partner capitals are fixed, where the drawing made by a partner will be recorded?
2. 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?
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. 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.
5. What is meant by 'Securities Premium'?
6. What rate of interest the company pays on calls - in advance if it has not prepared its own Articles of Association?
7. What is meant by issue of debentures as a collateral security?
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 she 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 issue of 1,000, 7% Debentures of ₹100 each in the following cases:
- (a) Issued at 5% premium redeemable at a premium of 10%.
 - (b) Issued at a discount of 5% redeemable at par.
10. Taneja Constructions Ltd. has an outstanding balance of ₹5,00,000, 7% debentures of ₹100 each redeemable at a premium of 10%. According to the terms of redemption, the company redeemed 30% of the above debentures by converting them into shares of ₹50 each at a premium of 20%. Record the entries for redemption of debentures in the books of Taneja Constructions Ltd.
11. Abhay and Beena are partners in a firm. They admit Chetan as a partner with $\frac{1}{4}$ 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 ₹4,00,000 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. 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 be 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.
13. 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.
14. 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.
15. Ali, Bimal and Deepak are partners in a firm. On 1st April, 2011 their capital accounts stood at ₹4,00,000, ₹3,00,000 and ₹2,00,000 respectively. They shared profits and losses in the proportion of 5 : 3 : 2. Partners are entitled to interest on capital @10% per annum and salary to Bimal and Deepak @ ₹2,000 per month and ₹3,000 per quarter respectively as per the provisions of the partnership deed. Bimal's share of profit (excluding interest on capital but including salary) is guaranteed at a minimum of ₹50,000 p.a. Any deficiency arising on that account shall be met by Deepak. The profits of the firm for the year ended 31st March, 2012 amounted to ₹2,00,000. Prepare Profit & Loss Account for the year ended on 31st March, 2012.
16. The Balance Sheet of Sudha, Rahim and Kartik who were sharing profit in the ratio of 3:3:4. On 31st March, 2012 their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
General Reserve	10,000	Cash	16,000
Bills Payable	5,000	Stock	44,000
Loan		Investments Land & Building	47,000

Capital : Sudha	60,000		Sudha's loan	10,000
Rahim	50,000			
Kartik	40,000	1,50,000		
		1,77,000		1,77,000

Sudha died on June 30th 2012. The partnership deed provided for the following on the death of a partner:

- Goodwill of the firm be valued at two years purchase of average profits for the last three years.
- Sudha'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 ₹4,00,000 and that from 1st April to 30th June 2012 to ₹1,50,000. The profit for the year ended 31st March, 2012 was ₹1,00,000.
- Interest on capital was to be provided @ 6% p.a.
- The average profits of the last three years were ₹42,000.
- According to Sudha's will, the executors should donate her share to "Matri Chhaya - an orphanage for girls".

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

17. Moneyplus Company issued for public subscription 75,000 shares of the value of ₹10 each at a discount of 10% payable as follows: Rs 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:

- Applicants of 15,000 shares were allotted 5,000 shares.
- Applicants of 70,000 shares were allotted 40,000 shares.
- 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:

- 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.
- 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.
- 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.

18. 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:

- Reduce the value of stock by ₹5,000.
- 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. In spite of repeated reminders by the authorities, they kept dumping hazardous material into a nearby river. The court ordered for the dissolution of their partnership firm on 31st March 2012. Prachi was deputed to realise the assets and pay the liabilities. She was paid ₹1,000 as commission for her services. The financial position of the firm was as follows:

Liabilities	₹	Assets	₹
Creditors		Furniture	37,000
Investment Fluctuation Fund	2,00,000	Stock	5,500
Capitals	30,000	Investments	15,000
Prachi	30,000	Cash	9,000
Ritika	40,000	Ishita's Capital	18,000
	84,500		84,500

Section - B

19. Under which type of activity will you classify 'Dividend received by a financial company' while preparing Cash Flow Statement?
20. What is meant by 'Cash from Operating Activities'?
21. State any objective 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.
- Premium on Redemption of Debentures
 - Loose Tools
 - Balance with Banks

23. (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

24. 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

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.

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Delhi Board Paper_Set1-2013- Solution

SECTION A

1. Answer:

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

2. 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.

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:

Journal

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

5. 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.

6. Answer:

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

7. Answer:

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

8. Answer:

a.

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
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	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
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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		(7,500)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 1,000 debentures issued at ₹. 100 at a premium of 5%)	Dr.	1,05,000	1,05,000
	Debenture Application A/c Loss on Issue of Debentures A/c To 7% Debenture A/c To Securities Premium A/c To Premium on Redemption A/c (Being 1,000 debentures issued at a premium of 5% and redeemable at a premium of 10%)	Dr. Dr.	1,05,000 10,000	1,00,000 5,000 10,000

(b)

Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	Bank A/c To Debenture Application A/c (Being 1,000 debentures issued at ₹. 100 at a premium of 5%)	Dr.	95,000	95,000

	Debenture Application A/c	Dr.	95,000	
	Loss on Issue of Debentures A/c	Dr.	5,000	
	To 7% Debenture A/c			1,00,000
	(Being 1,000 debentures issued at a premium of 5% and redeemable at a premium of 10%)			

10. Answer:

In the Books of Taneja Constructions Ltd.
Journal

Date	Particulars	L.F.	Dr. ₹	Cr. ₹
	7% Debenture A/c	Dr.	5,00,000	
	To Premium on Redemption A/c	Dr.	50,000	
	To Debenture holders' A/c			5,50,000
	(Being Debenture due for redemption at a premium of 10%)			
	Debenture holders' A/c	Dr.	1,65,000	
	To Equity share capital A/c			1,37,500
	To Securities premium A/c			27,500
	(Being 2,750 shares of ₹. 50 each issued at a premium of 20% to debenture holders)			

Working Note:

$$\text{Number of share to be issued} = \frac{\text{Amount due to the Debentureholders}}{\text{Issue Price (= Face-Value - Premium)}} = \frac{1,65,000}{60(50 + 10)} = 2,750 \text{ share}$$

11. Answer:

Journal

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

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 × Reciprocal of his Share

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

Net Worth = Total Assets – External Liabilities
 = 5,40,000 – 1,00,000 = 4,40,000

∴ Goodwill of the firm = 8,00,000 – 4,40,000 = 3,60,000

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

12. Answer :

Journal

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

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)

13. Answer:

Journal

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

(Being 20,000 equity shares of ₹ 80 each issue at discount of ₹5 to Gupta Bros)			
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Working Note

Calculation of Number of Equity shares issued

$$\begin{aligned} \text{Number of Equity Shares} &= \frac{\text{Purchase Consideration}}{\text{Issue Price (Face Value - Discount)}} \\ &= \frac{15,00,000}{(80-5)} \\ &= 20,000 \text{ Equity Shares} \end{aligned}$$

14. 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 Issued Capital 15,000 Share of ₹150 each Subscribed Called up and Paid-up Share Capital 14,000 Share of ₹150 each	45,00,000 22,50,000 21,00,000
2	Reserves and Surplus Securities Premium	1,40,000
3	Cash and Cash Equivalents Cash at Bank	22,40,00

15. Answer:**Profit and Loss Appropriation Account**

Dr.			Cr.	
Particulars	₹		Particulars	₹
To Interest on capital A/c			By Profit and Loss A/c	2,00,000
Ali	40,000			
Bimal	30,000			
Deepak	20,000	90,000		
To Salary to:				
Bimal A/c	24,000			
Deepak A/c	12,000	36,000		
To Profit transferred to:				
Ali's Capital A/c	37,000			
Bimal's Capital A/c	26,000			
(22,200 + 3,800)				
Deepak's Capital A/c	11,000	74,000		
(14,800 - 3,800)				
	2,00,000			2,00,000

Working Notes:

Profit available for distribution = 2, 00,000 - (90,000 + 36,000) = 74,000

Profit Sharing Ratio = 5:3:2

Ali's Profit Share = $74,000 \times \frac{5}{10} = 37,000$

Bimal's Profit Share = $74,000 \times \frac{3}{10} = 22,200$

Deepak's Profit Share = $74,000 \times \frac{2}{10} = 14,800$

Bimal's Minimum Guaranteed Profit = 50,000 (excluding interest but including salary)

∴ Bimal's Minimum Guaranteed Profit (excluding salary) = 50,000 - 24,000 = 26,000

But, Bimal's Actual Profit Share = 22,200

Deficiency in Bimal's Share = 26,000 - 22,200 = 3,800

This Deficiency is to be borne by Deepak alone,

Therefore,

Deepak's New Profit Share = 14,800 - 3,800 = 11,000

16. Answer:**Sudha's Capital Account**

Particulars	₹	Particulars	₹
To Sudha's Loan A/c	10,000	By Balance b/d	60,000
To Sudha's Executor's A/c	90,350	By General Reserve A/c (Goodwill)	3,000
		By Rahim's Capital A/c (Goodwill)	10,800
		By Kartik Capital A/c (Goodwill)	14,400
		By Profit and Loss Suspense A/c (profit)	11,250
		By Interest on Capital A/c	900
	1,00,350		1,00,350

Working Notes

1) Calculation of Sudha's share of Goodwill

Goodwill of Firm = Average Profit × 2 years
 = 42,000 × 2 = 84,000

Sudha's Share of Goodwill = $\frac{3}{10} \times 84,000$
 = 25,200

(2) Interest on Sudha's Capital = $60,000 \times \frac{6}{100} \times \frac{3}{12} = 900$

(3) Calculation of Sudha's Share of Profits

Sales for last year = 4,00,000

Profit for last year = 1,00,000

Sales from April 01 to June 30, 2012 = 1,50,000

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

∴ Sudha's Profit till her death = $\frac{1,00,000}{4,00,000} \times 1,50,000 \times \frac{3}{10} = 11,250$

Value Involved in the given scenario

(1) Sympathy and helping orphan and destitute girl children

(2) Fulfilment of social responsibility

17. **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 To Share Allotment A/c (Being share Call Money due)	Dr.	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	15,000	5,000	30,000	10,000	20,000	15,000	5,000
b	70,000	40,000	1,40,000	80,000	60,000	60,000	
c	65,000	30,000	1,30,000	60,000	70,000	70,000	
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

∴ Number of shares allotted to Hari = $\frac{3,500}{70,000} \times 40,000 = 2,000$ 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)	Dr.	140	100 40

	(Being 20 Shares of Rs10 each, Rs7 called-up forfeited for the non-payment of call)			
	Bank A/c (25 Shares x 8) Dr.		120	
	To Share Capital A/c (15 Shares x 7)			105
	To Share Premium (15 shares x 1)			15
	To Bank A/c (WN1)			
	(Being 15 Shares were reissued as ₹7 paid-up for ₹8 per share)			
	Share Forfeiture A/c Dr.		75	
	To Capital Reserve A/c			75
	(Being transfer of Profit on Re-issue of 15 Shares)			
(b)	Share Capital A/c (90 Shares x 8) Dr.		720	
	Securities Premium A/c (90 Shares x 2) Dr.		180	
	To Share Forfeiture A/c (90 Shares x 5)			450
	To Share Allotment A/c (90 Shares x 5)			450
	(Being shares Forfeited for Nonpayment of Allotment)			
	Bank A/c (80 Shares x 10) Dr.		800	
	To Share Capital A/c (80 Shares x 8)			640
	To Share Premium A/c (80 Shares x 2)			160
	(Being share were reissued for ₹10, ₹8 called-up)			
	Share Forfeiture A/c Dr.		400	
	To Capital Reserve A/c			400
	(Being transfer of Profit on re-issue of 80 Shares)			
(c)	Share Capital A/c (300 Shares x 10) Dr.		3,000	
	To Share Forfeiture A/c (300 Shares x 6)			1,800
	To Discount on Issue of Shares A/c (300 shares x 1)			300
	To Share First and Final Call A/c (300 Shares x 3)			900
	(Being Shares forfeited for nonpayment of First and final Call)			
	Bank A/c (200 Shares x 3) Dr.		600	
	Discount on Issue of Shares A/c (200 Shares x 2) Dr.		200	
	Share Forfeiture A/c (200 Shares x 6) Dr.		1,200	
	To Share Capital A/c (200 Shares x 10)			2,000
	(Being 200 Shares were reissued for ₹3 per share, fully called-up)			

18. 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		
To Bad Debts A/c	3,000	By Loss on Revaluation transferred to:	
To Provision for Doubtful Debts A/c	1,350	Sahaj A/c	7,567
		Nimish A/c	3,783
	17,350		11,350
			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 Debts	(1,350)
Employees' Provident Fund	40,000	Cash	25,650
		(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 = $\frac{1}{3}$ rdGauri'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 $\frac{1}{3}$ rd share

Let Total Profit be 1

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

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

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

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

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

$$\text{Adjust Old Capital of Sahaj} = 1,50,000 - 7,567 = 1,42,433$$

$$\text{Adjust Old Capital of Nimish} = 95,000 - 3,783 = 91,217$$

$$\text{Total Adjusted capital Sahaj and Nimish} = 1,42,433 + 91,217 = 2,33,650$$

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

$$\begin{aligned} \text{Total Capital of the New Firm} &= \text{Total Adjusted Capital of Sahaj and Nimish} \times \text{Reciprocal of} \\ &\quad \text{Total Combined Share of Sahaj and Nimish} \\ &= 2,33,650 \times \frac{3}{2} = 3,50,475 \end{aligned}$$

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

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

Partners' Capital Account

Dr				Cr.			
Particulars	Prachi	Ritika	Ishita	Particulars	Prachi	Ritika	Ishita
To Balance b/d			18,000	By Balance b/d	40,000	30,000	
To Realisation 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.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	9,000	By Realisation A/c	8,000
To Realisation A/c (Stock and Furniture Realised)	41,500	(Employee Compensation paid)	
To Ishita's Capital A/c	19,200	By Realisation A/c (Creditors paid)	10,000
		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.

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

SECTION B**19. Answer :**

Dividend received by a financial company is classified as cash from Operating Activities while preparing Cash Flow Statement.

20. Answer :

Cash from Operating Activities means receipts of cash and cash equivalents in exchange or sale of goods produced and services rendered (ie., from its primary course of business).

21. Answer :

Important objective of Financial Statement Analysis is that it helps to conduct meaningful comparisons of financial data. It also provides better and easy understanding of the changes in the financial data over a period of time.

22. Answer :

Items	Heads	Sub-Heads
Premium on Redemption of Debentures	Non-Current Liabilities	Other Long-term Liabilities
Loose Tools	Current Assets	Inventories
Balance with Banks	Current Assets	Cash and Cash Equivalents

23. Answer :

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

Working Capital = Current Assets – Current Liabilities

Current Assets = Liquid Assets + Inventory

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

Current Liabilities = 1,05,000

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

Net Sales = Cash Sales + Credit Sales – Sales Return

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

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

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

Debts = Total Debts – Current Liabilities

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

$$= 1,70,000$$

Equity = Total Assets – Total Debts

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

$$= 1,00,00$$

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

24. 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

25. Answer:

Cash Flow Statement
For the year ended March 31,2013

	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