

ROLLNUMBER

--	--	--	--	--	--	--	--

SUBJECT CODE:055

**COIMBATORE SAHODAYA SCHOOLS COMPLEX
COMMON MOCK EXAMINATION
NOVEMBER, 2019**

Grade: XII

SUBJECT: Accountancy

Max. Marks: 80

Date:

(SET – A)

Time: 3 hrs

General Instructions:

1. This question paper contains two parts – A and B.
2. Part A – Accounting for Not-for-Profit Organizations, Partnership Firms and Companies.
3. Part B – Analysis of Financial Statements.
4. All parts of a question should be attempted at one place.

PART A

(Accounting for Not-for-Profit Organizations, Partnership Firms and Companies)

1. Write any two financial statements of the Not-for-Profit Organization. [1]

Answer: The financial statements of the Not-for-Profit Organization are.

- a) Payment and receipt account
- b) Expenditure and Income account
- c) Balance Sheet

2. If drawings of equal amount are made in the beginning of every month for 9 months ending 31st March, then interest on drawing will be calculated for an average period for _____ Months. [1]

Ans: 5 months

3. If average capital employed in a firm is Rs 12,00,000, actual profit is Rs 1,50,000 and Normal rate of return is 10% per annum. The amount of super profit will be _____ [1]

Ans: Rs 30,000.

4. Tangible Assets of the firm are Rs. 14,00,000 and Outside Liabilities are Rs. 4,00,000, Profit of the firm is Rs. 1,50,000 and normal rate of return is 10%. What is the Capital employed? _____ [1]

Ans: Rs. 10,00,000

5. A and B are partner's sharing profit equally. A draws Rs. 4,000 regularly at the end of every month for 6 months. Year ended on 30th September 2018, calculate interest on drawings @ rate 5% p.a. [1]

Ans: Rs. 250.

6. At the time of admission, if the book value and the market value of investment is the same. Investment Fluctuation Reserve is transferred to _____ account of the old partners in their _____ ratio. [1]

Ans: Capitals , Old

7. Ram Mohan and Sohan are partners sharing profits in the ratio of 4:3:2 , Mohan died on 1st Oct 2019, new ratio will be 1:2 among Ram and Sohan, goodwill of the firm is valued at Rs. 6,00,000. What will be the amount transferred to Mohan's capital A/c. [1]

Ans: Rs.2,00,000.

8. A, B, C were partners sharing Profit and Losses in the ratio of 3:2:1 Books are closed on 31st March every year. C dies on 30th, Nov 2018. Under the partnership deed, the executors of deceased partner are entitled to his share of profit up to the date of death, Profit as on ended 31st March, 2018 was Rs. 2,40,000 C's share of profit will be? ____ [1]

Ans: 26667

9. If Workmen Compensation Reserve appears at Rs. 20,000 in the balance sheet and there is a claim of Rs. 15,000 to be paid against it, then _____ will be transferred to Realisation Account. [1]

Ans:Rs. 15,000.

10. If investments are not given on the assets side of the balance sheet and only Investment Fluctuation Reserve is given on the liabilities side, it is transferred to _____ Account. [1]

Ans: Partner's Capital.

11. On Dissolution goodwill Account is transferred to _____ side of _____ account? [1]

Ans: Debit side of Realisation Account

12. In case of debenture of RS 10,000 which are issued at par but redeemable at a premium of 10% , The premium payable is debited to _____. [1]

Ans: Premium on redemption of debentures.

13. ABC Ltd Purchase a machinery worth Rs 1,98,000. The payment is made by issue of debentures of Rs 100 each at 10 % Discount. In this case the number of debentures issued will be : _____ [1]

Ans:2200

14. From the information given below, prepare Receipts and Payments Account of Railway Club for the year ended 31st March, 2019: [3]

Particulars	(Rs)	Particulars	(Rs)
Cash in Hand on 1st April, 2018	4,390	Salaries	21,500
Subscription	37,600	Honorarium to Secretary	2,500
Donations	8,000	Interest Received on Investments	2,950
Entrance Fees	4,300	Printing and Stationery	350

Rent Received for Club Halls	5,250	Petty Cash Expenses	900
Electricity Charges	3,440	Insurance Premium Paid	310
Taxes paid	490		

ANSWER:

In the books of Railway Club
Dr. Receipts and Payments A/c for the year ended 31st March, 2019 Cr.

Receipts	Amount (Rs)	Payments	Amount (Rs)
To Balance b/d	4,390	By Electricity Charges	3,440
To Subscriptions	37,600	By Taxes Paid	490
To Donations	8,000	By Salaries	21,500
To Entrance Fees	4,300	By Honorarium to Secretary	2,500
To Rent Received for Club Halls	5,250	By Printing and Stationery	350
To Interest Received on Investments	2,950	By Petty Cash Expenses	900
		By Insurance Premium Paid	310
		By Balance c/d	33,000
	62,490		62,490

Or

In the year ended 31st March, 2019, subscriptions received by Kings Club, Delhi were ₹ 4,09,000 including ₹ 5,000 for the year ended 31st March, 2018 and ₹ 10,000 for the year ended 31st March, 2020. At the end of the year ended 31st March, 2019, subscriptions outstanding for the year ended 31st March, 2019 were ₹ 15,000. The subscriptions due but not received at the end of the previous year, *i.e.*, 31st March, 2018 were ₹ 8,000, while subscriptions received in advance on the same date were ₹ 18,000.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2019.

ANSWER:

Statement of Subscription
for the year ended March 31, 2019

Particulars	Amount (₹)
Subscription received during the year 2018-19	4,09,000
<i>Add:</i> Outstanding for 2018-19 (Current year)	15,000
<i>Less:</i> Received for 2017-18 (Previous year)	(5,000)
<i>Add:</i> Advance received in 2017-18 (Previous year)	18,000
<i>Less:</i> Advance received for 2019-20 (Next year)	10,000

Subscription to be credited to Income and Expenditure Account

4,27,000

15. A, B and C are partners sharing profits and losses in the ratio of A $\frac{1}{2}$, B $\frac{3}{10}$, C $\frac{1}{5}$ after providing for interest @ 5% on their respective capitals, viz., A Rs.50,000; B Rs.30,000 and C Rs.20,000 and allowing B and C a salary of Rs.5,000 each per annum. During the year ended 31st March, 2019, A has drawn Rs.10,000 and B and C in addition to their salaries have drawn Rs.2,500 and Rs.1,000 respectively. Profit and Loss Account for the year ended 31st March, 2019 showed a net profit of Rs.45,000. On 1st April, 2018, the balances in the Current Accounts of the partners were A (Cr.) Rs.4,500; B (Cr.) Rs.1,500 and C (Cr.) Rs.1,000. Interest is not charged on Drawings or Current Account balances. Show Partners' Capital and Current Accounts as at 31st March, 2019 after division of profits in accordance with the partnership agreement. [4]

ANSWER:

Dr. Profit and Loss Appropriation Account for the year ended 31st March, 2019Cr.				
Particulars		Amount (Rs)	Particulars	Amount (Rs)
To Interest on Capital:			By Profit and Loss A/c	45,000
A	2,500			
B	1,500			
C	1,000	5,000		
To Salary to:				
B	5,000			
C	5,000	10,000		
To Profit transferred to:				
A's Current A/c	15,000			
B's Current A/c	9,000			
C's Current A/c	6,000	30,000		
		45,000		45,000

Dr. Partners' Capital Accounts				Cr.			
Particulars	A	B	C	Particulars	A	B	C
To Balance c/d	50,000	30,000	20,000	By Balance b/d	50,000	30,000	20,000
	50,000	30,000	20,000		50,000	30,000	20,000

Dr. Partners' Current Accounts				Cr.			
Particulars	A	B	C	Particulars	A	B	C
To Drawings A/c	10,000	7,500	6,000	By Balance b/d	4,500	1,500	1,000
				By Interest on Capital A/c	2,500	1,500	1,000
				By Salaries A/c		5,000	5,000
To Balance c/d	12,000	9,500	7,000	By P/L Appropriation A/c	15,000	9,000	6,000
	22,000	17,000	13,000		22,000	17,000	13,000

Working Notes:

WN 1 Calculation of Interest on Capital

$$\text{Interest on A's Capital} = 50,000 \times \frac{5}{100} = \text{Rs } 2,500$$

$$\text{Interest on B's Capital} = 30,000 \times \frac{5}{100} = \text{Rs } 1,500$$

$$\text{Interest on C's Capital} = 20,000 \times \frac{5}{100} = \text{Rs } 1,000$$

WN 2 Calculation of Profit Share of each Partner

Profit available for Distribution = 45,000 – 15,000 = Rs 30,000

$$\text{A's Share of Profit} = 30,000 \times \frac{1}{2} = \text{Rs } 15,000$$

$$\text{B's Share of Profit} = 30,000 \times \frac{3}{10} = \text{Rs } 9,000$$

$$\text{C's Share of Profit} = 30,000 \times \frac{1}{5} = \text{Rs } 6,000$$

16. A, B and C shared profits and losses in the ratio of 3:2:1 respectively. With effect from 1st April, 2019, they agreed to share profits equally. The goodwill of the firm was valued at Rs.18,000. Pass necessary Journal entries when: [4]

1. Goodwill is adjusted through Partners' Capital Accounts; and
2. Goodwill is raised and written off.

ANSWER:

Calculation of Gain/Sacrifice made by the partners:

Particulars	A	B	C
Old Ratio	3/6	2/6	1/6
New Ratio	1/3	1/3	1/3
Gain/Sacrifice	1/6 (Sacrifice)	Nil	-1/6 (Gain)

Case 1)

Journal				
Date	Particular	L.F.	Debit Amount (â,¹)	Credit Amount (â,¹)
2019 April 1	C's Capital A/c (18,000×1/6)Dr. To A's Capital A/c (18,000×1/6) (Being Adjustment for goodwill)		3,000	3,000

Case 2)

Journal				
Date	Particular	L.F.	Debit (Rs)	Credit (Rs)
2019 April 1	Goodwill A/cDr. To A's Capital A/c (18,000×3/6) To B's Capital A/c (18,000×2/6) To C's Capital A/c (18,000×1/6) (Being goodwill raised in the books)		18,000	9,000 6,000 3,000
	A's Capital A/c (18,000×1/3)Dr. B's Capital A/c (18,000×1/3)Dr. C's Capital A/c (18,000×1/3)Dr. To Goodwill A/c (Being goodwill so raised written off)		6,000 6,000 6,000	18,000

Or

Simran and Reema are partners sharing profits in the ratio of 3 : 2. Their capitals as on 31st March, 2018 were ₹ 2,00,000 each whereas Current Accounts had balances of ₹ 50,000 and ₹ 25,000 respectively interest is to be allowed @ 5% p.a. on balances in Capital Accounts. The firm earned net profit of ₹ 3,00,000 for the year ended 31st March 2019.

Pass the Journal entries for interest on capital and distribution of profit. Also prepare Profit and Loss Appropriation Account for the year. [4]

ANSWER:

Journal				
Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Profit & Loss Appropriation A/c To Simran's Current A/c To Reema's Current A/c (Interest on capital transferred to Profit & Loss	Dr.	20,000	10,000 10,000

Appropriation A/c)			
Profit & Loss Appropriation A/c		2,80,000	
To Simran's Current A/c			1,68,000
To Reema's Current A/c			1,12,000
(Profit transferred to Partners' Current A/c)			

Profit and Loss Appropriation Account
for the year ended 31 March 2019

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
Interest on Capital A/c:		Profit and Loss A/c	3,00,000
Simran	10,000		
Reema	10,000		
Profit transferred to:			
Simran's Current A/c	1,68,000		
Reema's Current A/c	1,12,000		
	2,80,000		
	3,00,000		3,00,000

Working Notes:

WNI: Calculation of Interest on Capital

Simran's Interest on Capital = $2,00,000 \times 5 \div 100 = \text{Rs } 10,000$

Reema's Interest on Capital = $2,00,000 \times 5 \div 100 = \text{Rs } 10,000$

17. A, B and C are partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. B decides to retire from the firm. Calculate new profit-sharing ratio of A and C in the following circumstances: [4]

- (a) If B gives his share to A and C in the original ratio of A and C.
- (b) If B gives his share to A and C in equal proportion.
- (c) If B gives his share to A and C in the ratio of 3: 1.
- (d) If B gives his share to A only.

ANSWER:

Old Ratio (A, B and C) = 4: 3: 2

B retires from the firm.

His profit share = $\frac{3}{9}$

Case (a) B gives his share to A and C in their original ratio.

Original Share (A and C) = 4 : 2

$$\text{Share taken by A} = \frac{3}{9} \times \frac{4}{6} = \frac{12}{54}$$

$$\text{Share taken by C} = \frac{3}{9} \times \frac{2}{6} = \frac{6}{54}$$

New Ratio = Old Ratio + Share acquired from B

$$\text{A's New Share} = \frac{4}{9} + \frac{12}{54} = \frac{24+12}{54} = \frac{36}{54}$$

$$\text{C's New Share} = \frac{2}{9} + \frac{6}{54} = \frac{12+6}{54} = \frac{18}{54}$$

∴ New Profit Ratio (A and C) = 36 : 18 or 2 : 1

Case (b) B gives his share to A and C in equal proportion.

$$\text{Share taken by A} = \frac{3}{9} \times \frac{1}{2} = \frac{3}{18}$$

$$\text{Share taken by C} = \frac{3}{9} \times \frac{1}{2} = \frac{3}{18}$$

New Ratio = Old Ratio + Share acquired from B

$$\text{A's New Share} = \frac{4}{9} + \frac{3}{18} = \frac{8+3}{18} = \frac{11}{18}$$

$$\text{C's New Share} = \frac{2}{9} + \frac{3}{18} = \frac{4+3}{18} = \frac{7}{18}$$

∴ New Profit Ratio (A and C) = 11 : 7

Case (c) B gives his to A and C in the ratio 3 : 1.

$$\text{Share taken by A} = \frac{3}{9} \times \frac{3}{4} = \frac{9}{36}$$

$$\text{Share taken by C} = \frac{3}{9} \times \frac{1}{4} = \frac{3}{36}$$

New Ratio = Old Ratio + Share acquired from B

$$\text{A's New Share} = \frac{4}{9} + \frac{9}{36} = \frac{16+9}{36} = \frac{25}{36}$$

$$\text{C's New Share} = \frac{2}{9} + \frac{3}{36} = \frac{8+3}{36} = \frac{11}{36}$$

∴ New Profit Ratio (A and C) = 25 : 11

Case (d) B gives his share to A only.

$$A's \text{ New Share} = A's \text{ Old Share} + \text{Share of B} = \frac{4}{9} + \frac{3}{9} = \frac{7}{9}$$

$$C's \text{ Share} = \frac{2}{9}$$

∴ New Profit Ratio (A and C) = 7 : 2

18. Marigold Ltd. was registered with authorized capital of Rs.3,00,000 divided into 3,000 shares of Rs.100 each, which were offered to the public. Amount payable as Rs.30 per share on application, Rs.40 per share on allotment and Rs.30 per share on first and final call . These shares were fully subscribed and all money was duly received. Prepare journal and Cash Book. [4]

ANSWER:

Journal				
Date	Particulars	L.F.	Debit (Rs)	Credit (Rs)
1	Share Application A/c Dr		90,000	
	To Share Capital			90,000
	(Share application money transferred)			
2	Share Allotment A/c Dr		1,20,000	
	To Share Capital A/c			1,20,000
	(Share allotment money transferred)			
3	Share First and Final Call A/c Dr		90,000	
	To Share Capital A/c			90,000
	(Share first and final call money transferred)			

Dr.Cash BookCr.			
Particulars	Amount (Rs)	Particulars	Amount(Rs)
To Share Application A/c	90,000	By Balance c/d	3,00,000
To Share Allotment A/c	1,20,000		
To Share First and Final Call A/c	90,000		
	3,00,000		3,00,000

19. Prepare Income and Expenditure Account from the following particulars of Youth Club for the year ended on 31st March, 2018:

[6]

Dr. RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018 **Cr.**

Receipts	Rs.	Payments	Rs.
To Balance <i>b/d</i> (Cash)	32,500	By Salaries	31,500
To Subscription:		By Postage	1,250
2016-17 1,500		By Rent	9,000
2017-18 60,000		By Printing and Stationery	14,000
2018-19 1,800	63,300	By Sports Material	11,500
To Donations (Billiards Table)	90,000	By Miscellaneous Expenses	3,100
To Entrance Fees	1,100	By Furniture (1st October, 2017)	20,000
To Sale of Old Magazines	450	By 10% Investment (1st October, 2017)	70,000
		By Balance <i>c/d</i> (31st March, 2018)	27,000
	1,87,350		1,87,350

Additional Information:

- Subscription outstanding as at 31st March, 2018 Rs.16,200.
- Rs. 1,200 is still in arrears for the year 2016-17 for subscription.
- Value of sports material at the beginning and at the end of the year was Rs. 3,000 and Rs. 4,500 respectively.
- Depreciation to be provided @ 10% p.a. on furniture.

ANSWER:

Dr. In the books of Youth Club Income and Expenditure A/c for the year ended 31st March, 2018Cr.

Expenditure	Amount (Rs)	Income	Amount (Rs)
To Salaries	31,500	By Subscriptions	60,000
To Postage	1,250	<i>Add:</i> Outstanding Subscriptions	15,000
To Rent	9,000	(16,200 – 1,200)	
To Printing and Stationery	14,000	By Entrance fees	1,100
To Sports Material Consumed (WN1)	10,000	By Sale of Old Magazines	450
To Miscellaneous Expenses	3,100	By Interest Accrued on Investments	3,500
To Depreciation on Furniture (20,000 × 10/100 × 6/12)	1,000	(70,000 × 10/100 × 6/12)	

To Surplus- Excess of Income over Expenditure	10,200		
	80,050		80,050

Note: If nothing is mentioned, Entrance fee is to be treated as a revenue receipt.

Working Notes: 1)

Sports Material Consumed=Opening Stock + Purchases – Closing Stock = Rs. (3,000 + 11,500 – 4,500) = Rs. 10,000

20. SRCC Ltd. has issued on 1st April, 2017, 20,000, 12% Debentures of Rs.100 each redeemable by draw of lots as under: **[6]**

- During the year ended on 31st March, 2018 : 15%
- During the year ended on 31st March, 2019 : 25%
- During the year ended on 31st March, 2020 : 15%
- During the year ended on 31st March, 2021 : 25%
- During the year ended on 31st March, 2022 : 20%

How much minimum investment should be made by SRCC Ltd. as per Companies Act, 2013 before redemption of debentures? When should it be made?

ANSWER:

Amount to be invested in specified securities:

Year ended on	Date of Investment	Redeemable Amount	Minimum amount of DRI
March 31, 2018	On or before 30.04.17	20,00,000×15% = 3,00,000	3,00,000×15% = 45,000
March 31, 2019	On or before 30.04.18	20,00,000×25% = 5,00,000	5,00,000×15% = 75,000
March 31, 2020	On or before 30.04.19	20,00,000×15% = 3,00,000	3,00,000×15% = 45,000
March 31, 2021	On or before 30.04.20	20,00,000×25% = 5,00,000	5,00,000×15% = 75,000
March 31, 2022	On or before 30.04.21	20,00,000×20% = 4,00,000	4,00,000×15% = 60,000

[Note: For 5Years 5 Mark @1 Mark per Year + For Statement 1 Marks]

Or

Citizen Watches Ltd. invited applications for 50,000 shares of ₹ 10 each payable ₹ 3 on application, ₹ 4 on allotment and balance on first and final call. Applications were received for 60,000 shares. Applications were accepted for 50,000 shares and remaining applications were rejected. All calls were made and received except First and Final call on 500 shares.

Pass the journal entries in the books of Citizen Watches Ltd.

ANSWER:

Journal

Date	Particulars	L.F.	Debit Amount (Rs)	Credit Amount (Rs)
	Bank A/c (60,000×3) Dr. To Share Application A/c (Received application money on 60,000 shares)		1,80,000	1,80,000
	Share Application A/c Dr. To Share Capital A/c (50,000×3) To Bank A/c (10,000×3) (Transfer of application money to Share Capital)		1,80,000	1,50,000 30,000
	Share Allotment A/c (50,000×4) Dr. To Share Capital A/c (Allotment due on 50,000 shares)		2,00,000	2,00,000
	Bank A/c Dr. To Share Allotment A/c (Allotment received)		2,00,000	2,00,000
	Share First and Final Call A/c (50,000×3) Dr. To Share Capital A/c (Call money due on 50,000 shares)		1,50,000	1,50,000
	Bank A/c (49,500×3) Dr. To Share First and Final Call A/c (Received call money on 49,500 shares)		1,48,500	1,48,500

21. X and Y are partners sharing profits equally. Their Balance Sheet as on 31st March, 2019 is given below: [8]

Liabilities		Amount (Rs.)	Assets		Amount (Rs.)
Capital A/cs:			Land and Building		1,50,000
X	1,50,000		Plant and Machinery		1,00,000
Y	1,00,000	2,50,000	Furniture and Fittings		25,000
Current A/cs:			Stock		75,000
X	40,000		Debtors		75,000
Y	30,000	70,000	Less: Provision for Doubtful Debts		5,000
Creditors		1,30,000	Bills Receivable		30,000
Bills Payable		50,000	Bank		50,000

	5,00,000		5,00,000
--	-----------------	--	-----------------

Z is admitted as a new partner for 1/4th Share under the following terms:

1. Z is to introduce Rs.1,25,000 as capital.
2. Goodwill of the firm was valued at nil.
3. It is found that the creditors included a sum of Rs.7,500 which was not to be paid. But it was also found that there was a liability for Compensation to Workmen amounting to Rs.10,000.
4. Provision for doubtful debts is to be created @ 10% on debtors.
5. In regard to the Partners' Capital Accounts, present Fixed Capital Account Method is to be converted into Fluctuating Capital Account Method.
6. Bills of Rs.20,000 accepted from creditors were not recorded in the books.
7. X provides Rs.50,000 loan to the business carrying interest @ 10% p.a.

You are required to prepare Revaluation Account, Partners' Capital Accounts, Bank Account and the Balance Sheet of the new firm.

ANSWER:

Dr.Revaluation AccountCr.			
Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Reserve for D. Debts	2,500	By Creditors	7,500
To Liability for WCF	10,000	By Loss transferred to	
		X's Current A/c	2,500
		Y's Current A/c	2,500
	12,500		12,500

Dr. Partners' Current Accounts Cr.					
Particulars	X	Y	Particulars	X	Y
To Revaluation A/c	2,500	2,500	By Balance b/d	40,000	30,000
To Balance c/d	37,500	27,500			
	40,000	30,000		40,000	30,000

Dr.Partners' Capital Accounts Cr.							
Particulars	X	Y	Z	Particulars	X	Y	Z
By Balance c/d	1,87,500	1,27,500	1,25,000	By Balance b/d	1,50,000	1,00,000	
				By Current A/c	37,500	27,500	
				By Bank			1,25,000

	1,87,500	1,27,500	1,25,000		1,87,500	1,27,500	1,25,000
--	----------	----------	----------	--	----------	----------	----------

Balance Sheet as on 1st April, 2019					
Liabilities		Amount (Rs)	Assets		Amount (Rs)
Creditors (1,30,000 – 7,500 – 20,000)		1,02,500	Land and Building		1,50,000
Bills Payable (50,000 + 20,000)		70,000	Plant and Machinery		1,00,000
Capital A/cs:			Fixture and Fittings		25,000
X	1,87,500		Stock		75,000
Y	1,27,500		Bills Receivables		30,000
Z	1,25,000	4,40,000	Bank (50,000 + 1,25,000 + 50,000)		2,25,000
X's Loan		50,000	Debtors	75,000	
Liability for WCF		10,000	Less: 10% Reserve for D. Debts	7,500	67,500
		6,72,500			6,72,500

Or

Shilpa, Meena and Nanda decided to dissolve their partnership on 31st March, 2019. Their profit-sharing ratio was 3:2: 1 and their Balance Sheet was as under:

BALANCE SHEET OF SHILPA, MEENA AND NANDA as at 31st March, 2019					
Liabilities		₹	Assets		₹
Capital A/cs:			Land		81,000
Shilpa	80,000		Stock		56,760
Meena	40,000	1,20,000	Debtors		18,600
Bank Loan		20,000	Nanda's Capital		23,000
Creditors		37,000	Cash		10,840
Provision For Doubtful Debts		1,200			
General Reserve		12,000			
		1,90,200			1,90,200

It is agreed as follows:

The stock of value of ₹ 41,660 are taken over by Shilpa for ₹ 35,000 and she agreed to discharge bank loan. The remaining stock was sold at ₹ 14,000 and debtors amounting to ₹ 10,000 realised ₹ 8,000. Land is sold for ₹ 1,10,000. The remaining debtors realised 50% at their book value. Cost of realisation amounted to ₹ 1,200. There was a typewriter not recorded in the books worth of ₹ 6,000 which were taken over by one of

the Creditors at this value. Prepare Realisation Account, Partners' Capital Accounts, and Cash Account to close the books of the firm.

ANSWER:

Dr.		Realisation Account				Cr.	
Particulars		Amount (₹)	Particulars		Amount (₹)		
Land		81,000	Bank Loan		20,000		
Stock		56,760	Creditors		37,000		
Debtors		18,600	Provision for doubtful debts		1,200		
Shilpa's Capital A/c		20,000	Shilpa's Capital A/c (Stock)		35,000		
Cash:			Cash:				
Creditors	31,000		Stock	14,000			
Realisation Expenses	1,200	32,200	Debtors	12,300			
Realisation Profit			Land	1,10,000	1,36,300		
Shilpa's Capital A/c	10,470						
Meena's Capital A/c	6,980						
Nanda's Capital A/c	3,490	20,940					
		2,29,500			2,29,500		

Dr.		Partners' Capital Account						Cr.	
Particulars	Shilpa	Meena	Nanda	Particulars	Shilpa	Meena	Nanda		
To Balance b/d	–	–	23,000	By Balance b/d	80,000	40,000	–		
To Realisation (Stock)	35,000			By General Reserve	6,000	4,000	2,000		
Cash	81,470	50,980		By Realisation (Bank Loan)	20,000				
				By Realisation (Profit)	10,470	6,980	3,490		
				Cash			17,510		
	1,16,470	50,980	23,000		1,16,470	50,980	23,000		

Dr.		Cash Account				Cr.	
Particulars		Amount(₹)		Particulars		Amount(₹)	

To Balance b/d	10,840	By Realisation (Expenses)	32,200
To Realisation (Assets)	1,36,300	By Shilpa's Capital A/c	81,470
To Nanda's Capital A/c	17,510	By Meena's Capital A/c	50,980
	1,64,650		1,64,650

22. Bharat Ltd. was incorporated with a capital of Rs. 2,00,000 divided into shares of Rs. 10 each. 2,000 shares were offered for subscription and out of these, 1,800 shares were applied for and allotted. Rs.3 per share (Including Rs.1 premium) was payable on application, Rs. 4 per share (Including Rs. 1 premium) on allotment, Rs. 2 per share on first call and Rs.3 per share on final call. All the money was received. Give necessary Journal entries and show share capital in the Balance Sheet. [8]

ANSWER:

Authorised Capital 20,000 shares of Rs.10 each

Issued Capital 2,000 shares

Applied 1,800 shares

Payable as:			
Application	Rs.	3	(2+1)
Allotment	Rs.	4	(3+1)
First Call	Rs.	2	
Final Call	Rs.	3	
		12	(10+2)

Books of Bharat Limited Journal

Date	Particulars	L.F.	Debit Amount (â,¹)	Credit Amount (â,¹)
	Bank A/c	Dr.	5,400	
	To Share Application A/c			5,400
	(Application money received for 1,800 shares at Rs 3 per shares)			
	Share Application A/c	Dr.	5,400	
	To Share Capital A/c			3,600
	To Securities Premium A/c			1,800
	(Application money of 1,800 share transferred to Share Capital at Rs 2 per share and Securities Premium Re 1 per share)			
	Share Allotment A/c	Dr.	7,200	
	To Share Capital A/c			5,400
	To Securities Premium A/c			1,800
	(Share allotment due on 1,800 shares at Rs 4 per share including Re 1 securities premium)			

Bank A/c	Dr.	7,200	
To Share Allotment A/c			7,200
(Share Allotment money received)			
Share First Call A/c	Dr.	3,600	
To Share Capital A/c			3,600
(Share first call due on 1,800 shares at Rs 2 per shares)			
Bank A/c	Dr.	3,600	
To Share First Call A/c			3,600
(Share first call money received)			
Share Final Call A/c	Dr.	5,400	
To Share Capital A/c			5,400
(Share final call due on 1,800 shares at Rs 3 per share)			
Bank A/c		5,400	
To Share Final Call A/c	Dr.		5,400
(Share final call money received)			

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Bharat Limited		
An extract of Balance Sheet		
Particulars	Note No.	Amount (Rs)
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital		
	1	18,000

NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	Share Capital	
	Authorised Share Capital	
	20,000 shares of Rs 10 each	2,00,000
	Issued Share Capital	
	2,000 shares of Rs 10 each	20,000
	Subscribed, Called-up and Paid-up Share Capital	
	1,800 shares of Rs 10 each	18,000

Or

Sunshine Ltd. issued 20,000 shares of Rs . 100 each payable Rs . 25 per share on application, Rs . 25 per share on allotment and the balance in two calls of Rs . 25 each. The company did not make the final call of Rs . 25 per share. All the money was duly received with the exception of the amount due on the first call on 400

shares held by Mr. Modi. The Board of Directors forfeited these shares and subsequently reissued them @ 75 per share paid-up for a sum of 28,000.

Journalize the above transactions and prepare Share Capital Account.

[8]

Solution:

Issued and applied capital 20,000 shares of 100 each Payable as:

Application 25
 Allotment 25
 First Call 25
Called-up 75 per share
 Final Call 25
 100 per share

JOURNAL

Date	Particulars	LF.No.	Debit (Rs)	Credit (Rs)
	Bank A/c Dr. To Share Application A/c (Share application money received for 20,000 shares at Rs 25 each)		5,00,000	5,00,000
	Share Application A/c Dr. To Share Capital A/c (Application money transferred to Share Capital Account)		5,00,000	5,00,000
	Share Allotment A/c Dr. To Share Capital A/c (Share Allotment due on 20,000 shares at Rs 25 each)		5,00,000	5,00,000
	Bank A/c Dr. To Share Allotment A/c (Allotment money received)		5,00,000	5,00,000
	Share First Call A/c Dr. To Share Capital A/c (Share First Call due on 20,000 shares of Rs 25 each)		5,00,000	5,00,000
	Bank A/c Dr. 4,90,000 Calls-in-Arrears A/c Dr. To Share First Call A/c (Share First Call Rs 25 per share received on 19,600 shares and a holder of 400 shares did not pay it)		4,90,000 10,000	5,00,000
	Share Capital A/c Dr. To Share Forfeiture A/c To Calls-in-Arrears A/c (400 shares of Rs 100 each, Rs 75 called-up, forfeited for the non-payment of Share First Call Rs 25 per share)		30,000	20,000 10,000
	Bank A/c Dr. 28,000 Share Forfeiture A/c Dr. 2,000		28,000 2,000	

To Share Capital A/c 30,000 (400 shares of Rs 100 each, Rs 75 paid-up, reissued for the sum of Rs 28,000)			30,000
Share Forfeiture A/c Dr. To Capital Reserve A/c (Balance in share forfeiture after reissue, transferred to capital reserve)		18,000	18,000

Dr Share Capital Account Cr

Particulars	Amount (Rs)	Particulars	Amount (Rs)
Share Forfeiture	20,000	Share Application	5,00,000
Calls-in-Arrears	10,000	Share Allotment	5,00,000
Balance c/d	15,00,000	Share First Call	5,00,000
		Bank	28,000
		Share Forfeiture	2,000
	15,30,000		15,30,000

Working Notes:

Share Forfeiture Credit 20,000

Less: Share Forfeiture Debit 2,000

Balance in Share Forfeiture Account after re-issue 18,000

Capital Reserve = Balance in Share Forfeiture Account after re-issue = 18,000

PART B

(Option – 1 Analysis of Financial Statements)

23. Current ratio 1.5 :1, Working capital Rs. 30,000.What will be the current liabilities? [1]

Ans: 60.000

24. A company's revenue from operations are Rs. 20,00,000, Cost of revenue from operations is Rs. 14,00,000 and indirect expenses are Rs. 2,00,000.What is the amount of gross profit? [1]

Ans: Rs. 6 Lakhs

25. If capital employed is Rs 8,00,000, total debt is Rs 5,00,000, current liability is Rs 2,00,000 then debt equity ratio will be? [1]

Ans: 3:5

26. If Revenue from operations is Rs 12,00,000 and cash revenue from operations is 20% of credit revenue from operations . What will be credit revenue from operations? [1]

Ans: Rs 10,00,000

27. Total assets of a firm are Rs. 8,20,000 and its fixed assets are Rs. 5,90,000.What will be the percentage of current assets on total assets? [1]

Ans: 28%

28. Manufacturing expenses paid are classified into _____ activity. [1]

Ans: Operating Activities.

29. Net Profit before tax is Rs. 3530. Trade Receivables are Rs. 1,200 (as on 1st April, 2018) and Rs. 1,700 (as on 31st March, 2019). Cash Flow after Working Capital Changes will be _____ [1]

Ans:Rs. 3,030.

30. From the following information, calculate the following ratios: [3]

- (i) Current Ratio;
- (ii) Debt to Equity Ratio; and
- (iii) Operating Ratio.

Revenue from Operations (Net Sales) Rs.1,00,000; Cost of Revenue from Operations (Cost of Goods Sold) was 80% of sales; Equity Share Capital Rs.7,00,000; General Reserve Rs.3,00,000; Operating Expenses Rs.10,000; Quick Assets Rs.6,00,000; 9% Debentures Rs.5,00,000; Closing Inventory Rs.50,000; Prepaid Expenses Rs.10,000 and Current Liabilities Rs.4,00,000.

ANSWER:

- (i) Current Assets = Quick Assets + Closing Stock + Prepaid Expenses
= 6,00,000 + 50,000 + 10,000 = 6,60,000
Current Liabilities = 4,00,000

$$\begin{aligned} \text{Current Ratio} &= \frac{\text{Current Assets}}{\text{Current Liabilities}} \\ &= \frac{6,60,000}{4,00,000} = 1.65 : 1 \end{aligned}$$

- (ii) Long-term Debts = 9% Debentures = 5,00,000
Shareholder's Funds = Equity Share Capital + General Reserve
= 7,00,000 + 3,00,000 = 10,00,000

$$\begin{aligned} \text{Debt-Equity Ratio} &= \frac{\text{Long-Term Debts}}{\text{Shareholder's Funds}} \\ &= \frac{5,00,000}{10,00,000} = 0.5 : 1 \end{aligned}$$

- (iii) Sales = 1,00,000
Cost of Goods Sold = 80% of Sales = 80,000
Operating Expenses = 10,000
Operating Cost = Cost of Goods sold + Operating Expenses
= 80,000 + 10,000 = 90,000

$$\text{Operating Ratio} = \frac{\text{Operating Cost}}{\text{Net Sales}} \times 100$$

$$= \frac{90,000}{1,00,000} \times 100 = 90\%$$

Or

From the following, compute the current ratio.

Particulars	₹
Non-Current Investments	1,00,000
Current Investments	40,000
Inventories (including loose tools of ₹ 50,000/-)	2,80,000
Trade Receivables:	
Sundry Debtors	1,60,000
Bills Receivables	20,000
Trade Payables:	
Sundry Creditors	1,20,000
Bills Payables	10,000
Long-term Borrowings	2,00,000
Short-term Borrowings	50,000
Short-term Provision (Provision for Tax)	20,000
Cash and Bank Balance	30,000

Solution:

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

Current Assets = Current Investments + Inventories (Excluding Loose Tools) + Trade Receivables (Sundry Debtors + Bills Receivables) + Cash and Bank Balance

$$= 40,000 + 2,30,000 + 1,60,000 + 20,000 + 30,000$$

$$= ₹. 4,80,000/-$$

Current Liabilities = Trade Payables (Sundry Creditors + Bills Payables) + Short term Borrowings + Short term Provision (Provision for Tax)

$$= 1,20,000 + 10,000 + 50,000 + 20,000$$

= ₹. 2,00,000/-

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{4,80,000}{2,00,000} = 2.4:1$$

31. From the following Balance Sheet, prepare Comparative Balance Sheet of Sun Ltd.:

[4]

Particulars	Note No.	31st March, 2019(Rs)	31st March, 2018(Rs.)
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital		3,50,000	3,00,000
2. Non-Current Liabilities			
Long-term Borrowings		1,00,000	2,00,000
3. Current Liabilities :			
Trade Payables		1,50,000	1,00,000
Total		6,00,000	6,00,000
II. ASSETS			
1. Non-Current Assets			
Fixed Assets (Tangible)		4,00,000	3,00,000
2. Current Assets			
Trade Receivables		2,00,000	3,00,000
Total		6,00,000	6,00,000

ANSWER:

In the books of Sun Ltd. Comparative Balance Sheet as at March 31, 2018 and 2019				
Particulars	2018 (Rs)	2019 (Rs)	Absolute Change (Rs)	Percentage Change (%)
I. Equity and Liabilities				
1. Shareholders' Funds				
a. Share Capital	3,00,000	3,50,000	50,000	16.67
Shareholders' Fund	3,00,000	3,50,000	50,000	16.67

2. Non-Current Liabilities				
a. Long-term Borrowings	2,00,000	1,00,000	(1,00,000)	(50.00)
3. Current Liabilities				
a. Trade Payables	1,00,000	1,50,000	50,000	50.00
Total	6,00,000	6,00,000	–	–
II. Assets				
1. Non-Current Assets				
a. Fixed Assets (Tangible)	3,00,000	4,00,000	1,00,000	33.33
2. Current Assets				
a. Trade Receivables	3,00,000	2,00,000	(1,00,000)	(33.33)
Total	6,00,000	6,00,000	–	–

Or

The following data is related to Cambridge Ltd.

Particulars	31.03.2019	31.03.2018
	₹(₹ in lakhs)	₹(₹ in lakhs)
Equity Share Capital	16,00,000	16,00,000
Preference Share Capital	2,00,000	2,00,000
Reserves and Surplus	5,40,000	4,00,000
Non-Current Liabilities	14,40,000	14,00,000
Current Liabilities	7,20,000	4,00,000
Non-Current Assets	30,60,000	28,00,000
Current Assets	14,40,000	12,00,000

Now, you are required to prepare a Common Size Balance Sheet.

Solution:

CAMBRIDGE LTD.COMMON SIZE BALANCE SHEETAs at 31.3.2018 and 31.3.2019

Particulars	Note No.	Absolute Amounts		% of Balance Sheet Total	
		2018	2019	2018	2019
		₹	₹	%	%

EQUITY AND LIABILITIES:					
Shareholders' Funds					
Share Capital		18,00,000	18,00,000	45 (i)	40 (iv)
Reserves and Surplus		4,00,000	5,40,000	10 (ii)	12 (v)
Non-Current Liabilities		14,00,000	14,40,000	35 (iii)	32 (vi)
Current Liabilities		4,00,000	7,20,000	10	16
TOTAL		40,00,000	45,00,000	100	100
ASSETS					
Non-Current Assets		28,00,000	30,60,000	70	68
Current Assets		12,00,000	14,40,000	30	32
TOTAL		40,00,000	45,00,000	100	100

32. Prepare a Cash Flow Statement on the basis of the information given in the Balance Sheet of Libra Ltd. as at 31st March, 2013 and 31st March 2012: [6]

Particulars	Note No.	31st March, 2013 (₹)	31st March, 2012 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		8,00,000	6,00,000
(b) Reserves and Surplus	1	4,00,000	3,00,000
2. Non-Current Liabilities			
Long-term Borrowings		1,00,000	1,50,000
3. Current Liabilities			
(a) Trade Payables		40,000	48,000
Total		13,40,000	10,98,000
II. ASSETS			
1, Non-Current Assets			
(a) Fixed Assets:			
Tangible Assets		8,50,000	5,60,000

(b) Non-Current Investments		2,32,000	1,60,000
2. Current Assets			
(a) Current Investments		50,000	1,34,000
(b) Inventories		76,000	82,000
(c) Trade Receivables		38,000	92,000
(d) Cash and Cash Equivalents		94,000	70,000
Total		13,40,000	10,98,000

Notes to Accounts

Particulars	31st March, 2013	31st March, 2012
	(₹)	(₹)
I. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	4,00,000	3,00,000

ANSWER:

Cash Flow Statement for the year ended March 31, 2013			
	Particulars	Details(Rs)	Amount(Rs)
A	Cash from Operating Activities		
	Net Profit		1,00,000
	Operating Profit Before Working Capital Changes		1,00,000
	<i>Add:</i> Decrease in Current Assets		
	Inventories	6,000	
	Trade Receivables	54,000	
	<i>Less:</i> Decrease in Current Liabilities		
	Trade Payables	(8,000)	52,000
	Cash Generated from Operations		1,52,000
	<i>Less:</i> Tax Paid		-
	Net Cash Flow from Operating Activities		1,52,000
B	Cash From Investing Activities		
	Purchase of Tangible Assets	(2,90,000)	

	Purchase on Non-Current Investment	(72,000)	
	Net Cash Used in Investing Activities		(3,62,000)
C	Cash From Financing Activities		
	Issue of Share Capital	2,00,000	
	Long Term Borrowings	(50,000)	
	Net Cash Flow from Financing Activities		1,50,000
D	Net Decrease in Cash and Cash Equivalents		(60,000)
	<i>Add: Cash and Cash Equivalents in the beginning of the period (70,000 + 1,34,000)</i>		2,04,000
	Cash and Cash Equivalents at the end of the period (94,000 + 50,000)		1,44,000