

**SAMPLE QUESTION PAPER 2**  
**ACCOUNTANCY**  
**Class XII**

**Time allowed: 3hrs**

**Maximum Marks: 80**

**General Instructions:**

- (i) This question paper contains two parts A, B.
- (ii) All parts of a question should be attempted at one place.
- (iii) Write down the serial Number of the question before attempting it.
- (iv) The paper contains 23 questions.

1. A, B and C are the partners sharing profits and losses in the ratio of 5:3:2. C retired and his capital balance after adjustments regarding Reserves, Accumulated profits/ losses and gain/loss on revaluation was 2,50,000. C was paid 3,00,000 in full settlement. Afterwards D was admitted for 1/4th share . Calculate the amount of goodwill premium brought by D.
2. A and B were partners in a firm. They admitted C as a new partner for 20% share in the profits. After all adjustments regarding general reserve, goodwill, gain or loss on revaluation, the balances in capital accounts of A and B were 3,85,000 and 4,15,000 respectively. C brought proportionate capital so as to give him 20% share in the profits. Calculate the amount of capital to be brought by C.
3. A and B are partners. The net divisible profit as per Profit and Loss Appropriation A/c is 2,50,000. The total interest on partner's drawing is 4,000. A's salary is 4,000 per quarter and B's salary is 40,000 per annum. Calculate the net profit/loss earned during the year.
4. ABC Ltd. Purchased for cancellation its own 5,000, 9% Debentures of 100 each for 95 per debenture. The brokerage charges 15,000 were incurred. Calculate the amount to be transferred to capital reserve.
5. A Ltd forfeited a share of 100 issued at a premium of 20% for non-payment of first call of 30 per share and final call of 10 per share. State the minimum price at which this share can be reissued
6. A group of 60 persons want to form a partnership business in India. Can they do so? Give reason in support of your answer.
7. Explain with an imaginary example how issue of debenture as collateral security is shown in the balance sheet of a company when it is recorded in the books of accounts.
8. Rekha, Sunita and Teena are partners in a firm sharing profits in the ratio of 3:2:1. Samiksha joins the firm. Rekha surrenders 1/4th of her share; Sunita surrenders 1/3rd of her share and Teena 1/5th of her share in favour of Samiksha. Find the new Profit sharing ratio.
9. King Ltd took over Assets of 25,00,000 and liabilities of 6,00,000 of Queen Ltd. King Ltd paid the purchase consideration by issuing 10,000 equity shares of 100 each at a premium of 10% and 11,00,000 by Bank Draft. Calculate Purchase consideration and pass necessary Journal entries in the books of King Ltd.
10. ABC Ltd was a cloth manufacturing company located in Delhi. Being a socially aware organisation they wanted to set up a manufacturing plant in a backward area of Kashmir to provide employment to the local people. On July 17, 2014 a flood had hit the entire state of Jammu & Kashmir causing massive destruction and loss. The company wanted to help the people, so they decided to raise the funds through issuing 50,000 Equity shares of 50 each to set up the plant in the rural area of Kashmir. Pass necessary Journal entries for the issue of shares and identify any two values that the company wanted to communicate to the society.
11. A, B, C and D were partners sharing profits in the ratio of 1:2:3:4. D retired and his share was acquired by A and B equally. Goodwill was valued at 3 year's purchase of average profits of last 4 years, which were 40,000. General Reserve showed a balance of 1,30,000 and D's Capital in the Balance Sheet was 3,00,000 at the time of D's retirement. You are required to record necessary Journal entries in the books of the firm and prepare D's capital account on his retirement.
12. Kavita, Meenakshi and Gauri are partners doing a paper business in Ludhiana. After the accounts of partnership have been drawn up and closed, it was discovered that for the years ending 31st March 2013 and 2014, Interest on capital has been allowed to partners @ 6% p. a. although there is no provision for interest on capital in the partnership deed. Their fixed capitals were 2,00,000; 1,60,000 and 1,20,000 respectively. During the last two years they had shared the profits as under:  
Year Ratio  
31 March 2013 3 : 2 : 1  
31 March 2014 5 : 3 : 2  
You are required to give necessary adjusting entry on April 1, 2014.
13. On 31st March 2015 the Balance Sheet of Punit, Rahul and Seema was as follows Balance Sheet of Punit, Rahul and Seema As at March 31, 2015

Liabilities		Amount (Rs)	Assets	Amount (Rs)
Capitals:			Buildings	40,000
Punit	60,000		Machinery	60,000
Rahul	50,000		Patents	12,000
Seema	<u>30,000</u>	1,40,000	Stock	20,000
Reserves		20,000	Cash	42,000
Creditors		14,000		

They were sharing Profit and loss in the ratio 5:3:2.

Seema died on October 1, 2015. It was agreed between her executors and the remaining partners that:

- i. Goodwill be valued at 2 years' purchase of the average profits of the previous five years, which were: 2010-11: 30,000; 2011-12: 26,000; 2012-13: 24,000; 2013-14: 30,000 and 2014-15: 40,000.
- ii. Patents be valued at 16,000; Machinery at 56,000; Buildings at 60,000.
- iii. Profit for the year 2015-16 be taken as having been accrued at the same rate as that in the previous year.
- iv. Interest on capital be provided at 10% p. a.
- v. A sum of 15,500 was paid to her executors immediately.

Prepare Revaluation Account, Seema's Capital Account and Seema's executors Account.

14. Ruchi Ltd issued 42,000, 7% Debentures of 100 each on 1st April, 2011, redeemable at a premium of 8% on 31st March 2015. The Company decided to create required Debenture Redemption Reserve on 31st March 2014. The company invested the funds as required by law in a fixed deposit with State Bank of India on 1st April, 2014 earning interest @10% per annum. Tax was deducted at source by the bank on interest @10% per annum. Pass necessary Journal Entries regarding issue and redemption of debentures.

15. Hema and Garima were partners in a firm sharing profits in the ratio of 3:2 . On March 31, 2015, their Balance Sheet was as follows:

Balance Sheet of Hema and Garima as at March 31, 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	36,000	Bank	40,000
Garima's Husband's Loan	60,000	Debtors	76,000
Hema's Loan	40,000	Stock	2,00,000
Capitals:		Furniture	20,000
Hema 2,00,000		Leasehold Premises	1,00,000
Garima <u>1,00,000</u>	3,00,000		
	4,36,000		4,36,000

On the above date the firm was dissolved. The various assets were realized and liabilities were settled as under:

- (i) Garima agreed to pay her husband's loan.
  - (ii) Leasehold Premises realized 1,50,000 and Debtors 2,000 less.
  - (iii) Half the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 5% less.
  - (iv) 50% Stock was taken over by Hema on cash payment of 90,000 and remaining stock was sold for 94,000.
  - (v) Realisation expenses of 10,000 were paid by Garima on behalf of firm.
  - (vi) Pass necessary journal entries for the dissolution of the firm.
16. P and Q were partners in a firm sharing profits in 3; 2 ratio. R was admitted as a new partner for 1/4th share in the profits on April 1, 2015. The Balance Sheet of the firm on March 31, 2015 was as follows:

Balance Sheet of P and Q  
As at March 31, 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	20,000	Cash	20,000
General Reserve	16,000	Debtors	18,000
Capitals:		Stock	20,000
P 96,000		Furniture	12,000
Q <u>68,000</u>	1,64,000	Machinery	40,000
		Buildings	90,000
	2,00,000		2,00,000

The terms of agreement on R's admission were as follows:

- a) R brought in cash 60,000 for his capital and 30,000 for his share of goodwill.
  - b) Building was valued at 1,00,000 and Machinery at 36,000.
  - c) The capital accounts of P and Q were to be adjusted in the new profit-sharing ratio. Necessary cash was to be brought in or paid off to them as the case may be.
- Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of P, Q and R.

OR

Khushboo, Leela and Meena were partners in a firm sharing profits in the ratio of 5:3:2. Their Balance Sheet on March 31, 2015 was as follows

Balance Sheet of Khushboo, Leela and Meena (As at March 31, 2015)

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	70,000	Bank	44,000
Capitals:		Debtors	24,000
Khushboo 90,000		Stock	60,000
Leela 56,000		Buildings	1,40,000
Meena <u>60,000</u>	2,06,000	Profit & Loss A/c	8,000
	2,76,000		2,76,000

On April 1, 2015 Leela retired on the following terms:

- i. Building was to be depreciated by 10,000.

- ii. A Provision of 5% was to be made on Debtors for doubtful debts.
  - iii. Salary outstanding was 4,800.
  - iv. Goodwill of the firm was valued at 1,40,000.
  - v. Leela was to be paid 20,800 through cheque and the balance was to be paid in two equal quarterly installments (starting from June 30, 2015) along with interest @ 10% p.a.
- Prepare Revaluation Account, Leela's Capital Account and her Loan Account till it is finally paid.

17. Surya Ltd with a Registered capital of 10,00,000 Equity Shares of 10 each, issued 1,00,000 Equity Shares payable
- 3 on Application,
  - 2 on Allotment,
  - 3 on First Call and
  - 2 on Second and Final Call.

The amount due on Allotment was duly received except Mr. X holding 6,000 shares. His shares were immediately forfeited. On the first call being made, Mr. Y holding 5,000 Equity shares paid the entire balance on his holding. Second call was not made.

Pass the necessary Journal Entries to record the transactions and Show how the Share Capital will be presented in the Balance Sheet of the Company. Also prepare notes to accounts.

OR

- a) Nidhi Ltd. issued 2,000 Shares of 100 each. All the money was received except on 200 shares on which only 90 per share were received. These shares were forfeited and out of the forfeited shares 100 shares were reissued at 80 each as fully paid up. Pass necessary Journal entries for the above transactions and prepare the Forfeited Share Account.

- b) Complete the following Journal Entries:

S.No	Particulars	L.F	Debit	Credit
1	----- Dr To----- To----- (Being the forfeiture of 1000 shares of 10 each, 8 called up, on which allotment money of 2 and First Call of 3 has not been received.)		-----	-----
2	-----Dr To----- To----- (Being reissue of 1000 forfeited shares fully paid up at 11 per share)		-----	-----
3	----- Dr To----- ( Being gain on the reissue of shares transferred to capital reserve Account)		-----	-----

### **ANALYSIS OF FINANCIAL STATEMENTS PART - B**

18. The Goodwill of X Ltd. increased from 2,00,000 in 2013-14 to 3,50,000 in 2014-15. What will be its treatment while preparing Cash Flow Statement for the year ended 31st March 2015?
19. Kartik Mutuals, a mutual fund company, provides you the following information:

	31st March 2013	31st March 2014
Proposed Dividend	20,000	15,000

**Additional Information:**

Equity Share Capital raised during the year	3,00,000
10% bank loan repaid was	1,00,000
Dividend received during the year was	20,000

Find out the cash flow from financing activities.

20. Mudra Ltd. is in the process of preparing its Balance Sheet as per Schedule III, Part I of the Companies Act, 2013 and provides its true and fair view of the financial position.
- a) Under which head and sub-head will the company show 'Stores and Spares' in its Balance Sheet?
  - b) What is the accounting treatment of 'Stores and Spares' when the Company will calculate its Inventory Turnover Ratio?
  - c) The management of Mudra Ltd. want to analyse its Financial Statements. State any two objectives of such analysis.
  - d) Identify the value being followed by Mudra Ltd.
21. a) X Ltd. has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by Inventory is 24,000, calculate current assets and current liabilities.
- b) From the following information, calculate Inventory Turnover Ratio.  
Revenue from Operations: 4,00,000, Average Inventory : 55,000, The rate of Gross Loss on Revenue from Operations was 10%.

22. From the following Statement of profit and loss of the Sakhi Ltd for the years ended 31st March 2015, prepare Comparative Statement of Profit & Loss.

**STATEMENT OF PROFIT & LOSS**  
for the years ended 31st March, 2015

Particulars	2013-14	2014-15
Revenue from operations		
Expenses:		
(a) Employee benefit expenses were 5% of Revenue from operations	25,00,000	40,00,000
(b) Other expenses	5,90,000	6,80,000
Rate of Tax 35%		

23. Following is the Balance Sheets of Akash Ltd. as at 31-3-2014

Akash Ltd.

Balance Sheet as at 31-3-2014

S.No	PARTICULARS	Note no.	2013-14	2012-13
I	<b>EQUITY &amp; LIABILITIES</b>			
	(1) Shareholders' Funds	1		
	(a) Share Capital		15,00,000	14,00,000
	(b) Reserves & Surplus		2,50,000	1,10,000
	(2) Non - Current Liabilities	2		
	(a) Long Term Borrowings		2,00,000	1,25,000
	(3) Current Liabilities	3		
	(a) Short term borrowings		12,000	10,000
	(b) Trade Payables		15,000	83,000
	(c) Short term provisions		18,000	11,000
	<b>Total</b>		<b>19,95,000</b>	<b>17,39,000</b>
II	(1) Non - Current Assets	4		
	(a) Fixed Assets			
	(i) Tangible assets		18,60,000	16,10,000
	(ii) Intangible assets		50,000	30,000
	(2) Current Assets	5		
	(a) Current Investments		8,000	5,000
	(b) Inventories		37,000	59,000
	(c) Trade Receivables		26,000	23,000
	(d) Cash & Cash Equivalents		14,000	12,000
	<b>Total</b>		<b>19,95,000</b>	<b>17,39,000</b>

Notes to Accounts:-

S.No	PARTICULARS	2013-14	2012-13
1	<u>Reserves and Surplus:-</u> Surplus (balance in Statement of Profit and Loss)	2,50,000	1,10,000
2	<u>Short Term Borrowings</u> Bank Overdraft	12,000	10,000
3	<u>Short term provisions</u> Provision for Tax	18,000	11,000
4	<u>Tangible Assets</u> Machinery Accumulated Depreciation	20,00,000 (1,40,000)	17,00,000 (90,000)
5	<u>Intangible Assets</u> Patents	50,000	30,000

Additional Information:

(i) Tax paid during the year amounted to 16, 000.

(ii) Machine with a net book value of 10,000 (Accumulated Depreciation 40,000) was sold for 2,000.

Prepare Cash Flow Statement.

**SAMPLE PAPER 1**  
**SOLUTIONS**

- Goodwill share of C =  $3,00,000 - 2,50,000 = 50,000$   
Firm's Goodwill =  $50,000 \times 10/2 = 2,50,000$   
D's share in Goodwill =  $2,50,000 \times 1/4 = 62,500$
- Combined capital of A and B =  $3,85,000 + 4,15,000 = 8,00,000$   
C's Share = 1/5th of total capital  
Remaining share =  $1 - 1/5 = 4/5$   
 $4/5 = 8,00,000$   
C's capital =  $8,00,000 \times 5/4 \times 1/5 = 2,00,000$
- Net Profit during the year = Divisible profits + Salary to partners - Interest on Drawings =  $2,50,000 + 16,000 + 40,000 - 4000 = 3,02,000$
- Amount paid for 5,000 Debentures =  $4,75,000 + 15,000 = 4,90,000$  The nominal value of debentures to be redemption/cancelled = 5,00,000 Amount of profit on redemption to be transferred to capital reserve =  $5,00,000 - 4,90,000 = 10,000$
- Minimum price at which shares can be reissued =  $100 - 60 = 40$
- No, Maximum no. of partners as per The Companies Misc. Rule, 2014 is 50 persons
- Alfa Ltd. obtained Loan of 1, 00,000 from Indian Bank and issued 1200, 10% Debentures of 100 each as Collateral security. (or any other example)

Treatment: An extract of Balance sheet of Alfa Ltd. as at -----

Particulars	Note No.	Amount (Rs)
<b>EQUITY AND LIABILITIES</b> Non-current liabilities		
Long Term Borrowings		1,00,000

Notes to Accounts:

Note No.	Particulars	Amount (Rs)
	Long Term Borrowings	1,00,000
	Loan from Indian Bank	
	1200, 10% Debentures of 100 each issued as Collateral Security	1,20,000
	Less: debenture Suspense	(1,20,000)
		1,00,000

- Rekha surrenders for Samiksha =  $\frac{1}{4} \times \frac{3}{6} = \frac{3}{24}$   
Sunita surrenders for Samiksha =  $\frac{1}{3} \times \frac{2}{6} = \frac{2}{18}$   
Teena surrenders for Samiksha =  $\frac{1}{5} \times \frac{1}{6} = \frac{1}{30}$   
New share of Rekha =  $\frac{3}{6} - \frac{3}{24} = \frac{9}{24}$   
New share of Sunita =  $\frac{2}{6} - \frac{2}{18} = \frac{4}{18}$   
New share of Teena =  $\frac{1}{6} - \frac{1}{30} = \frac{4}{30}$   
Share of Samiksha =  $\frac{3}{24} + \frac{2}{18} + \frac{1}{30} = \frac{97}{360}$   
New Ratio :-  $\frac{9}{24} : \frac{4}{18} : \frac{4}{30} = 97 : 80 : 48 : 97$
- Calculation of Purchase Consideration:  
Nominal Value of Shares issued =  $10000 \times 100 = 10,00,000$   
Securities Premium Reserve = 1,00,000  
Bank draft = 11,00,000  
Purchase consideration = 22,00,000

KING LTD. JOURNAL

Date	Particulars	L.F	Debit	Credit
I	Sundry Assets A/c ----- Dr Goodwill A/c (b/f) ----- Dr To Sundry Liabilities A/c To Queen Ltd. (Being the purchase of assets and liabilities of Queen Ltd.) Queen Ltd. ----- Dr		25,00,000 3,00,000	6,00,000 22,00,000
II	To Equity Share capital A/c To Securities Premium Reserve A/c To Bank A/c (Being 10,000 Equity Shares issued of 100 each issued at a premium of 10% and 11,00,000 paid by Bank draft)		22,00,000	10,00,000 1,00,000 11,00,000

10. ABC LTD. JOURNAL

Date	Particulars	L.F	Debit	Credit
I	Bank A/c ----- Dr. To Equity Share Application & Allotment A/c (Being the amount of application money received on 50,000 shares @ 50 per share.)		25,00,000	25,00,000

II	Equity Share Application & Allotment A/c ----- Dr. To Equity Share Capital A/c (Being the amount transferred to Share Capital A/c)		25,00,00	25,00,000
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Values which the Company wants to communicate to the Society:

- (i) Discharge of Social Responsibility.
- (ii) Generation of employment opportunities.
- (iii) Helping the needy people
- (iv) Sympathy for poor.

#### 11. JOURNAL

Date	Particulars	L.F	Debit	Credit
I	A's Capital A/c _____ Dr. B's Capital A/c _____ Dr. To D's Capital A/c (Treatment of goodwill on retirement of D)		24,000 24,000	48,000
II	General Reserve _____ Dr. To A's Capital A/c To B's Capital A/c To C's Capital A/c To D's Capital A/c (General Reserve distributed)		1,30,000	13,000 26,000 39,000 52,000

Dr.		D's Capital Account		Cr.	
PARTICULARS	AMOUNT	PARTICULARS	AMOUNT		
To D's Loan A/C	4,00,000	By Balance b/d	3,00,000		
		By A's Capital A/c	24,000		
		By B's Capital A/c	24,000		
		By General Reserve	52,000		
	4,00,000		4,00,000		

#### 12. Table Showing Adjustment

Particulars	Kavita	Meenakshi	Gauri	total
Interest on Capital (2012-13) Dr.	12,000	9,600	7,200	28,800
Interest on Capital (2013-14) Dr.	12,000	9,600	7,200	28,800
Total Dr.	24,000	19,200	14,400	57,600
Profit to be credited (2012-13) Cr.	14,400	9,600	4,800	28,800
Profit to be credited (2013-14) Cr.	14,400	8,640	5,760	28,800
Total Cr.	28,800	18,240	10,560	57,600
Adjustments	4,800 Cr.	960 Dr.	3,840 Dr	

#### JOURNAL ENTRY:

Date	Particulars	L.F	Debit	Credit
2014 Apr 1	Meenakshi's Current A/c _____ Dr. Gauri's Current A/c _____ Dr. To Kavita's Current A/c (Adjustment for interest on capital for the year 2012-13 and 2013-14)		960 3,840	4,800

#### 13.

Dr.		Revaluation Account		Cr.	
Particulars	Amount (Rs)	Particulars	Amount (Rs)		
To Machinery	4,000	By Patents	4,000		
To Profit Distributed: Punit 10,000 Rahul 6,000 Seema 4,000	20,000	By Buildings	20,000		
	24,000		24,000		

Dr.		Seema's Capital Account		Cr.	
Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2015 Oct1	To Seema's Executor's A/c	55,500	2015 Apr 1	By Balance b/d	30,000



			Oct 1	By Reserves	4,000
			Oct 1	By Punit's Capital	7,500
			Oct 1	By Rahul's Capital	4,500
			Oct 1	By Revaluation A/c	4,000
			Oct 1	By P & L Suspense	4,000
			Oct 1	By Int. on Capital	1,500
		55,500			55,500

Dr. **Seema's Executive Account** Cr.

Date	Particulars	Amount (Rs)	Date	Particulars	Amount (Rs)
2015 Oct 1	To Bank A/c	15,500	2015 Oct 1	By Seema's Capital A/c	55,500
Oct 1	To Seema's Executor's Loan A/c	40,000			
		55,500			55,500

**Working Note:**

Average Profit =  $(30,000 + 26,000 + 24,000 + 30,000 + 40,000) / 5 = 30,000$

Goodwill =  $30,000 \times 2 = 60,000$

Seema's share of Profit for 6 months =  $40,000 \times 6/12 \times 2/12 = 4,000$

Interest on Seema's Capital =  $30,000 \times 10/100 \times 6/12 = 1,500$

14. RUCHI LTD. JOURNAL

**ISSUE OF DEBENTURES**

Date	Particulars	L.F	Debit	Credit
2011 April 1	Bank A/c ----- Dr. To Debenture Application & Allotment A/c (Being the Application and allotment money received on issue of Debentures)		42,00,000	42,00,000
April 1	Debenture Application & Allotment A/c ----- Dr. Loss on Issue of Debenture A/c ----- Dr. To 7% debenture A/c To Premium on Redemption of Debenture A/c (Being allotment of Debentures redeemable at 8% premium)		42,00,000 3,36,000	42,00,000 3,36,000

**REDEMPTION OF DEBENTURES:**

Date	Particulars	L.F	Debit	Credit
2014 March 31	Surplus i.e. balance in Statement of Profit & Loss Dr. To Debenture redemption Reserve A/c (Being the profits transferred to Debenture Redemption Reserve)		10,50,000	10,50,000
2014 April 1	Debenture Redemption Investment A/c ----- Dr. To Bank A/c (Being the Investment made as fixed deposit as per Companies Act, 2013 earning Interest @10%)		6,30,000	6,30,000
2015 March 31	Bank A/c ----- Dr. TDS collected A/c ----- Dr. To Debenture Redemption Investment A/c To Interest Earned A/c (Being the fixed deposit encashed on Redemption and interest received @10%p.a.)		6,86,700 6,300	6,30,000 63,000
2015 March 31	7% Debenture A/c ----- Dr Premium on Redemption of Debenture A/c ----- Dr To Debenture holder's A/c (Being amount due to Debenture holders)		42,00,000 3,36,000	45,36,000
March 31	Debentureholder's A/c ----- Dr. To Bank A/c (Being the amount due paid on redemption)		45,36,000	45,36,000
March 31	Debenture Redemption Reserve A/c ----- Dr. To General Reserve A/c (Being Debenture Redemption Reserve transferred to General Reserve)		10,50,000	10,50,000

15. Journal

Date	Particulars	L.F	Debit	Credit
1	Realisation A/c Dr. To Debtors A/c To Stock A/c To Furniture A/c To Leasehold Premises A/c (Being Assets transferred to Realisation A/c)		3,96,000	76,000 2,00,000 20,000 1,00,000
2	Creditors A/c Dr. Garima's Husband A/c Dr. To Realisation A/c (Being third party liabilities transferred to Realisation A/c)		36,000 60,000	96,000
3	Bank A/c Dr. To Realisation A/c (Being Assets realised)		4,08,000	4,08,000
4	Realisation A/c Dr. To Bank A/c (Being creditors paid)		17,100	17,100
5	Realisation A/c Dr. To Garima's Capital A/c (Being realization expenses and Garima's husband loan paid off by Garima)		70,000	70,000
6	Realisation A/c Dr. To Hema's Capital A/c To Garima's Capital A/c (Being profit on realization distributed among partners)		20,900	12,540 8,360
7	Hema's Loan A/c Dr. To Bank A/c (Being Hema's loan paid)		40,000	40,000
8	Hema's Capital A/c Dr. Garima's Capital A/c Dr. To Bank A/c (Being amount paid to partners at final settlement of accounts)		2,12,540 1,78,360	3,9,900

16.

Dr.		Revaluation Account		Cr.	
Particulars	l.f	Amount (Rs)	Particulars		Amount (Rs)
To Machinery		4,000	By Buildings		10,000
To Profit Distributed: P 3,600 Q 2,400		6,000			
		10,000			10,000

**Dr. Partners' Capital Account**

Cr

Particulars	P	Q	R	Particulars	P	Q	R
To Cash A/c	19,200	6,800		By Balance b/d	96,000	68,000	
To Balance C/d	1,08,000	72,000	60,000	By General Reserve	9,600	6,400	
				By Cash A/c			60,000
				By Premium A/c	18,000	12,000	
				By Revaluation A/c	3,600	2,400	
	1,27,200	88,800	60,000		1,27,200	88,800	60,000



Balance Sheet of P, Q and R  
As at April 1, 2015

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	20,000	Building	1,00,000
Capital:		Machinery	36,000
P	1,08,000	Cash (20,000+60,000+30,000- 19,200-16,800)	74,000
Q	72,000	Debtors	18,000
R	<u>60,000</u>	Stock	20,000
	2,40,000	Furniture	12,000
	2,60,000		2,60,000

**OR**

Dr. Revaluation Account			Cr.		
Particulars	L.F	Amount (Rs)	Particulars	L.F	Amount (Rs)
To Buildings		10,000	By Loss Distributed		
To Prov. for Doubtful Debts		1,200	Khushboo	8,000	
To Salary Outstanding		4,800	Leela	4,800	
			Meena	3,200	16,000
		16,000			16,000

**Dr. Leela's Capital Account Cr.**

Particulars	L.F	Amount (Rs)	Particulars	L.F	Amount (Rs)
To Profit & Loss A/c		2,400	By Balance b/d		56,000
To Revaluation A/c		4,800	By Khushboo's Capital		30,000
To Bank A/c		20,800	By Meena's Capital		12,000
To Leela's Loan A/c		70,000			
		<u>98,000</u>			98,000

**Dr. Leela's Loan Account Cr.**

Date	Particulars	L.F	Amount (Rs)	Date	Particulars	L.F	Amount (Rs)
2015 Jun 30	To Bank A/c		36,750	2015 Apr 1	By Leela's Capital		70,000
Sep 30	To Bank A/c		35,875	Jun 30	By Interest		1,750
				Sep 30	By Interest		875
			72,625				72,625

17. In the books of Surya Ltd.:

Journal

S.No	Particulars	L.F	Debit	Credit
1	Bank A/c Dr. To Equity Share Application A/c (Being the application money received on 1,00,000 shares @ 3 per share received)		3,00,000	3,00,000
2	Equity Share Application A/c Dr. To Equity Share Capital A/c (Being the application money transferred to Share Capital A/c)		3,00,000	3,00,000
3	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Being Allotment made due on 1,00,000 Equity Shares @ 2 per share)		2,00,000	2,00,000
4	Bank A/c Dr. Calls in Arrears A/c Dr. To Equity Share Allotment A/c (Being the Allotment money received except for 6,000 shares )		1,88,000 12,000	2,00,000
5	Equity Share Capital A/c Dr. To Share Forfeited A/c To Calls in Arrears A/c		30,000	18,000 12,000

	(Being 6,000 shares forfeited for non-payment of allotment money)			
6	Equity Share First Call A/c Dr. To Equity Share Capital A/c (Being First Call made due on 94,000 Equity Shares @ 3 per share)		2,82,000	2,82,000
7	Bank A/c Dr. To Equity Share First Call A/c To Calls in Advance A/c (Being the First Call money received on 94,000 Equity Shares @ 3 per share and Rs.2 per share on 5,000 shares received in Advance)		2,92,000	2,82,000 10,000

Balance Sheet of Surya Ltd.  
as at -----

Particulars	Note no	Amount
<b><u>EQUITY AND LIABILITIES</u></b>		
1. Shareholder's Funds	1	
Share Capital		<u>7,82,000</u>

**Notes to Accounts:**

Note no	Particulars	Amount
1	Share Capital	
	Authorised Share Capital 10,00,000 Equity Shares of 10 each.	1,00,000,000
	Issued Share Capital 1,00,000 Equity Shares of 10 each	10,00,000
	Subscribed Share capital	
	Subscribed but not fully paid-up	
	94,000 equity shares of 10 each, 8 Called up 7,52,000	
	Add Share Forfeited Account <u>18,000</u>	7,82,000

**Forfeited Share A/c**

Particular	Amount (Rs)	Particular	Amount (Rs)
To Share Capital A/c (100x20)	2,000	By Share Capital A/c (200x90)	18,000
To Capital Reserve (100x70)	7,000		
To Balance c/d	9,000		
	18,000		18,000

**OR**  
**JOURNAL**

S.No	Particular	L.F	Debit	Credit
1	Share Capital A/c Dr. To Forfeited Share A/c To Calls in Arrears A/c (Being 200 shares forfeited for non-payment of call money of Rs.10 per share)		8,000	3,000 2,000 3,000
2	Bank A/c Dr. Forfeited Share A/c Dr. To Share Capital A/c (Being 100 shares re-issued for Rs.80 per share as fully paid up)		10,000 1,000	11,000
3	Forfeited Share A/c Dr. To Capital Reserve (Being Allotment made due on 1,00,000 Equity Shares @ 2 per share)		3,000	3,000

18. It will be taken as purchase of Goodwill of 1,50,000 and will be shown under Cash from Investing Activities as an outflow of cash.

19. Proceeds from Equity share capital :	3,00,000
Repayment of Bank Loan:	(1,00,000)
	-----
	2,00,000
Dividend Paid:	(20,000)
	-----
	1,80,000

20. a) Head: Current Assets Sub head ; Inventories  
 b) While calculating Inventory Turnover Ratio it is not included in Inventories  
 c) Objectives - Assessing the ability of the enterprise to meet its short term and long term commitments, Assessing the earning capacity of the enterprise  
 d) Values: Transparency, Honesty, Abiding by law

21. a) Current Ratio = 3.5:1

Quick Ratio = 2:1

Let Current Liabilities = x

Current Assets = 3.5x And

Quick Assets = 2x

Inventory = Current Assets – Quick Assets

24,000 = 3.5x – 2x

24,000 = 1.5x

x = Rs.16,000

Current Assets = 3.5x = 3.5 × 16,000

=56,000.

Verification : Current Ratio = Current Assets : Current Liabilities

=56,000 :16,000

= 3.5 : 1

Quick Ratio = Quick Assets : Current Liabilities

=32,000 :16,000

= 2:1

b) Revenue from Operations =4,00,000

Gross Loss = 10% of 4,00,000 = 40,000

Cost of Revenue from Operations = Revenue from Operations + Gross Loss

= 4,00,000 + 40,000

= 4,40,000

Inventory Turnover Ratio = Cost of Goods Sold/ Average Inventory

=4, 40,000 /55,000

= 8 times.

22.

STATEMENT OF PROFIT & LOSS  
for the years ended 31st March 2015 & 2016

Particulars	2014-15	2015-16	Absolute Change (in Rs)	%age Change
Revenue from operations	25,00,000	40,00,000	15,00,000	60
Expenses:				
(a) Employee benefit expenses	1,25,000	2,00,000	75,000	60
(b) Other expenses				
Total expenses	5,90,000	6,80,000	90,000	15.25
Profit before tax	7,15,000	8,80,000	1,65,000	23.07
Less: Taxes @ 35%				
Profit after tax	17,85,000	31,20,000	13,35,000	74.78
	6,24,750	10,92,000	4,67,250	74.78
	11,60,250	20,28,000	8,67,750	74.78

23.

Cash Flow Statement  
For the year ended 31st March,2014

Particulars	Amount (Rs)	Amount (Rs)
<b>I – CASH FLOW FROM OPERATING ACTIVITIES</b>		2,50,000
Surplus: Balance in the Statement of Profit & Loss (closing)		1,10,000
Less: Surplus: Balance in the Statement of Profit & Loss (beginning)		1,40,000
NET PROFIT		23,000
Add: Provision for Tax		1,63,000
Net Profit before Tax and Extraordinary Items	90,000	
Add: Non-Cash and Non-operating Expenses:	8,000	98,000
Depreciation		2,61,000
Loss on Sale of Machine		
Add: Decrease in Current Assets & Increase in Current Liabilities		
Inventories	22,000	22,000
		2,83,000

Less: Increase in Current Assets & Decrease in Current Liabilities	3,000	
Trade Receivables	68,000	
Trade Payables		71,000
Cash generated from Operating Activities		2,12,000
Less: Income Tax Paid		(16,000)
<b>Cash Flow From Operating Activities</b>		<b>1,96,000</b>
<b><u>II – CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Sale Of Machinery		2,000
Purchase of Machinery		(3,50,000)
Purchase of Patents		(20,000)
<b>Cash Used in Investing Activities</b>		<b>(3,68,000)</b>
<b><u>III – CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Issue of Share Capital		1,00,000
Proceeds from Long term Borrowings		75,000
Increase in Bank Overdraft		2,000
<b>Cash Flow From Financing Activities</b>		<b>1,77,000</b>
<b><u>IV – NET INCREASE IN CASH &amp; CASH EQUIVALENTS</u></b> (I+II+III)		5,000
<b><u>V – CASH &amp; CASH EQUIVALENTS IN THE BEGINNING OF THE YEAR</u></b>		
Current Investments	5,000	
Cash & Cash Equivalents	12,000	17,000
<b><u>VI – CASH &amp; CASH EQUIVALENTS AT THE END OF THE YEAR</u></b>		<b>22,000</b>
Current Investments	8,000	
Cash & Cash Equivalents	14,000	
		22,000

