**Class 12**

**Accountancy**

**Set 1 with Solutions**

**Time : 3 Hr.** **Max. Marks : 80**

General Instructions:

This question paper contains 34 questions. All questions are compulsory.

This question paper is divided into two parts, Part A and B.

Part – A is compulsory for all candidates.

Part – B has two options i.e.

Analysis of Financial Statements and

Computerised Accounting. Students must attempt only one of the given options.

Question 1 to 16 and 27 to 30 carries 1 mark each.

Question 17 to 20, 31 and 32 carries 3 marks each.

Question from 21, 22 and 33 carries 4 marks each.

Question from 23 to 26 and 34 carries 6 marks each. .

There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

PART – A (60 Marks)
(Accounting For Partnership Firms & Companies)

1. Navya and Radhey were partners sharing profits and losses in the ratio of 3:1. Shreya was admitted for 1/5th share in the profits. Shreya was unable to bring her share of goodwill premium in cash. The journal entry recorded for goodwill premium is given below:

| Date | Particulars | | L.F. | Dr. Amount (₹) | Cr. Amount (₹) |
|---|---|---|---|---|---|
| | Shreya's Current A/c. | Dr. | | 24,000 | |
| | To Navya's Capital A/c. | | | | 8,000 |
| | To Radhey's Capital A/c | | | | 16,000 |
| | (Being entry for goodwill treatment passed) | | | | |



The new profit-sharing ratio of Navya, Radhey and Shreya will be:
(a) 41 : 7 :12
(c) 3 : 1 : 1
(b) 13 : 12 : 10
(d) 5 : 3 : 2
Answer:
(a) 41 : 7 : 12
Answer is wrong, the correct option is (c) 3 : 1 : 1.
Explonation: Navya and Rodhey : 3: 1
Shreya: 15

remaining: 1 – 15 = 45
then,navya: 34 x 45 = 35
then,rodhe: 14 x 45 = 14 x 45
= 3 : 1 : 1

Question 2.
Assertion (A): Commission provided to partner is shown in Profit and Loss A/c
Reason (R): Commission provided to partner is charge against profits and is to be provided at fixed rate.
(a) (A) is correct but (R) is wrong
(b) Both (A) and (R) are correct, but (R) is not the correct explanation of (a)
(c) Both (A) and (R) are incorrect.
(d) Both (A) and (R) are correct, and (R) is the correct explanation of (a)
Answer:
(c) Both (A) and (R) are incorrect

Explanation: P & L Appropriation Account is prepared to show how the company appropriates or distributes the profit earned during the year. It is an extension of Profit and loss a/c.

Question 3.
A share of ₹ 10 each, issued at ₹ 4 premium out of which ₹ 7 (including ₹ 1 premium) was called up and paid up. The uncalled Capital will be ……………..
(a) ₹ 7 per share
(b) ₹ 4 per share
(c) ₹ 8 per share
(d) ₹ 3 per share

OR

While issuing ………………… type of Debentures, company doesn't give any undertaking for the repayment of money borrowed by issuing such debentures.
(a) Zero Coupon Rate Debentures
(b) Non-Convertible Debentures
(c) Secured Debentures
(d) Non-Redeemable Debentures (1)
Answer:
(b) ₹ 4 per share

Explanation: Share Amount = Rs. 10 from which Rs. 6 is called by the Company, so Rs. 4 is the uncalled capital. As stated in the question Rs. 7 – Rs. 1 (premium) = Rs. 6 is called by the Company.

OR

(d) Non-Redeemable Debentures

Explanation: Non-redeemable Debentures or Irredeemable debentures are also known as Perpetual Debentures because the company does not give any undertaking for the repayment of money borrowed by issuing such debentures.

Question 4.
Samiksha, Arshiya and Divya were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. With effect from 1st April 2022, they agreed to share future profits and losses in the ratio of 2 : 5 : 3. Their Balance Sheet showed a debit balance of ₹ 50,000 in the Profit and Loss Account and a balance of ₹ 40,000 in the Investment Fluctuation Fund.

The market value of an investment is ₹ 30,000 against the book value of ₹ 50,000. Partners have decided, not to show revised valued in the balance sheet and to pass an adjusting entry for it. Which of the following is the correct treatment of the above?

| | | | |
|---|---|---|---|
| (a) | Samiksha's Capital A/c. Dr.<br>To Arshiya's Capital A/c<br>To Divya's Capital A/c | 9,000 | 6,000<br>3,000 |
| (b) | Arshiya's Capital A/c Dr.<br>To Samiksha's Capital A/c<br>To Divya's Capital A/c | 5,000 | 2,000<br>3,000 |
| (c) | Arshiya's Capital A/c Dr.<br>Divya's Capital A/c Dr.<br>To Samiksha's Capital A/c | 2,000<br>1,000 | 3,000 |
| (d) | Arshiya's Capital A/c Dr.<br>Divya's Capital A/c. Dr.<br>To Samiksha's Capital A/c | 6,000<br>3,000 | 9,000 |

OR

Sohan and Mohan are partners sharing profits and tosses ¡n the ratio of 2:3 with the capitals of ₹ 5,00,000 and ₹ 6,00,000 respectively. On 1st January 2022, Sohan and Mohan granted loans of ₹ 20,000 and ₹ 10,000 respectively to the firm. Determine the amount of loss to be borne by each . partner for the year ended 31st March 2022 if the loss before interest for the year amounted to ₹ 2,500.
(a) Share of Loss Sohan – ₹ 1,250 Mohan – ₹ 1,250
(b) Share of Loss Sohan – ₹ 1,000 Mohan – ₹ 1,500
(c) Share of Loss Sohan – ₹ 820 Mohan – ₹ 1,230
(d) Share of Loss Sohan – ₹ 1,180 Mohan – ₹ 1,770 (1)
Answer:

| | | | |
|---|---|---|---|
| (a) | Samiksha's Capital A/c. Dr.<br>To Arshiya's Capital A/c.<br>To Divya's Capital A/c | 9,000 | 6,000<br>3,000 |

Explanation: Sacificing Ratio: Old Share – New Share
Samikshas = 510 – 210 = 310
Arshiyas = 310 – 510 = – 210 (Gain)
Divyas = 210 – 310 = – 110 (Gain)
So, Samiksha ¡s sacrificing where Arshiya and Divya both are gaining.

OR

(d) Share of Loss Sohan – ₹ 1,180 Mohan – ₹ 1,77O .
Loss of the firm = – 2500
Less: Interest on Loan = 450
Total Loss = 2950
Interest on Loan:
Sohan has given Rs. 20,000 on 1st Jan, 2022
= 20000 x 6100 x 14 = 300
Mohan has given Rs. 10,000 on 1st Jan, 2022
= 10000 x 6100 x 14 = 150

SohanShare = 2950 x 25 =Rs. 1,180
Mohan Share = 2950 x 35 = Rs. 1,770

Question 5.
Vihaan and Mann are partners sharing profits and losses in the ratio of 3 : 2. The firm maintains fluctuating capital accounts and the balance of the same as on 31st March 2022 is ₹ 4,00,000 and ₹ 4,65,000 for Vihaan and Mann respectively. Drawings during the year were ₹ 65,000 each. As per the partnership Deed, Interest on capital @ 10% p.a. on Opening Capital has been allowed to them. Calculate the opening Capital has been allowed to them.
Calculate the opening capital of Vihaan given that the divisible profits during the year 202 1-22 was ₹ 2,25,000.
Answer:
(d) ₹ 3,00,000
The correct option is not there, where it will be Rs. 342,000.
Explanation:

| Particulars | Vihan | Mann |
|---|---|---|
| Calculation of opening capital: | | |
| Closing capital on 31st March 2021 | 4,00,000 | 4,65,000 |
| Add: drawings during the year | 65,000 | 65,000 |
| Less: divisible profits | (88,800) | (59,200) |
| Capital including interest | 3,76,200 | 4,70,8000 |
| Less: interest on capital | (34,200) | 42,800 |
| Opening capital | 3,42,000 | 4,28,000 |

Working Notes:
Total dosing capital of Vihan and Mann (4,00,000 + 4,65,000) 8,65,000
Add: Total drawings (65,000 + 65000) 1,30,000
Less: Total profits (including interest on capital) 2,25,000
Total opening capital of Vihan and Mann 7,70,000
Thus, Interest on Capital (10%) 77,000
Divisible Profit (2,25,000 – 77,000) 1,48,000
Let’s suppose opening capital be x
Opening Capital Capital including interest – Interest on Capital
x = 376200 – 10100x
100x + 10x = 376200;
110x = 3,42,000

Question 6.
Savitri Ltd. issued 50,000, 8% Debentures of ₹ 100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement of Profit and Loss was debited with ₹ 2,00,000. At what rate of premium, these debentures were issued?
(a) 10%
(b) 16%
(c) 6%
(d) 4%

OR

Ltd. issued 80,000,10% Debentures of ₹ 100 each at certain rate of discount and were to be redeemed at 20% premium. Existing balance of Securities Premium before issuing of these debentures was ₹ 25,00,000 and after writing off Loss on Issue of Debentures, the balance in Securities Premium was ₹ 5,0,000. At what rate of discount, these debentures were issued?

(a) 10%
(b) 5%
(c) 25%
(d) 15% (1)

Answer:
(c)6%

Explanation: Debentures are issued at x% and redeemed at 10%
Loss on issue of debentures – Rs. 200,000;
where it is equivalent to 4% = 2,00,00050,000= 4%
So, debentures were issued at 10% – 4% = 6% so, rest of the amount was debited from the premium on issue of debentures.

OR

(b) 5%
Explanation: Existing balance of Securities Premium before issuing of these debentures was ₹ 25,00,000
Less: Debentures to be redeemed at 20% so, Rs. 20 x 80,000 = Rs. 16,00,000
Remaining Amount in Securities Premium Account = 9,00,000
Less: After issuing these debentures the balance in securities Premium Account = 5,00,000
4,0, 000
So, 4,00,000/80,000 = 5%

Question 7.

Attire Ltd, issued a prospectus inviting applications for 12,000 shares of ₹ 10 each payable ₹ 3 on application, ₹ 5 on allotment and balance on call Public had applied for certain number of shares and application money was received. Which of the following application money, if received restricts the company to proceed with the allotment of shares, as per SEBI guidelines?

(a) ₹ 36,000
(b) ₹ 45,000
(c) ₹ 30,000
(d) ₹ 32,400 (1)

Answer:
(c) ₹ 30,000

Explanation: As per SEBI guidelines, 90% of the offer should be received by the company to proceed for the allotment,
Application Money = 12000 x 3 = 36,000;
36,000 x 90% = 32,400
So, Rs. 30,000 is the correct option

Question 8.

Amay, Bina and Chander are partners in a firm with capital balances of ₹ 50,000, ₹ 70,000 and ₹ 80,000 respectively on 31st March, 2022. Amay decides to retire from the firm on 31st March, 2022. With the help of the information provided, calculate the amount to be paid to Amay on his retirement. There existed a general reserve off ₹ 7,500 in the balance sheet on that date. The goodwill of the firm was valued at ₹ 30,000. " Gain on revaluation was ₹ 24,000.

(a) ₹ 88,500

(b) ₹ 90,500
(c) ₹ 65,375
(d) ₹ 70,500

OR

A, B and C are partners. A's capital is ₹ 3,0,000 and B's capital is ₹ 1,00,000. C has not invested any amount as capital but he alone manages the whole business. C wants 30,000 p.a. as salary, though the deed is silent. Firm earned a profit of ₹ 1,50,000. How much will each partner receives as an appropriation of profits?
(a) A ₹ 60,000; B ₹ 60,000; C ₹ 30,000
(b) A ₹ 90,000; B ₹ 30,000; C ₹ 30,000
(c) A ₹ 40,000; B ₹ 40,000 and C ₹ 70,000
(d) A ₹ 50,000; B ₹ 50,000 and C ₹ 50,000 (1)
Answer:
(d) ₹ 70,500

Explanation: in the absence of any information the profit sharing ratio will be equal i.e., 1 : 1 : 1.
So. General Reserve + Goodwill + Gain on Revaluation = 7,500 + 30,000 + 24,000 = 61,500
61,500 x 13 = 20,500
Add:
Capital = 50,000
Amay to be paid = Rs. 70,500

OR

Answer:
(d) A ₹ 50,000; B ₹ 50,000 and C ₹ 50,000

Explanation: In the absence of any information in the partnership deed, regarding the profit sharing ratio, profit sharing ratio would be equal among the partners.

Read the following hypothetical situation, Answer Question No. 9 and 10 Puneet and Raju are partners in a clay toys making firm. Their capitals were ₹ 5,00,000 and ₹ 10,00,000 respectively. The firm allowed Puneet to get a commission of 10% on the net profit before charging any commission and Raju to get a commission of 10% on the net profit after charging all commission. Following is the Profit and Loss Appropriation Account for the year ended 31st March 2022.
Profit and Loss Appropriation Account for the year ended 31st March 2022

Dr. **Profit and Loss Appropriation Account for the year ended 31st March 2022** Cr.

| Particulars | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|
| To Puneet's Capital A/c (Commission) (------ x10/100) | 44,000 | By Profit and Loss a/c | ...................... |
| To Raju's Capital A/c (Commission) | ...................... | MeritBatch.com | |
| To Profit share transferred to : | ...................... | | |
| Puneet's Capital A/c | ...................... | | |
| Raju's Capital A/c | ...................... | | ...................... |

Question 9.
Raju's commission will be:
(a) ₹ 40,000
(b) ₹ 44,000
(c) ₹ 36,000
(d) ₹ 36,440 (1)
Answer:
(c) ₹ 36,000

Explanation: Puneet's Commission = 44,000, Net profit on which Puneet's Commission is charged = Rs. 4,40,000.
After charging Puneet's commission from the Net profit, the remaining net profit will be = 3,96,000
X + 10% of x = 3,96,000
X = 3,60,000
Raju's Commission will be 10% of 3,60,000 = 36,000

Question 10.
Puneet's share of profit will be:
(a) ₹ 1,80,000
(b) ₹ 1,44,000
(c) ₹ 2,16,000
(d) ₹ 1,60,000 (1)
Answer:
(a) ₹ 1,80,000
Explanation:
Net Profit – Puneet's Commission – Raju's Commission
= 4,40,000 – 44,000- 36,000
= 3,60,000
Puneet's share of profit
= 3,60,000 x 12 =1,80,000

Caution
In the absence of any information, the profit sharing ratio will be considered as equal.

Question 11.
Choose the correct sequence of the following transactions in context of Division of Profits.
(i) Guarantee by Firm to Partners
(ii) Guarantee by Partners to Rrm
(iii) Transfer of Profits to Profit and Loss Appropriation Account
(iv) Guarantee by Partner to Partner
(a) (i); (ii); (iv); (iii)
(b) (iii); (i); (ii); (iv)
(c) (iii); (ii); (i); (iv)
(d) (ii); (iii); (iv); (i) (1)
Answer:
(c) (iii); (ii); (i); (iv)
Explanation: (iii); (ii); (i); (iv)
(iii) Transfer of Profits to Profit and Loss Appropriation Account
(ii) Guarantee by Partners to Firm
(i) Guarantee by Firm to Partners
(iv) Guarantee by Partner to Partner

Question 12.
If 10,000 shares of ₹ 10 each were forfeited for non-payment of final call money of ₹ 3 per share and only 7,000 shares were re-issued @ ₹ 11 per share as fully paid up, then what is the amount of maximum possible discount that company can allow at the time of re-issue of the remaining 3,000 shares?
(a) ₹ 28,000
(b) ₹ 21,000
(c) ₹ 9,000
(d) ₹ 16,000 (1)
Answer:
(b) ₹ 21.000
Explanation: Share forfeited amount = 3000 x Rs. 7 = Rs. 21000
Maximum Discount to be allowed by the Company = Rs. 21,000

Question 13.
As per Companies Act 2013, Securities Premium Balance can be utilised for which of the following purpose?
(a) Issuing bonus to existing shareholders to convert partly paid up into fully paid-up bonus shares.
(b) Providing for Premium payable on Redemption of Debentures
(c) Writing off all Capitalised Expenditures
(d) Buy Back of Debentures (1)
Answer:
(b) Providing for Premium payable on Redemption of Debentures.

Explanation: Securities Premium Account can be used for writing off any preliminary expenses of the company. To write off expenses of issue of shares and debentures, such as commission paid or discount given on the issue of shares.

Question 14.
Ganga and Jamuna are partners sharing profits in the ratio of 2:1. They admit Saraswati for l/5th share in future profits. On the date of admission, Ganga's capital was ₹ 1,02,000 and Jamuna's capital was ₹ 73,000. Saraswati brings ₹ 25,000 as her share of goodwill and she agrees to contribute proportionate capital of the new firm. How much capital will be brought by Saraswati?
(a) ₹ 43,750
(b) ₹ 37,500
(c) ₹ 50,000
(d) ₹ 40,000 (1)
Answer:
(c) 150.000 Explanation:
Ganga's Capital + Jamuna's Capital + Goodwill = 200,000
Saraswati's share in the firm = 15 th
Remaining share = 1 – 15th = 45th
Total Capital of the firm = Rs. 2,00,000 x 54
= Rs. 2,50,000
Saraswati's share = 2,50,000 – 2,00,000 = Rs. 50,000

Question 15.
Green and Orange are partners. Green draws a fixed amount at the beginning of every month. Interest on drawings is charged @ 8% p.a. At the end of the year interest on Green's drawings amounts to % 2,600. Monthly drawings of Green were:
(a) ₹ 8,000
(b) ₹ 60,000

(c) ₹ 7,000
(d) ₹ 5,000

OR

Girdhar, a partner withdrew ₹ 5,000 in the beginning of each quarter and interest on drawings was calculated as ₹ 1,500 at the end of accounting year 31 March 2022. What is the rate of interest on drawings charged?
(a) 6% p.a.
(b) 8% p.a.
(c) 10% p.a.
(d) 12% p.a. (1)
Answer:
(d) 5,000
Explanation:

$$\frac{\text{Amount} \times 8 \times 6.5}{100} = 2600$$

Amount = 5000
OR
Answer:
(d) 12% p.a.

Explanation: 5000 x Y x 7.5 = 1500
100 = 4 x 3 = 12 %

Question 16.
At the time of dissolution of a firm, Creditors are ₹ 70,000; Firm's Capital is ₹ 1,20,000; Cash Balance is ₹ 10,000. Other assets realised ₹ 1,50,000. Gain/Loss in the realisation account will be:
(a) ₹ 30,000 (Gain)
(b) ₹ 40,000 (Gain)
(c) ₹ 40,000 (Loss)
(d) ₹ 30,000 (Loss) (1)
Answer:
(d) ₹ 30,000 (Loss)
Explanation:
Creditors + Capital – Other Assets realised – Cash
= 70,000 + 1,20,000 – 1,50,000 – 10,000 = -30,000 (Loss)

Question 17.
Nirmala, Divisha and Sara were partners in a firm sharing profits and losses in the 3:4:3. Books were closed on 31st March every year. Sara died on 1st February, 2022. As per the partnership deed Sara's executors are entitled to her share of profit till the date of death on the basis of Sales turnover. Sales for the year ended 31st March 2021 was ₹ 10,00,000 and profit for the same year was ₹ 1,20,000. Sales show a positive trend of 20% and percentage of profit earning is reduced by 2%. Journalise the transaction along with the working notes.
Answer:
Journal Entry

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| 1.2.22 | Profit and Loss Suspense A/c Dr. | | 30,000 | |
| | To Sara's Capital A/c | | | 30,000 |
| | (Being Sara's share of profit allowed till the date of her death) | | | |



Workings Notes:
Profit % to sales turnover for the year ended 31st March,2021= 1,20,00010,00,000 x 100 = 12%
Estimated sales for the year ended 31st March, 2022 = ₹ 10,00,000 + 20% of ₹ 10,00,000 = ₹ 12,00,000
Estimated sales till 01st February, 2022 = ₹ 12,00,000 x 1012 = ₹ 10,00,000
Profit percentage 12 – 2 = 10%
Profit amount till 01st February, 2022 = 10% of ₹ 10,00,000 = ₹ 1,00,000 Sara's share of profit till 1st February, 2022 = 1,00,00

Question 18.
Amay, Anmol and Rohan entered into partnership on 1st July, 2021 to share profits and losses in the ratio of 3:2:1. Amay guaranteed that Rohan's share of profit after charging interest on capital @ 6% p.a would not be less than ₹ 36,000 p.a. Their fixed capital balances are: ₹ 2,00,000, ₹ 1,00,000 and ₹ 1,00,000 respectively. Profit for the year ended 31st March, 2022 was ₹ 1,38,000. Prepare Profit and Loss Appropriation A/c.

OR

Ajay, Manish and Sachin were partners sharing profits in the ratio 5:3:2. Their Capitals were ₹ 6,00,000; ₹ 8,00,000 and ₹ 11,00,000 as on April 01, 2021. As per Partnership deed, Interest on Capitals were to be provided @ 10% p.a. For the year ended March 31, 2022, Profits of ₹ 2,00,000 were distributed without providing for Interest on Capitals. Pass an adjustment entry and show the workings clearly. (3)
Answer:
Dr. Profit and Loss Appropriation A/c for the year ending on 31st March, 2022 Cr.

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| *To Interest on Capital* | | | *By Profit and Loss A/c* | *1,38,000* |
| *Amay's Current A/c* | | *9,000* | | |
| *Anmol's Current A/c* | | *4,500* | | |
| *Rohan's Current A/c* | | *4,500* | | |
| *To Partner's Current A/c* | | | | |
| *Amay* | *53,000* | | | |
| *Anmol* | *40,000* | | | |
| *Rohan* | *27,000*** | *1,20,000* | | |
| | | **1,38,000** | | **1,38,000** |

** Guarantee met for 9 months.

OR

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| *(i)* | *Ajay's Capital Ac Dr.* | | *52,000* | |
| | *To Manish's Capital A/c* | | | *4,000* |
| | *To Sachin's Capital A/c* | | | *4,800* |
| | *(Adjustment entry passed)* | | | |

**Working Notes:**

| Particulars | Ajay | | Manish | | Sachin | | Firm | |
|---|---|---|---|---|---|---|---|---|
| | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. | Dr. | Cr. |
| Profits taken back | 1,00,000 | | 60,000 | | 40,000 | | | 2,00,000 |
| Interest on Capital to be credited | | 48,000 | | 64,000 | | 88,000 | 2,00,000 | |
| | 1,00,000 | 48,000 | 60,000 | 64,000 | 40,000 | 88,000 | 2,00,000 | 2,00,000 |
| | 52,000 (Dr.) | | 4,000 (Cr.) | | 48,000 (Cr) | | | |

Question 19.
Anthony Ltd. issued 20,000, 9% Debentures of ₹ 100 each at 10% discount to Mithoo Ltd. from whom Assets of ₹ 23,50,000 and LiabiLities of ₹ 6,00,000 were taken over. Pass entries in the books of Anthony Ltd. if these debentures were to be redeemed at 5% premium.

OR

Random Ltd. took over running business of Mature Ltd. comprising of Assets of ₹ 45,00,000 and Liabilities of ₹ 6,40,000 for a purchase consideration of ₹ 36,00,000. The amount was settled by bank draft of ₹ 1,50,000 and balance by issuing 12% preference shares of ₹ 100 each at 15% premium. Pass entries ¡n the books of Random Ltd. (3)
Answer:
Books of Random Ltd.

Journal Entry

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| (i) | Assets A/c Dr. | | 23,50,000 | |
| | Goodwill A/c Dr. | | 50,000 | |
| | To Liabilities A/c | | | 6,00,000 |
| | To Mithoo Ltd. A/c | | | 18,00,000 |
| | (Business purchased of Mithoo Ltd. comprising of Assets and Liabilities) | | | |
| (ii) | Mithoo Ltd. A/c Dr. | | 18,00,000 | |
| | Loss on Issue of Debentures A/c Dr. | | 3,00,000 | |
| | To Liabilities A/c | | | 2,00,000 |
| | To Premium on Redemption of Debentures A/c | | | 1,00,000 |
| | (Debentures issued to Mithoo Ltd. at Discount, redeemable at Premium) | | | |



OR

Books of Rondom Ltd.
JournaL Entry

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| (i) | Assets A/c Dr. | | 45,00,000 | |
| | To Liabilities A/c | | | 6,40,000 |
| | To Mature Ltd. A/c | | | 36,00,000 |
| | To Capital Reserve A/c | | | 2,60,000 |
| | (Business purchased of Mithoo Ltd. comprising of Assets and Liabilities) | | | |
| (ii) | Mature Ltd. A/c Dr. | | 36,00,000 | |
| | To Bank A/c | | 1,50,000 | |
| | To 12% Preference Share Capital A/c | | | 3,00,000 |
| | To Securities Premium A/c | | | 4,50,000 |
| | (Debentures issued to Mithoo Ltd. at Discount, redeemable at Premium) | | | |



No. of Shares = 34,50,000115 = 30,000 shares @ 100 + 15 each 115



Question 20.
Doremon, Shinchan and Nobita are partners sharing profits and losses in the ratio of 3:2:1. With effect from 1st April, 2022 they agree to share profits equally. For this purpose, goodwill is to be valued at two year's purchase of the average profit of last four years which were as follows:

Year ending on 31st March,2019 ₹ 50,000 (Profit)

Year ending on 31st March,2020 ₹ 1,20,000 (Profit)

Year ending on 31st March,2021 ₹ 1,80,000 (Profit)

Year ending on 31st March,2022 ₹ 70,000 (Loss)

On 1st April, 2021 a Motor Bike costing ₹ 50,000 was purchased and debited to travelling expenses account, on which depreciation is to be charged @ 20% p.a by Straight Line Method. The firm also paid an annual insurance premium off ₹ 20,000 which had already been charged to Profit and Loss Account for all the years. Journalise the transaction along with the working notes. (3)
Answer:
Journal Entry

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| 1.4.20 | Nobita's Capital A/c Dr. | | 26,667 | |
| | To Doremon's Capital A/c | | | 26,667 |
| | (Being goodwill adjusted at the time of change in profit sharing ratio) | | | |



Workings:
(i) Calculation of gaining ratio and sacrificing ratio:
Doremon's gain or sacrifice = 36 – 26 = 16 (sacrifice)
Shinchan's gain or sacrifice = 26 – 26 = 0
Nobita's gain or sacrifice = 16 – 26 = – 16 (gain)

(ii) Calculation of goodwill:
CALCULATION OF NORMAL PROFIT

| Year Ended | Profit/ Loss | Adjustments | Normal Profit |
|---|---|---|---|
| 31st March,2019 | 50,000 | ----- | 50,000 |
| 31st March,2020 | 1,20,000 | ----- | 1,20,000 |
| 31st March,2021 | 1,80,000 | ----- | 1,80,000 |
| 31st March,2022 | (70,000) | 50,000 – 10,000 | (30,000) |
| Total | | | 3,20,000 |



Goodwill = Average Profits x No. of years Purchase
Average Profits = Total Normal Profits/Number of years
3,20,0004 = 80,000
Goodwill = 80,000 x 2 = ₹ 1,60,000
A's share of goodwill = 1,60,000 x 16 = ₹ 26,667

Question 21.
Altaur Ltd. was registered with an authorised Capital of ₹ 4,00,00,000 divided in 25,00,000 Equity Shares of ₹ 10 each and 1,50,000,9% Preference Shares of ₹ 100 each. The company issued 8,00,000 Equity Shares for public subscription at 20% premium, payable ₹ 3 on application; ₹ 7 on allotment (including premium) and balance on call. Public had applied for 10,00,000 shares. Excess Applications were sent letters of regret.

All the dues on allotment received except on 15,000 shares held by Sanju. Another shareholder Rocky paid his call dues along with allotment on his holding of 25,000 shares. You are required to prepare the Balance Sheet of the company as per Schedule III of Companies Act, 2013, showing Share Capital balance and also prepare Notes to Accounts. (4)
Answer:

Books of Altaur Ltd.
Balance Sheet (Extract) as at……………..

| Particulars | Note No. | Current Year (₹) | Previous Year (₹) |
|---|---|---|---|
| I. *EQUITY AND LIABILITIES* | | | |
| 1. *Shareholder's Funds:* | | | |
| *Share Capital* | 1 | 63,25,000 | Nil |



**Notes to Accounts:**

| Particulars | | Amount (₹) |
|---|---|---|
| 1. Share Capital | | |
| Authorised Share Capital: | | |
| 25,00,000 Equity Shares @ ₹ 10 each | | 2,50,00,000 |
| 1,50,000 9% Preference Shares @ ₹ 100 each | | 1,50,00,000 |
| | | 4,00,00,000 |
| Issued Share Capital | | |
| 8,00,000 Equity Shares @ ₹ 10 each | | 80,00,000 |
| Subscribed Share Capital | | |
| (i) Subscribed and Fully Paid up | ---- | |
| (ii) Subscribed but not Fully Paid up | | |
| 8,00,000 Equity Shares @ ₹ 8 each | 64,00,000 | 63,25,000 |
| (–) Calls in Arrears** | (75,000) | |



Question 22.
Charu, Dhwani, Iknoor and Paavni were partners in a firm. They had entered into partnership firm last year only, through a verbal agreement. They contributed Capitals in the firm and to meet other financial requirements, few partners also provided loan to the firm. Within a year, their conflicts arisen due to certain disagreements and they decided to dissolve the firm.

The firm had appointed Ms. Kavya, who is a financial advisor and legal consultant, to carry on the dissolution process. In the first instance, Ms. Kavya had transferred various assets and external liabilities to Realisation A/c. Due to her busy schedule; Ms. Kavya has delegated this assignment to you, being an intern in her firm.

On the date of dissolution, you have observed the following transactions:
(i) Dhwani's Loan off ₹ 50,000 to the firm was settled by paying ₹ 42,000.
(ii) Paavni's Loan off ₹ 40,000 was settled by giving an unrecorded asset off ₹ 45,000.
(iii) Loan to Charu off ₹ 60,000 was settled by payment to Charu's brother loan of the same amount.
(iv) Iknoor's Loan off ₹ 80,000 to the firm and she took over Machinery off ₹ 60,000 as part payment. You are required to pass necessary entries for all the above mentioned transactions. (4)
Answer:
Journal Entries

in the Books of Charu, Dhwani, Iknoor and Paavani

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| (i) | Dhawani's Loan A/c Dr. | | 50,000 | |
| | To Bank A/c | | | 42,000 |
| | To Realisation A/c | | | 8,000 |
| | (Dhwani's Loan of ₹ 50,000 settled at ₹ 42,000) | | | |
| (ii) | Paavani's Loan A/c Dr. | | 40,000 | |
| | To Realisation A/c | | | 40,000 |
| | (Loan of ₹ 40,000 settled by giving an unrecorded asset) | | | |
| (iii) | Realisation A/c Dr. | | 60,000 | |
| | To Loan to Charu A/c | | | 60,000 |
| | (Loan to Charu was settled by payment to Charu's brother Loan) | | | |
| (iv) | Iknoor's A/c Dr. | | 80,000 | |
| | To Realisation A/c | | | 60,000 |
| | To Bank A/c | | | 20,000 |
| | (Iknoor's Loan of ₹ 80,000 and Machinery was given as part payment and rest through bank) | | | |



Question 23.
OTUA Ltd. was registered with an authorised capital of 2,00,000 equity shares of ₹ 100 each. The company offered 60,000 shares for public subscription at 25% premium. The share was payable as ₹ 40 on application and balance on allotment, with premium. Public had applied for 85,000 shares. Pro-rata allotment was made in the ratio of 5:4 and remaining applications were sent letters of regret.

Mr. Anand holding 4,000 shares failed to pay allotment money and his shares were forfeited. Out of these 3,000 shares were re-issued at a discount off ₹ 20 per shared Pass necessary entries in the books of the OTUA Ltd.

OR

Pass entries for forfeiture and re-issue in both the following cases.
(A) Vikram Ltd. forfeited 5,000 shares of Rahul, who had applied for 6,000 shares for non-payment of allotment money of ₹ 5 per share and first and final call of ₹ 2 per share. Only application money of ₹ 3 was paid by him. Out of these 3,000 shares were re-issued @ ₹ 12 per share as fully paid.

(B) Ratan Ltd. forfeited 3,000 shares of ₹ 10 each (issued at ₹ 2 premium) for non-payment of first call of ₹ 2 per share. Final call of ₹ 3 per share was not yet made. Out of these 2,000 shares were re-issued at ₹ 10 per share as fully paid. (6)
Answer:
Journal Entries

Books of OTUA Ltd.

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| (i) | Bank A/c Dr. | | 34,00,000 | |
| | To Equity Share Application A/c | | | 34,00,000 |
| | (Application money received on 85,000 shares) | | | |
| (ii) | Equity Share Application A/c Dr. | | 34,00,000 | |
| | To Equity Share Capital A/c | | | 24,00,000 |
| | To Equity Share Allotment A/c | | | 6,00,000 |
| | To Bank A/c | | | 4,00,000 |
| | (Application money transferred to share capital, share allotment and refunded) | | | |
| (iii) | Equity Share Application A/c Dr. | | 51,00,000 | |
| | To Equity Share Capital A/c | | | 36,00,000 |
| | To Securities Premium A/c | | | 15,00,000 |
| | (Allotment due on 60,000 shares with Premium) | | | |
| (iv) | Bank A/c Dr. | | 42,00,000 | |
| | Calls in Arrears Dr. | | 3,00,000 | |
| | To Equity Share Allotment A/c | | | 45,00,000 |
| | (Allotment received on 56,000 shares) | | | |
| (v) | Equity Share Application A/c Dr. | | 4,00,000 | |
| | Securities Premium A/c Dr. | | 1,00,000 | |
| | To Share Forfeited A/c | | | 2,00,000 |
| | To Calls in Arrears A/c | | | 3,00,000 |
| | (4,000 shares forfeited for non-payment of allotment money) | | | |
| (vi) | Bank A/c Dr. | | 2,40,000 | |
| | Share Forfeited A/c Dr. | | 60,000 | |
| | To Equity Share Capital A/c | | | 3,00,000 |
| | (3,000 shares re-issued @ ₹ 80 per share) | | | |
| (vii) | Share Forfeited A/c Dr. | | 90,000 | |
| | To Capital ReserveA/c | | | 90,000 |
| | (Gain on re-issue of forfeited shares transferred to capital reserve) | | | |



OR

Journal Entries

Books of Vikram Ltd.

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
| --- | --- | --- | --- | --- |
| (i) | Share Capital A/c MeritBatch.com Dr. | | 50,000 | |
| | To Share Forfeited A/c | | | 18,000 |
| | To Calls in Arrears A/c | | | 32,000 |
| | (5,000 shares forfeited for non-payment of allotment and call money) | | | |
| (ii) | Bank A/c Dr. | | 36,000 | |
| | To Share Capital A/c | | | 30,000 |
| | To Securities Premium A/c | | | 6,000 |
| | (3,000 shares re-issued @ ₹ 12 per share) | | | |
| (iii) | Share Forfeited A/c Dr. | | 10,800 | |
| | To Capital Reserve A/c | | | 10,800 |
| | (Gain on re-issue of forfeited shares transferred to capital reserve) | | | |

Journal Entries
Books of Ratan Ltd.

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
| --- | --- | --- | --- | --- |
| | Share Capital A/c Dr. | | 21,000 | |
| | To Share Frfeited A/c | | | 15,000 |
| | To Calls in Arears A/c | | | 6,000 |
| | (3,000 shares forfeited for non-payment of first call money) | | | |
| | Bank A/c MeritBatch.com Dr. | | 20,000 | |
| | To Share Capital A/c | | | 20,000 |
| | (2,000 shares re-issued @ ₹ 10 per share) | | | |
| | Share ForefeitedA/c Dr. | | 10,000 | |
| | To Capital ReserveA/c | | | 10,000 |
| | (Gain on re-issue of forfeited shares transferred to capital reserve) | | | |

Question 24.
X and Y were partners in the profit-sharing ratio of 3: 2. Their balance sheet as at March 31, 2022 was as follows:
Balance Sheet as at March 31, 2022

| Liabilities | | Amount (₹) | Assets | | Amount (₹) |
|---|---|---|---|---|---|
| Creditors | | 56,000 | Plant and Machinery | | 70,000 |
| General Reserve | | 14,000 | Buildings | | 98,000 |
| Capital Accounts : | | | Stock | | 21,000 |
| X | 1,19,000 | | Debtors | 42,000 | |
| Y | 1,12,000 | 2,31,000 | (-) Provision | 7,000 | 35,000 |
| | | | Cash in Hand | | 77,000 |
| | | 3,01,000 | | | 3,01,000 |



Z was admitted for 1/6th share on the following terms:
(i) Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.

(ii) Goodwill of the firm is valued at ₹. 84,000.

(iii) Plant and Machinery were found to be undervalued by ₹ 14,000 Building was to brought up to ₹ 1,09,000.

(iv) All debtors are good.

(v) Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts. You are required to prepare revaluation account and partners' capital account.

OR

P, Q and R were partners in a firm sharing profits in the ratio of 3:2:1 respectively. On March 31st, 2022, the balance sheet of the firm stood as follows:

Balance Sheet

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| Creditors | | 13,000 | Cash | 4,700 |
| Bills Payable | | 590 | Debtors | 8,000 |
| Capital Accounts : | | | Stock | 11,690 |
| P | 1,19,000 | | Buildings | 23,000 |
| Q | 1,12,000 | | Profit and Loss Account | 1,200 |
| R | 1,12,000 | 35,000 | | |
| | | 48,590 | | 48,590 |



Q retired on the above-mentioned date on the following terms:
(i) Buildings to be appreciated by ₹ 7,000 .

(ii) A provision for doubtful debts to be made at 5 % on debtors.

(iii) Goodwill of the firm is valued at ₹ 18,000 and adjustment to be made by raising and writing off the goodwill.

(iv) ₹ 2,800 was to be paid to Q immediately and the balance in his capital account to be transferred to his loan account carrying interest as per the agreement.

(v) Remaining partner decided to maintain equal capital balances, by opening current account. Prepare the revaluation account and partner's capital accounts. (6)

Answer:

Dr. Revaluation A/c Cr.

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Partner's Capital A/c | | | Plant and Machinery | 14,000 |
| X | 19,200 | | Building A/c | 11,000 |
| Y | 12,800 | 32,000 | Provision for Doubtful Debts A/c | 7,000 |
| | | 32,000 | | 32,000 |

Dr. Partner's Capital A/c Cr.

| Particulars | X (₹) | Y (₹) | Z (₹) | Particulars | X (₹) | Y (₹) | Z (₹) |
|---|---|---|---|---|---|---|---|
| Y's Current A/c | — | 24,000 | — | Balance b/d | 1,19,000 | — | — |
| Balance c/d | 1,68,000 | 1,12,000 | 56,000 | Bank A/c | — | — | 56,000 |
| Z's Current A/c | 8,400 | 5,600 | — | | | | |
| General Reserve A/c | 8,400 | 5,600 | — | | | | |
| Revaluation A/c | 19,200 | 12,800 | — | | | | |
| X's Current A/c | 13,000 | — | — | | | | |
| | 1,68,000 | 1,36,000 | 56,000 | | 1,68,000 | 1,36,000 | 56,000 |

Z was admitted for l/6th share on the following terms:

(i) Z will bring ₹ 56,000 as his share of capital, but was not able to bring any amount to compensate the sacrificing partners.

(ii) Goodwill of the firm is valued at ₹ 84,000.

(iii) Plant and Machinery were found to be undervalued by ₹ 14,000 Building was to brought up to ₹ 1,09,0.

(iv) All debtors are good.

(v) Capitals of X and Y will be adjusted on the basis of Z's share and adjustments will be done by opening necessary current accounts. You are required to prepare revaluation account and partners' capital account.

OR

P, Q and R were partners in a firm sharing profits in the ratio of 3:2:1 respectively. On March 31st, 2022, the balance sheet of the firm stood as follows:

Balance Sheet

| Liabilities | | Amount (₹) | Assets | Amount (₹) |
|---|---|---|---|---|
| Creditors | | 13,000 | Cash | 4,700 |
| Bills Payable | | 590 | Debtors | 8,000 |
| Capital Accounts : | | | Stock | 11,690 |
| P | 1,19,000 | | Buildings | 23,000 |
| Q | 1,12,000 | | Profit and Loss Account | 1,200 |
| R | 1,12,000 | 35,000 | | |
| | | 48,590 | | 48,590 |

Q retired on the above-mentioned date on the following terms:
(i) Buildings to be appreciated by ₹ 7,000

(ii) A provision for doubtful debts to be made at 5 % on debtors.

(iii) Goodwill of the firm is valued at ₹ 18,000 and adjustment to be made by raising and writing off the goodwill.

(iv) ₹ 2,800 was to be paid to Q immediately and the balance in his capital account to be transferred to his loan account carrying interest as per the agreement.

(v) Remaining partner decided to maintain equal capital balances, by opening current account. Prepare the revaluation account and partner's capital accounts. (6)
Answer:
Dr. Revaluation A/c Cr.

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Partner's Capital A/c | | | Plant and Machinery | 14,000 |
| X | 19,200 | | Building A/c | 11,000 |
| Y | 12,800 | 32,000 | Provision for Doubtful Debts A/c | 7,000 |
| | | 32,000 | | 32,000 |



Dr. Partner's Capital A/c Cr.

| Particulars | X (₹) | Y (₹) | Z (₹) | Particulars | X (₹) | Y (₹) | Z (₹) |
|---|---|---|---|---|---|---|---|
| Y's Current A/c | — | 24,000 | — | Balance b/d | 1,19,000 | — | — |
| Balance c/d | 1,68,000 | 1,12,000 | 56,000 | Bank A/c | — | — | 56,000 |
| Z's Current A/c | 8,400 | 5,600 | — | | | | |
| General Reserve A/c | 8,400 | 5,600 | — | | | | |
| Revaluation A/c | 19,200 | 12,800 | — | | | | |
| X's Current A/c | 13,000 | — | — | | | | |
| | 1,68,000 | 1,36,000 | 56,000 | | 1,68,000 | 1,36,000 | 56,000 |



OR

Dr. Revaluation A/c Cr.

| Particulars | | Amount (₹) | Particulars | Amount (₹) |
|---|---|---|---|---|
| To Provision for Doubtful Debts | | 400 | By Building A/c | 7,000 |
| To Partner's Capital A/c | | | | |
| P | 3,300 | | | |
| Q | 2,200 | | | |
| R | 1,100 | 6,600 | | |
| | | **7,000** | | **7,000** |

Dr. Partner's Capital A/c Cr.

| Particulars | P (₹) | Q (₹) | R (₹) | Particulars | P (₹) | Q (₹) | R (₹) |
|---|---|---|---|---|---|---|---|
| Goodwill A/c | 13,500 | — | 4,500 | Balance b/d | 15,000 | 10,000 | 10,000 |
| Profit & Loss | 600 | 400 | 200 | Revaluation A/c | 3,300 | 2,200 | 1,100 |
| Cash | — | 2,800 | — | Goodwill A/c | 9,000 | 6,000 | 3,000 |
| Q's Loan | — | 15,000 | — | R's Current A/c | — | — | 1,900 |
| P's Current A/c | 1,900 | — | — | | | | |
| Balance c/d | 11,300 | — | 11,300 | | | | |
| | 27,300 | 18,200 | 16,000 | | 27,300 | 18,200 | 16,000 |



Question 25.
A, B and C were partners sharing P & L in the ratio 5:3:2. A died on 30th June, 2019. Entry for treatment of goodwill after his death was passed as follows:

| Date | Particulars | L.F. | Dr. Amount (₹) | Cr. Amount (₹) |
|---|---|---|---|---|
| | B's Capital A/c Dr. | | 1,80,000 | |
| | C's Capital A/c Dr. | | 1,20,000 | |
| | To A's Capital A/c | | | 3,00,000 |
| | (Entry for goodwill treatment passed at the time of death of partner) | | | |

A's profit till date of death was estimated as ₹ 1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him Furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30 June, 2020, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932..

Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement. (6)
Answer:
Journal Entries

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| 2019 June 30 | Profit and Loss Suspense A/c Dr. | | 1,20,000 | |
| | To A's Capital A/c | | | 1,20,000 |
| | (Being share of profit provided till the date of his death | | | |

| Date | Particulars | Account | Date | Particulars | Account |
|---|---|---|---|---|---|
| 2019 June 30 | Furniture A/c | 2,40,000 | 2019 June 30 | A's Capital A/c | 8,40,000 |
| 2020 Mar. 31 | Balance c/d | 6,27,000 | 2020 Mar. 31 | Interest A/c | 27,000 |
| 2020 June 30 | Bank A/c | 2,36,000 | 2020 Apr. 1 | Balance b/d | 6,27,000 |
| | | | June 30 | Interest A/c | 9,000 |
| 2021 Mar. 31 | Balance c/d | 4,18,000 | 2021 Mar. 31 | Interest A/c | 18,000 |
| 2020 | | | | | |
| | | **6,54,000** | | | **6,54,000** |
| 2021 June 30 | Bank A/c | 2,24,000 | 2020 Apr. 1 | Balance b/d | 4,18,000 |
| 2022 Mar. 31 | Balance c/d | 2,09,000 | June 30 | Interest A/c | 6,000 |
| 2021 | | | 2021 Mar. 31 | Interest A/c | 9,000 |
| | | 4,33,000 | | | 4,33,000 |
| 2023 June 30 | Bank A/c | 2,12,000 | 2020 Apr. 1 | Balance b/d | 2,09,000 |
| | | | June 30 | Interest A/c | 3,000 |
| | | 2,12,000 | | | 2,12,000 |

Question 26.
Health2Wealth Ltd. had share capital of ₹ 80,00,000 divided in shares of ₹ 100 each and 20,000, 8% Debentures of ₹ 100 each as part of capital employed. The company need additional funds of ₹ 55,00,000 for which they decided to issue debentures in such a way that they got required funds after issuing debentures of the same class as earlier, at 10% premium. These debentures were to be redeemed at 20% premium after 4 years. These debentures were issued on 01 October, 2021.

You are required to:
(A) Pass entries for issue of Debentures.

(B) Prepare Loss on Issue of Debentures Account assuming there was existing balance of Securities Premium Account of ₹ 2,80,000.

(C) Pass entries for Interest on debentures on March 31, 2022 assuming interest is payable on 30 September and 31 March every year. (6)
Answer:
Journal Entries

(A) Books of Health2Wealth Ltd.

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| (i) | Bank A/c Dr. | | 55,00,000 | |
| | To Debenture Application and Allotment A/c | | | 55,00,000 |
| | (Application money received) | | | |
| (ii) | Debenture Application and Allotment A/c Dr. | | 55,00,000 | |
| | Loss on Issue of Debentures A/c Dr. | | 10,00,000 | |
| | To 8% Debentures A/c | | | 50,00,000 |
| | To Securities Premium A/c | | | 5,00,000 |
| | To Premium on Redemption of Debentures A/c | | | 10,00,000 |
| | (Debenture issued at premium, to be redeemed at premium) | | | |



(B) Dr. Loss on Issue of Debentures A/c Cr.

| Date | Particulars | Account | Date | Particulars | Account |
|---|---|---|---|---|---|
| 2021 | | | 2022 | | |
| 1 Oct. | To Premium of Redemption of Debentures | 10,00,000 | 31 Mar. | By Securities Premium A/c | 7,80,000 |
| | | | | By Statement of P & L A/c | 2,20,000 |
| | | 10,00,000 | | | 10,00,000 |



(C) Journal Entries

| Date | Particulars | L.F. | Debit (₹) | Credit (₹) |
|---|---|---|---|---|
| 31 Mar. 2022 | Debenture Interest A/c Dr. | | 2,00,000 | |
| | To Debentureholders A/c | | | 2,00,000 |
| | (Interest due on debentures) | | | |
| 31 Mar. 2022 | Debentureholders A/c Dr. | | 2,00,000 | |
| | To Bank A/c | | | 2,00,000 |
| | (Interest paid to debentureholders) | | | |
| 31 Mar. 2022 | Statement of P & L A/c Dr. | | 2,00,000 | |
| | To Debenture Interest A/c | | | 2,00,000 |
| | (Interest on Debentures charged to Statement of Profit and Loss) | | | |



PART – B (20 Marks)
Analysis of Financial Statements (Option I)

Question 27.
Financial statements are prepared on certain basic assumptions (pre-requisites) known as …………………
(a) Provision of Companies Act, 2013
(b) Accounting Standards

(c) Postulates
(d) Basis of Accounting

OR

Which one of the following is correct?
(i) Quick Ratio can be more than Current Ratio.
(ii) High Inventory Turnover ratio is good for the organisation, except when goods are bought in small lots or sold quickly at low margins to realise cash.
(iii) Sum of Operating Ratio and Operating Profit ratio is always 100%.
(a) All are correct
(b) Only (i) and (ii) are correct
(c) Only (ii) and (iii) are correct
(d) Only (i) and (ii) are correct (1)
Answer:
(c) Postulates

OR

Explanation: Financial statements are prepared on certain basic assumptions (pre-requisites) known as postulates such as going concern postulate, money measurement postulate, realisation postulate, etc.
(c) Only (ii) and (iii) are correct

Explanation: Inventory turnover measures how often a company replaces inventory relative to its cost of sales. Generally, the higher the ratio, the better.

And, When we add operating profit ratio & operating ratio, we see that ultimately we are adding up operating cost & operating profit which is nothing but our total revenue (from the formula Operating Profit = Sales minus Operating Cost) & thus when total revenue is divided by total revenue we reach to 100%

Question 28.
From the following calculate Interest coverage ratio Net profit after tax Rs 12,0,000; 10% debentures Rs 1,00,00,000; Tax Rate 40%.
(a) 1.2 times
(b) 3 times
(c) 2 times
(d) 5 times (1)
Answer:
(b) 3 times

Explanation: Net profit after tax = 12,00,000
Net profit before tax be x
X – 40x = 12,00,000 = x = 20,00,000
Profit before tax = 20,00,000 Profit before tax and interest = 30,00,000
Interest Coverage Ratio = 30,00,00010,00,000 = 3

Question 29.
Insurance Claim received by Albert Co. Ltd. of ₹ 5,00,000 for Loss of Machinery due to theft will be recorded in Cash Flow Statement in which of the following manner?
(a) Added under Operating Activities as Extraordinary Item and Subtracted from Operating Activities also.
(b) Subtracted under Operating Activities as Extraordinary Item and Added to Operating Activities also.
(c) Added under Operating Activities as Extraordinary Item and Outflow under Investing Activity also.
(d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also.

OR

A company issued 20,000; 9% Debentures of ₹ 100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹ 3,70,000. How this transaction will be reflected in Cash Flow Statement?
(a) Added 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of 20,00,000 under Financing Activities.

(b) Added 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of 18,00,000 under Financing Activities.

(c) Added 5,00,000 under Operating Activities as Loss on Issue of Debentures Written off and Inflow of 18,00,000 under Financing Activities.

(d) Added 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of 20,00,000 under Financing Activities. (1)
Answer:
(d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also.

Explanation: Extraordinary items are not the regular phenomenon, e.g., loss due to theft or earthquake or flood. Extraordinary items are non-recurring in nature and hence cash flows associated with extraordinary items should be classified and disclosed separately as arising from operating, investing or financing activities.

OR

(c) Added 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of 18,00,000 under Financing Activities

Explanation: Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures' written off as Cash payments of income taxes, discounts etc is considered as the Cash Outflows from Operating activities and Inflow of ₹ 18,00,000 under Financing Activities, financing activities relate to long term funds or capital of an enterprise, e.g., cash proceeds from issue of equity shares, debentures, raising long-term bank loans, repayment of bank loan, etc.

Question 30.
From the following information find out the inflow of Cash by sale of Office equipment's 31st March, 31st March, 2022 2021
Office Equipment ₹ 2,00,000 ₹ 3,00,000
Additional Information:
Depreciation for the year 2021-22 was ₹ 40,000
Purchase of Office Equipment purchased during the year ₹ 30,000
Part of Office Equipment sold at a profit of ₹ 12,000
(a) ₹ 1,00,000
(b) ₹ 1,02,000
(c) ₹ 90,000
(d) ₹ 1,12,000 (1)
Answer:
(b) ₹ 1,02,000
Explanation: Opening Balance of office
Equipment 3,00,000
Less: Depreciation 40,000
Add: Purchase of new Office equipment: 30,000
Add: Profit from the sale 12,000
Less: Closing Stock 2,00,000
Sale of office Equipment: 1,02,000

Question 31.
Classify the following items under Major heads and Sub-head (if any) in the Balance Sheet of a Company as per schedule III of the Companies Act 2013.
(i) Current maturities of long term debts
(ii) Furniture and Fixtures
(iii) Provision for Warranties
(iv) Income received in advance
(v) Capital Advances
(vi) Advances recoverable in ccsh within the operation cycle (3)
Answer:
Item

Current maturities of long Term debts

Furnirture and Fixtures

Provision for Warranties

Income received in advance

Ca p ita l Ad va n ces

Advances Recoverable in

Heading

Current Liabilities

Non-Current Assets

Non-Current Liabilities

Current Liabilities

Non-Current Assets

Current Assets

Sub-Heading

Short term borrowings

Property, Plant and Equipments and Intangible Assets, Property, Plant and Equipments

Long Term Provisions

Other Current Liabilities

Long term Loans and advances

Short term Loans and advances

Question 32.
Lala Ltd. and Bala Ltd. use different accounting policies for inventory valuation. These variations leave a big question mark on the cross-sectional analysis and comparison of these two firms was not possible. Identify the limitation of Ratio Analysis highlighted in the above situation. Also explain any two other limitations of Ratio Analysis apart from the identified above. (4)
Answer:
Variations of Accounting Practice as Limitation is highlighted in the given statement Two Other Limitations (Any two of the following, with suitable explanation)

Limitations of Accounting Data

Ignores Price-level Changes

Ignore Qualita

Forecasting

Question 33.
Determine Return on Investment and Net Assets Turnover ratio from the following information: Profits after Tax were ₹ 6,00,000; Tax rate was 40%; 15% Debentures were of ₹ 20,00,000; 10% Bank Loan was ₹ 20,00,000; 12% Preference Share Capital ₹ 30,00,000; Equity Share Capital ₹ 40,00,000; Reserves and Surplus were ₹ 10,00,000; Sales ₹ 3,75,00,000 and Sales Return ₹ 15,00,000.

OR

Debt to Capital Employed ratio is 0.3 : 1. State whether the following transactions, will improve, decline or will have no change on the Debt to Capital Employed Ratio. Also give reasons for the same.

Sale of Equipments costing ₹ 10,00,000 for ₹ 9,00,000.
Purchased Goods on Credit for ₹ 1,00,000 for a credit of 15 months, assuming operating cycle is of 18 months.
Conversion of Debentures into Equity Shares of ₹ 2,00,000.
Tax Refund of ₹ 50,000 during the year. (4)
Answer:
Return on Investment = EBIT / Capital Employed x 100 = 15,0,0001,20,0,000 x 100 = 12.5%
Capital Employed = 12% Preference Share Capital + Equity Share Capital + Reserves and Surplus + 15% Debentures + 10% Bank Loan = 30,00,000 + 40,00,000 + 10,00,000 + 20,00,000 + 20,00,000 = ₹ 1,20,00,000
EBIT = Profits after Tax + Tax + Interest = 6,00,000 + 4,00,000 + 5,00,000 = ₹ 15,0,000
Net Assets Turnover ratio = Revenue from Operations/Capital Employed
= 3,60,0,0001,20,0,000 = 3 times

OR

Ratio will improve. Reason – Capital Employed will decrease and Debt will remain same

Ratio will remain same. Reason – Both Debt and Capital Employed will remain same.

Ratio will decline. Reason – Debt will decrease but Capital Employed will remain same.

Ratio will decline. Reason – Capital Employed will increase but Debt will remain same.

Question 34.
Read the following hypothetical text and answer the given questions on the basis of the same: Aashna, an alumnus of CBSE School, initiated her start up Smartpay, in 2015. Smartpay is a service platform that processes payments via UPI and POS, and provides credit or loans to their clients. During the year 2021-22, Smartpay issued bonus shares in the ratio of 5 : 1 by capitalising reserves. The profits of Smartpay in the year 2021-22 after all appropriations was ₹ 7,50,000. This profit was arrived after taking into consideration the following items:

| Particulars | Amount (₹) |
|---|---|
| Interim Dividend paid during the year | 90,000 |
| Depreciation on Machinery | 40,000 |

| | |
|---|---|
| Loss of Machinery due to fire | 20,000 |
| Insurance claim received for Loss of Machinery due to Fire | 10,000 |
| Interest on Non-Current Investments received | 30,000 |
| Interest on Non-Current Investments received | 20,000 |
| Additional Information: | |

| Particulars | 31.03.2022(₹) | 31.03.2021(₹) |
|---|---|---|
| Equity Share Capital | 12,00,000 | 10,00,000 |
| Securities Premium Account | 3,00,000 | 5,00,000 |
| General Reserve | 1,50,000 | 1,50,000 |
| Investment in Marketable Securities | 1,50,000 | 1,00,000 |
| Cash in hand | – 2,00,000 | 3,00,000 |
| Machinery | 3,00,000 | 2,00,000 |
| 10% Non-Nurrent Investments | 4,00,000 | 3,00,000 |
| Bank Overdraft | 2,50,000 | 2,00,000 |
| Goodwill | 30,000 | 80,000 |
| Provision for Tax | 80,000 | 60,000 |

Goodwill purchased during the year was ₹ 20,000.

Proposed Dividend for the year ended March 31, 2021 was ₹ 1,60,000 and for the year ended March 31,2022 was ₹ 2,00,000.

You are required to:

Calculate Net Profit before tax and extraordinary items.

Calculate Operating profit before working capital changes.

Calculate Cash flow from Investing activities.

Calculate Cash flow from Financing activities.

Calculate closing cash and cash equivalents. (6)

Answer:
1. Net Profit before tax and extraordinary items = Net Profit for the year+ Interim Dividend + Loss of assets due to fire + Provision for Tax + Proposed Dividend – Insurance claim received for Loss due to Fire – Tax refund = 7,50,000 + 90,000 + 20,000 + 80,000 + 1,60,000 – 10,000 – 20,000 = ₹ 10,70,000

2. Operating profit before working capital changes= Net Profit before tax and extraordinary items + Adjustments for non-cash and non-operating expenses and goodwill amortised – Adjustments for non-cash

and non-operating incomes = 10,70,000 + 40,000 + 70,000** – 30,000 = 11,50,000
** Goodwill amortised = Opening goodwill + Goodwill purchased – Closing goodwill

3. Cash flow from Investing Activities = Interest on Non-Current Investments + Insurance claim for loss of assets due to fire – Purchase of Investments – Purchase of Machinery – Goodwill purchased = 30,000 + 10,000 – 1,0, 000 – 1,60,000 – 20,000 = ₹ (2,40,000) Outflow

4. Cash flow from Financing Activities: Raise of Bank overdraft – Interim Dividend Paid – Final Dividend paid = 50,000 – 90,000 – 1,60,000 = ₹ (2,00,000) Outflow

5. Closing Cash and Cash Equivalents: Cash in Hand + Investment in Marketable Securities = 2,00,000 + 1,50,000 = 3,50,000

**PART – B (20 Marks)**
**Computerised Accounting (Option II)**

Question 27.
The syntax of PMT Function is…………..
(a) PMT (rate, pv, nper, [fv], [type])
(b) PMT (rate, nper, pv, [fv], [type])
(c) PMT (rate, pv, nper, [type], [fv])
(d) PMT (rate, nper, pv, [type], [fv])

OR
In Excel, the chart tools provide three different options and for formatting.
(a) Layout, Format, DataMaker
(b) Design, Layout, Format
(c) Format, Layout, Label
(d) Design, DataMaker, Layout (1)
Answer:
(a) PMT (rate, nper, pv, [fv], type])

OR

(b) Design, Layout, Format

Question 28.
Which formulae would result in TRUE if C4 is less than 10 and D4 is less than 100?
(a) =AND(C4>10, D4>10)
(b) =AND(C4>10, C4<100) (c) =AND(C4>10, D4<10)
(d) =AND (C4<10, D4,100) (1)
Answer:
(d) =AND (C4<10, D4,100)

Question 29.
Which function results can be displayed in Auto Calculate?
(a) SUM and AVERAGE
(b) MAX and LOOK
(c) LABEL and AVERAGE
(d) MIN and BLANK

OR

When navigating in a workbook, which command is used to move to the beginning of the current row?
(a) [Ctrl]+[Home]
(b) [Page Up]

(c) [Home]
(d) [Ctrl]+[Backspace] (1)
Answer:
(a) SUM and AVERAGE

OR

(c) [Home]

Question 30.
What category of functions is used in this formula: =PMT (CIO/12, C8, C9,1)
(a) Logical
(b) Financial
(c) Payment
(d) Statistical (1)
Answer:
(b) Financial

Question 31.
State any three types of Accounting Vouchers used for entry in Tally software. (3)0
Answer:
Types of Accounting Vouchers

Contra Vouchers

Payments Vouchers

Receipt Vouchers

Question 32.
State any three requirements which should be considered before making an investing decision to choose between 'Desktop database' or 'Server database'. (3)
Answer:
The points to be considered before making investment in a database: (any three)

What all data is to be stored in the database?

Who will capture or modify the data, and how frequently the data will be modified?

Who will be using the database, and what all tasks will they perform?

Will the database ( backend) be used by any other frontend application?

Will access to database be given over LAN/ Internet, and for what purposes?

What level of hardware and operating system is available?

Question 33.
State the features of Computerized Accounting system.

OR

Explain the use of'Conditional Formatting'. (4)
Answer:
Features of computerized accounting system:

Simple and integrated.

Transparency and control.

Accuracy and speed.

Scalability

Reliability

OR

Uses of conditional formatting:

It helps in making needed information highlighted.

It changes the appearance of cells ranges.

Colour scale may be used to highlight cells.

useful in making decision making.

Question 34.
Describe two basic methods of charging depreciation. Differentiate between both of them. (6)
Answer:
Two basic methods of charging depreciation are
Straight line method: This method calculates fixed amount of depreciation every year which is calculated keeping in view the useful life of assets and its salvage value at the end of its useful life.

Written down value method: This method uses current book value of the asset for computing the amount of depreciation for the next period. It is also known as declining balance method.

Differences:
1. Equal amount of depreciation is charged in straight line method. Amount of depreciation goes on decreasing every year in written down value method.

2. Depreciation is charged on original cost in straight line method. The amount is calculated on the book value every year.

3. In straight line method the value of asset can come to zero but in written down value method this can never be zero.

4. Generally rate of depreciation is low in case of straight line method but it is kept high in case of written down value method.

5. It is suitable for assets in which repair charges are less and the possibility of obsolescence is less. It is suitable for the assets which become obsolete due to changes in technology