Minimum Learning in – ACCOUNTANCY

CLASS – XII

Topics-

S.N.	Particular	Marks (Minimum)
1	Fundamental of Partnership i. Preparation of Profit and loss Appropriation Account ii. Basic calculation of Interest on capital, Interest on drawings iii. Guarantee of partners in share of profit.	5 to 6
2	Admission of a Partner i. Preparation of Revaluation Account ii. Preparation of Capital Account. iii. Method of Calculation of Goodwill and Accounting treatment iv. Sacrifice Ratio v. Entries of Accumulated profits and losses and reserve.	5 to 6
3.	Retirement of a Partner/ Death i. Preparation of Revaluation Account ii. Preparation of Capital Account. iii. Accounting for goodwill iv. Gaining ratio v. Entries of Accumulated profits and losses and reserve. vi. Deceased Partner's capital account or executor account	4 to 5
4	Dissolution of a Partnership firm i. Journal entries on the basis of Realisation account	4
5	Company Account – Issue of Shares i. Basic entries of Issue of share capital (Simple Pro rata) ii. Preparation of Balance sheet of a company in respect of share capital effects. iii. Forfeiture of shares only. iv. Issue of share consideration other than cash.	5 to 8
6	Issue of Debentures i. Issue of debentures with the redemption point of view ii. Discount/loss on issue of debenture account and its effect iii. Issue of debenture consideration other than cash	4
7	Financial Statement of a Company and analysis i. Various main head and sub heads of company balance sheet with all items of each sub heads. ii. Theory of financial statement analysis.	3
8.	Accounting Ratio i. Formula of all ratio ii. Important Ratio a. Current ratio b. Liquid ratio c. Debt to equity ratio d. Working capital turnover ratio e. Inventory turnover ratio f. Return on Investment	3

9	**Cash flow statement** **i. Format of cashflow statement** **ii. Basic items of cash flow statement like- Financing activities Investing activities and preparation of Assets account with provision for depreciation account.**	**3**

SURE-SHOT QUESTIONS-ANSWERS

Q	**EXPECTED QUESTIONS & ANSWERS**	MM
	SHORT QUESTIONS & ANSWERS	
	FOUNDATIONS OF PARTNERSHIP	
1	List two items that may appear on the Credit side of a partner's capital account if partner's capital is fixed.	1
	(1) Fixed capital balance of partners (2) Additional capital introduced by partners	
2	Can a partner be exempted from sharing the losses in a firm? If yes, under what circumstances?	1
	Yes, if partnership deed provides so.	
3	What is the Profit and Loss Appropriation Account?	1
	Profit and Loss appropriation A/c is prepared to show the distribution of Profit among the partners.	
4	State the provisions of Partnership Act, 1932, in the absence of a Partnership Deed regarding: (i) Interest on advances other than Capital and (ii) Interest on Partner's Drawings.	1
	(a) If any partner has given a loan or advance other than capital to the firm, he will be allowed 6% p.a. interest on such advance. (b) No interest is charged on partner's drawings.	
5	A and B decided that no interest on drawings is to be allowed to any partner. But after one year C wants that interest on drawings is to be provided to every partner. State how C can do this.	1
	By entering into new partnership agreement.	
6	Ishu, Vishu and Nishu are partners in a firm sharing profits and losses in the ratio of 2:3:5. Their fixed capitals were Rs. 1,50,000, Rs. 3,00,000 and Rs. 6,00,000 respectively. After the final accounts have been prepared it was discovered that interest on capital was credited to them @ 12% instead of 10%. Pass the necessary adjustment entry.	3
	Nishu's Current A/c …. Dr. 1500 To Ishu's Current A/c 1200 To Vishu's Current A/c 300	
7	Mohan, Rohan and Arohan are partners in a firm sharing profits and losses in the ratio of 2:3:5. Their fixed capitals were Rs. 3,00,000, Rs. 6,00,000 and Rs. 12,00,000 respectively. For the year 2011-12, interest on capital was credited to them @ 12% instead of 10%. Pass the necessary adjustment entry.	3
	Arohan's Current A/c …. Dr. 3,000 To Mohan's Current A/c 2,400 To Rohan's Current A/c 600	

8 X, Y and Z are partners sharing profits and losses in the ratio of 3:2:1. After the final accounts have been prepared, it was discovered that interest on drawings @ 5% p.a. had not been taken into consideration. The drawings of the Partners were: X Rs.15,000; Y Rs.12,600; Z Rs.12,000. Give the necessary adjusting journal entry. 3

Journal Entry

Date	Particulars	Amt(Dr.)	Amt(Cr.)
	Z's Capital A/c …Dr.	135	
	To X's Capital A/c		120
	To Y's Capital A/c		15
	(Int. on drawings omitted, Now Adjusted)		

Particulars	X	Y	Z	Total
Int. on Drawings to be charged @ 5% p.a. for 6 months (Dr.)	375	315	300	990
adjustment of profits (Cr.)	445	330	165	990
Net adj.	120 Cr.	15 Dr.	135 Cr.	-----

9 A, B and C are partners in firm. They had omitted interest on capital @ 10% p.a. for three years ended 31st March 2012. Their fixed capitals on which interest was to be calculated throughout were : 4

A	Rs. 1,00,000
B	Rs. 80,000
C	Rs. 70,000

Give the necessary adjusting journal entry with working notes.

B's Current A/c	…. Dr.	1,000	
C's Current A/c	…. Dr.	4,000	
To A's Current A/c		5,000	

GOODWILL

10 State any two factors affecting value of goodwill of the firm. 1

(a) Nature of business
(b) Location
(c) Efficiency of management
(d) Market Situation
(e) Special Advantages

11 Mahesh and Ramesh are sharing profits in the ratio of 2: 3. Their capitals are Rs. 50,000 and Rs. 40,000 respectively. They admit Naresh to a 1/3rd share in the profits of the firm on his bringing in Rs. 10,000 for goodwill and Rs. 45,000 as capital. Naresh brings the necessary amount of capital but only Rs. 6,000 towards goodwill. Give Journal entries to record the above in the books of the firm. 4

Cash A/c	…. Dr.	51,000	
To Naresh's Capital A/c			45,000
To Premium for Goodwill A/c			6,000
Premium A/c	…. Dr.	6,000	
Naresh's Capital A/c	…. Dr.	4,000	
To Mahesh's Capital A/c			4,000
To Ramesh's Capital A/c			6,000

12 Aman and Suman are partners in a firm sharing profit and losses in the ratio of 3:2. They 4

	admitted Chaman as a new partner and the new profit sharing ratio will be 2:1:1 Chaman brought in Rs. 50,000 as his capital and Rs. 20,000 for his share of Goodwill. Goodwill already appeared in the books of Aman and Suman at Rs. 5,000. Pass the necessary journal entries in the books of the new firm for the above transactions.	
	Aman's Capital A/c …. Dr. 3,000 Suman's Capital A/c …. Dr. 2,000 To Goodwill A/c 5,000 Cash A/c …. Dr. 70,000 To Chaman's Capital A/c 50,000 To Premium A/c 20,000 Premium A/c …. Dr. 20,000 To Aman's Capital A/c 8,000 To Suman's Capital A/c 12,000	
13	The average net profits Expected of the firm in future are Rs. 68,000 per year and capital invested in the business by the firm is Rs. 3,50,000. The rate of interest expected from capital invested in this class of business is 12%. The remuneration of the partners is estimated to be Rs. 8,000 for the year. You are required to find out the value of goodwill on the basis of 2 years purchase of super profits.	4
	Average profit = 68,000-8000 = 60,000 Normal profit = 3,50,000 X 12/100 = 42,000 Super profit= 60,000 - 42,000 =18,000 Goodwill = 18,000 X 2 = 36,000	
	CHANGE IN PROFIT SHARING RATIO	
14	What is mean by change in profit sharing ratio?	1
	Change in profit sharing ratio means sharing the profits or losses in a new ratio in place of the old ratio. It implies the purchase of share of profit by one partner from another partner.	
15	A and B shared profits and losses in the ratio of 3:2. With the effect from 1st April, 2014, they agreed to share profits equally. The goodwill of the firm was valued at Rs. 30,000. Pass the necessary journal entry for the treatment of goodwill.	3
	B's capital A/c ……. Dr. 3,000 To A's Capital A/c 3,000	
	ADMISSION OF A PARTNER	
16	What is mean by Sacrificing Ratio?	1
	Sacrificing ratio is the ratio in which the partners have agreed to sacrifice their shares in profits in favour of other partner.	
17	What is mean by new profit sharing ratio?	1
	New profit sharing ratio means the ratio in which the partners share the profits in future by changing the old profit sharing ratio.	
18	A and B are partners in a firm. C is admitted for 1/5th share. What is the ratio in which A and B will sacrifice their share in favour of C.	1
	A and B will sacrifice in equal ratio.	
19	P, Q and R are partners sharing profit and losses in the ratio 5:3:2. R retires and his share is entirely taken by P. Calculate new profit sharing ratio.	1
	New profit sharing ratio of P and Q is 7:3.	
20	What are the circumstances in which sacrificing ratio may be applied?	1
	(a) Admission of a partner	

	(b) Change in Profit sharing ratio	
21	State any one purpose for admitting a new partner in a firm.	1
	A Partner is admitted in a firm due to the following reasons : (a) When more capital is needed for the expansion of the business (b) When a competent and experienced person is needed for the efficient running of the business. (c) To increase the goodwill and reputation of the business by taking a reputed and renowned person into the partnership (d) To encourage a capable employee by taking him into the partnership	
22	A and B are partners. On 1st January they admitted C as new partner. On the date of C's admission, the balance sheet of A and b showed a General Reserve of Rs. 50,400 and a Debit balance of Profit and Loss Account Rs. 5,600. The new profit sharing ratio between A, B and C agreed to 3:2:1. Pass necessary Journal entries for the treatment of these items on C's admission.	1
	General Reserve A/c …. Dr. 50,400 To A's Capital A/c 25,200 To B's Capital A/c 25,200 A'S Capital A/c …. Dr. 2,800 B's Capital A/c …. Dr. 2,800 To Profit and Loss A/c 5,600	
	RETIREMENT OF A PARTNER	
23	Give two circumstances in which the gaining ratio is computed.	1
	(a) At the time of change in profit sharing ratio. (b) When partner retires or dies.	
24	X, Y and Z are partners sharing profit and losses in the ratio 5:3:2. Z retires. Calculate new profit sharing ratio.	1
	New Profit Sharing Ratio 5:3	
	DEATH OF A PARTNER	
25	Name the account which is opened to transfer the share of profit of the deceased partner in the year of his death.	1
	Profit & Loss Suspense A/c.	
26	When is Partner's Executors' Account prepared?	1
	Partner's Executor's Account is prepared at the time of settlement of accounts of deceased partner.	
27	Ajit and Bijit are in partnership sharing profits and losses in the ratio of 3 : 2. Bijit died three months after the date of the last Balance Sheet prepared on 31.03.2012. According to the Partnership Deed, Bijit's representative is entitled to the following payments : a) His capital as per the last Balance Sheet. b) Interest on above capital @ 6% p.a. till the date of death. c) His share of profits till the date of death calculated on the basis of last year's profits. Bijit's capital as per the last Balance Sheet was Rs. 40,000 and his drawings till the date of death were Rs. 5,000. The last year's profits were Rs. 30,000. Draw Bijit's Account to be rendered to his legal representative.	4
	Bijit's Capital A/c	

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Drawings	5,000	Balance b/d	40,000
Bijit's Executor's A/c	38,600	Interest on Capital	600
		Profit & Loss Suspense A/c	3,000
	43,600		43,600

	DISSOLUTION OF A PARTNERSHIP FIRM	
28	Why 'Realisation' Account is prepared?	1
	Realisation A/c is prepared to know the amount of profit or loss arising from disposing off assets of the firm and payment of all outside liabilities.	
29	On Dissolution of a firm which account should be prepared at the last?	1
	Cash/Bank Account	
	SHARE CAPITAL	
30	Give one point of distinction between Reserve Capital and Capital Reserve	1
	(a) Capital Reserve is created out of capital profits whereas Reserve capital is a part of uncalled capital (b) Capital Reserve is shown in the Balance Sheet whereas Reserve Capital is not shown in Balance Sheet	
31	Distinction between Reserve Capital and Capital Reserve	1
	(a) Capital Reserve is created out of capital profits whereas Reserve capital is a part of uncalled capital (b) Capital Reserve is shown in the Balance Sheet whereas Reserve Capital is not shown in Balance Sheet	
32	Meaning of Calls- in- arrear.	1
	Calls in Arrear refers to that part of capital which has been called –up but not yet been paid by the share holders.	
33	Meaning of calls-in-advance.	1
	When a company accepts money paid by some of its allottee for the calls not yet due, such amount is known as calls-in-advance.	
34	Difference between Over Subscription and Under Subscription.	1
	(a) In over-subscription number of shares applied is more than the shares offered for subscription whereas in under-subscription number of shares applied is less than the shares offered for subscription. (b) In over-subscription excess application money is to be refunded or adjusted towards allotment whereas in under-subscription all the applications are accepted, there is no excess money is to be refunded.	
35	State any three provisions of section 52(2) of The Companies Act, 2013 regarding uses of securities premium.	3
	(a) For buy back of equity shares. (b) For issuing fully paid bonus shares to the shareholders of the company. (c) For writing off the preliminary expenses. (d) For writing off commission or discount allowed on issue of shares or debentures of the company.	
36	Anju Ltd. acquired Machinery worth Rs. 4,50,000 and Furniture Rs. 1,00,000 and took over	3

	creditors worth Rs. 55,000 from Sanju Ltd. Anju Ltd. issued Equity shares of Rs. 1,000 each at 10% premium as purchase consideration. Pass the necessary journal entries in the books of the company.	
	Journal entries Machinery A/c ….Dr. 4,50,000 Furniture A/c ….Dr. 1,00,000 To Creditors A/c 55,000 To Sanju Ltd. A/c 4,95,000 Sanju Ltd. A/c …. Dr. 4,95,000 To Equity share capital A/c 4,50,000 To Securities Premium Reserve A/c 45,000	
37	A company forfeited 500 shares of Rs.10 each issued at a premium of Rs. 3 per share, for nonpayment of first call money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half of the forfeited shares were reissued at Rs. 2,500 fully paid. Pass the necessary journal entries in this respect.	3
	Share capital A/c …. Dr. 4,000 To Share first call A/c 1,500 To Share forfeiture A/c 2,500 BankA/c …. Dr. 2,500 To Share capital A/c 2,500 Share forfeiture A/c …. Dr. 1,250 To capital Reserve A/c 1,250	
38	Mukesh Ltd. Issued 50,000 shares of Rs. 10 each.Pass journal entries, when Shares are issued at 10% premium	3
	Journal entries Bank A/c ….Dr. 5,50,000 To Share Application and allotment A/c 5,50,000 Share Application and allotment A/c …. Dr. 5,50,000 To Share capital A/c 5,00,000 To Securities Premium Reserve A/c 50,000	
39	Nirav Ltd. Has made a public issue of Rs. 10,00,000 Equity shares of Rs. 10 each. The issue is oversubscribed by 10 percent. The company decides to reject applications for 5,00,000 Equity shares, allot 2,50,000 Equity shares to applicants of 7,50,000 shares and make full allotment to the remaining applicants. Has the company, in your opinion, not ignored any value?	3
	The company may be legally correct in making allotment in this manner but it has ignored the value of equal distribution of wealth. It would have been more appropriate had the company made pro-rata allotment to all the applicants.	
40	Sushma Limited purchased a business from Anamika Traders for a sum of Rs. 14,00,000 payable Rs. 2,00,000 by Cash and for the balance issued equity shares of Rs. 100 each payable at a premium of 20%. The assets and liabilities consisted of the following : **Rs.** Machinery 5,00,000 Building 5,00,000 Stock 4,00,000 Sundry Debtors 4,00,000	4

Sundry Creditors		3,00,000

Record necessary Journal entries in the books of Sushma Limited.

Journal entries in the books of Sushma Limited

Machinery A/c	…Dr.	5,00,000	
Building A/c	… Dr.	5,00,000	
Stock A/c	… Dr.	4,00,000	
Sundry Debtors A/c	… Dr.	4,00,000	
To Sundry Creditors A/c			3,00,000
To Anamika Traders A/c			14,00,000
To Capital Reserve A/c			1,00,000
Anamika Traders A/c	… Dr.	2,00,000	
To Cash A/c			2,00,000
Anamika Traders A/c	… Dr.	12,00,000	
To Equity Share Capital A/c			10,00,000
To Securities Premium Reserve A/c			2,00,000

41 Raghav Ltd. Forfeited 500 equity shares of Rs. 100 each for the non-payment of first call of Rs. 30 per share. The final call of Rs. 10 per share was not yet made. The forfeited shares were issued for Rs. 65,000 fully paid up. Pass the journal entries in the books of Raghav Ltd. 4

Share Capital A/c	…. Dr.	45,000	
To Share First Call A/c			15,000
To Share Forfeiture A/c			30,000)
Bank A/c	…. Dr.	65,000	
To Share Capital A/c			50,000
To Securities premium Reserve A/c			15,000
Share Forfeiture A/c	…. Dr.	30,000	
To Capital Reserve A/c			30,000

42 The authorized capital of Ankit Ltd. is Rs. 20,00,000 divided into Rs. 2,00,000 equity shares of Rs. 10 each. Out of these the company issued 1,00,000 equity shares of Rs. 10 each. The amount is payable as follows : 4

On application Rs. 2, on allotment Rs. 4 and on final call Rs. 3

The public applied for Rs. 90,000 equity shares and all the money was duly received. How will you show the 'Share Capital A/c' in the Balance Sheet of the company? Also prepare "Notes to Accounts" for the same.

Balance Sheet of Ankit Ltd. as at ……………………

Particulars	Note No.	Amount (Rs.) Current Year	Amount (Rs.) Previous Year
Equity and Liabilities (1) Shareholder' Fund (a) Share Capital	1	9,00,000	

Notes to Accounts :

Note No. 1

Share Capital		Amount (Rs.)
Authorised Capital		
2,00,000 equity shares of Rs. 10 each		20,00,000
Issued Capital		
1,00,000 equity shares of Rs. 10 each		10,00,000
Subscribed, but not fully paid		
90,000 equity shares of Rs. 10 each		9,00,000

DEBENTURES

43 What is meant by 'Debentures issued as collateral security'? 1

When debentures are issued as a subsidiary security in addition to primary security against a loan raised by the company, such an issue is called Debentures issued as collateral security.

44 What do you understand by the 'Mortgaged Debentures'? 1

Mortgaged debentures or secured debentures are those debentures which are secured either on a particular assets of the issuer company or on all the assets of the company.

45 State the exceptions to the creation of Debenture Redemption Reserve as per SEBI Guidelines. 3

Exceptions to the creation of Debenture Redemption Reserve as per SEBI Guidelines:

(1) To Infrastructure companies.
(2) A company issuing debentures with a maturity period of not more than 18 months.
(3) For debentures issued by All India Financial Institutions regulated by RBI.
(4) For debentures issued by Banking companies.
(5) For Privately placed debentures

46 Ram Ltd. acquired Machinery worth Rs. 4,00,000from Shyam Ltd. Ram Ltd. made a payment by issue of 9% Debentures of Rs. 1,000 each. Pass the necessary journal entries in the books of the company. 3

Books of Ram Ltd.

Journal entries

Machinery A/c	….Dr.	4,00,000	
To ShyamLtd. A/c			4,00,000
Shyam Ltd. A/c	…. Dr.	4,00,000	
To 9% Debentures A/c			4,00,000

47 Pass necessary journal entries for 'Issue of debentures' in the following cases: 3

(a) Surabhi Ltd. issued 600, 10% Debentures of Rs. 100 each at par, redeemable at a premium of 5%.
(b) Prutha Ltd. issued 350, 9% Debentures of Rs. 100 each at a premium of Rs. 20 per debenture redeemable at a premium of Rs. 10 per debenture.

Journal entries

(a)

Bank A/c	….Dr.	60,000	
To Debenture Application A/c			60,000
Debenture Application A/c	…. Dr.	60,000	

	Loss on issue of Debentures A/c …. Dr. 3,000 To 12% Debentures A/c 60,000 To Pemium on Redemption of Deb. A/c 3,000 **(b)** Bank A/c ….Dr. 42,000 To Debenture Application A/c 42,000 Debenture Application A/c …. Dr. 42,000 Loss on issue of Debentures A/c …. Dr. 3,500 To 12% Debentures A/c 35,000 To Securities Premium Reserve A/c 7,000 To Pemium on Redemption of Deb. A/c 3,500	
48	Pass journal entries for 'issue of debentures' for the following transactions: (a) X Ltd. issued 6,000, 10% Debentures of Rs. 100 at par, redeemable at a premium of 5%. (b) Y Ltd. issued 1,000, 9% Debentures of Rs. 100 each at a premium of Rs. 10 per debenture, redeemable at a premium of Rs. 10 per debenture.	3
	Journal entries : (a) Bank A/c ….Dr. 6,00,000 To Debenture Application A/c 6,00,000 Debenture Application A/c …. Dr. 6,00,000 Loss on issue of Debentures A/c …. Dr. 30,000 To 10% Debentures A/c 6,00,000 To Pemium on Redemption of Deb. A/c 30,000 (b) Bank A/c ….Dr. 1,10,000 To Debenture Application A/c 1,10,000 Debenture Application A/c …. Dr. 1,10,000 Loss on issue of Debentures A/c …. Dr. 10,000 To 9% Debentures A/c 1,00,000 To Securities Premium Reserve A/c 10,000 To Premium on Redemption of Deb. A/c 10,000	
49	What journal entries should be made for the issue of debentures in the following cases? (a) X Limited issued 30,000 12% Debentures of Rs. 100 each at par, redeemable at a premium of 5%. (b) Y Limited issued 50,000 12% Debentures of Rs. 100 each at a premium of 5%, redeemable at par.	3
	Journal entries : (a) Bank A/c ….Dr. 30,00,000 To Debenture Application and allotment A/c 30,00,000 Debenture Application and allotment A/c …. Dr. 30,00,000 Loss on issue of Debentures A/c …. Dr. 1,50,000 To 12% Debentures A/c 30,00,000 To Pemium on Redemption of Deb. A/c 1,50,000 (b)	

Bank A/c ….Dr.	52,50,000	
To Debenture Application and allotment A/c		52,50,000
Debenture Application A/c …. Dr.	52,50,000	
To 12% Debentures A/c		50,00,000
To Securities Premium Reserve A/c		2,50,000

ANALYSIS OF FINANCIAL STATEMENTS

53 Why are creditors interested in analysing Financial Statement? 1

Creditors can judge the financial position of a concern firm through financial analysis before granting credit.

54 State the any two tools of analysis of financial statements. 1

Comparative balance sheet, Trend analysis, Ratio, Cash flow statement, Break even analysis.

55 Under what heads will you classify the following items in the Balance Sheet of a limited company as per Revised Schedule VI: 3

(a) Office equipment (b) Prepaid expenses (c) 9% Debentures (d) Government securities (e) Outstanding expenses (f) work in progress

S.No.	Item	Sub-Heading	Main Heading
A	Office equipment	Tangible assets	Non-Current Assets
B	Prepaid expenses	Other Current Assets	Current Assets
C	9% Debentures	Long term borrowings	Non-Current liabilities
D	Government securities	Non-Current investment	Non-Current Assets
E	Outstanding expenses	Current liabilities	Current liabilities
F	work in progress	Inventories	Current Assets

56 Under what main headings and sub-headings of Assets side, will you classify the following items in the Balance Sheet of a limited company as per Revised Schedule VI : 3

(a) Loose Tools ; (b) Bills Receivable ; (c) Sundry Debtors ; (d) Goodwill ; (e) Long term Investments ; (f) Prepaid Insurance

S.No.	Item	Main Heading	Sub-Heading
A	Loose Tools	Current Assets	Inventories
B	Bills Receivable	Current Assets	Trade Receivables
C	Sundry Debtors	Current Assets	Trade Receivables
D	Goodwill	Fixed Assets	Intangible assets
E	Long term Investments	Non Current Assets	Long-term investments
F	Prepaid Insurance	Current Assets	Other Current Assets

57 List the items which are shown under the heading, 'Current Assets' in the Balance Sheet of a company as per provisions of Schedule III of the Companies Act. 3

Balance Sheet of……………… As at …………………….

Particulars	Note No.	Figures as at the end of the current reporting period (Rs.)	Figures as at the end of the Previous reporting period (Rs.)
II. ASSETS			

	(2) Current Assets (a) Current Investments (b) Inventories (c) Trade Receivables (d) Cash and Cash Equivalents (e) Short term Loans and Advances (f) Other Current Assets	
	RATIO ANALYSIS	
61	XLtd.hasaDebtEquityRatioat3:1. According to the management tit should be main trained at 1:1. Whatare the two choices to do so?	1
	The two choices to maintain Debt equity at 1:1 from 3:1 are: (a) To increase equity or (b) To reduce Debt (c) Both i.e. increase equity and reduce Debt.	
62	The current liabilities of a company are Rs. 3,50,000. Its Current ratio is 3 and liquid ratio is 1.75. Calculate the amount of Current assets, Liquid assets and Inventory.	3
	Current Ratio= current assets / current liabilities 3 = current assets/ 3, 50,000 Current assets = 3 x 3, 50,000 = 10, 50,000 Liquid ratio = liquid assets / current liabilities 1.75 = liquid assets / 3, 50,000 Liquid assets = 1.75 x 3, 50,000 = 6, 12,500 Stock = current assets – liquid assets = 10, 50,000 – 6, 12,500 = 4, 37,500	
63	Calculate any two of the following ratios on the basis of following information of Aniruddh Ltd. a) Liquid Ratio, b) Proprietary Ratio, c) Operating Ratio. Information: Sales Rs. 3,40,000; Cost of Goods Sold Rs. 1,20,000; Selling Expenses Rs. 80,000; Administrative Expenses Rs. 40,000; Current Assets Rs. 1,50,000; Current Liabilities Rs. 1,05,000; Closing Stock Rs. 10,000; Fixed assets Rs. 2,80,000; Equity share capital Rs. 2,75,000 and General reserve Rs. 2,00,000.	3
	Liquid Ratio = 1.31:1; Proprietary Ratio = 1.10:1; Operating Ratio = 70.59%. [Shareholder's Fund Rs. 4,75,000; Quick Assets Rs. 1,40,000]	
64	Net credit sales of a company during the year were Rs.1,80,000. If debtor's turnover is 4 times. Calculate debtors in the beginning and at the end of the year if closing debtors are 2 times in comparison to opening debtors.	3
	Opening debtors =30,000, closing debtors=60,000	

65	Calculate any two of the following ratios with the help of the information given below : (a) Operating ratio; (b) Quick ratio; (c) Gross Profit Ratio. Sales Rs. 2,00,000 ; Opening Stock Rs. 12,000 ; Purchases Rs. 1,20,000 ; Wages Rs. 8,000 ; Closing stock Rs. 18,000 ; Selling and Distribution Expenses Rs. 2,000 ; Other Current Assets Rs. 50,000 ; Current Liabilities Rs. 30,000.	3
	Cost of Goods Sold = Rs. 1,22,000 ; Operating Cost = Rs. 1,24,000 ; Quick assets = Rs. 50,000; a) Operating Ratio = 62%; b) Quick Ratio = 1.67 : 1; c) Gross Profit Ratio = 39% (Any two ratios)	
	CASH FLOW STATEMENT	
66	State whether cash deposited in bank will result in inflow, out flow or no flow of cash while preparing Cash Flow Statement.	1
	No Flow	
67	Under which type of activity will you classify 'Sale of shares of another company' while preparing the Cash Flow Statement.	1
	Investing Activity	
68	State whether conversion of Debentures into Equity Shares by a financing company will result in inflow, outflow or no flow of cash.	1
	No Flow of Cash	
69	Interest received by a finance company is classified under which kind of activity while preparing the Cash Flow Statement.	1
	Operating Activity	
70	Give one example of financial activities of cash flow statement.	1
	Dividend paid, Payment of Bank loan, Issue of share capital/preference share capital/Debenture	
71	Sale of machinery is classified under which kind of activity while preparing the Cash Flow Statement?	1
	Investing Activity	
72	Give one transaction which may result into no flow of cash.	1
	Cash Deposited into Bank ; or Cash withdrew from Bank	
73	Dividend paid by a finance company is classified under which kind of activity while preparing the Cash Flow Statement.	1
	Financing Activity	

	LONG QUESTIONS & ANSWERS	
	FOUNDATIONS OF PARTNERSHIP	
74	Akash, Mahesh and Vipul were partners in a firm. Their capitals on 01.04.2011 were: Rs. 4,00,000; Rs. 5,00,000 and Rs. 6,00,000. The partnership deed provided for the following : a) They will share profits in the ratio of 2: 3: 3. b) Akash will be allowed a salary of Rs. 2,000 p.m. c) Interest on capital will be allowed @ 12% p.a.	6

During the year Akash withdrew Rs. 14,000, Mahesh Rs. 15,000 and Vipul Rs. 18,000. For the year ended 31.03.2012, the firm earned a profit of Rs. 3,00,000.

Prepare Profit and Loss Appropriation Account and Partners' Capital Accounts.

Profit and Loss Appropriation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Interest on Capital A/c :		Profit and Loss A/c	3,00,000
Akash : 48,000			
Mahesh : 60,000			
Vipul :72,000	1,80,000		
Salary A/c :			
Akash	24,000		
Profit Transferred to Cap A/c :			
Akash: 24,000			
Mahesh : 36,000			
Vipul : 36,000	96,000		
	3,00,000		3,00,000

Partners'Capital A/c

Particulars	Akash	Mahesh	Vipul	Particulars	Akash	Mahesh	Vipul
Drawings	14,000	15,000	18,000	Balance b/d	4,00,000	5,00,000	6,00,000
Balance c/d	4,82,000	5,81,000	6,90,000	Int on Capital	48,000	60,000	72,000
				Salary	24,000	---	---
				P/L App	24,000	36,000	36,000
	4,96,000	5,96,000	7,08,000		4,96,000	5,96,000	7,08,000

75 Ram and Shyam were partners in a firm sharing profits and losses in the ratio of 5:3. Their capitals as on 1.1.2011 were: Ram Rs. 80,000 and ShyamRs. 1,00,000. They agreed to allow interest on capital @ 12% p.a. and charge interest on drawings @ 15% p.a. The firm earned a profit, before all the above adjustments of Rs. 14,040 for the year ended 31.12.2011. The drawings of Ram and Shyam during the year were Rs. 6,000 and Rs. 10,000 respectively. Showing your calculations clearly, prepare Profit and Loss Appropriation Account and Capital Account of Ram and Shyam. The interest on capital will be allowed even if the firm incurs a loss. 6

Profitand Loss Appropriation A/c

Particulars	**Rs.**	**Particulars**	**Rs.**
Interest on Capital A/c :		Profit and Loss A/c	14,040
Ram : 9,600		Interest on Drawings :	
Shyam : 12,000	21,600	Ram : 450	
		Shyam : 750	1,200
		By Partner's cap. (Loss)	
		Ram : 3,975	
		Shyam : 2,385	6,360
	21,600		**21,600**

Partner's Capital A/c

Particulars	Ram	Shyam	Particulars	Ram	Shyam
To Drawings A/c	6,000	10,000	By Balance b/d	80,000	1,00,000
To Int. on Drawings	450	750	By Int. on Capital	9,600	12,000
To P/L App (profit)	3,975	2,385			
To Balance c/d	79,175	98,865			
	89,600	**1,12,000**		**89,600**	**1,12,000**

76 A, B and Care partners share profits and losses in the ratio of 3:2:1.Their capitals Rs.1,00,000, 75,000 and 50,000 respectively. They agreed to allow interest on capital @ 10 % p.a. and agreed to charge interest on drawings @10% p.a. Their drawings for the year were Rs. 10,000, 8,000 and 6,000 respectively. C was very active getting a salary of Rs. 2,000 per month and in return, he guaranteed that firms profit would not be less than Rs.80,000 before charging or allowing interest and salary payable to C. Actual profit for the year 2011 was Rs.75,000. Prepare Profit and Loss Appropriation Account and Partners Capital Account. 6

Profit & Loss Appropriation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To interest on capitals		By P/L a/c	75,000
A 10,000		By C's capital A/c	5,000
B 7,500		(guarantee)	
C 5,000	22,500	By interest on drawing	
To C's salary	24,000	A 500	
To partners Capital A/c		B 400	
(profit)		C 300	1,200
A : 17,350			
B : 11,567			
C : 5,783	34,700		
	81,200		81,200

Partner's Capital A/c

Particulars	A	B	C	Particulars	A	B	C
To Drawings	10,000	8,000	6000	By Balance b/d	1,00,000	75,000	50,000
To Interest on drawings	500	400	300	By Interest on capital	10,000	7,500	5,000
To P/L app.	----	-----	5,000	By salary	----	----	24,000
To Balance c/d	1,16,850	85,667	73,483	By P/L app.	17,350	11,567	5,783
	1,27,350	94,067	84,783		1,27,350	94,067	84,783

77 Aman and Chaman are partners sharing profits and losses in the ratio of 2 : 1. On 1st April, 2011 their capitals were Aman - Rs. 50,000 and Chaman - Rs. 40,000. 6

Prepare the Profit and Loss Appropriation Account and the Partners' Capital Account at the end of the year after considering the following items:

a) Interest on Capital is to be allowed @ 5% p.a.

b) Interest on partners' drawings @ 6% p.a. Drawings:Aman – Rs. 10000 and Chaman – Rs.

8000.

c) Aman is entitled to get a salary @ Rs. 500 per month.

d) 10% of the divisible profit is to be transferred to Reserve.

They earned profit of Rs. 70,500 for the year ended 31st March, 2012.

Profit and Loss Appropriation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Interest on Capital A/c :		Profit and Loss A/c	70,500
Aman: 2,500		Interest on Drawings :	
Chaman : 2,000	4,500	Aman: 300	
Salary A/c :		Chaman : 240	540
Aman	6,000		
General Reserve A/c	6,054		
Profit Transferred to Cap A/c :			
Aman: 36,324			
Chaman : 18,162			
	54,486		
	71,040		71,040

Partners' Capital A/c

Particulars	Aman	Chaman	Particulars	Aman	Chaman
Drawings A/c	10,000	8,000	Balance b/d	50,000	40,000
Interest on Drawings	300	240	Int on Capital	2,500	2,000
Balance c/d	84,524	51,922	Salary	6,000	-----
			P/L App (profit)	36,324	18,162
	94,824	60,162		94,824	60,162

ADMISSION OF A PARTNER

78 Tanu and Kanu are partners sharing profits in the ratio of 2 : 3. On 31st March, 2012 their Balance Sheet was : 8

Liabilities	**Amount (Rs)**	**Assets**	**Amount (Rs.)**
Capitals :		Goodwill	20,000
Tanu : 30,000		Machinery	90,000
Kanu : 40,000	70,000	Stock	14,000
General Reserve	14,000	Debtors	38,000
Creditors	66,000	Cash	3,000
Bills Payable	15,000		
	1,65,000		**1,65,000**

They decided to admit Manu into the partnership for on the following terms :

a) Stock is to be revalued at Rs. 18000.

b) Machinery is to be depreciated by 15%.

c) It is found that the creditors included a sum of Rs. 12,000 which was not to be paid.

d) Outstanding rent is Rs. 1,900.

e) Manu is to bring in Rs. 36,000 as his capital and share of goodwill Rs. 10,000 for his 1/6th share in the profits of the firm.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

Revaluation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Machinery	13,500	Stock	4,000
Outstanding Rent A/c	1,900	Creditors	12,000
Cap A/c (profit)			
Tanu : 240			
Kanu : 360	600		
	16,000		16,000

Partner's Capital A/c

Particulars	Tanu	Kanu	Manu	Particulars	Tanu	Kanu	Manu
Goodwill A/c (Old)	8,000	12,000	---	Balance b/d	30,000	40,000	---
Balance c/d	31,840	42,760	36,000	General Reserve	5,600	8,400	---
				Revaluation A/c	240	360	---
				Cash A/c	---	---	36,000
				Premium A/c	4,000	6,000	---
	39,840	54,760	36,000		39,840	54,760	36,000

Balance Sheet of Tanu, Kanu and Manu

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital A/c		Machinery	76,500
Tanu31,840		Stock	18,000
Kanu42,760		Debtors	38,000
Manu 36,000	1,10,600	Cash	49,000
Creditors	54,000		
Bills Payable	15,000		
Outstanding Rent	1,900		
	1,81,500		1,81,500

79 P and R are partners sharing profits in the ratio of 3:2. On 31st March, 2012 their Balance Sheet was : 8

Liabilities	**Rs.**	**Assets**	**Rs.**
Capitals A/c's :		Furniture	15,000
P : 35,000		Machinery	33,000
R : 30,000	65,000	Stock	23,000
Workman Compensation		Investments	20,000
Fund	10,000	Debtors 19,000	

Creditors	36,000	Less: Pro. for Doubtful Debts	
Bank Loan	9,000	2,000	17,000
		Cash	12,000
	1,20,000		**1,20,000**

They decided to admit Q into the partnership for 1/4th share in the profits on the following terms:

a) Q brings Rs. 23,450 as his Capital. He also brings Rs. 7,000 in cash as his share of Goodwill.
b) Depreciate Stock by 5% and Furniture by 10%.
c) An outstanding bill for repairs Rs. 1,000 will be brought in the books.
d) Debtors are all good.
e) Half of the investments were to be taken over by P and R in their profit sharing ratio at book value.
f) Bank loan is paid off.
g) Partners agreed to share future profits in the ratio of 3:3:2.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

Revaluation A/c

Particulars	**Rs.**	**Particulars**	**Rs.**
To Furniture A/c	1,500	By Pro. For Dout. Debts	2,000
To Stock A/c	1,150	By Cap A/c (Loss)	
To Outstanding Bill for Repairs		P : 990	
	1,000	R : 660	1,650
	3,650		**3,650**

Partner's Capital A/c

Particulars	**P**	**R**	**Q**	**Particulars**	**P**	**R**	**Q**
To Rev. A/c	990	660	---	By Balance b/d	35,000	30,000	---
To Invest.	6,000	4,000	---	By W. C. Fund	6,000	4,000	---
TO Balance c/d	40,310	30,040	23,450	By Cash	---	---	23,450
				By Premium	6,300	700	---
	47,300	**34,700**	**23,450**		**47,300**	**34,700**	**23,450**

Balance Sheet of P, R and Q

Liabilities	Rs.	Assets	Rs.
Capital A/c		Machinery	33,000
P 40,310		Stock	21,850
R 30,040		Debtors	19,000
Q 23,450	93,800	Furniture	13,500
Creditors	36,000	Investments	10,000
Outstanding Bill for Repairs	1,000	Cash	33,450
	1,30,800		**1,30,800**

80	A and B are carrying on business in partnership sharing profits and losses in the ratio of 1: 3. Their Balance Sheet as at 31st March, 2012, was	8

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Sundry Creditors	24,900	Cash in hand	1,400
Capital A/cs :		Sundry Debtors	11,000
A : 60,000		Stock	17,500
B : 60,000	1,20,000	Furniture	25,000
		Building	90,000
	144,900		**144,900**

They admit C into partnership with effect from 1st April, 2012 giving him 1/5th share in future profits on the following terms :

i) Stock and Furniture are to be increased in value by 10%.
ii) Building is to be appreciated by 15,000
iii) A provision of 5% is to be created on Sundry Debtors for Doubtful debts.
iv) C brings Rs. 60,000 as his capital and Rs. 10,000 as goodwill, which is to remain in the business.

Prepare Profit and Loss Adjustment Account and Capital Accounts of Partners.

RETIREMENT OF A PARTNER

81 Bhavin, Ankit and Kartik were equal partners. Their Balance Sheet as at 31st March 2012 was : 8

BALANCE SHEET as at 31st March, 2012

Liabilities	**Amount (Rs.)**	**Assets**		**Amount (Rs.)**
Creditors	60,000	Cash		18,000
Reserve	30,000	Stock		20,000
Profit and Loss A/c	6,000	Furniture		28,000
Capital A/c :		Debtors	45,000	
Bhavin : 60,000		Less : Provision for		
Ankit : 40,000		Bad debts	5,000	40,000
Kartik : 30,000	1,30,000	Land & Building		1,20,000
	2,26,000			**2,26,000**

Ankit retired on 1st April, 2012. Bhavin and Kartik decided to continue the business as equal partners on the following terms:

a) Goodwill of the firm was valued at Rs. 30,000.
b) The Provision for Bad Doubtful debts to be maintained @ 10 % on Debtors.
c) Land and Buildings to be increased to Rs. 1,42,000.
d) Furniture to be reduced by Rs. 6,000.
e) Rent outstanding (not provided for as yet) was Rs. 1,500.

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet.

Revaluation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Furniture	6,000	Land & Building	22,000
Rent Outstanding	1,500	Provision for bad debts	500
Capital A/c (profit)			
Bhavin 5,000			

Ankit 5,000 Kartik 5,000	15,000		
	22,500		22,500

Partner's Capital A/c

Particulars	Bhavin	Ankit	Kartik	Particulars	Bhavin	Ankit	Kartik
Ankit's Cap. A/c	5,000	----	5,000	Balance b/d	60,000	40,000	30,000
Ankit's Loan A/c	----	67,000	----	Reserve	10,000	10,000	10,000
Balance c/d	72,000	----	42,000	Profit & Loss A/c	2,000	2,000	2,000
				Revaluation A/c	5,000	5,000	5,000
				Bhavin's Cap.	----	5,000	----
				Kartik's Cap. A/c	----	5,000	----
	77,000	67,000	47,000		77,000	67,000	47,000

Balance Sheet of Bhavin and Kartik

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	60,000	Cash	18,000
Rent Outstanding	1,500	Stock	20,000
Ankit's Loan A/c	67,000	Furniture	22,000
Capital A/c :		Debtors	40,500
Bhavin	72,000	Land and Building	1,42,000
Kartik	42,000		
	2,42,500		2,42,500

82 M, N and O were partners sharing profit and losses in the ratio of 1:1:1. Their Balance Sheet as at 31stMarch 2012 was: 8

BALANCE SHEET As On 31stMarch, 2012

Liabilities	Rs.	Assets	Rs.
Capital A/c's :		Bank	38,000
M : 70,000		Machinery	26,000
N : 40,000		Furniture	28,000
O : 40,000	1,50,000	Debtors 45,000	
Bills Payable	15,000	Less: Pro. for Bad Debts	
Creditors	45,000	5,000	40,000
General Reserve	33,000	Building	1,20,000
Profit and Loss A/c	9,000		
	2,52,000		2,52,000

N retired on 1st April, 2012. M and O decided to continue the partnership business on the following terms:

a) Goodwill of the firm was valued at Rs. 60,000.
b) The Provision for Bad Doubtful debts to be maintained @ 10 % on Debtors.
c) Buildings to be increased to Rs. 1,42,000.
d) Furniture to be reduced by Rs. 6,000.

e) Rent outstanding Rs. 1,500 was to be recorded.

f) The new profit sharing ratio between M and O will be 1:1

Prepare the Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the new firm.

Revaluation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Furniture A/c	6,000	By Building A/c	22,000
To Rent Outstanding	1,500	By Provision for bad debts	500
Capital A/c's (profit) M 5,000 N 5,000 O 5,000	15,000		
	22,500		22,500

Partner's Capital A/c

Particulars	M	N	O	Particulars	M	N	O
To N's cap.	10,000		10,000	By Balance b/d	70,000	40,000	40,000
To N's Loan A/c		79,000		By Gen. Res.	11,000	11,000	11,000
To Balance c/d	79,000		49,000	By M's Cap.	----	10,000	----
				By O's Cap.	----	10,000	----
				By Profit & Loss	3,000	3,000	3,000
				By Rev. A/c	5,000	5,000	5,000
	89,000	79,000	59,000		89,000	79,000	59,000

Balance Sheet of M and O

Liabilities	Rs.	Assets	Rs.
Bills Payable	15,000	Bank	38,000
Creditors	45,000	Machinery	26,000
Rent Outstanding	1,500	Furniture	22,000
N's Loan A/c	79,000	Debtors	40,500
Capital A/c's :		Building	1,42,000
M	79,000		
O	49,000		
	2,68,500		2,68,500

83 X, Y and Z sharing profits and losses in the ratio of 3:2:1. Their Balance Sheet as at 31st March, 2011 was as under: 8

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)

Sundry Creditors	60,000	Cash in hand	36,000
Bills Payable	32,000	Debtors 50,000	
Reserves	24,000	Less: Pro. For Bad debts 7,000	43,000
Capital A/c's :		Stock	36,000
X : 80,000		Furniture	60,000
Y : 80,000		Machinery	1,40,000
Z : 60,000	2,20,000	Goodwill	21,000
	3,36,000		3,36,000

Y retires from partnership on 1st April, 2011 on the following terms:

a) Outstanding claim for damages of Rs. 2,200 is to be provided.
b) Goodwill of the firm is valued at Rs. 45,000. It is not to appear in books.
c) Creditors be reduced by Rs. 12,000
d) A provision for debts is raised by Rs. 2,000.

Prepare Revaluation and Capital Accounts of Partners.

Revaluation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Provision for Debts	2,000	By Creditors	12,000
To Outstanding Claim	2,200		
To Capital A/c (profit)			
X : 3,900			
Y : 2,600			
Z : 1,300	7,800		
	12,000		12,000

Partner's Capital A/c

Particulars	X	Y	Z	Particulars	X	Y	Z
To Goodwill	10,500	7,000	3,500	By Balance b/d	80,000	80,000	60,000
To Y's capital	11,250	----	3,750	By Revaluation	3,900	2,600	1,300
To Y's Loan A/c	----	98,600	----	By Reserves	12,000	8,000	4,000
To Balance c/d	74,150	----	58,050	By X's Capital	---	11,250	----
				By Z's Capital	----	3,750	----
	95,900	1,05,600	65,300		95,900	1,05,600	65,300

DISSOLUTION OF A PARTNERSHIP FIRM

84 Samta and Mamta were partners in a firm sharing profits in the ratio of 3:1. On 1.3.2006 the firm was dissolved. On that date the Balance Sheet of the firm was as follows: 6

Balance Sheet as on 1.3.2006

Liabilites	**Amount**	**Asset**	**Amount**
Loan	70,000	Cash	20,000
Creditors	1,30,000	Building	5,00,000
Capitals:		Stock	30,000
Samta 3,00,000		Profit and loss A/c	60,000

Mamta 1,10,000	4,10,000		
	6,10,000		**6,10,000**

Additional Information:

a) Building realised Rs. 6,50,000 and stock Rs. 12,000.

b) Rs. 1,29,000 were paid to the creditors in full settlement of their claim.

c) The annual premium paid on the joint life policy was debited to the profit and loss A/c.

Prepare Realisation A/c, Cash A/c and Partners' Capital A/c.

Realisation a/c

Particulars	**Amt**	**Particulars**	**Amt**
To sundry asset		By sundry liabilities	1,30,000
Building 5,00,000		Creditors	70,000
Stock 30,000	5,30,000	By loan	
		By bank A/c	
To bank A/c		Buildings 6,50,000	
Creditors 1,29,000		Stock 12,000	6,62,000
Loan 70,000	1,99,000		
To profit transferred to:			
Samta A/c			
Mamta A/c	……………..		

Partners' Capital A/c

Particulars	**Samta**	**mamta**	**Particulars**	**Samta**	**mamta**
To profit & Loss A/c	45,000	15,000	By balance b/d	3,00,000	1,10,000
To bank (B.fig)	…………	………….	By realisation Profit	…….	………

Bank/Cash A/c

Particulars	**Amt**	**Particulars**	**Amt**
To balance b/d	20,000	By realisation A/c	1,99,000
To realization A/c	662000	By Samta's capital A/c	…………..
		By Mamta's capital A/c	………….
	…………		………….

85 Ishu and Nishu are partners share profits and losses in the ratio of 3:2. They have decided to dissolve the firm. Assets and external liabilities have been transferred to Realisation A/c. Pass the Journal entries to effect the following: 6

a) Bank Loan of Rs. 20,000 is paid off.

b) Ishu was to bear all expenses of realisation for which she is given a commission of Rs. 600.

c) Machinery worth Rs. 5,000 was taken over by Nishu at Rs. 4,700.

d) Deferred Advertisement Expenditure A/c appeared in the books t Rs. 10,000.

e) An unrecorded Machinery realized Rs. 15,000

f) There was an outstanding bill for repairs for Rs. 2,100 which was paid off.

Journal Entries

a)	Realisation A/c	…. Dr.	20,000	
	To Bank/Cash A/c			20,000
b)	Realisation A/c	…. Dr.	600	
	To Ishu's Capital A/c			600
c)	Nishu's Capital A/c	…. Dr.	4,700	
	To Realisation A/c			4,700
d)	Ishu's Capital A/c	…. Dr.	6,000	
	Nishu's Capital A/c	…. Dr.	4,000	
	To Deferred Adv. Exp. A/c			10,000
e)	Bank/Cash A/c	…. Dr.	15,000	
	To Realisation A/c			15,000
f)	Realisation A/c	…. Dr.	2,100	
	To Bank/Cash A/c			2,100

86 Pass the necessary journal entry for the following cases of dissolution of the firm of SRK limited. 8

(a) Bank Loan Rs.12,000 was paid
(b) Stock worth Rs.16, 000 was taken over by Partner Q.
(c) Partner P paid a creditor Rs.4,000
(d) An asset not appearing in the books of accounts realized Rs.1,200
(e) Expenses of realisation Rs. 2,000 were paid by partner Q.
(f) Profit on realisation Rs.36,000 was distributed between P and Q in 5:4.
(g) Profit and Loss A/c debit balance shown in the balance sheet Rs.8,400.
(h) Joint life policy was surrendered at Rs.80,000.

Journal Entries

a)	Realisation A/c	…. Dr.	12,000	
	To Bank A/c		12,000	
b)	Q's capital A/c	…. Dr.	16,000	
	To Realization/c		16,000	
c)	Realization/c	….Dr.	4,000	
	To P's Capital A/c			4,000
d)	Bank A/c	…. Dr.	1,200	
	To Realisation A/c			1,200
e)	Realization A/c	…. Dr.	2,000	
	To Q's Capital A/c		2,000	
f)	Realization A/c	…. Dr.	36,000	
	To P's capital A/c			20,000
	To Q's Capital A/c		16,000	
g)	Partners Capital A/c	…. Dr.	8,400	
	To Profit and Loss A/c			8,400
h)	Bank A/c	…. Dr.	80,000	
	To Realization A/c			80,000

87 Following is the Balance Sheet of Deepak and Vikas, who share profits and losses in the ratio of 1:4, as at 31st March 2012: 8

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Sundry Creditors	6000	Profit and Loss A/c	5000
Bank overdraft	8000	Cash	24400
Deepak’s Brother’s Loan	7000	Debtors 15000	
Vikas’s loan	4000	Less Prov 1400	13600
Investment Fluctuation Fund	5000	Stock	17000
Capitals :		Building	35000
Deepak:	40000	Investment	15000
Vikas	50000	Goodwill	10000
	120000		120000

The firm was dissolved on the above date and the following arrangements were decided upon:

(a) One of the creditors for Rs. 4,000 was paid only Rs. 3,000.

(b) Realisation expenses amounted to Rs. 2,000.

Complete the Realisation A/c, Partners’ Capital Account and Cash A/c from the information supplied.

REALISATION ACCOUNT

Particulars	Amount	Particulars	Amount
To Debtors	15000	By Creditors	6000
To Investment	15000	By Bank O/D	8000
To Stock	17000	By Deepak’’s Brother loan	7000
To Building	35000	By Investment Fluct Fund	5000
To Goodwill	10000	By Provisionfor Bad and Doubtful Debts	1400
		By Cash	****
To Deepak’s Capital	****	By Vikas’s Capital	****
To Cash	15000	By Capital	
		Deepak	****
		Vikas	****
.	114000		114000

PARTNERS’ CAPITAL ACCOUNT

Particulars	Deepak	Vikas	Particulars	Deepak	Vikas
To P/L A/c	****	****	By Bal b/d	40000	50000
To Realisation	1720	6880	By Realisation	7000	
To Realisation		14000			
To Cash	44280	25120			
	47000	50000		47000	50000

CASH ACCOUNT

Particulars	Amount	Particulars	Amount
To Bal b/d	24400	By ******	*****
To Realisation	64000	By Realisation	15000

		By Deepak’s Capital	45280
		By Vikas’sCapital	25120
	88400		88400

REALISATION ACCOUNT

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Debtors	15000	By Creditors	6000
To Investment	15000	By Bank O/D	8000
To Stock	17000	By Deepak’’s Brother loan	7000
To Building	35000	By Investment Fluct Fund	5000
To Goodwill	10000	By Prov For Bad and Doubtful Debts	1400
		By Cash	64000
To Deepak’ Capt	7000	By Vikas	14000
To Cash	15000	By Capital	
		Deepak	1720
		Vikas	6880
.	114000		114000

PARTNER CAPITAL ACCOUNT

Particulars	Deepak	Vikas	Particulars	Deepak	Vikas
To P/l A/c	1000	4000	By Bal b/d	40000	50000
To Realisation	1720	6880	By Realisation	7000	
To Realisation		14000			
To Cash	44280	25120			
	47000	50000		47000	50000

CASH ACCOUNT

Particulars	Amount	Particulars	Amount
To Bal b/d	24400	By Vikas Loan	4000
To Realisation	64000	By Realisation	15000
		By Deepak	45280
		By Vikas	25120
	88400		88400

SHARE CAPITAL

88 Dinesh Ltd. Invited applications for issuing10,000 Equity sharesofRs.10each payable as follows: 8

On Application Rs.1; On Allotment Rs.2; On First Call Rs.3; On Second and Final call – Balance.

The issue was fully subscribed. Govind to whom 100 shares were allotted failed to pay the allotment money and his shares were forfeited immediately after allotment. Neha to whom 150 shares were allotted failed to pay the first call money and her shares were also forfeited after first call. Afterwards second and final call was made. Rajat to whom 50 shares were allotted failed to pay the Second and final call. His shares were also forfeited. All the forfeited shares were reissued at Rs. 9 per share fully paid up.

Pass the journal entries in the books of Dinesh Ltd.

Dinesh Ltd. (Journal)

Date	Particulars	L.F.	Dr.(Rs.)	Cr.(Rs.)
(1)	Bank A/c … Dr.		10,000	
	To Equity share Capital A/c			10,000
(2)	Share Application A/c …Dr.		10,000	
	To share capital A/c			10,000
(3)	Share Allotment A/c …Dr.		20,000	
	To share Capital A/c			20,000
(4)	Bank A/c ….Dr.		19800	
	To Share Allotment A/c			19,800
(5)	Share Capital A/c …Dr.		300	
	To Share forfeiture A/c			100
	To Share Allotment A/c			200
(6)	Share First Call A/c …Dr.		29,700	
	To Share Capital A/c			29,700
(7)	Bank A/c …Dr. `		29,250	
	To Share First Call A/c			29,250
(8)	Share Capital A/c …Dr.		900	
	To Share forfeiture A/c			450
	To Share First Call A/c		450	
(9)	Share Second Call A/c …Dr.		39,000	
	To Share Capital A/c			39,000
(10)	Bank A/c …Dr. `		38,800	
	To Share Second Call A/c			38,800
(11)	Share Capital A/c …Dr.		500	
	To Share forfeiture A/c			300
	To Share Second Call A/c		200	
(12)	Bank A/c …Dr.		2,700	
	Share Forfeiture A/c … Dr.		300	
	To Share Capital A/c			3,000
(13)	Share forfeiture A/c ….Dr.		550	
	To Capital Reserve A/c			550

89 Saraswati Ltd. invited applications for 2,00,000 equity shares of Rs. 100 each issued at a premium of Rs. 10 per share. The amount was payable as follows: 8

On application Rs. 40 (including premium), on allotment Rs. 30 per share and the balance on first and final call.

Applications for 3,00,000 shares were received. Applications for 40,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Over payment on applications were adjusted towards sums due on allotment. Jasmeet who was allotted 2,000 shares failed to pay the allotment and first and final call money. Her shares were forfeited. The forfeited shares were reissued at Rs. 90 per share fully paid-up to Somali. Pass the journal entries in the books of the company.

Journal entries in the books of Saraswati Ltd.

Bank A/c	….Dr.	1,20,00,000	
To Share Application A/c			1,20,00,000
Share Application A/c	….Dr.	1,20,00,000	
To Share Capital A/c			60,00,000
To Securities Premium Reserve A/c			20,00,000
To Share Allotment A/c			24,00,000
To Bank A/c			16,00,000
Share Allotment A/c	…. Dr.	60,00,000	
To Share Capital A/c			60,00,000
Bank A/c	…. Dr.	35,64,000	
To Share Allotment A/c			35,64,000
or			
Bank A/c	….Dr.	35,64,000	
Calls in Arrear A/c	…. Dr.	36,000	
To Share Allotment A/c			35,64,000
Share First and Final Call A/c	…. Dr.	80,00,000	
To Share Capital A/c			80,00,000
Bank A/c	…. Dr.	79,20,000	
To Share First and Final Call A/c			79,20,000
or			
Bank A/c	….Dr.	79,20,000	
Calls in Arrear A/c	…. Dr.	80,000	
To Share First and Final Call A/c			79,20,000
Share Capital A/c	…. Dr.	2,00,000	
To Share Allotment A/c			36,000
To Share First and Final Call A/c			80,000
To Share Forfeiture A/c			84,000
or			
Share Capital A/c	…. Dr.	2,00,000	
To Calls in Arrear A/c			1,06,000
To Share Forfeiture A/c			84,000
Bank A/c	…. Dr.	1,80,000	
Share Forfeiture A/c	…. Dr.	20,000	
To Share Capital A/c			2,00,000
Share Forfeiture A/c	…. Dr.	64,000	
To Capital Reserve A/c			64,000

90 XYZ limited invited Application for 1,00,000 equity shares of Rs.10 each at a premium of 25%. The amount was payable as follows: 8

On application	Rs.5
On allotment	Rs.5 (including premium)
On First and Final Call	Balance

Application for 1,50,000 shares were received. Pro rata allotment was made for all applicants. All the money was duly received except the allotment and first and final call on 200 shares held by

	Mr. K. His shares were forfeited. All the forfeited shares were reissued at Rs.9 per share fully paid. Pass journal entry in the books of company.	
	(a) Bank A/c …. Dr. 7,50,000 To Share application A/c 7,50,000 (b) Share application A/c …. Dr. 7,50,000 To Share capital A/c 5,00,000 To Share allotment A/c 2,50,000 (c) Share allotment A/c …. Dr. 5,00,000 To Share Capital A/c 2,50,000 To Securities premium Reserve A/c 2,50,000 (d) Bank A/c …. Dr. 2,49,500 To Share allotment A/c 2,49,500 (e) Share First & Final call A/c…. Dr. 2,50,000 To Share Capital A/c 2,50,000 (f) Bank A/c …. Dr. 2,49,500 To Share Share First & Final call A/c 2,49,500 (g) Share capital A/c …. Dr. 2,000 Securities premium Reserve ….Dr. 500 To Share Forfeiture A/c 1,500 To Calls in arrear A/c 1,000 (h) Bank A/c …. Dr. 1,800 Share forfeiture A/c …..Dr. 200 To Share Capital A/c 2,000 (i) Share Forfeiture A/c …. Dr. 1,300 To Capital Reserve A/c 1,300	
91	Suraya Ltd. invited applications for 40,000 equity shares of Rs. 50 each issued at a premium of Rs. 10 per share. The amount was payable as follows : On application and allotment Rs. 20 per share. Balance (including premium) on first and final call. Applications for 70,000 shares were received. Applications for 20,000 shares were rejected and pro-rata allotment was made to the remaining applicants. First and final call was made and duly received except on 400 shares allotted to Sanjay. Which value has been affected by rejecting the applications of the applicants who had applied for 20,000 shares? Suggest a better alternative for the same. Pass journal entries in the books of Surya Ltd. to record the above transactions.	8
	(a) Value of equity has been affected by rejecting the application of the applicants who had applied for 20,000 shares of the retail investors from getting shares of the company. The better alternative could have been to allot the shares to all the applicants on pro-rata basis so that such applicants may not be demotivated from investing in the share capital of big companies in future. **Journal Entries in the books of the Surya Ltd.** Bank A/c ….Dr. 14,00,000 To Share Application and Allotment A/c 14,00,000 Share Application and Allotment A/c ….Dr. 14,00,000 To Share Capital A/c 8,00,000	

To Share First Call A/c			2,00,000
To Bank A/c			4,00,000
Share First Call A/c	…. Dr.	16,00,000	
To Share Capital A/c			16,00,000
Bank A/c	…. Dr.	13,86,000	
To Share First Call A/c			13,86,000

or

Bank A/c	….Dr.	13,86,000	
Calls in Arrear A/c	…. Dr.	14,000	
To Share First Call A/c			14,00,000

CASH FLOW STATEMENT

95 The summarized Balance Sheets of Ajay Raj Ltd. as at 31st March 2011 and 2012 are : 6

Particulars	Note No.	31.03.2011	31.03.2012
EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital		3,50,000	4,50,000
Reserves and Surplus :			
General Reserve		3,00,000	3,10,000
Balance of Statement of P/L		57,000	66,000
2. Non-Current Liabilities			
9% Debentures		1,00,000	1,70,000
Bank Loan		------	1,00,000
3. Current Liabilities			
Trade Payables (Creditors)		1,68,000	1,34,000
Short term provisions : Prov. for Taxation		75,000	10,000
TOTAL		**10,50,000**	**12,40,000**
ASSETS			
1. Non Current Assets			
Fixed Assets (Tangible)		4,00,000	3,20,000
Non-Current Investments		50,000	60,000
2. Current Assets			
Inventories (Stock)		2,40,000	2,10,000
Trade Receivable (Debtors)		2,10,000	4,55,000
Cash and Cash Equivalents		1,50,000	1,95,000
TOTAL		**10,50,000**	**12,40,000**

Additional Information:

(i) Dividend paid during the year Rs. 30,000.

(ii) Tax paid during the year was Rs. 74,000.

(iii) During the year, machinery included in fixed assets costing Rs. 10,000 was sold for Rs. 12,000.

Prepare the Cash Flow Statement.

Cash Flow Statement

Particulars	Amount (Rs.)	Amount (Rs.)

<u>Cash Flow from Operating Activities</u> :		
Net Profit Before Tax		**58,000**
Add : <u>Non Cash &Non OperatingExps</u>		
Int. on Debentures	9,000	
Depreciation	70,000	<u>79,000</u>
		1,37,000
Less : <u>Non Operating Income</u>		
Profit on sale of Fixed Assets	2,000	
		(2,000)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**1,35,000**
<u>Changes in Working Capital</u> :		
Decrease in Creditors	(34,000)	
Increase in Debtors	(2,45,000)	
Decrease in Stock	<u>30,000</u>	
		<u>(2,49,000)</u>
		(1,14,000)
Less : Tax Paid		<u>(74,000)</u>
NET CASH FLOW FROM OPE. ACTIVITY		**(1,88,000)**
<u>Cash Flow from Investing Activity :</u>		
Sale of Fixed Asset	12,000	
Purchase of Investments	<u>(10,000)</u>	
NET CASH FLOW FROM INVESTING ACTIVITY		**2,000**
<u>Cash Flow from Financing Activity :</u>		
Proceeds from Equity Share Cap.	1,00,000	
Proceeds from Debentures	70,000	
Proceeds from Debentures	1,00,000	
Int. on Debentures	(9,000)	
Dividend paid	<u>(30,000)</u>	
NET CASH FLOW FROM FINANCINGACTIVITY		**2,31,000**
NET CASH FLOW		**45,000**
Add : Opening Balance of Cash and Cash Equivalents		**1,50,000**
Closing Balance of Cash and Cash Equivalents		**1,95,000**

Working Notes :

Fixed Assets A/c

Balance b/d	4,00,000	Cash (Sale)	12,000
Profit & Loss A/c (profit)	2,000	Depreciation (Bal. Fig)	70,000
		Balance c/d	3,20,000

	4,02,000		4,02,000

Net Profit before Tax 9,000 + 10,000 + 9,000 + 30,000 = 58,000

The Net Profit of Rahul Ltd. before tax is Rs. 17,00,000 for the year ended 31st March,2011 after considering the following: 6

Depreciation on Machinery	Rs. 20,000
Depreciation on Building	Rs. 13,000
Goodwill Written off	Rs. 9,000
Loss on Sale of Plant and Machinery	Rs. 7,000

Particulars	**31.03.2011**	**31.03.2012**
Debtors	57,000	52,000
Inventory (Stock)	29,000	52,000
Cash	12,000	11,000
Bank	15,000	14,000
Creditors	11,000	4,000
Outstanding Rent	5,000	7,000
Bills Payable	20,000	10,000

Calculate the Cash Flow from Operating Activities.

Cash Flow from Operating Activities

Particulars	**Rs.**	**Rs.**
Net Profit Before Tax		**17,00,000**
Add : Non Cash &Non OperatingExps		
Depreciation on Machinery	20,000	
Depreciation on Building	13,000	
Goodwill written off	9,000	
Loss on sale of Machinery	7,000	**49,000**
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**17,49,000**
Changes in Working Capital :		
Decrease in Debtors	5,000	
Increase in Outstanding Expenses	2,000	
Increase in Stock	(23,000)	
Decrease in Creditors	(7,000)	
Decrease in Bills Payable	(10,000)	**(33,000)**
NET CASH FLOW FROM OPERATING ACTIVITIES		**17,16,000**

96 ABC Ltd. Made a profit of Rs.1,00,000 after considering the following items: 6

(a) Depreciation on fixed assets Rs. 20,000

(b) Writing off preliminary expenses Rs.10,000

(c) Loss on sale of furniture Rs.1,000

(d) Provision for taxation Rs.1,60,000

(e) Transfer to General Reserve Rs.14,000

(f) Profit on sale of machinery Rs. 6,000

The following additional information is available to you:

Items	**2015**	**2016**
Debtors	24,000	30,000
Creditors	20,000	30,000
Bills Receivable	20,000	17,000
Bills Payable	16,000	12,000
Prepaid Expenses	400	600

Calculate Cash from operating activities.

Cash from operating activities

Particulars	Amount	Amount
Net profit during the year		1,00,000
Add: provision for tax	1,60,000	
Transfer to general reserve	14,000	1,74,000
Profit before tax		2,74,000
Add: Non-operating and Non-cash expenses		
Depreciation	20,000	
Preliminary expenses written off	10,000	
Loss on sale of furniture	1,000	
Less: Profit on sale of machinery	6,000	25,000
Profit before working capital changes		2,99,000
Add: Increase in creditors	10,000	
Decrease in B/R	3,000	13,000
Less: Increase in Debtors	6,000	
Decrease in B/P	4,000	
Increase in prepaid expenses	200	10,200
Net profit after working capital changes		3,01,800
Less: Tax paid		160,000
Cash from operating activities		1,41,800

97 The summarized Balance Sheets of Samridhi Ltd. as at 31st March 2011 and 2012 are : 6

Particulars	**Note No.**	**31.03.2011**	**31.03.2012**

EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital		4,50,000	4,50,000
Reserves and Surplus :			
General Reserve		3,00,000	3,10,000
Balance of Statement of P/L		56,000	68,000
2. Non-Current Liabilities			
Mortgage Loan		--	2,70,000
3. Current Liabilities			
Trade Payables (Creditors)		1,68,000	1,34,000
Short term provisions : Prov. for Taxation		75,000	10,000
TOTAL		**10,49,000**	**12,42,000**
ASSETS			
1. Non Current Assets			
Fixed Assets (Tangible)		4,00,000	3,20,000
Non-Current Investments		50,000	60,000
2. Current Assets			
Inventories (Stock)		2,40,000	2,10,000
Trade Receivable (Debtors)		2,10,000	4,55,000
Cash and Cash Equivalents		1,49,000	1,97,000
TOTAL		**10,49,000**	**12,42,000**

Additional Information:

(i) Investment costing Rs. 8,000 were sold during the year 2011-12 for Rs. 8,500

(ii) Tax paid during the year was Rs. 74,000

(iii) During the year, part of the fixed assets costing Rs. 10,000 was sold for Rs. 12,000 and the profit was included in Statement of Profit and Loss.

You are required to prepare the Cash Flow Statement.

Cash Flow Statement

Particulars	Amount (Rs.)	Amount (Rs.)
Cash Flow from Operating Activities :		
Net Profit Before Tax		**31,000**
Add : Non Cash &Non OperatingExps		
Depreciation		70,000
		1,01,000
Less : Non Operating Income		
Profit on sale of Fixed Assets	2,000	
Profit on sale of Investments	500	2,500
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**98,500**
Changes in Working Capital :		
Decrease in Creditors	(34,000)	
Increase in Debtors	(2,45,000)	
Decrease in Stock	30,000	**(2,49,000)**

		(1,50,500)
Less : Tax Paid		(74,000)
NET CASH FLOW FROM OPERATING ACTIVITY		**(2,24,500)**
Cash Flow from Investing Activity :		
Sale of Fixed Asset	12,000	
Sale of Investments	8,500	
Purchase of Investments	(18,000)	
NET CASH FLOW FROM INVESTING ACTIVITY		**2,500**
Cash Flow from Financing Activity :	2,70,000	
Raising of Loan		
NET CASH FLOW FROM FINANCING ACTIVITY		**2,70,000**
NET CASH FLOW		**48,000**
Add : Opening Balance of Cash and Cash Equivalents		**1,49,000**
Closing Balance of Cash and Cash Equivalents		**1,97,000**

Working Notes :

Fixed Assets A/c

Balance b/d	4,00,000	Cash (Sale)	12,000
Profit & Loss A/c (profit)	2,000	Depreciation (Bal. Fig)	70,000
		Balance c/d	3,20,000
	4,02,000		4,02,000

Investments A/c

Balance b/d	50,000	Cash (Sale)	8,500
Profit & Loss A/c (profit)	500	Balance c/d	60,000
Cash (Purchase) (Bal fig.)	18,000		
	68,500		68,500

98 Prepare Cash Flow Statement on the basis of the information given in the balance sheet of Mittal Ltd. as at 31stMarch 2012 and 2011: 6

Particulars	Note No.	31st March 2012	31stMarch 2011
1.EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) share capital		14,00,000	10,00,000
(b) Reserve and Surplus		5,00,000	4,00,000
2.Non- current liabilities			
(a) long–term Borrowing:9% deposit		6,00,000	2,00,000
3.Current Liabilities			
(a)short–term provisions		80,000	60,000
Total		25,80,000	16,60,000
1.Non–current Assets			
(a) Fixed Assets			
(i) Tangible Assets		16,00,000	9,00,000

(ii) Intangible Assets		1,40,000	2,00,000
2.Current Assets			
(a) Inventories		2,50,000	2,00,000
(b) Trade Receivables		5,00,000	3,00,000
(c) Cash and cash equivalents		90,000	60,000
Total		25,80,000	16,60,000

Notes to accounts

particular	31st March 2012	31stMarch 2011
1.Short terms provision Provision for Taxes	80000	60000
2. tangible Fixed Assets Machinery	1600000	900000
3. Intangible Assets goodwill	140000	200000

Additional information:

1) Depreciation provided on Fixed Tangible Assets (Machinery) Rs. 200000.
2) Interest paid on deposits (long term borrowing) Rs. 45000.

The net profits earned during the year before tax Rs. 100000.

Cash flow Statement
For the year ended 31st March,2012

Particulars		Rs
1. Cash flow from operating Activities		
(A) Net profit before tax (W.N. 1)		180000
(B) Items to be added		
Depreciation on fixed tangible assets(machinery)	200000	
Goodwill written off	60000	
Interest on long – term borrowing (Deposit)	45000	305000
(C) Oprating profit before working capital changes (A+B)		485000
(D) Add:		
i)decrease in current assets	NIL	
ii)increase in current liabilities	NIL	NIL
		485000
(E) Less:		
i) Increase in current asssts—Inventories	(50000)	
Trade Receivables	(200000)	(250000)
ii) Decrease in current liabilities	NIL	NIL
		235000
(F) Cash generated from operations before tax(C+D-E)		235000
(G) Less: Income Tax paid		60000
(H) Net cash from operating activities (F-G)	(X)	175000
2. Cash flow from investing activities:		
Purchase of Tangible Fixed Assets (Machinery) (W.N. 2)		(900000)
Net cash (used) in Investing Activities	(Y)	(900000)
3. cash Flow from Financing Activities		
Proceeds from issue of Equity share Capital		400000
Proceeds from issue of Long term borrowing (Deposits)		400000
Interest on Long –term Borrowing paid (Deposits)		(45000)
Net cash flow from financing activities	(Z)	755000
4. Net increase in Cash and Cash Equivalents	(X-Y+Z)	30000

5. Add:cash and Cash equivalents in the beginning	60000
6. Cash and cash equivalents at the end of the year (4+5)	90000

Working notes:

(1) Calculation of net profit before tax

particulars	(Rs)
Net profit during current year Current year provision for taxes	100000 80000
Net profit before tax	180000

(2) Machinery account

Particulars	(Rs)	Particulars	(Rs)
To bal b/d To cash (purchase bal fig)	900000 900000	By dep By bal c/d	200000 1600000
	1800000		1800000

SAMPLE QUESTION PAPER 2022-23

SUBJECT ACCOUNTANCY 055

CLASS XII

TIME 3 HOURS **MAX. MARKS 80**

GENERAL INSTRUCTIONS:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Part - **A is compulsory for all candidates**.
4. Part - B has two options i.e. **(i) Analysis of Financial Statements and (ii) Computerised Accounting.** Students must attempt **only one** of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31and 32 carries **3** marks each.
7. Questions from 21 ,22 and 33 carries **4** marks each
8. Questions from 23 to 26 and 34 carries **6** marks each
9. 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

(Accounting for Partnership Firms and Companies)

S.No.	Question	Marks
	Part A :- Accounting for Partnership Firms and 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:	1

Date	Particular	LF	Debit (₹)	Credit (₹)
	Shreya's Current A/c. Dr. To Navya's Capital A/c. To Radhey's Capital A/c (Being entry for goodwill treatment passed)		24,000	 8,000 16,000

The new profit-sharing ratio of Navya, Radhey and Shreya will be:

a) 41: 7: 12
b) 13:12: 10
c) 3:1: 1
d) 5:3: 2

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. 1

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)

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____________. 1

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

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? 1

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

Or

Sohan and Mohan are partners sharing profits and losses in 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

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 of Vihaan given that the divisible profits during the year 2021-22 was ₹ 2,25,000. 1

a) ₹ 3,30,000
b) ₹ 4,40,000
c) ₹ 4,00,000
d) ₹ 3,00,000

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? 1

a) 10%	b) 16%
c) 6%	d) 4%

Or

Durga 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 ₹ 5,00,000. At what rate of discount, these debentures were issued?

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

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? 1

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

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 1

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 of ₹ 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 ₹ 3,00,000 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

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.

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)	-----------		
To Profit share transferred to :-			
Puneet's Capital A/c	-----------		
Raju's Capital A/c	------------		
	=========		==========

9. Raju's commission will be:- 1

a) ₹ 40,000	b) ₹ 44,000

c) ₹ 36,000	d) ₹ 36,440

10. Puneet’s share of profit will be :-

1

a) ₹ 1,80,000	b) ₹ 1,44,000
c) ₹ 2,16,000	d) ₹ 1,60,000

11. Choose the correct sequence of the following transactions in context of Division of Profits.

1

(i) Guarantee by Firm to Partners
(ii) Guarantee by Partners to Firm
(iii) Transfer of Profits to Profit and Loss Appropriation Account
(iv) Guarantee by Partner to Partner

a) (i); (iii) ; (iv) ; (ii)	b) (iii); (i) ; (ii) ; (iv)
c) (iii) ; (ii) ; (i); (iv)	d) (ii); (iii); (iv); (i)

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?

1

a) ₹ 28,000	b) ₹ 21,000
c) ₹ 9,000	d) ₹ 16,000

13. As per Companies Act 2013, Securities Premium Balance can be utilised for which of the following purpose?

1

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

14. Ganga and Jamuna are partners sharing profits in the ratio of 2:1. They admit Saraswati for 1/5th 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?

1

a) ₹ 43,750
b) ₹ 37,500
c) ₹ 50,000
d) ₹ 40,000

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:

1

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.	
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
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.	3
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

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 in the books of Random Ltd.	3
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 of ₹ 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
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
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	4

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 of ₹ 50,000 to the firm was settled by paying ₹ 42,000.
(ii) Paavni's Loan of ₹ 40,000 was settled by giving an unrecorded asset of ₹ 45,000.
(iii) Loan to Charu of ₹ 60,000 was settled by payment to Charu's brother loan of the same amount.
(iv) Iknoor's Loan of ₹ 80,000 to the firm and she took over Machinery of ₹ 60,000 as part payment.

You are required to pass necessary entries for all the above mentioned transactions.

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. 6

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 of ₹ 20 per share. 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.

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: 6

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	15,000		Buildings	23,000
Q	10,000		Profit and Loss Account	1,200
R	10,000	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.

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:- 6

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

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.

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. 6

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.

Part B :- Analysis of Financial Statements
(Option – I)

27. Financial statements are prepared on certain basic assumptions (pre-requisites) known as___________. 1

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 (iii) are correct.
c) Only (ii) and (iii) are correct.	d) Only (i) and (ii) are correct

28. From the following calculate Interest coverage ratio
Net profit after tax Rs 12,00,000; 10% debentures Rs 1,00,00,000; Tax Rate 40% — 1

a) 1.2 times	b) 3 times
c) 2 times	d) 5 times

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? — 1

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 ₹ 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.
c) Added ₹ 1,30,000 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.

30. From the following information find out the inflow of Cash by sale of Office — 1 equipment's

	31st March, 2022	31st March, 2021
Office Equipment	₹ 2,00,000	₹ 3,00,000

Additional Information:
Depreciation for the year 2021-22 was Rs. 40,000
Purchase of Office Equipment purchased during the year Rs. 30,000
Part of Office Equipment sold at a profit of Rs. 12,000

a) ₹ 1,00,000	b) ₹ 1,02,000
c) ₹ 90,000	d) ₹ 1,12,000

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. 3

(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 cash within the operation cycle

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. 3

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.

33. Determine Return on Investment and Net Assets Turnover ratio from the following information:- 4

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.

(i) Sale of Equipments costing ₹ 10,00,000 for ₹ 9,00,000.
(ii) Purchased Goods on Credit for ₹ 1,00,000 for a credit of 15 months, assuming operating cycle is of 18 months.
(iii) Conversion of Debentures into Equity Shares of ₹ 2,00,000.

(iv) Tax Refund of ₹ 50,000 during the year.

34. Read the following hypothetical text and answer the given questions on the basis of the same: 6

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
Tax Refund	20,000

Additional Information:

Particulars	**31.3.22 (₹)**	**31.3. 21(₹)**
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-Current 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

(i) Goodwill purchased during the year was ₹ 20,000.

(ii) 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:

1. Calculate Net Profit before tax and extraordinary items.
2. Calculate Operating profit before working capital changes.
3. Calculate Cash flow from Investing activities.
4. Calculate Cash flow from Financing activities.
5. Calculate closing cash and cash equivalents.

Part B :- Computerised Accounting
(Option – II)

27. The syntax of PMT Function is ____________ 1

(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

28. Which formulae would result in TRUE if C4 is less than 10 and D4 is less than 100? 1

(a) =AND(C4>10, D4>10)
(b) =AND(C4>10, C4<100).
(c) =AND(C4>10, D4<10).
(d) =AND (C4<10, D4,100)

29. Which function results can be displayed in Auto Calculate? 1

(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]

30. What category of functions is used in this formula: =PMT (C10/12, C8, C9,1) 1

(a) Logical
(b) Financial

	(c) Payment (d) Statistical	
31.	State any three types of Accounting Vouchers used for entry in Tally software.	3
32.	State any three requirements which should be considered before making an investing decision to choose between 'Desktop database' or 'Server database'.	3
33.	State the features of Computerized Accounting system. **Or** Explain the use of 'Conditional Formatting'.	4
34.	Describe two basic methods of charging depreciation. Differentiate between both of them.	6

ANSWER KEY - SAMPLE QUESTION PAPER 2022-23

SUBJECT ACCOUNTANCY 055

CLASS XII

S.NO	Question	Marks
	Part A **(Accounting for Partnership Firms and Companies)**	
1.	a) 41: 7: 12	1
2.	c) Both (A) and (R) are incorrect	1
3.	b) ₹ 4 per share OR d) Non – Redeemable Debentures	1
4.	a) Samiksha's Capital A/c. Dr. 9,000 To Arshiya's Capital A/c. 6,000 To Divya's Capital A/c 3,000 Or d) Share of Loss Sohan –₹ 1,180 Mohan – ₹ 1,770	1
5.	d) ₹ 3,00,000	1
6.	c) 6% OR b) 5%	1
7.	c) ₹ 30,000	1
8.	d) ₹70,500 Or d) A ₹ 50,000; B ₹ 50,000 and C ₹ 50,000	1
9.	c) ₹ 36,000	1
10.	a) ₹ 1,80,000	1
11.	c) (iii) ; (ii) ; (i); (iv)	1
12.	b) ₹ 21,000	1
13.	b) Providing for Premium payable on Redemption of Debentures.	1
14.	c) ₹ 50,000	1
15.	d) 5,000 Or d) 12% p.a	1
16.	d) ₹ 30,000 (loss)	1
17	Journal Entry	3 (1 + 2)

Date	**Particulars**	**L.F.**	**Dr. Amount**	**Cr. Amount**

1.02.22	Profit and Loss Suspense A/c Dr. To Sara's Capital A/c (Being Sara's share of profit allowed till the date of her death)		30,000	30,000

Workings: Profit % to sales turnover for the year ended 31st March,2021=1,20,000/10,00,000 X100= 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 10/12 = ₹ 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= $\frac{1,00,000 X 3}{10}$ = ₹ 30,000

18

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 Partners' Current A/c:			
Amay 53,000			
Anmol 40,000			
Rohan 27,000**	1,20,000		
	1,38,000		**1,38,000**

3

(1/2 x6)

** Guarantee met for 9 months.

Or

Journal Entry

Date	Particulars	L.F	Debit (₹)	Credit (₹)
(i)	Ajay's Capital A/c Dr. To Manish's Capital A/c To Sachin's Capital A/c (Adjustment entry passed)		52,000	 4,000 48,000

Or

3

(1+2)

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.)			

19.

Books of Anthony Ltd.

Journal Entries

3

Date	Particulars	L.F	Debit (₹)	Credit (₹)

(i)	Assets A/c Dr. Goodwill A/c Dr. To Liabilities A/c To Mithoo Ltd. A/c (Business purchased of Mithoo Ltd. comprising of Assets and Liabilities)		23,50,000 50,000	6,00,000 18,00,000
(ii)	Mithoo Ltd. A/c Dr. Loss on Issue of Debentures A/c Dr. To 9% Debentures A/c To Premium on Redemption of Debentures A/c (Debentures issued to Mithoo Ltd. at Discount, redeemable at Premium)		18,00,000 3,00,000	20,00,000 1,00,000

OR

Books of Random Ltd.

Journal Entries

Date	Particulars	L.F	Debit (₹)	Credit (₹)
(i)	Assets A/c Dr. To Liabilities A/c To Mature Ltd. A/c To Capital Reserve A/c (Business purchased of Mithoo Ltd. comprising of Assets and Liabilities)		45,00,000	6,40,000 36,00,000 2,60,00
(ii)	Mature Ltd. A/c Dr. To Bank A/c To 12% Preference Share Capital A/c To Securities Premium A/c (Debentures issued to Mithoo Ltd. at Discount, redeemable at Premium)		36,00,000	1,50,000 30,00,000 4,50,000
	No. of Shares = 34,50,000/115 = 30,000 shares @ 100 + 15 each			

20. Sol

Journal Entry

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

3 (1 + 2)

Workings:

(i) Calculation of gaining ratio and sacrificing ratio:

Doremon's gain or sacrifice = 3/6-2/6= 1/6 (sacrifice)

Shinchan's gain or sacrifice = 2/6-2/6 =0

Nobita's gain or sacrifice = 1/6 – 2/6 = -1/6 (gain)

(ii) Calculation of goodwill:

CALCULATIONOF 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

= 3,20,000/4 = 80,000

Goodwill= 80,000 X 2= ₹1,60,000

A's share of goodwill= 1,60,000 X 1/6= ₹26,667

21. 4 (1+3)

Books of Altaur Ltd.

Balance Sheet (Extract) as at …..

Particulars	Note No.	Current Year (₹)	Previous Year (₹)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	63,25,000	Nil

Notes to Accounts

1. Share Capital		Amount (₹)
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	
(-) Calls in Arrears**	(75,000)	63,25,000

22. 4

Journal Entries in the Books of Charu, Dhwani, Iknoor and Paavni

Date	Particulars	L.F.	Dr. Amount	Cr. Amount
(i)	Dhwani'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)	Paavni's Loan A/c Dr.		40,000	
	To Realisation A/c			40,000

	(Paavni's Loan of ₹ 40,000 settled by giving an unrecorded asset)			
(iii)	Realisation A/c Dr. To Loan to Charu A/c (Loan to Charu was settled by payment to Charu's brother Loan)		60,000	 60,000
(iv)	Iknoor's Loan A/c Dr. To Realisation A/c To Bank A/c (Iknoor's Loan of ₹ 80,000 and Machinery was given as part payment and rest through bank)		80,000	 60,000 20,000

23.

Books of OTUA Ltd.
Journal Entries

6

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

	(Gain on re-issue of forfeited sharestransferred to capital reserve)			

OR

Books of Vikram Ltd.

Journal Entries

(i)

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

(ii)

Books of Ratan Ltd.

Journal Entries

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

24. 6

Dr. Revaluation Account Cr.

Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Partner's Capital A/c:		Plant and Machinery	14,000
X	19,200	Buildings A/c	11,000

Y	<u>12,800</u>	32,000	Provisions for Doubtful Debt A/c	7,000
		<u>32,000</u>		<u>32,000</u>

Dr. Partner's Capital Accounts Cr.

Particulars	X	Y	Z	Particulars	X	Y	Z
Y's Current A/c	----	24,000	----	Balance b/d	1,19,000	1,12,000	—
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		
	<u>1,68,000</u>	<u>1,36,000</u>	<u>56,000</u>		<u>1,68,000</u>	<u>1,36,000</u>	<u>56,000</u>

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	<u>1,100</u>	6,600		
		<u>7,000</u>		<u>7,000</u>

Dr. Partner's Capital Accounts 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				
	<u>27,300</u>	<u>18,200</u>	<u>16,000</u>		<u>27,300</u>	<u>18,200</u>	<u>16,000</u>

25. Journal Entries 6

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

Dr. A's Executors A/c Cr.

Date	**Particulars**	**J.F.**	**Amount**	**Date**	**Particulars**	**J.F.**	**Amount**
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
			8,67,000				8,67,000

2020 June 30 2021 Mar. 31	Bank A/c Balance c/d		2,36,000 4,18,000	2020 Apr. 1 June 30 2021 Mar. 31	Balance b/d Interest A/c Interest A/c		6,27,000 9,000 18,000
			6,54,000				6,54,000
2021 June 30 2022 Mar. 31	Bank A/c Balance c/d		2,24,000 2,09,000	2021 Apr. 1 June 30 2022 Mar. 31	Balance b/d Interest A/c Interest A/c		4,18,000 6,000 9,000
			4,33,000				4,33,000
2022 June 30	Bank A/c		2,12,000	2021 Apr. 1 June 30	Balance b/d Interest A/c		2,09,000 3,000
			2,12,000				2,12,000

26.

6
(2+2
+2)

Books of Health2Wealth Ltd.

a) Journal Entries

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

b)

Dr. Loss on Issue of Debentures A/c Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2021 1 Oct.	To Premium on Redemption of Debentures	10,00,000	2022 31 Mar.	By Securities Premium A/c By Statement of Profit and Loss A/c	7,80,000 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. To Debentureholders A/c (Interest due on debentures)		2,00,000	 2,00,000
31	Debentureholders A/c Dr.		2,00,000	

		Mar. 2022	To Bank A/c (Interest paid to debentureholders)			2,00,000	
		31 Mar. 2022	Statement of Profit and Loss Dr. To Debenture Interest A/c (Interest on Debentures charged to Statement of Profit and Loss)		2,00,000	2,00,000	

Part B :- Analysis of Financial StatementsOption -I

27.	c) Postulates Or c) Only (ii) and (iii) are correct	1
28.	b) 3 times	1
29.	d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also Or c) Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.	1
30.	b) ₹ 1,02,000	1

31.	Item	Heading	Sub – Heading	3
	(i) Current maturities of long term debts	Current Liabilities	Short term borrowings	
	(ii) Furniture and Fixtures	Non – Current Assets	Property, Plant and Equipments and Intangible Assets Property, Plant and Equipments	
	(iii) Provision for Warranties	Non – Current Liabilities	Long Term Provisions	
	(iv) Income received in advance	Current Liabilities	Other Current Liabilities	
	(v) Capital Advances	Non – Current Assets	Long Term Loans and Advances	
	(vi) Advances recoverable in cash within the operation cycle	Current Assets	Short Term Loans and Advances	

32.	Variations of Accounting Practice as Limitation is highlighted in the given statement.	3

	Two Other Limitations (Any two of the following, with suitable explanation) (a) Limitations of Accounting Data (b) Ignores Price-level Changes (c) Ignore Qualitative or Non-monetary Aspects (d) Forecasting	
33.	Return on Investment = EBIT / Capital Employed x 100 = 15,00,000/1,20,00,000 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 = ₹ 15,00,000 Net Assets Turnover ratio = Revenue from Operations/Capital Employed = 3,60,00,000/1,20,00,000 = 3 times Or (i) Ratio will improve. Reason – Capital Employed will decrease and Debt will remain same (ii) Ratio will remain same. Reason – Both Debt and Capital Employed will remain same. (iii) Ratio will decline. Reason – Debt will decrease but Capital Employed will remain same. (iv) Ratio will decline. Reason – Capital Employed will increase but Debt will remain same.	4
34.	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 – 1,00,000 - 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	6 (1.5 + 1.5+ 1+ 1+ 1)
	Part B :- Computerised Accounting	

	(Option – II)	
27.	a) PMT (rate, nper, pv, [fv], [type]) Or a) Design, Layout, Format	1
28.	d) =AND (C4<10, D4,100)	1
29.	a) SUM and AVERAGE Or c) [Home]	1
30.	(b) Financial	1
31.	Types of Accounting Vouchers (i) Contra Vouchers (ii) Payments Vouchers (iii) Receipt Vouchers	3
32.	The points to be considered before making investment in a database: (any three) (i) What all data is to be stored in the database? (ii) Who will capture or modify the data, and how frequently the data will be modified? (iii) Who will be using the database, and what all tasks will they perform? (iv) Will the database (backend) be used by any other frontend application? (v) Will access to database be given over LAN/ Internet, and for what purposes? (vi) What level of hardware and operating system is available?	3
33.	Features of computerized accounting system: (i) Simple and integrated. (ii) Transparency and control. (iii) Accuracy and speed. (iv) Scalability. (v) Reliability Or Uses of conditional formatting: (i) It helps in making needed information highlighted. (ii) It changes the appearance of cells ranges. (iii) Colour scale may be used to highlight cells . (iv) useful in making decision making.	4
34.	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	6

	goes on decreasing every year in written down value method. 2. Depreciation is charged on original cost in straight line method. The amount is calculatedon the book value every year. 3. In straight line method the value of asset can come to zero but in written down valuemethod this can never be zero. 4. Generally rate of depreciation is low in case of straight line method but it is kept high incase 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.	