Class XII
Post Mid Term Exam
Accountancy (055)
Marking Scheme
Set A1/A2

A1	A2	Expected Solutions	Marks
		Part A **Accounting for Partnership Firms and Companies**	
1	16	**Assertion (A):** Undistributed profits or losses appearing in the Balance-Sheet at the time of admission should be transferred to the old partners' capital/current account. **Reason (R):** Undistributed profits or losses appearing in the balance sheet at the time of admission belong to the old partners as they are earned by them. Alternatives: A. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). B. Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). C. Assertion (A) is true but Reason (R) is False D. Assertion (A) is False but Reason (R) is true. ANS – A	1
2	1	In the absence of an agreement, partners are entitled to: i) Profit share in capital ratio. ii) Commission for making additional sale. iii) Interest on Loan & Advances by them to the firm. iv) Salary for working extra hours. v) Interest on Capital. Choose the correct option: a) Only i), iv) and v). b) Only ii) and iii). c) Only iii). d) Only i) and iii). Ans. c) Only iii).	1
3	2	On 1st April, 2019, a company took a loan of ₹80,00,000 on security of land and building. This loan was further secured by issue of 40,000, 12% Debentures of ₹100 each as collateral security. On 31st March, 2024, the company defaulted on repayment of the principal amount of this loan. Consequently on 1st April, 2024, the land and building were taken over and sold by the bank for ₹70,00,000. For the balance amount, debentures	1

		were sold in the market on 1st May, 2024. From which date, would the interest on debentures become payable by the company? A. 1st April 2019. B. 31st March 2024. C. 1st April 2024. D. 1st May 2024. Ans. D. 1st May 2024.	
4	**3**	At the time of reconstitution of a partnership firm, recording of an unrecorded liability will lead to: (A) Gain to the existing partners. (B) Loss to the existing partners. (C) Neither gain nor loss to the existing partners. (D) None of the above. Ans. (B) Loss to the existing partners.	**1**
5	**4**	**Assertion (A):-** Commission provided to partner is shown in Profit and Loss A/c. **Reason (R):-** Commission provided to partner is charge against profits and is to be provided at fixed rate. a) (A) is correct but (R) is wrong. b) Both (A) and (R) are correct, but (R) is not the correct explanation of (A). c) Both (A) and (R) are incorrect. d) Both (A) and (R) are correct, and (R) is the correct explanation of (A) Ans. c) Both (A) and (R) are incorrect.	**1**
6	**5**	Savitri Ltd. issued 50,000, 8% Debentures of ₹100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement of Profit and Loss was debited with ₹2,00,000. At what rate of premium, these debentures were issued? a) 10% b) 16% c) 6% d) 4% Ans. c) 6%.	**1**
7	**6**	Shares issued as sweat equity can be: (i) Issued at par (ii) Issued at discount. (iii) Issued at a premium. Which of the following is correct? A. Only (i) is correct. B. Both (i) and (iii) are correct. C. All are correct. D. Only (ii) is correct.	**1**
8	**7**	G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹5,80,000. G was being paid ₹7,00,000 in full settlement. For giving	**1**

		that additional amount of ₹1,20,000, S was debited for ₹40,000. Determine goodwill of the firm: a) ₹1,20,000. b) ₹80,000. c) ₹2,40,000. d) ₹ 3,60,000. Ans. c) ₹2,40,000.	
9	**8**	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. a) ₹3,30,000. b) ₹4,40,000. c) ₹4,00,000. d) ₹3,00,000. Ans. d) ₹3,00,000.	**1**
10	**9**	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. Ans. d) A ₹50,000; B ₹50,000 and C ₹50,000.	**1**
11	**10**	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 of loan 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 Ans. d) Share of Loss Sohan –₹ 1,180 Mohan – ₹ 1,770	**1**
		Nidiya Limited was incorporated on 1st April, 2017 with registered office in Mumbai. The capital clause of Memorandum of Association reflected a Registered Capital of 8,00,000 equity shares of ₹10 each and 1,00,000 Preference shares of ₹50 each. Since some large investments were required for building and machinery; the company, in consultation with	

		vendors, M/s VPS Enterprises, issued 1,00,000 equity shares and 20,000 preference shares at par to them in full consideration of assets acquired. Besides this, the company issued 2,00,000 equity shares for cash at par payable as ₹3 on application, ₹2 on allotment, ₹3 on first call and ₹2 on second call. Till date, second call has not yet been made. All the shareholders have paid except Mr. Ajay, who did not pay allotment and first call money on his 300 shares and Mr. Vipul, who did not pay first call money on his 200 shares. Shares of Mr. Ajay were then forfeited and out of them, 100 shares were reissued at ₹12 per share. **Based on above information you are required to answer the following Question Nos. 12 & 13:**	
12	**11**	Shares issue to vendors of building and machinery, Ms. VPS Enterprises, would be classified as: a. Preferential Allotment. b. Employee Stock Option Plan. c. Issue for Consideration other than cash. d. Right Issue of Shares. Ans. c. Issue for Consideration other than cash.	**1**
13	**12**	What amount of share forfeiture would be reflected in the Balance-Sheet? a. ₹600. b. ₹900. c. ₹200. d. ₹300. Ans. a. ₹600.	**1**
14	**13**	At the time of admission of new partner (Vasu), Old partners (Paresh and Prabhav) had debtors of ₹6,20,000 and a provision for doubtful debts of ₹20,000 in their books. As per terms of admission, assets were revalued, and it was found that debtors worth ₹15,000 had turned bad and hence should be written off. Which journal entry reflects the correct accounting treatment of the above situation? A. Bad Debts A/c Dr. 15,000 To Debtors A/c 15,000 Prov for D. debts A/c Dr. 15,000 To Bad Debts A/c 15,000 B. Bad Debts A/c Dr. 15,000 To Debtors A/c 15,000 Revaluation A/c Dr. 15,000 To Prov for doubt debts A/c 15,000 C. Revaluation A/c Dr. 15,000 To Debtors A/c 15,000	**1**

		D. Bad Debts A/c Dr. 15,000 To Revaluation A/c 15,000 Ans. A. Bad Debts A/c Dr. 15,000 To Debtors A/c 15,000 Prov for D. debts A/c Dr. 15,000 To Bad Debts A/c 15,000	
15	**14**	A, B and C who were sharing profits and losses in the ratio of 4:3:2 decided to share the future profits and losses in the ratio to 2:3:4 with effect from 1st April, 2023. An extract of their Balance Sheet as at 31st March, 2023 is: Liabilities | Amount | Assets | Amount Workmen Compensation Reserve | 65,000 | | At the time of reconstitution, a certain amount of Claim on workmen compensation was determined for which B's share of loss amounted to ₹5,000. The Claim for workmen compensation would be: a) ₹15,000 b) ₹70,000 c) ₹50,000 d) ₹80,000 Ans. d) ₹80,000	**1**
16	**15**	At the time of dissolution, machinery appears at ₹10,00,000 and accumulated depreciation for the machinery appears at ₹6,00,000 in the Balance-Sheet of a firm. This machine is taken over by a creditor of ₹5,40,000 at 5% below the net value. The balance amount of the creditor was paid through bank. By what amount, should the bank account be credited for this transaction? A. ₹ 60,000. B. ₹ 1,60,000. C. ₹ 5,40,000. D. ₹ 4,00,000. Ans. B. ₹ 1,60,000.	**1**
17	**20**	X, Y and Z were partners sharing profit and losses in the ratio of 4 : 3: 2 respectively. Y retired on April 1, 2017. On that date, capitals of X, Y and Z after all necessary adjustments stood at ₹19650, ₹19800 and ₹9150 respectively. The total capitals of the firm as newly constituted is fixed at ₹28,000 between X and Z in the proportion of 5: 3 after passing entries in their accounts for adjustments. Calculate amount to be paid or to be brought by the continuing partners and pass necessary journal entries. Ans.	**3**

Journal

Date	Particulars	L.F.	Dr.	Cr.
a.	X's Capital Account Dr. To Cash Account (Being the excess capital withdrawn by X)		2,150	2,150
b.	Cash Account Dr. To Z's Capital Account (Being the shortage of capital brought in by Z)		1,350	1,350

Working Note:

	X	Z
A. New capital (₹28,000 in the ratio of 5 :3)	= 17,500	10,500
B. Existing capital (after all adjustments)	= 19,650	9,150
C. Cash to be brought in or paid off (A - B)	= (2,150)	1,350

(NOTE: 1 mark each for every entry and one mark for the working note related to calculation of 'adjustment of capital'.)

18 **17** A, B and C were partners in a firm sharing profits in the ratio of 2:2:1. C was guaranteed to be given a profit of ₹50,000 per year. Deficiency, if any, on account shall be borne by A and B in the ratio of 3:2. The net profit of the firm for the year ended 31st March, 2019 was ₹2,00,000. **3**

Prepare Profit and Loss Appropriation Account of A, B and C.

Ans.

Profit and Loss Appropriation Account

For the year ended 31st March 2019

Particulars	Amount	Particulars	Amount
To Profit transferred to Capital A/cs of		By Profit and Loss A/c	2,00,000
A- 80,000 – 6,000	74,000		
B- 80,000- 4,000	76,000		
C- 40,000 + 6,000+4,000	50,000		
	2,00,000		2,00,000

Working Notes:

A's Share in Profits= $2,00,000 X \frac{2}{5} = 80,000$; B's Share in Profits=

$2,00,000 X \frac{2}{5} = 80,000$

C's Share in Profits= $2,00,000 X \frac{1}{5} = 40,000$

C's guaranteed minimum share in the profits = ₹50,000
His actual share in profits = ₹40,000
Deficiency to be borne by A & B in 3:2 ratio = ₹10,000
A's share in deficiency = ₹6,000
B's share in deficiency = ₹4,000

(NOTE: 1.5 mark each for P& L Appropriation Account and for the Working Note.)

19 **18** Sohan Ltd. Forfeited 800 shares of ₹10 each, issued at 30% premium (to be paid at the time of allotment) for non-payment of a first call of ₹2 per share. The second and final call of ₹2 has not yet been called. Out of these, 200 shares were reissued for ₹8 per share. Pass necessary journal entries to record the above transactions in the books of Sohan Ltd. **3**

Ans.

Journal
In the books of Sohan Ltd.

Date	Particulars	L/F	Debit	Credit
	Share Capital A/c Dr.		6,400	
	To Share First Call A/c			1,600
	To Share Forfeiture A/c			4,800
	(Being shares forfeited)			
	Bank A/c Dr.		1,600	
	To Share Capital A/c			1,600
	(Being shares re-issued)			
	Share Forfeiture A/c Dr.		1,200	
	To Capital Reserve A/c			1,200
	(Being forfeiture balance transferred to Capital Reserve A/c)			

(NOTE: 1 mark each for every entry.)

20 **19** On 1st April, 2021, an existing firm had assets of ₹10,00,000 including cash of ₹20,000. Its creditors amounted to ₹50,000 on that date. The partners' capital accounts showed a balance of ₹8,00,000 while the reserve fund amounted to ₹1,50,000. If the normal rate of return is 15% and the goodwill of the firm is valued at ₹1,80,000 at 3 years purchase of super profits, find the average profits of the firm. **3**

Ans.
Goodwill = Super Profits * 3 years purchase
180,000 = Super Profits * 3
Super Profits = ₹60,000
Capital Employed = Assets – Creditors = 10,00,000 – 50,000 = ₹9,50,000
Normal Profits = Capital Employed* NRR = 9,50,000 * 15% = 1,42,500
Super Profits = Average Profits – Normal Profits
Average Profits = Super Profits + Normal Profits = 60,000 + 1,42,500 = ₹2,02,500

21 | **22** | 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**

Ans.

Books of Altaur Ltd.

Balance Sheet (Extract) as at ….

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

Notes to Accounts

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		
Subscribed and Fully Paid up	--------	
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 | **21** | Pass Journal entries for the following transactions in the books of the firm on its dissolution: (1 * 4) = 4
i. Mr. Vadhya, a creditor, to whom ₹6,000 are due, accepted office equipment at ₹4,000 and the balance paid to him by cash.
ii. Debtors of ₹5,00,000 and Provision for Doubtful Debts ₹20,000, is transferred to Realisation A/c. On dissolution, Bad debts were ₹1,00,000 and remaining Debtors realised at 30% discount. | **4**

iii. Mohika's Loan (a partner) of ₹80,000 to the firm and she took over machinery of ₹60,000 as part payment.
iv. The firm had borrowed ₹35,000 from Ritu, a partner. On dissolution, Ritu decided to take over furniture of ₹ 40,000 against the payment of her loan.
Ans.

In the books of….
Journal

Date	Particulars	l. f.	Dr.	Cr.
i.	Realisation A/c Dr. To Cash A/c (Being cash paid to creditors.)		2,000	 2,000
ii.	Cash A/c Dr. To Realisation A/c (Being debtors realized.)		2,80,000	 2,80,000
iii.	Mohika's Loan A/c Dr. To Realisation A/c To Bank A/c (Being Mohika's loan of ₹80,000 and machinery was given as part payment and balance through bank)		80,000	 60,000 20,000
iv.	Ritu's Loan A/c Dr. To Realisation A/c (Being loan settled by providing furniture.)		35,000	 35,000

23 **26** The Balance-Sheet of Jassal, Jaipaul and Jyoti, who are partners sharing profit in the ratio of 2:2:1, as on 31st March, 2017 is as under: **6**

Balance-Sheet

Liabilities		Amount	Assets	Amount
Creditors		3,00,000	Goodwill	3,00,000
Employees' Provident Fund		1,00,000	Fixed Assets	6,00,000
General Reserve		3,00,000	Stock	1,00,000
Capitals:			Sundry Debtors	2,00,000
Jassal's Capital	3,00,000		Cash at Bank	1,50,000
Jaipaul's Capital	2,50,000		Advertisement Expenditure	50,000
Jyoti's Capital	1,50,000	7,00,000		
		14,00,000		14,00,000

Jaipaul died on 15th June, 2017. According to the Deed, his legal representatives were entitled to:

(a) Balance in Capital Account.

(b) Share of goodwill valued at three times the average profit of the past four years profits.

(c) Share in profits up to the date of death on the basis of average profits for the past four years. Profit for the past 4 years were: ₹1,50,000; ₹1,70,000; ₹1,90,000 and ₹1,30,000.

(d) Interest on capital @12% p.a.

Prepare Jaipaul's Capital Account to calculate the amount payable to his executors. Jassal and Jyoti continued as partners by taking over Jaipaul's share equally.

Ans.

Dr. Jaipaul's Capital Account Cr.

Particulars	Amount (in ₹)	Particulars	Amount (in ₹)
To Goodwill	1,20,000	By Balance b/d	2,50,000
To Advertisement	20,000	By General Reserve A/c	1,20,000
Expenditure A/c		By Interest on Capital A/c	6,250
To Jaipaul's Executor's A/c	4,41,583	By Profit and Loss Suspense	13,333
(Bal Fig)		A/c	
		By Jassal's Capital A/c	96,000
		By Jyoti's Capital A/c	96,000
	5,81,583		5,81,583

Working Notes:

1. Interest on Jaipaul's Capital:

@ 12% on ₹2,50,000 for 2.5 months = $2,50,000 \times \frac{2.5}{12} \times \frac{12}{100}$ = ₹6,250.

2. Calculation of Jaipaul's Share of Profit:

(a) Average Profit = $\frac{` 1,50,000 + ` 1,70,000 + ` 1,90,000 + ` 1,30,000}{4}$ = ₹1,60,000

(b) Profit up to date of Death = ₹1,60,000 x $\frac{2.5}{12}$ = ₹33,333(Approx.).

(c) Jaipaul's Share of Profit ₹33,333 x $\frac{2}{5}$ = ₹13,333.

3) Calculation of Jaipaul's Share of Goodwill:

(a) Average Profit (WN 2) = ₹1,60,000.

(b) Value of Goodwill = ₹1,60,000 x 3 = ₹4,80,000.

(c) Jaipaul's Share of Goodwill = ₹4,80,000 x $\frac{2}{5}$ = ₹1,92,000.

Jaipaul's Share of Goodwill contributed by Jassal and Jyoti, equally, i.e.,

₹1,92,000 x $\frac{1}{2}$ = ₹96,000 each.

(NOTE: 0.5 mark each for Opening Balance, for Goodwill in Balance-Sheet, for Advertisement Expenditure & for closing Balance and 1 mark each for General Reserve, for Interest on Capital, for P & L Suspense and for treatment of goodwill in adjustment.)

24 **23** (i) Raman Limited purchased a running business from Kamal Traders and it was decided to pay for purchase consideration as ₹3,00,000 by cheque and for the balance; issued 10,000, 9% Debentures of ₹100 each at 20% premium. **6**
The assets and liabilities consisted of the following:

Particulars	Book Value(₹)	Agreed Value(₹)
Plant and Machinery	5,00,000	4,00,000
Buildings	10,00,000	6,00,000
Stock	6,00,000	5,00,000
Sundry Debtors	4,00,000	3,00,000
Sundry Creditors	2,50,000	2,00,000

Record necessary journal entries in the books of Raman Limited.

(ii) On 1st May, 2019, VKR Ltd. issued 10,000, 9% Debentures of ₹100 each at a discount of 10% redeemable at par after five years. All the Debentures were subscribed and allotment was made. It has a balance of ₹60,000 in Securities Premium Reserve. Pass the Journal entries for issue of debentures. (3 + 3)

Ans. Journal

In the Books Raman Ltd.

Plant and Machinery A/c	Dr.		4,00,000	
Building A/c	Dr.		6,00,000	
Stock A/c	Dr.		5,00,000	
S. Debtors A/c	Dr.		3,00,000	
To S. Creditors A/c				2,00,000
To Capital Reserve A/c				1,00,000
To Kamal Traders				15,00,000
(Being business purchased)				
Kamal Traders	Dr.		15,00,000	
To Bank A/c				3,00,000

		To 9% Debentures A/c To Securities Premium Reserve A/c (Being purchase consideration paid.)			10,00,000 2,00,000	

(NOTE: 1.5 marks each for every entry.)

ii.

Journal
In the books of VKR Ltd.

Bank A/c Dr. To Debenture Application & Allotment A/c (Being application money received)			9,00,000	9,00,000
Debenture Application & Allotment A/c Dr. Discount on Issue of Debentures A/c Dr. To 9% Debentures A/c (Being application money transferred to debentures account consequent upon allotment of debentures)			9,00,000 1,00,000	 10,00,000
Securities Premium Reserve A/c Dr. Statement of P/L A/c Dr. To Discount on Issue of Debentures A/c (Being discount on issue of debentures written off.)			60,000 40,000	 1,00,000

(NOTE: 1 mark each for every entry.)

25	**24**	X and Y were partners in the profit-sharing ratio of 3: 2. Their Balance sheet 31st December, 2019 was as under:	**6**

Balance-Sheet

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

Z was admitted for $\frac{1}{6}$ th share. Other terms were agreed as follows:

a. Z will bring ₹56,000 as his share of capital.
b. Goodwill of the firm is valued at ₹84,000.
c. Plant and Machinery and building are appreciated by 20% and 10% respectively.

d. All debtors are good.
e. 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.

Ans.

Dr. Revaluation A/c Cr.

Particulars		Amount	Particulars	Amount
To Profit:			By Plant and Machinery	14,000
X	18,480		By Buildings A/c	9,800
Y	12,320	30,800	By Provisions	7,000
		7,000		7,000

Dr. Partners' Capital A/c Cr.

Particulars	X	Y	Z	Particulars	X	Y	Z
				By Balance b/d	1,19,000	1,12,000	—
				By Bank A/c	—	—	56,000
				By Z's Current A/c	8,400	5,600	—
				By General Reserve	8,400	5,600	—
To Balance c/d	1,54,280	1,35,520	56,000	By Revaluation	18,480	12,320	—
	1,54,280	1,35,520	56,000		1,54,280	1,35,520	56,000
To Current A/c		23,520	-	By Balance c/d	1,54,280	1,35,520	56,000
To Balance c/d	1,68,000	1,12,000	56,000	By Current A/c	13,720		
	1,68,000	1,35,520	42,000		1,68,000	1,35,520	42,000

Working Note:

Z's Capital = 56,000
Z's Share = 1/6
Total firm's Capital = 56,000 * 6 = 3,36,000

New Ratio = 3 : 2 : 1.
X's Capital = 3,36,000 * 3/6 = 1,68,000
Y's Capital = 3,36,000 * 2/6 = 1,12,000

(NOTE: Two marks for Revaluation Account and four marks for Capital Account.)

26	**25**	Anshika Ltd. issued 2,00,000 equity shares of ₹10 each, at a premium of ₹4 per share. The amount was payable as follows: On application ₹6 (including ₹2 premium) On allotment ₹7 (including ₹2 premium) Balance on first and final call Applications for 3,00,000 shares were received. Allotment was made to all the applicants on pro-rata basis. Mehak, to whom 400 shares were allotted, failed to pay allotment money. Her shares were immediately forfeited. 200 of the forfeited shares were re-issued @ ₹8 per share as ₹9 paid up. Final call has not been made yet. Pass necessary journal entries in the books of Anshika Ltd. for the above transactions by opening calls in arrears and calls in advance account wherever necessary. Ans.	**6**

Journal
In the books of Anshika ltd.

Date	Particulars	L.F	Amount (₹)	Amount (₹)
	Bank A/c Dr.		18,00,000	
	To Equity Share Application A/c			18,00,000
	(Being application money received on 3,00,000 shares)			
	Equity Share Application A/c Dr.		18,00,000	
	To Equity Share Capital A/c			8,00,000
	To Securities Premium Reserve A/c			4,00,000
	To Equity Share Allotment A/c			6,00,000
	(Being 2,00,000 shares allotted, excess amount transferred to allotment)			
	Equity Share Allotment A/c Dr.		14,00,000	
	To Equity Share Capital A/c			10,00,000
	To Securities Premium Reserve A/c			4,00,000
	(Being allotment due on 2,00,000 shares)			
	Bank A/c Dr.		7,98,400	
	Calls in Arrears A/c Dr.		1,600	
	To Equity Share Allotment A/c			8,00,000
	(Being allotment money received on 199,600 shares)			
	Equity Share Capital A/c Dr.		3,600	
	Securities Premium Reserve A/c Dr.		800	
	To Calls in Arrears A/c			1,600
	To Share Forfeited A/c			2,800
	(Being forfeiture of 400 shares forfeited)			
	Bank A/c Dr.		1,600	
	Equity Share Forfeited A/c Dr.		200	
	To Equity Share Capital A/c			1,800
	(Being 200 shares re-issued @ ₹8, as ₹9 paid up)			
	Equity Share Forfeited A/c Dr.		1,200	

			To Capital Reserve A/c (Being gain on reissue of forfeited shares transferred to Capital Reserve)			1,200	

(NOTE: 1 mark each for first 5 entries and 0.5 mark each for Entry No. 8 & 9.)

Part B
Analysis of Financial Statements

27	**30**	Which of the following is not a tool of financial analysis? (a) Comparative Income Statement (b) Comparative Position Statement (c) Statement of Profit and Loss (d) Cash Flow Statement Ans. (c) Statement of Profit and Loss	**1**
28	**27**	The Interest Coverage Ratio from the following information will be: 15% Long Term Borrowings ₹1,00,000, Tax paid during the year 30%, Profit after interest and tax ₹84,000. (a) 9 Times (b) 6 Times (c) 5 Times (d) 8 Times Ans. (a) 9 Times	**1**
29	**28**	Dividend paid by a finance company is classified under which kind of activity, while preparing cash flow statement? (A) Cash Flow from Operating Activities. (B) Cash Flow from Investing Activities. (C) Cash Flow from Financing Activities. (D) No Cash Flow. Ans. (C) Cash Flow from Financing Activities.	**1**
30	**29**	**Statement-I:** 'Shree Ltd.' was carrying on a business of packaging in Delhi and earned good profits in the past years. The company wanted to expand its business and required additional funds. To meet its requirements, the company issued equity shares of ₹30,00,000. It purchased a machine of ₹20,00,000. During the current year the Net Profit of the company was ₹15,00,000. Cash flows from operating, investing and financing activities from the above transactions will be ₹15,00,000: (₹20,00,000); ₹30,00,000 respectively. **Statement-II:** The patents of X Ltd. increased from ₹3,00,000 in 2021-22 to ₹3,50,000 in 2022-23. It will be taken as purchase of Patents of 50,000 and will be shown under Cash outflow from Investing Activities. A. Both the statements are true. B. Both the statements are false. C. Only Statement-I is true.	**1**

D. Only Statement-II is true.

Ans. A. Both the statements are true.

Set A2

Statement -1: 'Rent paid' will be classified under operating activity while preparing cash flow statement.
Statement -II: 'Interest received in cash' on loans and advances results in cash flow from financing activities.
a. Both statements are true.
b. Both statements are false.
c. Statement -1 is true, statement-II is false.
d. Statement-II is true, statement-1 is false.

Ans. c) Statement -1 is true, statement-II is false…because Interest received in cash on loans and advances results in cash flow from Investing activities.

31 **32** Under which major heads and sub-heads of the Balance-Sheet of a company, will the following items be shown: **3**
i) Cheques and Bank drafts in hand.
ii) Mining Rights.
iii) Securities Premium Reserve. (1 * 3) = 3

Set A2

Under which major heads and sub-heads of the Balance-Sheet of a company, will the following items be shown:
i) Loose Tools
ii) Retirement Benefits Payable to employees
iii) Interest on Calls in Advance (1 * 3) = 3

Ans.

Sr. No.	Items	Major Heads	Sub-Heads
i	Cheques and Bank drafts in hand	Current assets	Cash and Cash equivalents
ii.	Mining right	Non - Current assets	Fixed assets - Intangible
iii.	Securities premium reserve	Shareholders' funds	Reserves and Surplus

Set A2

Sr. No.	Items	Major Head	Sub-Heads
i.	Loose Tools	Current Assets	Inventories

		ii.	Retirement Benefits Payable to employees	Non-Current Liability	Long Term Provisions	
		iii	Interest on Calls in Advance	Current Liability	Other current Liability	
32	**31**	Calculate Gross Profit Ratio from the following information: Cash Sales were 1/3rd of total sales. Cash Sales were ₹1,40,000. Cash purchases were 25 % of credit purchase. Cash Purchase was ₹50,000. Opening stock ₹30,000. Closing stock was ₹10,000 more than opening stock. The amount spent on carriage was ₹12,000. Ans. <u>Step 1:</u> If Cash sales are ₹1, then total sales will be = 3 If Cash sales are ₹1,40,000, then total sales will be = 3 *1,40,000 = ₹4,20,000 <u>Step 2:</u> If Cash purchase is ₹25, then Credit purchases will be ₹ 100. Hence, Total purchase will be ₹125. If cash Purchase is 25, total purchases = 125 If cash Purchase is 1, total purchases = 125 /25 If cash Purchase is 50,000, total purchases = 125/25*50,000 = ₹2,50,000 <u>Step 3:</u> Cost of Goods Sold = Opening Stock + Purchase + Carriage –Closing stock = 30,000+2,50,000+12,000-40,000 = 2,52,000 Gross Profit = Total Sales – Cost of Goods Sold = 4,20,000-2,52,000 =₹ 1,68,000 Gross Profit Ratio = Gross Profit /Net Sales *100 = 1,68,000/4,20,000*100 = 40 % **<u>(NOTE: 1 mark each for every step.)</u>**				**3**
33	**33**	Prepare Comparative Statement of Profit and Loss from the following information:				**4**

Particulars	31.3.2024	31.3.2023
Revenue from Operations	16,00,000	10,00,000
Cost of Materials Consumed	70% of Operating Revenue	70% of Operating Revenue
Other Expenses	5% of Revenue from Operations	5% of Revenue from Operations
Rate of Tax	50%	50%

<u>Set A2</u>

Prepare Common-Size Statement of Profit and Loss from the following information:

Particulars	31.3.2024	31.3.2023
Revenue from Operations	16,00,000	10,00,000
Cost of Materials Consumed	70% of Operating Revenue	70% of Operating Revenue
Other Expenses	5% of Revenue from Operations	5% of Revenue from Operations
Rate of Tax	50%	50%

Ans.

Comparative Statement of Profit & Loss

Particulars	31st March, 2023 (₹)	31st March, 2024 (₹)	Absolute change (₹)	Percentage Change (%)
Revenue from Operation	10,00,000	16,00,000	6,00,000	60
Expenses:				
Cost of material consumed	7,00,000	11,20,000	4,20,000	60
Other Expenses	50,000	80,000	30,000	60
Total Expenses	7,50,000	12,00,000	4,50,000	60
Profit Before Tax	2,50,000	4,00,000	1,50,000	60
Less: Tax	1,25,000	2,00,000	75,000	60
Profit After Tax	1,25,000	2,00,000	75,000	60

Set A2

Common-Size Statement of Profit & Loss

Particulars	31st March, 2023 (₹)	31st March, 2024 (₹)	% of 2019	% of 2020
Revenue from Operation	10,00,000	16,00,000	100	100
Expenses:				
Cost of materials consumed	7,00,000	11,20,000	70	70
Other Expenses	50,000	80,000	5	5
Total Expenses	7,50,000	12,00,000	75	75
Profit Before Tax	2,50,000	4,00,000	25	25
Less: Tax	1,25,000	2,00,000	12.5	12.5
Profit After Tax	1,25,000	2,00,000	12.5	12.5

34 **34** From the following Balance sheets of X Ltd., prepare Cash Flow Statement: **6**

Particulars	Notes	31.3.2020	31.3.2019

Equity and Liabilities:		
1. Shareholders' Funds:		
a. Equity Share Capital	2,00,000	2,00,000
b. Reserves and Surplus	1,75,000	1,10,000
2. Current Liabilities:		
a. Trade Payables (Creditors)	1,73,000	1,80,000
Total	**5,48,000**	**4,90,000**
Assets:		
1. Non-Current Assets:		
Fixed Assets:		
a. Tangible Assets (Machinery)	2,00,000	1,50,000
b. Intangible Assets (Goodwill)	30,000	40,000
2. Current Assets:		
a. Trade Receivables (Debtors)	50,000	60,000
b. Inventories (Stock)	2,15,000	1,80,000
c. Cash and Cash Equivalents	53,000	60,000
Total	**5,48,000**	**4,90,000**

Additional Information:

1. Dividend paid during the year @10% on Equity Share Capital.
2. Depreciation of ₹10,000 was provided on Tangible Assets during the year.
3. A machine costing ₹5,000 (depreciation provided thereon ₹3,000) was sold for ₹1,000 during the year.

Ans.

X Ltd.

Cash Flow Statement for the year ended on 31.3.2020

Particulars	Details	Amount
A. Cash Flow from Operating Activity:		
Net Profit After Tax	65,000	
+Dividend Paid	20,000	
Net Profit Before taxation	**85,000**	
Adjustments for Non-Cash / Non-Operating items:		
Depreciation written off	10,000	
Loss on sale	1,000	

Goodwill written off	10,000	
Net Profit before working Capital Changes	**1,06,000**	
Decrease in debtors	10,000	
Increase in Stock	(35,000)	
Decrease in creditors	(7,000)	
Net Cash flow from Operating Activity		**74,000**
B. Cash Flow from Investing Activity:		
Purchase of Machinery	(62,000)	
Sale of Machinery	1,000	
Net Cash Used in Investing activity		**(61,000)**
C. Cash Flow from Financing Activity:		
Dividend Paid	(20,000)	
Net Cash flow from Financing Activity		**(20,000)**
Net Decrease in Cash and Cash Equivalent		(7,000)
+ Cash And Cash Equivalent at the beginning of the year		60,000
Cash and Cash Equivalent at the end of the year		53,000

Working Note:

Dr. Tangible Assets (Machinery A/c) Cr.

Particulars	Amount	Particulars	Amount
To Balance B/d	1,50,000	By Depreciation A/c	10,000
To Bank A/c	62,000	By Bank A/c (Sale)	1,000
(Bal Fig)		By Statement of Profit and Loss (Loss) (5,000 - 3,000 - 1,000)	1,000
		By Balance c/d	2,00,000
	2,12,000		2,12,000

Note: 3 marks for Operating Activity and 1 mark each for Investing Activity, for Financing activity & for Machinery Account.)