

SET - 2

Class- 12
Accountancy
Sample Paper 2020-2021

Time allowed: 3 hours

Maximum Marks: 80

General Instructions:

1. This question paper comprises **two** Parts – **A** and **B**. There are **32** questions in the question paper. All questions are compulsory.
2. **Part A** is **compulsory** for all candidates.
3. **Part B** has two options i.e. (1) Analysis of Financial Statements and (2) Computerised Accounting. You have to attempt only one of the given options.
4. Question nos. **1** to **13** and **23** to **29** are very short answer type questions carrying 1 mark each.
5. Question nos. **14** and **30** are short answer type–I questions carrying 3 marks each.
6. Question nos. **15** to **18** and **31** are short answer type–II questions carrying 4 marks each.
7. Question nos. **19**, **20** and **32** are long answer type–I questions carrying 6 marks each.
8. Question nos. **21** and **22** are long answer type–II questions carrying 8 marks each.
9. There is no overall choice. However, an internal choice has been provided in 2 questions of three marks, 2 questions of four marks and 2 questions of eight marks.

Part - A

(Accounting for Not-For-Profit-Organisation, Partnership Firm and Companies)

1 How are the following items presented in financial statements of a Not-for-profit Organisation:-

1

- (a) Tournament Fund - ₹ 1,60,000
- (b) Tournament Expenses - ₹ 28,000

Solution:

Balance Sheet
as on _____

Capital and Liabilities	Amount (₹)	Assets	Amount (₹)
Tournament Fund 1,60,000 Less: Tournament Expenses (28,000)	1,32,000		

2. At what rate is interest payable on the amount remaining unpaid to the executor of the deceased partner, in absence of any agreement between partners, when (s)he opts for interest and not share of profit.

1

- (a) 12% p.a.
- (b) 8% p.a.
- (c) 6% p.a.
- (d) 7.5%p.a.

Solution:

(c) 6% p.a.

3. Pass the necessary journal entries in the following cases?

1

(a) Expenses of realisation ₹ 4,000.

(b) Expenses of realisation ₹ 6,000 but paid by Vinay, a partner.

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
(a)	Realisation A/c Dr. To Cash A/c (Realisation expenses paid)		4,000	4,000
(b)	Realisation A/c Dr. To Vinay's Capital A/c (Realisation expenses paid by Vinay)		6,000	6,000

4. X and Y are partners in a firm having a capital of ₹ 1,08,000 and ₹ 72,000 respectively. They admitted Z for 1/3rd share in the profits. Z brought a proportionate amount of capital. The Capital brought in by Z would be:

1

(a) ₹90,000

(b) ₹45,000

(c) ₹1,80,000

(d) ₹36,000

Solution:

(b) ₹ 90,000

5. Chandan, a partner in a partnership firm withdrew ₹14,000 in the beginning of each quarter. For how many months would interest on drawings be charged?

1

Solution: 7 1/2 months

6. Pankaj, Shreya, and Anand are partners sharing profits in the ratio of 3 : 1 : 1.

They decided to share future profits in the ratio of 1 : 1 : 3 with effect from 1st

April, 2019. They had the following balance in their balance sheet, passing necessary journal entry:

1

Particulars	Amount(₹)
Profit and Loss Account (Dr)	1,21,000

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019 April, 1	Pankaj's Capital A/c Dr. Shreya's Capital A/c Dr. Anand's Capital A/c Dr. To Profit and Loss A/c (Profit and loss debit balance distributed at time of change in profit sharing ratio)		72,600 24,200 24,200	1,21,000

7. P and Q are partners in a firm. They admitted R as a partner with $\frac{1}{5}$ th share in the profits of the firm. R brings ₹8,00,000 as his share of capital. Calculate the value of R's share of goodwill on the basis of his capital, given that the combined capital of P and Q after all adjustments is ₹20,00,000.

1

Solution:

Total capital as per R's share (₹8,00,000 X $\frac{5}{1}$)	40,00,000
Less: Actual capital of P, Q, and R (₹20,00,000 + ₹8,00,000)	(28,00,000)
Value of Firm's Goodwill	12,00,000

$$\text{R's Share of Goodwill} = ₹12,00,000 \times \left(\frac{1}{5}\right) = ₹2,40,000$$

8. Abram, Hansh, and Kartik were partners in a firm sharing profits and losses in the ratio of 8:7:5. On 14th November, 2019, Kartik died. Kartik's share of profits till the date of his death was calculated at ₹ 10,525. Pass the necessary journal entry.

1

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2019 Nov, 14	Profit and Loss Suspense A/c Dr. To Kartik's Capital A/c (Kartik's share of profit up to the date of her death transferred to her capital account)		10,525	10,525

9. X and Y are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2020 they decided to admit Z. They decided to share profit and losses in equal ratio. Pass the necessary journal entry to distribute investment fluctuation reserve of ₹1,20,000 at the time of Z's admission, when investment appear in the books at ₹4,20,000 and its market value is ₹3,80,000.

1

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 April, 1	Investment Fluctuation Reserve A/c Dr. To Investment A/c To X's capital A/c To Y's Capital A/c (The transfer of excess investment fluctuation reserve to partner's capital account in old profit sharing ratio)		1,20,000	40,000 48,000 32,000

10. On dissolution of a firm, bank overdraft is transferred to:

1

- (a) Partner's capital account
- (b) Bank account
- (c) Profit and Loss account
- (d) Realisation account

Solution:

Realisation account

11. P and Q are in partnership sharing profits and losses in the ratio of 4 : 2. They admit R into partnership with 1/4th share which he acquires equally from P and Q.

Accountant has calculated the new profit sharing ratio as 13 : 5 : 6. Is the accountant correct? 1

Solution:

R's share acquired from A and B each = $\frac{1}{4} \times \frac{1}{2} = \frac{1}{8}$

P's share = $\frac{4}{6} - \frac{1}{8} = \frac{13}{24}$

Q's share = $\frac{2}{6} - \frac{1}{8} = \frac{5}{24}$

R's share = $\frac{1}{4} \times \frac{6}{6} = \frac{6}{24}$

New profit sharing ratio of P: Q: R is 13:5:6

Yes, new profit sharing ratio is 13:5:6

12. White Co. Ltd. has issued 40,000, 10% debentures of ₹100 each at a premium of 10% on 1st April, 2018 redeemable as follows:

31st March, 2021 – 20,000 debentures

31st March, 2022 – 8,000 debentures

31st March, 2023 – balance debentures.

It transferred to debentures redemption reserve the required amount as applicable rules of the companies act and rules, 2014 on due date. How much amount will be transferred to general reserve on 31st March, 2021

1

(a) ₹2,00,000

(b) ₹5,00,000

(c) ₹10,00,000

(d) ₹15,00,000

Solution:

According to companies Act & Rules, 2014, Debenture redemption reserve, the required amount transferred is 25% of debentures.

So, the amount transferred to general reserve on 31st March, 2021 is ₹5,00,000 (20,000 debentures of 100 each = ₹20,00,000 x 25%)

13. A portion of share capital that is reserved by the company and will be utilised only on the happening of winding up of the company is called _____. **1**

Solution: Reserve Capital

14. Calculate the amount of medicines consumed during the year ended 31st March, 2020. **3**

Particulars	Amount (₹)
Opening Stock of Medicines	1,00,000
Closing Stock of Medicines	90,000 more than opening stock
Amount paid for medicines during the year	4,00,000
Opening Creditors	40,000
Closing Creditors	50% of opening creditors

Solution:

Statement Showing Expenditure on Medicine consumed during the year ending 31st March, 2020:-

Particulars	Amount (₹)
Amount paid for medicines during the year	4,00,000
Add: Opening Stock of Medicines	1,00,000
Less: Closing stock of Medicines	(1,90,000)
Less: Opening Creditors	(40,000)
Add: Closing Creditors	20,000
Medicine consumed during the year	2,90,000

15. Dhruv, Advik, and Prav are partners in a firm sharing profits and losses in the ratio of 5:3:2. Their books are closed on March 31st every year. Dhruv died on September 30th, 2020, The executors of Dhruv are entitled to:-
- His share of capital i.e. ₹10,00,000 along with his share of goodwill. The total goodwill of the firm was valued at ₹1,20,000.
 - His share of profit up to his date of death on the basis of sales till date of death. Sales for the year ended March 31, 2020 was ₹4,00,000 and profit for the same year was 10% on sales. Sales shows a growth trend of 20% and percentage of profit earning is reduced by 1%.
 - Amount payable to Dhruv was transferred to his executors.

Pass necessary journal entries and show the workings clearly.

4

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 Sept 30	Advik's Capital A/c Dr. Parv's Capital A/c Dr. To Dhruv's Capital A/c (Dhruv's share of goodwill adjusted in capital accounts of Advik and Parv)		36,000 24,000	60,000
2020 Sept 30	Profit and Loss Suspense A/c Dr. To Dhruv's Capital A/c (Dhruv's share of profit up to date of his death transferred to his capital account)		10,800	10,800
2020 Sept 30	Dhruv's Capital A/c Dr. To Dhruv's Executor's A/c (Amount due to Danish transferred to his executor's account) (10,00,000 + 60,000 + 10,800)		10,70,800	10,70,800

Working Notes:

Sales = 4,00,000 + 20% of 4,00,000

= 4,00,000 + 80,000 = 4,80,000

Profit % = 10% - 1% = 9%

Dhruv's Share of Profit = ₹4,80,000 x 9/100 x 5/10 x 6/12 = ₹ 10,800

16. Mahima, Bhawna, and Kirti are partners sharing profits in the ratio of 6 : 4 : 1. Kirti is guaranteed a minimum profit of ₹4,00,000. The firm incurred a loss of ₹44,00,000 for the year ended 31st March, 2020. Pass necessary journal entry regarding deficiency borne by Mahima and Bhawna and prepare profit and loss appropriation Account.

4

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
2020 March 31	Mahima's Capital A/c Bhawna's Capital A/c To Kirti's Capital A/c (The deficiency of kirti met by Mahima and Bhawna)		4,80,000 3,20,000	8,00,000

Dr.

Profit and Loss Appropriation A/c
for the year ended 31st March, 2018

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
Net Loss (profit and loss account)	44,00,000	Loss transferred to: Mahima's Capital A/c Bhawna's Capital A/c Kirti's Capital A/c	24,00,000 16,00,000 4,00,000
	44,00,000		44,00,000

Working note:

Loss of the firm : ₹44,00,000

Kirti's share of loss = ₹44,00,000 X 1/11 = ₹4,00,000

Guaranteed minimum profit = Rs. 4,00,000

17. Monti Ltd. issued 1,00,000 shares of ₹10 each, at a premium of ₹2.5 per share. The amount is payable as (i) ₹5 on application (ii) ₹6 on allotment (including premium), and balance on first and final call. All the shares were fully subscribed and the amount received.

Pass necessary journal entries.

4

Solution:

**In the books of Monti Ltd.
Journal**

Date	Particulars	Debit (₹)	Credit (₹)
On Application	Bank A/c Dr. To Equity Share Application A/c (The amount received on application)	5,00,000	5,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c (Application amount received transferred to share capital account)	5,00,000	5,00,000
On Allotment	Bank A/c Dr. To Equity Share Allotment A/c To Securities premium A/c (The amount received on allotment with securities premium)	6,00,000	3,50,000 2,50,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Allotment money received transferred to equity share capital account)	3,50,000	3,50,000
On First and Final Call	Bank A/c Dr. To Equity Share First and Final Call A/c (Amount received on first and final call)	1,50,000	1,50,000
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (First and final call money received transferred to share capital account)	1,50,000	1,50,000

18. The firm of A, B, and C was dissolved on 31.3.2020. Pass necessary journal entries for the following after various assets (other than cash and Bank) and the third party liabilities had been transferred to realisation accounts.

(i) B agreed to pay off his wife's loan of ₹12,000.

(ii) Total Creditors of the firm were ₹ 80,000. Creditors worth ₹20,000 were given a piece of furniture costing ₹16,000 in full and final settlement. Remaining creditors allowed a discount of 10%.

(iii) A machine that was not recorded in the books was taken over by B at ₹ 6,000 whereas its expected value was ₹ 10,000.

(iv) The firm had a debit balance of ₹ 30,000 in the profit and loss A/c on the date of Dissolution.

Solution:

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Realisation A/c Dr. To B's Capital A/c (Wife's loan discharged by the partner)		12,000	12,000
	Realisation A/c Dr. To Bank A/c (Balance creditors paid at a discount of 10% after part payment through furniture)		54,000	54,000
	B's Capital Account Dr. To Realisation A/c (Unrecorded machine taken over by a partner)		6,000	6,000
	A's Capital A/c Dr. B's Capital A/c Dr. C's Capital A/c Dr. To Profit and Loss A/c (Debit balance of Profit and Loss distributed amongst partners)		10,000 10,000 10,000	30,000

19. From the following Receipts and Payments Accounts of Charity Club, for the year ended 31st March, 2019. Prepare Income and Expenditure Account for the year ended 31st March, 2019.

6

Receipts and Payments Account for the year ended 31st March, 2019

Receipts	Amount (₹)	Payments	Amount (₹)
Balance b/d		Advertisement	26,200
Cash in hand	34,100	Rent rates and Taxes	28,000
Current a/c with bank	37,140	Repairs	30,000
Donations	40,000	Printing and Stationery	32,000
Proceeds from charity Show	32,400	Government Bonds	10,000
Subscription		Telephone Expenses	2,000
Life membership fees	1,04,000	Furniture (purchased on 1 st july, 2018)	1,40,000
Entrance Fees	10,500	Balance c/d	
Interest on investment at 7% for the year.	12,000	Cash in hand	6,340
	14,400	Cash at Bank	10,000
	2,84,540		2,84,540

Additional Information :-

- (i) Depreciate furniture by 15% p.a.
(ii) There were 832 Life Members on 31.3.2018 the subscription payable by each member, to be a life time member is ₹125.

Subscription outstanding on 31 st March, 2018	12,000
Subscription outstanding on 31 st March, 2019	14,000
Subscription received in advance on 31 st March, 2018	8,000
Subscription received in advance on 31 st March, 2019	10,000

Solution:

Income and Expenditure Account for the year ended 31 st March, 2019			
Dr.			Cr.
Expenditure	Amount (₹)	Income	Amount (₹)
Advertisement	26,200	Donations	40,000
Rent, Rates and Taxes	28,000	Proceeds from Charity show	32,400
Repairs	30,000	Subscription	
Printing and Stationery	32,000	Entrance Fees	1,04,000
Telephone Expenses	2,000	Interest on Investments	12,000
Depreciation on Furniture (1,40,000x15/100x9/12)	15,750		14,400
Excess of Income over expenditure	68,850		
	2,02,800		2,02,800

Subscription Account			
Dr.			Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
Subscription in arrears in the beginning	12,000	Subscription in advance at end	8,000
Income and Expenditure	1,04,000	Receipts and Payments	1,04,000
Subscription in advance at end	10,000	Subscription in arrears at end	14,000
	1,26,000		1,26,000

20. Sachin Ltd. issued 14,000, 15% debentures of ₹100 each on 1st April, 2018. The issue was fully subscribed. According to the terms of issue, interest on debentures is payable half yearly on 30th September and on 31st March, Tax Deducted at Source is 5%.

Pass the necessary entries related to the debenture interest for the half yearly ending on 31st March 2019 and transfer of interest on debentures to the statement of profit and loss. 6

Or

Anjali Ltd. issued ₹80,00,000, 10% debentures of ₹100 each on 1st April, 2017. The debentures were redeemable at a premium of 8% on 30th June 2019. The company transferred an amount of ₹10,00,000 to the debenture redemption reserve on 31st March, 2019. Investments, as required by law, were made in the fixed deposit of a bank on 1st April, 2019. Ignoring the interest on fixed deposit and pass the necessary journal entries starting from 31st March 2019 regarding redemption of debentures.

6

Solution:

**In the Books of Sachin Ltd.
Journal**

Date	Particulars	J.F	Debit (₹)	Credit (₹)
2018 Sept. 30	Debenture Interest A/c Dr. To TDS Payable A/c To Debentureholders' A/c (Interest made due for half yearly period ending 30th September)		1,05,000	5,250 99,750
2018 Sept. 30	Debentureholders A/c Dr. To Bank A/c (Interest paid to debentureholders)		99,750	99,750
2018 Sept. 30	TDS Payable A/c Dr. To Bank A/c (Payment of tax on interest on debentures)		5,250	5,250
2019 March 31	Debenture Interest A/c Dr. To TDS Payable A/c To Debentureholders' A/c (Interest made due for half yearly period ending 31st March)		1,05,000	5,250 99,750
2019 March 31	Debentureholders A/c Dr. To Bank A/c (Interest paid to debentureholders)		99,750	99,750
2019 March 31	TDS Payable A/c Dr. To Bank A/c (Payment of tax on interest on debentures)		5,250	5,250

Or
In the Books of Anjali Ltd.
Journal

Date	Particulars	J.F.	Debit (Rs.)	Credit (Rs.)
	Profit and Loss A/c Dr. To Debenture Redemption Reserve A/c (25% amount of face value of debentures transferred to DRR)		20,00,000	20,00,000
	Debenture Redemption Investment A/c Dr. To Bank A/c (Investment made @15% of the face value of debentures)		12,00,000	12,00,000
	Bank A/c Dr. To Debenture Redemption Investment A/c (Investment encashed for redemption)		12,00,000	12,00,000
	10% Debenture A/c Dr. Premium on redemption of Debentures A/c Dr. To Debentureholders A/c (Redemption of Debentures)		80,00,000 6,40,000	86,40,000
	Debenture holders A/c Dr. To Bank A/c (Payment made to debentureholders)		86,40,000	86,40,000
	Debenture Redemption Reserve A/c Dr. To General Reserve A/c (DRR transferred to General reserve after the redemption of all the debentures)		10,00,000	10,00,000

21. Anup and Bharat are partners in a firm sharing profits or losses in the ratio of 3:2. On 31st March, 2018 their balance sheet was as follows:

Capital and Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	1,40,000	Cash at Bank	1,00,000
Sundry Creditors	80,000	Cash in Hand	30,000
General Reserve	19,000	Bills Receivable	29,000
Capitals:		Debtors	1,50,000
Anup 3,60,000		Computers	50,000
Bharat 3,60,000	7,20,000	Land and Building	6,00,000
	9,59,000		9,59,000

On 1st April 2018, they admitted Chandan as a new partner for 1/3rd share in the profits on the following conditions:

- Chandan would bring ₹6,00,000 as his capital and ₹80,000 as his share of goodwill, half of which would be withdrawn by Anup and Bharat.
- Creditors to the extent of ₹5,000 were unrecorded.
- Computers would be reduced by 15% and 5% provision for bad debts would be created on the debtors.
- Value of land and building would be appreciated by 20%.
- There is a claim against the firm for damages, a liability to the extent of ₹20,000 would be created for the same.

Prepare the revaluation account and partners' capital account.

8

Or

A, B, and C were partners in a firm showing profits as in the ratio of 5:3:2 respectively. On 31.03.2019 their balance sheet was as follows:

8

Particulars	Amount (₹)	Particulars	Amount (₹)
Sundry Creditors	1,52,000	Land and Building	1,34,000
Investment fluctuation fund	30,000	Motor vans	50,000
Profit and loss A/c		Investments	38,000
Capitals A/cs:	90,000	Machinery	30,000
A 1,20,000		Stock	32,000
B 1,00,000		Debtors	1,04,000
C 80,000		Cash	1,84,000
	3,00,000		
	5,72,000		5,72,000

On the above date, C retired and, A and B agreed to continue the business on the following terms:

- Stock is valued at ₹82,900.
- Land and Building is valued at ₹96,900.
- Sundry creditors are reduced by ₹3,100, being a liability not payable.
- Provide for doubtful debts @ 5% on debtors.
- Reduce motor vans by 5%.
- Goodwill of the firm is valued at ₹3,00,000.
- A and B will continue to carry on the business, and shall share profits and losses equally in future.
- Amount due to C will be paid immediately in cash.

Prepare revaluation account, partner's capital account and balance sheet.

8

Solution:

Dr.		Revaluation A/c		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)		
Creditors A/c	5,000	Land and Building A/c	1,20,000		
Computers A/c	7,500				
Provision for Bad Debts A/c	7,500				
Claim for Damages A/c	20,000				
Partners' Capital A/c:					
Anup 48,000					
Bharat 32,000	80,000				
	1,20,000		1,20,000		

Dr.				Partners' Capital Account				Cr.			
Particulars	Anup	Bharat	Chandan	Particulars	Anup	Bharat	Chandan				
Anup's Capital	-	-	48,000	Balance b/d	3,60,000	3,60,000	-				
Bharat's Capital	-	-	32,000	Bank A/c	-	-	6,80,000				
Bank A/c	24,000	16,000	-	Chandan's Capital A/c	48,000	32,000	-				
Balance c/d	4,43,400	2,09,800	6,00,000	General Reserve A/c	11,400	7,600	-				
				Revaluation A/c (Profit)	48,000	32,000	-				
	4,67,400	4,31,600	6,80,000		4,67,400	4,31,600	6,80,000				

Working Note:

a.

Old profit sharing ratio = 3:2

Chandan admitted for $\frac{1}{3}$ share

(to be acquired from Anup and Bharat in ratio 3:2)

Anup's sacrifice = $\frac{1}{3} \times \frac{3}{5} = \frac{3}{15}$

Bharat's sacrifice = $\frac{1}{3} \times \frac{2}{5} = \frac{2}{15}$

Anup's new share = $\frac{3}{5} - \frac{3}{15} = \frac{6}{15}$

Bharat's new share = $\frac{2}{5} - \frac{2}{15} = \frac{4}{15}$

Chandan's share = $\frac{1}{3} = \frac{5}{15}$
New profit sharing ratio = 6:4:5

b. **Calculation of Total Goodwill:**

Goodwill brought in by Chandan for $\frac{1}{3}$ rd share = ₹80,000

∴ Total goodwill of the firm = ₹80,000 $\times \frac{3}{1} = ₹2,40,000$

c. **Goodwill distribution table**

Particulars	Anup	Bharat	Chandan
I. Before admission (3:2)	1,44,000	96,000	--
II. After admission (6:4:5)	96,000	64,000	80,000
Gain/(Loss) II - I	(48,000)	(32,000)	80,000

Or

Revaluation Account			
Dr.			Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
Land and Building	37,100	Stock	50,900
Provision for doubtful debts	5,200	Sundry Creditors	3,100
Motor Vans	2,500		
Profit transferred to:			
A's Capital A/c	4,600		
B's Capital A/c	2,760		
C's Capital A/c	<u>1,840</u>		
	9,200		
	54,000		54,000

Partner's Capital Account			
Dr.			Cr.
Particulars	A (₹)	B (₹)	C (₹)
C's Capital A/c (Goodwill)	-	60,000	-
Balance c/d (Bal.fig.)	1,84,600	78,760	-
Cash A/c (Bal. fig.)	-	-	1,65,840
	1,84,600	1,38,760	1,65,840

**Balance sheet of A and B
as at 31st March, 2019**

Capital and Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	1,48,900	Land and Building	96,900
Capital Accounts:		Motor Vans	47,500
A 1,84,600		Investments	38,000
B <u>78,760</u>	2,63,360	Machinery	30,000
		Stock	82,900
		Debtors 1,04,000	
		Less: Provision for doubtful debts <u>5,200</u>	98,800
		Cash	18,160
	4,12,260		4,12,260

Working note:-

Goodwill Distribution Table

Particulars	A	B	C
I. Before Retirement (5:3:2)	1,50,000	90,000	60,000
II. After Retirement (1:1)	1,50,000	1,50,000	-
III. Profit/(Loss) [II - I]	-	60,000	(60,000)

22. Birla Ltd. invited applications for issuing 5,00,000 equity shares of ₹50 each. The amount was payable as follows:

On application ₹20 per share

On allotment ₹20 per share

On first and final call ₹10 per share

Applications for 7,00,000 shares were received and pro-rata allotment was made to all the applicants on following basis:

Applicants for 5,00,000 shares were allotted 4,00,000 shares. Applicants for 2,00,000 shares were allotted 1,00,000 shares. It was decided that excess amount received on applications will be adjusted towards sums due on allotment and surplus, if any, will be refunded. Sachin who was allotted 5,000 shares out of the group applying for 5,00,000 shares did not pay the allotment money, and his shares were forfeited immediately. Afterwards, these forfeited shares were reissued at ₹40 per share fully paid up. Later on the first and final call was made. Varun, who had applied for 3,000 shares out of the group applying for 2,00,000 shares failed to pay first and final call, and his shares were also forfeited. These shares were afterwards reissued at ₹70 per share fully paid up.

Pass necessary journal entries in the books of Birla Ltd. for the above transaction. **8**

Or

Deepak Ltd. invited applications for issuing 1,00,000 equity shares of ₹100 each at a premium. The amount was payable as follows:

On application ₹30 per share

On allotment ₹50 (including premium) per share

On first and final call ₹40 per share
Applications for 1,40,000 shares were received. Allotment was made on a pro-rata basis to all the applicants. Excess money received on applications was adjusted on sums due to allotment. Rohit, who had applied for 7,000 shares failed to pay the allotment money, and Sunil did not pay first and final call on 1,000 shares allotted to him. The shares of Rohit and Sunil were forfeited. 5,400 of these shares were reissued for ₹100 per share as fully paid up. The reissued shares included all the forfeited shares of Sunil.
Pass necessary journal entries for the above transactions in the books of Deepak Ltd.

8

Solution:

**In the Books of Birla Ltd.
Journal**

Date	Particulars	J.F	Debit (Rs.)	Credit (Rs.)
	Bank A/c Dr. To Equity Share Application A/c (Application money received on 7,00,000 equity shares @Rs. 20 each)		1,40,00,000	1,40,00,000
	Equity Share Application A/c Dr. To Equity Share Capital (Application money transferred to share capital account)		1,00,00,000	1,00,00,000
	Bank A/c Dr. Calls in Arrears A/c Dr. Equity Share Application A/c Dr. To Equity Share Allotment A/c (Allotment money received)		59,25,000 75,000 40,00,000	1,00,00,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Allotment money transferred to share capital account)		1,00,00,000	1,00,00,000
	Equity Share Capital A/c Dr. To Calls in Arrears A/c To Share Forfeiture A/c (5,000 shares forfeited)		2,00,000	75,000 1,25,000
	Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (5,000 shares reissued)		2,00,000 50,000	2,50,000
	Bank A/c Dr. Calls in Arrears A/c Dr.		49,35,000	

To Equity Share First and Final Call A/c (Shares first and final call money received)		15,000	49,50,000
Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (First and final call money transferred to share capital account)		49,50,000	49,50,000
Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c (1,500 shares forfeited)		75,000	60,000 15,000
Bank A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (1,500 shares reissued)		1,05,000	75,000 30,000
Share Forfeiture A/c Dr. To Capital Reserve A/c (Gain on reissue of forfeited shares transferred to capital reserve)		1,35,000	1,35,000

Working Notes:

a. Calculation of Money not Paid by Sachin:

No. of shares applied by Sachin	$= 5,000 \times \frac{5,00,000}{4,00,000} = 6,250 \text{ shares}$
Money paid by Sachin on application (6,250 x 20)	$= 1,25,000$
(-) Amount adjusted with application (5,000 x 20)	$= \underline{1,00,000}$
Excess money adjusted on allotment	$= \underline{25,000}$
Money due on allotment (5,000 x 20)	$= 1,00,000$
(-) Excess application money adjusted	$= \underline{25,000}$
Money not paid by Sachin on allotment	$= \underline{75,000}$

b. For 5,000 shares forfeited of Sachin:

	Amount Received	Amount Not Received
Share Capital	$(5,000 \times 20) + 25,000 = \underline{1,25,000}$	$(5,000 \times 20) - 25,000 = \underline{75,000}$

c. No. of shares allotted to Varun $= 3,000 \times \frac{1,00,000}{2,00,000} = 1,500 \text{ shares}$

d. For 1,500 shares forfeited of Varun:

	Amount Received	Amount Not Received
Share Capital	1,500 x 40 = 60,000	1,500 x 10 = 15,000

Or

**In the books of Deepak Ltd.
Journal**

Date	Particulars	J.F	Debit (₹)	Credit (₹)
	Bank A/c Dr. To Equity Share Application A/c (Application money @ Rs. 30 received on 1,40,000 shares)		42,00,000	42,00,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c (Application money transferred)		30,00,000	30,00,000
	Bank A/c Dr. Equity Share Application A/c Dr. Calls in Arrears A/c Dr. To Equity Share Allotment A/c To Securities Premium A/c (Amount received on allotment)		36,10,000 12,00,000 1,90,000	30,00,000 20,00,000
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (Allotment money transferred)		30,00,000	30,00,000
	Bank A/c Dr. Calls in Arrears A/c Dr. To Equity Share First and Final Call A/c (Amount received on First and Final Call on 94,000 shares)		37,60,000 2,40,000	40,00,000
	Equity Share First and Final Call A/c Dr. To Equity Share Capital A/c (First and Final Call money transferred)		40,00,000	40,00,000
	Equity Share Capital A/c Dr. Securities Premium A/c Dr. To Share Forfeiture A/c		6,00,000 1,00,000	

	To Calls in Arrear (Share forfeited (after removing the premium amount of Rs. 20,000))			2,90,000 4,10,000
	Bank A/c Dr. To Equity Share Capital (Forfeited shares reissued)		5,40,000	
	Share Forfeiture A/c Dr. To Capital Reserve (Gain on reissue of forfeited shares transferred to capital reserve)		2,44,800	5,40,000 2,44,800

Working Note:
a. Calculation of premium amount per share at allotment stage:

Price at which share issued	120
(-) Face value of share	<u>100</u>
Securities Premium	<u>20</u>

b. Calculation of money not paid by Rohit:

i. No. of shares allotted to Rohit = $\frac{1,00,000}{1,40,000} \times 7,000 = 5,000 \text{ shares}$

ii. Money not paid on allotment by Rohit:

Money paid on application (7,000 x 30)	2,10,000
(-) Amount transferred to share capital (5,000 x 30)	<u>1,50,000</u>
Excess application adjusted on allotment	<u>60,000</u>
Money due on allotment (5,000 x 50)	2,50,000
Excess application money adjusted	<u>60,000</u>
Money not paid by Rohit on Allotment	<u>1,90,000</u>

c. Calculation money not paid on first and final call

= (5,000 + 1,000) x 40 = 2,40,000

d.

	Amount Received	Amount Not Received
Share Capital	Rohit: (5,000 x 30) + 60,000 = 2,10,000 Sunil: (1,000 x 60) = <u>60,000</u> 2,70,000	Rohit: (5,000 x 70) - 60,000 = 2,90,000 Sunil: 1,000 x 40 = <u>40,000</u> 3,30,000
Securities Premium	Rohit: 1,000 x 20 = <u>20,000</u>	Sunil: 5,000 x 20 = <u>1,00,000</u>
Total	2,90,000	4,30,000

e. Calculation of profit on reissue to be transferred to capital reserve:

Amount forfeited on reissue of Rohit's 4,400 shares = $2,10,000 \times \frac{4,400}{5,000} = 1,84,800$

Sunil's 1,000 shares = $\frac{60,000}{5,000} = \underline{2,44,800}$

PART B
OPTION 1
(Analysis of Financial Statements)

23. What will be the effect on the current ratio if a bill payable is discharged on maturity? **1**

Solution: The current ratio will increase

24. The two basic measures of operational efficiency of a company are: **1**

- (i) Inventory turnover ratio and working capital turnover ratio
- (ii) Liquid ratio and operating ratio
- (iii) Liquid ratio and current ratio
- (iv) Gross profit margin and net profit margin

Solution:

Inventory turnover ratio and working capital turnover ratio

25. Debt equity ratio of a company is 2 : 4. Purchase of a fixed asset for ₹10,00,000 on long-term deferred payment basis will increase, decrease or not change the ratio? **1**

Solution:

Increase

26. State the importance of financial analysis for labour unions. **1**

Solution:

Labor unions analyse the financial statements:

- (i) To assess whether an enterprise can increase their pay.
- (ii) To check whether an enterprise can increase productivity or raise the prices of products/services to absorb a wage increase.

27. M/s Manav and Sons.; a bamboo pens producing company, purchased machinery for ₹18,00,000. It received a dividend of ₹ 1,40,000 on investment in shares. The company also sold an old machine of the book value of ₹ 1,58,000 at a loss of ₹ 20,000.

Compute cash flow from investing activities. **1**

Solution:

Cash flow from investing activities

	Amount (₹)
Inflows	
Dividend Received	1,40,000
Sale of Old Machinery	1,38,000
Outflows	
Purchase of Machinery	(18,00,000)
Net Cash Outflow from Investing Activities	(15,22,000)

28. Common size analysis is also known as _____ analysis. 1

Solution:

Vertical analysis

29. Grand Ltd. purchased machinery for ₹24,00,000. It paid salaries of ₹80,000 to its employees. It required funds for expansion and therefore, issued shares of ₹19,00,000. It earned a profit of ₹4,00,000 for the current year. Cash flow from financing activities will be ₹ _____. (₹19,00,000/₹23,00,000)

Solution:

₹19,00,000

30. From the following details calculate Interest Coverage Ratio: 3

Net profit after tax - ₹ 14,00,000

6% debentures of ₹ 40,00,000

Tax Rate 30%

OR

Under which major heads and sub-heads will the following items be placed in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013?

3

(i) Debentures with maturity period in current financial year

(ii) Securities Premium Reserve

(iii) Provident Fund

Solution:

Net Profit Before Tax – Tax paid = Net Profit After Tax

$x - 30x / 100 = ₹14,00,000$

$100x - 30x / 100 = ₹14,00,000$

$70x = ₹14,00,000 \times 100$

$x = ₹ 14,00,000 \times 100 / 70$

$x = ₹ 20,00,000$

Net Profit Before Tax = ₹20,00,000

Interest Payment = $6/100$ (₹ 40,00,000) = ₹2,40,000

Earning Before Interest and Tax = Net Profit Before Tax + Interest Payment

$$= ₹20,00,000 + ₹2,40,000$$

$$= ₹ 22,40,000$$

$$\text{Interest Coverage ratio} = \frac{\text{Earning Before Interest and Tax}}{\text{Interest Expense}}$$

$$\text{Interest Coverage Ratio} = ₹ 22,40,000 / ₹2,40,000$$

$$\text{Interest Coverage Ratio} = 9.33 \text{ times}$$

OR

S.no	Items	Major Head	Sub-Head
(i)	Debentures with maturity period in current financial year	Current Liabilities	Other current liabilities
(ii)	Securities Premium Reserve	Shareholders' funds	Reserves and Surplus
(iii)	Provident Fund	Non-current liabilities	Long-term provision

31. Following information is extracted from the Statement of Profit and Loss of Crystal Finance Ltd. For the year ended 31st March 2018 and 31st March 2019.
Fill in the missing figures

4

**Comparative Statement of Profit and Loss
for the years ended 31st March 2017 and 31st March 2018**

Particulars	2017-18 (₹)	2018-19 (₹)	Absolute Increase/ Decrease (₹)	Percentage Increase/ Decrease (%)
Revenue from Operations	20,00,000	?	4,00,000	20%
Add: other Income	?	1,20,000	?	20%
Total Revenue	?	25,20,000	?	20%
Less: Employee Benefit Expenses	1,00,000	1,20,000	20,000	?
Profit before tax	20,00,000	24,00,000	4,00,000	?
Less Tax (50%)	10,00,000	12,00,000	2,00,000	?
Profit after tax	10,00,000	12,00,000	2,00,000	20%

Solution:

**Comparative Statement of Profit and Loss
for the years ended 31st March 2017 and 31st March 2018**

Particulars	2017-18 (₹)	2018-19 (₹)	Absolute Increase/ Decrease (₹)	Percentage Increase/ Decrease (%)
Revenue from Operations	20,00,000	24,00,000	4,00,000	20%
Add: other Income	1,00,000	1,20,000	20,000	20%
Total Revenue				
Less: Employee Benefit Expenses	21,00,000	25,20,000	4,20,000	20%
Profit before tax	1,00,000	1,20,000	20,000	20%
Less: Tax (50%)				
Profit after tax	20,00,000	24,00,000	4,00,000	20%
	10,00,000	12,00,000	2,00,000	20%
	10,00,000	12,00,000	2,00,000	20%

32. From the following Balance Sheet of Royal Ltd as at 31.3.2019 and 31.3.2018;
Calculate Cash from operating activities. Showing your workings clearly

6

Balance Sheet of Royal Ltd

Particulars	Note No.	31.3.2019 (₹)	31.3.2018 (₹)
I. EQUITY AND LIABILITY:			
1. Shareholder's Fund:			
a. Share Capital		14,00,000	10,00,000
b. Reserve and Surplus		7,00,000	4,00,000
2. Non-Current Liabilities:			
Long Term Borrowings		1,00,000	2,00,000
3. Current Liabilities:			
a. Trade Payables		2,44,000	2,10,000
b. Short term Provisions (Provision for tax)		1,00,000	60,000
Total		25,44,000	18,70,000
II. ASSETS:			
1. Non Current Assets:			
a. Fixed Assets:			
i. Tangible Assets	1	10,00,000	10,00,000
ii. Intangible Assets	2	1,90,000	2,00,000
b. Non-current Investments		2,00,000	Nil
2. Current Assets:			
a. Inventory		2,60,000	1,10,000
b. Trade Receivable		2,94,000	1,60,000
c. Cash and Cash Equivalents		6,00,000	4,00,000
Total		25,44,000	18,70,000

Notes to Account:

Note No.	Particulars	31.3.2019 (₹)	31.3.2018 (₹)
1	Tangible Assets:		
	Machinery	5,60,000	4,00,000
	Accumulated depreciation	<u>(2,00,000)</u>	<u>(1,60,000)</u>
		3,60,000	2,40,000
	Equipment	<u>6,40,000</u>	<u>7,60,000</u>
		<u>10,00,000</u>	<u>10,00,000</u>
2	Intangible Assets:		
	Goodwill	1,90,000	2,00,000

Additional Information:

i. Machinery of the book value of ₹1,60,000 (accumulated depreciation ₹ 40,000) was sold at a loss of ₹ 36,000.

Solution:

**Cash Flow Statement
(As per AS-3 Revised)**

Particulars		Amount (₹)
I Cash from Operating Activity		
Net Profit Before Tax during the year		3,00,000
Adjustment for Non-operating expenses		
Add: Loss on Sale of Assets		80,000
Adjustment for Non-cash items		
Add: Depreciation provided		36,000
Goodwill Amortised		<u>10,000</u>
Operating Profit before Working Capital		4,26,000
Add: Increase in Trade Payable	34,000	
Less : Increase in Inventory	(1,50,000)	
Increase in Trade Receivable	<u>(1,34,000)</u>	<u>(2,50,000)</u>
Cash From Operating Activities before Tax		1,76,000
Less: Tax Paid		<u>(60,000)</u>
Cash From Operating Activities After tax		<u>1,16,000</u>

Dr		Machinery A/c	Cr
Particulars	Amount (₹)	Particulars	Amount (₹)
Balance b/d	4,00,000	Accumulated Depreciation	40,000
Bank A/c (Purchases)	3,20,000	Loss on sale of Fixed Asset	36,000
		Bank A/c	84,000
		Balance c/d	5,60,000
	7,20,000		7,20,000

Dr		Accumulated Depreciation A/c		Cr			
Particulars		Amount (₹)		Particulars		Amount (₹)	
Machinery A/c Balance c/d		40,000		Balance b/d Statement of Profit and loss account		1,60,000	
		2,00,000				80,000	
				2,40,000		2,40,000	

PART B
OPTION 2
(Computerised Accounting)

23 List any two attributes of information to be stored in the Payroll database. 1

Solution:

Attributes of information to be stored in Payroll data base: (Any two)

- (i) Name
- (ii) ID
- (iii) Designation
- (iv) Location
- (v) Basic Pay

24 Write the name of security features of CAS software. 1

Solution:

Following are the security features of CAS software:

- (a) Password Security
- (b) Data Audit and
- (c) Data Vault

25 Explain the term Management Information System (MIS). 1

Solution:

Management Information System (MIS) deals with generation and processing of reports that are vital for management decision-making. The Information system should be so flexible as to provide customised reports to support various managerial functions such as planning, organising, staffing, oversight, control and decision-making

26 Match the following 1

(a) Single valued attributes	(i) Attributes that can be divided in smaller sub parts to represent some more basic attribute with independent meaning
(b) Composite attribute	(ii) Attributes that cannot be further sub divided in smaller parts.
(c) Atomic attributes	(iii) Attributes with single value for an entity

Solution:

(a) – ii; (b) - i); (c) – iii

27 What is the activity sequence of the basic information processing mode?

Solution:

The activity sequence of the basic information mode is collect data, organise and process it and then communicate the information extracted.

28. What is the activity sequence of the basic information processing model?

- (a) Organise data, process data, and collect data
- (b) Collect data, organise and process data, and communicate information
- (c) Process data, organise data, and collect data
- (d) Organise data, collect data, and communicate information

Solution:

Collect data, organise and process data, and communicate information

29 Which step completes an entry and moves the pointer to the cell to the right?

- (a) Pressing [Enter]
- (b) Pressing [Tab]
- (c) Pressing [Shift]+[Tab]
- (d) Pressing [Shift]+[Enter]

Solution:

Pressing [Tab]

30 What are the advantages of Computerised Accounting System CAS?

3

Solution:

Following are the advantages of Computerised Accounting System (CAS):

- (a) Timely generation of reports and information in desired format.
- (b) Efficient record keeping.
- (c) Ensures effective control over the system.
- (d) Economy in the processing of accounting data.
- (e) Confidentiality of data is maintained.

31 Explain the following term:

4

- (a) Password Security
- (b) Data Audit
- (c) Data Vault

Solution:

- (a) Password Security: Password is a mechanism, which enables a user to access a system including data. The system facilitates defining the user rights according to organisation policy.
- (b) Data Audit: This feature enables one to know as to who and what changes have been made in the original data thereby helping and fixing the responsibility of the person who has manipulated the data and also ensures data integrity.
- (c) Data Vault: Software provides additional security through data Encryption. Encryption essentially scrambles the information so as to make its interpretation is extremely difficult. Thus, Encryption ensures security of data even if it lands in wrong hands, because the receiver of data will not be able to decode and interpret it.

32 Explain the features of Computerised Accounting System (CAS).

6

Solution:

- (a) **Simple and Integrated:** CAS is designed to automate and integrate all the business operations, such as sales, finance, purchase, inventory and manufacturing. CAS is integrated to provide accurate, up-to-date business information rapidly.
- (b) **Transparency and control:** CAS provides sufficient time to plan, increases data accessibility and enhances user satisfaction. With computerised accounting, the organisation will have greater transparency for day-to-day business operations and access to the vital information.
- (c) **Accuracy and speed:** CAS provides user-definable templates (data entry screens or forms) for fast, accurate data entry of the transactions. It also helps in generalising desired documents and reports.
- (d) **Scalability:** CAS enables in changing the volume of data processing in tune with the change in the size of the business.
- (e) **Reliability:** CAS makes sure that the generalised critical financial information is accurate, controlled and secured.

