

**Accountancy***Time Allowed: 3 hours**Maximum : 80***General Instructions:**

1. *All questions are compulsory.*
2. *The question paper consists of Part A and Part B*
3. *Both parts are compulsory for all the students.*
4. *Use of calculators is not permitted.*

**PART A: ACCOUNTING FOR PARTNERSHIP FIRMS AND COMPANIES**

- 1 A, B and C are the partners sharing profits and losses in the ratio of 5:3:2. C retired and his capital balance after adjustments regarding Reserves, Accumulated profits/ losses and gain/loss on revaluation was Rs.2,50,000. C was paid Rs.3,00,000 in full settlement. Afterwards D was admitted for 1/4th share. Calculate the amount of goodwill premium brought by D. 1
- 2 A and B were partners in a firm. They admitted C as a new partner for 20% share in the profits. After all adjustments regarding general reserve, goodwill, gain or loss on revaluation, the balances in capital accounts of A and B were Rs.3,85,000 and Rs.4,15,000 respectively. C brought proportionate capital so as to give him 20% share in the profits. Calculate the amount of capital to be brought by C. 1

- 3 A and B are partners. The net divisible profit as per Profit and Loss Appropriation A/c is Rs.2,50,000. The total interest on partner's drawing is Rs.4,000. A's salary is Rs.4,000 per quarter and B's salary is Rs.40,000 per annum. Calculate the net profit/loss earned during the year. 1
- 4 ABC Ltd. Purchased for cancellation its own 5,000, 9% Debentures of 100 each for Rs.95 per debenture. The brokerage charges Rs.15,000 were incurred. Calculate the amount to be transferred to capital reserve. 1
- 5 A Ltd forfeited a share of 100 issued at a premium of 20% for non-payment of first call of Rs.30 per share and final call of Rs.10 per share. State the minimum price at which this share can be reissued 2
- 6 A group of 60 persons want to form a partnership business in India. Can they do so? Give reason in support of your answer. 2
- 7 Explain with an imaginary example how issue of debenture as collateral security is shown in the balance sheet of a company when it is recorded in the books of accounts. 2
- 8 Rekha, Sunita and Teena are partners in a firm sharing profits in the ratio of 3:2:1. Samiksha joins the firm. Rekha surrenders 1/4th of her share; Sunita surrenders 1/3rd of her share and Teena 1/5th of her share in favour of Samiksha. Find the new Profit sharing ratio. 2
- 9 King Ltd took over Assets of Rs.25,00,000 and liabilities of Rs.6,00,000 of Queen Ltd. King Ltd paid the purchase consideration by issuing 10,000 equity shares of Rs.100 each at a premium of 10% and Rs.11,00,000 by 2

Bank Draft.

Calculate Purchase consideration and pass necessary Journal entries in the books of King Ltd.

- 10 ABC Ltd was a cloth manufacturing company located in Delhi. Being a socially aware organisation they wanted to set up a manufacturing plant in a backward area of Kashmir to provide employment to the local people. On July 17, 2014 a flood had hit the entire state of Jammu & Kashmir causing massive destruction and loss. The company wanted to help the people, so they decided to raise the funds through issuing 50,000 Equity shares of Rs.50 each to set up the plant in the rural area of Kashmir. 2
- 11 A, B, C and D were partners sharing profits in the ratio of 1:2:3:4. D retired and his share was acquired by A and B equally. Goodwill was valued at 3 year's purchase of average profits of last 4 years, which were Rs.40,000. General Reserve showed a balance of Rs.1,30,000 and D's Capital in the Balance Sheet was Rs.3,00,000 at the time of D's retirement. You are required to record necessary Journal entries in the books of the firm and prepare D's capital account on his retirement. 3
- 12 Kavita, Meenakshi and Gauri are partners doing a paper business in Ludhiana. After the accounts of partnership have been drawn up and closed, it was discovered that for the years ending 31st March 2013 and 2014, Interest on capital has been allowed to partners @ 6% p. a. although there is no provision for interest on capital in the partnership deed. Their fixed capitals were Rs.2,00,000; Rs.1,60,000 and Rs.1,20,000 respectively. During the last two years they had shared the profits as under: 3

Year	Ratio
31 March 2013	3 : 2 : 1
31 March 2014	5 : 3 : 2

You are required to give necessary adjusting entry on April 1, 2014.

- 13 On 31st March 2015 the Balance Sheet of Punit, Rahul and Seema was as follows: 3

**Balance Sheet of Punit, Rahul and Seema**

**As at March 31, 2015**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capitals:		Building	40,000
		Machinery	60,000
Puneet    60,000		Patents	12,000
Rahul     50,000		Stock	20,000
Seema <u>30,000</u>	1,40,000	Cash	42,000
Reserves	20,000		
Creditors	14,000		
	1,74,000		1,74,000

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

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

i. Goodwill be valued at 2 years' purchase of the average profits of the previous five years, which were: 2010-11: Rs.30,000; 2011-12: Rs.26,000; 2012-13: Rs.24,000; 2013-14: Rs.30,000 and 2014-15: Rs.40,000.

ii. Patents be valued at Rs.16,000; Machinery at Rs.56,000; Buildings at Rs.60,000.

iii. Profit for the year 2015-16 be taken as having been accrued at the same rate as that in the previous year.

iv. Interest on capital be provided at 10% p. a.

v. A sum of Rs.15,500 was paid to her executors immediately.

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

- 14 Ruchi Ltd issued 42,000, 7% Debentures of 100 each on 1st April, 2011, 3  
redeemable at a premium of 8% on 31st March 2015. The Company decided to create required Debenture Redemption Reserve on 31st March 2014. The company invested the funds as required by law in a fixed deposit with State Bank of India on 1st April, 2014 earning interest @10% per annum. Tax was deducted at source by the bank on interest @10% per annum. Pass necessary Journal Entries regarding issue and redemption of debentures.

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

**Balance Sheet of Hema and Garima**  
**As at March 31, 2015**

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

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

- (i) Garima agreed to pay her husband's loan.
- (ii) Leasehold Premises realized Rs.1,50,000 and Debtors Rs.2,000 less.
- (iii) Half the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 5% less.
- (iv) 50% Stock was taken over by Hema on cash payment of Rs.90,000 and remaining stock was sold for Rs.94,000.
- (v) Realisation expenses of Rs.10,000 were paid by Garima on behalf of firm. Pass necessary journal entries for the dissolution of the firm.

- 16 P and Q were partners in a firm sharing profits in 3; 2 ratio. R was admitted as a new partner for 1/4th share in the profits on April 1, 2015. The Balance Sheet of the firm on March 31, 2015 was as follows: 3

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

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

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

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

Prepare Revaluation Account, Partner's Capital Account and the Balance Sheet of P, Q and R.

**OR**

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

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

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	20,000	Bank	44,000
Capitals:	16,000	Debtors	24,000
Khushboo      90,000		Stock	60,000
Leela            56,000		Building	1,40,000
Mena <u>60,000</u>	2,06,000	Profit and Loss A/c	8,000
	2,76,000		2,76,000

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

- i. Building was to be depreciated by Rs.10,000.
- ii. A Provision of 5% was to be made on Debtors for doubtful debts.
- iii. Salary outstanding was Rs.4,800.
- iv. Goodwill of the firm was valued at Rs.1,40,000.
- v. Leela was to be paid Rs.20,800 through cheque and the balance was to be paid in two equal quarterly installments (starting from June 30, 2015) along with interest @ 10% p.a.



Prepare Revaluation Account, Leela's Capital Account and her Loan Account till it is finally paid.

- 17 Surya Ltd with a Registered capital of Rs.10,00,000 Equity Shares of Rs.10 each, issued 1,00,000 Equity Shares payable Rs.3 on Application, Rs.2 on Allotment, Rs.3 on First Call and Rs.2 on Second and Final Call. The amount due on Allotment was duly received except Mr. X holding 6,000 shares. His shares were immediately forfeited. On the first call being made, Mr. Y holding 5,000 Equity shares paid the entire balance on his holding. Second call was not made. Pass the necessary Journal Entries to record the transactions and Show how the Share Capital will be presented in the Balance Sheet of the Company. Also prepare notes to accounts. 3

**OR**

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

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

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

18 The Goodwill of X ltd. increased from Rs.2, 00,000 in 2013-14 to Rs.3, 50,000 in 2014-15. What will be its treatment while preparing Cash Flow Statement for the year ended 31st March 2015? 3

19 Kartik Mutual's, a mutual fund company, provides you the following information: 3

	<b>31st March, 2013</b>	<b>31st March, 2014</b>
Proposed Dividend	Rs.20,000	Rs.15,000

### **Additional Information:**

Equity Share Capital raised during the year Rs.3,00,000

10% bank loan repaid was Rs.1,00,000

Dividend received during the year was Rs.20,000

Find out the cash flow from financing activities.

20 Mudra Ltd. is in the process of preparing its Balance Sheet as per Schedule III, Part I of the Companies Act, 2013 and provides its true and fair view of the financial position. 3

a) Under which head and sub-head will the company show 'Stores and Spares' in its Balance Sheet?

b) What is the accounting treatment of 'Stores and Spares' when the Company will calculate its Inventory Turnover Ratio?

c) The management of Mudra Ltd. wants to analyse its Financial Statements. State any two objectives of such analysis.

d) Identify the value being followed by Mudra Ltd.

21 a) X Ltd. has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by Inventory is Rs.24,000, calculate current assets and current liabilities. 4

b) From the following information, calculate Inventory Turnover Ratio.  
 Revenue from Operations: Rs.4,00,000, Average Inventory : Rs.55,000,  
 The rate of Gross Loss on Revenue from Operations was 10%.

22 From the following Statement of profit and loss of the Sakhi Ltd for the years ended 31st March 2015, prepare Comparative Statement of Profit & Loss. 4

**STATEMENT OF PROFIT & LOSS**

**For the years ended 31st March, 2015**

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

23 Following is the Balance Sheets of Akash Ltd. as at 31-3-2014: 4

**Akash Ltd.**  
**Balance Sheet**  
**As at 31-3-2014**

	<b>Particulars</b>	<b>Note No.</b>	<b>2013-14 (Rs.)</b>	<b>2012-13 (Rs.)</b>
<b>I</b>	<b>EQUITY AND LIABILITIES:</b>			
	<b>(1) Shareholders' Funds</b>			
	(a) Share Capital	1	15,00,000	14,00,000
	(b) Reserves and Surplus		2,50,000	1,10,000
	<b>(2) Non - Current Liabilities</b>			
	(a) Long Term Borrowings	2	2,00,000	1,25,000
	<b>(3) Current Liabilities</b>	3		
	(a) Short Term Borrowings		12,000	10,000
	(b) Trade Payables		15,000	83,000
	(c) Short Term Provisions		18,000	11,000
	<b>TOTAL</b>		<b>19,95,000</b>	<b>17,39,000</b>
<b>I</b>	<b>(1) Non - Current Assets</b>			
<b>I</b>	(a) Fixed Assets			
	(i) Tangible Assets	4	18,60,000	16,10,000
	(ii) Intangible Assets	5	50,000	30,000
	<b>(2) Current Assets</b>			
	(a) Current Assets		8,000	5,000
	(b) Inventories		37,000	59,000

	(c) Trade Receivables		26,000	23,000
	(d) Cash and Cash Equivalents		14,000	12,000
	<b>TOTAL</b>		<b>19,95,000</b>	<b>17,39,000</b>

**Notes to Accounts:-**

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

**Additional Information:**

- (i) Tax paid during the year amounted to Rs.16,000.
- (ii) Machine with a net book value of Rs.10,000 (accumulated depreciation Rs.40,000) was sold for Rs.2,000. Prepare Cash Flow Statement.

## Answer Key

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

Treatment:

An extract of Balance sheet of Alfa Ltd.

As at -----

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

**Notes to Accounts:**

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



- 8 Rekha surrenders for Samiksha =  $\frac{1}{4} * \frac{3}{6} = \frac{3}{24}$   
 Sunita surrenders for Samiksha =  $\frac{1}{3} * \frac{2}{6} = \frac{2}{18}$   
 Teena surrenders for Samiksha =  $\frac{1}{5} * \frac{1}{6} = \frac{1}{30}$   
 New share of Rekha =  $\frac{3}{6} - \frac{3}{24} = \frac{9}{24}$   
 New share of Sunita =  $\frac{2}{6} - \frac{2}{18} = \frac{4}{18}$   
 New share of Teena =  $\frac{1}{6} - \frac{1}{30} = \frac{4}{30}$   
 Share of Samiksha =  $\frac{3}{24} + \frac{2}{18} + \frac{1}{30} = \frac{97}{360}$   
 New Ratio :-  $\frac{9}{24} : \frac{4}{18} : \frac{4}{30} : \frac{97}{360}$   
 135 : 80 : 48 : 97

- 9 Calculation of Purchase Consideration:  
 Nominal Value of Shares issued = 10000 x Rs.100 = Rs.10,00,000  
 Securities Premium Reserve = Rs.1,00,000  
 Bank draft = Rs.11,00,000  
 Purchase consideration = Rs.22,00,000

**KING LTD.  
JOURNAL**

Date	Particular	L.F.	Debit (Rs.)	Credit (Rs.)
i	Sundry Assets A/c ----Dr. Goodwill A/c (b/f)----- Dr. To Sundry Liabilities A/c To Queen Ltd. (Being the purchase of assets and liabilities of Queen Ltd.)		25,00,000 3,00,000	6,00,000 22,00,000

ii	Queen Ltd-..... Dr. To Equity Share Cap A/c To Securities Premium Reserve A/c To Bank A/c (Being 10,000 Equity Shares issued of 100 each issued at a premium of 10% and Rs. 11,00,000 paid by Bank draft)		22,00,000	10,00,000  1,00,000 11,00,000

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**ABC LTD.  
JOURNAL**

Date	Particular	L.F.	Debit	Credit
i	Bank A/c-----Dr. To Equity Share App & All A/c (Being the amount of application money received on 50,000 shares @ Rs.50 per		25,00,000	25,00,000

	share)			
ii	<p>Equity Share App &amp; All A/c... Dr</p> <p>To Equity Share Capital A/c</p> <p>(Being the amount transferred to share capital account)</p> <p>Values which the Company wants to communicate to the Society:</p> <p>(i) Discharge of Social Responsibility.</p> <p>(ii) Generation of employment opportunities.</p> <p>(iii) Helping the needy people</p> <p>(iv) Sympathy for poor.</p>		2500,000	25,00,000

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

### D's Capital Account

Dr.

Cr.

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To D's Loan A/c	4,00,000	By Balance b/d	3,00,000
		By A's Capital A/c	24,000
		By B's Capital A/c	24,000
		By General Reserve	52,000
	4,00,000		4,00,000

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**Table Showing Adjustment**

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

### JOURNAL ENTRY:

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

	and 2013-14)			
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13 **Dr.** **Revaluation A/c** **Cr.**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Machinery	4,000	By Patents	4,000
To Profit distributed:		By Building	20,000
Punit      10,000			
Rahul      6,000			
Seema <u>4,000</u>	20,000		
	24,000		24,000

**Dr.** **Seema's Capital A/c** **Cr.**

Date	Particulars	Amount (Rs.)	Date	Particulars	Amount (Rs.)
2015 Oct 1	To Seema's Executors A/c	55,500	2015 Apr 1	By Balance b/d	30,000
				By Reserves	4,000
				By Punit's Cap	7,500
				By Rahul Cap	4,500
				By Revaluation	4,000
				By P/L Suspense	4,000

				By Intt. on Cap	1,500
		55,500			55,500

**Dr.** **Seema's Executor's A/c** **Cr.**

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

**Working Note:**

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

Rs.30,000

Goodwill=  $30,000 \times 2 = \text{Rs.}60,000$

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

= Rs.4,000

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

Rs.1,500

**RUCHI LTD.**  
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**Issue of Debentures:**

<b>Date</b>	<b>Particular</b>	<b>L.F.</b>	<b>Debit (Rs.)</b>	<b>Credit (Rs.)</b>
2011 Apr. 1	Bank A/c.....Dr. To Deb. App. & All A/c (Being the application and allotment money received on issue of debentures)		42,00,000	42,00,000
Apr. 1	Deb. App. & All. A/c.....Dr. Loss on issue of Deb A/c....Dr. To 7% Debentures A/c To Premium on redemption of debentures A/c (Being allotment of debentures redeemable at 8% premium)		42,00,000 3,36,000	42,00,000 3,36,000

**REDEMPTION OF DEBENTURES:**

<b>Date</b>	<b>Particular</b>	<b>L.F.</b>	<b>Debit (Rs.)</b>	<b>Credit (Rs.)</b>
2014 Mar.31	Surplus i.e. Balance in Statement of Profit and Loss.....Dr. To Deb. Red. Reserve A/c (Being the profit		10,50,000	10,50,000



	transferred to Debenture Redemption Reserve A/c)			
Apr. 1	Deb. Red. Investment A/c.....Dr. To Bank A/c (Being the investment made as fixed deposit as per Companies Act. 2013, earning interest @ 10% p.a.)		6,30,000	6,30,000
2015 Mar.31	Bank A/c.....Dr. TDS Collected A/c.....Dr. To Deb. Red. Invest A/c To Interest Earned A/c (Being the fixed deposit encashed on redemption and interest received @ 10% p.a.)		6,86,700 6,300	6,30,000 63,000
Mar.31	7% Debentures A/c.....Dr. Premium on Redemption of Debentures A/c.....Dr. To Debentureholders A/c (Being amount due to debenture holders)		42,00,000 3,36,000	45,36,000

Mar.31	Debentureholders A/c..Dr. To Bank A/c (Being the amount due paid on redemption of debentures)		45,36,000	45,36,000
Mar.31	Debenture Redemption Reserve A/c .....Dr. To General Reserve A/c (Being Debenture Redemption Reserve transferred to General Reserve A/c)		10,50,000	10,50,000

**Journal**

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S. No.	Particular	L.F.	Debit (Rs.)	Credit (Rs.)
1	Realisation A/c.....Dr. To Debtors A/c To Stock A/c To Furniture A/c To Leasehold Premises A/c		3,96,000	76,000 2,00,000 20,000 1,00,000

	(Being assets transferred to Realisation A/c)			
2	Creditors A/c.....Dr.	36,000		
	Garima's Husband LoanA/cDr.	60,000		
	To Realisation A/c			96,000
	(Being liabilities transferred to Realisation A/c)			
3	Bank A/c.....Dr.	4,08,000		
	To Realisation A/c			4,08,000
	(Being assets realized)			
4	Realisation A/c.....Dr.	17,100		
	To Bank A/c			17,100
	(Being creditors paid)			
5	Realisation A/c.....Dr.	70,000		
	To Garima's Capital A/c			70,000
	(Being realization expenses and Garima's husband loan paid off by Garima )			
6	Realisation A/c.....Dr.	18,900		
	To Hema's Capital A/c			12,540
	To Garima's Capital A/c			6,360
	(Being profit on realisation distributed among partners)			

7	Hema's Loan A/c.....Dr. To Bank A/c (Being Hema's loan repaid)		40,000	40,000
8	Hema's Capital A/c .....Dr. Garima's Capital A/c.....Dr. To Bank A/c (Being amount paid to partners at final settlement of accounts)		2,12,540 1,78,360	3,90,900

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**Revaluation A/c**

**Dr.**

**Cr.**

<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Machinery	4,000	By Building A/c	10,000
To Profit Distributed:			
P     3,600			
Q     2,400	6,000		
	10,000		10,000

**Partners' Capital A/c**

**Dr.**

**Cr.**

Particulars	P	Q	R	Particulars	P	Q	R
To Cash A/c	19,200	16,800	-	By Balance	96,000	68,000	-
To Balance	1,08,000	72,000	60,000	b/d			
C/d				By General Reserve	9,600	6,400	-
				By Cash A/c	-	-	60,000
				By Premium A/c	18,000	12,000	-
				By Rev A/c	3,600	2,400	-
	1,27,200	88,800	60,000		1,27,200	88,800	60,000

**Cash A/c**

**Dr.**

**Cr.**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	20,000	By P's Capital A/c	19,200
To R's Capital A/c	60,000	By Q's Capital A/c	16,800
To Premium for Goodwill	30,000	By Balance c/d	74,000
	1,10,000		1,10,000

## Balance Sheet of P, Q and R

As at April 1<sup>st</sup>, 2015

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

**OR**

### Revaluation A/c

**Dr.**

**Cr.**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Building	10,000	By Loss Distributed	
To Provision for Bad Debts	1,200	Khusboo     8,000	
To Salary Outstanding	4,800	Leela       4,800	
		Meena <u>3,200</u>	16,000
	16,000		16,000

**Leela's Capital A/c**

**Dr.**

**Cr.**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Profit and Loss A/c	2,400	By Balance b/d	56,000
To Revaluation A/c	4,800	By khushboo's Cap. A/c	30,000
To Bank A/c	20,800	By Meena's Capital A/c	12,000
To Leela's Loan A/c	70,000		
	98,000		98,000

**Leela's Loan A/c**

**Dr.**

**Cr.**

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

## In the books of Surya Ltd.

## Journal

S. No.	Particular	L.F.	Debit (Rs.)	Credit (Rs.)
1	Bank A/c.....Dr. To Equity Share App. A/c (Being the application money recd. On 1,00,000 equity shares @ Rs.3per share)		3,00,000	3,00,000
2	Equity Share App. A/c.....Dr. To Equity Share Capital A/c (Being the application money transferred to share capital)		3,00,000	3,00,000
3	Equity Share Allotment A/c.Dr. To Equity Share Capital A/c (Being made due on 1,00,000 equity shares @ Rs.2 per share)		2,00,000	2,00,000
4	Bank A/c.....Dr. Calls in Arrears A/c.....Dr. To Equity Share Allotment A/c (Being the allotment money recd. except for 2,000 shares)		1,88,000 12,000	2,00,000
5	Equity Share Capital A/c...Dr. To Share Forfeited A/c		30,000	18,000



	To Calls in Arrears A/c (Being 6,000 shares forfeited for non payment of allotment money)			12,000
6	Equity Share First Call A/c...Dr. To Equity Share Capital A/c (Being first call made due on 94,000 shares @ Rs.3 per share)		2,82,000	2,82,000
7	Bank A/c.....Dr. To Equity Share First Call A/c To Calls in Advance A/c (Being the first call money received on 94,000 shares @ Rs.3 per share and Rs.2 per share on 5,000 shares received in advance )		2,92,000	2,82,000 10,000

### Balance Sheet of Surya Ltd.

As At -----

Particulars	Note No	Amount (Rs.)
<b>I Equity and Liabilities</b>		
1. Shareholders' Funds		
Share Capital	1	7,70,000

Notes to Accounts:

No te No.		Amount (Rs.)
1	Share Capital	
	Authorized Share Capital: 10,00,000 Equity Shares of Rs.10 each	1,00,00,000
	Issued Share Capital 1,00,000 Equity Shares of Rs.10 each	10,00,000
	Subscribed Share Capital Subscribed but not fully paid up 94,000 equity shares of Rs.10 each Rs.8 called up	
		7,52,000
	Add: Share Forfeited A/c	<u>18,000</u>
		7,70,000

**OR**

**Journal**

S.No.	Particular	L.F.	Debit (Rs.)	Credit (Rs.)
1	Share Capital A/c.....Dr.		20,000	
	To Forfeited Shares A/c			18,000
	To Calls in Arrears A/c			2,000
	(Being 200 shares forfeited for non payment of call money of Rs. 10 per share)			

2	Bank A/c.....Dr. Forfeited Shares A/c.....Dr. To Share Capital A/c (Being 100 shares re-issued for Rs.80 per share as fully paid up)		8,000 2,000	10,000
3	Forfeited Shares A/c.....Dr. To Capital Reserve A/c (Being balance of Forfeited Shares A/c transferred to Capital Reserve A/c)		7,000	7,000

#### Forfeited Shares A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Share Capital A/c (100 shares x Rs.20)	2,000	By Share Capital A/c (200 Shares x Rs.90)	18,000
To Capital Reserve (100 shares x Rs.70)	7,000		
To Balance c/d	9,000		
	18,000		98,000

## Journal

S. No.	Particular	L.F.	Debit (Rs.)	Credit (Rs.)
1	Share Capital A/c.....Dr. To Forfeited Shares A/c To Share Allotment A/c To Share First Call A/c (Being the forfeiture of 1000 shares of 10 each, 8 called up, on which allotment money of 2 and First Call of 3 has not been received)		8,000	3,000 2,000 3,000
2	Bank A/c.....Dr. To Share Capital A/c To Securities Premium A/c (Being reissue of 1000 forfeited shares fully paid up at Rs. 11 per share)		11,000	10,000 1,000
3	Share Forfeiture A/c.....Dr. To Capital Reserve A/c (Being gain on the reissue of shares transferred to Capital Reserve A/c)		3,000	3,000

**PART B: ANALYSIS OF FINANCIAL STATEMENTS**

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

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

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

21 a) Current Ratio = 3.5:1

Quick Ratio = 2:1

Let Current Liabilities = x

Current Assets = 3.5x And

Quick Assets = 2x

Inventory = Current Assets – Quick Assets

$$24,000 = 3.5x - 2x$$

$$24,000 = 1.5x$$

$$x = \text{Rs.}16,000$$

$$\text{Current Assets} = 3.5x = 3.5 \times \text{Rs.}16,000 = \text{Rs.}56,000.$$

Verification : Current Ratio = Current Assets : Current Liabilities

$$= \text{Rs.}56,000 : \text{Rs.}16,000$$

$$= 3.5 : 1$$

Quick Ratio = Quick Assets : Current Liabilities

$$= \text{Rs.}32,000 : \text{Rs.}16,000$$

$$= 2:1$$

**b) Revenue from Operations = Rs.4,00,000**

$$\text{Gross Loss} = 10\% \text{ of Rs.}4,00,000 = \text{Rs.}40,000$$

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

$$= \text{Rs.}4,00,000 + \text{Rs.}40,000$$

$$= \text{Rs.}4,40,000$$

Inventory Turnover Ratio = Cost of Goods Sold/ Average  
Inventory

$$= \text{Rs.}4,40,000 / \text{Rs.}55,000$$

$$= 8 \text{ times.}$$

## STATEMENT OF PROFIT & LOSS

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For the years ended 31st March 2015 & 2016

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

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### Cash Flow Statement

For the year ended 31<sup>st</sup> March, 2014

Particulars	Amount (Rs.)
<b><u>I- Cash Flow from Operating Activities</u></b>	
Surplus: Balance in the Statement of Profit & Loss (closing)	2,50,000
Less: Surplus: Balance in the Statement of Profit & Loss (beginning)	1,10,000
NET PROFIT	1,40,000
Add: Provision for Tax	23,000

Net Profit before tax extraordinary items		1,63,000
Add: Non cash and non operating expenses:		
Depreciation	90,000	
Loss on sale of machinery	8,000	98,000
		2,61,000
Add: Decrease in current assets and increase in current liabilities		
Inventories	22,000	22,000
		2,83,000
Less: Increase in current assets and decrease in current liabilities		
Trade Receivables	3,000	
Trade Payables	68,000	71,000
Cash generated from operating activities		2,12,000
Less: Income Tax Paid		(16,000)
Cash Flow from Operating Activities		1,96,000
<b>II- Cash Flow from Investing Activities</b>		
Sale of machinery		2,000
Purchase of machinery		(3,50,000)
Purchase of patents		(20,000)
Cash used in investing activities		(3,68,000)
<b>III- Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital		1,00,000
Proceeds from long term borrowings		75,000
Increase in bank overdraft		2,000



Cash Flow from Financing Activities		1,77,000
IV- Net increase in Cash and Cash Equivalents (I+II+III)		5,000
V- Cash and Cash Equivalents in the Beginning of the Year		
Current Investment	5,000	
Cash and Cash Equivalents	12,000	17,000
		22,000
VI- Cash and Cash Equivalents at the End of the Year		
Current Investments	8,000	
Cash and Cash Equivalents	14,000	
		22,000

**Working Notes:**

**Machinery A/c**

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	17,00,000	By Bank (Sale)	2,000
To Bank A/c (Purchase)	3,50,000	By Loss on Sale	8,000
		By Depreciation	40,000
		By Balance c/d	20,00,000
	20,50,000		20,50,000

### Accumulated Depreciation A/c

<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Machinery A/c (Asset sold)	40,000	By Balance b/d	90,000
To Balance c/d	1,40,000	By Statement of Profit and Loss A/c	90,000
	1,80,000		1,80,000

### Provision for Tax A/c

<b>Particulars</b>	<b>Amount (Rs.)</b>	<b>Particulars</b>	<b>Amount (Rs.)</b>
To Bank A/c (Tax Paid)	16,000	By Balance b/d	11,000
To Balance c/d	18,000	By Statement of Profit and Loss A/c	23,000
	34,000		34,000