

CBSE
Class XII Accountancy
All India Board Paper_Set1–2013- Solution

SECTION A

1. Answer :

Drawings made by a partner will be debited in Partner’s Current Account, when their capitals are fixed.

2. Answer :

When there is a change in profit sharing ratio amongst existing partners, accumulated profits are shared in old profit sharing ratio.

3. Answer :

Interest is payable at 6% p.a. on the amount remaining unpaid to the executor of deceased partner.

4. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Workman Compensation Reserve A/c Dr.		70,000	
	To Workman Compensation Claim A/c			25,000
	To Raveena’s Capital A/c			15,000
	To Neeti’s Capital A/c			15,000
	To Rajat’s Capital A/c			15,000
	(Being liabilities for Workman Compensation created out of reserve and remaining reserve distributed amongst the partners equally)			

5. Answer :

The amount which is called-up by the company but not yet received from the shareholders till the last date for payment due is known as calls-in-arrears.

6. Answer:

If a company has not prepared its own Article of Association, then Table A of Companies Act, 1956 is applicable. According to Table A of Companies Act, interest on Calls-in-Advance @ is payable at 6% p.a.

7. Answer :

Issue of debentures as a collateral security implies that debentures are issued for procuring or obtaining a loan. Here, debentures act as a security in case of the company fails to meet the debt obligations (Principal Amount + Interest Amount) on time.

8. Answer :

Total Profit (past 3 years) = 45,000+30,000+60,000 = ₹1,35,000

Adjusting Table:

Particulars	Mohan	Neeraj	Peeyush
Profit already received (₹1,35,000 in 1:1:2)	33,750	33,750	67,500
Profit ought to have been received (1,35,000 in 1:1:1)	45,000	45,000	45,000
Amount to be adjusted	11,250 (Cr.)	11,250 (Cr.)	22,500 (Dr.)

Journal Entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Peeyush's Capital A/c Dr. To Mohan's Capital A/c To Neeraj's Capital A/c (Being the adjustment made for profit distributed in wrong ratio)		22,500	11,250 11,250

The following values were ignored by Peeyush:

- Honestly, truthfulness and loyalty towards his co- partners.
- Mutual trust and understanding.

9. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
a.	Bank A/c Dr. To Debenture Application & Allotment A/c (Being 400 debenture issued at ₹200 at a par)		33,000	33,000
	Debenture Application & Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 7% Debenture A/c To Securities premium Reserve A/c To Premium on Redemption of Debenture A/c (Being 200 debenture issued at ₹150 each at a premium of 10% ,redeemable at ₹200 each)		33,000 10,000	30,000 3,000 10,000
b.	Bank A/c Dr. To Debenture Application & Allotment A/c (Being the application money received on 200 debenture)		36,000	36,000
	Debenture Application & Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 7% Debenture A/c (Being 200 debenture issued at ₹200 each at a discount of 10% ,redeemable at par)		36,000 4,000	40,000

10. Answer



Date	Particulars	L.F.	Debit ₹	Credit ₹
	9% Debenture A/c Premium on Redemption of Debenture A/c Debenture holders A/c (Being 31,500 debentures due for redemption)	Dr. Dr.	63,00,000 1,89,000	64,89,000
	Debenture holders' A/c Discount on Issue of Share A/c To Share Capital A/c (Being the issue of 7,21,000 equity share of ₹10 each at 10% discount on conversion of 31,500 debentures)	Dr. Dr.	64,89,000 7,21,000	72,10,000

Working Note:

No. of share to be Issued
 = ₹64,89,000 ÷ ₹9
 = 7,21,000 share

11. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Ajay's Capital A/c To Asin's capital A/c To Shreya's Capital A/c (Being Ajay's share of goodwill distributed among old partners equally)	Dr.	3,00,000	1,50,000 1,50,000

Working Note:

Calculation of Goodwill brought in by Ajay
 Value of Firm's Goodwill = Capitalised Value of the Firm - Net Worth
 Capitalised Value of the Firm = Capital brought in by Ajay × Reciprocal of his Share

$$5,00,000 \times \frac{5}{1} = 25,00,000$$

Net Worth = Total Assets - External Liabilities
 = 15,00,000 - 5,00,000
 = ₹10,00,000

∴ Goodwill of the Firm = 25,00,000 - 10,00,000 = ₹15,00,000

$$\text{Ajay's Share of Goodwill} = 15,00,000 \times \frac{1}{5} = 3,00,000$$

12. Answer :

**In Books of Nikhil Ltd.
Journal**

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Machinery A/c Dr.		7,00,000	
	Debtors A/c Dr.		2,50,000	
	Stock A/c Dr.		5,00,000	
	Building A/c Dr.		11,50,000	
	To Bills Payable A/c			2,50,000
	To Sonia Ltd. A/c			22,00,000
	To Capital Reserve A/c (Balancing figure)			1,50,000
	(Being business of Sonia Ltd purchased)			
	Sonia Ltd. A/c Dr.		22,00,000	
	To Equity Share capital A/c			20,00,000
	To Securities Premium A/c			2,00,000
	(Being 20,000 Equity shares issued at ₹100 each issued at Premium of ₹10%).			

Working Note:

No. of shares to be issued

$$= ₹22,00,000 \div ₹110$$

$$= 20,000 \text{ Shares}$$

13. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c Dr.		95,500	
	To Nandan's Capital A/c			66,500
	To Rose's Capital A/c			29,000
	(Being cash brought in by Nandan & Rosa)			
	John's Capital A/c Dr.		95,500	
	To Bank A/c			95,500
	(Being claim of John discharged)			

Working Notes:

	₹
Adjusted Capital of Nandan	43,000
Adjusted Capital of Rosa	80,500
Amount(capital) to be paid to John	95,500
Total Capital of the firm	2,19,000

Total capital of the firm will be provided by Nandan and Rosa in the ratio of 1:1.

Therefore,

 Capital of Nandan will be $₹2,19,000 \times 1/2 = ₹1,09,500$,

 Capital of Rosa will be $₹2,19,000 \times 1/2 = ₹1,09,500$.

Hence, amount of money to be brought in the Nandan = ₹1,09,500 - ₹43,000 = ₹66,500
 Amount to be brought in by Rosa = ₹1,09,500 - ₹80,500 = ₹29,000

14. Answer :

**Suhas Ltd.
Balance Sheet**

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' fund		
a. Share capital	1	22,00,000
b. Reserve and Surplus	2	2,20,000
Total		24,20,000
II. Assets		
1. Current Assets		
Cash and Cash Equivalents	3	24,20,000
Total		24,20,000

Note to Account

Note No.	Particulars	₹
1	Share capital Authorised Capital 25,000 equity share of ₹200 each Issued Capital 12,000 equity share of ₹200 each Subscribed fully paid 11,000 share of ₹200 each	50,00,000 24,00,000 22,00,000
2	Reserves and Surplus Securities Premium Reserve (11,000 share @₹20 each)	2,20,000
3	Cash and Cash Equivalents Cash at Bank	24,20,000

15. Answer :

Profit and Loss Appropriation Account
For the year ended 31st March, 2012

Dr.			Cr.	
Particulars		₹	Particulars	₹
To Interest on Capital to:			By Profit and Loss A/c (Net profit)	2,16,000
Anand	40,000			
Bheem	30,000			
Danial	20,000	90,000		
To Bheem Salary (₹3,000× 12)		36,000		
To Danial Capital (Commission)		12,000		
To Profit transferred to:				
Ahamd $(78,000 \times \frac{5}{10})$		39,000		
Bheem $(78,000 \times \frac{3}{10})$				
	23,400			

Add: Deficiency from Daniel	1,600	25,000	
Daniel $(78,000 \times \frac{2}{10})$	15,600		
Less: Contribution to Bheem	1,600	14,000	
		2,16,000	2,16,000

Working Notes:

1. Bheem's share of Profit	₹23,400
Add: Interest on Capital	₹30,000
	₹53,400
Guaranteed profit	₹55,000
Deficiency to be contributed by Daniel	₹1,600

2. Ahmad's share of profit is ₹39,000 which is more than the guaranteed profit.

16. Answer :

Sindhu's Capital Account

Dr.	₹	Cr.	₹
Particulars		Particulars	
To Sindhu's Loan A/c	20,000	By Balance b/d	1,20,000
To Sindhu's Executors A/c (Bal. figure)	1,75,900	By General Reserve A/c (10,000×3/10)	3,000
		By Rahul's Capital A/c (Goodwill)	20,571
		By Kamlesh's Capital A/c (goodwill)	27,429
		By Profit and Loss Suspense A/c (Profit)	22,500
		By Interest on Capital A/c $(1,20,000 \times \frac{6}{100} \times \frac{4}{12})$	2,400
	1,95,900		1,95,900

Working Note:

(1) Calculation of Goodwill

$$\text{Goodwill} = 2 \text{ years of purchases of Average Profit of the last three years} \\ = 2 \times ₹80,000 = ₹1,60,000$$

$$\text{Sindhu's Share of Goodwill} = ₹1,60,000 \times \frac{3}{10} = ₹48,000$$

Sindhu's Share of goodwill is contributed by Rahul and Kamlesh in their gaining ratio i.e., 3:4

$$\text{Rahul Contribution} = ₹48,000 \times \frac{3}{7} = ₹20,571$$

$$\text{Kamlesh's Contribution} = ₹48,000 \times \frac{4}{7} = ₹27,429$$

(2) Sindhu's Share of profit:

$$\begin{aligned} \text{Percentage of Profit} &= \text{profit/Sales} \times 100 \\ &= 2,00,000/8,00,000 \times 100 = 25\% \end{aligned}$$

$$\text{Sindhu's share of Profit till the date of death} = ₹3,00,000 \times \frac{25}{100} \times \frac{3}{10} = ₹22,500$$

Value Involved here are:

1. Support/Sympathy and helping poor girl Child.
2. Fulfilling Social Responsibility.

17. Answer :

Journal

Date	Particulars	L.F.	Debit ₹	Credit ₹
	Bank A/c To share application A/c (Being application money on 3,00,000 shares received)	Dr.	60,00,000	60,00,000
	Share application A/c To Share capital A/c To Share Allotment A/c (WN1) To Bank A/c (WN1) (Being share application money on 1,50,000 shares transferred to share capital. account and excess was utilized on allotment and balance excess returned)	Dr.	60,00,000	30,00,000 29,00,000 1,00,000
	Share allotment A/c Discount on Issue of Share A/c To Share capital A/c (Being allotment money due on allotment)	Dr. Dr.	45,00,000 15,00,000	60,00,000
	Bank A/c (45,00,000- 29,00,000- 60,000+2,40,000) To Share allotment A/c (45,00,000 -29,00,000-60,000) To Calls-in-Advance A/c (Being allotment money received along with call money on 6,000 share)	Dr.	17,80,000	15,40,000 2,40,000
	Share Call A/c To Share capital A/c (Being share call money due)	Dr.	60,00,000	60,00,000
	Bank A/c Calls-in-Advance A/c To Share Call A/c (Being share call money received)	Dr. Dr.	56,00,000 2,40,000	58,40,000

**Working Note:
WN1**
Computation Table

categories	Share Applied	Share Allotted	Money received on Application and @ ₹20 each	Application Money transferred to share capital @ ₹20 each	Excess money Received on application	Excess Amount on application utilised on Allotment at ₹30 each	Excess Amount on application to be returned
A	30,000	10,000	6,00,000	2,00,000	4,00,000	3,00,000	1,00,000
B	1,40,000	80,000	28,00,000	16,00,000	12,00,000	12,00,000	
C	1,30,000	60,000	26,00,000	12,00,000	14,00,000	14,00,000	
Total	3,00,000	1,50,000	60,00,000	30,00,000	30,00,000	29,00,000	1,00,000

WN 2 Calculation of Unpaid Amount on Allotment by Harit

Numbers of Shares applied = 7,000 share

$$\therefore \text{numbers of share allotted} = \frac{7,000}{1,40,000} \times 80,000 = 4,000 \text{ share}$$

Amount received on application (7,000 share × ₹20)	1,40,000
Less: Utilised on application (4,000 share × ₹20)	(80,000)
Excess amount received on application	60,000

Amount due on allotment (4,000 share × ₹30)	1,20,000
Less: Excess amount received on application	(60,000)
Amount unpaid on allotment	60,000

OR
(a)
Journal Entries

Date	Particulars	L.F.	Debit ₹	Credit ₹
a.	Share capital A/c (200 share × 70) Dr. To share Forfeiture A/c (200 share × 50) To Calls-in-Arrears A/c (200 share × 20) (Being 200 Share of ₹10 each, ₹70 called-up forfeited for the non-payment of call)		14,000	10,000 4,000
	Bank A/c Dr. To share capital A/c (150 share × 70) To Securities Premium A/c (150 Share × 10) (Being 150 share were reissued as ₹70 paid-up for ₹80 per share)		12,000	10,500 1,500

	Share Forfeiture A/c (150 Share ×8) To capital Reserve A/c (Being Transfer of profit on re-issue of 150 share)	Dr.	7,500	7,500
b.	Share Capital A/c (180 share ×8) Securities Premium A/c (180 Share ×2) To Share Forfeiture A/c (180 share ×5) To Share Allotment A/c (180 share ×5) (Being share forfeiture for non-payment of allotment)	Dr. Dr.	1,440 360	900 900
	Bank A/c (160 Share ×10) To Share Capital A/c (160 Share ×8) To securities Premium A/c(160 Share ×2) (Being 160 share were reissued for ₹10, ₹8 called-up)	Dr.	1,600	1,280 320
	Share Forfeiture A/c To Capital Reserve A/c (Being transfer of Profit on re-issue of 160 share)	Dr.	800	800
c.	Share Capital A/c (30 Share ×100) To Share Forfeiture A/c To Discount on Issue of Share A/c (30 share ×10) To Share First and Final Call A/c (30 Share × 30) (Being share forfeiture for non-payment of first and final call)	Dr.	3,000	1,800 300 900
	Bank A/c (20 share × 30) Discount on Issue of Share A/c (20 share × 10) Share Forfeiture A/c (20 share × 60) To Share Capital A/c (20 share × 100) (Being 20 share were reissued for ₹30 per share , fully called-up)	Dr. Dr. Dr.	600 200 1,200	2,000

Working Note:
Calculation of Amount to be transferred to Capital Reserve

Amount forfeited on 30 shares	1,800	
Amount forfeited on 20 shares $\left(\frac{1,800}{30} \times 20\right)$		1,200
Less: Discount allowed on re-issue of 20 shares		1,200
Amount to be transferred to Capital Reserve		Nil

In case (c), journal entry for transferring the profit on re-issue to capital reserve account has not been passed the amount for capital reserve is nil.

18. Answer :

Revaluation Account

Dr.			Cr.		
Particulars	₹	Particulars	₹		
To Stock A/c	10,000	By plant A/c	14,000		
To Profit on Revaluation transferred to:		By creditors A/c	3,000		
Sarthak's Capital A/c	8,000	By Investment A/c	5,000		
Vansh's Capital A/c	4,000				
	<u>12,000</u>				
	22,000		22,000		

Partners' Capital Account

Dr.				Cr.			
Particulars	Sarthak	Vansh	Mansi	Particulars	Sarthak	Vansh	Mansi
To Investment A/c	20,000			By Balance b/d	70,000	60,000	
				By General Reserve A/c	12,000	6,000	
				By Revaluation A/c (Profit)	8,000	4,000	
				By Premium for Goodwill A/c	40,000	20,000	
To Balance c/d	1,10,000	90,000	1,00,000	By Cash A/c			1,00,000
	<u>1,30,000</u>	<u>90,000</u>	<u>1,00,000</u>				
	1,30,000	90,000	1,00,000		1,30,000	90,000	1,00,000

Balance Sheet
After Mansi's admission

Liabilities	₹	Assets	₹
Capital:		Plant	80,000
Sarthak	1,10,000	Furniture	30,000
Vansh	90,000	Investment	25,000
Mansi	<u>1,00,000</u>	Stock	36,000
Bank Loan	18,000	Debtors	38,000
Creditors (72,000- 3,000)	69,000	Less: Provision for Bad Debts	<u>4,000</u>
		Cash (22,000+60,000+1,00,000)	1,82,000
	3,87,000		3,87,000

Value being conveyed in the question:
Friendship/support/ Sympathy

Working Note:

1. Calculation of Mansi's Capital:

	₹
Adjusted capital of sarthak	1,10,000
Adjusted capital of Vansh	90,000
Total adjusted capital of old partners for 2/3 share	<u>2,00,000</u>

Total Capital of the firm = 2,00,000 × 3/2 = ₹3,00,000
Mansi's Capital in the firm = 3,00,000 × 1/3 = ₹1,00,000

Cash Account

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	22,000	By Balance c/d	1,82,000
To Mansi's Capital A/c	1,00,000		
To Premium for Goodwill A/c	60,000		
	1,82,000		1,82,000

OR

Revaluation Account

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Building A/c	1,20,000	By Provision for Doubtful Debts A/c	4,000
To Investment A/c	30,600	By Creditors A/c	80,000
To Debtors A/c	34,000	By Mrs. Prashant's Loan A/c	40,000
To Bills Receivable A/c	37,400	By Investment Fluctuation Fund A/c	8,000
To Goodwill A/c	4,000	By Cash A/c:	
To Prashant's Capital A/c (wife's loan)	40,000	Debtors	24,000
To Cash A/c : Creditors	72,000	Building	1,52,000
Realization Expenses	2,500	Bill Receivable A/c	36,000
To Prashant's Capital A/c (Commission paid)	1,000	By Rajesh's Capital A/c	27,000
To Profit transfer to: Prashant's Capital A/c	17,700		
Rajesh Capital A/c	11,800		
	3,71,000		3,71,000

Partners Capital Account

Dr.		Cr.			
Particulars	Prashant	Rajesh	Particulars	Prashant	Rajesh
To Profit and Loss A/c	4,800	3,200	By Balance b/d	42,000	42,000
To Realisation A/c (Investment)		27,000	By Realisation A/c (Profit)	17,700	11,800
To Cash A/c (Bal.fig)	95,900	23,600	By Realisation A/c (Commission)	1,000	
			By Realisation A/c (Mrs. Prashant's Loan)	40,000	
	1,00,700	53,800		1,00,700	53,800

Cash Account

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	6,000	By Realisation A/c)	74,500
To Realisation A/c	2,12,000	By Rajesh's Loan A/c	24,000
		By Prashant's Capital A/c	95,900
		By Rajesh's Capital A/c	23,600

	2,18,000	2,18,000
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The value being conveyed in this question is the social value of environmental protection, as dumping hazardous material into the river pollutes the environment, which ultimately affects the society as a whole.

SECTION- B

- 19. Answer :
"Commission and Royalty received " is classified as an Cash from Operating Activities while preparing Cash flow statement..
- 20. Answer :
Payment of Dividend on share is the activity which remains financing activities for every enterprise.
- 21. Answer :
The main limitation of financial statements analysis is that it ignores the qualitative aspects such as management skills, labour relation and customer’s satisfaction.

22. Answer :

Items	Major Heads	Sub-heads
Debenture	Non-current Liabilities	Long-term Borrowings
Loose Tool	Current Assets	Inventories
Call-in-advance	Current Liabilities	Other Current Liabilities

23. Answer :

a. Calculation of Debtors Turnover Ratio:

$$\text{Debtors turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Average Debtors}}$$

Cash Sales = 60% of Credit Sales

Let Credit Sales be x

$$\text{Cash Sales} = 0.6 \times x$$

Total Sales = Cash Sales + Credit Sales

$$5,20,000 = 0.6 \times x + x$$

$$\text{Or, } 1.6x = 5,20,000$$

$$\text{Or, } x = 3,25,000$$

$$\text{Credit Sales} = x = 3,25,000$$

$$\text{Average Debtors} = \frac{\text{Opening Debtors} + \text{Closing Debtors}}{2}$$

Opening Debtors = 3/4th of Closing debtors

$$\text{Or, Opening Debtors} = 80,000 \times \frac{3}{4} = 60,000$$

$$\text{Average Debtors} = \frac{60,000 + 80,000}{2} = 70,000$$

$$\text{Debtors Turnover Ratio} = \frac{3,25,000}{70,000} = 4.64 \text{ time}$$

b. Calculation of Quick Assets and Current Assets

Current Liabilities = ₹6,00,000

Liquid Ratio = 1.5:1

Current Ratio = 2.5:1

$$\text{Liquid Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$\text{or, } \frac{1.5}{1} = \frac{\text{Quick Assets}}{1,60,000}$$

$$\text{or, Quick Assets} = 2,40,000$$

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{or, } \frac{2.5}{1} = \frac{\text{Current Assets}}{1,60,000}$$

$$\text{or, Current Assets} = 4,00,000$$

24. Answer :

Particulars	2010-11 ₹	2011-12 ₹	Absolute Change ₹	Percentage Change (%)
I. Revenue from operations	24,00,000	40,00,000	16,00,000	66.67
II. Other Income	18,00,000	24,00,000	6,00,000	33.33
III. Total Revenue (I+II)	42,00,000	64,00,000	22,00,000	52.38
IV. Expense	(14,00,000)	(16,00,000)	(2,00,000)	14.29
V. Profit before Tax (III-IV)	28,00,000	48,00,000	20,00,000	71.43

25. Answer :

Cash Flow Statement of Krishtec Ltd.

For the year ended March 31,2012

Particular		₹	₹
A	Cash Flow from Operating Activities		
	Net Profit (as per statement of Profit and Loss)		(50,000)
	Items to be Added:		
	Depreciation	1,20,000	
	Interest Paid	36,000	1,56,000
	Operating Profit before Working Capital adjustment		1,06,000
	Add: Decrease in Current Assets & Increases current Liabilities		
	Increases in trade Payable	10,000	
	Less: Increases in Current Assets & Decrease current Liabilities		
	Increases trade receivables	(80,000)	
	Increase in inventory	(1,00,000)	(1,70,000)
	Cash Generated from operations		(64,000)
	Less: Tax paid		NIL
	Net Cash Flow From Investing Activities		(64,000)
B	Cash Flow Investing Activities		

	Purchase of Tangible assets	(4,20,000)	
	Net Cash flow used in Investing Activities		(4,20,000)
C	Cash Flow From Financing Activities		
	Proceeds from Issue Of Equity Share	4,00,000	
	Long-Term Borrowings raised	90,000	
	Interest Paid	(36,000)	
	Net Cash Flow from Financing Activities		4,54,000
D	Net Increases Or Decreases in Cash and Cash Equivalents		(30,000)
	Add: Cash and Cash Equivalents in the beginning of the period		3,70,000
	Cash and Cash Equivalents at the end of the period		3,40,000

Working Note:
Fixed Assets (Tangible) Account

Particulars	₹	Particulars	₹
To Balance b/d	9,00,000	By Depreciation A/c	1,20,000
To Bank A/c (Purchase)	4,20,000	By Balance c/d	12,00,000
	13,20,000		13,20,000