

MOST

**IMPORTANT
QUESTIONS**



CBSE
Class XII Accountancy
Most Important Questions

SECTION A

Chapter 1: Accounting for Partnership Firms – Fundamental

1. The Capital Accounts of A and B stood at ₹4,00,000 and ₹3,00,000 respectively after necessary adjustments in respect of the drawings and the net profits for the year ended 31st March, 2017. It was subsequently discovered that 5% p.a. interest on capital and also drawings was not taken into account in arriving at the net profit. The drawings of the partners had been: A – ₹12,000 drawn at the end of quarter and B – ₹18,000 drawn at the end of each half year.
The profits for the year as adjusted amounted to ₹2,00,000. The partners share profits in the ratio of 3:2. You are required to pass Journal entries and show adjusted Capital Accounts of the partners. [3]
2. Ajay, Binay and Chetan were partners sharing profits in the ratio of 3: 3 : 2. The Partnership Deed provided for the following:
(i) Salary of ₹2,000 per quarter to Ajay and Binay.
(ii) Chetan was entitled to a commission of ₹8,000.
(iii) Binay was guaranteed a profit of ₹50,000 p.a.
The profit of the firm for the year ended 31st March, 2015 was ₹1,50,000 which was distributed among Ajay, Binay and Chetan in the ratio of 2 : 2 : 1, without taking into consideration the provisions of Partnership Deed. Pass necessary rectifying entry for the above adjustments in the books of the firm. Show your workings clearly. [3]
3. A, B and C were partners in a firm having capitals of ₹60,000; ₹60,000 and ₹80,000 respectively. Their Current Account balances were A; ₹10,000; ₹B: 5,000 and C: ₹2,000 (Dr.). According to the Partnership Deed, the partners were entitled to interest on capital @ 5% p.a. C being the working partner was also entitled to a salary of ₹6,000 p.a. The profits were to be divided as:
(i) The first ₹20,000 in proportion to their capitals.
(ii) Next ₹30,000 in the ratio of 5: 3: 2.
(iii) Remaining profits to be share equally.
(iv) The firm made of ₹1,56,000 before charging any of the above items.
Prepare Profit and Loss Appropriation Account and pass necessary Journal entry for apportionment of profit. [3]
4. Satnam and Qureshi after doing their MBA decided to start a partnership firm to manufacture ISI marked electronic goods for economically weaker section of the society. Satnam also expressed his willingness to admit Juliee as a partner without capital who is specially abled but a very creative and intelligent friend of his. Qureshi agreed to this.
They formed a partnership on 1st April, 2012 on the following terms:
(i) Satnam will contribute ₹4,00,000 and Qureshi will contribute ₹2,00,000 as capitals.
(ii) Satnam, Qureshi and Juliee will share profits in the ratio of 2 : 2 : 1.
(iii) Interest on Capital will be allowed @ 6% p.a.
Due to shortage of capital Satnam contributed ₹50,000 on 30th September, 2012 and Qureshi contributed ₹20,000 on 1st January, 2013 as additional capital. The profit of the firm for the year ended 31st March, 2013 was ₹3,37,800. [3]

5. On 31st March, 2014, the balances in the capital Accounts of Esha, Manav and Daman after making adjustments for profits and drawings were ₹3,20,000, ₹2,40,000 and ₹1,60,000 respectively. Subsequently, it was discovered that the interest on capital and drawings had been omitted.
- The profit for the year ended on 31st March, 2014 was ₹90,000.
 - During the year, Esha and Manav each withdraw a sum of ₹48,000 in equal instalments in the middle of every month and Daman withdraw ₹60,000.
 - The interest on drawings was to be charged @ 5% per annum and interest on capital was to be allowed @10% per annum.
 - The profit-sharing ratio of the partners was 3 : 2 : 1.
- Showing your workings clearly, pass necessary rectifying entry. [6]

Chapter 2: Goodwill: Nature and Valuation

6. Ayub and Amit are partners in a firm and they admit Jaspal into partnership w.e.f. 1st April, 2017. They agreed to value goodwill at 3 years' purchase of Super Profit Method for which they decided to average profit of last 5 years. The profits for the last 5 years were:

Year Ended	Net Profit (₹)	
31 st March, 2013	1,50,000	
31 st March, 2014	1,80,000	
31 st March, 2015	1,00,000	(Including abnormal loss on 1,00,000)
31 st March, 2016	2,60,000	(Including abnormal gain (profit) on 40,000)
31 st March, 2017	2,40,000	

The firm has total assets of ₹20,00,000 and Outside Liabilities of ₹5,00,000 as on that date. Normal Rate of Return in similar business is 10%.

Calculate value of goodwill. [3]

7. From the following information, calculate value of goodwill of the firm:

- At three years' purchase of Average Profit.
- At three years' purchase of Super Profit.
- On the basis of Capitalisation of Super Profit.
- On the basis of Capitalisation of Average Profit.

Information:

- Average Capital Employed is ₹6,00,000.
- Net Profit/Loss of the firm for the last three years ended are:
31st March, 2017- ₹2,00,000, 31st March, 2016 - ₹1,80,000, and 31st March, 2015 - ₹1,60,000.
- Normal Rate of Return in similar business is 10%.
- Remuneration of ₹1,00,000 to partners is to be taken as charge against profit.

Assets of the firm (excluding goodwill, fictitious assets and non-trade investments) is ₹7,00,000 whereas Partners' Capital is ₹6,00,000 and Outside Liabilities ₹1,00,000. [3]

8. A business has earned average profits of ₹2,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out value of goodwill by
- Capitalisation of Super Profit Method.
 - Super Profit Method if the goodwill is valued at 3 years' purchase of super profits.
- The assets of the business were ₹20,00,000 and its external liabilities ₹3,60,000. [3]

Chapter 3: Change in Profit-Sharing Ratio Among the Existing Partners

9. Balance Sheet of P, Q and R who share profits in the ratio of 2:2:1 as at 31st March, 2017 is:

Liabilities		Assets	₹
Capital A/cs;		Land	2,00,000

P	2,40,000		Building	80,000
Q	2,00,000		Plant	1,60,000
R	1,60,000	6,00,000	Stock	2,10,000
General Reserve		48,000	Debtors	60,000
Creditors		55,000	Cash	10,000
Bills Payable		17,000		
		7,20,000		7,20,000

From 1st April, 2017 the partners decided to share the profits equally. For this purpose, the following adjustments were agreed upon:

- The Goodwill of the firm should be valued at ₹ 60,000.
- Land should be valued at ₹3, 00,000 and Building and Plant should be depreciated by 5%. Stock be valued at ₹2,25,000.
- Creditors amounted to ₹2,000 were not likely to be claimed and hence should be written off.

You are required to:

- record necessary Journal entries to give effect to the above agreement, without opening the Revaluation Account;
- prepare Capital Accounts of the Partners and
- prepare Balance Sheet of the firm after reconstitution.

[4]

10. Prem, Param and Priya were partners in a firm. Their fixed capitals were Prem ₹2,00,000; Param ₹3,00,000 and Priya ₹5,00,000. They were sharing profits in the ratio of their capitals. The firm was engaged in the sale of ready-to-eat food packets at three different locations in the city, each being managed by Prem, Param and Priya. The outlet managed by Prem was doing more business than the outlets managed by Param and Priya. Prem requested Param and Priya for a higher share in the profits of the firm which Param and Priya accepted. It was decided that the new profit-sharing ratio will be 2 : 1 : 2 and its effect will be introduced retrospectively for the last four years. The profits of the last four years were ₹2,00,000; ₹3,50,000 ₹4,75,000 and ₹5,25,000 respectively.

Showing your calculations clearly, pass a necessary adjustment entry to give effect to the new agreement between Prem, Param and Priya.

[3]

11. R, S and T decided to share the profits in the ratio of 1: 2 : 3. Their Balance Sheet as on 31st March, 2015 was as follow:

Liabilities	₹	Assets	₹
Creditors	50,000	Land	50,000
Bill Payable	20,000	Building	50,000
General Reserve	30,000	Plant	1,00,000
Capital A/cs: R	1,00,000	Stock	40,000
S	50,000	Debtors	30,000
T	25,000	Bank	5,000
	1,75,000		
	2,75,000		2,75,000

R, S and T decided to share the profits equally with effect from 1st April, 2015. For this it was agreed that:

- Goodwill of the firm be valued at ₹1,50,000.
- Land be revalued at ₹80,000 and building be depreciated by 6%.
- Creditors of ₹6,000 were not likely to be claimed and hence be written off.

Prepare Revaluation Account, Partners' Capital Account and the Balance Sheet of the reconstituted firm. [3]

Chapter 4: Admission of a Partner

12. Alfa and Beta were partners in a firm. They were trading in artificial limbs. On 1st April, 2013 they admitted Gama, a good friend of Beta into the partnership. Gama lost his one hand in an accident and Alfa

and Beta decided to give one artificial hand free of cost to Gama. The Balance Sheet of Alfa and Beta as at 31st March, 2013 was as follows:

Liabilities	₹	Assets	₹
Provision for Doubtful Debts	40,000	Cash	1,00,000
Workmen's Compensation Fund	56,000	Sundry Debtors	8,00,000
Outstanding Expenses	30,000	Stock	2,00,000
Creditors	3,00,000	Machinery	3,86,000
Capitals:		Profit and Loss A/c	40,000
Alfa	5,00,000		
Beta	6,00,000		
	11,00,000		
	15,26,000		15,26,000

Gama was admitted in the firm on the following terms:

- Gama will bring in ₹4,00,000 as his share of capital, but he was unable to bring any amount for goodwill.
- The new profit sharing ratio between Alfa, Beta and Gama will be 3 : 2 : 1.
- Claim on account of Workmen's Compensation was ₹30,000.
- To write off bad debts amounting ₹40,000.
- Creditors were paid ₹20,000 more.
- Outstanding expenses be brought down to ₹12,000.
- ₹20,000 be provided for an unforeseen liability.
- Goodwill of the firm was valued at ₹1,80,000.

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

Also identify any one value which the partners wanted to communicate to the society.

[6]

13. Ishu and Vishu are partners sharing profits in the ratio of 3: 2. Their Balance Sheet as 31st March, 2009 was as follows:

Liabilities	₹	Assets	₹
Creditors	66,000	Cash at Bank	87,000
General Reserve	10,000	Debtors	42,000
Investments Fluctuation Fund	4,000	Less: Provision for Doubtful Debts	7,000
Capital A/cs:		Investments	21,000
Ishu	1,19,000	(Market Price ₹19,000)	
Vishu	1,12,000	Building	98,000
	2,31,000	Plant and Machinery	70,000
	3,11,000		3,11,000

Nishu was admitted on that date for 1/6th share on the following terms:

- Nishu will bring ₹56,000 as his share of capital.
- Goodwill of the firm is valued at ₹84,000 and Nishu will bring his share of Goodwill in cash.
- Plant and Machinery be appreciated by 20%.
- All Debtors are good.
- There is a liability of ₹9,800 included in Sundry Creditors that is not likely to arise.
- Capitals of Ishu and Vishu will be adjusted on the basis of Nishu's Capital and excess or deficiency will be made by withdrawing or bringing in Cash by the concerned partner

Prepare the Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm after the above adjustments.

[6]

Chapter 5: RETIREMENT/DEATH OF A PARTNER

14. Lalit, Madhur and Neena were partners sharing profits as 50%, 30% and 20% respectively. On 31st March, 2013, their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Creditors	28,000	Cash	34,000

Provident Fund	10,000	Debtors	47,000	
Investment Fluctuation Fund	10,000	Less: Provision for Bad		
Capital A/cs:		and Doubtful Debts	3,000	44,000
Lalit	50,000	Stock		15,000
Madhur	40,000	Investment		40,000
Neena	25,000	Goodwill		20,000
	1,15,000	Profit and Loss A/c		10,000
	1,63,000			1,63,000

On this date, Madhur retired and Lalit and Neena agreed to continue on the following terms:

- The goodwill of the firm was valued at 51,000.
- There was a claim for Workmen's Compensation to the extent of 6,000.
- Investments were brought down to 15,000.
- Provision for bad debts was reduced by 1,000.
- Madhur was paid 10,300 in cash and the balance was transferred to his loan account payable in two equal instalments together with interest @12% p.a.

Prepare Revaluation Account, Partners' Capital Accounts and Madhur's Loan Account till the loan is finally paid off.

[6]

15. Leena, Madan and Naresh were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 3. On 31st March, 2015 their Balance Sheet was as follows:

Liabilities	₹	Assets	₹
Trade Creditors	1,60,000	Land and Building	10,00,000
Bank Overdraft	44,000	Machinery	5,00,000
Long-term Debtors	4,00,000	Furniture	7,00,000
Employees' Provident Fund	76,000	Investments	2,00,000
Capitals: Leena	12,50,000	Closing Stock	8,00,000
Madan	8,00,000	Sundry Debtors	4,00,000
Naresh	10,50,000	Bank	80,000
	31,00,000	Deferred Advertisement Expenditure	1,00,000
	37,80,000		37,80,000

On 31st March, 2015, Madan retired from the Firm and the remaining partners decided to carry on the business. It was decided to revalue assets and liabilities as under:

- Land and Building be appreciated by ₹2,40,000 and Machinery be depreciated by 10%.
- 50% of Investments were taken over by the retiring partner at book value.
- An old customer Mohit whose account was written off as bad debt had promised to pay ₹7,000 in settlement of his full debt of ₹10,000.
- Provision for Doubtful Debts was to be made at 5% on debtors.
- Closing Stock will be valued at market price which is ₹1,00,000 less than the book value.
- Goodwill of the firm be valued at ₹5,60,000 and Madan's share of goodwill be adjusted in the accounts of Leena and Naresh. Leena and Naresh decided to share future profits and losses in the ratio of 3 : 2.
- The total capital of the new firm will be ₹32,00,000 which will be in the proportion of the profit-sharing ratio of Leena and Naresh.
- Amount due to Madan was settled by accepting a Bill of Exchange in his favour payable after 4 months.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm after Madan's retirement.

[6]

Chapter 6: Dissolution of a Partnership Firm

16. Mala, Neela and Kala were partners sharing profits in the ratio of 3: 2 : 1. On 1st March, 2015, their firm was dissolved. The assets were realised and liabilities were paid off. The accountant prepared Realisation Account, Partners' Capital Accounts and Cash Account, but forgot to post few amounts in these accounts. You are required to complete these below given accounts by posting correct amounts. [6]

REALISATION ACCOUNT

Particulars	₹	Particulars	₹
To Sundry Assets:		By Provision for Bad Debts	1,000
Machinery	10,000	By Sundry Creditors	15,000
Stock	21,000	By Sheela's Loan	13,000
Debtors	20,000	By Repairs and Renewals Reserve	1,200
Prepaid Insurance	400	By Cash A/c-Assets Sold:	
Investments	3,000	Machinery	8,000
To Mala's Capital A/c-Sheela's Loan	13,000	Stock	14,000
To Cash A/c-Creditors Paid	15,000	Debtors	16,000
To Cash A/c-Dishonoured Bill Paid	5,000	By Mala's Capital A/c-Investments	2,000
To Cash A/c-Expenses	800	?	?
	88,200		88,200

PARTNERS CAPITAL ACCOUNT

Dr.				Cr.			
Particulars	Mala ₹	Neela ₹	Kala ₹	Particulars	Mala ₹	Neela ₹	Kala ₹
?	?	?	?	?	?	?	?
?	?			?	?		
To Cash A/c	12,000	9,000		By Cash A/c			1,000
	23,000	15,000	3,000		23,000	15,000	3,000

CASH ACCOUNT

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance b/d	2,800	By Realisation A/c - Creditors Paid	15,000
To Realisation A/c - Sales of Assets	38,000	By Realisation A/c - Dishonoured Bill	5,000
To Kala's Capital A/c	1,000	?	?
		By A's Capital A/c	12,000
		By B's Capital A/c	9,000
	41,800		41,800

Chapter 7: Company Accounts – Accounting for Share Capital

17. Radha Mohan Ltd. invited applications for issuing 4,00,000 equity shares of ₹50 each. The amount was payable as follows:

On Application	-	₹15 per share,
On Allotment	-	₹ 25 per share,
On First and Final Call	-	₹10 per share.

Applications for 6,00,000 shares were received and pro rata allotment was made to all the applicants on following basis:

Applicants for 4,00,000 shares were allotted 3,00,000 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. Vibhuti, who was allotted 6,000 shares out of the group

applying for 4,00,000 shares did not pay the allotment money and his shares were forfeited immediately. Afterwards, these forfeited shares were reissued at ₹30 per share fully paid-up. Later on, first and final call was made. Shahid, who had applied for 2,000 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 ₹60 per share fully paid-up.

Pass necessary Journal entries in the books of Radha Mohan Ltd. for the above transactions. [8]

- 18.** XYZ Ltd. issued a prospectus inviting applications for 2,000 shares of ₹10 each at a premium of ₹4 per share, payable as:

On application - ₹ 6 (including ₹1 premium)
On allotment - ₹2 (including ₹1 premium)
On first call - ₹3 (including ₹1 premium)
On second and final call - ₹3 (including ₹1 premium)

Applications were received for 3,000 shares and pro rata allotment was made on the applications for 2,400 shares. It was decided to utilise excess application money towards the amount due on allotment. X, to whom 40 shares were allotted, failed to pay the allotment money and on his subsequent failure to pay the first call, his shares were forfeited. Y, who applied for 72 shares failed to pay the two calls and on his such failure, his shares were forfeited.

Of the shares forfeited, 80 shares were sold to Z credited as fully paid-up for ₹9 per share, the whole of Y's shares being included. Prepare Journal, Cash Book and the Balance Sheet. [8]

- 19.** VXN Ltd invited application for issuing 50,000 equity shares of ₹10 each as a premium of 8 per share. The amount was payable as follows:

On Application: ₹4 per share (including ₹3 premiums)
On Allotment: ₹6 per share (including ₹3 premiums)
On First Call: ₹5 per share (including ₹1 premium)
On second and final Call: Balance Amount

The issue was fully subscribed Gopal a shareholder holding 200 shares did not pay the allotment money and Madhav, a holder of 400 shares paid his entire share money along with the allotment money. Gopal's Shares were immediately forfeited after allotment, Afterwards, the first call was made Krishna, a holder of 100 shares, failed to pay the first call money and Giridhar, a holder of 300 shares, paid the second call money also along with the first call. Krishna's shares were forfeited immediately after the first call. Second and final call was made afterwards and was duly received. All the forfeited shares were reissued at ₹9 per share fully paid up.

Pass necessary journal entries for the above transaction in the books of the company. [8]

- 20.** KS Ltd invited application for issuing 1,60,000 equity shares of ₹10 each at a premium of 6 per share. The amount was payable as follows;

On Application ₹4 per share (including premium ₹1 per share)
On Allotment ₹6 per share (including premium ₹3 per share)
On First and Final Call – Balance

Application for 3, 20,000 shares were received. Applications for 80,000 share were rejected and application money refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received with application was adjusted towards sums due on allotment. Jain holding 800 shares failed to pay the allotment money his shares were forfeited immediately after allotment. Afterwards the final call was made. Gupta who has applied for 1200 shares failed to pay the final call. These shares were forfeited. Out of the forfeited shares 1000 shares were re-issued at ₹8 per share fully paid up. The re-issued shares included all the forfeited shares of Jain

Pass necessary journal entries for the above transactions in the books of KS Ltd. [8]

Chapter 8: Company Accounts – Issue of Debentures

21. Bandhan Ltd. issued 10,000, 7% Debentures of ₹100 each at a discount of ₹5 redeemable at the end of 5 years at a premium of 10%. The company has a balance in Securities Premium Reserve of ₹1,00,000. Loss on Issue of Debentures is to be written off equally over the life of debentures up to the amount of Securities Premium Reserve and balance from Statement of Profit and Loss.
Pass the Journal entries for writing off the Loss on Issue of Debentures. Also prepare Loss on Issue of Debentures Account. [6]
22. Pass the necessary Journal entries for the following transactions in the books of Y Ltd:
(a) Purchased machinery ₹1,65,000. The vendor was paid by issuing 9% Debentures of ₹100 each at a premium of 10%.
(b) Issued 9% Debentures of ₹1,50,000 as collateral security.
(c) Paid half yearly interest on ₹1,80,000; 9% Debentures.
(d) Issued 1,000; 9% Debentures of ₹100 each at a discount of 5%.
The debentures were repayable at a premium of 10%. [6]

Chapter 9: Company Accounts – Redemption of Debentures

23. 'Ananya Ltd.' had an authorised capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company had already issued 2,00,000 shares. The dividend paid per share for the year ended 31st March, 2007 was ₹30. The management decided to export its products to African countries. To meet the requirements of additional funds, the finance manager put up the following three alternate proposals before the Board of Directors:
(a) Issue 47,500 equity shares at a premium of ₹100 per share.
(b) Obtain a long-term loan from bank which was available at 12% per annum.
(c) Issue 9% Debentures at a discount of 5%.
After evaluating these alternatives, the company decided to issue 1,00,000, 9% Debentures on 1st April 2008. The face value of each debenture was ₹100. These debentures were redeemable in four instalments starting from the end of third year, which were as follows: [6]

Year	III	IV	V	VI
Amount (₹)	10,00,000	20,00,000	30,00,000	40,00,000

24. Bharat Traders Ltd. serves notice to redeem its outstanding ₹4,00,000; 11 % Debentures of ₹100 each at 105 per cent and offered the holders the following options:
(a) to convert their holdings into Equity Shares of ₹10 each at a premium of ₹2 per share; or
(b) to convert their holdings into 9% Debentures at 80 per cent; or
(c) to receive amount for their holding.
Holders of 1,500 Debentures opted for (a), Holders of 720 Debentures opted for (b) and Ashok the holder of remaining debentures accepted the proposal (c).
Pass the necessary Journal entries. [6]
25. On 1st April, 2013, JJJ Ltd. had ₹1,00,00,000, 10% Debentures of ₹100 each outstanding.
(i) On 1st April, 2014, the company purchased in the open market 30,000 of its own debentures for ₹99 each and cancelled the same immediately.
(ii) On 28th February, 2015, the company redeemed at par debentures of ₹50,00,000 by draw of lot.
(iii) On 31st January, 2016, the remaining debentures were purchased for immediate cancellation for ₹19,99,000.
Ignoring interest on debentures and Debenture Redemption Reserve, pass necessary Journal entries for the above transactions in the books of the company. [6]

SECTION B

Chapter 1: Financial Statement of a Company

1. Under which of the major heads will the following items be shown while preparing Balance Sheet of a company, as per Schedule III of the Companies Act, 2013? [4]

(i) Unamortised Loss on Issue of Debentures (To be written off after 12 months from the date Balance Sheet);

- | | | |
|-----------------------|-----------------------------|-----------------------|
| (ii) 10% Debentures; | (iii) Stock-in-Trade; | (iv) Cash at Bank; |
| (v) Bills Receivable; | (vi) Goodwill; | (vii) Loose Tools; |
| (viii) Truck; | (ix) Provision for Tax; and | (x) Sundry Creditors. |

2. Hero Ltd. has raised following long-term loans on 1st April, 2015:

10,000; 10% Debentures of ₹100 each redeemable in four equal yearly

	₹
Installments beginning 1st July, 2016	10,00,000
11% Bank Loan from SBI repayable after 5 Years	20,00,000

Interest on Debentures and Bank Loan has not yet been paid.

How will be the above items shown in the Balance Sheet of the company as at 31st March, 2016? [4]

3. Following Ledger balances were extracted from the books of Varun Ltd. on 31st March, 2016:

Land and Building ₹2,00,000; 12% Debentures ₹2,00,000; Share Capital ₹10,00,000 (Equity Shares of ₹10 each fully paid-up); Plant and Machinery ₹8,00,000; Goodwill ₹2,00,000; Investments in Shares of Raja Ltd. ₹2,00,000; General Reserve ₹2,00,000; Stock-in-Trade ₹1,00,000; Bills Receivable ₹1,00,000; Debtors ₹1,50,000; Creditors ₹1,00,000; Bank Loan (Unsecured) ₹1,00,000; Provision for Tax ₹55,000; Discount on Issue of 12% Debentures ₹5,000; Proposed Dividend ₹1,00,000.

You are required to prepare Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013. [4]

Chapter 3: Tools of Financial Statement Analysis – Comparative Statement and Common-Size Statements

- 4.

F. Icon Ltd.

COMPARATIVE STATEMENT OF PROFIT AND LOSS for the years ended 31st March, 2016 and 2017

Particulars	Note no.	31 st March, 2016	31 st March, 2017	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. Revenue from Operations		4,20,000	8,00,000	?	90.48
II. Expenses					
(a) Purchases of Stock-in-Trade		2,50,000	?	2,00,000	80.00
(b) Change in Inventories of Stock-in-Trade		50,000	50,000	?	---
(c) Other Expenses		30,000	40,000	10,000	33.33
Total Expenses		3,30,000	5,40,000	2,10,000	63.64
III. Profit before Tax (I - II)		90,000	2,60,000	1,70,000	188.89
IV. Less: Tax		27,000	78,000	?	188.89
V. Profit after Tax (III - IV)		63,000	1,82,000	?	188.89

Complete the above Comparative Statement of Profit and Loss for the year ended 31st March, 2016 and 31st March, 2017 [4]

5.

COMMON-SIZE BALANCE SHEET OF WIN MARKETING LTD.
as at 31st March, 2016 and 2017

Particulars	Note no.	Absolute Amounts		Percentage of Balance Sheet Total	
		31 st March, 2016 (₹)	31 st March, 2017 (₹)	31 st March, 2016 (%)	31 st March, 2017 (%)
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital		5,00,000	?	33.33	41.67
(b) Reserves and Surplus		3,00,000	2,00,000	20.00	8.33
2. Non-Current Liabilities					
Long-term Borrowings		5,00,000	?	33.34	33.33
3. Current Liabilities					
Trade Payables		2,00,000	?	13.33	16.67
Total		15,00,000	24,00,000	100.00	100.00
II. ASSETS					
1. Non-Current Assets					
Fixed Assets-Tangible Assets		10,00,000	?	66.67	62.50
2. Current Assets					
Cash and Cash Equivalents		5,00,000	?	33.33	37.50
Total		15,00,000	24,00,000	100.00	100.00

Complete the above Common-size Balance Sheet.

[4]

Chapter 4: Accounting Ratios

6. From the following information, calculate Inventory Turnover Ratio; Operating Ratio and Working Capital Turnover Ratio:

Opening Inventory ₹28,000; Closing Inventory ₹22,000; Purchases ₹46,000; Revenue from Operations, i.e., Net Sales ₹80,000; Return ₹10,000; Carriage Inwards ₹4,000; Office Expenses ₹4,000; Selling and Distribution Expenses ₹2,000; Working Capital ₹40,000. [4]

7. From the following information given below, calculate any three of the following ratios: [4]

- (i) Gross Profit Ratio; (ii) Working Capital Turnover Ratio;
(iii) Debt to Equity Ratio; and (iv) Proprietary Ratio.

	₹		₹
Revenue from Operations (Net Sales)	5,00,000	Current Liabilities	1,40,000
Cost of Revenue from Operations (Cost of Goods Sold)	3,00,000	Paid-up Share Capital	2,50,000
Current Assets	2,00,000	13% Debentures	1,00,000

8. XYZ Ltd., in the business of readymade garments, decided to take part in Swachh Bharat Abhiyan by educating the people about the disadvantages of pollution and its effect on health. Its Comparative Balance Sheet is given below:

COMPARATIVE BALANCE SHEET OF XYZ LTD.

as at 31st March, 2016 and 2017

Particulars	Note no.	31 st March, 2016 (₹)	31 st March, 2017 (₹)	Absolute Change (Increase or Decrease) (₹)	Percentage Change (Increase or Decrease) (%)
I. EQUITY AND LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital:					
Equity Share Capital		6,00,000	7,20,000	1,20,000	20.00
(b) Reserves and Surplus		2,40,000	3,00,000	60,000	25.00
2. Non-Current Liabilities					
Long-term Borrowings		3,40,000	5,10,000	1,70,000	50.00
3. Current Liabilities					
Trade Payables		3,00,000	2,40,000	(60,000)	(20.00)
Total		14,80,000	17,70,000	2,90,000	19.60
II. ASSETS					
1. Non-Current Assets					
Fixed Assets					
(i) Tangible Assets		10,00,000	13,00,000	3,00,000	30.00
(ii) Intangible Assets		2,00,000	2,00,000
2. Current Assets					
(a) Trade Receivables		2,40,000	2,50,000	10,000	4.17
(b) Cash and Cash Equivalents		40,000	20,000	(20,000)	(50.00)
Total		1,48,000	17,70,000	2,90,000	19.60

Compute Proprietary Ratio from the Comparative Balance Sheet as at 31st March, 2016 and 31st March, 2017. Also identify the value practiced by the company. [4]

Chapter 5: Cash Flow Statement

9. From the following Balance Sheets and information of Volvo Ltd. Prepare Cash Flow Statement:

Particulars	Note No.	31 st March, 2017 (₹)	31 st March, 2016 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	2,25,000	2,50,000
(b) Reserves and Surplus	2	1,27,500	50,000
2. Non – Current Liabilities			
Long – term Borrowings		1,00,000	50,000
3. Current Liabilities			
(a) Trade Payables		72,500	35,000
(b) Short-term Provisions (Proposed Dividend on Preference Shares)		6,000	12,000
(c) Other Current Liabilities – Premium on Redemption of Debentures		2,500	5,000
Total		5,33,500	4,02,000
II. ASSETS			
1. Non – Current Assets			
(a) Fixed Assets – Tangible Assets		3,10,000	2,55,000
(b) 10% Investments		40,000	15,000

2. Current Assets			
(a) Current Investments		5,000	4,000
(b) Inventories		45,000	50,000
(c) Trade Receivables	3	92,500	45,000
(d) Cash and Cash Equivalents	4	41,000	33,000
Total		5,33,500	4,02,000

Notes to Accounts

Particulars	31 st March, 2017(₹)	31 st March, 2016(₹)
1. Share Capital		
Equity Share Capital	1,75,000	1,50,000
12% Preference Share Capital	50,000	1,00,000
	2,25,000	2,50,000
2. Reserves and Surplus		
General Reserve	10,000	15,000
Surplus, i.e., Balance in Statement of Profit and Loss	1,17,500	35,000
	1,27,500	50,000
3. Trade Receivables		
Sundry Debtors	1,00,000	50,000
Less: Provision for Doubtful Debts	7,500	5,000
	92,500	45,000
4. Cash and Cash Equivalents		
Cash in Hand	12,500	6,000
Cash at Bank	28,500	27,000
	41,000	33,000

Additional Information:

- A machine with a book value of ₹20,000 was sold for ₹12,500;
- Depreciation charge during the year was ₹35,000;
- Preference shares were redeemed on 31st March, 2017 at a premium of 5%
- An interim dividend of ₹5,000 was paid on equity shares on 31st march, 2017 out of General Reserve;
- Fresh equity shares were issued on 31st March, 2017; and
- Additional investments were purchased on 31st march 2017.

[6]

- 10.** From the following Balance Sheets of Samta Ltd., as at 31st March, 2017 and 31st March, 2016, pre the Cash Flow Statement:

Particulars	Note No.	31 st March, 2017(₹)	31 st March, 2016(₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	7,50,000	7,50,000
(b) Reserves and Surplus	2	3,10,000	(20,000)
2. Non- Current Liabilities			
Long- term Borrowings (8% Debentures)		2,60,000	1,50,000
3. Current Liabilities			
(a) Short-term Borrowings (8% Bank Loan)		40,000	50,000
(b) Trade Payables		1,20,000	1,10,000
(c) Short-term Provisions	3	50,000	40,000
Total		15,30,000	10,80,000
II. ASSETS			
1. Non - Current Assets			
(a) Fixed Assets			

(i) Tangible Assets (Net)	8,60,000	6,20,000
(ii) Intangible Assets (Goodwill)	15,000	40,000
(b) Non-current Investments	1,25,000	80,000
2. Current Assets		
(a) Current Investments	5,000	15,000
(b) Inventories	1,95,000	1,00,000
(c) Trade Receivables	2,00,000	2,00,000
(d) Cash and Cash Equivalents	1,30,000	25,000
Total	15,30,000	10,80,000

Notes to Accounts

Particulars	31 st March, 2017(₹)	31 st March, 2016(₹)
1. Share Capital		
Equity Share Capital	5,50,000	4,50,000
10% Preference Share Capital	2,00,000	3,00,000
	7,50,000	7,50,000
2. Reserves and Surplus		
Securities Premium Reserve	10,000	
General Reserve	1,50,000	1,20,000
Surplus, i.e., Balance in Statement of Profit and Loss	1,50,000	(1,40,000)
	3,10,000	(20,000)
3. Short-term Provisions		
Provision for Tax	50,000	40,000
	50,000	40,000

Additional Information:

- During the year a piece of machinery costing ₹60,000 on which depreciation charged was ₹20,000 was sold at 50% of its book value. Depreciation provided on tangible Assets ₹60,000;
- Income tax ₹45,000 was provided;
- Additional Debentures were issued at par on 1st October, 2016 and Bank Loan was repaid on the same date;
- At the end of the year Preference Shares were redeemed at a premium of 5%.

[6]

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