Class 12 - Accountancy
Sample Paper - 02 (2022-23)

Maximum Marks: 80
Time Allowed: : 3 hours

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. **Part - A is compulsory for all candidates**.
4. Part **-** B has two options i.e. **(i) Analysis of Financial Statements and (ii) Computerised Accounting**. Students must attempt only one of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31and 32 carries 3 marks each.
7. Questions from 21 ,22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

Part A:- Accounting for Partnership Firms and Companies

1. What will be the adjusting entry to provide for Interest on Partner's loan?
    a) Interest on Parntners Loan A/c Dr.
   To partners Loan A/c
    b) Parntners Loan A/c Cr.
   To partners Loan A/c
    c) Parntners A/c Dr.
   To partners Loan A/c
    d) Parntners Loan A/c Dr.
   To partners Capital A/c
2. **Assertion (A):** A new partner can be admitted into a partnership firm with the consent of the existing partners.
   Reason (R): According to section 31 of the Indian Partnership Act, 1932, the new partner shall not be introduced into a firm without the consent of all the existing partners. Unless it is agreed otherwise by the partners and partnership deed.
    a) Both A and R are true and R is the correct explanation of A.
    b) Both A and R are true but R is not the correct explanation of A.
    c) A is true but R is false.
    d) A is false but R is true.
3. A firm earns ₹ 1,10,000.The normal rate of return is 10%. The assets of the firm were ₹ 11,00,000 and liabilities ₹ 1,00,000. Value of goodwill by the capitalisation of average profit will be
    a) ₹ 5,000
    b) ₹ 10,000
    c) ₹ 2,00,000
    d) ₹ 1,00,000

OR

Calculate the average profit of last four year's profits. The profits of the last four years were:

2008	27000
2009	39000
2010	16000 (loss)
2011	40000

a) ₹10000
b) Rs. 22500
c) ₹30000
d) ₹40000

4. First call amount received in advance from the shareholders before it is actually called up by the directors is:
a) Credited to share allotment account
b) Debited to first call account
c) Debited to calls-in-advance account
d) Credited to calls-in-advance account

OR

Which type of shares legally can be issued at discount?
a) Emlpoyees stock option scheme plan
b) Equity Shares
c) Preference Shares
d) Sweat Equity Shares

5. Lee Ltd issued 5200 10% Debentures of ₹100 each payable as ₹40 on the application and ₹60 on the allotment. Applications were received for 6000 debentures. Applicants for 500 debentures were sent a letter of regret and money was returned. The allotment was made proportionately to the remaining applicants. Oversubscription was applied to the amount due on allotment. All money was duly received. Calculate the amount to be returned to the applicants.
a) ₹200000
b) ₹12000
c) ₹20000
d) ₹32000

6. One Creditor worth ₹4,500 took over stock valued at Rs.5,200 in full satisfaction of his claim.
a) No Entry is required
b)

Creditors A/c	Dr.	4,500	
To Bank A/c			4,500

c)

Creditors A/c	Dr.	4,500	
To Realisation A/c			4,500

d)

Creditor A/c	Dr.	5,400	
To Assets A/c			5,400

OR

A loan of ₹10,000 advanced by a partner to the firm was refunded. What journal entry should be recorded for the same?

a)

Bank A/c	Dr.	10,000	
To Realisation A/c			10,000

b)

Bank A/c	Dr.	10,000	
To Partner's Loan A/c			10,000

c)

Realisation A/c	Dr.	10,000	
To Bank A/c			10,000

d)

Partner’s Loan A/c	Dr.	10,000	
To Bank A/c			10,000

7. RT Ltd. Issued 20,000 Equity shares of ₹10 each at a premium of ₹3 payable as follows: On Application ₹4; On Allotment ₹5 (including premium) On 1st call ₹2; On 2nd Call ₹ 2. Applications were received for 30,000 shares and pro-rata allotment was made to all. Pass necessary Journal entry for the amount due on the allotment:

a) Share Allotment A/c ... Dr. ... 1,00,000
To Equity Share Capital A/c ... 40,000
To Securities premium A/c ... 60,000

b) Share Allotment A/c ... Dr. ... 1,00,000
To Equity Share Capital A/c ... 30,000
To Securities premium A/c ... 70,000

c) Share Allotment A/c ... Dr. ... 1,00,000
To Equity Share Capital A/c ... 50,000
To Securities premium A/c ... 50,000

d) Share Allotment A/c ... Dr. ... 1,00,000
To Equity Share Capital A/c ... 60,000
To Securities premium A/c ... 40,000

8. Vinod Limited has 5,000, 11% Debentures which are to be redeemed within the 8 months from the date of previous balance sheet. How will you show these debentures in the balance sheet?

a) Under Other Current Liabilities
b) Long Term Borrowings
c) Short Term Borrowings
d) Trade payables

OR

Vinay Ltd. purchased machinery worth ₹72,000 and issued 12% debentures of ₹100 each at a discount of 4% of the purchase price. Calculate the number of debentures issued.

a) 750
b) 700

c) 720
d) 710

Question No. 9 to 10 are based on the given text. Read the text carefully and answer the questions:

Rana and Amit were partners sharing Profit and Losses in 3:2 with effect from 1st April 2021, they decided to share future profits equally. The goodwill was adjusted at the time of change in profit sharing ratio between partners.

9. State the need for treatment of goodwill on change in profit sharing ratio.
   i. The gaining partner is required to compensate the sacrificing partner.
   ii. The sacrificing partner is required to compensate the gaining partner.
   iii. Both the gaining partner is required to compensate the sacrificing partner and the sacrificing partner is required to compensate the gaining partner.
   iv. None of these.
   a) Option (iii)
   b) Option (i)
   c) Option (iv)
   d) Option (ii)
10. Which partner's capital account is debited at the time of adjusting goodwill through capital accounts?
    a) All partner's capital account
    b) Sacrificing partner's capital account
    c) None of these
    d) Gaining partner's capital account
11. When a company purchases some assets and not paying cash instead issues debentures as a payment for the purchase, from the vendors it is known as the issue of:
    a) Debentures issued for cash
    b) Debentures issued for consideration other than cash
    c) Debentures issued as collateral security
    d) Debenture issued in consideration of asset
12. Neeta and Sumita are partners sharing profits and losses in the sates 2:1. They admit Geeta as a partner for $\frac{1}{4}$ Share. Geeta pays ₹50,000 as cash for capital but does not bring any amount for goodwill. The goodwill of the new firm is valued at ₹36,000. Give journal entry.

a)

Cash/Bank A/c	Dr.	20,000	
To Geeta's Capital A/c			20,000

b)

Cash A/c	Dr.	50,000	
To Geeta's Capital A/c			50,000
Geetha's capital A/c	Dr.	9,000	
To Neetha's capital A/c			6,000
To Sumitha's capital A/c			3,000

c)

Cash/Bank A/c	Dr.	5,000	
To Geeta's Capital A/c			5,000

d)

Cash/Bank A/c	Dr.	50,000	
To Sunita's capital A/c			50,000

13. Under the Capitalisation of Super Profit, the formula for calculating the goodwill is
    a) Average profit divided by the rate of return
    b) Super profit divided by the rate of return
    c) Super profit multiplied by the rate of return
    d) Average profit multiplied by the rate of return
14. R, S and T are partners in a firm. They decided to share profits up to Rs. 10,000 in the ratio 30%, 50% and 20% respectively. Above this amount, profits are shared equally. If the profits of the firm for the year was Rs. 25,600. Distribute the profit.
    a) R= ₹8,200, S= ₹10,200 and T= ₹7,200
    b) R= ₹9,200, S= ₹7,200 and T= ₹8,200
    c) R= ₹10,200, S= ₹9,200 and T= ₹7,200
    d) R= ₹12,200, S= ₹8,200 and T= ₹7,200
15. A, B and C are partners in firm sharing profits in the ratio of 5 : 7 : 2. C died on 31st March 2010. What will be the new ratio of A and B:
    a) Capital contribution ratio
    b) 7 : 2
    c) 1 : 1
    d) 5:7

OR

A, B and C are partners sharing profit and losses in the ratio of 2 : 2 : 1. B retires from the firm, at that time goodwill of the firm was valued at ₹30,000. What contribution has to be made by A and C in order to pay B?
    a) ₹20,000 and ₹10,000
    b) ₹8,000 and ₹4,000
    c) ₹6,000 and ₹6,000
    d) ₹15,000 and ₹15,000
16. A and B are partners sharing profits in the ratio of 3:2. They admitted C as a new partner for $\frac{1}{5}$ share in the future profits of the firm. Calculate new profit sharing ratio of A, B and C.
    a) 12:8:5
    b) 10:7:4
    c) 12:10:4
    d) 14:10:6
17. Vikas, Gagan and Momita were partners in firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th September, 2014 Momita died. According to the provisions of Partnership Deed the legal representatives of a deceased partner are entitled for the following in the event of his/her death:
    i. Capital as per the last Balance Sheet.
    ii. Interest on capital at 6% per annum till the date of her death.
    iii. Her share of profit to the date of death calculated on the basis of average profit of last four years.
    iv. Her share of goodwill to be determined on the basis of three years' purchase of the average profit of last four years.

    The profits of last four years were:

Year	2010-11	2011-12	2012-13	2013-14
Profit(₹)	30,000	50,000	40,000	60,000

The balance in Momita's Capital Account on 31st March, 2014 was ₹ 60,000 and she had withdrawn ₹ 10,000 till date of her death. Interest on her drawings was ₹ 300. Prepare Momita's Capital Account to be presented to her executors.

18. Raman and Daman are partners sharing profits in the ratio of 60 : 40 and for the last four years they have been getting annual salaries of ₹ 50,000 and ₹ 40,000 respectively. The annual accounts have shown the following net profit before charging partners' salaries:
Year ended 31st March, 2017 - ₹ 1,40,000; 2018 - ₹ 1,01,000 and 2019 - ₹ 1,30,000.
On 1st April, 2019, Zeenu is admitted to the partnership for 1/4th share in profit (without any salary). Goodwill is to be valued at four years' purchase of weighted average profit of last three years (after partners' salaries); Profits to be weighted as 1 : 2 : 3, the greatest weight being given to the last year. Calculate the value of Goodwill.

19. Fill in the missing information in the following:

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Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		________	
	To 12% Debenture Application & Allotment A/c (Application money received on ________ Debentures of ₹100 each issued at a discount of 10%)				________
	12% Debenture Application & Allotment A/c	Dr.		18,00,000	
	Loss on issue of debentures A/c	Dr.		_______	
	To 12% debentures A/c				_______
	To Premium on Redemption A/c (Transfer of application money to Debentures Account, issued at a discount of 10% and redeemable at a premium of 5%)				________

20. D, E and F are sharing profits and losses in the ratio of 5 : 3 : 2. They decide to share profits and losses in the ratio of 2 : 3 : 5 with effect from 1st April, 2019. They also decide to record the effect of the following without affecting their book values, by passing an adjustment entry:

	Book Values (₹)
General Reserve	1,50,000
Contingency Reserve	25,000
Profit and Loss A/c (Cr.)	75,000
Advertisement Suspense A/c (Dr.)	1,00,000

21. Complete the following Journal entries:

Journal

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
	Share Capital A/c (100 × Rs. 9)	Dr.		900	
	To Forfeited Shares A/c				---
	To Calls-in-Arrears A/c (Being the forfeiture of 100 Shares, Rs 9 called-up, on which allotment money of Rs. 3 and first call money of Rs. 4 have not been received)				---
	....	Dr.		800	

	....	Dr.		200	
	To .... (Being the reissue of 100 shares fully paid-up at Rs. 8)				1,000
	Shares reissued @ Rs 10 (Per Share) :				
	(i) Share Capital A/c (100 × Rs. 9)	Dr.		900	
	To Forfeited Shares A/c (100 × Rs. 2)				200
	To Calls-in-Arrears A/c (100 × Rs. 7) (Being the forfeiture of 100 shares, Rs. 9 called-up, on which allotment money of Rs. 3 and first call money of Rs. 4 have not been received)				700
	(ii)	Dr.		---	
	To .... (Being the reissue of 100 forfeited shares, fully paid-up at par)				---
	(iii)	Dr.		---	
	To .... (___________________)				---

22. Vinod, Vijay and Venkat are partners sharing profits and losses in the ratio of 3 : 2 : 1. They decided to dissolve their firm on 31st March. 2019 the date on which their Balance Sheet stood as:

Liabilities		**₹**	**Assets**		**₹**
Creditors			Bank		
Bills Payable			Stock		
Vinod's Loan			Debtors	15,000	
General Reserve			Less: Provision for D.Debts	1,000	14,000
Capital A/cs : Vinod	25,000		Investments		4,000
Vijay	11,000		Furniture		10,000
Venkat	8,000	44,000	Machinery		33,000
		84,300			84,300

The following additional information is given:

a. The Investments are taken over by Vinod for ₹ 5,000.
b. Assets realised as follows:
   Stock - ₹ 17,500
   Debtors - ₹ 14,500
   Furniture - ₹ 6,800
   Machinery - ₹ 30, 300
c. Expenses on Realisation amounted to ₹ 2,000.

Close the books of the firm giving relevant ledger accounts.

23. Better Prospect Ltd. acquired land costing ₹ 1,00,000 and in payment allotted 1,000 Equity Shares of ₹ 100 each as fully paid. Further, the company issued 4,000 Equity Shares to public. The shares were payable as: ₹ 30 on application; ₹ 30 on allotment; ₹ 40 on first and final call. Applications were received for all shares which were allotted. All the money was received except the call on 200 shares. Pass journal entries and prepare Balance Sheet of the company.

24. A and B are partners sharing profits in the ratio of 4 : 3. Their Balance Sheet as at 31st March 2019 stood as :

Balance Sheet

Liabilities		₹	Assets	₹
Sundry Creditors		28,000	Cash	20,000
Reserve		42,000	Sundry Debtors	1,20,000
Capitals A/cs:			Stock	1,40,000
A's Capital	2,40,000		Fixed Assets	1,50,000
B's Capital	1,20,000	3,60,000		
Total		**4,30,000**		**4,30,000**

They decided that with effect from 1st April 2019, they will share profits and losses in the ratio of 2 : 1. For this purpose they decided that:

i. Fixed assets are to be depreciated by 10%.
ii. A Provision for Doubtful Debts of 6% be made on Sundry Debtors.
iii. Stock be valued at ₹1,90,000.
iv. An amount of ₹ 3,700 included in Creditors is not likely to be claimed.

Partners decided to record the revised values in the books. However, they do not want to disturb the Reserves. You are required to pass the Journal entries, prepare the Capital Accounts of Partners and the revised Balance Sheet.

25. X, Y and Z were in partnership sharing profits in the ratio of 3:2:1. On 1 st April, 2015 the Balance Sheet of the firm stood as follows:

Liabilities		₹	**Assets**	₹
Provision for Doubtful Debts		1,300	Cash at Bank	10,000
Sundry Creditors		15,000	Debtors	16,000
Capitals:			Stock	20,000
X	78,750		Machinery	60,000
Y	70,000		Land and Building	1,20,000
Z	61,250	2,10,000		
		2,26,300		**2,26,300**

Z retires on the above date and the new profit sharing ratio between X and Y will be 5 : 4. Following terms were agreed :

i. Land and Buildings be reduced by 10%.
ii. Out of the insurance premium paid during the year ₹ 5,000 be carried forward as unexpired.
iii. There is no need of any provision for doubtful debts.
iv. Goodwill of the firm be valued at ₹ 54,000.
v. X and Y decided that their capitals will be adjusted in their new profit sharing ratio, by bringing in or paying cash to the partners. Z's a/c will be transferred to his loan a/c.
    a. Pass necessary journal entries; prepare the capital accounts and the new balance sheet.
    b. Z is paid ₹ 9,300 on the date of retirement and the remaining amount in three equal instalments together with interest at the rate of 10% p.a. on the outstanding balance. Show Z's loan a/c for 3 years.

26. Give the journal entries at the time of issue of debentures in the following cases:

i. Issued ₹5,00,000, 12% debentures at par and redeemable at par after 5 years.
ii. Issued ₹8,00,000, 11% debentures at 6% discount, redeemable at par after 4 years.
iii. Issued ₹10,00,000, 14% debentures at 5% premium, redeemable at par after 4 years.
iv. Issued ₹20,00,000, 12% debentures at par, redeemable at 5% premium after 3 years.
v. Issued ₹12,00,000, 13% debentures at 4% discount, redeemable at 6% premium after 3 years.

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Part B :- Analysis of Financial Statements

27. Which of the following statements are true?
 A. Cash flow reveals only the inflow of cash
 B. Cash flow reveals only the outflow of cash
 C. Cash flow is a substitute for income statement
 D. Cash flow statement is not a replacement of funds flow statement.
 a) Only D
 b) Both B and C
 c) Only B
 d) Only A

OR

Value of copyrights was Rs.68,000 in the year 31st March 2015 but after one year on 31st March 2016 value of copyrights was Rs.1,00,000. How it will affect the cash flow statement?
 a) Add Rs. 1,00,000 in investing activities
 b) Less Rs. 32,000 in investing activities
 c) Add Rs. 32,000 in investing activities
 d) Less Rs.1,00,000 in investing activities

28. How a Company's balance sheet is different from the balance sheet of partnership firm?
 a) A company's Balance Sheet format is fixed under schedule III .Whereas, there is no standard form prescribed under the Indian partnership Act,1932 for a partnership Firm's balance sheet.
 b) In case of a company's Balance sheet previous year's figures are required to be given whereas it is not so in the case of a partnership firm's balance sheet.
 c) Not different
 d) For company's Balance Sheet and partnership balance sheet format is fixed under schedule III.

29. Which of the following item is not added or deducted while preparing a cash flow statement?
 a) Dividend Received
 b) Bonus shares issued
 c) Dividend Paid
 d) Purchase of goodwill

OR

Some type of transaction which are considered movement between cash and cash equivalents are given below except ________.
 a) Cash credit
 b) Purchase of cash equivalent securities
 c) Cash withdrawn from bank
 d) Sale of cash equivalent securities

30. It helps in ascertaining change in the items of income statement and Position Statement of different years in terms of figures and percentage.
 a) Ratio Analysis
 b) Common Size statements
 c) Trend Analysis
 d) Comparative statements

31. Give the heads under which the following items are shown in a company's Balance Sheet as per Schedule III, Part I of the Companies Act, 2013?
    i. Mortgage Loan
    ii. Patents
    iii. Investments
    iv. General Reserve
    v. Bills Receivable and
    vi. 10% Debentures
32. Calculate Trade Receivables Turnover Ratio from the following information:

	31st March, 2018 (₹)	**31st March, 2019 (₹)**
Sundry Debtors	28,000	25,000
Bills Receivable	7,000	15,000
Provision for Doubtful Debts	2,800	2,500

Total Sales ₹ 1,00,000; Sales Return ₹ 1,500; Cash Sales ₹ 23,500.

33. Calculate Opening and Closing Trade Receivables from the following information if Trade Receivables Turnover Ratio is 3 Times:
    i. Cash Revenue from Operations is $\frac{1}{3}$rd of Credit Revenue from Operations.
    ii. Cost of Revenue from Operations ₹2,40,000.
    iii. Gross Profit 25% on Cost of Revenue from Operations.
    iv. Trade Receivables at the end were 3 times more than that of in the beginning.

OR

The following figures relate to the years ending 31st December, 2017 and 2018. What do they indicate?

	31-12-2017 (₹)	**31-12-2018 (₹)**
Revenue from Operations (Sales)	6,00,000	7,00,000
Revenue from Operations Return (Sales Returns)	60,000	40,000
Gross Profit on Revenue from Operations	20%	25%
Trade Receivables	59,000	1,06,000
Opening Inventory	1,20,000	—
Closing Inventory	1,60,000	2,40,000

In 2017 Trade Receivables increased by ₹ 10,000. Ascertain the Trade Receivables turnover ratio and the Inventory Turnover Ratio. Give your comments about the company's performance in 2018.

34. From the following Balance Sheet of Solar Power Ltd. as at 31st March, 2017 and 2016:

Particulars	**Note No.**	**31st March, 2017**	**31st March, 2016**
		₹	₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital		3,00,000	1,00,000
(b) Reserves and Surplus	1	25,000	1,20,000

2. Non-Current Liabilities			
Long-term Borrowings	2	80,000	60,000
3. Current Liabilities			
(a) Trade Payables		6,000	20,000
(b) Short-term Provisions		68,000	70,000
Total		**4,79,000**	**3,70,000**
II. ASSETS			
1. Non-Current Assets			
Fixed Assets	4	3,36,000	1,92,000
2. Current Assets			
(a) Inventories		67,000	60,000
(b) Trade Receivables		51,000	65,000
(c) Cash and Cash Equivalents		25,000	49,000
(d) Other Current Assets		-	4,000
Total		**4,79,000**	**3,70,000**

Note to Accounts

Particulars	**31st March, 2017**	**31st March, 2016**
	₹	₹
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	25,000	1,20,000
	25,000	**1,20,000**
2. Long-term Borrowings		
10% Long-term Loan	**80,000**	**60,000**
	80,000	**60,000**
3. Short-term Provisions		
Provisions for Tax	68,000	70,000
	68,000	**70,000**
4. Fixed Assets		
Machinery	3,84,000	2,15,000
Accumulated Depreciation	(48,000)	(23,000)
	3,36,000	**1,92,000**

Additional Information:

i. Additional loan was taken on 1st July, 2016.
ii. Tax of ₹ 53,000 was paid during the year.

Prepare Cash Flow Statement.

Class 12 - Accountancy
Sample Paper - 02 (2022-23)

Solution

Part A:- Accounting for Partnership Firms and Companies

1. (a) Interest on Parntners Loan A/c Dr.
   To partners Loan A/c
   Explanation: Inerest on partner's loan is a charge against the profit. It should be shown in the debit side of Profit and Loss account and credit side of Partner's Loan account. In a normal situation Interest on partner's loan should not be shown in the partners capital account or partners current account.
2. (a) Both A and R are true and R is the correct explanation of A.
   Explanation: Both A and R are true and R is the correct explanation of A.
3. (d) ₹ 1,00,000
   Explanation: ₹ 1,00,000

   OR

   (b) Rs. 22500
   Explanation: Calculation of Average Profit When loss is given:-
   1. Calculation of total profits earned during 4 years:
   27,000 + 39,000 – 16,000 + 40,000 = 90,000
   2. Average profit = Total Profit / No of Years Purchase = 90,000/4 = 22,500
4. (d) Credited to calls-in-advance account
   Explanation: Credited to calls-in-advance account, when the amount is received in Advance.

   OR

   (d) Sweat Equity Shares
   Explanation: A company cannot its shares at discount as per section 53 of the Companies Act, 2013. But Sweat Equity Shares can be issued at discount legally.
5. (c) ₹20000
   Explanation: No. of Debenture issued 5,000
   Applications Rejected 500
   Application money received per debenture= 40
   Amount received on excess 500 applications = 500 $\times$ 40 = 20,000 which is to be returned now.
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6. (a) No Entry is required
   Explanation: If an asset is taken over by the external liabilities for the full settlement of their due amount, in such a case no need to record any journal entry. Because Assets and Liabilities both are transferred already in Realisation A/c. Now no Entry will be passed.

   OR

   (d)

Partner's Loan A/c	Dr.	10,000	
To Bank A/c			10,000

Explanation: When Partners loan is Paid then liability will decrease hence it will be debited. The asset will also decrease (bank) so it will be credited.

7. (a) Share Allotment A/c ... Dr. ... 1,00,000
To Equity Share Capital A/c ... 40,000
To Securities premium A/c ... 60,000
Explanation: Amount due on allotment will be ₹1,00,000 i.e. 40,000 + 60,000 (premium).
No adjustment of pro-rata amount is made in the due entry. When the amount is received then the entry is passed adjusting such pro-rata amount.
8. (a) Under Other Current Liabilities
Explanation: When debentures become due for the redemption they are shown under the heading of Current Liabilities and subheading Other Current Liabilities. Debentures are Liability of company.

OR

(a) 750
Explanation: Cost of machinery = Rs. 72000
Issue price = 100 - 4 = Rs.96
No. of debentures to be issued to the vendor = $\frac{72,000}{96}$ = 750
9. a. **(b)** Option (i)
Explanation: The gaining partner is required to compensate the sacrificing partner.
10. a. **(d)** Gaining partner's capital account
Explanation: Gaining partner's capital account
11. (b) Debentures issued for consideration other than cash
Explanation: When a company purchases some assets and instead of paying cash issue debentures as a payment for the purchase from the vendors it is known as the issue of debentures for consideration other than cash.
Asset A/c ... Dr.
To vendor A/c
Vendor A/c ... Dr.
To debentures A/c
12. (b)

Cash A/c	Dr.	50,000	
To Geeta's Capital A/c			50,000
Geetha's capital A/c	Dr.	9,000	
To Neetha's capital A/c			6,000
To Sumitha's capital A/c			3,000

Explanation: Journal entry for the amount brought by the new partner as his capital:

Cash/Bank A/c	Dr.	50,000	
To Geeta's Capital A/c			50,000

Since Geetha does not bring any amount for goodwill, her capital account is debited with her share of goodwill and old partners are credited with the share in sacrificing ratio. sacrificing ratio equal to 2:1

Geetha's share of Premium for Goodwill = 36,000 $\times$ $\frac{1}{4}$ = Rs. 9,000

13. (b) Super profit divided by the rate of return

    Explanation: Super profit divided by the rate of return

14. (a) R= ₹8,200, S= ₹10,200 and T= ₹7,200

    Explanation:

    Calculation of Distribution of Profits During the year:

    First Rs. 10,000 of profit will be distributed in 30%, 50% and 20% i.e. 3,000; 5,000 and 2,000

    Next 15,600 (25,600 - 10,000) in equal ratio i.e. 5,200 each (15,600 $\times$ 1/3).

    R's Share of Profit = 3,000 + 5,200 = Rs. 8,200

    S's Share of Profit = 5,000 + 5,200 = Rs. 10,200

    T's Share of Profit = 2,000 + 5,200 = Rs. 7,200

15. (d) 5:7

    Explanation: The new ratio of A and B will be 5:7.

OR

(b) ₹8,000 and ₹4,000

Explanation: On the retirement of B, total goodwill of the firm is ₹30,000

B's share of goodwill = ₹30000 $\times$ ($\frac{2}{5}$) = ₹12,000

Contributions by A and C to compensate B will be in their gaining ratio i.e., 2 : 1

A = ₹12000 $\times$ ($\frac{2}{3}$) = ₹8000

B = ₹12000 $\times$ ($\frac{1}{3}$) = ₹4000

16. (a) 12:8:5

    Explanation: Calculation of the new ratio of partners:

    Old Ratio of A and B are = 3:2

    C is admitted for $\frac{1}{5}$ share

    Let Total Share be 1

    Remaining share = 1 - $\frac{1}{5}$ = $\frac{4}{5}$

    A's new share = $\frac{3}{5}$ $\times$ $\frac{4}{5}$ = $\frac{12}{25}$

    B's new share = $\frac{2}{5}$ $\times$ $\frac{4}{5}$ = $\frac{8}{25}$

    C's Share $\frac{1}{5}$ OR $\frac{5}{25}$

    New Ratio of A, B & C are 12 : 8 : 5

17. **Momita's Capital Account**

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Drawings A/c	10,000	By Balance b/d	60,000
To Interest on Drawing A/c	300	By Interest on Capital A/c	1,800
To Momita's Executor's A/c	83,000	By Profit and Loss Suspense A/c	4,500
		By Vika's Capital A/c	13,500
		By Gagan's Capital A/c	13,500
	93,300		93,300

W.N.:

i. Calculation of Interest on Momita's Capital

Interest on Capital (6 Months) = $60,000 \times \frac{6}{100} \times \frac{6}{12}$ = ₹ 1,800

ii. Calculation of Momita's share in Profits

Average Profit $= \frac{30,000+50,000+60,000+40,000}{4} = \frac{1,80,000}{4}$ = ₹ 45,000

Momita's profit = $45,000 \times \frac{1}{5} \times \frac{6}{12}$ = ₹ 4,500

iii. Adjustment of Goodwill

Average Profit = 45,000

Goodwill = Average Profit $\times$ Number of year's purchase

Goodwill = 45,000 $\times$ 3 = ₹ 1,35,000

Momta's Goodwill = $1,35,000 \times \frac{1}{5}$ = ₹ 27,000

Momta's share of goodwill is to be distributed between Vikas and Gagan in their = 1 : 1

Vikas's = $27,000 \times \frac{1}{2}$ = ₹ 13,500

Gagan = $27,000 \times \frac{1}{2}$ = ₹ 13,500

18.

Year	Profits before charging Salary (₹)	Profits after charging Salary (₹)	Weights	Weighted Profits (₹)
31st March, 2017	1,40,000	1,40,000 - 90,000 = 50,000	1	50,000
31st March, 2018	1,01,000	1,01,000 - 90,000 = 11,000	2	22,000
31st March, 2019	1,30,000	1,30,000 - 90,000 = 40,000	3	1,20,000
Total			**6**	**1,92,000**

Weighted Average Profits $= \left(\frac{\text{Total of Weighted Profits}}{\text{Total Weights}}\right)$

$= \frac{1,92,000}{6}$ = ₹ 32,000

Goodwill = Weighted Average Profits $\times$ No. of years of Purchase

= ₹ (32,000 $\times$ 4) = ₹ 1,28,000.

Weighted average method of goodwill is calculated when mention in question.

19. **JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		18,00,000	
	To 12% Debenture Application & Allotment A/c (Application money received on 20,000(i) Debentures of ₹100 each issued at a discount of 10%)				18,00,000
	12% Debenture Application & Allotment A/c	Dr.		18,00,000	
	Loss on issue of debentures A/c	Dr.		3,00,000(ii)	
	To 12% debentures A/c				20,00,000
	To Premium on Redemption A/c (Transfer of application money to Debentures Account, issued at a discount of 10% and redeemable at a premium of 5%)				1,00,000

Working Notes:

i. Net amount received ₹18,00,000
   Debentures have been issued at 5% Discount. Hence, face value of Debentures
   $= 18,00,000 \times \frac{100}{95}$ = ₹20,00,000
   Number of Debentures = $\frac{20,00,000}{100} = 20,000$

ii. Loss on issue A/c has been debited by ₹3,00,000 by grouping together the discount on issue ₹2,00,000 and Premium on Redemption ₹1,00,000.

20. Calculation of Net Effect of Accumulated Profits, Losses and Reserves:

Particulars	₹
General Reserve	1,50,000
Contingency Reserve	25,000
Profit and Loss A/c (Cr.)	75,000
	2,50,000
Less: Advertisement Suspense A/c (Dr.)	1,00,000
	1,50,000

Calculation of Sacrificing/Gaining Ratio due to change in Profit-Sharing Ratio

Calculation of Sacrifice (Gain):	**D**	**E**	**F**
(i) Their Old Share	5/10	3/10	2/10
(ii) Their New Share	2/10	3/10	5/10
(iii) Sacrifice/(Gain) (i) - (ii)	3/10 (Sacrifice)	...	-3/10 (Gain)

Calculation of Share of sacrificing and gaining partner in the net accumulated profits, losses and reserve: For D = ₹1,50,000 × 3/10 = ₹45,000; For F = ₹1,50,000 × 3/10 = ₹45,000

ADJUSTMENT ENTRY

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
2019					
April 1	F's Capital A/c	Dr.		45,000	
	To D's Capital A/c				45,000
	(Being the adjustment made for net accumulated profits, losses and reserves)				

IMPORTANT NOTE: When Reserves, accumulated profits and losses are adjusted through Partners' Capital Accounts, Reserves, accumulated profits and losses will appear in the Balance Sheet of the new firm at the old values.

21. **Journal Entries**

Date	**Particulars**		**L.F.**	**Dr. (Rs.)**	**Cr. (Rs.)**
	Share Capital A/c (100 × Rs. 9)	Dr.		900	
	To Forfeited Shares A/c (100*2)				**200**

	To Calls-in-Arrears A/c (100*7) (Being the forfeiture of 100 Shares, Rs. 9 called-up, on which allotment money of Rs. 3 and first call money of Rs. 4 have not been received)				**700**
	Bank A/c(100×Rs. 8)	Dr.		800	
	Forfeited Shares A/c(100×Rs. 2)	Dr.		200	
	To Share Capital A/c (100×Rs. 10) (Being the reissue of 100 shares fully paid-up at Rs. 8)				1,000
	Shares reissued @ Rs. 10 (Per Share):				
	(i) Share Capital A/c (100×Rs. 9)	Dr.		900	
	To Forfeited Shares A/c (100×Rs. 2)				200
	To Calls-in-Arrears A/c (100×Rs. 7) (Being the forfeiture of 100 shares, Rs. 9 called-up, on which allotment money of Rs. 3 and first call money of Rs. 4 have not been received)				700
	(ii) Bank A/c(100×Rs. 10)	Dr.		1,000	
	To Share Capital A/c (100×Rs. 10) (Being the reissue of 100 forfeited shares, fully paid-up at par)				1,000
	(iii) Forfeited Shares A/c	Dr.		200	
	To Capital Reserve A/c (Being the gain on reissue transferred to Capital Reserve)				200

Note : Maximum discount that can be allowed on reissue of forfeited shares is the amount forfeited i.e. amount credited to the forfeited shares. In other words, reissue price can not be less than the amount unpaid on forfeited shares.
If forfeited shares are issued at par or premium the total amount forfeited on the share is a gain of capital nature and transferred to capital reserve.

22. **Realisation Account**

Particulars			**Particulars**		**₹**
To Sundry Assets			By Sundry Liabilities		
Debtors	15,000		Provision	1,000	
Stock	19,800		Creditors	17,000	
Investments	4,000		B/P	12,000	30,000
Furniture	10,000		By Vinod (Investments)		5,000
Machinery	33,000	81,800	Stock	17,500	
To Bank A/c-			Debtors	14,500	
Creditors	17,000		Furniture	6,800	
B/P	12,000		Machinery	30,300	69,100
Expenses	2,000	31,000	By Capital A/cs Losses		
			Vinod	4,350	
			Vijay	2,900	

			Venkat	1,450	8,700
		1,12,800			**1,12,800**

Bank Account

Particulars	₹	Particulars		₹
To Balance b/d	3,500	By Realisation A/c		31,000
To Realisation A/c	69,100	By Vinod's Loan		5,300
		By Capital A/c		
		Vinod	18,650	
		Vijay	10,100	
		Venkat	7,550	36,300
	72,600			72,600

Partner's Capital Accounts

Particulars	Vinod	Vijay	Venkat	Particulars	Vinod	Vijay	Vankat
To Realisation A/c	5,000	-	-	By Balance b/d	25,000	11,000	8,000
To Real. Loss	4,350	2,900	1,450	By Gen. Reserve	3,000	2,000	1,000
To Bank A/c	18,650	10,100	7,550				
	28,000	13,000	9,000		28,000	13,000	9,000

23. Issued to public payable as:
    ₹ 30 on application
    ₹ 30 on allotment
    ₹ 40 first and final call
    ₹ 100 Called-up

Books of Better Prospect Ltd.
Journal

Date	Particulars		L.F.	Dr. ₹	Cr. ₹
	Land A/c	Dr.		1,00,000	
	To Vendor				1,00,000
	(Land purchased from the vendor)				
	Vendor	Dr.		1,00,000	
	To Equity Share Capital A/c				1,00,000
	(1,000 equity of ₹ 100 each issued to Vendor)				
	Bank A/c	Dr.		1,20,000	
	To Equity Share Application A/c				1,20,000
	(Share Application money received for 4,000 equity shares at ₹ 30 per share)				

	Equity Share Application A/c			1,20,000	
	To Equity Share Capital	Dr.			1,20,000
	(Share Application money of 4,000 shares transferred to Equity Share Capital Account)				
	Equity Share Allotment A/c	Dr.		1,20,000	
	To Equity Share Capital A/c				1,20,000
	(Share allotment due on 4,000 equity shares of ₹ 30 each)				
	Bank A/c	Dr.		1,20,000	
	To Share Allotment A/c				1,20,000
	(Share allotment received for 4,000 shares at ₹ 30 per share)				
	Share First and Final Call A/c	Dr.		1,60,000	
	To Equity Share Capital A/c				1,60,000
	(First and final call due on 4,000 equity shares at 40 per share)				
	Bank A/c	Dr.		1,52,000	
	Calls-in-Arrears A/c	Dr.		8,000	
	To Share First and Final Call A/c				1,60,000
	(First and final call received from 3,800 shares and 200 share failed to pay it)				

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Better Prospect Ltd.
Balance Sheet

Particulars	**Note No.**	**₹**
I. Equity and Liabilities		
1. Shareholders’ Funds		
a. Share Capital	1	4,92,000
2. Non-Current Liabilities		
3. Current Liabilities		
Total		4,92,000
II. Assets		
1. Non-Current Assets		
a. Fixed Assets		
1. Tangible Assets	2	1,00,000
2. Current Assets		
a. Cash and Cash Equivalents	3	3,92,000
Total		4,92,000

NOTES TO ACCOUNTS:

Note No.	Particulars		₹
1	Share Capital		
	Authorised Share Capital		
	…… shares of ₹ 100 each		-
	Issued Share Capital		
	5,000 shares of ₹ 100 each		5,00,000
	Subscribed, Called-up and Paid-up Share Capital		
	1,000 shares of ₹ 100 each (for consideration other than cash)	1,00,000	
	4,000 shares of ₹ 100 each	4,00,000	
	Less: Calls-in-Arrears	(8,000)	4,92,000
2	Tangible Assets		
	Land		1,00,000
3	Cash and Cash Equivalents		
	Cash at Bank		3,92,000

24. **Journal Entries**

Date	Particulars		L.F.	Dr.	Cr.
i	Revaluation A/c	Dr.		22,200	
	To Fixed Assets A/c				15,000
	To Provision for doubtful debts A/c				7,200
	(Being assets revalued.)				
ii	Stock A/c	Dr.		50,000	
	Creditors A/c	Dr.		3,700	
	To Revaluation A/c				53,700
	(Being asset and liability revalued.)				
iii	Revaluation A/c	Dr.		31,500	
	To A's Capital A/c				18,000
	To B's Capital A/c				13,500
	(Being revaluation profits adjusted.)				
iv	A's Capital A/c	Dr.		4,000	
	To B's Capital A/c				4,000
	(Being reserves adjusted.)				

Capital Accounts

Particulars	A	B	Particulars	A	B

To B's Capital A/c	4,000	.....	By Balance b/d	2,40,000	1,20,000
To Balance c/d	2,54,000	1,37,500	By A's Capital A/c	.....	4,000
			By Revaluation A/c	18,000	13,500
	2,58,000	**1,37,500**		**2,58,000**	**1,37,500**

Revised Balance Sheet

Liabilities		**₹**	**Assets**		**₹**
Sundry Creditors		24,300	Cash		20,000
Reserve		42,000	Sundry Debtors	1,20,000	
Capital A/cs:			Less : Provision	7,200	1,12,800
A	2,54,000		Stock		1,90,000
B	1,37,500	3,91,500	Fixed Assets		1,35,000
		4,57,800			**4,57,800**

Working Note :

A's Gain $= \frac{2}{3} - \frac{4}{7} = \frac{14-12}{21} = \frac{2}{21}$

B's sacrifice $= \frac{3}{7} - \frac{1}{3} = \frac{9-7}{21} = \frac{2}{21}$

25. a. **IN THE BOOKS OF THE FIRM**

JOURNAL ENTRIES

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
2015 April 1	Prepaid Insurance A/c	Dr.		5,000	
	Provision for Doubtful debts A/c	Dr.		1,300	
	To Revaluation A/c				6,300
	(Increase in the value of assets recorded through revaluation account)				
	Revaluation A/c	Dr.		12,000	
	To Land and Building A/c				12,000
	(Decrease in the value of assets recorded through revaluation account)				
	X's Capital A/c	Dr.		2,850	
	Y's Capital A/c	Dr.		1,900	
	Z's Capital A/c	Dr.		950	
	To Revaluation A/c				5,700
	(Loss on revaluation transferred to old partners capital account in old profit sharing ratio)				
	X's Capital A/c	Dr.		3,000	
	Y's Capital A/c	Dr.		6,000	

	To Z's Capital A/c				9,000
	(Goodwill adjusted in the gaining ratio 1:2)				
	Z's Capital A/c	Dr.		69,300	
	To Bank A/c				9,300
	To Z's Loan A/c				60,000
	(The balance of Z's Capital A/c transferred to his loan A/c)				
	Bank A/c	Dr.		2,100	
	To X's Capital A/c				2,100
	(The amount brought in by X to raise his capital to profit sharing ratio)				
	Y's Capital A/c	Dr.		2,100	
	To Bank A/c				2,100
	(The amount withdrawn by Y to bring his capital to profit sharing ratio)				

PARTNER'S CAPITAL ACCOUNT

Dr.							Cr.
Particulars	**X (₹)**	**Y (₹)**	**Z (₹)**	**Particulars**	**X (₹)**	**Y (₹)**	**Z (₹)**
To Z's Capital A/c	3,000	6,000	-	By Balance b/d	78,750	70,000	61,250
To Revaluation A/c	2,850	1,900	950	By X's Capital A/c	-	-	3,000
To Bank A/c			9,300	By Y's Capital A/c	-	-	6,000
To Z's Loan A/c			60,000				
To Balance c/d	72,900	62,100	-				
	78,750	**70,000**	**70,250**		**78,750**	**70,000**	**70,250**
To Bank A/c	-	2,100	-	By Balance b/d	72,900	62,100	-
To Balance c/d	75,000	60,000	-	By Bank A/c	2,100	-	-
	75,000	**62,100**	-		**75,000**	**62,100**	-

NEW BALANCE SHEET
as at 1st April, 2015

Liabilities		**₹**	**Assets**	**₹**
Sundry Creditors		15,000	Cash at Bank (₹ 10,000 + ₹ 2,100 - ₹ 2,100 - ₹ 9,300)	700
Z's Loan		60,000	Debtors	16,000
Capital account balances:			Stock	20,300
X	75,000		Prepaid Insurance	5,000
Y	60,000	1,35,000	Machinery	60,000
			Land and Buildings	1,08,000
		2,10,000		**2,10,000**

W.N.:

i. Calculation of Gaining Ratio = New Ratio - Old Ratio

Gain to X $= \frac{5}{9} - \frac{3}{6} = \frac{1}{18}$

Gain to Y $= \frac{4}{9} - \frac{2}{6} = \frac{2}{18}$

Hence, Gaining Ratio $= \frac{1}{18} : \frac{2}{18}$ = 1:2

ii. Adjustment of Capitals ofX and Y according to new profit sharing ratio

= Total Capital oOfand Y after all the adjustments = ₹ 72,900 + ₹ 62,100 = ₹ 1,35,000

This Capital should be in their profit sharing ratio, i.e., 5 : 4.

Therefore, the Capital of A" in the new firm should be $\frac{5}{9}$th of 1,35,000 = 75,000

But the existing Capital of X is = ₹ 72,900

Hence, X will bring in = ₹ 2,100

The Capital of Y in the new firm should be $\frac{4}{9}$th of 1,35,000 = ₹ 60,000

But the existing Capital of Y is = ₹ 62,100

Hence, Y will withdraw = ₹ 2,100

b. **Z'S LOAN A/C**

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2016 Mar. 31	To Bank A/c (₹ 20,000 + ₹ 6,000)	26,000	2015 April 1	By Z's Capital A/c (transfer)	60,000
2016 Mar. 31	To Balance c/d	40,000	2016 Mar. 31	By Interest A/c (on ₹ 60,000 at 10%)	6,000
		66,000			**66,000**
2017 Mar. 31	To Bank A/c (₹ 20,000 + ₹ 4,000)	24,000	2016 April 1	By Balance b/d	40,000
2017 Mar. 31	To Balance c/d	20,000	2017 Mar. 31	By Interest A/c (on ₹ 40,000 at 10%)	4,000
		44,000			**44,000**
2018 Mar. 31	To Bank A/c (₹ 20,000 + ₹ 2,000)	22,000	2017 April 1	By Balance b/d	20,000
			2018 Mar. 31	By Interest A/c (on ₹ 20,000 at 10%)	2,000
		22,000			**22,000**

26. i. **JOURNAL ENTRIES**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		5,00,000	
	To 12% Debenture Application & Allotment A/c (Being Application money received)				5,00,000
	12% Debenture Application & Allotment A/c	Dr.		5,00,000	
	To 12% Debentures A/c				5,00,000

	(Being Debentures allotted, issued at par, redeemable at par)				

ii. **JOURNAL ENTRIES**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		7,52,000	
	To 11% Debenture Application & Allotment A/c (Being Application money received)				7,52,000
	11% Debenture Application & Allotment A/c	Dr.		7,52,000	
	Discount on issue of Debentures A/c	Dr.		48,000	
	To 11% Debentures A/c (Being Transfer of application money to Debentures Account, issued at a discount of 6%, redeemable at par)				8,00,000

iii. **JOURNAL ENTRIES**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		10,50,000	
	To 14% Debenture Application & Allotment A/c (Being Application money received)				10,50,000
	14% Debenture Application & Allotment A/c	Dr.		10,50,000	
	To 14% debentures A/c				10,00,000
	To Securities Premium Reserve A/c (Being Transfer of application money to Debentures Account, issued at a premium of 5%, redeemable at par)				50,000

iv. **JOURNAL ENTRIES**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		20,00,000	
	To 12% Debenture Application & Allotment A/c (Being Application money received)				20,00,000
	12% Debenture Application & Allotment A/c	Dr.		20,00,000	
	Loss on issue of Debenture a/c			1,00,000	
	To 12% Debentures A/c				20,00,000
	To Premium on Redemption A/c (Being Transfer of application money to Debentures Account, issued at a par, but redeemable at a premium of 5%)				1,00,000

v. **JOURNAL ENTRIES**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)

	Bank A/c	Dr.		11,52,000	
	To 13% Debenture Application & Allotment A/c (Being Application money received)				11,52,000
	13% Debenture Application & Allotment A/c	Dr.		11,52,000	
	Loss on issue of Debentures A/c	Dr.		1,20,000	
	To 13% Debentures A/c				12,00,000
	To Premium on Redemption A/c (Being Transfer of application money to Debentures Account, issued at a discount of 4% and redeemable at a premium of 6%)				72,000

Part B :- Analysis of Financial Statements

27. (a) Only D
Explanation: Only D

OR

(b) Less Rs. 32,000 in investing activities
Explanation: Increase in the value of copyrights means the company has purchased copyrights (Non-Current Assets). So Less Rs. 32,000 in investing activities. Increase or decrease in the value of non-current assets is shown under-investing activity.

28. (a) A company‘s Balance Sheet format is fixed under schedule III .Whereas, there is no standard form prescribed under the Indian partnership Act,1932 for a partnership Firm’s balance sheet.
Explanation: Partnership firm's balance sheet is a T format balance sheet where capital and liabilities are shown on left hand side and assets are shown on right hand side. There is no need of sub dividing assets and liabilities into sub heads. A Company's balance sheet has a vertical format under which assets,liabilities and capital has to be sub divided into sub headings like shareholders fund,non current assets,current assets,current liabilities etc.

29. (b) Bonus shares issued
Explanation: Issue of bonus shares will not affect the preparation of cash flow statement as in this transaction no cash involved. There is no cash inflow or outflow of cash.

OR

(a) Cash credit
Explanation: Internal movement in cash and cash equivalents will not make any effect. Cash credit is not part of cash and cash equivalents. It is part of financing activities.

30. (d) Comparative statements
Explanation: A comparative statement is a document that compares a particular financial statement with prior period statements or with the same financial report generated by another company. Analyst and business managers use the income statement, balance sheet and cash flow statement for comparative purposes.

31.

S.No.	Items	Main Head of Balance Sheet	Sub-head of Balance Sheet
(i)	Mortgage Loan	Non-current Liabilities	Long-term Borrowings
(ii)	Patents	Non-current Assets	Fixed Assets—Intangible Assets
(iii)	Investments	Non-current Assets	Non-current Investments

(iv)	General Reserve	Shareholders' Funds	Reserves and Surplus
(v)	Bills Receivable	Current Assets	Trade Receivables
(vi)	10% Debentures	Non-current Liabilities	Long-term Borrowings

32. Net Credit Sales = Total Sales - Sales Return - Cash Sales

= Rs.1,00,000 - Rs. 1,500 - Rs.23,500 = Rs.75,000

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

Average Receivable $=\frac{28{,}000+7{,}000+25{,}000+15{,}000}{2}$ = ₹ 37,500

Trade Receivable Turnover Ratio $=\frac{\text{Net Credit Sales}}{\text{Average Trade Receivables}}$

Trade Receivable Turnover Ratio = $=\frac{75{,}000}{37{,}500}$ = 2 Times

Trade receivable includes both debtors and bill receivable.

33. Total Revenue from Operations = Cost of Revenue from Operations + Gross Profit

= ₹2,40,000 + 25% of ₹2,40,000 = ₹3,00,000

Calculation of Credit Revenue from Operations:

Let Credit Revenue from Operations = x

Cash Revenue from Operations = $\frac{x}{3}$

x + $\frac{x}{3}$ = 3,00,000

3x + x = ₹9,00,000

x = $\frac{₹9{,}00{,}000}{4}$ = ₹ 2,25,000 (Credit Revenue from Operations).

Trade Receivables Turnover Ratio = $\frac{\text{Credit Revenue from Operations}}{\text{Average Trade Receivables}}$

$3=\frac{₹2{,}25{,}000}{\text{Average Trade Receivables}}$

Average Trade Receivables = $\frac{₹2{,}25{,}000}{3}$ = ₹75,000

Calculation of Opening and Closing Trade Receivables:

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

Let Opening Trade Receivables = x, Closing Trade Receivables = x + 3x = 4x

₹75,000 = $\frac{x+4x}{2}$

x + 4x = ₹1,50,000; x = ₹1,50,000/5 = ₹30,000 (Opening Trade Receivables)

Closing Trade Receivables = 4x = ₹30,000 $\times$ 4 = ₹1,20,000.

OR

YEAR 2017 Closing trade receivables of 2017 were ₹ 10,000 more in comparison to the opening trade receivables of 2017. Therefore, the opening trade receivables of 2017 = ₹ 59,000 - ₹ 10,000 = ₹ 49,000.

Therefore, Average Trade Receivables $=\frac{\text{Opening Trade Receivables + Closing Trade Receivables}}{2}$

$=\frac{49{,}000+59{,}000}{2}$ = ₹ 54,000

Trade Receivables Turnover Ratio $=\frac{\text{Credit Revenue from Operations}}{\text{Average Trade Receivables}}$

$=\frac{5{,}40{,}000}{54{,}000}$ = 10 Times

Inventory Turnover Ratio $=\frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$

Cost of Revenue from Operations = ₹ 5,40,000 less 20%

= ₹ 5,40,000 - ₹ 1,08,000 = ₹ 4,32,000

Average Inventory $=\frac{₹1{,}20{,}000+₹1{,}60{,}000}{2}$ = ₹ 1,40,000

$\therefore$ Inventory Turnover Ratio $=\frac{4{,}32{,}000}{1{,}40{,}000}$ = 3.09 times.

Year 2018

Closing trade receivables of 2017 will be treated as the opening trade receivables of 2018. Therefore,

Average Trade Receivables $= \frac{59{,}000+1{,}06{,}000}{2} = 82,500$

Trade Receivables Turnover Ratio $= \frac{\text{Credit Revenue from Operations}}{\text{Average Trade Receivables}}$

$= \frac{6{,}60{,}000}{82{,}500}$ = 8 times

Inventory Turnover Ratio $= \frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$

Cost of Revenue from Operations = ₹ 6,60,000 less 25%

= ₹ 6,60,000 - ₹ 1,65,000 = ₹ 4,95,000

Average Inventory $= \frac{1{,}60{,}000+2{,}40{,}000}{2} = ₹2,00,000$

$\therefore$ Inventory Turnover Ratio $= \frac{4{,}95{,}000}{2{,}00{,}000}$ = 2.475 times

34. **Cash Flow Statement of Solar Power Ltd.**
for the year ended March 31, 2017

Particulars	₹	₹
A. Cash Flow from Operating Activities		
Net Loss as per Statement of Profit and Loss	(95,000)	
Add: Provision for Tax made (WN 1)	51,000	
Net Loss before Tax and Extraordinary Items	(44,000)	
Add: Depreciation	25,000	
Interest paid on loan (WN 2)	7,500	
Net Loss before Working Capital Changes	(11,500)	
Add: Decrease in Trade Receivables	14,000	
Decrease in other Current Assets	4,000	
Less: Decrease in Trade Payables	(14,000)	
Increase In Inventories	(7,000)	
Net Loss before Tax	(14,500)	
Add: Tax to be paid during the year	(53,000)	
Cash used in Operating Activities		**(67,500)**
B. Cash Flow From Investing Activities		
Purchase of Machinery	(1,69,000)	
Cash Used in Investing Activities		**(1,69,000)**
C. Cash Flow From Financing Activities		
Proceeds from Issue of Shares	2,00,000	
Proceeds from additional loan taken	20,000	
Interest paid on long-term loan	(7,500)	
Cash Flow from Financing Activities		**2,12,500**
Net Decrease in Cash and Cash Equivalents (A+B+C)		**(24,000)**
Add: Opening Balance of Cash and Cash Equivalent		49,000

Cash and Cash Equivalents at the end of the year		25,000

Working Notes:

i. **Provision for Tax A/c**

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2017			2016		
March 31	To Cash A/c	53,000	April 1	By Balance b/d	70,000
March 31	To Balance c/d	68,000	2017		
			March 31	By Profit & Loss A/c	51,000
		1,21,000			**1,21,000**

Interest on Loan Interest on Loan taken on 1 st July, 2016 = ₹ (20,000) = ₹ 1,500

ii. Interest on Loan as on 31 st March, 2016 = ₹ (60,000 $\times \frac{10}{100}$) = ₹ 6,000

Total Interest Paid on Loan = (6,000 + 1,500) = ₹ 7,500