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| **PB2/ACAK/1222/B 16-JAN-2023** | | |
|  | **EEE CONSORTIUM**  **PRE-BOARD EXAMINATION - II (2022-2023)**  **GRADE XII ACCOUNTANCY**  **TIME:3 HOURS ANSWER KEY MAX MARKS: 80** |  |
|  | **PART A**  **(Accounting for Partnership firms and Companies)** |  |
|  | Ans: (A) 9:6:5:5  A's old share= 3/5  B's old share= 2/5  C is admitted for 1/4th share  Remaining share= 1-[1/4]= 3/4  A's new share= 3/5 x¾ = 9/20  B's new share= 2/5 x 3/4 = 6/20  New Profit sharing ratio after C's admission= 9:6:5  D is admitted for 20/100th share  Remaining share= 1-[20/100]= 80/100  Hence, A's new ratio= 9/20 x 80/100 = 72/200  B's new ratio= 6/20 \* 80/100 = 48/200  C's new ratio= 5/20 \* 80/10 = 40/200  New profit sharing ratio after D's admission= 72:48:40:40 = 9:6:5:5 | **1** |
|  | (b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). | **1** |
|  | (b)` 28,000  OR  (c) ` 4 per share | **1** |
|  | a)L’s Capital A/c. Dr. 18,000  To M’s Capital A/c. 12,000  To N’s Capital A/c 6,000  (Or)  d) ₹2,000 | **1** |
|  | (b)Rs10,000p.m. | **1** |
|  | Ans: (b) ₹ 20  OR  Ans: (c) No interest to be paid | **1** |
|  | (c) 5% | **1** |
|  | (b)22,00,000  OR  (b) `40,000 | **1** |
|  | ₹12,500 | **1** |
|  | ₹1,00,000 | **1** |
|  | b)ii, iii, iv, i | **1** |
|  | Ans : (a) | **1** |
|  | Bearer Debentures (C) | **1** |
|  | Ans: (a) 1,25,000 : 75,000 : 50,000 | **1** |
|  | (c) ₹ 50,625  OR  (c)₹ 9,60,000 | **1** |
|  | (b) Credited by ` 54,000 | **1** |
|  | 1. B Dr. 24,000   C Dr. 48,000  To A 72,000   1. Interest on Capital A/c Dr. 12,000   To A 12,000   1. P & L Suspense A/c Dr. 20,000   To A 20,000   1. A’s Capital A/c Dr. 5,04,000   To A’s Executor 5,04,000 | **3** |
|  | Profit and Loss Appropriation Account  For the year ended 31st March 2022(2 Marks)   |  |  |  |  | | --- | --- | --- | --- | | Particulars | ` | Particulars | ` | | To salary to S  **To IOC**  **R 1,60,000**  **T 1,20,000**  To profit transferred to:  R **1,44,000**  S **96,000** | **48,000**  **2,80,000**  2,40,000 | By Profit & loss A/c  By interest on drawings:  R 5,000  S 3,000 | **5,60,000**  8,000 | |  | 5,68,000 |  | 5,68,000 |   Partner’s Capital A/c(1 Marks)   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Particulars | R (`) | S (`) | Particulars | R (`) | S (`) | | To **Drawings**  To **IOD**  To bal c/d | 50,000  5000  18,49,000 | 30,000  3000  14,31,000 | By Bal b/d  **By Salary**  Bu IOC  By RevalPft | 16,00,000  -  1,60,000  1,44,000 | 12,00,000  **48,000**  1,20,000  96,000 | |  | 19,04,000 | 14,64,000 |  | 19,04,000 | 14,64,000 |   OR  Profit and Loss Appropriation Account   |  |  |  |  | | --- | --- | --- | --- | | Particulars | ` | Particulars | ` | | To Interest on Capital(1/2 Marks)  M 40,000  N 20,000  O 30000  To salary(1/2 Marks)  M 20,000  N 20,000  O 20000  To Divisible Profit(1.5 Marks)  M 1,30,000  (1,75,000-250000-20000)  N 80,000  (70000- 10000+20000)  O 1,40,000  (105000 + 35000) | 90,000  60,000  3,50,000 | By Profit & loss A/c  (1/2 Marks) | 5,00,000 | |  | 5,00,000 |  | 5,00,000 | | **3** |
|  | BUILDING a/c……..Dr 150000  Machinery a/c………Dr 140000  Furniture a/c………..Dr 10000  Goodwill a/c………..Dr 35000  To Sundry Liabilities a/c 20000  To XYZ Co 315000  XYZ Co a/c………………Dr 315000  To 12% Debentures a/c 300000  To Securities Premium Reserve a/c 15000 (or) | **3** |
|  | Alpha- 1/5 -1/3 =2/15 gain  Beta- 2/5 – 1/3 = 1/15 Sacrifice  Gamma- 2/5 – 1/3 = 1/15 Sacrifice   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Date | Particulars |  | Debit | Credit | |  |  |  |  |  | |  | Alpha's Capital A/c | Dr. | 16,000 |  | |  | To Beta’s Capital |  |  | 8,000 | |  | To Gammas's Capital A/c |  |  | 8,000 | |  | (Being Adjustment made) |  |  |  |   Normal Profit of Last 3 Years:  Profits of 2019-20 60,000  Less: abnormal gain 7,000 53,000  Profits of 2020-21 58,000  Add Abnormal loss 8,000 66,000  Profits for 2021-22 66,000  Less insurance 5,000 61,000  Total Profits 1,80,000  Average Profit =No. of Years 3 = 1, 80,000/ 3=₹ 60,000  Value of goodwill = 60,000 x2 ( No. of Years' Purchase)=₹1,20,000 | **3** |
|  | Particulars   |  |  |  | | --- | --- | --- | |  | Note No |  | | I. EQUITY AND LIABILITIES  1. Shareholders' Funds  (a) Share Capital | 1 | 5,79.600 |   Notes to Accounts:  Note No. 1 Share Capital   |  |  | | --- | --- | | Authorised Capital  2,00,000 equity shares of ₹10 each  Issued Capital  1,00,000 equity shares of ₹ 10 each  Subscribed Capital  Subscribed but not fully paid.  96,400 shares of ₹10 each, ₹ 6 called-up 5,78.400  Add: Shares forfeited A/c 1,200 | Amount  20,00.000 | | 10,00,000 | | 5,79,600 | | **4** |
|  | |  |  |  |  |  | | --- | --- | --- | --- | --- | | Date | Particulars |  | Debit | Credit | |  | Realisation A/c Dr  To Bank A/c |  | 3,000 | 3,000 | |  | A’s Capital A/c Dr  B’s capital A/c Dr  To Realisation A/c |  | 7,500  7,500 | 15,000 | |  | No Entry |  |  |  | |  | No Entry |  |  |  | |  | A’s Loan A/c Dr.  Realisation A/c Dr.  To Bank A/c |  | 12,000  500 | 12,500 | | **4** |
|  | Journal of KT Ltd.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Date | Particulars | L.F | Dr. (`) | Cr. (`) | |  | Bank A/c Dr.  To Equity share App A/c  (application money received) | ½ | 13,20,000 | 13,20,000 | |  | Equity share App A/c Dr.  To Equity share Capital A/c  To share allotment A/c  To calls in advance A/c  To Bank A/c  (application money transferred to share capital A/c) | 1 | 13,20,000 | 6,00,000  3,20,000  2,80,000  1,20,000 | |  | Equity share Allotment A/c Dr.  To Equity share capital A/c  To Security Premium A/c  (allotment money due) | ½ | 4,00,000 | 4,00,000 | |  | Bank A/c Dr.  To Equity share allotment A/c  (allotment money received) | ½ | 80,000 | 80,000 | |  | Equity share first & final call A/c Dr.  To Equity share capital A/c  (first and final call due) | ½ | 10,00,000 | 10,00,000 | |  | Bank A/c Dr.  Calls in arrears A/c Dr.  Calls in advance A/c Dr.  To Equity share first & final call  (first and final call money received) | 1 | 7,16,400  3,600  2,80,000 | 10,00,000 | |  | Equity share capital A/c Dr.  To calls in arrears A/c  To share forfeited A/c  (forfeiture of 1,200 shares) | 1 | 12,000 | 3,600  8,400 | |  | Bank A/c Dr.  Share Forfeiture A/c Dr.  To Equity share capital A/c  (reissue of 1200 shares for ` 9 per share) | ½ | 10,800  12,00 | 12,000 | |  | Share forfeiture A/c Dr.  To Capital Reserve A/c | ½ | 2,400 | 2,400 |   OR  Journal of MN Ltd.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | Date | Particulars | L.F | Dr. (`) | Cr. (`) | |  | Bank A/c Dr.  To Equity share App A/c  (application money received) | ½ | 1,80,000 | 1,80,000 | |  | Equity share App A/c Dr.  To Equity share Capital A/c  To share allotment A/c  To Bank A/c  (application money transferred to share capital A/c) | 1 | 1,80,000 | 80,000  60,000  40,000 | |  | Equity share Allotment A/c Dr.  To Equity share capital A/c  To Security Premium A/c  (allotment money due) | ½ | 1,60,000 | 1,20,000  40,000 | |  | Bank A/c Dr.  Calls in arrears A/c Dr.  To Equity share allotment A/c  (allotment money received) | ½ | 98,000  2,000 | 1,00,000 | |  | Equity share first call A/c Dr.  To Equity share capital A/c  (first call due) | ½ | 1,20,000 | 1,20,000 | |  | Bank A/c Dr.  Calls in arrears A/c Dr.  (6000 + 12,000)  To Equity share first call  (first call money received) | ½ | 1,02,000  18,000 | 1,20,000 | |  | Equity share final call A/c Dr.  To Equity share capital A/c  (final call due) | ½ | 80,000 | 80,000 | |  | Bank A/c Dr.  Calls in arrears A/c Dr.  (4000 + 8000)  To Equity share final call  (final call money received) | ½ | 68,000  12,000 | 80,000 | |  | Equity share capital A/c Dr.  Security Premium A/c Dr.  To calls in arrears A/c  To share forfeited A/c  (forfeiture of 6,000 shares) | ½ | 60,000  2,000 | 32,000  20,000 | |  | Bank A/c Dr.  Share Forfeiture A/c Dr.  To Equity share capital A/c  (reissue of 2500 shares for ` 8 per share) | ½ | 20,000  5,000 | 25,000 | |  | Share forfeiture A/c Dr.  To Capital Reserve A/c  (6000+250) | ½ | 6,250 | 6,250 | | **6** |
|  | |  |  |  |  | | --- | --- | --- | --- | |  |  |  |  | | To Investments  To Gain  Madan’s Capital 780  Mohan’s Capital 520 | 5,000  1,300 | By Accrued Income  By bad debts recovered  By Patents | 500  800  5,000 | |  | 6,300 |  | 6,300 |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | |  | Madan | Mohan | Gopal |  | Madan | Mohan | Gopal | | To balance c/d | 93,780 | 62,520 | 52,100 | By Balance c/d  By General  Reserve Revaluation  By  By WCR  By Premium for Goodwill  By Bank (WN1) | 60,000  12,000  780  6,000  15,000 | 40,000  8,000  520  4,000  10,000 | 52,100 | |  | 93,780 | 62,520 | 52,100 |  | 93,780 | 62,520 | 52,100 |   WN:  Gopla’s share of Capital  Madan capital -93,780  Mohan capital - 62,520  Combined capital 1,56,300  Total capital of the firm – 1,56,300 x 4/3= 2,08,400  Gopal capital= 2,08,400 x ¼= 52,100  Or  Revaluation Account   |  |  |  |  | | --- | --- | --- | --- | | Particulars | Amount | Particulars | Amount | | To Stock Alc  To provision for Doubtful Debts Alc  To Profit transferred  A's Capital A/c 64,000  B's Capital Alc 64,000  Cs Capital Alc 32,000 | 20,000  5,000  1,60,000 | By Land & Buildings  By Sundry Creditors Alc  By Office Equipment (Computer) | 1,00,000  40,000  45,000 | | 1,85,000 | 1,85,000 |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | Particulars | A | B | c | Particulars | A | B | C | | To Advertisement Suspense A/c | 24,000 | 24,000 | 12,000 | By Bal. b/d | 5,00,000 | 3,00,000 | 1,50,000 | | To Profit and LoşsAlc | 6,000 | 6,000 | 3,000 | By General Reserve | 1,00,000 | 1,00,000 | 50,00 | | To B's Capital Alc (GoodWill) | 40,000 |  | 20,000 | By Revaluation A/c | 64,000 | 64,000 | 32,000 | | To B's Loan |  | 4,94,000 |  | By A's Capital Alc (GoodWill) |  | 40,000 |  | |  |  |  |  | By C's Capital A/c (Good- Will) |  | 20,000 |  | | To Balance c/d | 5,94,000 |  | 1,997,000 |  |  |  |  | |  | 6,64,000 | 5,24,000 | 2,32,000 |  | 6,64,000 | 5,24,000 | 2,32,000 | | **6** |
|  | Realisation Account   |  |  |  |  | | --- | --- | --- | --- | | Particulars | ` | Particulars | ` | | To Assets  Plant 80,000  Tools 10,000  Stock 600000  Debtors 300000  Goodwill 100000  Prepaid expense 4000  To Bank  Creditors (20000 + 90000)  D’s loan  Realisatin expense | 10,94,000  1,10,000  76,000  30,000 | By liabilities  Creditors 200000  D’s loan 80000  Provision 10000  By Bank  Tools 8000  Stock 360000  Debtors 240000  Bad debts rec. 20000  By B’s Loan A/c(unrecorded investment)  By Realisatin loss  A 1,14,000  B 1,14,000  C 1,14,000 | 2,90,000  6,28,000  50,000  3,42,000 | |  | 13,10,000 |  | 13,10,000 | | **6** |
|  | 1. Number of Debentures to be issued = 52,50,000/105 = 50,000 | **6** |
|  | **Part B**  **Analysis of Financial Statements** |  |
|  | Ans : (b) Contingent Liabilities  Or  Ans: Only (iv) | **1** |
|  | 2.06:1 | **1** |
|  | c. Nil  (or)  b.Outflow, no flow | **1** |
|  | (b) Operating Activity | **1** |
|  | (i) Current maturities of long term debts Current Liabilities Short term borrowings  (ii) Furniture and Fixtures Non – Current Assets Property, Plant and equipments and Intangible Assets Property, Plant and Equipments  (iii) Provision for Warranties Non – Current Liabilities Long Term Provisions  (iv) Income received in advance Current Liabilities Other Current Liabilities  (v) Capital Advances Non – Current Assets Long Term Loans and Advances  (vi) Advances recoverable in cash within the operation cycle - Current Assets Short Term Loans and Advances | **3** |
|  | The firm can make some year-end changes to their financial statements, to improve their ratios. Then the ratios end up being nothing but window dressing.  Ratios ignore the price level changes due to inflation. Many ratios are calculated using historical costs, and they overlook the changes in price level between the periods. This does not reflect the correct financial situation.  There are no standard definitions of the ratios. So firms may be using different formulas for the ratios. One such example is Current Ratio, where some firms take into consideration all current liabilities but others ignore bank overdrafts from current liabilities while calculating current ratio  And finally, accounting ratios do not resolve any financial problems of the company. They are a means to the end, not the actual solution. | **3** |
|  | Revenue from Operations = ₹ 2,00,000  Gross Profit = ₹ 2,00,000 × 25 /100 = ₹ 50,000  Cost of Revenue from Operations = Revenue from Operations – Gross Profit = ₹ 2,00,000 – ₹ 50,000 = ₹ 1,50,000  Let the Opening Inventory = x  Closing Inventory = x + ₹ 4,000  Average Inventory = Opening Inventory+ Closing Inventory /2  Inventory Turnover Ratio = Cost of Revenue from Operations /Average Inventory 5 = 1,50,000 / x+x+4,000/ 2  ₹ 5x + 5x + 20,000 = ₹ 3,00,000  10x = ₹ 2,80,000  x = 2,80,000 /10 ₹ = ₹ 28,000  (Opening Inventory) Closing Inventory = ₹ 28,000 + ₹ 4,000 = ₹ 32,000.  **Or**   |  |  |  | | --- | --- | --- | | Items | Effect on Current Ratio | Reason | |  | No Change | Issue of bonus shares will not change current assets or current liabilities. Therefore, current ratio will not change | |  | No Change | Redemption of Preference Shares by issue of new shares will not change current assets, Therefore, current ratio will not change | |  | Improve | Sale of goods at a profit will increase current assets. However, current liabilities will remain same. Therefore, current ratio will improve | |  | No change | This will not change current assets or current liabilities. Therefore, current ratio will not change | | **4** |
|  |  |  |
|  | |  |  |  | | --- | --- | --- | | Particulars | ₹ | ₹ | | **I. Cash Flow from Operating Activities**  Net Profit before Tax (₹ 15,000 + ₹ 35,000) |  | (50,000) | | *Adjustment for Non-Cash and Non-Operating Items:*  Depreciation on Fixed Assets (WN) | 12,000 |  | | Loss on Sale of Machinery | 2,000 |  | | Interest on Debentures  Operating Profit before Working Capital Changes | 12,000 | 26,000 | |  | (24,000) | | *Change in Current Assets and Current Liabilities:*  Increase in Trade Receivables | (40,000) |  | | Decrease in Other Current Assets | 5,000 |  | | Increase in Trade Payables  *Cash Used in Operating Activities* | 30,000 | (5,000) | |  | (29,000) | | *Less:* Tax Paid  *Cash Used in Operating Activities*  **II. Cash Flow from Investing Activities**  Sale of Machinery |  | ... | | (29,000) | | 16,000 | | Purchases of Fixed Assets |  | (60,000) | | Sale of Non-Current Investment  *Cash Used in Investing Activities*  **III. Cash Flow from Financing Activities**  Issue of Share Capital (₹ 1,00,000 + ₹ 10,000) |  | 5,000 | | (39,000) | | 1,10,000 | | Interest paid on Debentures |  | (12,000) | | Redemption of Debentures |  | (20,000) | | Bank Overdraft (Paid)  *Cash Flow from Financing Activities*  **IV. Net Increase in Cash and Cash Equivalents (I + II + III)** |  | (10,000) | | 68,000 | | NIL | | 1. Opening Cash and Cash Equivalents 2. **Closing Cash and Cash Equivalents (IV + V)** |  | 30,000 | | **30,000** | |  | |  |  |  |   Working Note: FIXED ASSETS ACCOUNT   |  |  |  |  | | --- | --- | --- | --- | | Particulars | ₹ | Particulars | ₹ | | To Balance *b*/*d* | 2,70,000 | By Depreciation A/c (Bal. Fig.) | **12,000** | | To Bank A/c | 60,000 | By Bank A/c (Sale) | 16,000 | | (Purchase) |  | By Statement of Profit and Loss | 2,000 | |  |  | (Loss on Sale)  By Balance *c*/*d* | 3,00,000 | | 3,30,000 | 3,30,000 | | **6** |

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