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| Text  Description automatically generated  **PB2/ACEEEQP/1222/B 16-JAN-2023**  **EEE CONSORTIUM**  **PRE-BOARD EXAMINATION - II (2022-2023)**  **GRADE XII ACCOUNTANCY**  **TIME : 3 HOURS MAX MARKS: 80** | | |
| **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)** |  |
|  | A and B are in a partnership sharing profits and losses as 3: 2. C is admitted for  1/4th share. Afterwards D enters for 20 paisa in a rupee. The new profit sharing ratio after D's admission will be :  (A) 9:6:5:5  (B) 6:9:5:5  (C) 3:2:4:5  (D) 3:2:5:5 | **1** |
|  | **Assertion (A):** Rent to a Partner is transferred to the debit of Profit and Loss Account but is not transferred to the debit of Profit and Loss Appropriation Account  **Reason (R):** Rent to a Partner is an expense which is a charge against profits and not an appropriation of profit. Hence, itis transferred to the debit of Profit and Loss Account.  In the context of above two statements, which of the following is correct?   1. Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of (A) Assertion 2. Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A). 3. Assertion (A) is correct but the Reason (R) is not correct. 4. Assertion (A) is not correct but the Reason (R) is correct. | **1** |
|  | X ltd. forfeited 10,000 shares of ` 10 each fully called up for non- payment of final call of ` 3 per share. 6,000 of these shares were reissued at ` 8 per share, fully paid up. What is the net balance in Share Forfeiture Account?   1. `30,000 (b)` 28,000 (c) `58,000 (d) 20,000   **OR**  Y Ltd. forfeited 600 equity shares of ` 10 each, fully called up, on which ` 5 per share (including premium of ` 1 per share) was received. It later reissued these shares at a discount. The maximum discount per share, which the company could have given on their reissue would be:   1. ` 6 per share (b) ` 5 per share   (c) ` 4 per share (d) ` 3 per share | **1** |
|  | L, M and N were partners in a firm sharing profits and losses in the ratio of 5: 3: 2. With effect from 1st April 2022, they agreed to share future profits and losses in the ratio of 2: 5: 3. Their Balance Sheet showed a debit balance of ₹1,00,000 in the Profit and Loss Account and a balance of ₹ 80,000 in the Investment Fluctuation Fund. The market value of an investment is ₹60,000 against the book value of ₹1,00,000. Partners have decided, not to show revised valued in the balance sheet and to pass an adjusting entry for it. Which of the following is the correct treatment of the above?  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  b) M’s Capital A/c. Dr. 10,000  To L’s Capital A/c. 4,000  To N’s Capital A/c. 6,000  c) M’s Capital A/c. Dr. 4,000  N’s Capital A/c. Dr. 2,000  To L’s Capital A/c 6,000  d)M’s Capital A/c. Dr. 12,000  N’s Capital A/c. Dr. 6,000  To L’s Capital A/c 18,000  **(Or)**  E, F and G are partners sharing profits in the ratio of 3:3:2. According to the partnership agreement, G is to get a minimum amount of ₹ 80,000 as his share of profits every year and any deficiency on this account is to be personally borne by E. The net profit for the year ended 31st March 2021 amounted to ₹ 3, 12, 000. Calculate the amount of deficiency to be borne by E?   * 1. ₹ 1,000   2. ₹ 4,000   3. ₹ 8,000   4. ₹ 2,000 | **1** |
|  | X and Y are partners. Y draws a fixed amount at the end of every month. Interest on [drawings is charged @ 15 % p.a. At the end of the year interest on Y’s drawings](mailto:drawingsischarged@15%25p.a.AttheendoftheyearinterestonB'sdrawings) amounted to `8,250. Drawings of B were:  (a) `12,000 p.m. (b) `10,000 p.m. (c)`9,000 p.m. (d) `8,000 p.m | **1** |
|  | Sohan Ltd. issued 800, 9% Debentures of ₹ 100 each at a premium, redeemable at a premium of ₹ 10 per debenture. The Securities premium had a balance of ₹ 25,000 before issuing these debentures and had a balance of ₹ 33,000 after writing off loss on issue of debentures. What is the value of premium per on debenture issue?   1. ₹ 8 2. ₹ 20 3. ₹ 10 4. ₹ 12   **OR**  X Ltd issued 1,000, 11% debentures of ₹ 100 as collateral security in favour of State Bank of India against 12% Bank loan. The interest payable on debentures is   1. ₹ 11,000 2. ₹ 12,000 3. No interest to be paid 4. ₹ 23,000 | **1** |
|  | The application money on issue of share capital should be at least \_\_\_\_\_ of the face value of the shares.   1. 20% (b) 15% (c) 5% (d) 10% | **1** |
|  | A partnership firm has earned average profit of `6,40,000 which includes overvaluation of stock of 1,20,000 on an average basis. Assets and Liabilities of the firm at the end of the year were `50,00,000 and `20,00,000. The value of goodwill on the basis of capitalization of average profit will be:  (a) `12,00,000 (b) `22,00,000 (c) `28,00,000 (d) ` 38,00,000  **OR**  Average capital employed in a firm is `8,00,000 and the normal rate of return is 15 %. Average profits of the firm is `1,60,000 per annum. If management cost is estimated at `20,000 per annum, on the basis of two years’ purchase of Super profit, value of Goodwill be  (a) `20,000 (b) `40,000 (c) `1,20,000 (d) `1,60,000 | **1** |
|  | **Read the following question, answer Q.9 & Q.10**  Abhay and Baldwin are partners sharing profit in the ratio 3:1. On 31st March 2021, firm’s net profit is ₹1,25,000. The partnership deed provided interest on capital to Abhay and Baldwin ₹15,000 & ₹10,000 respectively and Interest on drawings for the year amounted to ₹6000 from Abhay and ₹4000 from Baldwin. Abhay is also entitled to commission @10% on net divisible profits. |  |
|  | What is the amount of Abhay’s commission?   1. ₹12,500 2. ₹10,000 3. ₹25,000 4. ₹13,500 | **1** |
|  | Calculate profit to be transferred to Partners Capital A/c’s.  a) ₹1,00,000  b) ₹1,10,000  c) ₹1,07,000  d) ₹90,000 | **1** |
|  | A partnership firm earned divisible profit of Rs. 5,00,000, interest on capital is to be provided to partner is Rs. 3,00,000, interest on loan taken from partner is Rs. 50,000 and profit sharing ratio of partners is 5:3 sequence the following in correct way  I. Distribute profits between partners  II. Charge interest on loan to Profit and Loss A/c  III. Calculate the net profit Transfer to Profit and Loss appropriation A/c  IV. Provide interest on capital  Identify the correct sequence.   1. i, iii, iv, ii 2. ii, iii, iv, i 3. iii, ii, iv, i 4. i, ii, iii, iv | **1** |
|  | A company Forfeited 1,000 shares of ₹ 10 each ,₹ 7 called up . For  the non-payment of ₹2 First call .All these shares were reissued at ₹ 5 per  share . What will be Amount credited to share capital account at reissue:   1. ₹7,000 2. ₹10,000 3. ₹5,000 4. ₹2,000 | **1** |
|  | Debentures which are transferable by mere delivery are known as:   1. Secured Debentures 2. Unsecured Debentures 3. Bearer Debentures 4. Registered Debentures | **1** |
|  | Amit and Anil are partners sharing profits in the ratio of 5 : 3 having Capitals of ₹2,50,000 and ₹. 2,00,000 respectively. Atul was admitted as partner for 1/5th share in profits who brings ₹. 50,000 as Capital and ₹.16,000 as Goodwill. Capitals are to be in proportion to profit-sharing ratio based on Atul’s share. Capitals of Amit, Anil and Atul respectively after admission of Atul will be:  (a) ₹1,25,000 : ₹75,000 : ₹50,000  (b) ₹2,20,000 : ₹1,82,000 : ₹66,000  (c) ₹2,92,500 : ₹2,25,000 : ₹50,000  (d) ₹2,82,500 : ₹2,19,500 : ₹66,000 | **1** |
|  | E and F are partners sharing profit in the ratio 3:1. On 31st March 2022, firm’s net profit is ₹ 90,000. The partnership deed provided interest on capital to E and F ₹ 15,000 & ₹ 10,000 respectively and Interest on drawings for the year amounted to ₹ 6,000 from E and ₹ 4,000 from [F. E is also entitled to commission @ 10 % on divisible profits. Calculate](mailto:B.Aisalsoentitledtocommission@10%25ondivisibleprofits.Calculate)profit to be transferred to E’s Capital A/c.  (a) ₹ 67,500 (b) ₹ 16,875 (c) ₹ 50,625 (d) ₹ 56,25  OR  P and Q are partners sharing profits in the ratio of 3:2. R was manager who received the salary of 20,000 per month in addition to commission of 10 % on net profits after charging such commission. Total remuneration payable to R amounted to 4,80,000. Q’s share in profit Will be :  (a) ₹ 14,40,000 (b) ₹ 10,56,000 (c) ₹ 9,60,000 (d) ₹ 8,40,000 | **1** |
|  | On dissolution of a firm, debtors ` 80,000 were shown in the Balance sheet. Out of this ` 5,000 became bad. One debtor became insolvent and 70% were recovered from him out of ` 20000. 80% was recovered from the balance debtors. On account of this item, realization account will be:   1. Debited by ` 26,000 (c) Debited by ` 54,000 2. Credited by ` 54,000 (d) Credited by ` 40,000 | **1** |
|  | A, B and C were partners sharing profits in the ratio 4 :2 : 4. Their respective capital as at 31st March,2022 were ` 4,00,000; ` 2,00,000 and ` 4,00,000. A died on 30th September 2022. The partnership deed provided for the following on the death of a partner:   1. Goodwill of the firm be valued on three years’ purchase of average profits for the last three years. 2. Interest on capital was to be provided @ 6% p.a 3. The average profits of the last three years were ` 60,000 4. The profit for the year ending 31st March,2022 was ` 1,00,000.   Pass necessary Journal entries at the time of Death. | **3** |
|  | R and S are partners sharing profits in the ratio of 6:4. Interest on capital is allowed at 10% p.a. and charged on drawings at the same rate. Fill up the missing figures in the following accounts  Profit and Loss Appropriation Account  For the year ended 31st March 2022   |  |  |  |  | | --- | --- | --- | --- | | Particulars | ` | Particulars | ` | | To salary to S  To \_\_\_\_\_  To profit transferred to:  R \_\_\_\_  S \_\_\_\_ | 2,40,000 | By Profit & loss A/c  By interest on drawings:  R 5,000  S 3,000 |  | |  | 5,68,000 |  | 5,68,000 |   Partner’s Capital A/c   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Particulars | R (`) | S (`) | Particulars | R (`) | S (`) | | To \_\_\_  To \_\_\_  To \_\_\_ |  |  | By Balance B/d  By \_\_\_\_  Bu Interest on capital | 1,60,000 | 1,20,000 | |  | \_\_ | \_\_\_ |  | \_\_\_ | \_\_\_ |   OR  M, N and O are partners sharing profit or loss in the ratio of 5:2:3. Their respective capitals on 1st April, 2021 were ` 4,00,000; ` 2,00,000 and ` 3,00,000. According to partnership deed   1. N’s share in profit (including Interest on Capital) is guaranteed by M `1,00,000. 2. Guarantee is given to O regarding minimum profit ` 1,60,000 (including Salary but excluding Interest on Capital). 3. Interest on capital is allowed @ 10% p.a. 4. Salary is allowed to each partner ` 20,000.   Profits earned by firm during the year 2021-22 were ` 5,00,000.  Prepare Profit and loss Appropriation account. | **3** |
|  | Blue Prints Ltd., purchased building worth Rs 1,50,000, machinery worth Rs 1,40,000 and furniture worth Rs 10,000 from XYZ Co., and took over its liabilities of Rs 20,000 for a purchase consideration of Rs 3,15,000. Blue Prints Ltd., paid the purchase consideration by issuing 12% debentures of Rs 100 each at a premium of 5%. Record necessary journal entries.  (or)  On 1.1.2015, Fast computers Ltd. Issued Rs. 20,00,000 6% debentures of Rs. 100 each at a discount of 4% redeemable at a premium of 5% after three years. The amount was payable as follows:  On application Rs. 50 per debenture balance on allotment.  Record the necessary Journal entries for issue of debentures. | **3** |
|  | Alpha, Beta and Gamma are partners sharing profits and losses in the ratio of 1:2:2. With effect from 1st April, 2022 they agree to share profits equally. For this purpose, goodwill was valued at two years purchase of the last three years profit considering the following. .  The profits of past 3 years are as under:  2019-20. - ₹ 60,000 (including ₹ 7,000 profit from sale of plant)  2020-21.- ₹ 58,000 (including theft of goods worth ₹ 8,000 during the year)  2021-22. - ₹ 66,000 (does not include ₹ 5,000 as insurance premium)  Journalise the transaction along with the working notes. | **3** |
|  | Jute Ltd. had an authorized capital of 2,00,000 equity shares of ₹10 each. The company offered to the public for subscription 1,00,000 shares. Applications were received for 97,000 shares. The amount was payable as follow: On application ₹ 2 per share and ₹ 4 each on allotment and first and final call. A shareholder holding 600 shares failed to pay the allotment money. His shares were forfeited. The company did not make the first and final call. Present the share capital in the Balance Sheet of the company as per Schedule III of the Companies Act, 2013. Also prepare Notes to accounts.  Balance Sheet of Jute Ltd. ( an extract) | **4** |
|  | A and B are partners sharing profits and losses equally. They decide to dissolve the firm. Pass necessary journal entries on dissolution assuming that all assets (except cash and bank) and external liabilities are transferred to realisation account.   1. A bills receivable of ₹ 3,000 under discount was dishonoured as the acceptor had become insolvent and hence the bill had to be met by the firm. 2. Investments costing ₹ 20,000 (being 1,000 shares), had been written off from the books. These investments (shares) are valued @ ₹ 15 each and distributed between the partners in their profit-sharing ratio. 3. A, the partner was appointed to look after the process of dissolutionfor which he was allowed a remuneration of ₹18,000. He agreed totake over stock worth ₹18,000 as his remuneration. 4. A debtor of ₹8,000 which was already transferred to the realisation account agreed to pay the realisation expenses of ₹7,800 in full settlement of his account. 5. A’s loan of ₹12,000 was settled at ₹12,500. | **4** |
|  | KT Ltd invited applications for issuing 2,00,000 equity shared of `10 each. The amount was payable as follows:  On Application `3 per share  On allotment ` 2 per share and  First and final call `5 per share.  Application were received for 4,40,000 shares. Applications for 40,000 shares were rejected and their application money was refunded. Shares were allotted to the remaining applicants as follows.   1. Allotted 50% shares to R who had applied for 80,000 shares. 2. To allot in full to S who had applied for 40,000 shares. 3. To allot the balance of shares on pro-rata basis to the other applicants.   Excess application money was utilised in payment of allotment and final call. All calls were made and duly received except for the first and final call on 1200 shares allotted to an applicant in category (C). His shares were forfeited and reissued for `9 per share fully paid up.  Pass necessary Journal Entries.  OR  MN Ltd. issued 40,000 shares of ` 10 each at a premium of 10% , payable on application `2, on allotment `4 (including premium ` 1), first call ` 3 and balance on final call. The issue was oversubscribed to the extent of 50,000 shares and allotment was made as follows:   1. 20,000 shares to the applicants of 50,000 shares. 2. Full allotment to the applicants of 20,000 shares. 3. Remaining applications were rejected.   P to whom 2000 shares were allotted in group (i) failed to pay allotment and calls money. Q who had applied for 4000 shares on pro-rata basis failed to pay first and final call money. These shares were forfeited. Out of forfeited, 2500 shares were reissued at ` 8 per share as fully paid. The reissued shares included all the forfeited shares of P.  Give Journal entries for above transactions in the books of the company by opening calls in arrear A/c. | **6** |
|  | Madan and Mohan are partners in a firm sharing profits and losses in the ratio of  3 : 2. Their Balance Sheet as on 31st March, 2020 is as follows:   |  |  |  |  | | --- | --- | --- | --- | | Liabilities | ₹ | Assets | ₹ | | Creditors  Workmen's Compensation Reserve  General Reserve  Madan's Capital  Mohan's Capital | 28,000  12,000  20,000  60,000  40,000 | Cash at Bank  Debtors 65,000  Less: Provision for 5,000  Doubtful Debts  Stock  Investments  Patents | 10,000  60,000  30,000  50,000  10,000 | | 1,60,000 | 1,60,000 |   The partners agreed to take Gopal as a partner for 1/4th share with effect from 1st  April, 2020 on the following terms:   1. Gopal shall bring ₹ 25,000 as his share of premium for goodwill. 2. That unaccounted accrued income of ₹ 500 be provided for. 3. Market value of the investments was ₹ 45,000. 4. A debtor whose dues of ₹ 1,000 were written off as bad debts paid ₹ 800 in full   settlement.   1. A claim of ₹ 2,000 on account of workmen’s compensation to be provided for. 2. Patents are undervalued by ₹ 5,000. 3. Gopal to bring in capital equal to 1/4th of the total capital of the new firm after all adjustments.   Prepare Revaluation Account and Capital Accounts of the Partners of the new firm.  **OR**  Following is the of Balance Sheet of A, B and C as at 31st March,2020. They shared profits in the ratio 2 : 2 : 1.   |  |  |  |  | | --- | --- | --- | --- | | Liabilities | Amount | Assets | Amount | | Creditors  General reserve  Partners Loan  B-1,80,000  C-1,20,000  Capital Account   1. 5,00,000 2. 3,00,000 3. 1,50,000 | 5,00,000  2,50,000  3,00,000  9,50,000 | Cash at bank  Debtors 6,00,000  Less provision 25,000  Stock  Land and building  Advertisement suspense account  Profit & Loss Account | 10,000  5,75,000  3,40,000  10,00,000  60,000  15,000 | | 20,00,000 | 20,00,000 |   B retires on 1st April, 2020 on the following terms :  i) Stock is overvalued by ₹20,000 and land & buildings are undervalued by ₹1,00,000.  ii) Provision for doubtful debts is to be increased to ₹30,000.  iii) Old credit balances of Sundry Creditors ₹40,000 to be written off.  iv) A computer purchased on 1st October, 2019 for ₹50,000 debited as Office Expense. Depreciation @ 20%p.a to be on the asset.  v) Goodwill of the firm is valued at ₹1,50,000 and the amount due to B is to be adjusted in the capital accounts of A and C.  Prepare the Revaluation Account and Capital Accounts. | **6** |
|  | Following is the balance sheet of A, B and C on the date of dissolution:   |  |  |  |  | | --- | --- | --- | --- | | **Liabilities** | **`** | **Assets** | **`** | | Creditors  Workmen compensation Reserve  Loan from D  B’s loan  Capitals:  A 4,00,000  B 2,00,000  C 40,000 | 2,00,000  60,000  80,000  1,50,000  6,40,000 | Plant & Machinery  Tools  Stock  Debtors 3,00,000  Less: Provision 10,000  Goodwill  Cash  Bank  Prepaid expenses | 80,000  10,000  6,00,000  2,90,000  1,00,000  6,000  40,000  4,000 | |  | 11,30,000 |  | 11,30,000 |   The following information is given to you:   1. Debtors were realized at 80%, stock at 60% and Tools at `8,000. 2. B accepted an unrecorded investment of ` 40,000 at ` 50,000 in part settlement of his loan. 3. D’s loan was settled for ` 76,000. 4. Half of the creditors accepted Plant and Machinery at 20% less than book value and cash of ` 20,000 in full settlement of their claims. 5. Remaining creditors were settled at a discount of 10%. 6. Jim, an old customer, whose account was written off as bad in the previous year, paid `20,000 which is not included in the above stated debtors. 7. Realization expenses paid by the firm amounted to ` 30,000.   Prepare Realisation Account. | **6** |
|  | XYZ Ltd. (pharmaceutical company) appointed marketing expert, Mr. Vimal as the CEO of the company, with a target to penetrate their roots in the rural regions. Mr. Vimal discussed the ways and means to achieve target of the company with financial, production and marketing departmental heads and asked the finance manager to prepare the budget. After reviewing the suggestions given by all the departmental heads, the finance manager proposed requirement of an additional fund of ₹52,50,000. XYZ Ltd. is a zero-debt company. To avail the benefits of financial leverage, the finance manager proposed to include debt in the capital structure. After deliberations, on April1,2020, the board of directors had decided to issue 6% Debentures of ₹100 each to the public at a premium of 5%, redeemable after 5 years at ₹110 per share. You are required to answer the following questions:   1. Calculate the number of debentures to be issued to raise additional funds. 2. Pass Journal entry for the allotment of debentures. 3. Pass Journal entry to write off loss on issue of debentures. 4. Calculate the amount of annual fixed obligation associated with debentures.   Prepare Loss on Issue of Debentures Account. | **6** |
|  | **Part B**  **Analysis of Financial Statements** |  |
|  | Claim against the company not acknowledged as debts’ is shown under :   1. Current Liabilities 2. Contingent Liabilities 3. Non-current Liabilities 4. Capital Commitments.   **OR**  Which of the following statement(s) is/are incorrect?  (i) The liquidity of business firm is measured by its ability to satisfy its short-term obligations as they become due.  (ii) The inventory turnover measures the activity of a firm’s inventory.  (iii) Lenders and suppliers are especially interested in the average payment period, since it provides them with a sense of the bill-paying patterns of the firm.  (iv) Debt ratios are a measure of the speed with which various accounts are converted into revenue from operations or cash.   1. (i) and (ii) 2. (ii) and (iii) 3. (i), (iii) and (iv) 4. Only (iv) | **1** |
|  | If total Debts ₹3,70,000, Long term debts ₹2,00,000 and working capital of ₹1,80,000 then its current ratio will be -----.   1. 2.6:1 2. 3.2:1 3. 2.06:1 4. 1.03:1 | **1** |
|  | ABC Ltd is carrying on a mutual fund business . it invested ₹10,00,000 in shares of a company and received a dividend of 10%. cash flow Investing activities will be   1. ₹10,00,000 2. ₹1,00,000 3. Nil 4. ₹2,000   (or)  State whether the following transactions will result in inflow, outflow or no flow of cash while preparing cash flow statement:   1. Decrease in outstanding employees benefits by ₹3000 2. Increase in Current Investment by ₹ 6,000. 3. inflow , no flow 4. Outflow, no flow 5. Inflow , outflow 6. No flow , outflow | **1** |
|  | Nitya Ltd. is a financing company. Under which activity will the amount of interest paid on a loan settled in the current year be shown.   1. Investing Activity (c) Financing Activity 2. Operating Activity (d) Both Financing and Operating Activity | **1** |
|  | Classify the following items under Major heads and Sub-head (if any) in the Balance Sheet of a Company as per schedule III of the Companies Act 2013.  (i) Current maturities of long term debts  (ii) Furniture and Fixtures  (iii)Provision for Warranties  (iv)Income received in advance  (v) Capital Advances  (vi)Advances recoverable in cash within the operation cycle | **3** |
|  | Interpreting the financial statements and other financial data is essential for all stakeholders of an entity. Ratio Analysis hence becomes a vital tool for financial analysis and financial management.  But , Accounting ratios completely ignore the qualitative aspects of the firm’’ what are the other limitations of ratio analysis ? | **3** |
|  | From the following information, determine the Opening Inventory and Closing  Inventory: Inventory Turnover Ratio 5 times, Revenue from Operations ₹ 2,00,000,  Gross Profit Ratio 25%, Closing Inventory is more by ₹ 4,000 than the Opening  Inventory.  **OR**  Current Ratio of a company is 3:1. State giving reasons, which of the following would improve, reduce or not change the ratio?   1. Issue of bonus shares out of profits; 2. Redemption of Preference Shares out of proceeds from fresh issue of shares of equal amount; 3. Revenue from Operations, i.e., Sale of goods for ₹ 80,000 on credit of one month. (Cost of goods ₹ 60,000). 4. Purchase of asset by issuing debentures as purchase consideration | **4** |
|  | From the following information, prepare Cash Flow Statement of *A & Co*. Ltd.:  BALANCE SHEETS as at 31st March 2022   |  |  |  |  | | --- | --- | --- | --- | | **Particulars** | **Note No.** | **31st March 2022,** | **31st March, 2021** | | **I. EQUITY AND LIABILITIES**  **1. Shareholders’ Funds** |  |  |  | | (*a*) Share Capital |  | 4,00,000 | 3,00,000 | | (*b*) Reserves and Surplus | 1 | (5,000) | 35,000 | | **2. Non-Current Liabilities** |  |  |  | | Long-term Borrowings | 2 | 1,20,000 | 1,40,000 | | **3. Current Liabilities** | 3 | 45,000 | 25,000 | | **Total** |  | **5,60,000** | **5,00,000** | | **II. ASSETS** |  |  |  | | **1. Non-Current Assets** |  |  |  | | (*a*) Tangible Fixed Assets (Net) |  | 3,00,000 | 2,70,000 | | (*b*) Non-Current Investments |  | 1,05,000 | 1,10,000 | | **2. Current Assets** |  |  |  | | (*a*) Trade Receivables |  | 1,20,000 | 80,000 | | (*b*) Cash and Cash Equivalents |  | 30,000 | 30,000 | | (*c*) Other Current Assets |  | 5,000 | 10,000 | | **Total** |  | 5,60,000 | 5,00,000 |   **Notes to Accounts**   |  |  |  | | --- | --- | --- | | Particulars | 31st March, 2022 | 31st March, 2021 | | **1. Reserves and Surplus**  Surplus, *i.e.*, Balance in Statement of Profit and Loss | (15,000) | 35,000 | | Securities Premium Reserve | 10,000 | …….. | |  | (5,000) | 35,000 | | 1. **Long-term Borrowings**   10% Debentures | 1,20,000 | 1,40,000 | | 1. **Current Liabilities**   Trade Payables | 45,000 | 15,000 | | Bank Overdraft | ... | 10,000 | | Total | 45,000 | 25,000 |   *Additional Information:*   * 1. Debentures were redeemed on 1st April, 2021.   2. During the year, a machine included in Fixed Assets ₹ 60,000 was purchased and another machine having book value of ₹ 18,000 was sold at a loss of ₹ 2,000. | **6** |

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