

**शिक्षा निदेशालय, राष्ट्रीय राजधानी क्षेत्र दिल्ली**  
**Directorate of Education, GNCT of Delhi**

**अभ्यास प्रश्न पत्र**

**Practice Paper**

**कक्षा – XII**

**Class - XII**

**लेखांकन (कोड: 055)**

**Accountancy (Code: 055)**

**TERM II (2021-22)**

**समय: 2 घंटे**

**Time: 2 hours**

**अधिकतम अंक: 40**

**Maximum Marks: 40**

**सामान्य निर्देश:**

सामान्य निर्देश:

- इस प्रश्न पत्र में दो भाग हैं - क और ख।
- प्रश्न पत्र में 12 प्रश्न हैं।
- सभी प्रश्न अनिवार्य हैं
- प्रश्न संख्या 1 से 3 और 10 लघु उत्तरीय- I प्रकार के प्रश्न हैं, प्रत्येक के 2 अंक हैं।
- प्रश्न संख्या 4 से 6 और 11 लघु उत्तरीय प्रकार- II प्रकार के प्रश्न हैं, जिनमें से प्रत्येक के 3 अंक हैं।
- प्रश्न संख्या 7 से 9 और 12 दीर्घ उत्तरीय प्रश्न हैं जिनमें से प्रत्येक के 5 अंक हैं।
- कोई समग्र विकल्प नहीं है। हालांकि, तीन अंकों के 3 प्रश्नों और पांच अंकों के 1 प्रश्न में एक आंतरिक विकल्प प्रदान किया गया है।

**General Instructions:**

- This question paper comprises two Parts – A and B.
- There are 12 questions in the question paper.
- All questions are compulsory
- Question nos. 1 to 3 and 10 are short answer type-I questions carrying 2 marks each.
- Question nos. 4 to 6 and 11 are short answer type-II questions carrying 3 marks each.
- Question nos. 7 to 9 and 12 are long answer type questions carrying 5 marks each.
- There is no overall choice. However, an internal choice has been provided in 3 questions of three marks and 1 question of five marks.

## Part A

### **(Accounting for Not-for-Profit organizations, Partnership firms and Companies)**

1. From the information given below, prepare Receipts and Payments Account of Railway Club for the year ended 31st march, 2019:

	(₹)		(₹)
Cash in Hand on 1st April, 2018	4,390	Salaries	21,500
Subscription	37,600	Honorarium to Secretary	2,500
Donations	8,000	Interest Received on Investments	2,950
Entrance Fees	4,300	Printing and Stationery	350
Rent Received for Club Halls	5,250	Petty Cash Expenses	900
Electricity Charges	3,440	Insurance Premium Paid	310
Taxes paid	490		

(2)

2. State the order of settlement of accounts on dissolution.

(2)

3. From the following particulars, calculate new profit-sharing ratio of the partners:

Shiv, Mohan and Hari were partners in a firm sharing profits in the ratio of 5 : 5 : 4. Mohan retired and his share was divided equally between Shiv and Hari.

(2)

4.

How are the following dealt with while preparing the final accounts of a club?

#### **TRIAL BALANCE as at 31st March, 2019**

Particulars	Dr. (₹)	Cr. (₹)
Match Fund	.....	80,000
Match Fund Investments	72,000	....
Match Fund Bank Balance	3,500	....
Interest on Match Fund Investments	.....	2,880
Match Expenses	5,500	....

OR

Calculate the amount of sports material to be transferred to income and Expenditure Account of Raman Bhalla Sports Club, Ludhiana, for the year ended 31st March, 2018:

	Particulars	(₹)
(i)	Sports material sold during the year (Book Value ₹ 50,000)	56,000
(ii)	Amount paid to creditors for sports materials	91,000
(iii)	Cash purchase of sports material	40,000
(iv)	Sports material as on 31st March, 2017	50,000
(v)	Sports material as on 31st March, 2018	55,000
(vi)	Creditors for sports material as on 31st March, 2017	37,000
(vii)	Creditors for sports material as on 31st March, 2018	45,000

5.

Sangeeta, Saroj and Shanti are partners sharing profits in the ratio of 2:3:5. Goodwill is appearing in the books at a value of Rs 60,000. Sangeeta retires and goodwill is valued at Rs 90,000. Saroj and Shanti decided to share future profits equally. Record necessary Journal entries. (3)

6.

Green Ltd. purchased the assets of Strong Ltd. for ₹ 40,00,000 and took over liabilities of 7,00,000 at an agreed value of ₹ 32,40,000. Payment was made by issuing 10% Debentures of 100 each at a discount of 10%. Pass the necessary Journal entries in the books of Green Ltd.

OR

X Ltd. took a loan of ₹ 3,00,000 from IDBI Bank . The company issued 4,000; 9% Debentures of ₹ 100 each as a collateral security for the same .Show how these items will be presented in the Balance Sheet of the company when Debentures Issued as Collateral Security are shown separately. (3)

7.

Record necessary journal entries in case of dissolution to record the following unrecorded assets and liabilities in the books of Paras and Priya:

1. There was an old furniture in the firm which had been written-off completely in the books. This was sold for Rs 3,000,
2. Ashish, an old customer whose Account for Rs 1,000 was written-off as bad in the previous year, paid 60% of the amount,
3. Paras agreed to take over the firm's goodwill (not recorded in the books of the firm), at a valuation of Rs 30,000,
4. There was an old typewriter which had been written-off completely from the books. It was estimated to realize Rs 400. It was taken away by Priya at an estimated price less 25%,
5. There were 100 shares of Rs 10 each in Star Limited acquired at a cost of Rs 2,000 which had been written-off completely from the books. These shares are valued @ Rs 6 each and divided among the partners in their profit sharing ratio.

OR

Radha, Sheela and Meena were in partnership sharing profits and losses in the proportion of 3:2:1. On April 1, 2017, Sheela retires from the firm. On that date, their Balance Sheet was as follows:

Liabilities	Amount Rs	Assets	Amount Rs
Trade Creditors	3,000	Cash-in-Hand	1,500
Bills Payable	4,500	Cash at Bank	7,500
Expenses Owing	4,500	Debtors	15,000
General Reserve	13,500	Stock	12,000
Capitals:		Factory Premises	22,500
Radha	15,000	Machinery	8,000
Sheela	15,000	Losse Tools	4,000

Meena	15,000	45,000		
		70,500		70,500

- The terms were:
- a) Goodwill of the firm was valued at Rs 13,500.
  - b) Expenses owing to be brought down to Rs 3,750.
  - c) Machinery and Loose Tools are to be valued at 10% less than their book value.
  - d) Factory premises are to be revalued at Rs 24,300.

- Prepare:
- 1. Revaluation account
  - 2. Partner’s capital accounts
- (5)

8. Arun Ltd appointed, Mr. Nipun as the financial manager of the company, with a target to raise an additional fund of ₹78, 75,000.Arun Ltd. is a zero-debt company. To avail the benefits of financial leverage, Mr. Nipun 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:

- I. Calculate the number of debentures to be issued to raise additional funds.
- II. Pass Journal entry for the allotment of debentures.
- III. Pass Journal entry to write off loss on issue of debentures.
- IV. Calculate the amount of annual fixed obligation associated with debentures.
- V. Prepare Loss on Issue of Debentures Account.

(5)

9.

From the following Receipt and Payment Account prepare income and expenditure account and balance sheet of a Unity Club for the year ended March 31, 2017.

**Receipt and Payment Accounts**

*for the year ending March 31, 2017*

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d	15,000	Furniture	18,000
Sale of Old furniture (costing Rs 6,000)	4,000	Library books	10,000
Subscriptions:		Salaries	72,000
2015–16                      18,000		General expenses	18,000
2016–17                      60,000		Electric charges	12,000
2017–18                      12,000	90,000	Newspapers	33,800
Sale of old newspapers	10,800	Postage	3,000

Profit from entertainment	44,000	Stationery	40,000
Rent	84,000	Audit fee	8,000
		Balance c/d	33,000
	2,47,800		2,47,800

### Balance Sheet

*as on March 31, 2016*

Liabilities	Amount Rs	Assets	Amount Rs
Outstanding Salary	6,000	Cash	15,000
Capital Fund	6,94,000	Outstanding subscription	18,000
		Library Books	30,000
		Furniture	37,000
		Land and Building	6,00,000
	7,00,000		7,00,000

#### ***Additional Information:***

- The Club had 500 members each paying an annual subscription of Rs 150.
- On 31.3.2016 salaries outstanding amounted to Rs 1,200 and salaries paid included Rs 6,000 for the year 2015–16.
- Provide 5% depreciation on Land and Building.

**(5)**

### **Part-B** **(Analysis of Financial Statements)**

10. (a) State with reason whether the issue of 9% debentures to the vendors for the purchase of machinery of Rs 50,000 will result into inflow, outflow or no flow of cash.

(b) Under which type of activity will you classify 'dividend received by a finance company' while preparing cash flow statement?

(2)

11.

From the following Balance Sheet of H.P. Ltd. as at 31st March, 2019, prepare Comparative Balance Sheet:

Particulars	Note No.	31st March, 2019 (₹)	31st March, 2018 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) <i>Share Capital:</i>			
(i) Equity Share Capital		12,50,000	5,00,000
(ii) Preference Share Capital		2,50,000	2,50,000
(b) Reserves and Surplus		3,00,000	4,50,000
<b>2. Non-Current Liabilities</b>			
<i>Long-term Borrowings:</i> 12% Debentures		9,50,000	5,50,000
Loan from Directors		2,50,000	2,00,000
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings		3,50,000	1,75,000
(b) Trade Payables		2,00,000	1,00,000
(c) Short-term Provisions		50,000	25,000
<b>Total</b>		<b>36,00,000</b>	<b>22,50,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Fixed Assets (Tangible)		22,50,000	15,00,000
<b>2. Current Assets</b>			
(a) Inventories		4,50,000	2,50,000
(b) Trade Receivables		8,00,000	4,50,000
(c) Cash and Cash Equivalents		1,00,000	50,000
<b>Total</b>		<b>36,00,000</b>	<b>22,50,000</b>

OR

Following information is extracted from the Statement of Profit and Loss of Gold Coin Ltd. for the year ended 31st March, 2015. Prepare Comparative Income Statement.

Particulars	31st March, 2015	31st March, 2014
Revenue from Operations	₹ 60,00,000	₹ 45,00,000
Employee Benefit Expenses	₹ 30,00,000	₹ 22,50,000
Depreciation	₹ 7,50,000	₹ 6,00,000
Other Expenses	₹ 15,50,000	₹ 10,00,000
Tax Rate	30%	30%

(3)

12.

From the following Balance Sheet of JY Ltd. as at 31st March 2017, prepare a Cash Flow Statement:

**BALANCE SHEET**  
as at 31st March, 2017

Particular	Note No.	31st March, 2017 (₹)	31st March, 2016 (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital		5,00,000	5,00,000
(b) Reserves and Surplus	1	1,00,000	(25,000)
<b>2. Non-Current Liabilities</b>			
Long-term Borrowings	2	2,50,000	1,50,000
<b>3. Current Liabilities</b>			
(a) Short-term Borrowings	3	1,50,000	1,10,000
(b) Short-term Provisions	4	1,25,000	75,000
<b>Total</b>		<b>11,25,000</b>	<b>8,00,000</b>
<b>II. ASSETS</b>			
<b>1. Non-Current Assets</b>			
Fixed Assets–Tangible	5	6,00,000	4,50,000
<b>2. Current Assets</b>			
(a) Trade Receivables		2,75,000	2,25,000
(b) Cash and Cash Equivalents		50,000	25,000
(c) Short-term Loans and Advances		2,00,000	1,00,000
<b>Total</b>		<b>11,25,000</b>	<b>8,00,000</b>

## Notes to Accounts

Particular	31 <sup>st</sup> March, 2017 (₹)	31 <sup>st</sup> March, 2016 (₹)
<b>1. Reserves and Surplus</b>		
Surplus, <i>i.e.</i> , Balance in Statement of Profit and Loss	1,00,000	(25,000)
	<b>1,00,000</b>	<b>(25,000)</b>
<b>2. Long-term Borrowings</b>		
10% Debentures	2,50,000	1,50,000
	<b>2,50,000</b>	<b>1,50,000</b>
<b>3. Short-term Borrowings</b>		
Bank Overdraft	1,50,000	1,00,000
	<b>1,50,000</b>	<b>1,00,000</b>
<b>4. Short-term Provisions</b>		
Provision for Tax	1,25,000	75,000
	<b>1,25,000</b>	<b>75,000</b>
<b>5. Tangible Assets</b>		
Machinery	7,37,500	5,25,000
Accumulated Depreciation	(1,37,500)	(75,000)
	<b>6,00,000</b>	<b>4,50,000</b>

**Note:** Proposed Dividend for the years ended 31st March, 2016 and 2017 are ₹ 50,000 and ₹ 75,000 respectively.

**Additional Information:** ₹ 1,00,000, 10% Debentures were issued on 31st March, 2017.

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**Suggestive Answers of Practice Paper**

**कक्षा – XII**

**Class – XII**

**लेखांकन(कोड: 055)**

**Accountancy (Code: 055)**

**TERM II (2021-22)**

**अधिकतम अंक: 40**

**Maximum Marks: 40**

**1.**

**In the books of Railway Club**

Dr.	Receipts and Payments A/c for the year ended 31 <sup>st</sup> March, 2019		Cr.
Receipts	Amount (₹)	Payments	Amount (₹)
To balance b/d	4,390	By Electricity Charges	3,440
To Subscriptions	37,600	By Taxes Paid	490
To Donations	8,000	By Salaries	21,500
To Entrance Fees	4,300	By Honorarium to Secretary	2,500
To Rent Received for Club Halls	5,250	By Printing and Stationery	350
To Interest Received on Investments	2,950	By Petty Cash Expenses	900
		By Insurance Premium Paid	310
		By balance c/d	33,000
	62,490		62,490

**2.** The following are the rules of settlement of accounts on dissolution as per the Section 48 of Partnership Act 1932.

**1. Application of Assets:** Amount received by the realisation (sale) of the assets shall be used in the following order:

- First of all the external liabilities and expenses are to be paid.
- Then, all loans and advances forwarded by the partners should be paid.
- Then, the capital of each partner should be paid off. If there remains any surplus after the payment of (a), (b) and (c), then it should be distributed among the partners in their profit sharing ratio.

**2. Treatment of Loss:** In case of loss and any deficiency of capital this should be paid in the following order:

- First these should be adjusted against firm's profits.



b) Then, against the total capital of the firm.

c) Even if there exists any loss and deficiencies then it should be borne by all the partners individually in their profit sharing ratio.

3.

Old Ratio (Shiv, Mohan and Hari) = 5 : 5 : 4

Mohan's Profit Share =  $\frac{5}{14}$

His share is divided between Shiv and Hari equally i.e. in the ratio of 1: 1

$$\text{Share of Mohan taken by Shiv} = \frac{5}{14} \times \frac{1}{2} = \frac{5}{28}$$

$$\text{Share of Mohan taken by Hari} = \frac{5}{14} \times \frac{1}{2} = \frac{5}{28}$$

New Profit Share = Old Profit Share + Share taken from Mohan

$$\text{Shiv's New Share} = \frac{5}{14} + \frac{5}{28} = \frac{10+5}{28} = \frac{15}{28}$$

$$\text{Hari's New Share} = \frac{4}{14} + \frac{5}{28} = \frac{8+5}{28} = \frac{13}{28}$$

∴ New Profit Ratio (Shiv and Hari) = 15 : 13

4.

**Balance Sheet**  
**as at 31st March, 2019**

Liabilities		Amount (₹)	Assets		Amount (₹)
Match Fund	80,000	77,380	Match Fund Investment		72,000
Add: Interest on Match Fund Investment	2,880		Match Fund Bank Balance		3,500
Less: Match Expenses	(5,500)				

OR

**Calculation of Amount of Sports Material Consumed to be debited to Income & Expenditure A/c**

Particulars	Amount (₹)

Amount Paid to the creditors of Sports Materials	91,000
<i>Less:</i> Creditors of the sports material as on 31 <sup>st</sup> March, 2017	37,000
Closing Stock of Sports Material as on 31 <sup>st</sup> March, 2018	55,000
Sports Material sold during the year	50,000
<i>Add:</i> Creditors of the sports material as on 31 <sup>st</sup> March, 2018	45,000
Cash purchase of Sports Material	40,000
Opening Stock of Sports Material as on 31 <sup>st</sup> March, 2017	50,000
<b>Sports Material consumed during the year to be debited to Income &amp; Expenditure A/c</b>	<b>84,000</b>

5.

Books of Saroj and Shanti

Journal

Date	Particulars	L.F.	Amount Rs	Amount Rs
	Sangeeta’s Capital A/c Dr.		12,000	
	Saroj’s Capital A/c Dr.		18,000	
	Shanti’s Capital A/c Dr.		30,000	
	To Goodwill A/c			60,000
	(Goodwill written off)			
	 Saroj’s Capital A/c Dr.		 18,000	
	To Sangeeta’s Capital A/c			18,000
	(Sangeeta’s share of goodwill adjusted to Saroj’s Capital Account in her gaining ratio)			

Working Notes:

1. Sangeeta’s share of goodwill.

Total goodwill of the firm × Retiring Partner’s share

= 90,000 ×  $\frac{2}{10}$  18,000

2. Gaining Ratio = New Ratio – Old Ratio

Saroj’s Gaining Share

=  $\frac{1}{2} - \frac{3}{10} = \frac{10 - 6}{20} = \frac{4}{20}$

Shanti’s Gaining Share

=  $\frac{1}{2} - \frac{5}{10} = \frac{10 - 10}{20} = \frac{0}{20}$

6.

In the books of Green Ltd.

Journal

Date	Particulars	L.F.	Debit	Credit

			Amount (₹)	Amount (₹)
	Sundry Assets A/c Dr.		40,00,000	
	To Sundry Liabilities A/c			7,00,000
	To Strong Ltd.			32,40,000
	To Capital Reserve A/c			60,000
	(Being the purchase of business of Strong Ltd.)			
	Strong Ltd. A/c Dr.		32,40,000	
	Discount on Issue of Debentures A/c (36,000×10) Dr.		3,60,000	
	To 10% Debentures A/c			36,00,000
	(Being 36,000, 10% debentures issued as purchase consideration)			

### Working Notes:

Number of Debentures issued=  $(32,40,000/90) = 36,000$  debentures

**OR**

***When Debentures Issued as Collateral Security is shown separately***

**X Ltd.**

## Balance Sheet

Particulars	Note No.	Amount (Rs)
<b>I. Equity and Liabilities</b>		
1. Shareholders' Funds		
2. Non-Current Liabilities		
a. Long-Term Borrowings	1	3,00,000
3. Current Liabilities		
<b>Total</b>		<b>3,00,000</b>
<b>II. Assets</b>		
1.Non-Current Assets		
2.Current Assets		
a. Cash and Cash Equivalents	2	3,00,000
<b>Total</b>		<b>3,00,000</b>

## NOTES TO ACCOUNTS

Note No.	Particulars	Amount (Rs)
1	<b>Long-Term Borrowings</b> <i>Secured:</i> Loan From IDBI(Secured by issue of Debentures of Rs 4,00,000) 9 % Debentures (Issued as Collateral Security against loan) 4,00,000 <i>Less:</i> Debenture Suspense Account 4,00,000 <hr/> 3,00,000	3,00,000          -          3,00,000
2	<b>Cash and Cash Equivalents</b> Cash at Bank	3,00,000

7.

### Books of Paras and Priya

#### Journal

	Particulars	L.F.	Amount Rs	Amount Rs
1)	Bank A/c Dr. To Realisation A/c (Unrecorded furniture sold)		3,000	3,000
2)	Bank A/c Dr. To Realisation A/c (Bad Debt recovered which was previously written off as bad)		600	600
3)	Paras's Capital A/c Dr. To Realisation A/c (Unrecorded goodwill taken over by Paras)		30,000	30,000
4)	Priya's Capital A/c Dr. To Realisation A/c (Unrecorded Typewriter estimated Rs 400 taken over by Priya at 25% less price)		300	300
5)	Paras's Capital A/c Dr. Priya's Capital A/c Dr. To Realisation A/c (100 shares of Rs 10 each which were not recorded in the books taken @ Rs 6 each by Paras and Priya and divided between them in their profit sharing ratio)		300 300	600

OR

### Books of Radha and Meena

#### Revaluation Account

Dr.	Amount Rs	Cr.	Amount Rs
Particulars		Particulars	
Machinery	800	Expenses Owing	750
Loose Tools	400	Factory Premises	1,800
Profit transferred to Capital Account:			
Meena	675		
Radha	450		

Sheela	225	1,350		
		2,550		2,550

### Parters' Capital Account

Dr.

Cr.

Particulars	Radha	Sheela	Meena	Particulars	Radha	Sheela	Meena
Sheela's Capital A/c	3,375		1,125	Balance b/d	15,000	15,000	15,000
Sheela's Loan A/c		24,450		General Reserve	6,750	4,500	2,250
Balance c/d	19,050		16,350	Revaluation (Profit)	675	450	225
				Radha's Capital A/c		3,375	
				Meena's Capital A/c		1,125	
	22,425	24,450	17,475		22,425	24,450	17,475

8.

8. (i) Number of Debentures to be issued =  $7875000/105 = 75,000$

(ii)

In the Books of Arun Ltd.

#### Journal

Date	Particulars	L.F.	Dr. Amount (₹)	Cr. Amount (₹)
2020 April 1	Debenture Application & Allotment A/c Dr. Loss on Issue of Debentures A/c Dr. To 6% Debentures A/c To Securities Premium Reserve A/c To Premium on Redemption of Debentures A/c (Being allotment of debentures made)		7875000 7,50,000	75,00,000 3,75,000 7,50,000

(iii)

#### Journal

Date	Particulars	L.F.	Dr. Amount (₹)	Cr. Amount (₹)
2021 March 31	Securities Premium Reserve A/c Dr. Statement of Profit & Loss Dr. To Loss on Issue of Debentures A/c (Being Loss on Issue of Debentures A/c written off)		3,75,000 3,75,000	7,50,000

(iv) Interest on 6% debentures =  $75,00,000 \times 6 / 100 = ₹4,50,000$

(v)

Loss on Issue of Debentures A/c

Dr.

Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
1.4.20	To Premium on Redemption of Debentures A/c	7,50,000	31.3.21	By Securities Premium Reserve A/c By Statement of Profit & Loss A/c	3,75,000 3,75,000

		7,50,000			7,50,000
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9.

Books of Unity Club

Income and Expenditure Account

as on March 31, 2017

Dr. Cr.

Expenditure	Amount Rs	Income	Amount Rs
Loss on Sale of Old Furniture (4,000 – 6,000)	2,000	Subscription	
		500 members at Rs 150 each	75,000
Salaries 72,000		Sale of Old Newspapers	10,800
Add: Outstanding for 2015–16 1,200		Profit from Entertainment	44,000
	73,200	Rent	84,000
Less: Outstanding for 2016–17 (6,000)	67,200		
General Expenses	18,000	Deficit ( <i>Balancing figure</i> )	200
Electric Charges	12,000		
Newspapers	33,800		
Postage	3,000		
Stationery	40,000		
Audit Fees	8,000		
Depreciation on Land and Building	30,000		
	2,14,000		2,14,000

Balance Sheet

as on 31 March 2017

Liabilities	Amount Rs	Assets	Amount Rs
Advance Subscription (for 2017–18)	12,000	Subscription Outstanding	15,000

Salaries Outstanding		1,200	Furniture	37,000	
Capital Fund	6,94,000		Add: Purchases	18,000	
Less: Deficit	(200)	6,93,800		55,000	
			Less: Sales	(6,000)	49,000
			Library Books	30,000	
			Add: Purchases	10,000	40,000
			Land and Building	6,00,000	
			Less: 5% Depreciation	(30,000)	5,70,000
			Cash and Bank		33,000
		7,07,000			7,07,000

**10.**

(a) There is no flow of cash by the issue of 9% debentures to the vendors for the purchase of machinery of Rs 50,000 because this transaction will not change the balance of cash and cash equivalents.

(b) Dividend received by a finance company is an operating activity.

**11.**

**Comparative Balance Sheet of H.P. Ltd.**

*as at March 31, 2018 and March 31, 2019*

Particulars	2018 (₹)	2019 (₹)	Absolute Change (₹)	Percentage Change (%)
<b>I. Equity and Liabilities</b>				
1. Shareholders' Funds				
a. Share Capital				
1. Equity Share Capital	12,50,000	5,00,000	7,50,000	150.00
2. Preference Share Capital	2,50,000	2,50,000	—	—
<b>Total</b>	<b>15,00,000</b>	<b>7,50,000</b>	<b>7,50,000</b>	<b>100.00</b>
b. Reserve and Surplus	3,00,000	4,50,000	(1,50,000)	(33.33)

	18,00,000	12,00,000	6,00,000	50.00
<b>2. Non-Current Liabilities</b>				
a. Long-term Borrowings				
12% Secured Debentures	9,50,000	5,50,000	4,00,000	72.73
12% Unsecured Debentures	2,50,000	2,00,000	50,000	25.00
	12,00,000	7,50,000	4,50,000	60.00
<b>3. Current Liabilities</b>				
a. Short-Term Borrowings	3,50,000	1,75,000	1,75,000	100.0
b. Trade Payables	2,00,000	1,00,000	1,00,000	100.00
c. Short-Term Provisions	50,000	25,000	25,000	100.00
<b>Total</b>	<b>36,00,000</b>	<b>22,50,000</b>	<b>13,50,000</b>	<b>60.00</b>
<b>II. Assets</b>				
<b>1. Non-Current Assets</b>				
a. Fixed Assets (Tangible)	22,50,000	15,00,000	7,50,000	50.00
<b>2. Current Assets</b>				
a. Inventories	4,50,000	2,50,000	2,00,000	80.00
b. Trade Receivables	8,00,000	4,50,000	3,50,000	77.78
c. Cash and Cash Equivalent	1,00,000	50,000	50,000	100.00
<b>Total</b>	<b>36,00,000</b>	<b>22,50,000</b>	<b>13,50,000</b>	<b>60.00</b>

**OR**

**Comparative Income Statement**  
for the year ended March 31, 2014 and 2015

Particulars	2014 (Rs)	2015 (Rs)	Absolute Change (Rs)	Percentage Change (%)
I. Revenue from Operations	45,00,000	60,00,000	15,00,000	33.33
II. Expenses				
a. Depreciation	6,00,000	7,50,000	1,50,000	25.0
b. Employees Benefit Expenses	22,50,000	30,00,000	7,50,000	33.33
c. Other Expenses	10,00,000	15,50,000	5,50,000	55.0
	<b>38,50,000</b>	<b>53,00,000</b>	<b>14,50,000</b>	<b>37.66</b>
Profit before Income Tax	6,50,000	7,00,000	50,000	7.69
Less: Income Tax	1,95,000	2,10,000	15,000	7.69
<b>Profit after Income Tax</b>	<b>4,55,000</b>	<b>4,90,000</b>	<b>35,000</b>	<b>7.69</b>



**Cash flow Statement  
for the year ended 31<sup>st</sup> March, 2017**

Particulars	Amount (₹)	Amount (₹)
<b>A. Cash Flow from Operating Activities</b>		
Closing Balance of Surplus i.e. Statement of Profit and Loss	1,00,000	
<i>Less:</i> Opening Balance of Surplus i.e. Statement of Profit and Loss	(25,000)	
	1,25,000	
<i>Add:</i> Provision for Tax made	1,25,000	
Proposed Dividend paid as on 31 <sup>st</sup> March, 2016	50,000	
Net Profit before tax and extraordinary items	3,00,000	
<i>Add:</i> Depreciation charged during the year	62,500	
Interest paid on 10% debentures	15,000	
Net Profit before Working Capital changes	3,77,500	
<i>Less:</i> Increase in Trade Receivables	(50,000)	
Net Profit before tax	3,27,500	
<i>Less:</i> Tax Paid during the year	75,000	
<b>Cash flow from Operating Activities</b>		2,52,500
<b>B. Cash flow from Investing Activities</b>		
Purchase of Machinery	(2,12,500)	
Short term loans and advances given	(1,00,000)	
<b>Cash used in Investing Activities</b>		(3,12,500)
<b>C. Cash flow from Financing activities</b>		
Proceeds from issue of 10% debentures	1,00,000	
Increase in the Bank Overdraft	50,000	
Interest paid on debentures	(15,000)	
Proposed Dividend paid	(50,000)	
<b>Cash flow from financing activities</b>		85,000
<b>Net Increase in Cash and Cash Equivalents</b>		25,000
<i>Add:</i> Cash and Cash Equivalents at the beginning of the year		25,000
<b>Cash and Cash Equivalents at the end of the year</b>		<b>50,000</b>

Note: Proposed Dividend Treatment is as per AS-4.