

VIDYA SAGAR
Career Institute Limited
CA Foundation Accounting

Batch :

Date 13.07.2024

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Answer Key

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- | | | |
|-------------|--|----------------------------------|
| 1(a) | Answer True or False: | 12 Marks |
| i. | True: the trade discount is to be deducted from the total value of ₹ 75,800. The amount paid in cash includes cash purchases and only the credit purchase will be shown in the purchases book- 36,005 (72,010 x 50%). | T/F +
Reason
(½+1½)
2 M |
| ii. | False: A contingent Asset need not be disclosed in the financial statements , A contingent Asset is usually disclosed in the report of the Approving Authority
As per the concept of prudence as well as the Accounting standard An enterprise should recognize a contingent Asset.
And also contingent liabilities are disclosed under foot Note. | (½+1½)
2 M |
| iii. | False: When it is probable that the firm will need to pay off the obligation, this gives rise to provision. | (½+1½)
2 M |
| iv. | False: Present Financial obligation of an enterprise, which arises from past events is termed as liability, | (½+1½)
2 M |
| v. | False: Trade Discount is a reduction granted by a supplier from the list price of goods or services on business considerations other than for prompt payment. | (½+1½)
2 M |
| vi | False : Bank Reconciliation Statement reconciles bank column of cash book with the balance in the pass book i.e. customer account in the books of bank. | (½+1½)
2 M |

(b) **4 Marks**

Fundamental Accounting Assumption	Accounting Policies
There are three fundamental accounting assumptions viz. Going Concern, Consistency and Accrual.	There is no single list of accounting policies which are applied in all circumstances. As a result, there may be different accounting policies adopted by different enterprises.
No disclosures is required if all the fundamental assumptions have been followed.	Disclosure is required if a particular accounting policy has been followed.
If fundamental accounting assumption is not followed, it is to be disclosed in the financial statements together with the reasons.	If the policy is changed in subsequent year, the effect of such change should be disclosed in the financial statements.
There is no option to choose fundamental accounting assumptions.	The firm has an option to select a particular policy.

Any 4 Differences
4x1 = 4 M

(c)

4 Marks

S. No.		Debit (₹)	Credit (₹)
1	Commission A/c Dr. To Interest Received (Correcting wrong entry of interest received into commission account)	4,500	4,500
2	M/s Sobhag Traders A/c Dr. To Suspense A/c (Being credit sale of ₹ 2,760 posted as ₹ 2,670 i.e. debiting M/s Sobhag Traders A/c Now rectified) less by 90,	90	90
3	Drawing A/c Dr. To Machinery A/c (Correction of wrong debit to machinery account for purchase of air-conditioner for	35,000	35,000
4	Return Inward A/c Dr. To Debtors (Personal) A/c (Correction of omission to record return of goods by customers)	5,000	5,000

4 Entries
4x1 = 4 M

2(a)

12 Marks
STEP 1

The Young Boys Club
Receipts and Payments Account for the year ended 31st December, 2022

Receipts	₹	Payments	₹
To Balance b/d (balancing figure)	1,580	By Salaries (WN-2)	4,200
To Subscriptions (WN-1)	8,270	By General Expenses 1500	
To Entrance Fees	250	Add: Paid for 2023 150	1,650
To Contribution for annual dinner	1,000	By Audit fee (2021)	200
To Annual sport meet receipt	750	By Secy. Honorarium	1,000
		By Stationery & Printing	450
		By Annual Dinner Expenses	1,500
		By Interest & Bank Charges	150
		By Sports Equipment (WN-3)	1,400
		By Balance c/d	1,300
	11,850		11,850
To Balance b/d	1,600		

14 Item

14x¼

=

3½ M

Working Note 1**Subscription A/c**

To Subscription O/s 2021	700	By Balance b/d (b/f)	8,270
To Subscription in Advance 2022	370	By Subscription O/s 2022	750
To Income & Expenditure a/c	8,500	By Subscription in Advance 2021	550
Total	9,570	Total	9,570

STEP 2

6 Item

6x¼

=

1½ M

Working Note 2**Salaries A/c**

To Bank (b/f)	4,200	By Income & Expenditure a/c	3,750
To Salaries O/s 2022	150	By Salaries O/s 2021	600
	4,350		4,350

4 Item

4x¼

=

1M

Working Note 3**Sports Equipment A/c**

To Balance b/d	2,600	By Depreciation	400
To Cash / Bank (b/f)	1,400	By Balance c/d	3,600
Total	4,000	Total	4,000

4 Item

4x¼

=

1M

Balance Sheet of Young Boys Club as on December 31, 2022

STEP 3

Liabilities	₹	₹	Assets	₹	₹
Subscription received in advance		370	Freehold Ground		20,000
Audit Fee Outstanding		250	Sport Equipment:		
Salaries Outstanding		150	As per last Balance Sheet	2,600	
Bank Loan		5,000	Additions	<u>1,400</u>	
Capital Fund:				4,000	
Balance as per previous Balance Sheet	18,530		Less: Depreciation	<u>(400)</u>	3,600
Add: Surplus for 2022	<u>1,500</u>	<u>20,030</u>	Subscription Outstanding		750
		25,800	Insurance Prepaid		150
			Cash in hand		1,300
					25,800

10 Item

10x¼

=

2½ M

Balance Sheet of Young Boys Club as on 31st December, 2021

STEP 10

Liabilities	₹	Assets	₹
Subscriptions received in advance	550	Freehold Ground	20,000
Salaries outstanding	600	Sports Equipment	2,600
Audit fees unpaid	200	Subscriptions Outstanding	700
Bank Loan	5,000	Cash in hand	1,580
Capital Fund (balancing figure)	18,530		
	<u>24,880</u>		<u>24,880</u>

9 Item

9x¼

=

2½ M

2(b)

8 Marks

Journal Entries in books of Solid Ltd.

			Dr.	Cr.	
2022 April 1	Equity Share Final Call A/c To Equity Share Capital A/c (Final call of ₹ 2 per share on 90,000 equity shares due as per Board's Resolution dated.....)	Dr.	₹ 1,80,000	₹ 1,80,000	½ M
April 20	Bank A/c To Equity Share Final Call A/c (Final Call money on 90,000 equity shares received)	Dr.	1,80,000	1,80,000	½ M
	Securities Premium A/c General Reserve A/c Profit and Loss A/c (b.f.) To Bonus to Shareholders A/c (Bonus issue @ one share for every four shares held by utilising various reserves as per Board's Resolution dated...)	Dr. Dr. Dr.	20,000 1,60,000 45,000	2,25,000	1 M
April 20	Bonus to Shareholders A/c To Equity Share Capital A/c (Capitalization of profit)	Dr.	2,25,000	2,25,000	½ M

Balance Sheet (Extract) as at 30th April, 2022 (after bonus issue)

	Particulars	Notes	Amount (₹)	
	Equity and Liabilities			Bal. Sheet
1	Shareholders' funds			3 Item
a	Share Capital	1	12,05,000	3 x ½ =
b	Reserves and Surplus	2	1,95,000	1½ M
2	Non-current liabilities			
a	Long-term borrowings	3	<u>5,00,000</u>	
	Total		<u>19,00,000</u>	

Notes to Accounts

			Note of Accounts
1	Share Capital		
	Equity share capital		1 and 2
	<u>Authorised share capital</u>		2 x 1 =
	10,000 12% Preference shares of ₹10 each	1,00,000	2 M
	1,12,500 Equity shares of ₹10 each	<u>11,25,000</u>	
	<u>Issued, subscribed and fully paid share capital</u>		
	8,000 12% Preference shares of ₹10 each	80,000	
	1,12,500 Equity shares of ₹10 each,		

	fully paid(Out of above, 22,500 equity shares @ ₹10 each were issued by way of bonus)	(A)	<u>11,25,000</u>
		Total	<u>12,05,000</u>
2	Reserves and Surplus		
	Revaluation Reserve		35,000
	Securities Premium	20,000	
	Less: Utilised for bonus issue	<u>(20,000)</u>	
	General reserve	1,60,000	Nil
	Less: Utilised for bonus issue	<u>(1,60,000)</u>	
	Profit & Loss Account	2,05,000	Nil
	Less: Utilised for bonus issue	<u>(45,000)</u>	
		Total	<u>1,60,000</u>
			<u>1,95,000</u>
3	Long-term borrowings		
	Secured		
	12% Debentures @ ₹100 each		5,00,000

Notes 3

½ M

The authorised capital has been increased by sufficient number of shares. (11,25,000 – 10,00,000)

Working Note-

Number of Bonus shares to be issued (90,000 shares / 4) X 1 = 22,500 shares

W.N.

½ M

Note: It has to be ensured that the authorized capital after bonus issue should not be less than the issued share capital (including bonus issue) in all the practical problems. The authorized capital may either be increased by the amount of bonus issue or the value of additional shares [value of bonus shares issued less unused authorized capital (excess of authorized capital in comparison to the issued shares before bonus issue)].

1 M

3(a)

31. Adamjee
Trading Account for the year ended 31st March 2022

12 Marks
STEP 1

	₹	₹		₹
To Opening Inventory		3,900	By Sales	62,100
To Purchases		49,100	By Closing Inventory	5,700
To Gross profit c/d (b.f.)		14,800		
		<u>67,800</u>		<u>67,800</u>

5 Item

5x¼=
1 M

Profit & Loss Account for the year ended 31st March 2022

STEP 2

	₹	₹		₹
To Salaries		6,500	By Gross Profit b/d	14,800
To Rent and Taxes		1,500	By Interest on investment	200
To General expenses		2,500		
To Dep:				
Machinery@ 10%	750			
Furniture @ 10%	120	870		
To Provision for doubtful debts		800		
To Net profit carried to Capital A/c (b.f.)		2,830		
		15,000		15,000

8 Item

8x¼= 2 M

Balance Sheet as on 31st March 2022

STEP 3

<i>Liabilities</i>	₹	₹	<i>Assets</i>	₹	₹
A. Adamjee's Capital on 1 st April, 2021	29,100		Machinery	7,500	
Add: Fresh Capital	6,000		Less : Depreciation	(750)	6,750
Add: Profit for the year	2,830		Furniture	1,200	
	37,930		Less : Depreciation	(120)	1,080
Less: Drawings	(3,600)	34,330	Inventory-in-trade		5,700
Sundry creditors		7,900	Sundry debtors	17,600	
			Less : Provision for Doubtful debts	(800)	16,800
			Investment		5,000
			Cash at bank		6,400
			Cash in hand		500
		42,230			42,230

Calculation Of Capital 1 M

9 Item

9x¼= 2 M

Working Notes:

1. Balance sheet of A. Adamjee as on 1st April 2021

Liabilities	₹	Assets	₹
Sundry creditors	5,800	Machinery	7,500
A. Adamjee's capital (balancing figure)	29,100	Furniture	1,200
		Inventory	3,900
		Sundry debtors	14,500
		Investments	5,000
		Bank balance (from Cash statement)	2,800
	34,900		34,900

STEP 4

8 Item

8x¼= 2 M

2. Ledger Accounts

A. Adamjee's Capital Account

		₹			₹
31.03.22	To Drawings	3,600	01.04. 21	By Balance b/d	29,100
			31.03.22	By Net Profit	2,830
31.03.22	To Balance c/d (b.f.)	34,330	31.03.22	By Cash	6,000
		37,930			37,930

5 Item

5x¼=
1 M

Sales Account

		₹			₹
31.03.22	To Trading A/c (b.f.)	62,100	31.03.22	By Cash	11,000
			31.03.22	By Total Debtors Account (Credit Sales)	51,100
		62,100			62,100

3 Item

3x¼=
½ M

Total Debtors Account

		₹			₹
01.04.21	To Balance b/d	14,500	31.03.22	By Cash	48,000
31.03.22	To Credit sales (Balancing figure)	51,100	31.03.22	By Balance c/d	17,600
		65,600			65,600

4 Item

4x¼=
1 M

Purchases Account

		₹			₹
31.03.22	To Cash A/c	12,000	31.03.22	By Trading Account (b.f.)	49,100
	To total Creditors A/c (credit Purchases)	37,100			49,100
		49,100			49,100

3 Item

3x¼=
½ M

Total Creditors Account

		₹			₹
31.03.22	To Cash	35,000	01.04.21	By Balance b/d	5,800
31.03.22	To Balance b/d	7,900	31.03.22	By Credit Purchases (Balancing figure)	37,100
		42,900			42,900

4 Item

4x¼=
1 M

3(b)

8 Marks

Triple Column Cash Book

Dr.						Cr.					
Date		Particulars	Discount	Cash	Bank	Date		Particulars	Discount	Cash	Bank
2017			₹	₹	₹	2017			₹	₹	₹
Nov. 1	To	Balance b/d	-	3,000	12,000	Nov. 2	By	Bank (C)		1,000	
Nov. 2	To	Cash (C)		-	1,000	Nov. 5	By	Furniture A/c			1,500
Nov. 12	To	Mohan	20	980		Nov. 8	By	Purchase A/c		500	
Nov. 14	To	Sales A/c		5,000		Nov. 16	By	Amar	50		1,450
Nov. 19	To	Cash (C)			500	Nov. 19	By	Bank (C)		500	
Nov. 24	To	Parul (Note 2)	20	1,430		Nov. 23	By	Drawings A/c			600
Nov. 26	To	Cash (C)			1,430	Nov. 26	By	Bank (C)		1,430	
Nov. 28	To	Bank (C)		2,000		Nov. 28	By	Cash (C)			2,000
						Nov. 30	By	Rent A/c			800
						Nov. 30	By	Balance c/d		8,980	8,580
			40	12,410	14,930				50	12,410	14,930
Dec. 1	To	Balance b/d		8,980	8,580						

Dis.
3 Item
 $3 \times \frac{1}{4} =$
1 M

Cash
10 Item
 $10 \times \frac{1}{4} =$
 $2 \frac{1}{2}$ M

Bank
10 Item
 $10 \times \frac{1}{4} =$
 $2 \frac{1}{2}$ M

Note
 $2 \times 1 =$

2 M

Note:

- (1) Discount allowed and discount received ₹ 40 and ₹ 50 respectively should be posted in respective Accounts in the ledger.
- (2) When cheque is not promptly deposited into Bank, first it is entered in the Cash Column and subsequently at the time of deposit, Bank Account is debited and Cash Account is credited.

4(a)

12 Marks
STEP 1

RECTIFICATION ENTRIES

	Particulars	Dr.	Cr.
		Amount	Amount
		₹	₹
(i)	Returns inward account Dr. Sales account Dr. To Purchases account To Returns outward account (Being sales return and purchases return wrongly included in purchases and sales respectively, now rectified)	10,300 6,900	10,300 6,900
(ii)	Drawings account Dr. To Purchases account (Being goods withdrawn for own consumption included in purchases, now rectified)	14,000	14,000
(iii)	Plant and machinery account Dr. To Wages account (Being wages paid for installation of plant and machinery wrongly debited to wages, now rectified)	1,800	1,800
(iv)	Advertisement expenses account Dr. To Purchases account (Being free samples distributed for publicity out of purchases, now rectified)	3,300	3,300

2 M

3 Entry

$3 \times \frac{1}{2} =$
 $1 \frac{1}{2}$ M

**Trading and Profit and Loss Account of Mr. Satendrafor the year ended
31st March, 2021**

STEP 2

		Amount			Amount	
Dr.	₹	₹	Cr.	₹	₹	
To	Opening stock	1,29,000	By	Sales	8,54,300	
To	Purchases	6,12,400		Less: Sales return	<u>10,300</u>	8,44,000
	Less: Purchases return	<u>6,900</u>	By	Closing stock		
To	Carriage inward	4,500		₹ 3,20,000 × $\frac{100}{80}$ × $\frac{100}{80}$		5,00,000
To	Wages	46,860				
To	Gross profit c/d	<u>5,58,140</u>				
		<u>13,44,000</u>				<u>13,44,000</u>
To	Salaries	90,200	By	Gross profit b/d		5,58,140
To	Rent	17,200	By	Bad debts recovered		1800
To	Advertisement expenses	16,700				
To	Printing and stationery	5,000				
To	Bad debts	4,400				
To	Carriage outward	5,400				
To	Provision for doubtful debts					
	5% of ₹ 4,80,000	24,000				
	Less: Existing provision	<u>11,200</u>				
To	Provision for discount on debtors					
	2.5% of ₹ 4,56,000	11,400				
	Less: Existing provision	<u>5,900</u>				
To	Depreciation: Plant and machinery	16,000				
	Furniture and fittings	<u>4,100</u>				
To	Office expenses	40,640				
To	Interest on loan	12,000				
To	Net profit					
	(Transferred to capital account)	<u>3,31,200</u>				
		<u>5,59,940</u>				<u>5,59,940</u>

Trading Acc.

7x¼

=
2 M

P & L Acc.

14x¼

=
3½ M

Balance Sheet of Mr. Satendra as on 31st March, 2021

STEP 3

		Amount			Amount
Liabilities	₹	₹	Assets	₹	₹
Capital account	2,60,000		Plant and machinery	80,000	
Add: Net profit	<u>3,31,200</u>		Less: Depreciation	<u>16,000</u>	64,000
	5,91,200		Furniture and fittings	41,000	
Less: Drawings	<u>46,000</u>	5,45,200	Less: Depreciation	<u>4,100</u>	36,900
Bank overdraft		3,20,000	Closing stock		5,00,000
Sundry creditors		1,90,000	Sundry debtors	4,80,000	
Payable salaries		9,800	Less: Provision for doubtful debts	<u>35,400</u>	
					4,44,600
			Prepaid rent		1,200
			Cash in hand		5800
			Cash at bank		<u>12,500</u>
		<u>10,65,000</u>			<u>10,65,000</u>

11 Item

11x¼

=

3 M

(b)

8 Marks

Buses A/c

Date	Particulars	Amount	Date	Particulars	Amount
2019			2019		
Jan-01	To balance b/d	1,23,75,000	Oct-01	By bank A/c	7,00,000
Oct-01	To Bank A/c	18,00,000	Oct-01	By Depreciation on lost assets	1,12,500
			Oct-01	By P & L A/c (Loss on settlement of Bus)	4,25,000
			Dec-31	By Dep. A/c	13,95,000
			Dec-31	By balance c/d	<u>1,15,42,500</u>
		<u>1,41,75,000</u>			<u>1,41,75,000</u>
2020			2020		
Jan-01	To balance b/d	1,15,42,500	Dec-31	By Dep. A/c	15,30,000
			Dec-31	By balance c/d	<u>1,00,12,500</u>
		<u>1,15,42,500</u>			<u>1,15,42,500</u>

10 Item

10 x½

=

5 M

Working Note:

1. To find out loss/Profit on settlement of Bus

Original cost as on 1.4.2017	15,00,000	
Less: Depreciation for 2017	1,12,500	½M
	13,87,500	
Less: Depreciation for 2018	1,50,000	½M
	12,37,500	
Less: Depreciation for 2019 (9 months)	1,12,500	½M
	11,25,000	
Less: Amount received from Insurance company	7,00,000	½M
Loss on Settlement of Bus	4,25,000	1 M

5.(a)

5 Marks

(i) Cash Book (Bank Column)

Date	Particulars	Amount	Date	Particulars	Amount
2020		₹	2020		₹
March 31	To Party A/c	16,000	March 31	By Balance b/d	4,062
	To Customer A/c			By Bank charges	580
	(Direct deposit)	1,17,400		By Customer A/c	1,40,000
	To Balance c/d	11,242		(B/R dishonoured)	
		1,44,642			1,44,642

6 Item

$$6 \times \frac{1}{2} = 3 \text{ M}$$
(ii) Bank Reconciliation Statement as on 31st March, 2020

Particulars	Amount
	₹
Overdraft as per Cash Book	11,242
Add: Cheque deposited but not collected upto 31 st March, 2020	13,14,000
	13,25,242
Less: Cheques issued but not presented for payment upto 31 st March, 2020	(13,26,000)
Credit by Bank erroneously on 6th March, 2020	(20,000)
Overdraft as per bank statement	20,758

½ M

½ M

½ M

½ M

Note: Bank has credited Chandan by 20,000 in error on 6th March, 2020. If this mistake is rectified in the bank statement, then this will not be deducted in the above statement along with ₹ 13,26,000 resulting in debit balance of ₹ 758 as per pass-book.

(b)

5 Marks

In the books of Siriman**Journal Entries**

Particulars	L.F.		Dr. ₹	Cr. ₹
Bills Receivable A/c To Rita (Being a 3 month's bill drawn on Rita for the due)		Dr.	1,00,000	1,00,000
Bank A/c Discount A/c To Bills Receivable A/c (Being the bill discounted)		Dr. Dr.	99,000 1,000	1,00,000
Rita To Bank A/c (Being the bill cancelled up due to Rita's inability to pay it)		Dr.	1,00,000	1,00,000

½ M

1 M

½ M

Rita To Interest A/c (Being the interest due on ₹50,000 @ 12% for 3 months)	Dr.	1,500	1,500	½ M
Bank A/c To Rita (Being the receipt of a portion of the amount the bill together with interest)	Dr.	51,500	51,500	½ M
Bills Receivable A/c To Rita (Being the new bill drawn for the balance)	Dr.	50,000	50,000	½ M
Rita To Bills Receivable A/c (Being the dishonour of the bill due to Rita's)	Dr.	50,000	50,000	½ M
Bank A/c Bad Debts A/c To Rita (Being the receipt of 40% of the amount due on the	Dr. Dr.	20,000 30,000	50,000	1 M

OR

(b)

5 Marks

**Statement showing the valuation of stock as on
31st March, 2020**

		₹	
A	Value of Stock as on 10th April, 2020	5,02,500	
B	Add: Cost of sales after 31 st March, till stock taking (₹20,625 - ₹5,156)	15,469	1 M
C	Less: Purchases for the next period (net)	(24,300)	½ M
D	Less: Cost of Sales Returns (900-675)	(675)	1 M
E	Less: Loss on revaluation of slow moving inventories	(1800)	½ M
F	Less: Reduction in value on account of default	(900)	½ M
G	Value of Stock on 31 st March, 2020	4,90,294	1 M

Note: Profit margin of 33.33 percent on cost means 25 percent on sale price.

½ M

(c)

10 Marks

Journal of BEE Co. Ltd.

Bank A/c To Equity Shareholders A/c (Application money received on 5,000 shares @ ₹ 15 per share to be issued as rights shares in the ratio of 1:4))	Dr.	75,000	75,000	Entry 1,4,5,6,8, 9,10,11 ¾x8 = 6 M
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Equity Shareholders A/c To Equity Share Capital A/c To Securities Premium A/c (Share application money on 5,000 shares @ ₹ 10 per share transferred to Share Capital Account, and ₹ 5 per share to Securities Premium Account vide Board's Resolution dated...)	Dr.	75,000	50,000 25,000
Securities Premium A/c Profit & Loss A/c To Bonus to Shareholders A/c (Amount transferred for issue of bonus shares to existing shareholders in the ratio of 1:5 vide General Body's resolution dated...)	Dr. Dr.	25,000 25,000	50,000
Bonus to Shareholders A/c To Equity Share Capital A/c (Issue of bonus shares in the ratio of 1 for 5 vide Board's resolution dated...)	Dr.	50,000	50,000
Profit and Loss A/c To Debenture Redemption Reserve (for DRR Created 10% x 1,20,000)	Dr.	12,000	12,000
Debenture Redemption Reserve Investment A/c To Bank A/c (for DRR Investment created 15% x 1,20,000)	Dr.	18,000	18,000
Debenture A/c Premium Payable on Redemption A/c @3% To Debenture holders A/c (Amount payable to debentures holders)	Dr. Dr.	1,20,000 3,600	1,23,600
Profit and loss A/c To Premium Payable on Redemption A/c (Premium payable on redemption of debentures charged to Profit & Loss A/c)	Dr.	3,600	3,600
Debenture Redemption Reserve A/c To General Reserve (for DRR transferred to general reserve)	Dr.	12,000	12,000
Bank A/c To Debenture Redemption Reserve Investment (for DRR Investment realised)	Dr.	18,000	18,000
Debenture holders A/c To Bank A/c (Amount paid to debenture holders on redemption)	Dr.	1,23,600	1,23,600

**Entry
2,3, 7
3x1½ =
4 M**

**Deduct
1 marks**

**If no
narration**

6(a)

15 Marks
STEP 1

Revaluation Account

2018			₹	2018		₹
April 1	To Provision for bad and doubtful debts		535	April 1	By Inventory intrade	1,400
	To Furniture and fittings		720		By Land and Building	5,600
	To Capital A/c's: (Profit on revaluation transferred)					
	Dinesh	2,872.50				
	Ramesh	1,915.00				
	Naresh	957.50	5,745			
			7,000			7,000

5 Item

$$5 \times \frac{1}{4} = 1\frac{1}{2} \text{ M}$$

Partners' Capital Accounts

STEP 2

Particulars	Dinesh ₹	Ramesh ₹	Naresh ₹	Suresh ₹	Particulars	Dinesh ₹	Ramesh ₹	Naresh ₹	Suresh ₹
To Dinesh			1,500	4,500	By Balance b/d	15,000	15,000	10,000	-
& Ramesh					By General Reserve	3,900	2,600	1,300	
To Balance c/d	26,972.50	21,015	10,757.50	3,500	By Cash	-	-	-	8,000
					By Naresh & Suresh	4,500	1,500	-	-
					By Outstanding Liabilities (Ram)	700	-	-	-
					By Revaluation A/c	2,872.50	1,915	957.50	-
	26,972.50	21,015	12,257.50	8,000		26,972.50	21,015	12,257.50	8,000

19 Item

$$19 \times \frac{1}{4} = 5 \text{ M}$$

Working Note:

STEP 3

Calculation of sacrificing ratio

Partners	New share	Old share	Sacrifice	Gain
Dinesh	$\frac{1}{4}$	$\frac{3}{6}$	$\frac{6}{24}$	
Ramesh	$\frac{1}{4}$	$\frac{2}{6}$	$\frac{2}{24}$	
Naresh	$\frac{1}{4}$	$\frac{1}{6}$		$\frac{2}{24}$
Suresh	$\frac{1}{4}$			$\frac{6}{24}$

Sacrificing
Gain

$$4 \times \frac{1}{2} = 2 \text{ M}$$

Entry for goodwill adjustment

Naresh (2/24 of ₹18,000)	Dr.	1,500	
Suresh (6/24 of ₹18,000)	Dr.	4,500	
To Dinesh (6/24 of ₹18,000)			4,500
To Ramesh (2/24 of ₹18,000)			1,500

4 Item

$$4 \times \frac{1}{2} = 2 \text{ M}$$

Balance Sheet of Dinesh, Ramesh, Naresh and Suresh as on 1 -4-2018

STEP 4

<i>Liabilities</i>	₹	₹	<i>Assets</i>	₹	₹
Trade payables		22,500	Land and Buildings		42,600
Outstanding Liabilities (2,200-700)		1,500	Furniture		6,480
Capital Accounts of Partners:			Inventory of goods		14,000
Mr. Dinesh	26,972.50		Trade receivables	10,700	
Mr. Ramesh	21,015.00		<i>Less: Provisions</i>	(535)	10,165
Mr. Naresh	10,757.50		Cash in hand		2,800
Mr. Suresh	3,500.00	62,245	Cash at Bank (2,200+8,000)		10,200
		86,245			86,245

**9 Item
9x½
=
4½ M**

(b)

5 Marks

(a) Holding Company

According to Section 2 (46) of the Companies Act, 2013, "Holding company", in relation to one or more other companies, **means a company of which such companies are subsidiary companies.**

1½ M

(b) Section 2 (62) of the Companies Act, 2013 defines "One Person Company" as a company **which has only one person as a member.**

1 M

(c) According to Section 2(45) of the Companies Act, 2013,

- **"Government company" means any company in which not less than fifty-one per cent of the paid-up share capital is held by the Central Government, or**
- **by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.**

1½ M

1 M