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PART-A

Ans 1. Some items that are considered as capital items while preparing financial statements of Not for Profit Organisation are:

- i) Life Membership fees
- ii) Purchase of Fixed Assets like machinery, Building, etc.
- iii) Funds for specific purpose like tournament fund, prize fund, etc.
- iv) Legacy for specific purpose

Ans 2.

A : B : C : D

Old Ratio = 4 : 3 : 2 : 1

Share taken over by B and D each = $\frac{2}{10} \times \frac{1}{2}$

= $\frac{1}{10}$

B's new share = old share + gained share

$$= \frac{3}{10} + \frac{1}{10}$$

$$= \frac{4}{10}$$

D's new share = old share + gained share

$$= \frac{1}{10} + \frac{1}{10}$$

$$= \frac{2}{10}$$

A : B : D

New Ratio = 4 : 4 : 2

Ans 3 Working Notes

Provision for D/d = $\frac{5}{100} \times 2,00,000$

Pg. 17

$$= 10,000$$

Rawi, Mohan &

Sohan's share each = $\frac{1}{3} \times 5000$

$$= 1667$$

⇒ Ans on back for Journal entries

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Ans 4.

Creditor's A/c

Particulars	Amount	Particulars	Amount
To Bank A/c (payment) To balance c/d	11,49,000	By balance b/d	5,40,000
To balance c/d	8,25,000	By Credit Purchases A/c (Bal. fig.)	14,34,000
	19,74,000		19,74,000

Purchases during the year
(Credit + Cash)

17,64,000

Add: Opening stock

1,70,000

Less: Closing stock

(3,75,000)

(2,05,000)

Amount of medicines to be debited to
Income & Expenditure A/c

15,59,000

5

Ans 5

(3)

Profit sharing Ratio = 5:4

Net Profit

Sales

3,00,000

24,00,000

x

4,00,000

Let Net profit from 1st April, 2021 to 30th June 2021 = x

$$\therefore 24,00,000 \times x = 4,00,000 \times 3,00,000$$

$$\therefore x = \frac{4,00,000 \times 3,00,000}{24,00,000}$$

1 1/2

$$= 50,000$$

$$F's \text{ share of profit} = \frac{4}{10} \times 50,000$$

$$= 20,000$$

=> Journal entry on Pg. 18

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Ans 6

No. of debentures = $\frac{\text{Purchase consideration}}{\text{No. of Issue price}}$

$$= \frac{10,00,000}{125} = 8000$$

$$= 8000 \text{ debentures}$$

 $\Rightarrow$ Journal entry on Pg. 19

Ans 7.

(5)

Income & Expenditure A/c			
Expenditure	Amount	Income	Amount
To Subscriptions	17,500	By Subscriptions A/c	1,75,000
To loss on sale of old furniture A/c	6,000	By Entrance fees A/c	50,000
To Honorarium A/c	75,000	By Sale of old newspaper A/c	2,000
To Stationery A/c	15,000	By Donations A/c	45,000
To Electricity Bill A/c	35,000		
	85,000		
To Rent A/c	1,20,000		
To Surplus (Bal. fig.)	21,000		
	<u>2,72,000</u>		<u>2,72,000</u>

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Ans 8. $\Rightarrow$ Journal entries on Pg 20 & 21

Ans 9. $\Rightarrow$ Journal entries on Pg 22

PART-B

Ans 10. Cash flow statement is a statement showing inflow & outflow of cash for an organisation during an accounting period.

(1 1/2)

Cash outflow is when cash is paid for some purpose. For example, purchase of machinery leads to outflow of cash.

Relevant words
are missing.

Cash inflow is when cash is received for some purpose. For example, payment made by debtors lead to inflow of cash.

It shows inflow and outflow of cash from Operating, Investing and Financing activities.

Common Size Statement of P&L

Ans II	Particulars	Note No.	Absolute value		% of Revenue from op.	
			2020-21	2021-22	2020-21	2021-22
	I. Revenue from operations		10,00,000	20,00,000		
	II. Expenses					
	Other Income		5,00,000	5,00,000		
	Expenses		7,00,000	10,00,000		
	Total Expense					
	III. Profit before Tax (I-II)					
	less: Tax @ 50-1.					
	IV. Profit after Tax					

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Common-size Statement of P&L

Ans II.

(2)

Particulars	Net No.	Absolute Values		% of Revenue from	
		2020-21	2021-22	2020-21	2021-22
I. Revenue from operations		10,00,000	20,00,000	100	100
II. Other Income		5,00,000	5,00,000	50	25
III. Total Revenue		15,00,000	25,00,000	150	125
IV. Expenses		7,00,000	10,00,000	70	50
V Profit before Tax (III - IV)		8,00,000	15,00,000	80	75
less: Tax @ 50%.		(4,00,000)	(7,50,000)	40	37.5
VI Profit after tax		4,00,000	7,50,000	40	37.5

	Particulars	Details	Amount
12	A. Operating Activities		
★	Net profit after tax & extraordinary items		4,00,000
	Add: T- Provision for tax	1,50,000	1,50,000
★	Net profit before tax & extraordinary items		5,50,000
	Adjustment for non-cash & non-operating items		
	Add: Interest on debentures	40,000	40,000
★	Operating profit before WC changes		5,90,000
	less: Decrease in Trade payables	(1,00,000)	
	Add: Increase in other CI	2,00,000	
	less: Increase in inventories	(6,60,000)	(5,60,000)
★	Operating profit after WC changes		30,000

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less: Tax paid

(1,00,000)

Cash flow from operating Activities

(70,000)

B. Investing Activities

less: Purchase of land

(20,00,000)

Cash flow from investing activities

(20,00,000)

C. Financing Activities

Add: Proceeds from issue of equity shares 20,00,000

Add: Proceeds from long-term borrowing 7,00,000

less: Interest on debentures

(40,000)

23,60,000

Cash flow from financing activities

23,60,000

Net cash flow from (A+B+C)

$[-70,000 - 20,00,000 + 23,60,000]$

2,90,000

Add: Opening cash & cash equivalents

60,000

60,000

Closing cash & cash equivalents

3,50,000

Provision

Ans 3.

रोजनामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
2022 March 31	Debtors A/c To Revaluation A/c (Being unrecorded debtors of ₹ 5000 recorded)	Dr. (2)	5000	5000
March 31	Revaluation A/c To Provision for Bad & doubtful debts A/c (Being 5% provision for bad & doubtful debts created on debtors)	Dr.	10,000	10,000
March 31	Ravi's Cap. A/c Mohan's Cap. A/c Sohan's Capital A/c To Revaluation A/c (Being loss on revaluation distributed among partners)	Dr. Dr. Dr. X	1667 1667 1666	5000

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Ans 5रोज़नामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
2021 30th June	Profit & loss suspense A/c TO F's capital A/c (Being F's share in profit till his death retirement given to him)	Dr.	20,000	20,000

रोजनामचा Journal

Ans 6.

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
3	Sundry Assets A/c Dr. To Sundry Liabilities A/c To Y Ltd A/c To Capital Reserve A/c (Being assets purchased and liabilities took over for purchase consideration of 10,00,000)		18,00,000	6,00,000 10,00,000 2,00,000
	Y Ltd A/c Dr. To 9% Debentures A/c (8000x100) To SPR A/c (8000x25) (Being 8000, 9% Debentures of ₹100 issued for ₹ 125 as payment to Y Ltd.)		10,00,000	8,00,000 2,00,000

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Ans 8

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रोज़नामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
i)	a) T's Capital A/c To Realisation A/c (Being stock taken over by T for ₹90,000)	Dr.	90,000	90,000
	b) Bank A/c To Realisation A/c (Being remaining stock sold for ₹40,000)	Dr.	40,000	40,000
ii)	No entry			
iii)	Bank A/c To Realisation A/c (Being debtors of ₹5000 previously written off recovered)	Dr.	5,000	5,000
iv)	Realisation A/c To Bank A/c (Being Mrs. V's loan paid by firm)	Dr.	72,000	72,000

Ans 8.

रोज़नामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
v)	T's Capital A/c Dr. U's Capital A/c Dr. V's Capital A/c Dr. To Realisation A/c (Being loss on dissolution distributed among partners in their profit sharing ratio)		32,000 16,000 32,000	80,000

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Ans 9.

रोजनामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
a) (5)	i) Bank A/c (50,000 × 100) Dr. To Debenture Application & Allotment A/c (Being amount received for 50,000, 9% Debenture of ₹100 each)		50,00,000	50,00,000
	ii) Debenture Application And Allotment A/c Dr. To 9% Debentures A/c (50,000 × 100) (Being amount of 50,000, 9% Debentures of ₹100 each redeemable at par)		50,00,000	50,00,000
b)	i) Bank A/c (10,000 × 107) Dr. To Debenture Application & Allotment A/c (Being amount received for 10,000, 8% Debentures of ₹100 each issued at ₹107)		10,70,000	10,70,000

Ans 9

रोज़नामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
	ii) Debenture Application & Allotment A/c Dr. To 8% Debentures A/c (10,000 × 100) To SPRA/c (10,000 × 7) (Being allotment of 10,000, 8% Deb. of ₹100 each issued at ₹107 and redeemable at par)		10,70,000	10,00,000 70,000
	c) i) Bank A/c (750 × 90) Dr. To Deb. Application & Allot A/c (Being amount received for 750, 8% Deb. issued at ₹90)		67,500	67,500
	ii) Deb. Application & Allot A/c Dr. Discount on issue of debentures A/c Dr. To 8% Debenture A/c (750 × 100) (Being allotment of 750, 8% deb. issued at ₹90 redeemable at par)		67,500 7500	75000
	a) i) Bank A/c (1000 × 105) Dr. To Deb. Application & Allotment A/c (Being amount received for 1000, 9% deb. issued at ₹105)		1,05,000	1,05,000

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Ans 9

रोज़नामचा Journal

तिथि Date	विवरण Particulars	खाता बही पृष्ठ सं० Ledger Folio No.	नाम राशि (₹) Debit Amount (₹)	जमा राशि (₹) Credit Amount (₹)
	ii) Deb. Application & Allot A/c has on debentures A/c (8 × 1000) To 9-1. Debentures A/c To SPR A/c To premium on redemption A/c (8 × 100) (Being allotment of 1000, 9-1. deb. issued at ₹105 redeemable at ₹108)	M. M.	1,05,000 80.00	1,00,000 5,000 5000
e)	i) Bank A/c (500 × 90) TO Deb. Application & Allot A/c (Being amount received for 500, 9-1. deb. issued at ₹90)	M.	45000	45000
ii)	Deb. App. & Allotment A/c (500 × 90) has on issue of debentures A/c (500 × 100) Discount on issue of debentures A/c (500 × 10) To 9-1. Debentures A/c To premium on redemption of debentures A/c (Being allotment of 500, 9-1. deb. issued at ₹90 and redeemable at ₹100)	M. M.	45,000 5000 5000	50,000 5000

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