

Answer key

PART B

Analysis of financial statements

Q No	Scoring indicators	Split Score	Total Score
1	(b) Perceptual succession	1	1
2	(c) Unlimited companies	1	1
3	Reserve capital	1	1
4	Asset side – Miscellaneous expenditure	½ each	1
5	(b) Dividend Dividend is the return on investment in shares, others are sources of long term funds.	½ each	1
6	Share Application a/c Dr. 12,00,000 To Share capital a/c 10,00,000 To securities Premium a/c 2,00,000 Share Application a/c Dr. 6,00,000 To Bank a/c 6,00,000	1 each	2
7	Goodwill a/c Dr. 20,00,000 To Share Capital a/c 20,00,000 Balance Sheet -Asset side- Goodwill Rs. 20,00,000 Liability side -Share capital Rs. 20,00,000	1 1	 2
8	Preference in getting dividend. Preference in repayment of capital on winding up of the company.	1 each	2
9	Specific coupon rate debentures zero coupon rare debentures Brief explanation	½ ½ 1	 2
10	(a) No. of shares to be issued-4,80,000/120 = 4000 (b) Machinery a/c Dr. 4,80,000 To Vimal Ltd. A/c 4,80,000 Vimal Ltd. A/c Dr. 4,80,000 To Share Capital a/c 4,00,000 To securities Premium a/c 80,000	1 1 each	 3
11	Share Capital a/c (1000x100) Dr. 1,00,000 Securities Premium a/c(1000x20) Dr. 20,000 To Share forfeited a/c(1000x40) 40,000 To Share Allotment a/c (1000x50) 50,000 To Share Call a/c (1000x30) 30,000	½ ½ 1 ½ ½	 3
12	(a) To issue fully paid up bonus shares (b) To write off preliminary expenses (c) To write off discount on issue of shares or debentures.	1 each	3

	(any three)		
13	Bank a/c Dr. 15,00,000 To 10% Debenture Application a/c 15,00,000 10% Debenture Application a/c Dr. 15,00,000 To 0% Debentures a/c 15,00,000 Balance Sheet Asset side- Bank a/c 15,00,000 Liability side- 10% Debentures 15,00,000	1 1 1	3
14	Debentures issued as additional security for raising loans. Two methods of accounting treatment- (a) Not included in the books of accounts, but shown as a foot note to the Balance Sheet. (b) Shown in accounts by opening the debenture suspense a/c.	1 1 1	3
15	(a) Fixed or floating charge on assets- Secured debentures (b) Premium on issue of debentures- Reserves and Surplus (c) Charge against Profit- Interest on debentures (d) Repayable on winding up- Perpetual debentures	1 each	4
16	(a) Bank a/c (60,000x20) Dr. 12,00,000 To Pref. Share Application a/c 12,00,000 (b) Pref. Share Application a/c Dr. 8,00,000 (40,000x20) To Pref. Share Capital a/c 8,00,000 (c) Pref. Share Application a/c Dr. (10,000x20) 2,00,000 To Bank a/c 2,00,000 (d) Pref. Share Allotment a/c Dr. 8,00,000 (40,000x20) To Pref. Share Capital a/c 8,00,000 (e) Bank a/c Dr. 6,00,000 Pref. Share Application a/c Dr. 2,00,000 To Pref. Share allotment a/c 8,00,000	1 each	5
17	Bank account Dr 3,20,000 To Share Application a/c 3,20,000 Share Application A/c Dr 3,20,000 To Share capital 3,20,000 Share Allotment A/c Dr 2,40,000 To Share Capital A/c Dr 2,40,000 Bank account Dr 2,40,000 To Share Allotment a/c 2,40,000 Share First Call A/c Dr 2,40,000 To Share Capital A/c Dr 2,40,000 Bank account Dr 2,28,000 To Share First Call a/c 2,28,000	1 each	8

	Share Capital A/c Dr	40,000		
	To Forfeited Shares A/c		28,000	
	To Share First Call A/c		12,000	
	Bank A/c	Dr	24,000	
	Forfeited Shares A/c	Dr	6,000	
	To Share Capital A/c		30,000	
	Forfeited Shares A/c Dr	15,000		
	To Capital Reserve		15,000	
18	Bank account Dr	5,20,000		
	To Share Application a/c		5,20,000	
	Share Application A/c Dr	5,20,000		
	To Share capital		5,20,000	
	Share Allotment A/c Dr	3,90,000		
	To Share Capital A/c Dr		3,90,000	4
	Bank account Dr	3,88,500		
	To Share Allotment a/c		3,88,500	
	Balance Sheet			
	Liabilities	Rs.	Assets	Rs.
	Authorised Capital		Cash at Bank	9,08,500
	2,00,000 shares of Rs. 10 each	20,00,000		
		=====		
	Issued Capital			
	1,50,000 shares of Rs. 10 each	15,00,000		
		=====		
	Subscribed Capital			
	1,30,000 shares of Rs. 10 each	13,00,000		
		=====		
	Called up capital			
	1,30,000 shares of Rs. 7 each	9,10,000		
		=====		
	Paid up capital			
	Called up	9,10,000		
	Less Calls in arrears	1,500		

				4
				8
	Total (Excluding choice questions)			
				40
				40