SAMPLE QUESTION PAPER - 1

SUBJECT- ACCOUNTANCY (055)

CLASS XII (2024-25)

Time Allowed: 3 hours **Maximum 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

1. Aditya and Shiv were partners in a firm with capitals of ₹ 3,00,000 and ₹ 2,00,000, respectively. Naina was admitted as a new partner $\frac{1}{4}$th share in the profits of the firm. Naina brought ₹ 1,20,000 for her share of goodwill premium and ₹ 2,40,000 for her capital. The amount of goodwill premium credited to Aditya will be: **[1]**

   a) ₹ 30,000 b) ₹ 72,000

   c) ₹ 40,000 d) ₹ 60,000

2. **Assertion (A)**: A minor cannot be admitted in a firm as a partner. **[1]**
   Reason (R): A minor can participate in the profits of a firm.

   a) Both A and R are true and R is the correct explanation of A. b) Both A and R are true but R is not the correct explanation of A.

   c) A is true but R is false. d) A is false but R is true.

3. Madan Ltd. has Issued 20,00,000 Equity shares of ₹ 10 each. Till Date ₹ 8 per share have been called up and the entire amount received except calls of ₹ 4 per share on 800 shares and ₹ 3 per share from another holder who held 500 shares. What will be amount appearing as Subscribed but not fully paid capital in the balance sheet of the company? **[1]**

a) ₹ 1,59,95,300

b) ₹ 5,700

c) ₹ 1,99,95,300

d) ₹ 1,95,99,000

OR

When a company purchases some assets and not paying cash instead issues debentures as a payment for the purchase, from the vendors it is known as the issue of:

a) Debentures issued for cash

b) Debentures issued for consideration other than cash

c) Debentures issued as collateral security

d) Debenture issued in consideration of asset

4. X, Y and Z are partners in firm sharing profits in 1 : 2 : 3 ratio. Their Balance Sheet as at 31.3.2003 showed a balance of Rs. 1,20,000 in General Reserve. From 1.4.2003, they will share profits equally. Give adjustment entry. **[1]**

a) Dr. X and Cr. Z by Rs 40,000 each

b) Dr. X and Cr. Z by Rs 20,000 each

c) Dr. X and Cr. Z by Rs 2,000 each

d) Dr. X and Cr. Z by Rs 60,000 each

OR

The business of a partnership concern may be carried on by all the partners, or any of them acting for all. The above statement highlights which of the following features of partnership?

a) Business

b) Sharing of profit

c) Agreement

d) Mutual Agency

5. A, B and C are partners sharing profits in the ratio of 4 : 3 : 2. Their capitals are fixed. Profit for the year amounting to ₹ 9,000. **[1]**
B's share of profit Rs.________ is to be shown in the _________ account.

a) 3,000 / Partners current account Debit Side
b) 9000 / Partners current account Credit Side
c) 3,000 / Partners capital account Credit Side
d) 3,000 / Partners current account Credit Side

6. Maira Ltd. took over assets of ₹ 12,00,000 and liabilities of ₹ 4,00,000 of Subav Ltd. for an agreed purchase consideration of ₹ 9,00,000. The amount was payable by issue of 11% debentures of ₹ 100 each at 10% discount. The number of debentures issued will be: **[1]**

a) 8,000
b) 9,000
c) 10,000
d) 11,000

OR

Which of the following is **correct** with respect to debentures?

a) They can be issued partly on credit and partly in cash.
b) They cannot be issued as collateral security.
c) They can be issued for consideration other than cash.
d) They can be issued on credit.

7. **Assertion (A):** Reserve Capital and Capital Reserve are the same. **[1]**
Reason (R): Reserve Capital is a part of Subscribed Capital which the Company may decide to call at the time of winding up of the Company.

a) Both A and R are true and R is the correct explanation of A.
b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false.
d) A is false but R is true.

8. A, B and C share profits and losses of the firm equally. B retires from business and his share is purchased by A and C in the ratio of 2 : 3. New profit sharing ratio between A **[1]**

and C respectively would be:

a) 02 : 02 b) 01 : 01

c) 07 : 08 d) 03 : 05

OR

A, B and C were partners in a firm. As per the partnership deed, interest on drawings is to be charged @ 10% per annum. B withdrew a fixed amount at the end of every quarter. Interest on his drawings amounted to ₹ 9,000. The amount of his drawings per quarter were:

a) ₹ 2,40,000 b) ₹ 1,80,000

c) ₹ 60,000 d) ₹ 80,000

Question No. 9 to 10 are based on the given text. Read the text carefully and answer the questions: **[2]**

Sumit and Mohit are partners sharing profits and losses in the ratio of 2:1. Their capital Accounts as at 1st April, 2015 were ₹ 10,00,000 and ₹ 8,00,000 respectively. The partners are allowed interest on capital @ 5% p.a. Drawings of the partners during the year ended 31st March, 2016 were ₹ 1,44,000 and ₹ 1,00,000 respectively. Mohit is entitled to get a salary of ₹ 10,000 p.m.

Profit for the year before allowing interest on capital and salary was ₹ 16,00,000. 10% of the net profit is to be transferred to General Reserve.

9. Find the amount which is to be transferred to General Reserve Account?

a) ₹ 2,00,000 b) ₹ 1,60,000

c) ₹ 1,20,000 d) ₹ 80,000

10. What is the distributable amount of profit which is to be credited to Partners' Capital Accounts?

a) ₹ 12,30,000 b) ₹ 16,00,000

c) ₹ 14,40,000 d) ₹ 10,00,000

11. A and B entered into the partnership on 01.09.2020. B draws an equal amount at the end of every month starting from 31.10.2020 (first drawing made on this date). **[1]**

Interest on drawings is charged @ 10% p.a. at the year ended 31.03.2021 Interest on B's Drawing amounting to ₹ 300.
Monthly Drawings of B were:

a) 14,400
b) 1,500
c) 2,400
d) 1,200

12. Ankit Ltd. Forfeited 1000 equity share of ₹ 100 each issued at a premium of 20% for non payment of final call of ₹ 30 per share. **[1]**
State the maximum amount of discount which can be offered at the time of reissue:

a) 70,000
b) 1,30,000
c) 1,00,000
d) 30,000

13. The directors of Neelkamal Ltd. forfeited 70,000 equity shares of ₹ 10 each, ₹ 10 called-up, for non-payment of final call of ₹ 1 per share. Half of the forfeited shares were reissued at ₹ 20 per share Fully Paid-up. On reissue of forfeited shares, the following amount will be transferred to the Capital Reserve Account: **[1]**

a) ₹ 3,15,000
b) ₹ 4,20,000
c) ₹ 1,40,000
d) ₹ 70,000

14. How drawing against capital is differ from drawings against profit: **[1]**

a) Drawings against capital will not be recorded at all
b) Drawings against capital will reduce the capital
c) Drawings against capital will effect current account
d) Drawings against capital will reduce the profit

15. Which of the following statement is incorrect? **[1]**

i. Debit the gainer and credit the sacrificing partner
ii. It is not necessary for a new partner to bring premium for goodwill in cash
iii. Both new partner and gainer partner will compensation the sacrificing partner
iv. It is not necessary to value the goodwill when a new partner is admitted

a) Option (iv)
b) Option (iii)
c) Option (ii)
d) Option (i)

OR

Partner's capital account is debited:

a) to record the P and L account (Dr.)
b) to record the general reserve
c) to record the shortage of capital brought in
d) to record the profit on revaluation

16. At the time of dissolution of a firm, Debtors were ₹ 17,000 out of which ₹ 500 became bad and the rest realised 60%. Which account will be debited and by how much amount? **[1]**

a) Debtors Account by ₹ 7,100
b) Realisation Account by ₹ 16,500
c) Profit and Loss Account by ₹ 500
d) Cash Account by ₹ 9,900

17. Anu, Manu, Sonu and Rohan were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 1 : 2. With effect from 1st April, 2023, they decided to share profits and losses in the ratio of 2 : 4 : 1 : 3. Their Balance Sheet showed General Reserve of ₹ 90,000. The goodwill of the firm was valued at ₹ 4,50,000. **[3]**
Pass necessary journal entries for the above on account of change in the profit sharing ratio. Show your working clearly.

18. A and B are partners in a firm. A is entitled to a salary of ₹15,000 p.m. and a commission of 10% of net profit before charging any commission. B is entitled to a commission of 10% of net profit after charging his commission. Net profit for the year ended 31st March 2023 was ₹4,40,000. **[3]**
You are required to show the distribution of profit.

OR

On March 31, 2017 after the close of accounts, the capitals of Mountain, Hill, and Rock stood in the books of the firm at ₹ 4,00,000, ₹ 3,00,000 and ₹ 2,00,000, respectively.

Subsequently, it was discovered that the interest on capital @ 10% p.a. had been omitted. The profit for the year amounted to ₹ 1,50,000 and the partner's drawings had been Mountain: ₹ 20,000, Hill ₹ 15,000 and Rock ₹ 10,000. Calculate interest on capital.

19. Blue Ltd. purchased the assets of Shine Ltd. for ₹ 40,00,000 and took over liabilities of ₹ 7,00,000 for ₹ 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 Blue Ltd. **[3]**

OR

Can the forteited shares be reissued at a discount?

20. A and B are partners sharing profits equally. They agree to admit C for equal share. For this purpose goodwill is to be valued at 150% of the average annual profits of the last 5 year's profits. **[3]**

Profits were:

Year ended	**₹**
31^{st} March 2019	40,000
31^{st} March 2020	60,000
31^{st} March 2021	1,00,000
31^{st} March 2022	20,000 (Loss)
31^{st} March 2023	1,50,000

It was observed that:

i. During the year ended 31^{st} March 2020, an asset of the original cost of ₹ 2,00,000 with book value of ₹ 1,50,000 was sold for ₹ 1,24,000.

ii. On 1^{st} April, 2021, 2 Computer's costing ₹ 1,00,000 were purchased and were wrongly debited to Travelling Expenses. Depreciation on Computers was to be charged @ 20% p.a. on written down value basis.

Calculate the value of goodwill.

21. Starline Ltd. issued 10,000 shares of ₹ 10 each, payable as ₹ 3 on application, ₹ 4 on allotment, ₹ 2 on first call and balance on second and final call. Out of the total shares, 500 shares were forfeited. **[4]**

Calculate the **Maximum Permissible Discount** and **Minimum Reissue Price** at the time of reissue in each of the following cases:

Case 1. If shares were forfeited for non-payment of Second and Final Call.

Case 2. If shares were forfeited for non-payment of First Call and Second and Final Call.

Case 3. If shares were forfeited for non-payment of Allotment, First Call and Second and Final Call.

Case 4. If shares were forfeited for non-payment of Allotment and First Call. Second and Final Call is not yet made.

Case 5. If shares were forfeited for non-payment of First Call. Second and Final Call is not yet made.

22. Sumit, Amit and Vinit are partners sharing profit in the ratio of 5 : 3 : 2. Their Balance Sheet as on March 31, 2017 was as follows: **[4]**

Balance Sheet of Sunit, Amit and Vinit
as on March 31, 2017

Liabilities		Amount ₹	Assets	Amount ₹
Capitals:			Machinery	80,000
Sumit	40,000		Investments	1,50,000
Amit	50,000		Stock	10,000
Vinit	40,000	1,50,000	Debtors	35,000
Profit and Loss		10,000	Cash at bank	15,000
Mr. Amit's loan		40,000		
Sundry creditors		90,000		
		2,90,000		**2,90,000**

The firm was dissolved on that date. Amit took over his wife's loan. One of the Creditors for ₹ 2,600 did not claim the amount. Assets realised as follows:

i. Machinery was sold for ₹ 70,000,

ii. Investments with book value of ₹ 1,00,000 were given to Creditors in full settlement of their account. The remaining Investments were taken over by Vinit at an agreed value of ₹ 45,000,

iii. Stock was sold for ₹ 11,000 and Debtors for ₹ 3,000 proved to be bad,

iv. Realisation expenses were ₹ 1,500.

Prepare ledger accounts to close the books of the firm.

23. Street Food Ltd. issued a prospectus offering 10,000 equity shares of ₹ 50 each at par payable as follows: **[6]**

	₹
On Application	15
On Allotment	10
On First Call	15
On Final Call	10

Rohit, the holder of 500 equity shares did not pay the amount due on both the calls. These 500 shares were forfeited by the Board of Directors and 300 of these shares were subsequently re-issued at ₹ 55 per share.

Show the entries in the Cash Book and Journal of the Company.

OR

Viswas Ltd. issued a prospectus inviting applications for 20,000 shares of ₹ 10 each at a premium of ₹ 4 per share, payable as follows:

On Application	₹ 4 (including premium ₹ 1)
On Allotment	₹ 3 (including premium ₹ 1)
On First Call	₹ 3 (including premium ₹ 1)
On Second and Final Call	₹ 4 (including premium ₹ 1)

Applications were received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. It was decided to utilise excess application money towards the sums due on allotment.

X, who was allotted 500 shares, failed to pay the allotment money and on his subsequent failure to pay the first call, his share were forfeited.

Y, who applied for 1,800 shares, failed to pay the two calls and his shares were forfeited after the second call. Of the shares forfeited, 1,700 shares were re-issued as fully paid up for ₹ 8 per share, the whole of Y's shares being included.

Prepare Cash Book, Journal and Balance Sheet.

24. The following is the balance sheet of A, B and C sharing profits and losses in proportion of 6 : 5 : 3 respectively:- **[6]**

Liabilities		₹	Assets	₹
Creditors		18,900	Cash	1,890
Bills Payable		6,300	Debtors	26,460
General Reserve		10,500	Stock	29,400
Capitals:-			Furniture	7,350
A	35,400		Land & Building	45,150
B	29,850		Goodwill	5,250
C	14,550	79,800		
		1,15,500		**1,15,500**

They agreed to take D into partnership and give him $\frac{1}{8}$th share on the following terms:-

i. That Furniture be depreciated by ₹ 2,920.

ii. An Old Customer, whose account was written off as bad, has promised to pay ₹ 2,000 in full settlement of his full debt.

iii. That a provision of ₹ 1,320 be made for outstanding repair bills.

iv. That the value of land and building having appreciated be brought upto ₹ 56,910.

v. That D should bring in ₹ 14,700 as his capital.

vi. That D should bring in ₹ 14,070 as his share of goodwill.

vii. That after making the above adjustments, the capital accounts of old partners be adjusted on the basis of the proportion of D's Capital to his share in business, i.e., actual cash to be paid off or brought in by the old partners, as the case may be.

Pass the necessary journal entries and prepare the balance sheet of the new firm.

OR

Radha, Manas and Arnav were partners in a firm sharing profits and losses in the ratio of 3 : 1 : 1. Their Balance Sheet as at 31st March, 2019 was as follows:

Balance Sheet of Radha, Manas and Arnav as at 31st March, 2019

Liabilities		(₹)	Assets		(₹)
Capitals:			Furniture		4,60,000
Radha	4,00,000		Investments		2,00,000
Manas	3,00,000		Stock		2,40,000
Arnav	2,00,000	9,00,000	Sundry Debtors	2,20,000	
Investment Fluctuation Fund		1,10,000	Less: Provision for Doubtful Debts	(10,000)	2,10,000
Creditors		2,50,000	Cash		1,50,000
		12,60,000			12,60,000

Manas retired on 1st April, 2019. It was agreed that:

i. Stock was to be appreciated by 20%

ii. Provision for doubtful debts was to be increased to ₹ 15,000.

iii. Value of furniture was to be reduced by ₹ 3,000.

iv. Market value of investments was ₹ 1,90,000.

v. Goodwill of the firm was valued at ₹ 2,00,000 and Manas's share was adjusted in the accounts of Radha and Arnav.

vi. Manas was paid ₹ 68,000 in cash and the balance was transferred to his loan account.

vii. Capitals of Radha and Arnav were to be in proportion to their new profit sharing ratio. Surplus/deficit, if any, in their capital accounts was to be adjusted through current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

25. Puneet, Pankaj and Pammy are partners in a business sharing profits and losses in the ratio of 2 : 2 : 1 respectively. Their balance sheet as on March 31, 2019 was as follows: **[6]**

Books of Puneet, Pankaj and Pammy

Balance Sheet as on March 31, 2019

Liabilities		Amount ₹	Assets	Amount ₹

Sundry Creditors		1,00,000	Cash at Bank	20,000
Capital Accounts:			Stock	30,000
Puneet	60,000		Sundry Debtors	80,000
Pankaj	1,00,000		Investments	70,000
Pammy	40,000	2,00,000	Furniture	35,000
Reserve		50,000	Buildings	1,15,000
		3,50,000		**3,50,000**

Mr. Pammy died on September 30, 2017. The partnership deed provided the following:

i. The deceased partner will be entitled to his share of profit up to the date of death calculated on the basis of previous year's profit.

ii. He will be entitled to his share of goodwill of the firm calculated on the basis of 3 years' purchase of average of last 4 years' profit. The profits for the last four financial years are given below:
for 2015–16; ₹ 80,000; for 2016–17, ₹ 50,000; for 2017–18, ₹ 40,000; for 2018–19, ₹ 30,000.
The drawings of the deceased partner up to the date of death amounted to ₹ 10,000. Interest on capital is to be allowed at 12% per annum. Surviving partners agreed that ₹ 15,400 should be paid to the executors immediately and the balance in four equal yearly instalments with interest at 12% p.a. on the outstanding balance. Show Mr. Pammy's Capital account, his Executor's account till the settlement of the amount due.

26. Satnam Ltd. purchased Building worth ₹ 5,00,000, Plant worth ₹ 4,60,000 and Furniture worth ₹ 2,20,000 from Gurnam Ltd. for a purchase consideration of ₹ 12,60,000. Satnam Ltd. paid the purchase consideration by issuing 10% debentures of₹ 100 each. Pass the necessary journal entries in the books of Satnam Ltd. for the acquisition of assets and issue of 10% debentures when: **[6]**

a. Debentures were issued at par.

b. Debentures were issued at premium of 25%.

c. Debentures were issued at a discount of 10%.

Part B :- Analysis of Financial Statements

27. Which of the following is not a limitation of financial statement analysis? **[1]**

a) Qualitative aspect is ignored

b) To assess the financial position and profitability

c) Historical analysis

d) Ignores price level changes

OR

Which of the following is not a part of Finance Cost (in Statement of Profit and Loss)?

a) Loss on Issue of Debentures

b) Interest Paid on Debentures

c) Bank Charges

d) Interest Paid on Public Deposits

28. A Company's Current Ratio is 2.4 : 1 and Working Capital is ₹ 5,60,000. If its Liquid Ratio is 1.5, what will be the value of Inventory? **[1]**

a) ₹ 6,40,000

b) ₹ 3,60,000

c) ₹ 6,00,000

d) ₹ 2,00,000

29. Which of the following is not concerned with Financing Activity? **[1]**

a) Sale of Non-current investment

b) Increase in Securities Premium

c) Loan taken from bank

d) Issue of Equity Shares

OR

If a machine whose original cost is ₹ 40,000 having accumulated depreciation ₹ 12,000, were sold for ₹ 34,000 then while preparing Cash Flow Statement its effect on cash flow will be:

a) Cash flow from investing activities ₹ 34,000

b) Cash flow from financing activities ₹ 34,000

c) Cash flow from investing activities ₹ 6,000

d) Cash flow from financing activities ₹ 6,000

30. While calculating the cash flow statement from investment activities following items should be added except? **[1]**

a) Cash paid for purchase of Non-current Investment

b) Interest received

c) Cash received from sale of fixed assets

d) Cash received from sale of investments

31. Under what main heads and sub-heads, will the following items appear in the balance sheet of a company as per Schedule III, Part I of the Companies Act, 2013 **[3]**

i. Mining rights

ii. Encashment of employees earned leave payable on retirement

iii. Vehicles

32. From the following, calculate Debt to Capital Employed Ratio: **[3]**

	₹
9% Debentures	2,00,000
8% Public Deposits	5,00,000
Long-term Provisions	2,00,000
Equity Share Capital	8,00,000
Reserves and Surplus	5,00,000

33. From the following Statement of Profit and Loss of RJ Ltd., prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2022: **[4]**

RJ Ltd.

Statement of Profit and Loss for the year ended 31st March, 2022

Particulars	**Note No.**	**2021 - 22 ₹**	**2020 - 21 ₹**
Revenue from Operations		20,00,000	15,00,000
Employee Benefit Expenses		8,00,000	4,00,000
Other Expenses		2,00,000	1,00,000
Tax Rate 50%			

OR

Convert the following particulars into Common Size Statement of Profit & Loss and interpret the changes in 2023:

Particulars	Note No.	31.3.2023	31.3.2022
Revenue from Operations		18,00,000	15,00,000
Other Income		72,000	45,000
Cost of Materials Consumed		8,64,000	6,60,000
Employee Benefit Expenses		1,80,000	1,80,000
Other Expenses		54,000	1,05,000

34. Read the following hypothetical text and answer the given questions on the basis of the same. **[6]**

In 2011, two young Indian entrepreneurs, Vaishali Bhatia and Vivek Bhatia decided to start an online auto portal. At that time, there were no major players in the market and they saw an opportunity to fill the gap. They used a user-friendly website and mobile app which made it easy for users to research and buy cars. It was converted into a company 'Car Easy Ltd.' in 2018.

From the following Balance Sheet of the company as on 31st March, 2022, calculate 'Cash Flows From Operating Activities'.

Balance Sheet of 'Car Easy Ltd' as at 31st March, 2022

Particulars	Note No.	31.3.2022 (₹)	31.3.2021 (₹)
I Equity and Liabilities:			
1. Shareholders' Funds			
(a) Share Capital		9,00,000	3,00,000
(b) Reserves and Surplus	1	75,000	3,60,000
2. Non-Current Liabilities			
Long-term Borrowings	2	2,40,000	1,80,000
3. Current Liabilities			
(a) Trade Payables		18,000	60,000
(b) Short-term Provisions	3	2,04,000	2,10,000

Total		**14,37,000**	**11,10,000**
II Assets:			
1. Non-Current Assets			
Fixed Assets	4	10,08,000	5,76,000
2. Current Assets			
(a) Inventories		3,54,000	3,87,000
(b) Cash and Cash Equivalents		75,000	1,47,000
Total		**14,37,000**	**11,10,000**

Notes to Accounts:

Note No.	Particulars	31.3.2022 (₹)	31.3.2021 (₹)
1	Reserve and Surplus		
	Surplus i.e. Balance in Statement of Profit and Loss	75,000	3,60,000
		75,000	3,60,000
2	Long-term Borrowings		
	10% Debentures	2,40,000	1,80,000
		2,40,000	1,80,000
3	Short-term Provisions		
	Provision for Tax	2,04,000	2,10,000
		2,04,000	2,10,000
4	Fixed Assets		
	Machinery	11,52,000	6,45,000
	Accumulated Depreciation	(1,44,000)	(69,000)
	Total	10,08,000	5,76,000

Additional Information:

i. 10% Debentures were issued on 31st March, 2021.

ii. Tax of ₹ 80,000 was paid during the year.

SOLUTION

SAMPLE QUESTION PAPER - 1

SUBJECT- ACCOUNTANCY (055)

CLASS XII (2024-25)

Part A:- Accounting for Partnership Firms and Companies

1.

(d) ₹ 60,000

Explanation:

Sacrificing ratio = 1 : 1

Aditya share in premium on goodwill = ₹ 1,20,000 $\times \frac{1}{2}$ = ₹ 60,000

2. **(a)** Both A and R are true and R is the correct explanation of A.

Explanation:

Both A and R are true and R is the correct explanation of A.

3. **(a)** ₹ 1,59,95,300

Explanation:

Amount appearing as Subscribed but not fully paid up

{₹ 20,00,000 $\times$ 8 - (800 $\times$ 4) - (500 $\times$ 3)} = ₹ 1,59,95,300

OR

(b) Debentures issued for consideration other than cash

Explanation:

When a company purchases some assets and instead of paying cash issue debentures as a payment for the purchase from the vendors it is known as the issue of debentures for consideration other than cash.

Asset A/c ... Dr.

To vendor A/c

Vendor A/c ... Dr.

To debentures A/c

4.

(b) Dr. X and Cr. Z by Rs 20,000 each

Explanation:

Adjustment of General Reserve at the time of change in profit sharing ratio:

Old Ratio = 1:2:3 and New Ratio 1:1:1

X = $\frac{1}{6} - \frac{1}{3} = \frac{1}{6}$ Gain

Y = $\frac{2}{6} - \frac{1}{3}$ = No Sacrifice/No Gain

$Z = \frac{3}{6} - \frac{1}{3} = \frac{1}{6}$ Sacrifice

Share of General reserve = $120000 \times \frac{1}{6} = 20000$

OR

(d) Mutual Agency

Explanation:

Mutual Agency

5.

(d) 3,000 / Partners current account Credit Side

Explanation:

3,000 / Partners current account Credit Side

6.

(c) 10,000

Explanation:

(9,00,000)/90= 10,000

OR

(c) They can be issued for consideration other than cash.

Explanation:

They can be issued for consideration other than cash.

7.

(d) A is false but R is true.

Explanation:

A is false but R is true.

8.

(c) 07 : 08

Explanation:

07 : 08

OR

(c) ₹ 60,000

Explanation:

Suppose Total Drawings are X

Interest on Drawings = $x \times \frac{10}{100} \times \frac{4.5}{12} = 9,000$

$= \frac{45x}{1,200} = 9,000$

$45x = 9,000 \times 1,200$

$x = \frac{9,000 \times 1,200}{45} = 2,40,000$

Qaurterly Drawings = 2,40,000 ÷ 12 = ₹ 60,000

9. **(b)** ₹ 1,60,000

   Explanation:

   ₹ 1,60,000

10. **(a)** ₹ 12,30,000

    Explanation:

    ₹ 12,30,000

11.

    (d) 1,200

    Explanation:

    300 = Total drawings X 10/100 X 2.5/12

    total drawings = 14400

    monthly drawings = 14,400/12 = Rs. 1200

12. **(a)** 70,000

    Explanation:

    maximum discount on re-issue = amount forfeited on the re-issued share

    $= 1000 \text{ shares} \times 70$

    = 70000

13. **(a)** ₹ 3,15,000

    Explanation:

    Amount transferred to capital reserve account $= \frac{6,30,000}{70,000} \times 35,000 = 3,15,000$

    (half forfeited share reissued)

14.

    (b) Drawings against capital will reduce the capital

    Explanation:

    The main difference between drawings against profit and drawings against capital is:

    i. Drawings against capital will reduce the amount of capital but not the profit because it is withdrawn from capital only.

    ii. Drawings against profit will reduce the amount of profit but not the capital.

15. **(a)** Option (iv)

    Explanation:

goodwill must be valued at time of admission

OR

(a) to record the P and L account (Dr.)

Explanation:

to record the P and L account (Dr.) as it is written off in old ratio

16.

(d) Cash Account by ₹ 9,900

Explanation:

Cash Account by ₹ 9,900

17. **Books of Anu, Manu, Sonu and Rohan**

Journal

Date	Particulars		L.F.	Dr. Amount ₹	Cr. Amount ₹
2023 April 1	General Reserve A/c	Dr.		90,000	
	To Anu's Capital A/c				15,000
	To Manu's Capital A/c				30,000
	To Sonu's Capital A/c				15,000
	To Rohan's Capital A/c				30,000
	(Distribution of General Reserve in old profit-sharing ratio)				
2023 April 1	Anu's Capital A/c	Dr.		15,000	
	Manu's Capital A/c	Dr.		30,000	
	To Sonu's Capital A/c				30,000
	To Rohan's Capital A/c				15,000
	(Adjustment for Goodwill on account of change in profit sharing ratio)				

Working notes:

Calculation of gain/ sacrifice

Gaining Share = New share - Old share

Anu = $\frac{2}{10} - \frac{1}{6} = \frac{1}{30}$ (Gain)

Manu = $\frac{4}{10} - \frac{2}{6} = \frac{2}{30}$ (Gain)
Sonu = $\frac{1}{10} - \frac{1}{6} = \frac{-2}{30}$ (Sacrifice)
Rohan = $\frac{3}{10} - \frac{2}{6} = \frac{-1}{30}$ (Sacrifice)

18. **PROFIT AND LOSS APPROPRIATION ACCOUNT**

for the year ended 31st March, 2023

Dr.				**Cr.**
Particulars		**₹**	**Particulars**	**₹**
To A's Salary A/c		1,80,000	By Profit & Loss A/c (Net Profit)	4,40,000
To A's Commission A/c (₹ 4,40,000 $\times \frac{10}{100}$)		44,000		
To B's Commission A/c (₹ 4,40,000 $\times \frac{10}{100}$)		40,000		
To Profit transferred to Capital A/c				
A's Capital A/c	88,000			
B's Capital A/c	88,000	1,76,000		
		4,40,000		**4,40,000**

OR

Interest on Capital is calculated on the opening balance of capital, if additional capital is not given. Therefore, first of all opening capital will be calculated from the closing capital.

Statement showing calculation of Opening Capital:

Particulars	**Mountain**	**Hill**	**Rock**
Closing Capital	4,00,000	3,00,000	2,00,000
Add: Drawings	20,000	15,000	10,000
	4,20,000	3,15,000	2,10,000
Less: Profit (1:1:1)	(50,000)	(50,000)	(50,000)
Opening Capital	**3,70,000**	**2,65,000**	**1,60,000**

Calculation of Interest on Capital @ 10% p.a. is as follows:

Mountain	3,70,000 $\times \frac{10}{100}$ = ₹ 37,000
Hill	2,65,000 $\times \frac{10}{100}$ = ₹ 26,500

Rock	$1,60,000 \times \frac{10}{100} = ₹\ 16,000$

19. **In the books of Blue Ltd.**

Journal Entries

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Sundry Assets A/c	Dr.		40,00,000	
	To Sundry Liabilities A/c				7,00,000
	To Shine Ltd.				32,40,000
	To Capital Reserve A/c (business purchase of Shine Ltd.)				60,000
	Shine Ltd. A/c	Dr.		32,40,000	
	Discount on Issue of Debentures A/c ($36,000 \times 10$)	Dr.		3,60,000	
	To 10% Debentures A/c (36,000, 10% debentures issued as purchase consideration)				36,00,000

OR

Yes, they can be reissued at a discount. And the discount limit is limited. This is different in different cases.

i. Originally issued at par or premium. But now reissued at a discount. Condition for a discount is; the amount of discount should be less than or equal to the amount standing to the credit of forfeited shares account.

ii. When the shares were originally issued at a discount and now are reissued at discount, the maximum amount of discount should be less than or equal to the amount credited to the Forteited shares account and the original discount together.

20. **Calculation of Adjusted Profits**

Particulars	2019	2020	2021	2022	2023
	₹	₹	₹	₹	₹
Profits	40,000	60,000	1,00,000	(20,000)	1,50,000
Add: Loss on Sale of Asset		26,000			

Add: Cost of Computers wrongly charged to P & L A/c				1,00,000	
Less: Depreciation on Computers				(20,000) (1)	(16,000) (2)
Adjusted Profits	**40,000**	**86,000**	**1,00,000**	**60,000**	**1,34,000**

Average Profit = $\frac{40{,}000 + 86{,}000 + 1{,}00{,}000 + 60{,}000 + 1{,}34{,}000}{5}$

= $\frac{4{,}20{,}000}{5}$ = ₹ 84,000

Value of Goodwill = 84,000 $\times \frac{150}{100}$ = ₹ 1,26,000

Working Note:

i. Depreciation on Computers for the year ended 31.3.2022 = 20% on ₹ 1,00,000 = ₹ 20,000

ii. Depreciation on Computers for the year ended 31.3.2023: 20% on (₹ 1,00,000 - ₹ 20,000) = ₹ 16,000

21. Table Showing Maximum Permissible Discount and Minimum Reissue Price

Case	Amount Forfeited	Maximum Permissible Discount is Amount Forfeited	Minimum Reissue Price
1.	₹ 3 + ₹ 4 + 2 = ₹ 9 per share	₹ 9 per share	₹ 10 - ₹ 9 = ₹ 1 per share
2.	₹ 3 + ₹ 4 = ₹ 7 per share	₹ 7 per share	₹ 10 - ₹ 7 = ₹ 3 per share
3.	₹ 3 per share	₹ 3 per share	₹ 10 - ₹ 3 = ₹ 7 per share
4.	₹ 3 per share	₹ 3 per share	₹ 10 - ₹ 3 = ₹ 7 per share
5.	₹ 3 + ₹ 4 = ₹ 7 per share	₹ 7 per share	₹ 10 - ₹ 7 = ₹ 3 per share

22. **Books of Amit, Sumit and Vinit**

Realisation Account

Dr.			**Cr.**
Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
Machinery	80,000	Sundry creditors	90,000
Investments	1,50,000	Mrs.Amit's loan	40,000

Stock	10,000	Bank:		
Debtors	35,000	Machinery	70,000	
Amit's Capital (wife's loan)	40,000	Stock	11,000	
Bank (realisation expenses)	1,500	Debtors	32,000	1,13,000
		Vinit's capital (investment)		45,000
		Loss transferred to:		
		Amit's capital	14,250	
		Sumit's capital	8,550	
		Vinit's capital	5,700	28,500
	3,16,500			**3,16,500**

Partners Capital Accounts

Dr.											**Cr.**
Date	**Particulars**	**J.F.**	**Amit ₹**	**Sumit ₹**	**Vinit ₹**	**Date**	**Particulars**	**J.F.**	**Amit ₹**	**Sumit ₹**	**Vinit ₹**
	Realisation Investment		-	-	45,000		Balance b/d		40,000	50,000	60,000
	Realisation (loss)		14,250	8,550	5,700		Realisation (Mrs. Amit's loan)		40,000	-	-
	Bank		70,750	44,450	11,300		Profit and Loss		5,000	3,000	2,000
			85,000	**53,000**	**62,000**				**85,000**	**53,000**	**62,000**

Bank Account

Dr.					**Cr.**
Date 2017	**Particulars**	**Amount ₹**	**Date 2017**	**Particulars**	**Amount ₹**
	Balance b/d	15,000		Realisation (expenses)	1,500

	Realisation (assets realised)	1,13,000		Amit's capital	70,750
				Sumit's capital	44,450
				Vinit's capital	11,300
		1,28,000			**1,28,000**

Note: No entry has been made for the investments taken over by the creditors as per rules.

23. **CASH BOOK**

Dr.					**Cr.**
Particulars	**L.F.**	**₹**	**Particulars**	**L.F.**	**₹**
To Equity Share Application A/c		1,50,000	By Balance b/d		5,04,000
To Equity Share Allotment A/c		1,00,000			
To Equity Share First Call A/c		1,42,500			
To Equity Share Final Call A/c		95,000			
To Equity Share Capital A/c		15,000			
To Securities Premium Reserve		1,500			
		5,04,000			**5,04,000**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Equity Share Application A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (Application money transferred)				1,50,000
	Equity Share Allotment A/c	Dr.		1,00,000	
	To Equity Share Capital A/c (Allotment money due)				1,00,000
	Equity Share First Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (First call money due)				1,50,000
	Equity Share Final Call A/c	Dr.		1,00,000	

	To Equity Share Capital A/c (First Call money due)				1,00,000
	Equity Share Capital A/c	Dr.		25,000	
	To Equity Share First Call A/c				7,500
	To Equity Share Final Call A/c				5,000
	To Share Forfeiture A/c (Forfeiture of 500 shares)				12,500
	Sharen Forfeiture A/c	Dr.		7,500	
	To Capital Reserve A/c (Profit on reissue of 300 shares transferred to Capital Reserve)				7,500

BALANCE SHEET OF STREET FOOD LTD

as at ________

Particulars	**Note No.**	**Current Year**	**Previous Year**
I. EQUITY AND LIABILITIES:		**₹**	**₹**
Shareholder's Funds			
(a) Share Capital	1	4,95,000	
(b) Reserves and Surplus	2	9,000	
		5,04,000	
II. ASSETS:			
Current Assets:			
Cash and Cash Equivalents	3	5,04,000	

Notes to Accounts:

		₹
(1) Share Capital:		
Issued Share Capital:		
10,000 Equity Shares of ₹ 50 each		5,00,000
Subscribed and Fully Paid Capital:		
9,800 Equity Shares of ₹ 50 each fully paid	4,90,000	

Add: Share Forfeiture A/c	5,000	4,95,000
(2) Reserves and Surplus:		
Securities Premium Reserve A/c		1,500
Capital Reserves A/c		7,500
		9,000
(3) Cash and Cash Equivalents:		
Cash at Bank		5,04,000

(4) Only that amount of profit is transferred from Share Forfeiture A/c to Capital Reserve A/c which belongs to the re-issued shares. In this question, only 300 shares have been re-issued, as such, the profit on only 300 shares will be transferred to Capital Reserve Account. This has been calculated as under:

As Profit on forfeiture of 500 shares = ₹ 12,500

Therefore, Profit on the forfeiture of 300 shares = ₹ $\frac{12,500}{500} \times 300$

= ₹ 7,500

∴ Transfer to Capital Reserve = ₹ 7,500

OR

CASH BOOK

Dr.					Cr.
Particulars	**L.F.**	**₹**	**Particulars**	**L.F.**	**₹**
To Share Application A/c (30,000 × ₹ 4)		1,20,000	By Share Application A/c (6,000 × ₹ 4)		24,000
To Share Allotment A/c		42,900(4)	By Balance c/d		2,78,500
To Share First Call A/c (18,000 × ₹ 3)		54,000			
To Share Second and Final Call A/c (18,000 × ₹ 4)		72,000			
To Share Capital A/c (1,700 × ₹ 8)		13,600			
To Balance b/d		2,78,500			
		3,02,500			**3,02,500**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Application A/c (24,000 × ₹ 4)	Dr.		96,000	
	To Share Capital A/c (20,000 × ₹ 3)				60,000
	To Securities Premium Reserve A/c (20,000 × ₹ 1)				20,000
	To Share Allotment A/c (4,000 × ₹ 4) (Amount received on application transferred to Share Capital A/c, Securities Premium Reserve A/c, Share Allotment A/c and excess refunded)				16,000
	Share Allotment A/c (20,000 × ₹ 3)	Dr.		60,000	
	To Share Captial A/c (20,000 × ₹ 2)				40,000
	To Securities Premium Reserve A/c (20,000 × ₹ 1) (Amount due on Allotment)				20,000
	Share First Call A/c (20,000 × ₹ 3)	Dr.		60,000	
	To Share Capital A/c (20,000 × ₹ 2)				40,000
	To Securities Premium Reserve A/c (20,000 × ₹ 1) (Amount due on First Call)				20,000
	Share Capital A/c (500 × ₹ 7 Called up)	Dr.		3,500	
	Securities Premium Reserve A/c (500 × ₹ 2)	Dr.		1,000	
	To Share Allotment A/c				1,100
	To Share First Call A/c (500 × ₹ 3)				1,500
	To Share Forfeiture A/c (500 shares of X forfeited for non-payment of Allotment and First Call)				1,900
	Share Second and Final Call A/c (19,500 × ₹ 4)	Dr.		78,000	
	To Share Capital A/c(19,500 × ₹ 3)				58,500
	To Securities Premium Reserve A/c (Amount due on second and Final Call on 19,500 shares)				19,500
	Share Capital A/c (1,500 × ₹ 10)	Dr.		15,000	

	Securities Premium Reserve A/c (1,500 × ₹ 2)	Dr.		3,000	
	To Share First Call A/c (1,500 × ₹ 3)				4,500
	To Share Second and Final Call A/c (1,500 × ₹ 4)				6,000
	To Share Forfeiture A/c ((1,500 shares of Y forfeited for non-payment of First and Second Call)				7,500
	Share Forfeiture A/c (1,700 × ₹ 2)	Dr.		3,400	
	To Share Capital A/c (Loss on re-issue of 1,700 shares)				3,400
	Share Forfeiture A/c	Dr.		4,860(5)	
	To Capital Reserve A/c (Transfer of profit on 700 re-issued shares transferred to Capital Reserve A/c)				4,860

BALANCE SHEET OF VISWAS LTD.

as at ________

Particulars	Note no.	Current Year	Previous Year
I. EQUITY AND LIABILITIES:		₹	₹
Shareholder's Funds			
(a) Share Capital	1	1,98,140	
(b) Reserves and Surplus	2	80,360	
		2,78,500	
II ASSETS:			
Current Assets:			
Cash and Cash Equivalents	3	**2,78,500**	

Notes to Accounts:

1.	**(1) Share Capital**	₹
	Authorised:	____
	Issued:	
	20,000 shares of ₹ 10 each fully paid	2,00,000

Subscribed & Fully Paid Capital		
19,700 Shares of ₹ 10 each	1,97,000	
Add: Share Forfeiture A/c	1,140(6)	1,98,140
(2) Reserves and Surplus:		
Capital Reserve A/c		4,860
Securities Premium Reserve A/c		75,500
		80,360
(3) Cash and Cash Equivalents		
Cash at Bank		2,78,500

(4) (A) X must have applied for $\frac{24,000}{20,000} \times 500 = 600$ Shares	
Excess Application money received from X:	
600 shares - 500 shares = 100 shares × ₹ 4	400
(B) Amount due from X on allotment : 500 shares × ₹ 3	1,500
Less: Excess received from X on application	(400)
Amount not received from X on allotment	1,100
(C) Total amount due on allotment = 20,000 shares × ₹ 3	60,000
Less: Excess received on applications	16,000
Balance due	44,000
Less: Amount not received from X on allotment	1,100
Net amount received on allotment in Cash	42,900

(5) 1,700 Re-issued shares include 1,500 shares of Y and the balance 200 shares of X.	
Profit on 200 shares of X = $\frac{1,900}{500} \times 200$	760
Profit on 1,500 shares of Y	7,500
	8,260
Less: Loss on Re-issue of 1,700 shares @ ₹ 2	3,400
Amount transferred to Capital Reserve	4,860

(6) Profit on 300 unissued shares of X to be shown on the liabilities side of the Balance Sheet:	
$\frac{1,900}{500} \times 300$	**<u>1,140</u>**

24. **JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	General Reserve A/c	Dr.		10,500	
	To A's Capital A/c				4,500
	To B's Capital A/c				3,750
	To C's Capital A/c				2,250
	(General reserve transferred to old partner's capital accounts)				
	Revaluation A/c	Dr.		4,240	
	To Furniture A/c				2,920
	To Provision for Repairs A/c				1,320
	(Reduction in the value of assets and a provision made for outstanding repairs bills)				
	Debtors A/c*	Dr.		2,000	
	Land & Building A/c	Dr.		11,760	
	To Revaluation A/c				13,760
	(Increase in the value of assets)				
	Revaluation A/c	Dr.		9,520	
	To A's Capital A/c				4,080
	To B's Capital A/c				3,400
	To C's Capital A/c				2,040
	(The transfer of profit on revaluation to old partner's Capital A/cs)				
	A's Capital A/c	Dr.		2,250	
	B's Capital A/c	Dr.		1,875	
	C's Capital A/c	Dr.		1,125	

	To Goodwill A/c				5,250
	(Goodwill appearing in the books written off)				
	Cash A/c	Dr.		28,770	
	To D's Capital A/c				14,700
	To Premium for Goodwill A/c				14,070
	(The amount brought in cash by D being ₹ 14,700 for capital and ₹ 14,070 for goodwill)				
	Premium for Goodwill A/c	Dr.		14,070	
	To A's Capital A/c				6,030
	To B's Capital A/c				5,025
	To C's Capital A/c				3,015
	(Goodwill brought in by D credited to old partners)				
	A's Capital A/c	Dr.		3,660	
	B's Capital A/c	Dr.		3,400	
	To Cash A/c				7,060
	(Cash withdrawn by A and B)				
	Cash A/c(3)	Dr.		1,320	
	To C's Capital A/c				1,320
	(Cash brought in by C)				

REVALUATION ACCOUNT

Dr.				**Cr.**
Particulars		**₹**	**Particulars**	**₹**
To Furniture A/c		2,920	By Land & Buildings A/c	11,760
To Provision for Repairs		1,320	By Debtors A/c	2,000
To Profit transferred to :				
A's Capital A/c	4,080			
B's Capital A/c	3,400			

C's Capital A/c	2,040	9,520		
		13,760		**13,760**

CAPITAL ACCOUNTS

Dr.									Cr.
Particulars	**A**	**B**	**C**	**D**	**Particulars**	**A**	**B**	**C**	**D**
	₹	₹	₹	₹		₹	₹	₹	₹
To Goodwill A/c	2,250	1,875	1,125		By Balance b/d	35,400	29,850	14,550	____
To Balance c/d	47,760	40,150	20,730	14,700	By General Reserve A/c	4,500	3,750	2,250	____
					By Revaluation A/c	4,080	3,400	2,040	____
					By Cash A/c	____	____	____	14,700
					By Premium for goodwill A/c	6,030	5,025	3,015	____
	50,010	**42,025**	**21,855**	**14,700**		**50,010**	**42,025**	**21,855**	**14,700**
To Cash A/c (B/f)	3,660	3,400	____	____	By Balance b/d	47,760	40,150	20,730	14,700
					By Cash A/c (B/f)	____	____	1,320	____
To Balance c/d	44,100	36,750	22,050	14,700					
	47,760	**40,150**	**22,050**	**14,700**		**47,760**	**40,150**	**22,050**	**14,700**

BALANCE SHEET

As at ________

Liabilities		**₹**	**Assets**	**₹**
Creditors		18,900	Cash(4)	24,920
Bills Payable		6,300	Debtors	28,460
Provision for Repairs		1,320	Stock	29,400
Capital Account balances:-			Furniture	4,430

A	44,100		Land & Buildings	56,910
B	36,750			
C	22,050			
D	14,700	1,17,600		
		1,44,120		**1,44,120**

New profit sharing ratio will be calculated as under :

Share given to D = $\frac{1}{8}$

Balance of profits = 1 - $\frac{1}{8} = \frac{7}{8}$

A's new share = $\frac{7}{8} \times \frac{6}{14} = \frac{3}{8}$

B's new share = $\frac{7}{8} \times \frac{5}{14} = \frac{5}{16}$

C's new share = $\frac{7}{8} \times \frac{3}{14} = \frac{3}{16}$

D's share = $\frac{1}{8}$

A : B : C : D = $\frac{3}{8} : \frac{5}{16} : \frac{3}{16} : \frac{1}{8} = \frac{6}{16} : \frac{5}{16} : \frac{3}{16} : \frac{2}{16}$

D brings in ₹14,700 as Capital according to his $\frac{1}{8}$th share of profit. Therefore, according to D's Capital, the total Capital of the new firm will be = 14,700 × $\frac{8}{1}$ = ₹ 1,17,600

∴ A's Capital in new firm = 1,17,600 × $\frac{6}{16}$ = ₹ 44,100

B's Capital in new firm = 1,17,600 × $\frac{5}{16}$ = ₹ 36,750

C's Capital in new firm = 1,17,600 × $\frac{3}{16}$ = ₹ 22,050

D's Capital in new firm = 1,17,600 × $\frac{2}{16}$ = ₹ 14,700

Notes:

1. A's Capital in the new firm should be ₹ 44,100, whereas his existing capital shown by his Capital A/c is ₹ 47,760. Therefore, his excess Capital ₹ 47,760 - ₹ 44,100 = ₹ 3,660 will be refunded to him.
2. B's Capital in the new firm should be ₹36,750, whereas his existing capital shown by his Capital A/c is ₹ 40,150. Therefore, his excess Capital ₹ 40,150 - ₹ 36,750 = ₹ 3,400 will be refunded to him.
3. C's Capital in the new firm should be ₹ 22,050, whereas his existing capital is only ₹ 20,730. Therefore, he will bring in ₹ 22,050 - ₹ 20,730 = ₹ 1,320.
4.

Calculation of Cash Balance :		₹
Opening Balance		1,890
Add: Capital and goodwill brought in by D		28,770
Add: Cash brought in by C		1,320

		31,980
Less: Amount paid to A	3,660	
Less: Amount paid to B	3,400	7,060
Closing Balance		24,920

OR

REVALUATION ACCOUNT

Dr.				Cr.
Particulars		**(₹)**	**Particulars**	**(₹)**
To Furniture		3,000	By Stock	48,000
To Provision for doubtful debts		5,000		
To Profit transferred to partners capital A/c				
Radha's Capital A/c	24,000			
Manas's Capital A/c	8,000			
Arnav's Capital A/c	8,000	40,000		
		48,000		**48,000**

Partner's Capital Account

Dr.							Cr.
Particulars	**Radha (₹)**	**Manas (₹)**	**Arnav (₹)**	**Particulars**	**Radha (₹)**	**Manas (₹)**	**Arnav (₹)**
To Manas's Capital A/c	30,000	____	10,000	By balance b/d	4,00,000	3,00,000	2,00,000
To Cash A/c	____	68,000	____	By Investment Fluctuation Reserve	60,000	20,000	20,000
To Manas's loan	____	3,00,000	____	By Revaluation A/c	24,000	8,000	8,000
To Balance c/d	4,54,000	____	2,18,000	By Radha Capital A/c	____	30,000	____
				By Arnav Capital A/c	____	10,000	____

	4,84,000	**3,68,000**	**2,28,000**		**4,84,000**	**3,68,000**	**2,28,000**
To Arnav's Current A/c	——	——	50,000	By balance b/d	4,54,000	——	2,18,000
To balance c/d	5,04,000	——	1,68,000	By Radha's current A/c	50,000	——	——
	5,04,000		**2,18,000**		**5,04,000**		**2,18,000**

Balance Sheet of the reconstituted firm
as on 1st April 2019

Liabilities		**(₹)**	**Assets**		**(₹)**
Capital A/c of partners			Furniture		4,57,000
Radha	5,04,000		Investments		1,90,000
Arnav	1,68,000	6,72,000	Stock		2,88,000
Manas's Loan		3,00,000	Debtors	2,20,000	
Arnav's Current A/c		50,000	Less Provision for doubtful debts	(15,000)	2,05,000
Creditors		2,50,000	Cash		82,000
			Radha's Current A/c		50,000
		12,72,000			**12,72,000**

Adjusted Capital of:

Arnav = ₹ 4,54,000

Radha = ₹ 2,18,000

Total = ₹ 6,72,000

Arnav's capital = ₹ 6,72,000 $\times \frac{3}{4}$ = ₹ 5,04,000

Radha's capital = ₹ 6,72,000 $\times \frac{1}{4}$ = ₹ 1,68,000

25. **Pammy's Capital Account**

Dr.			**Cr.**
Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To Drawings	10,000	By Balance b/d	40,000
To Pammy Executor's A/c	75,400	By Profit and Loss (Suspense)	3,000
		By Puneet's Capital A/c	15,000
		By Pankaj's Capital A/c	15,000

		By Interest on Capital	2,400
		By Reserve	10,000
	85,400		**85,400**

Pammy's Executor Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2017-18				2017-18			
Sep. 30	To Bank		15,400	Sep. 30	By Pammy's Capital A/c		75,400
Mar. 31	To Balance c/d		63,600	Mar. 31	By Interest		3,600
			79,000				**79,000**
2018-19				2018-19			
Sep. 30	To Bank		22,200	April 01	By Balance b/d		63,600
	(15,000 + 3,600 + 3,600)			Sep. 30	By Interest		3,600
Mar. 31	To Balance c/d		47,700	Mar. 31	By Interest		2,700
			69,900				**69,900**
2019-20				2019-20			
Sep. 30	To Bank		20,400	April 01	By Balance b/d		47,700
Mar. 31	To Balance c/d		31,800	Sep. 30	By Interest		2,700

				Mar. 31	By Interest		1,800
			52,200				**52,200**
2020-21				2020-21			
Sep. 30	To Bank		18,600	April 01	By Balance b/d		31,800
	(15,000 + 1,800 + 1,800)			Sep. 30	By Interest		1,800
Mar. 31	To Balance c/d		15,900	Mar. 31	By Interest		900
			34,500				**34,500**
2021-22				2021-22			
Sep. 30	To Bank		16,800	April 01	By Balance b/d		15,900
	(15,000 + 900 + 900)			Sep. 30	By Interest		900
			16,800				**16,800**

Working Notes:

i. Pammy's Share of Profit

Previous Year's $\times$ Profit Proportionate $\times$ Period Share of Deceased Partner = 30,000 $\times$ $\frac{6}{12}$ $\times$ $\frac{1}{5}$ = 3,000

ii. Pammy's Share of Goodwill

Goodwill of the firm = Average Profit ′ Numbers of Year's Purchase

Average Profit = $\frac{80,000+50,000+40,000+30,000}{4}$ = $\frac{2,00,000}{4}$ = 50,000

Goodwill of the firm = 50,000 $\times$ 3 = ₹ 1,50,000

Pammy's share = 1,50,000 $\times$ $\frac{1}{5}$ = 30,000

iii. Gaining Ratio = New Ratio – Old Ratio

Puneet's Share = $\frac{2}{4}$ - $\frac{2}{5}$ = $\frac{2}{20}$

Pankaj's Share = $\frac{2}{4}$ - $\frac{2}{5}$ = $\frac{2}{20}$

Gaining Ratio between Puneet and Pankaj = 2 : 2 or 1 : 1

iv. Interest on Capital for 6 months, i.e. from April 1, 2007 to September 30, 2007

Amount of Capital $\times$ Rate of Interest $\times$ Period = $40{,}000 \times \frac{12}{100} \times \frac{6}{12} = 2{,}400$

v. Interest Amount

The firm closes its books every year on March 31, while instalments to Pammy's Executor are paid on September 30 every year.

Amount outstanding on 30 September = 75,400 – 15,400 = ₹ 60,000

Calculation of Interest:

Periods	Amount Oustanding	Yearly Interest	For 6 Months
2017-18	60,000	$60{,}000 \times \frac{12}{100} = 7{,}200$	$7{,}200 \times \frac{6}{12} = 3{,}600$
2018-19	45,000	$45{,}000 \times \frac{12}{100} = 5{,}400$	$5{,}400 \times \frac{6}{12} = 2{,}700$
2019-20	30,000	$30{,}000 \times \frac{12}{100} = 3{,}600$	$3{,}600 \times \frac{6}{12} = 1{,}800$
2020-21	15,000	$15{,}000 \times \frac{12}{100} = 1{,}800$	$1{,}800 \times \frac{6}{12} = 900$

26. **In the books of**

Satnam Ltd.

	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Building A/c	Dr.		5,00,000	
	Plant A/c	Dr.		4,60,000	
	Furniture A/c	Dr.		2,20,000	
	Goodwill A/c	Dr.		80,000	
	To Gurnam Ltd.				12,60,000
	(Business purchased from Gurnam Ltd.)				
Case (a)	Gurnam Ltd. A/c	Dr.		12,60,000	
	To 10% Debenture				12,60,000
	(10% debenture issued to Gurnam ltd.)				
Case (b)	Gurnam Ltd. A/c	Dr.		12,60,000	
	To 10% Debenture (10,080 $\times$ 100)				10,08,000
	To Security Premium				2,52,000
	(10% debenture issued to Gurnam ltd at 25% premium)				
Case (c)	Gurnam Ltd. A/c	Dr.		12,60,000	

	Discount on Issue of Debenture A/c	Dr.		1,40,000	
	To 10% Debenture (14,000 × 100)				14,00,000
	(10% debenture issued to Gurnam Ltd at discount)				

Working Notes:-

Case (b)

Number of Debenture Issued

$= \frac{12,60,000}{100+125} = \frac{12,60,000}{125}$

= **10,080**

Case (c)

Number of Debenture Issued

$\frac{12,60,000}{100-10} = \frac{12,60,000}{90}$

= **14,000**

Part B :- Analysis of Financial Statements

27.

(b) To assess the financial position and profitability

Explanation:

Statement of profit and loss shows whether the enterprise is earning adequate profits and whether the profits have increased or decreased as compared to previous years whereas balance sheet shows the position of the business as regards to the payment of its short term as well as long term liabilities. Different ratios are also calculated. Hence, to assess the profitability and solvency is one of the objective of the financial statement analysis.
Other options i.e. historical analysis, ignores price level changes, ignores qualitative aspect are the limitations of financial statement analysis.

OR

(c) Bank Charges

Explanation:

Bank charges is a part of other expenses in the statement of profit and loss I statement.

28.

(b) ₹ 3,60,000

Explanation:

Current ratio = $\frac{C.A}{C.L}$

Current asset = 2.4 C.L

Working capital = Current Asset - Current liabilities

$5,60,000 = 2.4$ C.L - C.L

C.L = $\frac{5,60,000}{1.4}$ = ₹ 4,00,000

C.A = 2.4 $\times$ ₹ 4,00,000 = ₹ 9,60,000

Quick ratio = $\frac{Q.A}{C.L}$

Q.A = ₹ 4,00,000 $\times$ 1.5 = ₹ 6,00,000

Q.A = C.A - Inventory

Inventory = ₹ 9,60,000 - ₹ 6,00,000 = ₹ 3,60,000

29. **(a)** Sale of Non-current investment

Explanation:

Sale of investment is not concerned with financing activities in the Cash Flow statement. It is concerned with investing activities Because the sale of fixed assets is shown under Investing Activity.

OR

(a) Cash flow from investing activities ₹ 34,000

Explanation:

Cash flow from investing activities ₹ 34,000

30. **(a)** Cash paid for purchase of Non-current Investment

Explanation:

Cash paid for the purchase of investment is deducted in investing activities while preparing a cash flow statement. It showed an outflow of cash in investing activities. But Cash received from the sale of fixed assets. Cash received from the sale of investments, Interest received are inflow hence added.

31.

Sl.no	**Items**	**Major Headings**	**Sub-headings**
(i)	Mining Rights	Non-current Assets	Fixed Assets (Intangible assets)
(ii)	Encashment of Employees Earned Leave Payable on Retirement	Non-current Liabilities	Long-term Provisions
(iii)	Vehicles	Non-current Assets	Fixed Assets (Tangible assets)

This classification of assets is given as per revised schedule 3 of the company's act,2013 in order to bring uniformity in classification and to ensure international standards. This classification is given in part 1 of the schedule.

32. Capital employed = Shareholder fund + Non-current liability

Capital employed = 8,00,000 + 5,00,000 + 2,00,000 + 5,00,000 + 2,00,000

Capital employed = 22,00,000

Debt = 2,00,000 + 5,00,000 + 2,00,000 = 9,00,000

Debt to Capital employed Ratio = $\frac{Debt}{Capital\ employed} = \frac{9,00,000}{22,00,000}$ = 0.41 : 1

33. **comparative statement of profit and loss**

Particulars	**Note No.**	**31st March, 2021**	**31st March, 2022**	**Absolute Change**	**Percentage Change**
		(A)	**(B)**	**(C = B - A)**	**(D = $\frac{C}{A} \times 100$) (%)**
I. Revenue from Operations		**15,00,000**	**20,00,000**	**5,00,000**	**33.33**
II. Expenses					
Employee Benefit Expenses		4,00,000	8,00,000	4,00,000	100
Other Expenses		1,00,000	2,00,000	1,00,000	100
Total		**5,00,000**	**10,00,000**	**5,00,000**	**100**
III. Profit before tax (I - II)		10,00,000	10,00,000	-	-
Less:- Tax (50%)		5,00,000	5,00,000	-	-
IV. Profit after tax (III - IV)		**5,00,000**	**5,00,000**	-	-

OR

COMMON SIZE STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2022 and 2023

Particulars	**Note No.**	**Absolute Amounts**		**% of Balance Sheet Total**	
		2021-2022	**2022-2023**	**2021-2022**	**2022-2023**
Revenue from Operations		15,00,000	18,00,000	100	100
Other Income		45,000	72,000	3	4

Total Revenue		15,45,000	18,72,000	103	104
Less: Expenses					
Cost of Materials Consumed		6,60,000	8,64,000	44	48
Employee Benefit Expenses		1,80,000	1,80,000	12	10
Other Expenses		1,05,000	54,000	7	3
Total Expenses		9,45,000	10,98,000	63	61
Profit before Tax (Total Revenue - Total Expenses)		6,00,000	7,74,000	40	43

Working Note:-

For the year of 2021-22

i. Cost of Materials Consumed = $\frac{6{,}60{,}000}{15{,}00{,}000} \times 100 = 44\%$

ii. Employee Benefit Expenses = $\frac{1{,}80{,}000}{15{,}00{,}000} \times 100 = 12\%$

iii. Other Expenses = $\frac{1{,}05{,}000}{15{,}00{,}000} \times 100 = 7\%$

For the year of 2022-23

i. Cost of Materials Consumed = $\frac{8{,}64{,}000}{18{,}00{,}000} \times 100 = 48\%$

ii. Employee Benefit Expenses = $\frac{1{,}80{,}000}{18{,}00{,}000} \times 100 = 10\%$

iii. Other Expenses = $\frac{54{,}000}{18{,}00{,}000} \times 100 = 3\%$

34. **Calculation of 'Cash Flows from operating activities' for the year ended 31st March, 2022**

Particulars	**Details (₹)**	**Amount (₹)**
Net Loss before tax and extraordinary items		(2,11,000)
Add : Non-cash and Non-operating expenses :		
Depreciation on machinery	75,000	
Interest on Debentures	24,000	99,000
Net Loss before changes in working capital		(1,12,000)
Add : Decrease in Current Assets and Increase in Current Liabilities :		
Decrease in Inventories	33,000	

Less : Increase in Current Assets and Decrease in Current Liabilities:		
Trade Payables	(42,000)	(9,000)
Cash generated from operations		(1,21,000)
Less : Tax paid		(80,000)
Net cash outflow/used in operating activities		(2,01,000)

Provision for Tax A/c

Dr.			**Cr.**
Particulars	**(₹)**	**Particulars**	**(₹)**
To Bank A/c	80,000	By Balance b/d	2,10,000
To Balance c/d	2,04,000	By Statement of Profit & Loss	74,000
	2,84,000		**2,84,000**

Working Notes:

Calculation of net profit before tax:

	(₹)
Net Loss	(2,85,000)
Add provision for Tax	74,000
Net loss before tax	(2,11,000)