

SAMPLE QUESTION PAPER - 5
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, 31 and 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. An increase in the value of assets at the time of admission of a partner is: **[1]**
 - a) Debited to Partner's Capital Account.
 - b) Credited to Partner's Capital Account
 - c) Debited to Revaluation A/c
 - d) Credited to Revaluation Account

2. **Assertion (A):** Capital account of partners generally has a credit balance. **[1]**
Reason (R): Current account has either a debit or credit balance.
 - 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. X Ltd. Forfeited 500 shares of ₹ 10 each fully called up, on which ₹ 4000 has been paid up. 300 of these shares were reissued for a payment of 2400. [1]

- a) 1200 b) 1800
c) 2400 d) Nil

Sunbeam Limited issued 4,000, 6% Debentures of ₹ 100 each at ₹ 95 per debenture. 6% Debentures account will be credited by:

Relationship between the partners is of.

5. A and B are partners sharing profits in 3 : 2 with capitals of ₹ 6,00,000 and ₹ 4,00,000 [1]
respectively. They are entitled to interest on their capitals @10% p.a. and A is also
entitled to a rent of ₹ 10,000 per month for use of his property by the firm. Net Profit
earned by the firm for the year ended 31st March 2023 was ₹ 3,00,000. B's share of
profit will be:

- | | |
|---------------|-------------|
| a) ₹ 1,20,000 | b) ₹ 32,000 |
| c) ₹ 80,000 | d) ₹ 72,000 |

6. Raj Ltd. purchased a building for ₹ 5,00,000 payable as 15% in cash and balance by [1]
allotment of 9% debentures of ₹ 100 each at a premium of 25%. Number of
debentures issued will be:

- | | |
|----------|----------|
| a) 4,000 | b) 5,000 |
| c) 4,250 | d) 3,400 |

OR

Debenture Application Account is in the nature of

- | | |
|---------------------|------------------|
| a) Nominal Account | b) Asset account |
| c) Personal Account | d) Real Account |

7. **Assertion (A):** The equity shareholders are paid dividend on the shares held by them. [1]
Reason (R): As the equity shareholders are the owners and dividend form their
earning.

- | | |
|--|--|
| 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, Band C are partners sharing profits in 3 : 2 : 1 B retires, and the balance of his [1]
Capital A/c after adjusting reserves and his share of goodwill was ₹ 2,40,000. The
remaining partners gave B an unrecorded vehicle valued at ₹ 60,000 and the balance
payable to B was discharged by giving a Bank draft. What will be the amount of the
Bank Draft?

a) ₹ 2,60,000

b) ₹ 2,40,000

c) ₹ 1,80,000

d) ₹ 2,00,000

OR

A and B are partners in a firm. They are entitled to interest on their capitals but the net profit was not sufficient for this interest, then the net profit will be distributed among partners in:

a) Capital Ratio

b) Agreed Ratio

c) Equally

d) Profit Sharing Ratio

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

Mohit and Sonu are equal partner Their capitals as on 1st April, 2020 are 1,00,000 and 2,00,000 respectively. Profits for the year 2020-21 were ₹ 90,000. As per the agreement, interest on capitals was ₹ 10,000 and ₹ 20,000 respectively and interest on drawings was ₹ 6,000 and ₹ 10,000 respectively. Mohit's salary was ₹ 2,000 p.m. and Sonu's salary was ₹ 5,000 p.a.

Accountant, however, committed the mistake and credited the profit in the capital ratio, Without interest on capitals, drawings and salary.

9. With what amount was Sonu's account credited with initially?

a) ₹ 45,000

b) ₹ 30,000

c) ₹ 60,000

d) 90,000

10. What was the total salary required to be credited?

i. ₹ 70,000

ii. ₹ 84,000

iii. ₹ 29,000

iv. ₹ 48,000

a) Option (iv)

b) Option (ii)

c) Option (i)

d) Option (iii)

11. P and Q are partners sharing Profits in the ratio of 2 : 1 with fixed capitals of ₹ 10,00,000 and ₹ 5,00,000 respectively. After closing the accounts for the year ending 31st March 2022 it was discovered that interest on Drawings was Charged from P is ₹ 600 but partnership deed is silent on interest on Drawings.
In the adjusting entry, Q's Current Account will be: [1]
- a) Neither debited nor credited because there is no interest on drawings of Q b) Credited with 200
- c) Debited with 200 d) Credited with 400
12. Gaurav Ltd. took over the assets of ₹ 4,80,000 and Liabilities of ₹ 80,000 of Girish Ltd. for a consideration of ₹ 3,20,000. An amount of ₹ 20,000 paid by an acceptance in favour of Girish Ltd. payable after 3 months and the balance by issue of equity shares of ₹ 100 each at a premium of 50%.
Number of Shares to be issued: [1]
- a) 2,400 b) 1,800
- c) 2,000 d) 2,200
13. X Ltd. issued a prospectus inviting applications for 10,000 shares of ₹ 50 each at a premium of ₹ 20 per share, payable as follows: [1]
- On Application - ₹ 10 (including ₹ 4 premium)
On Allotment - ₹ 20 (including ₹ 5 premium)
On First Call - ₹ 30 (including ₹ 6 premium)
On Second & Final Call - Balance Amount
- A shareholder holding 1,000 shares failed to pay the first call and second & final call money and his shares were forfeited after the final call.
- In the entry for forfeiture of shares, Share Capital Account will be debited with:
- a) ₹ 50,000 b) ₹ 29,000
- c) ₹ 11,000 d) ₹ 70,000
14. The document that contains the terms of partnership is called: [1]

a) Partnership Deed

b) Partnership Contract

c) Partnership Rules

d) Partnership Agreement

15. X and Y were partners in a firm sharing profits in the ratio of 7 : 3. Z was admitted for $\frac{1}{5}$ th share in the profits which he took 75% from X and remaining from Y. [1]

Sacrificing ratio of X and Y:

a) 1 : 1

b) 7 : 3

c) 3 : 1

d) 3 : 2

OR

Divya and Aruna were partners in a firm. Yogesh was admitted as a new partner for $\frac{1}{5}$ th share in the profits of the firm. Yogesh brought proportionate capital. Capitals of Divya and Aruna after all adjustments were ₹ 64,000 and ₹ 46,000 respectively. Capital brought by Yogesh was:

a) ₹ 27,500

b) ₹ 28,000

c) ₹ 55,000

d) ₹ 22,000

16. On dissolution of the firm, amount received from sale of unrecorded asset is credited to: [1]

a) Partner's Capital Accounts

b) Cash Account

c) Realisation Account

d) Profit and Loss Account

17. A and B were partners in a firm sharing profits and losses in the ratio of 2 : 1. With effect from 1st April, 2023 they agreed to share profits and losses equally. Calculate the individual partner's gain or sacrifice due to change in ratio. [3]

18. D, E and F were partners in a firm sharing profits in the ratio of 5 : 7 : 8. Their fixed capitals on 1st April, 2022 were D - ₹ 5,00,000, E - ₹ 7,00,000 and F - ₹ 8,00,000. [3]

Their partnership Deed provided for the following:

i. Interest on capital @10% p.a.

ii. Salary of ₹ 10,000 per month to F.

iii. Interest on drawing @12% p.a.

D withdrew ₹ 40,000 on 30th April, 2022; E withdrew ₹ 50,000 on 30th June 2022 and F withdrew ₹ 30,000 on 31st March, 2023.

During the year ended 31st March, 2023 the firm earned a profit of ₹ 3,50,000.

Prepare the Profit and Loss Appropriation Account for the year ended 31st March, 2023.

OR

Rahul and Mohit were partners in a firm. Their partnership deed provided that the profits shall be divided as follows:

First ₹ 20,000 to Rahul and the balance in the ratio of 4 : 1. The profits for the year ended 31st March, 2023 were ₹ 60,000 which had been distributed among the partners. On 1-4-2022 their capitals were Rahul ₹ 90,000 and Mohit ₹ 80,000. Interest on capital was to be provided @ 6% p.a. While preparing the profit and loss appropriation interest on capital was omitted.

Pass necessary rectifying entry for the same. Show your workings clearly.

19. Raj Ltd. purchased furniture of ₹ 2,20,000 from M/s. Furniture Mart. 50% of the amount was paid to M/s. Furniture Mart by accepting a Bill of Exchange and for the balance the company issued 9% Debentures of ₹ 100 each at a premium of 10% in favour of M/s. Furniture Mart. [3]

Pass necessary Journal entries in the books of Raj Ltd.

OR

What is the minimum time interval between two consecutive calls according to Table F of Schedule I?

20. Calculate capital employed by Liabilities Side Approach and Assets Side Approach from the following Balance Sheet: [3]

Liabilities		₹	Assets	₹
Capital A/cs:			Land and Building	3,00,000
Gaurav	2,00,000		Goodwill	60,000
Ashish	<u>2,00,000</u>	4,00,000	Investments (Trade)	1,00,000
Reserves		1,80,000	Stock	1,00,000
Sundry Creditors		1,80,000	Sundry Debtors	1,40,000

Outstanding Expenses	20,000	Cash at Bank	60,000
		Deferred Revenue Expenditure: Advertisement Suspense	<u>20,000</u>
	<u>7,80,000</u>		<u>7,80,000</u>

21. A Company invited applications for 5,000 shares of ₹ 100 each. The amount is payable as follows: [4]

On Application	₹ 20 per share
On Allotment	₹ 30 per share
On First Call	₹ 20 per share
On Second and Final Call	₹ 30 per share

Applications were received for 8,000 shares. Applications for 1,000 shares were rejected and pro-rata allotment was made to the remaining applicants.

All calls were made and duly paid except:

- Govind, the holder of 200 shares paid the two calls with allotment.
- Sanjay, the holder of 300 shares failed to pay the first and second call money.

Pass necessary journal entries to record the above transactions.

22. Record necessary journal entries to realize the following unrecorded assets and liabilities in the books of Paras and Priya: [4]

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

6 each and divided among the partners in their profit sharing ratio.

23. CTE Ltd. issued a prospectus inviting applications for 50,000 Equity Shares of ₹ 10 each, payable ₹ 5 as per application (including ₹ 2 as premium), ₹ 4 as per allotment and the balance towards first and final call. [6]

Applications were received for 65,000 shares. Application money received on 5,000 shares was refunded with letter of regret and allotments were made on pro-rata basis to the applicants of 60,000 shares.

Mr. Sundar to whom 700 shares were allotted failed to pay the allotment money and his shares were forfeited by the Directors on his subsequently failure to pay the call money.

All the forfeited shares were subsequently sold to Mr. Jay credited as fully paid-up for ₹ 9 per share.

You are required to set out the Journal entries and the relevant entries in the Cash Book.

OR

Arun Ltd. was registered with a capital of ₹ 5,00,000 in shares of ₹ 10 each and issued 20,000 such shares at a premium of ₹ 2 per share, payable as ₹ 2 per share on application, ₹ 5 per share on allotment (including premium) and ₹ 2 per share on first call made three months later. All the money payable on application and allotment was duly received but when the first call was made, one shareholder paid the entire balance on his holding of 300 shares and another shareholder holding 1,000 shares failed to pay the first call money. Pass Journal entries to record the above transactions and show how they will appear in the company's Balance Sheet.

24. W and R were partners in a firm sharing profits in the ratio of 3: 2 respectively. On 31st March, 2013, their balance sheet was as follows [6]

Balance Sheet

as at 31st March, 2013

Liabilities		Amt (Rs)	Assets		Amt Rs
Creditors		17,500	Cash		2,500
Investment Fluctuation Fund		4,000	Debtors	10,000	

Bank Loan		10,000	(-) Provision for Doubtful Debts	(350)	9,650
Capital A/cs			Stock		12,500
W	20,000		Plant		17,500
R	15,000	35,000	Patents		10,350
			Investments		10,000
			Goodwill		4,000
	66,500				66,500

B was admitted as a new partner on the following conditions

- B will get $\frac{4}{15}$ th share of profits.
- B had to bring Rs 15,000 as his capital.
- B would pay cash for his share of goodwill based on 2.5 years purchase of average profit of last 4 years.
- The profits of the firm for the years ending 31st March, 2010, 2011, 2012 and 2013 were Rs 10,000, Rs 7,000, Rs 8,500, and Rs 7,500 respectively.
- Stock was valued at Rs 10,000 and provision for doubtful debts was raised up to Rs 500.
- Plant was revalued at Rs 20,000.

Prepare revaluation account, partners' capital account and the balance sheet of the new firm.

OR

A, B and C were partners sharing profits in the ratio 5: 3: 2 respectively. Their summarised balance sheet was as follows :

Balance Sheet

Liabilities		Amt(Rs)	Assets	Amt(Rs)
Capital Accounts			Goodwill	80,000
A	2,80,000		Machinery	3,60,000
B	2,00,000		Debtors	1,40,000
C	1,20,000	6,00,000	Stock	1,80,000

Liabilities		Amt(Rs)	Assets	Amt(Rs)
Current Liabilities		1,84,000	Cash	24,000
		7,84,000		7,84,000

C retired on 1.4.2009. It was agreed that :

- Machinery is revalued at Rs. 4,80,000.
- C's interest in the firm is valued at Rs 1,88,000 after taking into consideration revaluation of assets, liabilities and accumulated profits/losses etc.
- The entire sum payable to C is to be brought in by A and B in such a way that their capital should be in their new profit sharing ratio of 2: 1.
- A cash balance of Rs 17,000 should be kept in the firm as a minimum balance.

Prepare revaluation account, partners' capital accounts, and balance sheet of the new firm.

25. Anita, Gaurav and Sonu were partners in a firm sharing profits and losses in proportion to their capitals. Their Balance Sheet as at 31st March, 2019 was as follows: [6]

Balance Sheet of Anita, Gaurav and Sonu as at 31st March, 2019

Liabilities		Amount (₹)	Assets		Amount (₹)
Capitals:			Land and Building		5,00,000
Anita	2,00,000		Investments		1,20,000
Gaurav	2,00,000		Debtors	1,50,000	
Sonu	1,00,000	5,00,000	Less: Provision for doubtful debts	10,000	1,40,000
Investment Fluctuation Fund		40,000	Stock		1,00,000
General Reserve		30,000	Cash at Bank		1,70,000
Creditors		4,60,000			
		10,30,000			10,30,000

On the above date, Anita retired from the firm and the remaining partners decided to carry on the business. It was agreed to revalue the assets and reassess the liabilities as

follows:

- i. Goodwill of the firm was valued at ₹ 3,00,000 and Anita's share of goodwill was adjusted in the capital accounts of the remaining partners, Gaurav and Sonu.
- ii. Land and Building was to be brought up to 120% of its book value.
- iii. Bad debts amounted to ₹ 20,000. A provision for doubtful debts was to be maintained at 10% on debtors.
- iv. Market value of investments was ₹ 1,10,000.
- v. ₹ 1,00,000 was paid immediately by cheque to Anita out of the amount due and the balance was to be transferred to her loan account which was to be paid in two equal annual instalments along with interest @ 10% p.a

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

26. P Ltd. issued 10,000, 8% debentures of ₹ 100 each at a premium of 10% on 1-4-2022. [6]
It purchased Property, Plant & Equipment of the value of ₹ 2,50,000 and took over current liabilities of ₹ 40,000 and issued 8% debentures at a premium of 5% to the vendor. On the same date it took loan from the Bank for ₹ 1,00,000 and issued 8% debentures as Collateral Security. Record the relevant journal entries in the books of P Ltd. and prepare the extract of balance sheet on 31-3-2023. Ignore interest.

Part B :- Analysis of Financial Statements

27. XYZ Ltd. wants to assess future earning capacity of its business. It will conduct: [1]

- | | |
|-----------------------|------------------------|
| a) external analysis | b) Internal analysis |
| c) long-term analysis | d) short-term analysis |

OR

Assets are divide in to

- | | |
|-------|------|
| a) 2 | b) 8 |
| c) 10 | d) 1 |

28. Inventory Turnover Ratio is calculated under ----- [1]

- | | |
|-------------------|------------------------|
| a) Activity Ratio | b) Profitability Ratio |
|-------------------|------------------------|

c) Solvency Ratio

d) Liquidity Ratio

29. Is payment for the purchase of fixed assets will be classified as an operating activity for both finance and non-finance company? [1]

a) No these are financing activities

b) Yes these are Operating activities

c) Not to be recorded

d) No these are investing activities

OR

Pick the odd one out:

a) Proceeds from long-term loans

b) Cash received as royalty

c) Issue of debentures in cash

d) Issue of shares in cash

30. Example of cash flow from financing activity is: [1]

a) cash received from customer

b) receipt of dividend on investment

c) purchase of fixed asset

d) payment of dividend

31. Operating Cycle and the expected period of realisation of trade receivables is given below. How will you classify the asset? [3]

Particulars	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Operating Cycle (Months)	9	17	10	10	14	24	10
Expected period of realisation of trade receivables (Months)	8	15	11	15	16	20	12

32. From the following balance sheet of a company, calculate Debt-Equity Ratio: [3]

Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' funds		
(a) Share capital		8,00,000

(b) Reserves and Surplus	1	1,00,000
2. Share application money pending allotment		2,00,000
3. Non-Current Liabilities		
Long-term borrowings		1,50,000
Current liabilities		1,50,000
		14,00,000
II. Assets		
1. Non-Current Assets		
a) Fixed assets		
-Tangible assets	2	11,00,000
2. Current Assets		
a) Inventories		1,00,000
b) Trade receivables		90,000
c) Cash and cash equivalents		1,10,000
		14,00,000

Notes to Accounts

	₹
1. Share Capital	
Equity Share Capital	6,00,000
Preference Share Capital	2,00,000
	8,00,000

Fixed Assets

	₹
2 . Tangible Assets:	
Plant and Machinery	5,00,000
Land and Building	4,00,000
Motor Car	1,50,000

Furniture	50,000
	11,00,000

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

Particulars	Note No.	2021 - 22 ₹	2020 - 21 ₹
Revenue from Operations		26,00,000	20,00,000
Employee Benefit Expenses		6,00,000	5,00,000
Other Expenses		12,00,000	10,00,000
Tax Rate 50%			

OR

Prepare comparative statement of profit and loss from the following information:

Particulars	31st March, 2015 Amt (Rs.)	31st March, 2014 Amt (Rs.)
Revenue from Operations	12,00,000	8,00,000
Purchase of Stock-in-trade	7,80,000	5,20,000
Change in Inventories of Stock-in-trade	40,000	80,000
Other Expenses	10% of Cost of Revenue from Operations	8% of Cost of Revenue from Operations
Tax Rate	30%	40%

34. Following is the Balance Sheet of Meena Limited as at 31st March, 2023: Prepare Cash Flow Statement when Cash Flow from Financing Activities is ₹ 2,12,500. [6]

Particulars	Note No.	31st March, 2023 ₹	31st March, 2022 ₹
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			

(a) Share Capital		3,00,000	1,00,000
(b) Reserves and Surplus	1	25,000	1,20,000
2. Non-Current Liabilities			
Long-term Borrowings	2	80,000	60,000
3. Current Liabilities			
(a) Trade Payables		6,000	20,000
(b) Short-term Provisions		68,000	70,000
TOTAL		4,79,000	3,70,000
II. ASSETS			
1. Non-Current Assets			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	4	3,36,000	1,92,000
2. Current Assets			
(a) Inventories		67,000	60,000
(b) Trade Receivables		51,000	65,000
(c) Cash and Bank Balances		25,000	49,000
(d) Other Current Assets		-	4,000
TOTAL		4,79,000	3,70,000

Note to Accounts:

Particulars	31st March, 2023	31st March, 2022
	₹	₹
1. Reserves and Surplus		
Surplus, i.e., Balance in Statement of Profit and Loss	25,000	1,20,000
2. Long-term Borrowings		
10% Long-term Loan	80,000	60,000

3. Short-term Provisions		
Provisions for Tax	68,000	70,000
4. Property, plant and equipment :		
Machinery	3,84,000	2,15,000
Accumulated Depreciation	(<u>48,000</u>)	(<u>23,000</u>)
	3,36,000	1,92,000

Additional Information:

- i. Additional loan was taken on 1st July, 2022.
- ii. Tax of ₹ 53,000 was paid during the year.
- iii. Machinery of the book value of ₹ 80,000 (Accumulated Depreciation ₹ 20,000) was sold at a loss of ₹ 18,000.

SOLUTION
SAMPLE QUESTION PAPER - 5
SUBJECT- ACCOUNTANCY (055)
CLASS XII (2024-25)

Part A:- Accounting for Partnership Firms and Companies

1.

(d) Credited to Revaluation Account

Explanation:

credited to revaluation A/C as it is profit for the firm

2.

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

Explanation:

The capital account of partners generally has a credit balance after all adjustments.

3.

(b) 1800

Explanation:

Amount of forfeiture on 300 share = $\frac{4,000}{500} \times 300 = 2,400$

Forfeiture Amount used at the time of reissue = $(300 \times 10) - 2,400 = 600$

Amount of capital reserve = $2,400 - 600 = 1,800$

OR

(a) ₹ 4,00,000

Explanation:

₹ 4,00,000 (4000x100)

4.

(c) Debit Sonu's capital account by ₹ 2,000 and credit Pooja's capital account by ₹ 2,000.

Explanation:

Debit Sonu's capital account by ₹ 2,000 and credit Pooja's capital account by ₹ 2,000.

Particular	amount
General reserve	20,000
Profit and Loss (Dr.)	(30,000)
Total	(10,000)

Pooja's share = $10,000 \times \frac{1}{5} = 2,000$

Sonu's share = $10,000 \times \frac{1}{5} = 2,000$

OR

(d) Agent and Principal.

Explanation:

Agent and Principal.

5.

(c) ₹ 80,000

Explanation:

	₹
Net Profit	3,00,000
Less : Interest on Capitals	1,00,000
B's Share : $2,00,000 \times \frac{2}{5} = ₹ 80,000$	

Note: Net Profit ascertained by preparing P & L A/c is given in the question. Hence, Rent to Partner must have been already charged to P & L A/c.

6.

(d) 3,400

Explanation:

Number of debentures issued = $\frac{4,25,000}{125} = 3,400$

OR

(c) Personal Account

Explanation:

Personal Account

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

Explanation:

The equity shareholders are given dividend as per the shares hold by them from the profit earned by the company as they get the ownership of the company to the extent of shares hold by them.

8.

(c) ₹ 1,80,000

Explanation:

Bank draft = ₹ 2,40,000 - ₹ 60,000 = ₹ 1,80,000

OR

(a) Capital Ratio

Explanation:

Capital Ratio

9. (c) ₹ 60,000

Explanation:

₹ 60,000

10. (d) Option (iii)

Explanation:

₹ 29,000

11.

(c) Debited with 200

Explanation:

Q's Current A/c Dr. 200

To P's current A/c. 200

12.

(c) 2,000

Explanation:

Number of share issue

$= 300000 \div 150$

$= 2000$

13. (a) ₹ 50,000

Explanation:

Share Capital Account will be debited by Called-up amount (excluding premium).

Since all Calls have been made Share Capital Account will be debited by : 1,000 Shares \times ₹

50 = 50,000

14. (a) Partnership Deed

Explanation:

Partnership Deed

15.

(c) 3 : 1

Explanation:

75:25

$= 3:1$

OR

(a) ₹ 27,500

Explanation:

$$\text{Total capital of the firm} = \frac{\text{₹}64,000 + \text{₹}46,000}{1 - \frac{1}{5}} = \frac{\text{₹}1,10,000}{\frac{4}{5}} = \text{₹} 1,37,500$$

$$\text{Yogesh's share} = \text{₹} 1,37,500 \times \frac{1}{5} = \text{₹} 27,500$$

16.

(c) Realisation Account

Explanation:

Realisation Account

17. Old Ratio of A and B = 2 : 1

New Ratio of A and B = 1 : 1

Sacrifice or Gain:

$$A = \frac{2}{3} - \frac{1}{2} = \frac{4-3}{6} = \frac{1}{6} \text{ (Sacrifice)}$$

$$B = \frac{1}{3} - \frac{1}{2} = \frac{2-3}{6} = \frac{1}{6} \text{ (Gain)}$$

A has sacrificed $\frac{1}{6}$ th share whereas B has gained $\frac{1}{6}$ th share.

18.

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended 31st March, 2023

Dr.			Cr.		
Particulars		₹	Particulars		₹
To Interest on Capital			By Profit & Loss A/c		3,50,000
D's Capital A/c	50,000		By Interest on Drawings:		
E's Capital A/c	70,000		D's Capital A/c	4,400	
F's Capital A/c	80,000	2,00,000	E's Capital A/c	4,500	8,900
To Salary to F		1,20,000			
To Profit transferred to:					
D's Capital A/c $\frac{5}{20}$	9,725				
E's Capital A/c $\frac{7}{20}$	13,615				
F's Capital A/c $\frac{8}{20}$	15,560	38,900			
		3,58,900			3,58,900

OR

In The Books of Rahul and Mohit

JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
------	-------------	--	------	---------	---------

2022 April 1	Rahul's Capital A/c	Dr.		2,760	
	To Mohit's Capital A/c (Adjustment for omitted of interest on capital)				2,760

Working Note:

STATEMENT OF ADJUSTMENTS

Particulars	Rahul's Capital A/c		Mohit's Capital A/c		Firm	
	Dr.(₹)	Cr.(₹)	Dr.(₹)	Cr.(₹)	Dr.(₹)	Cr.(₹)
Profit wrongly distributed, now taken back (A)	52,000	_____	8,000	_____	_____	60,000
Interest on Capital should be provided (B)	_____	5,400	_____	4,800	10,200	_____
Profit correctly distributed (C)	_____	43,840	_____	5,940	49,800	_____
	<u>52,000</u>	<u>49,240</u>	<u>8,000</u>	<u>10,760</u>	<u>60,000</u>	<u>60,000</u>
Net Effect	2,760 (Dr.)		2,760 (Cr.)		_____	

A. Distribution of Profit before rectification:

	Rahul(₹)	Mohit(₹)
First ₹ 20,000	20,000	_____
Remaining ₹ 40,000 in the ratio of 4 : 1	<u>32,000</u>	<u>8,000</u>
	<u>52,000</u>	<u>8,000</u>

B. Interest on Capital:

$$\text{Rahul} = ₹ 90,000 \times \frac{6}{100} = ₹ 5,400$$

$$\text{Mohit} = ₹ 80,000 \times \frac{6}{100} = ₹ 4,800$$

C. Distribution of Profit after rectification (₹ 60,000 - ₹ 5,400 - ₹ 4,800 = ₹ 49,800) will be as follows:

	Rahul(₹)	Mohit(₹)
First ₹ 20,000	20,000	_____
Remaining ₹ 29,800 in the ratio of 4 : 1	<u>23,840</u>	<u>5,960</u>
	<u>43,840</u>	<u>5,960</u>

19.

Books of Raj Ltd.
Journal Entries

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Furniture A/c	Dr.		2,20,000	
	To M/s. Furniture Mart				2,20,000
	(Being purchased furniture of ₹ 2,20,000 from M/s. Furniture Mart)				
	M/s. Furniture Mart	Dr.		1,10,000	
	To Bills Payable A/c				1,10,000
	(Being 50% of the amount was paid to M/s. Furniture Mart by accepting a Bill of Exchange or Bills Payable)				
	M/s. Furniture Mart	Dr.		1,10,000	
	To 9% Debentures A/c				1,00,000
	To Securities Premium A/c				10,000
	(Being 1,000 debentures of 100 each issued to M/s. Furniture Mart at a premium of 10% in satisfaction of purchase consideration)				

Point of Knowledge:-

Number of Debentures to be issued = $\frac{1,10,000}{100+10} = 1,000$ Debentures

OR

The rules of table 'F' of Schedule I of the Companies Act, 2013 shall extend in the absence of the Articles of Association. There must be an interval between making two calls for at least one month.

20. Capital Employed

(i) Liabilities Side Approach:	₹	₹
Partners' Capitals		
Gaurav	2,00,000	

Ashish	<u>2,00,000</u>	4,00,000
Add: Reserves		<u>1,80,000</u>
		5,80,000
Less: Investment (Non-trade)*	1,00,000	
Fictitious Assets-Deferred Revenue Expenditure (Advertisement Suspense)	20,000	
Goodwill	<u>60,000</u>	<u>1,80,000</u>
Capital Employed		<u>4,00,000</u>
(ii) Assets Side Approach:		
Total Assets		7,80,000
Less: Fictitious Assets-Deferred Revenue Expenditure (Advertisement Suspense)	20,000	
Goodwill	60,000	
Investment (Non-trade)*	1,00,000	
Sundry Creditors	1,80,000	
Outstanding Expenses	<u>20,000</u>	<u>3,80,000</u>
Capital Employed		<u>4,00,000</u>

*Unless Investments are stated to be trade investments, they are taken to be non-trade investments. They are, therefore, deducted to calculate Capital Employed.

21.

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		1,60,000	
	To Share Application A/c (Application money received on 8,000 sales @. ₹ 20 each)				1,60,000
	Share Application A/c	Dr.		1,60,000	
	To Share Capital A/c				1,00,000
	To Share Allotment A/c				40,000

To Bank A/c (Application money adjusted)				20,000
Share Allotment A/c	Dr.		1,50,000	
To Share Capital A/c (Allotment due on 5,000 shares @ ₹ 30 each)				1,50,000
Bank A/c	Dr.		1,20,000	
To Share Allotment A/c (₹ 1,50,000 - ₹ 40,000)				1,10,000
To Calls in Advance A/c (200 shares times ₹ 50) (Allotment money received)				10,000
Share First Call A/c	Dr.		1,00,000	
To Share Capital A/c (First Call due on 5,000 shares @ ₹ 20 each)				1,00,000
Bank A/c	Dr.		90,000	
Calls in Arrears A/c ($300 \times ₹ 20$)	Dr.		6,000	
Calls in Advance A/c ($200 \times ₹ 20$)	Dr.		4,000	
To Share First Call A/c				1,00,000
Alternatively:				
Bank A/c	Dr.		90,000	
Calls in Advance A/c	Dr.		4,000	
To Share First Call A/c (First call money received except on 300 shares)				94,000
Share Second & Final Call A/c	Dr.		1,50,000	
To Share Capital A/c (Second Call due on 5,000 shares @ ₹ 30 each)				1,50,000
Bank A/c	Dr.		1,35,000	
Calls in Arrears A/c ($300 \times ₹ 30$)	Dr.		9,000	
Calls in Advance A/c ($200 \times ₹ 30$)	Dr.		6,000	

	To Share Second and Final Call A/c				1,50,000
	Alternatively:				
	Bank A/c	Dr.		1,35,000	
	Calls in Advance A/c	Dr.		6,000	
	To Share Second & Final Call A/c (Second & Final Call received except on 300 shares)				1,41,000

22.

Books of Paras and Priya

Journal

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

23. Issued shares 50,000 of ₹ 10 each at a premium of ₹ 2 Applied share 65,000

Allotment made as		Payable as:	
Applied	Alloted	Application	₹ 5 (3 + 2)
60,000	50,000	Allotment	₹ 4
5,000	NIL	First and Final Call	₹ 3
65,000	50,000		₹ 12 (10 + 2) per share

Books of CTE Ltd.

Cash Book

Dr.				Cr.			
Date	Particulars	L.F.	Bank (₹)	Date	Particulars	L.F.	Bank (₹)
	Equity Share Application		3,25,000		Equity Share Application (5000 × ₹ 5)		25,000
	Equity Share Allotment		1,47,900				
	Equity Share First and Final Call		1,47,900		Balance c/d		6,02,100
	Equity Share Capital		6,300				
			6,27,100				6,27,100

Books of X Limited

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Equity Share Application A/c	Dr.	3,00,000	
	To Equity Share Capital A/c (50,000 share × ₹ 3)			1,50,000
	To Securities Premium (50,000 share × ₹ 2)			1,00,000
	To Equity Share Allotment A/c (Share application money of 50,000 shares transferred to share capital at ₹ 3 each and to premium ₹ 2 each and ₹ 50,000 adjusted on allotment)			50,000
	Equity Share Allotment A/c	Dr.	2,00,000	

To Equity Share Capital A/c (Allotment due on 50,000 shares at ₹ 4 each)				2,00,000
Equity Share First and Final Call A/c	Dr.		1,50,000	
To Equity Share Capital A/c (First and final call due on 50,000 shares at ₹ 3 each)				1,50,000
Equity Share Capital A/c (700 share × ₹ 10)	Dr.		7,000	
To Share Forfeiture A/c				2,800
To Equity Share Allotment A/c				2,100
To Equity Share First and Final A/c (700 share × ₹ 3) (700 shares of ₹ 10 each forfeited for the non-payment of amount due)				2,100
Share Forfeiture A/c	Dr.		700	
To Equity Share Capital A/c (Loss on issue ₹ 1 on 700 shares charged from the Share Forfeiture Account)				700
Share Forfeiture A/c	Dr.		2,100	
To Capital Reserve A/c (Balance in Share Forfeiture after re-issue transferred to Capital Reserve)				2,100

Working Notes:-

Mr. Sundar's Share

Number of shares applied by Mr. Sundar = $\frac{60,000}{50,000} \times 700 = 840$ shares

Money received on Application 840 shares × ₹ 5	= 4,200
Less: Money transferred to Share Capital 700 shares × ₹ 3	= (2,100)
Less: Securities Premium 700 shares × ₹ 2	= (1,400)
Excess money on Application	700
Allotment due 700 shares × ₹ 4	= 2,800
Less: Excess money on Application	(700)
Calls-in Arrears on Allotment	2,100

Share Allotment

Share Allotment due $50,000 \times ₹ 4$	= 2,00,000
Less: Excess money on Application	= (50,000)
Less: Calls-in-Arrears	= (2,100)
Money received on Application	1,47,900

Share First and Final Call

Share First and Final Call due $50,000 \text{ Shares} \times ₹ 3$	= 1,50,000
Less: Calls in Arrears on 700 shares $\times ₹ 3$	= 2,100
Money received on First and Final Call	1,47,900

Capital Reserve

Money received on Application from Mr. Sundar	= ₹ 4,200
Less: Securities Premium $700 \times ₹ 2$	= ₹ (1,400)
Share Forfeiture	Cr. 2,800
Share Forfeiture $700 \times ₹ 1$	Dr. (700)
Capital Reserve	2,100

OR

Amount Payable on:

Application	₹ 2	
Allotment	₹ 5	(3+2)
First Call	₹ 2	
Called-up	₹ 9	(7+2)

Books of Arun Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.	40,000	
	To Share Application A/c (Share application money received for 20,000 shares at ₹ 2 per share)			40,000
	Share Application A/c	Dr.	40,000	

To Share Capital A/c (Share application of 20,000 shares at ₹ 2 per share transferred to Share Capital Account)				40,000
Share Allotment A/c	Dr.		1,00,000	
To Share Capital A/c				60,000
To Securities Premium A/c (Share allotment due on 20,000 shares at ₹ 5 per share including ₹ 2 premium)				40,000
Bank A/c	Dr.		1,00,000	
To Share Allotment A/c (Share allotment received on 20,000 shares at ₹ 5 per share)				1,00,000
Share First Call A/c	Dr.		40,000	
To Share Capital A/c (Share first call due on 20,000 shares at ₹ 2 per share)				40,000
Bank A/c	Dr.		38,900	
Calls-in-Arrears A/c	Dr.		2,000	
To Share First Call A/c				40,000
To Calls-in-Advance A/c (Share first call received on 39,000 shares at ₹ 2 each, 300 shares paid calls-in-advance at ₹ 3 per share and 1,000 shares failed to pay to first call money)				900

As per the Schedule III, of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Arun Ltd.
Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	1,38,000

b. Reserves and Surplus	2	40,000
2. Non-Current Liabilities		
3. Current Liabilities		
a. Other Current Liabilities	3	900
TOTAL		1,78,900
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	4	1,78,900
TOTAL		1,78,900

NOTES TO ACCOUNTS

Note No.	Particulars		₹
1	Share Capital		
	Authorised Share Capital		
	50,000 shares of ₹ 10 each		<u>5,00,000</u>
	Issued Share Capital		
	20,000 shares of ₹ 10 each		<u>2,00,000</u>
	Subscribed, Called-up and Paid-up Share Capital		
	20,000 shares of ₹ 10 each, ₹ 7 Called-up and Paid-up	1,40,000	
	Less: Calls-in-Arrears	<u>(2,000)</u>	1,38,000
2	Reserves and Surplus		
	Securities Premium		40,000
3	Other Current Liabilities		
	Calls-in-Advance		900
4	Cash and Cash Equivalents		
	Cash at Bank		1,78,900
24. Dr	Revaluation Account		Cr

	Particulars	Amt (Rs)	Particulars		Amt (Rs)
	To Stock A/c	2,500	By Plant A/c		2,500
	To Provision for Doubtful Debts A/c	150	By Loss Revaluation transferred to		
			W's Capital A/c (150×3/5)	90	
			R's Capital A/c (150×2/5)	60	150
		2,650			2,650

Dr	Partners' Capital Account			Cr			
Particulars	W (Rs)	R(Rs)	B(Rs)	Particulars	W (Rs)	R(Rs)	B (Rs)
To Revaluation A/c	90	60	-	By Balance b/d	20,000	15,000	-
To Goodwill A/c	2,400	1,600	-	By Cash A/c	-	-	15,000
To Balance c/d	23,210	17,140	15,000	By Investment Fluctuation Fund A/c	2400	1600	
				By Premium for Goodwill A/c	3,300	2,200	-
	25,700	18,800	15,000		25,700	18,800	15,000

Balance Sheet

Liabilities		Amt (Rs)	Assets		Amt (Rs)
Creditors		17,500	Cash		23,000
Bank Loan		10,000	Debtors	10,000	
Capital A/cs			(-) Provision for Doubtful Debts	(500)	9,500
W	23,210		Stock (12,500-2,500)		10,000
R	17,140		Patents		10,350
B	15,000	55,350	Plant (17,500+2,500)		20,000

			Investments		10,000
		82,850			82,850

Working Note

$$\text{Average Profit} = \frac{10,000+7,000+8,500+7,500}{4} = \text{Rs}8,250$$

Goodwill = Average Profit \times Number of Years' Purchase

$$= 8,250 \times 2.5 = \text{Rs } 20,625$$

B's share = $20,625 \times \frac{4}{15} = \text{Rs}5,500$ which will be distributed among W and R in their sacrificing ratio, i.e. 3:2.

$$\text{W's share} = \frac{3}{5} \times 5500 = 3300$$

$$\text{R's share} = \frac{2}{5} \times 5500 = 2200$$

Loss on Revaluation transferred to

$$\text{W's Capital A/c } (150 \times \frac{3}{5}) = 90$$

$$\text{R's Capital A/c } (150 \times \frac{2}{5}) = 60$$

Distribution of Investment fluctuation Fund in old Ratio

$$\text{W's share} = 4,000 \times \frac{3}{5} = 2400$$

$$\text{R's share} = 4,000 \times \frac{2}{5} = 1600$$

Goodwill appearing in the balance sheet is to be written off in old sharing ratio

$$\text{W's share} = 4,000 \times \frac{3}{5} = 2400$$

$$\text{R's share} = 4,000 \times \frac{2}{5} = 1600$$

OR

Revaluation Account

Dr.				Cr.
Particulars		Amt(Rs)	Particulars	Amt(Rs)
To Profit transferred to			By Machinery A/c(4,80,000 - 3,60,000)	1,20,000
A's Capital A/c(1,20,000 x 5/10)	60,000			
B's Capital A/c(1,20,000 x 3/10)	36,000			
C's Capital A/c(1,20,000 x 2/10)	24,000	1,20,000		
		1,20,000		1,20,000

Partner's Capital Accounts

Dr.							Cr.
Particulars	A	B	C	Particulars	A	B	C
To Goodwill(Written off)	40,000	24,000	16,000	By Balance b/d	2,80,000	2,00,000	1,20,000
To C's Capital A/c(Goodwill)	50,000	10,000		By Revaluation A/c(Profit)	60,000	36,000	24,000
TO Cash A/c (given in balance sheet)			1,88,000	By A's Capital A/c(Goodwill) (60000x 5 / 6)			50,000
To balance c/d	2,50,000	2,02,000	--	By B's Capital A/c(Goodwill) (60000x 1 / 6)			10,000
	3,40,000	2,36,000	2,04,000		3,40,000	2,36,000	2,04,000
To Balance c/d	4,22,000	2,11,000	--	By balance c/d	2,50,000	2,02,000	
				By Cash A/c	1,72,000	9,000	
	4,72,000	2,21,000	1,88,000		4,72,000	2,21,000	1,88,000

Cash Account

Dr.			Cr.
Particulars	Amt(Rs)	Particulars	Amt(Rs.)
To Balance b/d	24,000	By C's Capital A/c	1,88,000
To A's Capital A/c	1,72,000	By Balance c/d	17,000
To B's Capital A/c	9,000		
	2,05,000		2,05,000

Balance Sheet of the new firm

Liabilities		(Rs.)	Assets	(Rs.)
Capitals A/c:			Machinery 3,60,000 Add: apprication 1,20,000	4,80,000

Liabilities		(Rs.)	Assets	(Rs.)
A	4,22,000		Debtors	1,40,000
B	2,11,000	6,33,000	Stock	1,80,000
Current liabilities		1,84,000	Cash(balance of cash a/c)	17,000
		8,17,000		8,17,000

Working Note:

i. Gaining Ratio = New Ratio - Old Ratio

ii. New ratio =2:1

iii. old ratio = 5:3:2

$$A = \frac{2}{3} - \frac{5}{10} = \frac{20-15}{30} = \frac{5}{30}$$

$$B = \frac{1}{3} - \frac{3}{10} = \frac{10-9}{30} = \frac{1}{30}$$

Thus, gaining a ratio between A and B is 5: 1.

iv. Calculation of C's share of goodwill and its entry

C's share of interest at retirement (given) = Rs 1,88,000

(-) C's Capital after considering all adjustments = Rs (1,28,000)

C's Share of goodwill (Hidden) = Rs 60,000

v. That goodwill is to be distributed in gaining ratio between old partners and the entry will be

Journal entry will be :

A's Capital A/c (60000x 5 / 6)	50,000	
B's Capital A/c (60000x 1/ 6)	10,000	
To C's Capital A/c (Being C's share of goodwill borne by A and B in gaining ratio 5: 1)		60,000

vi. a. Goodwill given in balance sheet will be distributed between old partners in the old ratio.

b. Particular	(Rs.)
A's existing capital after all adjustment	2,50,000
B's existing capital after all adjustment	2,02,000
(+) Amount payable to C(given in question)	1,88,000
(+) Amount requirement for cash(amount firm want to left in account)	17.000

Particular	(Rs.)
	6,57,000
(-) Cash available in firm	(24.000)
Total capital of new firm	6.33.000

c. Total capital of the new firm should be readjusted in the new ratio of A and B

		A (Rs.)	B(Rs.)
(a)	New capital (6,33,000 in ratio of 2 : 1)	4,22,000	2,11,000
(b)	(-) Existing capital of A and B	2,50,000	2,02,000
(c)	Cash to be brought in (a - b)	1,72,000	9,000

25.

Revaluation A/c

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Bad debts	10,000	By Land and Building	1,00,000
To Provision for doubtful debts	13,000		
To Profit transferred to:			
Anita's Capital A/c	30,800		
Gaurav's Capital A/c	30,800		
Sonu's Capital A/c	15,400		
	<u>1,00,000</u>		<u>1,00,000</u>

Note: If an examinee has debited Provision for doubtful debts with ₹ 23,000 (bad debts ₹ 10,000 + provision ₹ 13,000), full credit be given.

Partners Capital Accounts

Particulars	Anita (₹)	Gaurav (₹)	Sonu (₹)	Particulars	Anita (₹)	Gaurav (₹)	Sonu (₹)
To Anita's Capital A/c	—	80,000	40,000	By balance b/d	2,00,000	2,00,000	1,00,000
To Bank A/c	1,00,000	—	—	By General Reserve	12,000	12,000	6,000

To Anita's loan	2,74,800	—	—	By Revaluation A/c	30,800	30,800	15,400
To balance c/d	—	1,74,800	87,400	By Gaurav's Capital A/c	80,000	—	—
				By Sonu's Capital A/c	40,000	—	—
				By Investment Fluctuation Fund	12,000	12,000	6,000
	<u>3,74,800</u>	<u>2,54,800</u>	<u>1,27,400</u>		<u>3,74,800</u>	<u>2,54,800</u>	<u>1,27,400</u>

Balance Sheet of the reconstituted firm as at 31st March 2019

Liabilities		Amount (₹)	Assets		Amount (₹)
Capitals			Land and Building		6,00,000
Gaurav	1,74,800		Investments		1,10,000
Sonu	87,400	2,62,200	Debtors	1,30,000	
Anita's Loan	2,74,800		Less Provision for doubtful debts	13,000	1,17,000
Sundry Creditors	4,60,000		Stock		1,00,000
			Cash		70,000
		<u>9,97,000</u>			<u>9,97,000</u>

26.

P. Ltd.

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr.(₹)
2022 April 1	Bank A/c	Dr.		11,00,000	
	To 8% Debenture Application & Allotment A/c (Application money received on 10,000 debentures @ ₹ 110 each)				11,00,000
Apr-01	8% Debenture Application & Allotment A/c	Dr.		11,00,000	
	To 8% Debentures A/c				10,00,000

	To Securities Premium Reserve A/c (Transfer of application money to Debentures A/c and Securities Premium Reserve A/c)			1,00,000
Apr-01	Property, Plant and Equipment A/c	Dr.	2,50,000	
	To Current Liabilities A/c			40,000
	To Vendor's A/c (Purchase of assets and liabilities)			2,10,000
Apr-01	Vendor's A/c	Dr.	2,10,000	
	To 8% Debentures A/c			2,00,000
	To Securities Premium Reserve A/c (Issue of 2,000 debentures of ₹100 each at 5% premium calculated as follows: $\frac{2,10,000}{105} = 2,000$ debentures)			10,000
Apr-01	Bank A/c	Dr.	1,00,000	
	To Bank Loan A/c (Loan taken, secured by the issue of ₹ 1,00,000 debentures)			1,00,000
Apr-01	8% Debentures Suspense A/c	Dr.	1,00,000	
	To 8% Debentures A/c (Issue of debentures as collateral security)			1,00,000

EXTRACT OF BALANCE SHEET OF P LTD.

as at 31st March, 2023

Particulars	Note No.	31 st March, 2023	31 st March, 2022
1. EQUITY AND LIABILITIES:		₹	₹
Shareholder's Funds:			
Reserve and Surplus	1	1,10,000	

Non-Current Liabilities:			
Long-term Borrowings	2	13,00,000	
Current Liabilities		<u>40,000</u>	
II. ASSETS:			
Non-Current Assets:			
Property, Plant & Equipment		<u>2,50,000</u>	

Notes to Accounts :

		₹
(1) Reserve and Surplus:		
Securities Premium		1,10,000
(2) Long-term Borrowings:		
8% Debentures	13,00,000	
Less: Debenture Suspense A/c	<u>(1,00,000)</u>	12,00,000
Bank Loan (On Collateral Security of 8% Debentures of ₹1,00,000)		1,00,000
		<u>13,00,000</u>

Part B :- Analysis of Financial Statements

27.

(c) long-term analysis

Explanation:

long-term analysis

OR

(a) 2

Explanation:

2

28. (a) Activity Ratio

Explanation:

Inventory turnover ratio is calculated under the Activity Ratio.

i.e. Inventory Turnover Ratio = Cost of Revenue from operations or cost of goods

sold/Average Inventory. Average inventory is used instead of ending inventory because many company's merchandise fluctuates greatly throughout the year.

29.

(d) No these are investing activities

Explanation:

Purchase of fixed assets will be classified as investing activity for both companies (finance and non-finance company). As fixed Assets are Non-Current Investment for company.

OR

(b) Cash received as royalty

Explanation:

Cash received as royalty comes under the head of operating activities and rest are in financing activities.

30.

(d) payment of dividend

Explanation:

transactions related to share capital are part of financing activities

31. i. All assets, that are expected to be realised within 12 months from the date of the Balance Sheet, shall be treated as Current Assets. Hence, trade receivables in case of (i), (iii) and (vii) shall be treated as current assets.

ii. Assets that are expected to be realised in more than 12 months from the date of Balance Sheet:

a. If the period of realisation of asset is less than the period of operating cycle, the asset shall be treated as Current Asset. Hence, trade receivables in case of (ii) and (vi) shall be treated as Current Assets.

b. If the period of realisation of asset is more than the period of operating cycle, the asset shall be treated as Non-Current Asset. Hence, trade receivables in case of (iv) and (v) shall be treated as Non-Current Assets.

$$32. \text{Debt-Equity Ratio} = \frac{\text{Long - term Debts}}{\text{Equity (Shareholders' Funds)}}$$

$$\begin{aligned} \text{Long-term Debts} &= \text{Long-term Borrowings} \\ &= ₹ 1,50,000 \end{aligned}$$

$$\begin{aligned} \text{Equity} &= \text{Share capital} + \text{Reserves and surplus} + \text{Share application money pending allotment} \\ &= ₹ 8,00,000 + ₹ 1,00,000 + ₹ 2,00,000 = ₹ 11,00,000 \end{aligned}$$

$$\text{Debt Equity Ratio} = \frac{1,50,000}{11,00,000} = 0.136 : 1$$

33.

Comparative statement
Profit & Loss for 31st March 2022

Particular	Note No	31/3/22 ₹ (A)	31/3/22 ₹ (B)	Absolute change (C = B - A)	Percentage change (D = $\frac{C}{A} \times 100$)
(I) Revenue from operation		20,00,000	26,00,000	60,00,000	30%
(II) Expense					
Employe Benefit expense		5,00,000	6,00,000	1,00,000	20%
Other expense		10,00,000	12,00,000	2,00,000	20%
Profit before tax		5,00,000	8,00,000	3,00,000	60%
Less:- Tax @ 50%		(2,50,000)	(4,00,000)	1,50,000	60%
Profit after tax		2,50,000	4,00,000	1,50,000	60%

OR

Comparative Statement of Profit and Loss
for the year ended 31st March, 2015

Particulars	2014	2015	Absolute Change (Increase or Decrease) (Rs.)	Percentage Change (Increase or Decrease) (Rs.)
(I) Revenue from Operations	8,00,000	12,00,000	4,00,000	50.00
(II) Total Income	8,00,000	12,00,000	4,00,000	50.00
(III) Expenses				
a) Purchases of Stock-in-trade	5,20,000	7,80,000	2,60,000	50.00
b) Changes in Inventories of Stock-in-trade	80,000	40,000;	(40,000)	(50.00)
c) Other Expenses	48,000	82,000	34,000	70.83
(IV) Total Expenses (a+b+c)	6,48,000	9,02,000	2,54,000	39.20
(V) Profit before Tax (II - IV)	1,52,000	2,98,000	1,46,000	96.05
(VI) Tax	(60,800)	(89,400)	(28,600)	(47.04)

Particulars	2014	2015	Absolute Change (Increase or Decrease) (Rs.)	Percentage Change (Increase or Decrease) (Rs.)
(IV) Profit after Tax (V-VI)	91,200	2,08,600	1,17,400	128.73

Working Note

	2014	2015
Purchases of stock-in-trade	5,20,000	7,80,000
Changes in investors of stock-in-trade	80,000	40,000
Cost of revenue from operations	6,00,000	8,20,000
Other expenses	48,000	82,000
	(8% of cost of revenue)	(10% of cost of revenue from operations)

34.

Cash flow Statement

Particulars	Amount (₹)	Amount (₹)
Cash flow from Operating Activity		
Net Loss after tax	(95,000)	
(+) Provision for tax	<u>51,000</u>	
Net loss before tax	(44,000)	
(+) Loss on sale of Machinery	18,000	
(+) Depreciation	45,000	
(+) Interest on Long term loan	<u>7,500</u>	
Operating Profit before working capital Changes	26,500	
(-) Decrease in trade payable	(14,000)	
(-) Increase in Inventories	(7,000)	
(+) Decrease in trade Receivable	14,000	
(+) decrease in other current asset	<u>4,000</u>	

Cash generated form operation	23,500	
(-) tax paid	(<u>53,000</u>)	
Cash outflow from operating activity		(29,500)
Cash flow from Investing Activity		
Purchase of Machinery	(2,69,000)	
Sale of Machinery	<u>62,000</u>	
Cash outflow form Investing Activity		(2,07,000)
Cash inflow from financing activity		<u>2,12,500</u>
Net Decrease in Cash & Cash equivalent		(24,000)
(+) opening cash & Cash equivalent		<u>49,000</u>
Closing Cash & Cash equivalent		25,000

Machinery A/c

Particulars	Amount (₹)	Particulars	Amount (₹)
To balance b/d	2,15,000	By Provision for depreciation	20,000
To Bank	2,69,000	By Bank	62,000
		By loss on sale	18,000
		By balance c/d	<u>3,84,000</u>
	<u>4,84,000</u>		4,84,000

Accumulated Depreciation A/c

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	20,000	By Bal b/d	23,000
		By Depreciation	45,000
To Bal c/d	<u>48,000</u>		
	<u>68,000</u>		<u>68,000</u>

Provision for tax

Particulars	Amount (₹)	Particulars	Amount (₹)
		By Bal b/d	70,000
To Bank	53,000		

		By Statement of Profit & Loss	51,000
To Bal c/d	<u>68,000</u>		
	<u>1,21,000</u>		<u>1,21,000</u>

Interest on Long term loan:

$$= 60,000 \times \frac{10}{100} \times \frac{3}{12} + 80,000 \times \frac{10}{100} \times \frac{9}{12}$$

$$= 1,500 + 6,000$$

$$= 7,500$$