

SAMPLE QUESTION PAPER - 2
SUBJECT- ACCOUNTANCY (055)
CLASS XII (2023-24)

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. Match the followings:

[1]

X and Y are partners sharing profits in the ratio of 7 : 3 with a capital of ₹ 2,00,000 each. They admitted Z as a new partner and new profit sharing ratio between X, Y and Z is 5 : 2 : 3. Z has paid ₹ 1,20,000 against capital.

Find out the capital balance of each partner:

(a) Goodwill already appeared in the books (A) X = 1,86,000; amounting to ₹ 30,000. Z was exempted Y = 1,94,000 from premium for goodwill.	(i) X = 1,86,000; Y = 1,94,000; Z = 1,20,000
(b) Total goodwill of the firm valued at ₹ 1,00,000 and Z was unable to bring his share of goodwill in cash	(ii) X = 1,79,000; Y = 1,91,000; Z = 1,20,000
(c) Z was exempted from premium for goodwill. Balance Sheet shows Profit & Loss (Cr.) ₹ 30,000 at the time of admission	(iii) X = 2,20,000; Y = 2,10,000; Z = 1,20,000
(d) Advertisement suspense = 20,000 (Z was exempted from premium for goodwill)	(iv) X = 2,21,000; Y = 2,09,000; Z = 1,20,000

- a) (a) - (ii), (b) - (iii), (c) - (i), (d) - (iv) b) (a) - (iii), (b) - (i), (c) - (iv), (d) - (ii)

c) (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i) d) (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)

2. **Assertion (A):** A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. C is given a guarantee that his share of profit in any year will not be less than ₹ 1,00,000 and any deficiency will be met by A and B in 2 : 1. Net Profit for the year amounted to ₹ 6,00,000 and after appropriations it was ₹ 5,10,000. A will be debited by ₹ 10,000 and B by ₹ 5,000 as shortfall in guaranteed profit to C. [1]

Reason (R): Profit share of C will be ₹ 85,000 ($₹ 5,10,000 \times \frac{1}{6}$). Hence deficiency will be ₹ 15,000 and as such A will be debited by ₹ 10,000 ($₹ 15,000 \times \frac{2}{3}$) and B will be debited by ₹ 5,000.

- 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. As per SEBI Guidelines, minimum subscription shall be fixed at [1]

- a) 90% of the authorised capital b) 85% of the issued amount
c) 95% of the authorised capital d) 90% of the issued amount

OR

Joy Ltd. company bought a Building for ₹ 9,00,000 and the consideration was paid by issuing 10% Debentures of the normal face value of ₹ 100 each at a discount of 10%. Calculate the no of debenture to be issued.

- a) 10,000 debentures b) 1,00,000
c) 9,000 d) 90,000

4. At the time of change in profit sharing ratio among existing partners, **Reserves** are transferred to Partners' Capital Accounts in the following ratio: [1]

- a) Sacrificing ratio b) New profit sharing ratio
c) Old profit sharing ratio d) Gaining ratio

OR

Which of the following is shown in P/L Appropriation A/c?

- a) Manager's Commission b) Partner's Commission
c) Rent to partner d) Interest on loan

5. Pick the odd one out: [1]

- i. Rent to Partner
- ii. Manager's Commission
- iii. Interest on Partner's Loan
- iv. Interest on Partner's Capital

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

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

6. Shareholders get dividend, Debenture holders get [1]

a) Profit b) Bonus

c) Interest d) Shares

- a) Profit b) Bonus
- c) Interest d) Shares

OR

Under which head the amount of discount which is unamortized or cannot be written off, is shown in the balance sheet?

- a) Other Non-current Liabilities b) Other current liabilities
- c) Other current assets d) Other Non-current Assets

7. **Assertion (A):** Maximum amount of discount allowed at the time of reissue of forfeited shares should not exceed the forfeited amount. **[1]**
Reason (R): The excess amount of forfeited shares account is transferred to capital reserve account.

- 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. How goodwill is recorded on the retirement of a partner? [1]

a)	Goodwill A/c	Dr.
	To All Partner's Capital A/cs	(In Old Ratio)

b)	Goodwill A/c	Dr.
	To Retiring Partner's Capital A/c	(with his share)

c)	Remaining Partner's Capital	Dr. (In Gaining Ratio)
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d)	Remaining Partner's Capital	Dr. (In New Ratio)
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A/cs	
To Retiring Partner's Capital A/c	(with his share of goodwill)

A/cs	
To Retiring Partner's Capital A/c	(with his share of goodwill)

OR

Calculate interest on capital of Mr. Rohan @ 8% p.a. as on 31.03.2021.

His Fixed capital balance as on 31.03.2021 is ₹ 5,00,000

Additional capital introduced on 01.07.2020 is ₹ 1,00,000

Drawing against profit on 01.10.2020 is ₹ 60,000

- | | |
|-----------|-----------|
| a) 46,000 | b) 38,000 |
| c) 40,000 | d) 40,400 |

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

Ankit, Sumit and Jatin are partners without a Partnership Deed. On 1st April, 2020, their capitals were ₹ 3,00,000, ₹ 2,00,000 and ₹ 1,00,000 respectively. During the year, they withdrew ₹ 30,000, ₹ 20,000 and ₹ 10,000 respectively.

On 1st October, 2020, Sumit gave a loan of ₹ 50,000 to the firm and demands interest on loan @ 10% p.a. for the year ended 31st March, 2021.

Jatin wants to admit a new partner, Vinod but Ankit and Sumit do not agree for it.

Ankit demands a salary of ₹ 1,000 p.m. for the year for taking part in business of the firm. For the year ended 31st March, 2021, the firm earned a profit of ₹ 60,000.

9. Interest on Sumit's loan is _____.

- | | |
|------------|------------|
| a) ₹ 3,000 | b) ₹ 5,000 |
| c) ₹ 2,500 | d) ₹ 1,500 |

10. Find the amount to be given to Ankit as salary.

- | | |
|-------------|----------------------------|
| a) ₹ 10,000 | b) ₹ 9,000 |
| c) ₹ 12,000 | d) No salary will be given |

11. When partners capitals are fixed, which of the following is not shown in the debit side of Partners Current Account? [1]

- | | |
|--------------------------|------------------|
| a) withdrawal of capital | b) Drawings |
| c) Interest on drawings | d) Share of loss |

of S and remaining sacrifice was made by Q and R in the ratio of 2 : 1. S brings his share of goodwill ₹ 60,000 in Cash. R's share of goodwill will be:

- a) ₹ 20,000
- b) ₹ 10,000
- c) ₹ 30,000
- d) ₹ 6,000

OR

Nita and Samar are partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals were ₹ 90,000 and ₹ 2,10,000 respectively. They admitted Mitali on April 1, 2022 as a new partner for $\frac{1}{5}$ th share in future profits. Mitali brought ₹ 1,50,000 as her capital. The value of goodwill of the firm on Mitali's admission was:

- a) ₹ 7,50,000
- b) ₹ 30,000
- c) ₹ 3,00,000
- d) ₹ 1,50,000

16. Unrecorded Asset taken over by the partner will not be shown in: [1]

- a) None of these
- b) Partners Capital A/c
- c) Realisation A/c
- d) Cash A/c

17. Akash, Aman and Ajay are partners in a firm in the ratio of 3 : 2 : 1. On 1st April, 2023 they decided to share the profits in future in the ratio of 7 : 5 : 4. On this date, General Reserve is ₹ 38,000 and profit on revaluation of assets and liabilities being ₹ 34,000. It was decided that adjustments should be made without altering the figures in the Balance Sheet. Make adjustments by one single journal entry. [3]

18. X and Y are partners with capitals of ₹ 1,00,000 and ₹ 80,000 respectively on 1st April, 2022 and their profit sharing ratio is 2 : 1. Interest on capital is agreed @ 12% p.a. Y is to be allowed an annual salary of ₹ 6,000. The profit for the year ended 31st March, 2023 amounted to ₹ 50,000. Manager is entitled to a commission of 10% of the profits. [3]

Prepare Profit and Loss Appropriation Account and Capital Accounts.

OR

John and Mathew share profits and losses in the ratio of 3:2. They admit Mohanty into their firm to $\frac{1}{6}$ share in profits. John personally guaranteed that Mohanty's share of profit, after charging interest on capital @ 10 per cent per annum would not be less than ₹ 30,000 in any year. The capital provided was as follows: John ₹ 2,50,000, Mathew ₹ 2,00,000 and Mohanty ₹ 1,50,000. The profit for the year ending March 31, 2015

amounted to ₹ 1,50,000 before providing interest on capital. Show the Profit & Loss Appropriation Account if new profit sharing ratio is 3:2:1.

19. Kumar Ltd. issued 25,000, 7% Debentures of ₹ 100 each at premium of ₹ 20 per debenture. Issue price was payable as follows: ₹ 40 on application, ₹ 50 (including premium) on allotment and balance on first and final call. It received ₹ 10,00,000 as application money. On allotment due amount was received. First and final call is yet to be made. [3]
- You are required to pass the necessary Journal entries.

OR

Amit Ltd. forfeited 300 Equity Shares of ₹ 10 each, fully called-up, held by Raj for non-payment of allotment money of ₹ 3 per equity share and first and final call money of ₹ 4 per equity share. Out of these, 250 shares were reissued to Suraj for a total payment of ₹ 2,000. Pass Journal entries for forfeiture and reissue.

20. Ram and Rohan were partners sharing profits and losses in the ratio of 2 : 1. They admitted Sohan as a partner for $\frac{1}{5}$ th share in the profits. For this purpose, the Goodwill of the firm was to be valued on the basis of three years purchase of last five years average profits. Profits for the last five years were: [3]

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Profit (₹)	50,000	40,000	75,000	(25,000)	50,000

Calculate Goodwill of the firm after adjusting the following:

The Profit of 2019-20 was calculated after charging ₹ 10,000 for abnormal loss of goods by fire.

21. Sanjay Ltd. invited applications for 40,000 Equity Shares of ₹ 10 each. The amount was payable as follows: on application ₹ 3 per share, on allotment ₹ 4 per share and on first and final call ₹ 3 per share. Applications were received for 37,500 shares. Ajay to whom 1,000 shares were allotted did not pay the allotment money and also first and final call. Sumit who had applied for 500 shares did not pay the first and final call. [4]
- Pass necessary Journal entries to record the above transactions.

22. State the accounting treatment at the time of dissolution of a firm for: [4]
- Unrecorded assets
 - Unrecorded liabilities

23. SLR Ltd. forfeited 1,500 shares of Rahul of ₹ 10 each issued at a premium of ₹ 3 per share for non-payment of allotment and first call money. Rahul had applied for 3,000 shares. On these shares, amount was payable as follows: [6]

On application	₹ 3 per share
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On allotment (including premium)	₹ 5 per share
On first call	₹ 3 per share
On final call	Balance

Final call has not been called up. 1,000 of the forfeited shares were reissued for ₹ 8,500 as fully paid-up.

Record the necessary journal entries for the above transactions in the books of SLR Ltd.

OR

A Ltd. offered to the public 20,000 shares of ₹ 100 each at a premium of ₹ 20 per share payable as follows:

	₹
On Application	30
On Allotment	40 (including premium)
On First Call	25, and
On Final Call	25

Issue was over-subscribed and prorata allotment was made to all applicants.

Final Call was not made and a shareholder holding - shares to whom allotment was made on pro-rata basis failed to pay the allotment and first call money.

His shares were forfeited and were re-issued at - per share as ₹ 75 paid-up.

You are required to fill in the missing figures in the Cash Book and Journal of the Company.

CASH BOOK

Particulars	₹	Particulars	₹
To Share Application A/c (____ × ₹ 30)	7,50,000	By Balance c/d	_____
To Share Allotment A/c	6,24,000		
To Share First Call A/c	_____		
To Share Capital A/c	_____		
	_____		_____

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Application A/c	Dr.		_____	
	To Share Capital A/c				_____
	To Share Allotment A/c (Transfer of application money)				_____

Share Allotment A/c	Dr.	_____	
To Share Capital A/c			_____
To Securities Premium A/c (Allotment money due on - shares @ ₹ - per share including premium of ₹ - per share)			_____
Share First Call A/c	Dr.	_____	
To Share Capital A/c (First Call due on - shares @ ₹ - per share)			_____
Share Capital A/c	Dr.	_____	
Securities Premium A/c	Dr.	_____	
To Share Allotment A/c			_____
To Share First Call A/c			_____
To Share Forfeiture A/c (_____ shares forfeited for non-payment of Allotment and First Call)			30,000
Share Forfeiture A/c	Dr.	_____	
To Share Capital A/c (Forfeited shares reissued at ₹ _____ per share as ₹ _____ paid-up)			_____
Share Forfeiture A/c	Dr.	26,000	
To Capital Reserve A/c (Gain on _____ reissued shares transferred to Capital Reserve A/c)			26,000

24. Following was the Balance Sheet of A and B who were sharing profits in the ratio of [6]
2 : 1 as at 31st March, 2023:

Liabilities		₹	Assets	₹
Capital A/cs:			Building	25,000
A	15,000		Plant and Machinery	17,500
B	<u>10,000</u>	25,000	Stock	10,000
Sundry Creditors		32,950	Sundry Debtors	4,850
			Cash in Hand	<u>600</u>
		<u>57,950</u>		<u>57,950</u>

They admit C into partnership on 1st April, 2023 on the following terms:

- i. C was to bring ₹ 7,500 as his capital and ₹ 3,000 as goodwill for $\frac{1}{4}$ th share in the firm.
- ii. Values of the Stock and Plant and Machinery were to be reduced by 5%.
- iii. A Provision for Doubtful Debts was to be created in respect of Sundry Debtors ₹ 375.
- iv. Building was to be appreciated by 10%.

Pass necessary Journal entries to give effect to the arrangements. Prepare Profit and Loss Adjustment Account (or Revaluation Account), Partners' Capital Accounts and Balance Sheet of the new firm.

OR

Gita, Radha and Garv were partners in a firm sharing profits and losses in the ratio of 3:5:2. On 31st March, 2019, their balance sheet was as follows:

Balance Sheet of Gita, Radha & Garv as on 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	60,000	Cash	50,000
General Reserve	40,000	Stock	80,000
Capitals :		Debtors	40,000
Gita 3,00,000		Investments	30,000
Radha 2,00,000		Buildings	5,00,000
Garv 1,00,000	6,00,000		
	7,00,000		7,00,000

Radha retired on the above date and it was agreed that:

- a. Goodwill of the firm be valued at ₹ 3,00,000 and Radha's share be adjusted through the capital accounts of Gita and Garv.
- b. Stock was to be appreciated by 20%.
- c. Buildings were found undervalued by ₹ 1,00,000 .
- d. Investments were sold for ₹ 34,000 .
- e. Capital of the new firm was fixed at ₹ 5,00,000 which will be in the new profit sharing ratio of the partners; the necessary adjustments for this purpose were to be made by opening current accounts of the partners.

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

25. X, Y and Z are partners sharing profits and losses in the ratio of 3 : 2 : 1. Balance Sheet of the firm as at 31st March, 2023 was as follows: [6]

Liabilities		₹	Assets		₹
Creditors		21,000	Cash at Bank		5,750
Workmen Compensation Reserve		12,000	Debtors	40,000	
Investments Fluctuation Reserve		6,000	Less: Provision for Doubtful Debts	(2,000)	38,000
Capital A/cs;			Stock		30,000
X	68,000		Investment (Market Value ₹ 17,600)		15,000
Y	32,000		Patents		10,000
Z	<u>21,000</u>	1,21,000	Machinery		50,000
			Goodwill		6,000
			Advertisement Expenditure		5,250
		<u>1,60,000</u>			<u>1,60,000</u>

Z retired on 1st April, 2023 on the following terms:

- Goodwill of the firm is to be valued at ₹ 34,800.
- Value of Patents is to be reduced by 20% and that of machinery to 90%.
- Provision for doubtful debts is to be created @ 6% on debtors.
- Z took over the investment at market value.
- Liability for Workmen Compensation to the extent of ₹ 750 is to be created.
- A liability of ₹ 4,000 included in creditors is not to be paid.
- Amount due to Z to be paid as follows:
₹ 5,067 immediately, 50% of the balance within one year and the balance by a draft for 3 Months.

Give necessary Journal entries for the treatment of goodwill, prepare Revaluation Account, Capital Accounts and the Balance Sheet of the new firm.

26. Pass the necessary journal entries for the issue of debentures for the following transactions: [6]
- Aakash Ltd. issued 800, 9% Debentures of ₹ 500 each at a premium of 20%, to the vendors for machinery purchased from them costing ₹ 4,80,000.
 - Dixon Ltd. issued 5,000, 7% Debentures of ₹ 200 each at a premium of 5%, redeemable at a premium of 10%.
 - Natco Ltd. issued 1,000, 8% Debentures of ₹ 100 each at a discount of 5%, redeemable at a premium of 10%.

27. A Manager is efficient or inefficient, can be judge by the objective: [1]

- | | |
|--|--|
| a) Assessing the Managerial Efficiency | b) Assessing the Earning Capacity or profitability |
| c) Assessing the Short-term and Long-term Solvency of the Firm | d) Inter-firm Comparison |

OR

Salaries and wages are shown under :

- | | |
|-------------------|------------------------------|
| a) Finance Cost | b) Employee benefit expense |
| c) Other Expenses | d) Cost of material consumed |

28. Short-term Borrowings = 50,000; Term Bank loan = 20,000; Creditors = 24,000; Bill receivables = 10,000. Current liabilities will be: [1]

- | | |
|-----------|-----------|
| a) 94,000 | b) 74,000 |
| c) 64,000 | d) 84,000 |

29. **Koval Ltd.** is a financing company. Under which activity will the amount of interest paid on a loan settled in the current year be shown? [1]

- i. Investing Activities
- ii. Financing Activities
- iii. Both Investing and Financing Activities
- iv. Operating Activities

- | | |
|---------------|-------------|
| a) ii and iii | b) i and ii |
| c) iii and iv | d) only iv |

OR

SBI Bank Ltd. issued 1,00,000, 9% Debentures of ₹ 100 each for subscription. Issue was subscribed. The amount of receipt will be shown as:

- | | |
|-----------------------|-----------------------|
| a) General Activity | b) Financing Activity |
| c) Investing Activity | d) Operating Activity |

30. Payment of Income Tax is shown as: [1]

- | | |
|-------------------------|-------------------------|
| a) Investing Activities | b) Operating Activities |
|-------------------------|-------------------------|

c) Financing Activities

d) General Activities

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]
- Debentures
 - Loose tools
 - Calls-in-advance
32. Operating Ratio of a company is 80%. State, giving reason, which of the following transactions will increase, decrease or not change the Operating Ratio: [3]
- Purchases of Stock-in-Trade ₹ 70,000;
 - Purchases Return ₹ 2,000;
 - Goods costing ₹ 2,000 drawn for personal use;
 - Office Expenses paid ₹ 50,000 and Goods costing ₹ 20,000 distributed as samples;
 - Payment to Creditors ₹ 10,000;
 - Building sold for ₹ 5,00,000 and
 - Income Tax Paid ₹ 70,000.
33. From the following Balance Sheet of Bat Ltd. as at 31st March 2023, prepare Comparative Balance Sheet: [4]

BALANCE SHEET as of 31st March 2023

	Particulars	Note No.	31st March 2023 (₹)	31st March 2022 (₹)
I.	EQUITY AND LIABILITIES			
1.	Shareholders' Funds			
	Share Capital (Equity)		18,00,000	12,00,000
2.	Non-Current Liabilities			
	Long-term Borrowings: 8% Debentures (Secured)		6,00,000	6,00,000
3.	Current Liabilities			
	Trade Payables		6,00,000	3,00,000
	Total		30,00,000	21,00,000
II.	ASSETS			
1.	Non-Current Assets			
	Property, Plant and Equipment and Intangible Assets: Property, Plant and Equipment		18,00,000	15,00,000

	Particulars	Note No.	31st March 2023 (₹)	31st March 2022 (₹)
2.	Current Assets			
	(a) Trade Receivables		10,00,000	5,00,000
	(b) Cash and Cash Equivalents		2,00,000	1,00,000
	Total		<u>30,00,000</u>	<u>21,00,000</u>

OR

Following is the statement of profit and loss of Raj Ltd for the year ended 31st March 2011.

Particulars	Amt (Rs.)
Revenue from Operations	2,00,000
(+) Other Incomes	15,000
Total Incomes	2,15,000
Expenses	
Cost of Revenue from Operations	1,10,000
Operating Expenses	5,000
Total Expenses	1,15,000
Profit before Tax	1,00,000
(-) Income Tax	(40,000)
Profit after Tax	60 000

Prepare a common-size statement of profit and loss of Raj Ltd for the year ended 31st March. 2011.

34. From the given Notes to Accounts and Cash Flow Statement of Hindustan Ltd. complete the missing figures: [6]

Notes to Accounts:

	Particulars	31.3.2023	31.3.2022
		₹	₹
Note No. 1:	Reserve and Surplus		
	General Reserve	3,00,000	2,70,000
	Balance in Statement of Profit & Loss	25,000	(20,000)
		3,25,000	2,50,000
Note No. 2:	Cash and Cash Equivalents		

	Cash at Bank	20,000	40,000
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Additional Information:

- i. Depreciation charged on Plant & Machinery for the year 2022-23 was ₹ 1,75,000.
During the year 2022-23, Plant and Machinery of ₹ 7,25,000 was purchased.
- ii. Interest on Mortgage Loan paid during the year amounted to ₹ 35,000.
- iii. Interim Dividend paid during the year ₹ 44,000.

**CASH FLOW STATEMENT
for the year ended 31.3.2023**

Particulars		₹	₹
A. Cash Flow from Operating Activities			
Net Profit Before Tax		_____	
Adjustments for:			
Depreciation on Plant & Machinery	_____		
Interest on Mortgage Loan	_____	_____	
Operating Profit before Working Capital Changes		_____	
Add: Decrease in Current Assets:			
Inventory	1,20,000		
Add: Increase in Current Liabilities:			
Trade Payables	_____	3,95,000	
Less: Increase in Current Assets:			
Trade Receivables		(4,40,000)	
Net Cash Flow from Operating Activities		_____	_____
B. Cash Flow from Investing Activities			
Purchase of Plant & Machinery		(_____)	
Net Cash used in Investing Activities		(_____)	(_____)
C. Cash Flow from Financing Activities			
Proceeds from Issue of Shares		_____	
Proceeds from Mortgage Loan		1,50,000	
Payment of Interest on Mortgage Loan		(_____)	
Payment of Interim Dividend		(_____)	
Net Cash Flows from Financing Activities		_____	_____
Net Decrease in Cash and Cash Equivalents			(_____)

Add: Opening Balance of Cash & Cash Equivalents		_____
Closing Balance of Cash & Cash Equivalents		_____

Solutions

Part A:- Accounting for Partnership Firms and Companies

1.

(c) (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)

Explanation: (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)

Sacrificing Ratio = Old Share - New Share

$$X = 7/10 - 5/10 = 2/10$$

$$Y = 3/10 - 2/10 = 1/10$$

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.

(d) 90% of the issued amount

Explanation: 90% of the issued amount

OR

(a) 10,000 debentures

Explanation: No for Debentures to be issued = $\frac{\text{Purchase Price}}{\text{Issued Price}} = \frac{9,00,000}{90} = 10,000$ shares

4.

(c) Old profit sharing ratio

Explanation: Old profit sharing ratio

OR

(b) Partner's Commission

Explanation: Partner's Commission

5. **(a)** Option (iv)

Explanation: Interest on Partner's Capital is the only one that is written in the Capital or Current account.

6.

(c) Interest

Explanation: Shareholders get dividend but debenture holders get Interested. The dividend is paid only when there is some profit in the business but interest on debentures is paid irrespective of losses. Interest is a charge against profit hence shown in the statement of P & L A/c.

OR

(d) Other Non-current Assets

Explanation: The amount of discount which is unamortized or not written off yet is shown in the balance sheet under the heading Non-current Assets and subheading other non-current assets. Such loss will not be write off after 12 months.

7. (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.

8.

(c)

Remaining Partner's Capital A/cs	Dr. (In Gaining Ratio)
To Retiring Partner's Capital A/c	(with his share of goodwill)

Explanation:

Remaining Partner's Capital A/cs	Dr. (In Gaining Ratio)
To Retiring Partner's Capital A/c	(with his share of goodwill)

OR

(b) 38,000

Explanation: Opening Capital = closing capital - additional capital introduced
= 5,00,000 - 1,00,000
= 4,00,000

Interest on capital

$4,00,000 \times 8\% = 32,000$

$1,00,000 \times 8\% \times 9/12 = 6,000$

$32,000 + 6,000 = 38,000$

9. (d) ₹ 1,500

Explanation: ₹ 1,500

10. (d) No salary will be given

Explanation: No salary will be given

11. (a) withdrawal of capital

Explanation: withdrawal of capital

12. (a) 1050

Explanation: amount not receive on allotment = $(3150 - 3000) = 150$

Amount not received on first call = $(300 \times 3) = 900$

Share forfeiture account is to be credited with = $150 + 900$
= 1050

13.

(b) 2,72,000

Explanation: No of share to issued = $\frac{13,60,000}{125} = 10,880$ share

Amount of share capital issued = 10,88,000

Amount of security premium = $10,88,000 \times 25\% = ₹ 2,72,000$

14.

(c) (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)

Explanation: (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)

15.

(b) ₹ 10,000

Explanation: Share of S = $\frac{1}{5}$

P's Sacrifice = $\frac{1}{10}$

Remaining share of S = $\frac{1}{5} - \frac{1}{10} = \frac{2-1}{10} = \frac{1}{10}$

This share i.e., $\frac{1}{10}$ is to be sacrificed by Q and R in 2 : 1

Q's Sacrifice = $\frac{1}{10} \times \frac{2}{3} = \frac{2}{30}$

R's Sacrifice = $\frac{1}{10} \times \frac{1}{3} = \frac{1}{30}$

Sacrificing Ratio of P, Q and R = $\frac{1}{10} : \frac{2}{30} : \frac{1}{30} = \frac{3:2:1}{30} = 3 : 2 : 1$

R's Share of Goodwill = ₹ 60,000 $\times \frac{1}{6} = ₹ 10,000$

OR

(c) ₹ 3,00,000

Explanation: ₹ 3,00,000

Total capital of the firm on the basis of new partner capital =

$\frac{1,50,000}{\frac{1}{5}} = 1,50,000 \times 5 = 7,50,000$

Total capital of all partner = 90,000 + 2,10,000 + 1,50,000 = 4,50,000

Goodwill = 7,50,000 - 4,50,000 = 3,00,000

16.

(d) Cash A/c

Explanation: If the unrecorded asset is taken over by a partner, it will take place in realization account as well as in concerned partner's capital account but not in cash account because partner's Capital A/c will be debited and Realisation A/c will be credited.

17.

General Reserve	38,000
Profit on Revaluation	34,000
	72,000

Old Ratio of Akash, Aman and Ajay = 3 : 2 : 1

New Ratio of Akash, Aman and Ajay = 7 : 5 : 4

Sacrifice or Gain:

Akash = $\frac{3}{6} - \frac{7}{16} = \frac{3}{48}$ (Sacrifice) $72,000 \times \frac{3}{48} = ₹ 4,500$ (Cr.)

Aman = $\frac{2}{6} - \frac{5}{16} = \frac{1}{48}$ (Sacrifice) $72,000 \times \frac{1}{48} = ₹ 1,500$ (Cr.)

Ajay = $\frac{1}{6} - \frac{4}{16} = \frac{4}{48}$ (Gain) $72,000 \times \frac{4}{48} = ₹ 6,000$ (Dr.)

In the books of Firm

JOURNAL

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

2023 April 1	Ajay's Capital A/c	Dr.		6,000	
	To Akash's Capital A/c				4,500
	To Aman's Capital A/c (The adjustment for general reserve and revaluation of assets and liabilities on change in profit sharing ratio)				1,500

18.

PROFIT AND LOSS ACCOUNT

for the year ended 31st March, 2023

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
To Manager's Commission	5,000	By Gross Profit	50,000
To Net Profit transferred to profit and Los Appropriation A/c	45,000		
	50,000		50,000

PARTNER'S CAPITAL ACCOUNTS

Dr.				Cr.			
Date	Particulars	X	Y	Date	Particulars	X	Y
2023 31 March	To Balance c/dq	1,23,600	1,01,400	2022 01 April	By Balance b/d	1,00,000	80,000
				2023 31 March	By Interest on Captial	12,000	9,600
				31 March	By Salary	—	6,000
				31 March	By Profit and loss	11,600	5,800
					A/c		
		1,23,600	1,01,400			1,23,600	1,01,400

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended 31st March, 2023

Dr.		Cr.	
Particulars	Amount	Particulars	Amount

To Y's Salary	6,000	By Profit and Loss A/c	45,000
To Interest on Capital			
X	12,000		
Y	9,600	21,600	
To Profit transferred to capital a/c			
X	11,600		
Y	5,800	17,400	
	45,000		45,000

OR

Books of John and Mathew Profit and Loss Appropriation Account for the year ending.....

Dr.				Cr.
Particulars		Amount (₹)	Particulars	Amount (₹)
To Interest on capital			By Net profit A/C	1,50,000
John	25,000			
Mathew	20,000			
Mohanty	15,000	60,000		
To profit transfer to Capital accounts:				
John	45,000			
Less: Share of				
deficiency	15,000	30,000		
Mathew		30,000		
Mohanty	15,000			
Add: Deficiency received from John	15,000	30,000		
		1,50,000		1,50,000

Working Notes:

Profit after interest on capital is ₹ 90,000, which is to be distributed in the ratio of 3:2:1 as follows: John gets ₹ 45,000 ($\frac{3}{6} \times ₹ 90,000$), Mathew ₹ 30,000, Mohanty ₹ 15,000.

Deficiency of Mohanty from the guaranteed profit of ₹ 15,000 will be borne by John. John will therefore get ₹ 45,000 - ₹ 15,000 = ₹ 30,000, Mathew ₹ 30,000 and Mohanty ₹ 30,000.

19.	Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
		Bank A/c	Dr.	10,00,000	
		To Debentures Application A/c (Application money received on issue of 25,000, 7% Debentures of ₹ 100 each @ ₹ 40 per debenture, i.e., ₹ 10,00,000/ ₹ 40)			10,00,000
		Debentures Application A/c	Dr.	10,00,000	
		To 7% Debentures A/c (Debentures allotted against application money)			10,00,000
		Debentures Allotment A/c	Dr.	12,50,000	
		To 7% Debentures A/c			7,50,000
		To Securities Premium A/c (Allotment money due on debentures @ ₹ 50 per debenture, including premium of ₹ 20 per debenture)			5,00,000
		Bank A/c	Dr.	12,50,000	
		To Debentures Allotment A/c (Allotment money received on 25,000, 7% Debentures @ ₹ 50 per debenture)			12,50,000

OR
JOURNAL OF AMIT LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (300 × ₹ 10)	Dr.	3,000	
	To Forfeited Shares A/c (300 × ₹ 3)			900
	To Shares Allotment A/c (300 × ₹ 3)			900
	To Shares First and Final Call A/c (300 × ₹ 4) (300 shares forfeited for non-payment of allotment and first and final call)			1,200
	Bank A/c (250 × ₹ 8)	Dr.	2,000	
	Forfeited Shares A/c (250 × ₹ 2)	Dr.	500	

	To Share Capital A/c (250 × ₹ 10) (250 forfeited shares reissued for ₹ 8 per share)				2,500
	Forfeited Shares A/c (250 × ₹ 1)	Dr.		250	
	To Capital Reserve A/c (250 × ₹ 1) (Transfer of gain on reissue) (WN)				250

Working Note:

Calculation of Gain (profit) on Reissue of shares:	₹
Total amount forfeited on 300 shares @ ₹ 3 per share	900
∴ Amount forfeited on 250 shares reissued @ ₹ 3 per share	750
Less: Discount allowed on reissue of forfeited shares	(500)
Gain on reissue of forfeited shares transferred to Capital Reserve	250

20.

CALCULATION OF NORMAL PROFIT

Year	Adjustment(₹)	Normal Profit (₹)
2018-19		50,000
2019-20	40,000+10,000(Abnormal Loss)	50,000
2020-21		75,000
2021-22		(25,000)
2022-23		50,000
Total Normal Profit		2,00,000

$$\text{Average Profit} = \frac{\text{Total Normal Profit}}{\text{Number of Years}} = \frac{₹2,00,000}{5} = ₹ 40,000$$

$$\begin{aligned} \text{Goodwill} &= \text{Average Profit} \times \text{Number of Years' Purchase} \\ &= ₹ 40,000 \times 3 = ₹ 1,20,000 \end{aligned}$$

21.

JOURNAL OF SANJAY LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.	1,12,500	
	To Equity Shares Application A/c (Application money received on 37,500 Equity Shares @ ₹ 3 per share)			1,12,500
	Equity Shares Application A/c	Dr.	1,12,500	
	To Equity Share Capital A/c (Application money transferred to Equity Share Capital Account)			1,12,500

	Equity Shares Allotment A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (Allotment money due on 37,500 Equity Shares @ ₹ 4 per share)				1,50,000
	Bank A/c	Dr.		1,46,000	
	To Equity Shares Allotment A/c (Allotment money received) (WN 1)				1,46,000
	Equity Shares First and Final Call A/c	Dr.		1,12,500	
	To Equity Share Capital A/c (First and final call money due on 37,500 Equity Shares @ ₹ 3 per share)				1,12,500
	Bank A/c	Dr.		1,08,000	
	To Equity Shares First and Final Call A/c (First and final call money received except on 1,500 shares) (WN 2)				1,08,000

Working Notes:-

	₹
1. Amount due on allotment	1,50,000
Less: Allotment money not paid by Ajay (1,000 × ₹ 4)	(4,000)
Amount received on allotment	1,46,000
2. Amount due on first and final call	1,12,500
Less: First call money not paid by Ajay and Sumit on 1,500 shares (1,000 + 500) @ ₹ 3 per share	(4,500)
Amount received on first and final call	1,08,000

22. i. **Accounting Treatment for Unrecorded Assets:** Unrecorded asset is an asset, which have not been shown in the books of account or which has been written off in the books of accounts, but the asset is still available in physical condition. Sometimes it is sold outside for cash and sometimes it is taken away by the partner. The accounting treatment for unrecorded asset will be there according to the situation.

a. When the unrecorded asset is sold for cash:

Cash A/c	Dr.
To Realisation A/c	
(Unrecorded assets sold for cash)	

b. When the unrecorded assets is taken over by any partner:

Partner's Capital A/c	Dr.
To Realisation A/c	
(Unrecorded asset taken over by the partner)	

c. When the unrecorded asset is taken by creditors in part or full settlement of claims.

There may be three situations:

When the unrecorded asset is taken by creditors in full settlement of their claims	No entry will be passed
When the unrecorded asset is taken by creditors in the part settlement of their claims	Journal entry for the remaining part to be paid to the creditors: Realisation A/c ...Dr. To Cash A/c
When the unrecorded asset is valued by creditors as more than their claims	For the amount refunded by creditors, the journal entry will be: Cash A/c ... Dr. To Realisation A/c

ii Accounting Treatment for Unrecorded Liabilities: Unrecorded liabilities are those liabilities, which have not been shown in the books of account. But at the time of dissolution they are required to be paid off. The following Journal Entry will be there as per situation.

a. When the unrecorded liability is paid off the following Journal Entry will be there

Realisation A/c	Dr.
To Cash A/c	
(Unrecorded liability paid in cash)	

b. When the unrecorded liability is taken over by a partner. The following Journal Entry will be there

Realisation A/c	Dr.
To Partner's Capital A/c	
(Unrecorded liability taken over by the partner)	

c. When the unrecorded liability is settled by unrecorded asset. There may be three situations:

When the unrecorded liability is settled by unrecorded asset in full settlement	No entry will be passed
When the unrecorded liability is settled by unrecorded asset in the part settlement of the claim	Journal entry for the remaining part to be paid for the liability:

	Realisation A/c ... Dr. To Cash A/c
When the unrecorded liability is settled by unrecorded asset but the unrecorded asset is valued as more than the claims	For the amount refunded by creditors, the journal entry will be: Cash A/c ... Dr. To Realisation A/c

23.

**SLR Ltd.
JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.	12,000	
	Securities Premium A/c	Dr.	3,000	
	To Share Allotment A/c ⁽¹⁾			3,000
	To Share First Call A/c			4,500
	To Share Forfeiture A/c (1,500 shares forfeited for non payment of allotment & first call money)			7,500
	Alternatively:			
	Share Capital A/c	Dr.	12,000	
	Securities Premium A/c ⁽²⁾	Dr.	3,000	
	To Calls in Arrears A/c			7,500
	To Share Forfeiture A/c			7,500
	Bank A/c	Dr.	8,500	
	Share Forfeiture A/c	Dr.	1,500	
	To Share Capital A/c (1,000 Shares re-issued as fully paid)			10,000
	Share Forfeiture A/c	Dr.	3,500	
	To Capital Reserve A/c (Gain on re-issue of forfeited shares transferred to Capital Reserve Account)			3,500

Working Notes:

i. A. Excess amount received from Rahul on Application:

$$3,000 \text{ shares} - 1,500 \text{ shares} = 1,500 \text{ shares} \times ₹ 3 = ₹ 4,500$$

B.		₹
----	--	---

Amount due from Rahul on allotment = $1,500 \times ₹ 5$	7,500
Less: Excess amount received on application (Out of this amount, $1,500 \times ₹ 2 = ₹ 3,000$ is part of share capital and balance of ₹ 1,500 is a part of securities premium)	4,500
Amount not paid on allotment	<u>3,000</u>

- ii. Securities Premium related to Rahul's shares is $1,500 \text{ shares} \times 3 = ₹ 4,500$, out of which ₹ 1,500 is already received as excess application money. Hence, balance of ₹ 3,000 not received will be debited in the entry for forfeiture of his shares.

iii. Calls in Arrears:	₹
Allotment Money	3,000
First Call Money	<u>4,500</u>
	<u>7,500</u>

- iv. Calculation of amount transferred to Capital Reserve:

Forfeited amount on 1,500 shares = ₹ 7,500

Hence, forfeited amount on 1,000 reissued shares: $\frac{7,500}{1,500} \times 1,000$	5,000
Less: Loss on Reissue	<u>1,500</u>
	<u>3,500</u>

OR

A Ltd.

CASH BOOK

Particulars	L.F.	₹	Particulars	L.F.	₹
To Share Application A/c ($25,000 \times ₹ 30$)		7,50,000	By Balance c/d		19,10,000
To Share Allotment A/c		6,24,000			
To Share First Call A/c ($19,200 \times ₹ 25$)		4,80,000			
To Share Capital A/c ($800 \times ₹ 70$)		56,000			
		19,10,000			19,10,000

JOURNAL

Date	Particulars		L.F.	Dr.	Cr.
				₹	₹
	Share Application A/c	Dr.		7,50,000	
	To Share Capital A/c				6,00,000
	To Share Allotment A/c (Transfer of application money)				1,50,000

	Share Allotment A/c	Dr.		8,00,000	
	To Share Capital A/c				4,00,000
	To Securities Premium A/c (Allotment money due on 20,000 shares @ ₹ 40 per share including premium of ₹ 20 per share)				4,00,000
	Share First Call A/c	Dr.		5,00,000	
	To Share Capital A/c (First Call due on 20,000 shares @ ₹ 25 per share)				5,00,000
	Share Capital A/c (800 × ₹ 75 Called up)	Dr.		60,000	
	Securities Premium A/c (800 × ₹ 20)	Dr.		16,000	
	To Share Allotment A/c				26,000
	To Share First Call A/c (800 × ₹ 25)				20,000
	To Share Forfeiture A/c (800 shares forfeited for non-payment of Allotment and First Call)				30,000
	Share Forfeiture A/c (800 × ₹ 5)	Dr.		4,000	
	To Share Capital A/c (Forfeited shares reissued at ₹ 70 per share as ₹ 75 paid-up)				4,000
	Share Forfeiture A/c	Dr.		26,000	
	To Capital Reserve A/c (Profit on 800 reissued shares transferred to Capital Reserve A/c)				26,000

Working Notes:

i.		₹
	Total amount due on allotment: 20,000 shares @ ₹ 40	8,00,000
	Total amount due on anved on application: 5,000 shares @ ₹ 30	1,50,000
	Balance Due	6,50,000
	Less Amount received on allotment	6,24,000
	Amount not received on allotment	26,000
ii.	Calculation of number of shares forfeited:	
	Total amount forfeited (as per forfeiture entry) is ₹ 30,000	

As the defaulter has paid only application money, he must have applied for $\frac{30,000}{30} = 1,000$ shares

Number of shares allotted to the applicant of 1,000 shares = $\frac{20,000}{25,000} \times 1,000 = 800$ shares

As such, number of shares forfeited are 800.

iii.

	₹
Total amount forfeited	30,000
Amount Transferred to Capital Reserve	26,000
Loss on Re-issue	4,000
Loss on Reissue per share = $\frac{4,000}{800} = ₹ 5$ per share.	
As such, the shares must have been reissued at ₹ 75 - ₹ 5 = ₹ 70 per share.	26,000

24.

Journal

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Profit and Loss Adjustment A/c	Dr.		1,750	
	To Stock A/c				500
	To Plant and Machinery A/c				875
	To Reserve for Doubtful Debts A/c (Decrease in stock and Plant and creation of Reserve for Doubtful Debt transferred to Profit and Loss Adjustment Account)				375
	Building A/c	Dr.		2,500	
	To Profit and Loss Adjustment A/c (Increase in value of Building of transferred to Profit and loss Adjustment Accounts)				2,500
	Profit and Loss Adjustment A/c	Dr.		750	
	To A's Capital A/c				500
	To B's Capital A/c (Profit on revaluation of asset and liabilities distributed between A and B in their old ratio)				250
	Cash A/c	Dr.		10,500	
	To C's Capital A/c				7,500

	To Premium for Goodwill A/c (C brought capital and share of goodwill)				3,000
	Premium for Goodwill A/c	Dr.		3,000	
	To A's Capital A/c				2,000
	To B's Capital A/c (Premium for Goodwill distributed between A and B in their sacrificing ratio i.e 2 : 1)				1,000

Profit and Loss Adjustment Account

Dr.		Cr.	
Particulars	(₹)	Particulars	(₹)
Stock	500	Building	2,500
Plant and Machinery	875		
Reserve for Doubtful Debts	375		
Profit transferred to			
A Capital	500		
B Capital	<u>250</u>		
	<u>2,500</u>		<u>2,500</u>

Partners' Capital Accounts

Dr.				Cr.			
Particulars	A	B	C	Particulars	A	B	C
Balance c/d	17,500	11,250	7,500	Balance b/d	15,000	10,000	
				Cash			7,500
				Premium for Goodwill	2,000	1,000	
				Profit and Loss Adjustment (Profit)	<u>500</u>	<u>250</u>	
	<u>17,500</u>	<u>11,250</u>	<u>7,500</u>		<u>17,500</u>	<u>11,250</u>	<u>7,500</u>

Balance Sheet

as on March 31, 2023 after admission of C

Liabilities		(₹)	Assets		(₹)
Capital Accounts:			Building (₹ 25,000 + ₹ 2,500)		27,500

A	17,500		Plant and Machinery (₹ 17,500 – ₹ 875)		16,625
B	11,250		Stock (₹ 10,000 – ₹ 500)		9,500
C	<u>7,500</u>	36,250	Sundry Debtors	4,850	
Sundry Creditors		32,950	Less: Provision for Doubtful Debts	<u>(375)</u>	<u>4,475</u>
			Cash in Hand (₹ 600 + ₹ 10,500)		<u>11,100</u>
		<u>69,200</u>			<u>69,200</u>

Working Notes:

Working Notes: 1

Sacrificing Ratio of A : B = 2 : 1

Working Notes: 2

Distribution of Premium for Goodwill (in sacrificing ratio)

A will get = $3,000 \times \frac{2}{3} = ₹ 2,000$

B will get = $3,000 \times \frac{1}{3} = ₹ 1,000$

Working Notes: 3

Distribution of Profit from Profit and loss Adjustment Account (in old ratio)

A will get = $750 \times \frac{2}{3} = ₹ 500$

B will get = $750 \times \frac{1}{3} = ₹ 250$

OR

In the books of Gita and Garv

Dr.		Revaluation A/c		Cr.
Particulars		Amount (₹)	Particulars	Amount (₹)
			By Stock A/c	16,000
			By Building A/c	1,00,000
			By Investments A/c	4,000
To Profit on revaluation transfer to:				
Gita's Capital A/c	36,000			
Radha's Capital A/c	60,000			
Garv's Capital A/c	24,000	1,20,000		
		<u>1,20,000</u>		<u>1,20,000</u>

Partner's Capital A/c

Dr.				Cr.			
Particulars	Gita (₹)	Radha (₹)	Garv (₹)	Particulars	Gita (₹)	Radha (₹)	Garv (₹)

To Radha's Capital A/c	90,000		60,000	By balance b/d	3,00,000	2,00,000	1,00,000
To Radha's Loan A/c		4,30,000		By Gita's Capital A/c		90,000	
To balance c/d	3,00,000		2,00,000	By Garv's Capital A/c		60,000	
				By General Reserve A/c	12,000	20,000	8,000
				By Revaluation A/c	36,000	60,000	24,000
				By Current A/c	42,000		1,28,000
	<u>3,90,000</u>	<u>4,30,000</u>	<u>2,60,000</u>		<u>3,90,000</u>	<u>4,30,000</u>	<u>2,60,000</u>

Working Notes:

i. Calculation of Radha's Share of Goodwill on her retirement

Goodwill of the firm on retirement	= ₹ 3,00,000
Radha's Share of Goodwill of firm	= ₹ $(3,00,000 \times \frac{5}{10})$ = ₹ 1,50,000

Gaining ratio will be the same as the new profit-sharing ratio i.e. 3: 2

ii. Adjustment of Capital of partners

Total Capital of the new firm after retirement	= ₹ 5,00,000
Gita's New Capital	= ₹ $(5,00,000 \times \frac{3}{5})$ = ₹ 3,00,000
Garv's New Capital	= ₹ $(5,00,000 \times \frac{2}{5})$ = ₹ 2,00,000

Existing Capitals of Gita and Garv are ₹ 2,58,000 and ₹ 72,000

Amount to be debited to Gita's Current A/c	= New Capital – Old Capital
	= ₹ (3,00,000 – 2,58,000) = ₹ 42,000
Amount to be debited to Garv's Current A/c	= New Capital – Old Capital
	= ₹ (2,00,000 – 72,000) = ₹ 1,28,000

Balance Sheet as at 31st March 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	60,000	Stock	96,000
Radha's Loan A/c	4,30,000	Building	6,00,000
Capital A/c's of partner		Debtors	40,000

Gita	3,00,000		Current A/c's of partner		
Garv	2,00,000	5,00,000	Gita	42,000	
			Garv	1,28,000	1,70,000
			Cash		84,000
			(50,000 + 34,000)		
		9,90,000			9,90,000

25.

**IN THE BOOKS OF THE FIRM
JOURNAL ENTRIES**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2023 1 April	X's Capital A/c	Dr.		3,000	
	Y's Capital A/c	Dr.		2,000	
	Z's Capital A/c	Dr.		1,000	
	To Goodwill A/c				6,000
	(existing Goodwill Written off among old partners in old profit sharing ratio)				
1 April	X's Capital A/c	Dr.		3,480	
	Y's Capital A/c	Dr.		2,320	
	To Z's Capital A/c				5,800
	(Z's share of goodwill credited to him and gaining partners debited in gaining ratio)				

REVALUATION ACCOUNT

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Patents A/c	2,000	By Investments A/c (₹ 17,600 - ₹ 15,000)	2,600
To Machinery A/c	5,000	By Creditors A/c	4,000
To Provision for Doubtful Debts A/c	400	By Loss on Revaluation transferred:	
		X's Capital A/c	400
		Y's Capital A/c	267
		Z's Capital A/c	<u>133</u>
			<u>800</u>

	7,400		7,400
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PARTNERS' CAPITAL ACCOUNT

Dr.				Cr.			
Particulars	X	Y	Z	Particulars	X	Y	Z
To Goodwill A/c	3,000	2,000	1,000	By Balance b/d	68,000	32,000	21,000
To Revaluation A/c	400	267	133	By X's Capital A/c			3,480
To Z's Capital A/c	3,480	2320		By Y's Capital A/c			2,320
To Advertisement expenditure A/c	2,625	1,750	875	By Workmen Compensation Reserve A/c	5,625	3,750	1,875
To Investment A/c			17,600	By Investment Fluctuation Reserve A/c	3,000	2,000	1,000
To Bank A/c			5,067				
To Z's Loan A/c			2,500				
To Bills payable A/c			2,500				
To Balance c/d	67,120	31,413					
	76,625	37,750	29,675		76,625	37,750	29,675

BALANCE SHEET

as on 1st April 2023 after Z's retirement

Liabilities		₹	Assets		₹
Creditors (21,000-4,000)		17,000	Cash at Bank (5,750 - 5,067)		683
Workmen Compensation Claim		750	Stock		30,000
Bills payable		2,500	Patents (10,000-2,000)		8,000
Capital			Debtors	40,000	
X	67,120		Less: prove. for Doubtful Debts	(2,400)	37,600
Y	<u>31,413</u>	98,533	Machinery (50,000-5,000)		45,000
Z's Loan		<u>2,500</u>			
		1,21,283			1,21,283

Working Note:

Amount due to Z's = (₹ 21,000 + ₹ 3,480 + ₹ 2,320 + ₹ 1,875 + ₹ 1,000) - (₹ 1,000 + ₹ 133 + ₹ 875 + ₹ 17,600) = ₹ 10,067

Amount paid on Retirement immediately: ₹ 5,067

Amount paid within 1 year: (₹ 5000 × 50%) = ₹ 2,500

Amount payable by Bills of Exchange (50% of Balance) = ₹ 2,500

26. i.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Vendors Dr.		4,80,000	
	To 9% Debentures A/c			4,00,000
	To Securities Premium Reserve A/c			80,000
	(Purchase consideration discharged by issuing 9% Debentures at a premium)			

ii.

Dixon Ltd.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr.		10,50,000	
	To Debenture Application and Allotment A/c			10,50,000
	(Application money received on 5,000 7% Debentures)			
	Debenture Application and Allotment A/c Dr.		10,50,000	
	Loss on issue of Debentures A/c Dr.		1,00,000	
	To 7% Debentures A/c			10,00,000
	To Securities Premium Reserve A/c			50,000
	To Premium on redemption of debentures A/c			1,00,000
	(Allotment of 7% debentures at a premium, redeemable at a premium)			

iii.

Natco Ltd.**JOURNAL**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr.		95,000	
	To Debenture Application and Allotment A/c			95,000
	(Application money received on 1,000, 8% Debentures)			

	Debenture Application and Allotment A/c	Dr.	95,000	
	Loss on issue of Debentures A/c	Dr.	15,000	
	To 8% Debentures A/c			1,00,000
	To Premium on redemption of debentures A/c			10,000
	(Allotment of 8% debentures at a discount, redeemable at a premium)			
	Alternatively:			
	Debenture Application and Allotment A/c	Dr.	95,000	
	Discount on issue of Debentures A/c	Dr.	5,000	
	Loss on issue of Debentures A/c	Dr.	10,000	
	To 8% Debentures A/c			1,00,000
	To Premium on redemption of debentures A/c			10,000
	(Allotment of 8% debentures at a discount, redeemable at a premium)			

Part B :- Analysis of Financial Statements

27. (a) Assessing the Managerial Efficiency

Explanation: Assessing the Managerial Efficiency

OR

(b) Employee benefit expense

Explanation: Employee benefit expenses includes various kinds of non wage compensation provided to employees in addition to their normal wages or salaries

28.

(b) 74,000

Explanation: Current Liabilities = Short term Borrowings + Creditors = 50,000 + 24,000 = 74,000

29.

(d) only iv

Explanation: Taking and granting loans is main activity for financial company .so transactions related to loans will be as operating activities

OR

(b) Financing Activity

Explanation: issue of debenture is a source of financing. so part of financing activities

30.

(b) Operating Activities

Explanation: Operating Activities. As income tax levied on profits generated from sale of goods

31. The following items are arranged in the balance sheet as per schedule 3 of the company's act, 2013 and Ministry of Corporate affairs have revised the standards in order to bring uniformity in classification.

Sl. No.	Items	Major headings	Sub-headings
(i)	Debentures	Non-current Liabilities	Long-term Borrowings
(ii)	Loose Tools	Current Assets	Inventories
(iii)	Calls-in-advance	Current Liabilities	Other Current Liabilities

32.

Transactions	Effect on Operating Ratio	Reason
i.	No change	Both Purchases and Closing Stock will increase and hence Cost of Goods Sold will remain unchanged.
ii.	No change	Both Purchases and Closing Stock will decrease and hence Cost of Goods Sold will remain unchanged.
iii.	No change	Both Purchases and Closing Stock will decrease and hence Cost of Goods Sold will remain unchanged.
iv.	Increase	Operating Cost increases by ₹ 70,000.
v, vi and vii	No change	Neither operating cost nor sales will change.

33. **Bat Ltd.**

COMPARATIVE BALANCE SHEET as at 31st March 2022 and 2023

	Particulars	Note No	31st March 2022 (₹)	31st March 2023 (₹)	Absolute Change (Increase/Decrease) (₹)	Percentage Change (Increase/Decrease) (%)
			(A)	(B)	(C = B - A)	(D = $\frac{C}{A} \times 100$)
I.	EQUITY AND LIABILITIES					
1.	Shareholders' Funds					
	Share Capital:					
	Equity Share Capital		12,00,000	18,00,000	6,00,000	50.00
2.	Non-Current Liabilities					

	Long-term Borrowings:					
	Secured Loan-8% Debentures		6,00,000	6,00,000	—	—
3.	Current Liabilities					
	Trade Payables		3,00,000	6,00,000	3,00,000	100.00
	Total		21,00,000	30,00,000	9,00,000	42.86
II.	ASSETS					
1.	Non-Current Assets					
	Property, Plant and Equipment and Intangible Assets: Property, Plant and Equipment		15,00,000	18,00,000	3,00,000	20.00
2.	Current Assets					
	(a) Trade Receivables		5,00,000	10,00,000	5,00,000	100.00
	(b) Cash and Cash Equivalents		1,00,000	2,00,000	1,00,000	100.00
	Total		<u>21,00,000</u>	<u>30,00,000</u>	<u>9,00,000</u>	<u>42.86</u>

OR

Books of Raj Ltd.
Common Size Income Statement
as at 31st March, 2011

Particulars	(A)	(%)
I. Revenue From Operations	200000	100

II. Other Income	15000	7.5
III. Total Revenue	<u>215000</u>	107.5
IV. Expenses:		
Cost of revenue from operation	110000	55
Operating Expenses	5000	2.5
Total Expenses	<u>115000</u>	57.5
V. Profit Before Tax (III – IV)	100000	50

34.

Hindustan Ltd.
CASH FLOW STATEMENT
for the year ended 31.3.2023

Particulars		₹	₹
A. Cash Flow from Operating Activities			
Net Profit Before Tax (Working Note 1)		1,19,000	
Adjustments for:			
Depreciation on Plant & Machinery	1,75,000		
Interest on Mortgage Loan	35,000	2,10,000	
Operating Profit before Working Capital Changes		3,29,000	
Add: Decrease in Current Assets:			
Inventory	1,20,000		
Add: Increase in Current Liabilities:			
Trade Payables	2,75,000	3,95,000	
Less: Increase in Current Assets:			
Trade Receivables		(4,40,000)	
Net Cash Flow from Operating Activities		2,84,000	2,84,000
B. Cash Flow from Investing Activities			
Purchase of Plant & Machinery		(7,25,000)	
Net Cash used in Investing Activities		(7,25,000)	(7,25,000)
C. Cash Flow from Financing Activities			
Proceeds from Issue of Shares		3,50,000	
Proceeds from Mortgage Loan		1,50,000	
Payment of Interest on Mortgage Loan		(35,000)	
Payment of Interim Dividend		(44,000)	

Net Cash Flows from Financing Activities	4,21,000	4,21,000
Net Decrease in Cash and Cash Equivalents		(20,000)
Add: Opening Balance of Cash & Cash Equivalents		40,000
Closing Balance of Cash & Cash Equivalents		20,000

Working Note:

1. Calculation of Net Profit Before Tax	₹
Profit & Loss Balance on 31 st March, 2023	25,000
Profit & Loss Balance on 31 st March, 2022	(20,000)
	45,000
Add: Transfer to General Reserve	30,000
Interim Dividend Paid	44,000
	1,19,000

*Net Cash Flow from financing activities ₹ 4,21,000 is the balancing figure of Cash Flow Statement.