Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - 10

Time Allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. **Part - A is compulsory for all candidates**.
4. Part - B has two options i.e. **(i) Analysis of Financial Statements and (ii) Computerised Accounting**. Students must attempt only one of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31and 32 carries 3 marks each.
7. Questions from 21 ,22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

Part A:- Accounting for Partnership Firms and Companies

1. Harit and Leela are partners in a firm sharing profits and losses in the ratio of 2 : 3. Yash was admitted as a new partner for $\frac{1}{5}$th share in the profits of the firm. Yash acquires his share from Leela. The new profit sharing ratio of Harit, Leela and Yash will be: **[1]**

   a) 5 : 3 : 2
   b) 3 : 5 : 1
   c) 2 : 2 : 1
   d) 2 : 3 : 5

   OR

   Assertion (A): At the time of admission, assets are revalued and liabilities reassessed so that the incoming partner is not put to an advantage or disadvantage because of change in values.

   Reason (R): Assets and liabilities at the time of admission are revalued/reassessed because increase or decrease in their values is for the period before admission of new partner and hence the gain or loss on revaluation is distributed in old partners in old ratio.

   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.

2. **Assertion (A):** Each partner carrying on the business of the firm is the principal as well as the agent for all the other partners of the firm. **[1]**

Reason (R): There exists a relationship of mutual agency between all the partners.

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. Part of the uncalled share capital that can be called up only at the time of winding up of the company is called: **[1]**

a) Paid-up capital

b) Issued capital

c) Un-issued capital

d) Reserve capital

OR

The debentures which do not have a specific charge on the assets of the company are called:

a) Unsecured Debentures

b) Non-Convertible Debentures

c) Zero Coupon Rate Debentures

d) Redeemable Debentures

4. Bhim, Arjun and Nakul were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. With effect from 1st April, 2023, they agreed to share profits equally. Due to change in the profit sharing ratio, Arjun's gain or sacrifice will be: **[1]**

a) Gain $\frac{1}{30}$

b) Sacrifice $\frac{1}{30}$

c) Gain $\frac{1}{15}$

d) Sacrifice $\frac{1}{15}$

OR

Rita and Usha were partners in a firm sharing profits and losses in the ratio of 3 : 5. During the year Usha withdrew ₹ 15,000 at the end of each month. Interest on drawings is to be charged @ 8% p.a. The average period for the calculation of interest on drawings will be:

a) $5\frac{1}{2}$ months

b) $6\frac{1}{2}$ months

c) 6 months

d) $4\frac{1}{2}$ months

5. Vibha and Asha are partners in a firm. Asha withdrew ₹ 1,000 at the end of each quarter during the year ended 31st March, 2022. Interest on drawings will be calculated for an average period of: **[1]**

a) $7\frac{1}{2}$ months

b) $4\frac{1}{2}$ months

c) 6 months

d) $6\frac{1}{2}$ months

6. Debentures in respect of which all details including names, addresses and particulars of holding of the debenture holders are entered in a register kept by the company are called: **[1]**

a) Bearer debentures

b) Secured debentures

c) Redeemable debentures

d) Registered debentures

7. NUK Ltd. forfeited 1,000 shares of ₹ 10 each, fully called up for non-payment of final call of ₹ 2 per share. 800 of these shares were reissued at ₹ 11 per share fully paid. The amount credited to Capital Reserve Account will be: **[1]**

a) ₹ 6,400 b) ₹ 10,000

c) ₹ 7,200 d) ₹ 8,000

8. Gopal, Krishna and Govind were partners sharing profits and losses in the ratio of 5 : 4 : 3. Krishna retired on 1st April, 2022. Gopal and Govind purchased his share of profit by giving him ₹ 1,20,000. ₹ 80,000 was paid by Gopal and ₹ 40,000 by Govind. Gaining ratio is: **[1]**

a) 1 : 1 b) 1 : 2

c) 5 : 3 d) 2 : 1

OR

When the partners' capitals are fixed, the drawings made by a partner are recorded on the:

a) Credit side of Partner's Current Account. b) Debit side of Partner's Current Account.

c) Credit side of Partner's Capital Account. d) Debit side of Partner's Capital Account.

9. Mohan, a partner, withdrew ₹ 80,000 from the business for his personal use during the year ended 31st March, 2024. Interest on drawings was to be charged @ 12% per annum. Interest on Mohan's drawings will be: **[1]**

a) ₹ 800 b) ₹ 9,600

c) ₹ 4,800 d) ₹ 1,600

10. **Forfeited Shares Account** appears in the Balance Sheet of the company under the subhead: **[1]**

a) Other Current Liabilities b) Reserves and Surplus

c) Long-term Provisions d) Share Capital

OR

Shiv Ltd. forfeited 500 shares of ₹ 10 each on which ₹ 7 per share was paid. These shares were reissued for ₹ 9 per share fully paid. Amount transferred to Capital Reserve Account will be:

a) ₹ 3,000 b) ₹ 4,500

c) ₹ 3,500 d) ₹ 5,000

11. According to Securities and Exchange Board of India (SEBI), guidelines, minimum subscription of capital cannot be less than 90% of _____. **[1]**

a) Authorised capital b) Issued capital

c) Reserve capital d) Subscribed capital

Question No. 12 to 14 are based on the given text. Read the text carefully and answer the questions: [3]

X and Y are partners sharing profits and losses in the ratio of 7:3. Their capital accounts as at 1st April, 2018 stood at X: ₹ 5,00,000 and Y: ₹ 4,00,000. Partners are allowed interest on capital @ 5% p.a. Drawings of the partners during the year ended 31st March, 2019 were ₹ 72,000 and ₹ 50,000 respectively. Profit for the year before allowing interest on capital and salary to Y @ ₹ 5,000 p.m. was ₹ 8,00,000. 10% of the net profit is to be transferred to General Reserve.

12. What is the amount to be transferred to General reserve?

a) ₹ 2,00,000 b) ₹ 40,000

c) ₹ 1,60,000 d) ₹ 80,000

13. How much amount of interest on capital payable to both the partners?

a) ₹ 60,000 b) ₹ 1,00,000

c) ₹ 45,000 d) ₹ 75,000

14. What is the amount of salary payable to Y?

a) ₹ 90,000 b) 75,000

c) ₹ 60,000 d) ₹ 1,20,000

15. Bina and Ria are partners sharing profits in the ratio of 5 : 3. They admitted Siya as a new partner for $\frac{3}{8}^{\text{th}}$ share which she acquired $\frac{2}{8}^{\text{th}}$ from Bina and $\frac{1}{8}^{\text{th}}$ from Ria. The new profit sharing ratio of Bina, Ria and Siya will be: **[1]**

a) 5 : 5 : 6 b) 9 : 1 : 6

c) 3 : 2 : 3 d) 2 : 3 : 3

16. On 1st October, 2024, Nirmal Ltd. issued $6,000, 11\ \%$ Debentures of ₹ 100 each at a premium of 10%, redeemable at a premium of 10%. 'Loss on Issue of Debentures' will be: **[1]**

a) ₹ 6,60,000 b) ₹ 1,20,000

c) ₹ 6,00,000 d) ₹ 60,000

17. Jay and Vijay were partners in a firm sharing profits and losses in the ratio of $7 : 3$. Their respective fixed capitals were ₹ $9,00,000$ and ₹ $7,00,000$. The partnership deed provided for interest on capital @ 8%per annum. After preparing the accounts for the year ended 31st March, 2024, it was discovered that interest on capital was allowed @ 9%per annum. **[3]**

Showing your workings clearly, pass the necessary journal entry to rectify the error.

OR

Manoj and Nitin were partners in a firm sharing profits and losses in the ratio of 2 : 1. On 31st March, 2023, the balances in their capital accounts after making adjustments for profits and drawings were ₹ 90,000 and ₹ 80,000 respectively. The net profit for the year ended 31st March, 2023 amounted to ₹ 30,000. During the year Manoj withdrew ₹ 40,000 and Nitin withdrew ₹ 20,000. Subsequently, it was noticed that Interest on

Capital @ 10% p.a. was not provided to the partners. Also Interest on Drawings to Manoj ₹ 3,000 and to Nitin ₹ 2,000 was not charged.

Pass necessary adjusting journal entry. Show your workings clearly.

18. Alok, Sameer and Tushar were partners in a firm sharing profits and losses in the ratio of $4 : 3 : 2$. With effect from 1st April, 2024, they decided to share future profits and losses in the ratio of $3 : 2 : 4$. Their Balance Sheet as at 31st March, 2024 showed the following: **[3]**

i. Advertisement Suspense Account ₹ 90,000.

ii. Credit Balance of ₹ $2,70,000$ in Profit and Loss Account.

Goodwill of the firm was valued at ₹ $4,50,000$ and revaluation of assets and liabilities resulted in a loss of ₹ $1,80,000$.

Partners did not want to distribute the amount of Advertisement Suspense Account and the Profit and Loss Account. They also decided that revalued values of assets and liabilities were not to be recorded in the books.

Pass a single adjustment entry to give effect to the above. Also show your workings clearly.

19. Sinco Ltd. purchased assets of the book value of ₹ 1,98,000 from Dixon Ltd. It was agreed that the purchase consideration be paid by issuing 10% debentures of ₹ 100 each. **[3]**

Record the necessary journal entries in the books of Sinco Ltd. assuming that the debentures have been issued:

i. At a discount of 10%.

ii. At a premium of 10%.

20. Abha and Sara were partners in a firm. Their capitals were: Abha ₹ $3,00,000$ and Sara ₹ $2,00,000$. The normal rate of return in similar business is 10%. The profits of the firm of Abha and Sara for the last three years were: **[3]**

$2021 - 22 -$ ₹ $60,000$

$2022 - 23 -$ ₹ $90,000$

and $2023 - 24 -$ ₹ $1,20,000$

Calculate goodwill of the firm on the following basis:

i. Four years purchase of the average profits for the last three years.

ii. Capitalisation of super-profits.

21. Poonam Ltd. forfeited $2,00,000$ equity shares of ₹ 10 each issued at a premium of ₹ 5 per share for the non-payment of the first call of ₹ 2 per share. The second and final call of ₹ 3 per share was not yet made. The forfeited shares were reissued at a discount of ₹ 1 per share fully paid up. **[4]**

Pass necessary journal entries for the above transactions in the books of Poonam Ltd. Also prepare Share Forfeiture Account.

22. Gaurav, Saurabh and Vaibhav were partners in a firm sharing profits and losses in the ratio of $2 : 2 : 1$. They decided to dissolve the firm on 31st March, 2018. After transferring Sundry assets (other than cash in hand and cash at Bank) and third **[4]**

party liabilities to realisation account, the assets were realized and liabilities were paid off as follows:

i. A machinery with a book value of ₹ 6,00,000 was taken over by Gaurav at 50% and stock worth ₹ 5,000 was taken over by a creditor of ₹ 9,000 in full settlement of his claim.

ii. Land and building (book value ₹ 3,00,000) was sold for ₹ 4,00,000 through a broker who charged 2% commission.

iii. The remaining creditors were paid ₹ 76,000 in full settlement of their claim and the remaining assets were taken over by Vaibhav for ₹ 17,000.

iv. Bank loan of ₹ 3,00,000 was paid along with interest of ₹ 21,000.

Pass necessary journal entries for the above transactions in the books of the firm.

23. Konark Ltd. invited applications for issuing 3,00,000 shares of ₹ 10 each. The amount per share was payable as follows: ₹ 3 on application, ₹ 3 on allotment, and ₹ 4 on first and final call. The company received applications for 4,00,000 shares. Allotment was done as follows: **[6]**

i. Applicants of 2,40,000 shares were allotted 2,00,000 shares.

ii. Applicants of 1,20,000 shares were allotted 80,000 shares.

iii. Remaining applicants were allotted 20,000 shares.

Money overpaid on applications was adjusted towards sums due on allotment. Divij, a shareholder, belonging to group (ii), who had applied for 6,000 shares, failed to pay allotment and call money. Faisal, another shareholder, who was allotted 10,000 shares, paid the call money along with allotment. Faisal belonged to group (i).

Divij's shares were forfeited after the first and final call. Half of the forfeited shares were reissued @ ₹ 10 per share fully paid.

Pass the necessary Journal entries to record the above transactions in the books of the company.

24. J, H and K were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2015 their balance sheet was as follows **[6]**

Balance Sheet

as on 31st March, 2015

Liabilities		**Amount (Rs)**	**Assets**		**Amount (Rs)**
Creditors		42,000	Land and Building		1,24,000
Investment Fluctuation Fund		20,000	Motor Vans		40,000
Profit and Loss A/c		80,000	Investments		38,000
Capital A/cs			Machinery		24,000
J	1,00,000		Stock		30,000
H	80,000		Debtors	80,000	
K	40,000	2,20,000	(-) Provision for	(6,000)	74,000

			Doubtful Debts		
			Cash		32,000
		3,62,000 =======			**3,62,000** ========

On the above date, H retired and J and K agreed to continue the business on the following terms

i. Goodwill of the firm was valued at Rs 1,02,000.

ii. There was a claim of Rs 8,000 for workmen's compensation.

iii. Provision for bad debts was to be reduced by Rs 2,000.

iv. H will be paid Rs 14,000 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly instalments together with interest @ 10% per annum.

v. The new profit sharing ratio between J and K will be 3 : 2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts.

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

25. R and S were partners in a firm sharing profits and losses in the ratio of 3 : 2. Their Balance Sheet as at 31st March, 2020 was as follows: **[6]**

Balance Sheet of R and S as at 31st March, 2020

Liabilities		**Amount ₹**	**Assets**		**Amount ₹**
Capitals:			Cash at Bank		10,000
R	60,000		Debtors	65,000	
S	40,000	1,00,000	Less : Provision for Doubtful Debts	5,000	60,000
General Reserve		20,000	Stock		20,000
Creditors		20,000	Machinery		50,000
Bills Payable		20,000	Land and Building		20,000
		1,60,000			1,60,000

M was admitted on the above date as a new partner for $\frac{1}{5}$th share in the profits of the firm. The terms of agreement were as follows:

i. M will bring ₹ 80,000 as his capital and ₹ 60,000 as his share of goodwill premium.

ii. Machinery was revalued at ₹ 45,000.

iii. Stock will be reduced by 10% and Land and Building will be appreciated by 40%.

Prepare Revaluation Account and Partners' Capital Accounts.

OR

Akul, Bakul and Chandan were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On 31st March 2023 their Balance Sheet was as follows:

Balance Sheet of Akul, Bakul and Chandan as on 31-3-2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		45,000	Cash at Bank		42,000
Employees Provident Fund		13,000	Debtors	60,000	
General reserve		20,000	Less: Provision for doubtful debts	(2,000)	58,000
Capitals:			Stock		80,000
Akul	1,60,000		Furniture		90,000
Bakul	1,20,000		Plant and Machinery		1,80,000
Chandan	92,000	3,72,000			
		4,50,000			**4,50,000**

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

i. Plant and Machinery was undervalued by 10%.

ii. Provision for doubtful debts was to be increased to 15% on debtors.

iii. Furniture was to be decreased to ₹ 87,000.

iv. Goodwill of the firm was valued at ₹ 3,00,000 and Bakul's share was to be adjusted through the capital accounts of Akul and Chandan.

v. Capital of the new firm was to be in the new profit sharing ratio of the continuing partners.

Prepare Revaluation account, Partners' Capital accounts and the Balance Sheet of the reconstituted firm.

26. Pass Journal entries relating to issue of debentures in the books of Novex Ltd. in each of following cases: **[6]**

i. Issued $30,000, 10\%$ Debentures of ₹ 100 each at a premium of 10%, redeemable at par.

ii. Issued $4,000, 10\%$ Debentures of ₹ 100 each at a premium of 15%, redeemable at a premium of 10%.

iii. Issued $5,000, 10\%$ Debentures of ₹ 100 each at a discount of 5%, redeemable at a premium of 10%.

OR

Pass necessary journal entries for issue of debentures for the following transactions:

i. Suhavo Ltd. issued 10,000, 11% Debentures of ₹ 100 each at a discount of 10%, redeemable at a premium of 5%.

ii. Mudit Ltd. issued 20,000, 9% Debentures of ₹ 100 each at a premium of 5%, redeemable at a premium of 10%.

iii. Sudip Ltd. issued 30,000, 8% Debentures of ₹ 100 each at par, redeemable at a premium of 5%.

Part B :- Analysis of Financial Statements

27. The **Inventory Turnover Ratio** from the following information will be: **[1]**

	₹
Revenue from operations	12,00,000
Average Inventory	2,00,000
Gross loss ratio	20%

a) 3 times
b) 5 times
c) 6 times
d) 7.2 times

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

a) It does not consider price level changes.
b) It may be misleading without the knowledge of the changes in accounting procedures followed by a firm.
c) It identifies the reasons for change in the financial position of the firm.
d) It is just a study of interim reports.

OR

Out of the following, identify the item that is not shown in the Note to Accounts on Finance Costs:

a) Interest paid on term loan
b) Interest Paid on Bank Overdraft
c) Discount on Issue of Debentures Written off
d) Bank Deposit

29. Machinery was purchased for ₹ 10,00,000, paying 40% by issue of equity shares of ₹ 10 each and the balance by a cheque. This transaction will result in: **[1]**

a) Decrease in cash and cash equivalents ₹ 10,00,000
b) Cash generated from financing activities ₹ 4,00,000.
c) Cash used in investing activities ₹ 10,00,000.
d) Cash used in investing activities ₹ 6,00,000.

OR

Which of the following transactions will **not** result in the inflow of cash?

A. Cash deposited in the bank ₹ 80,000
B. Payment of salaries ₹ 50,000
C. Issue of 9% debentures ₹ $10,00,000$
D. Purchase of machinery ₹ $2,00,000$

a) B, C & D
b) A, C & D
c) A, B & C
d) A, B & D

30. Which of the following transactions will result in 'Cash Flows from Operating Activities'? **[1]**

a) Purchase of Property b) Purchase of Inventory

c) Issue of Debentures d) Payment of Dividend

31. Identify and state the significance of any two ratios that are calculated to measure the efficiency of operations of business based on effective utilisation of resources. **[3]**

OR

From the following information, calculate:

a. Trade Receivables Turnover Ratio

b. Operating Profit Ratio

Particulars	**Amount (₹)**
Credit Revenue from operations	55,00,000
Cash Revenue from operations	15,00,000
Debtors	12,50,000
Bills Receivable	7,50,000
Operating Expenses	7,00,000
Gross Profit Ratio 20%	

32. What information is provided by a salary bill? **[3]**

33. From the following information prepare Comparative Balance Sheet of X Ltd.: **[4]**

Particulars	**31-3-2023 Amount ₹**	**31-3-2022 Amount ₹**
Share Capital	25,00,000	25,00,000
Reserves and Surplus	6,00,000	10,00,000
Long-term Borrowings	16,00,000	15,00,000
Current Liabilities	5,00,000	4,50,000
Fixed Assets	35,00,000	25,00,000
Investments (Non-Current)	10,50,000	15,00,000
Current Assets	6,50,000	14,50,000

OR

Prepare a comparative statement of Profit and Loss from the following information extracted from the statement of Profit and Loss for the year ended 31st March, 2017 and 2018.

Particulars	**2017-18**	**2016-17**
Revenue from operations	(₹) 12,00,000	(₹) 10,00,000
Other income (% of Revenue from operations)	25%	25%

Employee benefit expenses (% of total Revenue)	40%	30%
Tax Rate	40%	40%

34. Following is the balance sheet of M.M. Ltd as on 31st March, 2023. **[6]**

	Particulars	Note No.	31st March, 2023 (₹)	31st March, 2022 (₹)
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' Funds**			
	(a) Share Capital		5,00,000	4,00,000
	(b) Reserves and Surplus	1	2,00,000	(50,000)
2.	**Non-Current Liabilities**			
	Long-term Borrowings	2	4,50,000	4,50,000
3.	**Current Liabilities**			
	(a) Short-term Borrowings	3	1,50,000	1,00,000
	(b) Short-term Provisions	4	70,000	90,000
	Total		**13,70,000**	**9,90,000**
II.	**ASSETS**			
1.	**Non-current Assets**			
	(a) Property, Plant and Equipment and Intangible Assets:			
	(i) Property, Plant and Equipment	5	10,03,000	7,20,000
	(ii) Intangible Assets	6	20,000	30,000
	(b) Non-current Investments		1,00,000	75,000
2.	**Current Assets**			
	(a) Current Investments		50,000	60,000
	(b) Inventories	7	1,07,000	45,000
	(c) Cash and Cash Equivalents		90,000	60,000
	Total		**13,70,000**	**9,90,000**

Notes to Accounts

	Particulars	31st March, 2023 (₹)	31st March,2022 (₹)
1.	**Reserves and Surplus** Surplus i.e. Balance in Statement of Profit and Loss	2,00,000	(50,000)
2.	**Long-term Borrowings**	4,50,000	4,50,000

	12% Debentures		
3.	**Short-term Borrowings** Bank Overdraft	1,50,000	50,000
	Current Maturities of Long-term Debts (12% Debentures)	____	50,000
		1,50,000	1,00,000
4.	**Short-term Provisions** Provision for Tax	70,000	90,000
5.	**Tangible Assets** Machinery (-) Accumulated Depreciation	12,03,000 (2,00,000)	8,21,000 (1,01,000)
		10,03,000	7,20,000
6.	**Intangible Assets** Goodwill	20,000	30,000
7.	**Inventories** Stock-in-trade	1,07,000	45,000

Additional Information

i. 12% debentures were redeemed on 31st March, 2023.

ii. Tax ₹ 70,000 was paid during the year.

Prepare cash flow statement.

Solution

Part A:- Accounting for Partnership Firms and Companies

1.

(c) 2 : 2 : 1

Explanation:

Harit = $\frac{2}{5} = \frac{2}{5}$

Leela = $\frac{3}{5} - \frac{1}{5} = \frac{2}{5}$

Yash = $\frac{1}{5} = \frac{1}{5}$

New profit sharing ratio = 2 : 2 : 1

OR

(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.

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) Reserve capital

Explanation:

Reserve Capital: It is that part of subscribed capital remaining uncalled which can be called up by the company only in case of an emergency i.e. winding up. Reserve capital is shown under head subscribed but not fully paid up.

OR

(a) Unsecured Debentures

Explanation:

Unsecured Debentures

4. **(a)** Gain $\frac{1}{30}$

Explanation:

Gain $\frac{1}{30}$

OR

(a) $5\frac{1}{2}$ months

Explanation:

Average Period = $\frac{\text{Time left after first Drawing + Time left after last Drawings}}{2}$

= $\frac{11+0}{2}$

= $5\frac{1}{2}$ months

5.

(b) $4\frac{1}{2}$ months
Explanation:
$4\frac{1}{2}$ months (9+0)/2

6.

(d) Registered debentures
Explanation:
Registered debentures

7. **(a)** ₹ 6,400
Explanation:
₹ 6,400

8.

(d) 2 : 1
Explanation:
2 : 1

OR

(b) Debit side of Partner's Current Account.
Explanation:
Debit side of Partner's Current Account.

9.

(c) ₹ 4,800
Explanation:
₹4,800

10.

(d) Share Capital
Explanation:
Share Capital

OR

(a) ₹ 3,000
Explanation:
₹ 3,000

11.

(b) Issued capital
Explanation:
Issued Capital

12. **(d)** ₹ 80,000
Explanation:
₹ 80,000

13. **(c)** ₹ 45,000
Explanation:
₹ 45,000

14. **(c)** ₹ 60,000
Explanation:
₹ 60,000

15.
(c) 3 : 2 : 3
Explanation:
3 : 2 : 3
New profit sharing ratio
Bina :- $\frac{5}{8} - \frac{2}{8} = \frac{3}{8}$
Ria :- $\frac{3}{8} - \frac{1}{8} = \frac{2}{8}$
Siya :- $\frac{3}{8}$

16.
(d) ₹ 60,000
Explanation:
₹ 60,000

17. In the books of Jay and Vijay
Journal

Date	**Particulars**		**L.F.**	**Dr. Amount(₹)**	**Cr. Amount(₹)**
2024 April 1	Vijay's Current A/c	Dr.		2,200	
	To Jay's Current A/c				2,200
	(Rectification entry for interest on capital provided at 9% instead of 8%)				

Working notes:

Adjustment Table

Particulars	**Jay(₹)**	**Vijay(₹)**	**Total(₹)**
1% Excess Interest on capital taken back	9,000 Dr.	$7,000 Dr.$	16,000 Cr.
Profit of ₹16,000 distributed in the profit sharing ratio 7:3	11,200 Cr.	4,800 Cr.	$16,000 Dr.$
Net Effect	2,200 Cr.	2,200 Dr.	------

OR

In the Books of Manoj and Nitin

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Manoj's Capital A/c	Dr.		2,000	
	To Nitin's Capital A/c				2,000
	(Adjustment entry for omission of Interest on Capital and Interest on Drawings)				

Working Notes:
Calculation of Opening Capital

Particulars	**Manoj ₹**	**Nitin ₹**

Closing Capital	90,000	80,000
Add: Drawings	40,000	20,000
Less: Profit (₹ 30,000 in 2 : 1)	(20,000)	(10,000)
Opening Capital	1,10,000	90,000

Statement of Adjustment

Particulars	Manoj ₹	Nitin ₹
Amount to be credited		
Interest on Capital	11,000	9,000
Less: Interest on Drawings	(3,000)	(2,000)
	8,000	7,000
Amount to be debited now (₹ 15,000 in 2 : 1)	(10,000)	(5,000)
Adjustment	(2,000) Dr.	2,000 Cr.

18. **JOURNAL**

Date	Particulars		L.F.	Dr. Amount (₹)	Cr. Amount (₹)
2024 April 1	Tushar's Capital A/c	Dr.		1,00,000	
	To Alok's Capital A/c				50,000
	To Sameer's Capital A/c (Adjustment entry due to change in profit sharing ratio)				50,000

Working Notes

Old Ratio = Alok: Sameer : Tushar = 4:3:2

New Ratio = Alok : Sameer : Tushar $= 3 : 2 : 4$

Sacrificing Share = Old Share - New Share

Alok's Sacrificing Share $= 4/9 - 3/9 = 1/9$ (sacrifice)

Sameer's Sacrificing Share $= 3/9 - 2/9 = 1/9$ (sacrifice)

Tushar's Sacrificing Share $= 2/9 - 4/9 = -2/9$ (gain)

Particulars	₹
Advertisement Suspense Account	$(90,000)$
Credit Balance of Profit and Loss Account	$2,70,000$
Goodwill of the firm	$4,50,000$
Revaluation Loss	$(1,80,000)$
Total	$4,50,000$

Alok Sacrifices $= 1/9 \times 4,50,000 = ₹50,000$, Sameer Sacrifices $= 1/9 \times 4,50,000 = ₹50,000$, Tushar Gains $= 2/9 \times 4,50,000 = ₹1,00,000$.

19. **Books of Sinco Ltd.**

Journal

Date	Particulars	L.F	Debit Amount (₹)	Credit Amount (₹)

	Assets A/c	Dr.		1,98,000	
	To Dixon Ltd.				1,98,000
	(Assets purchased from Dixon Ltd)				
	(i) Dixon Ltd.	Dr.		1,98,000	
	Discount on issue of debentures A/c	Dr.		22,000	
	To 10% Debentures A/c				2,20,000
	(Allotment of 2,200 debentures of ₹100 each at a discount of 10% as purchase consideration)				
	(ii) Dixon Ltd.	Dr.		1,98,000	
	To 10% Debentures A/c				1,80,000
	To Securities Premium A/c/Securities Premium Reserve A/c				18,000
	(Allotment of 1,800 debentures of ₹100 each at a premium of 10% as purchase consideration)				

20. i. Goodwill = No. of years' purchase × Average Profits

Total Profits $= ₹60,000 + ₹90,000 + ₹1,20,000 = ₹2,70,000$

Average Profits $= 2,70,000/3 = ₹90,000$

Goodwill $= 4 \times 90,000 = ₹3,60,000$

ii. Goodwill = Super Profits $\times 100/$ Rate of return

Capital Employed $= ₹3,00,000 + ₹2,00,000 = ₹5,00,000$

Normal Profit $= 10\%$ of ₹ 5,00,000 = ₹ 50,000

Super Profit = Average Profit - Normal Profit

Super Profit $= ₹90,000 - ₹50,000 = ₹40,000$

Goodwill $= ₹40,000 \times 100/10 = ₹4,00,000$

21. **In the books of Poonam Ltd.**

Journal

Date	**Particulars**		**L.F.**	**Dr. Amount(₹)**	**Cr. Amount (₹)**
	Equity Share Capital A/c	Dr.		14,00,000	
	To Shares Forfeited/Forfeiture A/c				10,00,000
	To Equity Share First Call A/c/To Calls in Arrears A/c				4,00,000
	(2,00,000 equity shares, ₹7 per share called up, forfeited for non-payment of first call of ₹2 per share)				
	Bank A/c	Dr.		18,00,000	
	Shares Forfeited/Forfeiture A/c	Dr.		2,00,000	
	To Equity Share Capital A/c				20,00,000
	(2,00,000 equity shares re-issued at a discount of ₹1 per share, fully paid-up)				
	Shares Forfeited/Forfeiture A/c	Dr.		8,00,000	
	To Capital Reserve A/c				8,00,000
	(Gain on re-issue of shares transferred to capital				

	reserve)				

Share Forfeiture/Forfeited A/c

Dr.			**Cr.**
Particulars	**Amount** (₹)	**Particulars**	**Amount** (₹)
To Equity Share Capital A/c	2,00,000	By Equity Share Capital A/c	10,00,000
To Capital Reserve A/c	8,00,000		
	10,00,000		10,00,000

22. **JOURNAL**

Date	**Particulars**		**Dr. (₹)**	**Cr. (₹)**
(i)	Gaurav's Capital A/c	Dr.	3,00,000	
	To Realisation A/c			3,00,000
	(Being machinery taken over by partner)			
	No entry for Stock taken by Creditor			
(ii)	Bank A/c	Dr.	3,92,000	
	To Realisation A/c			3,92,000
	(Being Land and Building sold)			
	Realisation A/c	Dr.	76,000	
	To Bank A/c			76,000
	(Being payment made to creditors)			
	Vaibhav's Capital A/c	Dr.	17,000	
	To Realisation A/c			17,000
	(Being assets taken over by partner)			
	Realisation A/c	Dr.	3,21,000	
	To Bank A/c			3,21,000
	(Being bank loan paid along with interest ₹ 21,000)			

23. **Journal of Konark Ltd.**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		12,00,000	
	To Share Application A/c (Application money received on 4,00,000 shares)				12,00,000
	Share Application A/c	Dr.		12,00,000	
	To Share Capital A/c				9,00,000
	To Share Allotment A/c (Shares allotted and excess application money transferred to equity share allotment)				3,00,000
	Share Allotment A/c	Dr.		9,00,000	
	To Share Capital A/c (Allotment money due)				9,00,000
	Bank A/c	Dr.		6,34,000	

	Calls in arrears A/c	Dr.		6,000	
	To Share Allotment A/c				6,00,000
	To Calls in advance A/c (Allotment money received)				40,000
	Or				
	Bank A/c	Dr.		6,34,000	
	To Share Allotment A/c				5,94,000
	To Calls in advance A/c (Allotment money received)				40,000
	Share First and final call A/c	Dr.		12,00,000	
	To Share Capital A/c (First call money due)				12,00,000
	Bank A/c	Dr.		11,44,000	
	Calls in arrears A/c	Dr.		16,000	
	Calls in advance A/c	Dr.		40,000	
	To Share First and final call A/c (First call money received)				12,00,000
	Or				
	Bank A/c	Dr.		11,44,000	
	Calls in advance A/c	Dr.		40,000	
	To Share First and final call A/c (First call money received)				11,84,000
	Share Capital A/c	Dr.		40,000	
	To Share Forfeiture A/c				18,000
	To Calls in Arrears A/c (Divij's shares forfeited for non-payment of allotment and first call)				22,000
	Or				
	Share Capital A/c	Dr.		40,000	
	To Share Forfeiture A/c				18,000
	To Share Allotment A/c				6,000
	To Share first and Final Call A/c (Divij's shares forfeited for non-payment of allotment and first call)				16,000
	Bank A/c	Dr.		20,000	
	To Share Capital A/c (Half of Divij's shares reissued for ₹10 per share fully paid)				20,000
	Share Forfeiture A/c	Dr.		9,000	
	To Capital Reserve A/c (Gain on the reissue of forfeited shares transferred to capital				9,000

	reserve)			

Working Note:

i. a. Shares allotted to Divij: $\frac{80,000}{1,20,000} \times 6,000 = 4,000$

Excess application money received from Divij:

(6,000 - 4,000) × ₹ 3 = ₹ 6,000

	₹
Amount due on allotment from Divij (4,000 × ₹ 3)	12,000
Less: Excess received on application	(6,000)
Amount not received from Divij on allotment	6,000

b.

Total amount due on allotment : (3,00,000 × ₹ 3)	9,00,000
Less: Excess received on application	(3,00,000)
	6,00,000
Less: Not Received on allotment	(6,000)
	5,94,000

24. **Revaluation Account**

Particulars	**Amount (Rs)**	**Particulars**		**Amount (Rs)**
To Claim for Workmen Compensation Fund A/c	8,000	By Provision for Doubtful Debts A/c		2,000
		By Loss Transferred to Capital A/c:		
		J	3,000	
		H	1,800	
		K	1,200	6,000
	8,000 ======			8,000 ======

Partner's Capital Account

Particulars	**J Amount (Rs)**	**H Amount (Rs)**	**L Amount (Rs)**	**Particulars**	**J Amount (Rs)**	**H Amount (Rs)**	**L Amount (Rs)**
To Revaluation A/c (Loss)	3,000	1,800	1,200	By Balance b/d	1,00,000	80,000	40,000
To H's Capital A/c (Goodwill)	10,200		20,400	By Investment Fluctuation Fund A/c	10,000	6,000	4,000
To H's Loan A/c		1,24,800		By Profit and Loss A/c	40,000	24,000	16,000
To Cash A/c		14,000		By J's Capital A/c		10,200	
To Current A/c (?)	31,680			By K's Capital A/c		20,400	

To Balance c/d	1,05,120		70,080	By Current A/c (Balancing figure)			31,680
	1,50,000 =======	1,40,600 ========	91,680 ========		1,50,000 =======	1,40,600 ========	91,680 =======

Balance Sheet

Liabilities		**Amount (Rs)**	**Assets**		**Amount (Rs)**
Creditors		42,000	Land and Building		1,24,000
J's Current A/c		31,680	Motor Van		40,000
Claim for Workmen Compensation Fund		8,000	Investments		38,000
H's Loan A/c		1,24,800	Machinery		24,000
Capital A/cs			Stock		30,000
J	1,05,120		Debtors	80,000	
K	70,080	1,75,200	(-) Provision for Doubtful Debts	(4,000)	76,000
			Cash (32,000- 14,000)		18,000
			K's Current A/c		31,680
		3,81,680 ======			3,81,680 ======

Working Note

1. **Calculation of Gaining Ratio**
   Gaining Ratio = New Share - Old Share
   J = $\frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$
   K = $\frac{2}{5} - \frac{2}{10} = \frac{4-2}{10} = \frac{2}{10}$
   Gaining ratio = 1 : 2
2. Adjustment for Goodwill Firm's goodwill = Rs 1,02,000
   H's share of goodwill = $1,02,000 \times \frac{3}{10}$ = Rs 30,600 will be debited to gaining partners i.e. J and K in gaining ratio i.e 1: 2.
   J's share = $30,600 \times \frac{1}{3}$ = Rs 10,200
   K's share = $30,600 \times \frac{2}{3}$ = Rs 20,400
3. Adjustment of Capital J's capital after adjustment = 1,36,800
   K's capital after adjustment = 38,400
   Total capital of new firm = Rs 1,75,200
   J's adjusted capital = $1,75,200 \times \frac{3}{5}$ = Rs 1,05,120
   K's adjusted capital = $1,75,200 \times \frac{2}{5}$ = Rs 70,080
4. Debit balance in current account is to be shown on the asset side of the balance sheet and credit balance in current account is to be shown on the liability side of the balance sheet. Cash paid to the retiring partner is deducted from the cash balance.

25. **Revaluation A/c**

Particulars	**₹**	**Particulars**	**₹**
To Machinery	5,000	By Land & Building	8,000
To Stock	2,000		

To Profit				
R	600			
S	400	1,000		
		8,000		**8,000**

Partner's Capital A/c

Particulars	R	S	M	Particulars	R	S	M
				By Balance b/d	60,000	40,000	
				By General Reserve	12,000	8,000	
				By Revaluation	600	400	
				By Cash			80,000
To Balance c/d	1,08,600	72,400	80,000	By Premium for Goodwill	36,000	24,000	
	1,08,600	**72,400**	**80,000**		**1,08,600**	**72,400**	**80,000**

OR

Revaluation Account

Particulars		₹	Particulars	₹
To Provision for Doubtful Debts		7,000	By Plant and Machinery	20,000
To Furniture		3,000		
To Profit transferred:				
Akul	4,000			
Bakul	4,000			
Chandan	2,000	10,000		
		20,000		**20,000**

Capital Accounts

Particulars	Akul	Bakul	Chandan	Particulars	Akul	Bakul	Chandan
	₹	₹	₹		₹	₹	₹
To Bakul Capital A/c	80,000		40,000	By Balance b/d	1,60,000	1,20,000	92,000
To Bakul loan A/c		2,52,000		By General Reserve	8,000	8,000	4,000
To Balance c/d	92,000		58,000	By Revaluation A/c	4,000	4,000	2,000
				By Akul Capital A/c		80,000	
				By Chandan Capital A/c		40,000	
	1,72,000	**2,52,000**	**98,000**		**1,72,000**	**2,52,000**	**98,000**
To Bank A/c			8,000	By Balance b/d	92,000		58,000
To Balance c/d	1,00,000		50,000	By Bank A/c	8,000		
	1,00,000		**58,000**		**1,00,000**		**58,000**

Balance Sheet

as at 31st March 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		45,000	Cash at bank		42,000
Employees Provident Fund		13,000	Debtors	60,000	
Bakul's Loan		2,52,000	Less: Provision for Doubtful Debts	(9,000)	51,000
Capital Accounts:			Stock		80,000
Akul	1,00,000		Furniture		87,000
Chandan	50,000	1,50,000	Plant and Machinery		2,00,000
		4,60,000			**4,60,000**

Total capital of Akul and Chandan after Bakul's retirement:-
= ₹ 92,000 + ₹ 58,000
= ₹ 1,50,000
distributed in new ratio after Bakul retirement in 2 : 1.

26. **Books of Novex Ltd. Journal**

Date	Particulars		LF	Dr. Amount (₹)	Cr. Amount (₹)
(i)	Bank A/c	Dr.		33,00,000	
	To Debenture Application and Allotment A/c				33,00,000
	(Debenture application money received)				
	Debenture Application and Allotment A/c Dr.			33,00,000	
	To 10% Debentures A/c				30,00,000
	To Securities Premium A/c				3,00,000
	(Debenture Application money transferred toDebentures and Securities Premium account)				
(ii)	Bank A/c	Dr.		4,60,000	
	To Debenture Application and Allotment A/c (Debenture application money received)				4,60,000
	Debenture Application and Allotment A/c	Dr.		4,60,000	
	Loss on Issue of Debentures A/c	Dr.		40,000	
	To 10% Debentures A/c				4,00,000
	To Securities Premium A/c				60,000
	To Premium on Redemption of Debentures A/c				40,000
	(Application money transferred and provision for premium on redemption made)				
(iii)	Bank A/c	Dr.		4,75,000	
	To Debenture Application and Allotment A/c (Debenture application money received)				4,75,000
	Debenture Application and Allotment A/c	Dr.		4,75,000	
	Loss on Issue of Debentures A/c	Dr.		75,000	

	To 10% Debentures A/c			5,00,000
	To Premium on Redemption of Debentures A/c			50,000
	(Application money transferred and provision for premium on redemption made)			

OR

i. **Books of Suhavo Ltd.**
Journal

Date	Particulars		L.F.	Dr. Amount ₹	Cr. Amount ₹
	Bank A/c	Dr.		9,00,000	
	To Debenture Application and Allotment A/c				9,00,000
	(Receipt of application money on 10,000, 11% Debentures of ₹ 100 each at a discount of 10%)				
	Debenture Application and allotment A/c	Dr.		9,00,000	
	Loss on issue of Debentures A/c	Dr.		1,50,000	
	To 11% Debentures A/c				10,00,000
	To Premium on redemption of Debentures A/c				50,000
	(Transfer of Debenture application money and provision for premium on redemption of Debentures made				
	Alternatively,				
	Debenture Application and Allotment A/c	Dr.		9,00,000	
	Discount on issue of Debentures A/c	Dr.		1,00,000	
	Loss on issue of Debentures A/c	Dr.		50,000	
	To 11% Debentures A/c				10,00,000
	To Premium on redemption of Debentures A/c				50,000
	(Transfer of debenture application money and provision for premium on redemption of Debentures made)				

ii. **Books of Mudit Ltd.**
Journal

Date	Particulars		L.F.	Dr. Amount ₹	Cr. Amount ₹
	Bank A/c	Dr.		21,00,000	
	To Debenture Application and Allotment A/c				21,00,000
	(Receipt of application money on 20,000, 9% Debentures of ₹ 100 each at premium of 5%)				
	Debenture Application and Allotment A/c	Dr.		21,00,000	
	Loss on issue of Debentures A/c	Dr.		2,00,000	
	To 9% Debentures A/c				20,00,000
	To Securities Premium A/c				1,00,000
	To Premium on redemption of Debentures A/c				2,00,000

	(Transfer of Debenture application money and provision for premium on redemption of Debentures made)			

iii.

Books of Sudip Ltd.

Journal

Date	**Particulars**		**L.F.**	**Dr. Amount ₹**	**Cr. Amount ₹**
	(iii) (a) Bank A/c	Dr.		30,00,000	
	To Debenture Application and Allotment A/c				30,00,000
	(Receipt of application money on 30,000, 8% Debentures of ₹ 100 each)				
	(iii) (b) Debenture Application and Allotment A/c	Dr.		30,00,000	
	Loss on issue of Debentures A/c	Dr.		1,50,000	
	To 8% Debentures A/c				30,00,000
	To Premium on redemption of Debentures A/c				1,50,000
	(Transfer of Debenture application money and provision for premium on redemption of Debentures made)				

Part B :- Analysis of Financial Statements

27.

(d) 7.2 times

Explanation:

$$\text{Inventory turnover ratio} = \frac{\text{Cost of Good Sold}}{\text{Average Inventory}}$$

COGS = Sales + Gross Loss

Gross Loss = $12,00,000 \times \frac{20}{100}$

= 2,40,000

COGS = 12,00,000 + 2,40,000

= 14,40,000

Inventory turnover ratio

$= \frac{14,40,000}{2,00,000}$

= 7.2 times

28.

(c) It identifies the reasons for change in the financial position of the firm.

Explanation:

It identifies the reasons for change in the financial position of the firm.

OR

(d) Bank Deposit

Explanation:

Bank Deposit is not an expense

29.

(d) Cash used in investing activities ₹ 6,00,000.

Explanation:

Cash used in investing activities ₹ 6,00,000.

OR

(d) A, B & D
Explanation:
A, B & D

30.

(b) Purchase of Inventory
Explanation:
Purchase of Inventory

31. Inventory Turnover ratio studies the frequency of conversion of inventory of finished goods into revenue from operations.
Trade Receivables Turnover ratio indicates the speed with which trade receivables are realized.

OR

a. Credit Revenue from Operations = ₹55, 00, 000

$$\text{Average Trade Receivables} = \text{Debtors} + \text{Bills Receivables}$$

$= 12, 50, 000 + 7, 50, 000$

$= ₹20, 00, 000$

$$\text{Trade Receivables Turnover Ratio} = \frac{\text{Credit Revenue from Operations}}{\text{Average Trade Receivables}}$$

$= \frac{55,00,000}{20,00,000}$

=2.75 Times

b. Revenue from Operations

= Credit Revenue from Operations + Cash Revenue from Operations

$= 55, 00, 000 + 15, 00, 000$

= ₹70,00,000

$$\text{Gross profit} = 20/100 \times 70, 00, 000$$

= ₹14,00,000

Operating Profit = Gross Profit - Operating Expenses

$= 14, 00, 000 - 7, 00, 000$

= ₹7,00,000

Operating Profit Ratio = $\frac{Operating\ Profit}{Revenue\ from\ Operations} \times 100.$

= $\frac{7,00,000}{70,00,000} \times 100$

= 10%

32. The following information is provided by a salary bill:
    i. Maintaining payroll related data such as employee number, Name, Attendance, Basic Pay, applicable Dearness and other allowances and deductions to be made.
    ii. Periodic payroll computations: The payroll computations include the calculation of various earnings and deduction heads which are to be derived from basic values such as (basic salary, number of days under leave without pay and unauthorized absence, etc) as per the formulae.
    iii. Preparation of salary statement and employee salary slip.
    iv. Generation of advice to bank.

33. **X Ltd.**

COMPARATIVE BALANCE SHEET OF X LTD.

as at 31st March, 2022 and 2023

Particulars		Note No.	31st March, 2022 (₹)	31st March, 2023 (₹)	Absolute change (Increase/Decrease)	Percentage Change (Increase/Decrease)
I.	**EQUITY AND LIABILITIES**					
1.	**Shareholders' Funds**					
	(a) Share Capital		25,00,000	25,00,000	____	____
	(b) Reserves and Surplus		10,00,000	6,00,000	(4,00,000)	(40.00)
2.	**Non-Current Liabilities**					
	Long-term Borrowings		15,00,000	16,00,000	1,00,000	6.67
3.	**Current Liabilities**		4,50,000	5,00,000	50,000	11.11
	TOTAL		**54,50,000**	**52,00,000**	**(2,50,000)**	**(4.59)**
II.	**ASSETS**					
1.	**Non-Current Assets**					
	(a) Property, Plant and Equipment and Intangible Assets		25,00,000	35,00,000	10,00,000	40.00
	(b) Non-current Investments		15,00,000	10,50,000	(4,50,000)	(30.00)
2.	**Current Assets**		14,50,000	6,50,000	(8,00,000)	(55.17)
	TOTAL		**54,50,000**	**52,00,000**	**(2,50,000)**	**(4.59)**

OR

Comparative Income Statement

Particulars	2017 (₹)	2018 (₹)	Absolute Change (₹)	Percentage Change (%)
I. Revenue from operations	10,00,000	12,00,000	2,00,000	20
II. Other income	2,50,000	3,00,000	50,000	20
III. Total Revenue	12,50,000	15,00,000	2,50,000	20
IV. Employee benefit expenses	3,75,000	6,00,000	2,25,000	60
V. Profit before Tax (III-IV)	8,75,000	9,00,000	25,000	2.86

Less: Tax	3,50,000	3,60,000	10,000	2.86
Profit after Tax	5,25,000	5,40,000	15,000	2.86

34. **Cash Flow Statement**
(For the year ended 31st March, 2023)

Particulars	₹	₹
Cash Flow from Operating Activities Net Profit before Tax and Extraordinary Items (W.N.) Adjustment for Non cash and Non operating Items		3,00,000
(+)Depreciation	99,000	
(+)Intangible Assets Written off	10,000	
(+)Interest on Debentures (5,00,000×12%)	60,000	1,69,000
Operating Profit before Working Capital Changes		**4,69,000**
(-) Increase in Inventories	(62,000)	(62,000)
Cash Generated from Operations		**4,07,000**
(-)Tax Paid		(70,000)
Net Cash Flow from Operating Activities		**3,37,000**
Cash Flow from Investing Activities		
Purchase of Fixed Assets (12,03,000 - 8,21,000)	(3,82,000)	
Purchase of Non-current Investments	(25,000)	
Net Cash Used in Investing Activities		(4,07,000)
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	1,00,000	
Redemption of Debentures	(50,000)	
Interest Paid on Debentures	(60,000)	
Increase in Bank Overdraft	1,00,000	
Net Cash Flow from Financing Activities		**90,000**
Net Increase in Cash and Cash Equivalents		20,000
(+) Operating Cash and Cash Equivalents i.e. Cash +Current Investment (60,000 + 60,000)		1,20,000
Closing Cash and Cash Equivalents i.e. Cash+ Current Investments (90,000 + 50,000)		1,40,000

Working Notes

i. Calculation of Net Profit before Tax and Extraordinary Items

Net Profit the Year [2,00,000 - (-50,000)]	2,50,000
(+) Provision for Tax	50,000
	3,00,000

Provision for Tax Account

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Bank A/c	70,000	By Balance b/d	90,000

To Balance c/d	70,000	By Statement of Profit and Loss A/c (Balancing Figure)	50,000
	1,40,000		1,40,000