Class XII Session 2025-26
Subject - Accountancy
Sample Question Paper - 1

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. Gagan, Vinod and Shubham are partners. Juhi is admitted as new partner. Sacrificing ratio of the partners is 1 : 2 : 1. New profit sharing ratio 2 : 1 : 1 : 1. **[1]**

   What was the old profit sharing ratio of Gagan, Vinod and Shubham?

   a) 2 : 1 : 1 b) 9 : 6 : 5

   c) 1 : 2 : 1 d) 13 : 14 : 9

2. **Assertion (A):** In the absence of Partnership Deed, Interest on Loan by partner is not allowed. **[1]**

   Reason (R): Yogesh, a partner in the firm gave a loan of ₹ 10,00,000 to the firm without an agreement as to rate of interest. Interest on loan by Yogesh will be allowed @ 6% p.a.

   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. Monu Ltd. forfeited 500 shares of ₹ 100 each issued at 40% premium (₹ 70 called up) on which application & allotment of ₹ 80 each (including premium) has been received. Out of these, 200 shares were reissued for ₹ 65 per share (₹ 70 paid up). What is the amount to be transferred to Capital Reserve? **[1]**

   a) ₹ 15,000 b) ₹ 7,000

   c) ₹ 4,500 d) ₹ 2,000

OR

Debentures represent the:

a) The Investment of Equity-Shareholders
b) Directors' shares in a company
c) Short-term Borrowings of a Company
d) Long-term Borrowings of a Company

4. Revaluation Account will be debited when: **[1]**

a) Value of fixed asset decreases
b) Value of liabilities reduces
c) When provision for doubtful debts decreases
d) Value of fixed asset increases

OR

B and A are partners in a firm and sharing the profit & loss in the ratio of 3 : 2 with a capital of ₹ 1,00,000 and ₹ 60,000 respectively. Calculate the amount of profit or loss to be distributed among the partner if partnership deed is silent on interest on capital. Profit for the year is ₹ 50,000.
Profit distribution will be:

a) Profit is to be shared in the ratio of their capital i.e. 5 : 3
b) Profit to B = 25,000 and A = 25,000
c) Profit to B = 20,000 and A = 30,000
d) Profit to B = 30,000 and A = 20,000

5. A partner withdrew ₹ 4,000 per month from 1st July, 2016, on beginning of every month. Accounts are closed at 31st March, 2017. **[1]**
Calculate interest on drawings while rate of interest is 10% per annum.

a) ₹ 2,200
b) ₹ 1,500
c) ₹ 1,600
d) ₹ 1,800

6. Interest on debentures issued as a collateral security is paid on: **[1]**

a) Paid up value of debentures
b) Face value of debentures
c) No interest is paid
d) Nominal value of debenturs

OR

X Ltd. acquired assets of ₹ 20 lakhs and took over creditors of ₹ 20 thousand from Y Ltd. X Ltd. issued 8% debentures of ₹ 200 each at a discount of 10% as purchase consideration. Number of debentures issued will be:

a) 10,100
b) 9,000
c) 11,000
d) 10,000

7. If 500 shares of ₹ 10 issued at a premium of ₹ 1 on which ₹ 9 (including premium) have been called and ₹ 7 including premium have been paid are forfeited, the forfeiture account should be credited by: **[1]**

a) ₹ 3,500
b) ₹ 4,000
c) ₹ 3,000
d) ₹ 4,500

8. What journal entry required to pass to transfer the due amount to the loan account of retiring partner? **[1]**

a) Partner executor A/c ... Dr.
To Retiring partner's loan A/c
b) Gainer partners A/c ... Dr.
To Retiring partner's loan A/c
c) Retiring Partner's capital A/c ... Dr.
To Retiring partner's loan A/c
d) Retiring Partner's capital A/c ... Dr.
To Bank A/c

OR

What values are involved in the rectification of past adjustments:

a) Not rectifying those errors
b) Not shown errors committed
c) Communicating the correct information
d) Not admitting errors committed

9. Ravi, a partner, withdraws ₹ 20,000 on 1st April, 2022 and ₹ 40,000 on 1st October, 2022. Interest on Drawings @ 6% p.a. on 31st March, 2023 will be **[1]**

a) ₹ 2,400
b) ₹ 1,800
c) ₹ 1,200
d) ₹ 3,600

10. Z Ltd. invited applications for issuing 40,000 equity shares of ₹ 100 each at a premium of ₹ 25 per share. The amount was payable as follows: **[1]**

On Application: - ₹ 20 per share (including ₹ 4 premium)
On Allotment: - ₹ 30 per share (including ₹ 5 premium)
On First Call: - ₹ 40 per share (including ₹ 6 premium)
On Second and Final Call: - Balance Amount

Poonam, a shareholder holding 200 shares, did not pay the first and second and final call and her shares were forfeited after the second and final call.

Calls in Arrears Account will be Credited by:

a) ₹ 11,800
b) ₹ 15,000
c) ₹ 7,000
d) ₹ 8,200

11. X Ltd. forfeited 100 shares of ₹ 10 each, ₹ 8 called-up for non-payment of allotment money of ₹ 5 per share (including premium of ₹ 2 per share). Out of these, 70 shares were reissued to Ashok as ₹ 8 called-up, for ₹ 10 per share. On forfeiture, **Share Forfeiture Account** will be: **[1]**

a) Credited by ₹ 700
b) Debited by ₹ 200
c) Credited by ₹ 500
d) Debited by ₹ 500

12. Shares cannot be offered to public by: **[1]**

a) A Public Ltd. Company
b) A Private Ltd. Company
c) A Non-Banking Company (NBFC)
d) One Person Company

13. When partners' capital accounts are fixed, which one of the following items will be written in the partner's capital account? **[1]**

a) Loan advanced by partner to the firm
b) Loan taken by partner from the firm
c) Partner's drawings
d) Additional capital introduced by the partner in the firm

14. Pari, Manisha and Rajni are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. The balances of their fixed capital accounts on 1st April, 2022, were: Pari ₹ 1,00,000, Manisha ₹ 1,00,000 and Rajni ₹ 80,000. After the accounts for the year ended 31st March, 2023, were prepared, it was discovered that interest on capital @ 10% per annum had been credited to the partners' current accounts even though it was not provided in the partnership deed. **[1]**

The error in Pari's capital account / current account will be rectified by:

a) Crediting her current account with ₹ 1,200 b) Crediting her capital account with ₹ 1,200

c) Debiting her current account with ₹ 1,200 d) Debiting her capital account with ₹ 1,200

15. Ashu and Basu are partners sharing profits and losses in the ratio of 2 : 1. Chetan is admitted as a new partner with $\frac{1}{4}$th share in the profits which he acquires equally from Ashu and Basu. The new profit sharing ratio between Ashu, Basu and Chetan will be: **[1]**

a) 1 : 1 : 1 b) 13 : 2 : 1

c) 13 : 5 : 6 d) 2 : 13 : 5

OR

Which of the following is not distributed among the partners?

a) General reserve b) Retained earnings

c) Workers profit sharing fund d) Contingency reserve

16. On dissolution of the firm sundry assets were of ₹ 1,17,000. Monu took part of sundry assets at ₹ 72,000 (being 10% less than the book value). Sonu took remaining sundry assets at 80% of the book value. Realisation Account is to be credited with **[1]**

a) ₹ 84,000 b) ₹ 1,01,600

c) ₹ 72,000 d) ₹ 1,08,000

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. Yogesh, Ram and Rohit are partners. Each partner regularly withdrew ₹ 20,000 per month as given below: **[3]**

a. Yogesh withdrew in the beginning of the month;

b. Ram withdrew in the middle of the month; and

c. Rohit withdrew at the end of the month.

Interest on drawings charged for the year ended 31st March, 2023 was ₹ 15,600, ₹ 14,400 and ₹ 13,200 respectively. Determine the rate of interest charged on drawings.

OR

A, B & C are patterns in a firm sharing profits & losses in ratio of 2 : 3 : 5. Their **fixed capitals** were ₹ 15,00,000, ₹ 30,00,000 & ₹ 60,00,000 respectively. For the year ended 31st March 2023, interest was credited 12% intend of 10%. Pass the necessary adjustment entry.

19. Intex Ltd. issued 10,000, 10% Debentures of ₹ 100 each at a premium of 10%, payable along with application. Applications were received for all the debentures issued and allotment was made. Pass the Journal entries. **[3]**

OR

Bansal Heavy Machine Ltd. purchased machine worth ₹ 3,80,000 from Handa Trader. Payment was made as ₹ 50,000 cash and remaining amount by issue of equity shares of the face value of ₹ 100 each fully paid at an issue price of ₹ 110 each.

Give journal entries to record the above transaction.

20. The average profit for last five years of a firm of Suman and Dhawan was ₹ 6,00,000. The normal rate of return in a similar business is 10%. Goodwill of the firm is valued at ₹ 40,00,000 calculated by capitalisation of super **[3]**

profit. Find out the amount of capital employed by the firm.

21. Naveen Ltd. purchased a running business from Suman Ltd. for a sum of ₹ 22,00,000 by issuing 20,000 fully paid equity shares of ₹ 100 each at a premium of 10%. The assets and liabilities consisted of the following: Machinery ₹ 7,00,000; Debtors ₹ 2,50,000; Stock ₹ 5,00,000; Building ₹ 11,50,000 and Bills Payable ₹ 2,50,000. **[4]**

Pass necessary Journal entries in the books of Naveen Ltd. for the above transactions.

22. Ram and Shyam were partners in a firm sharing profits in the ratio of 2 : 3 respectively. They become old and no one was there to look after their business. Therefore, they decided to dissolve the business and donate the amount available to an NGO who are providing service for growing trees in urban areas to control pollution. On 31st January, 2014, their balance sheet was as follows **[4]**

Balance Sheet

as at 31st January, 2014

Liabilities		**Amt (Rs.)**	**Assets**	**Amt (Rs.)**
Creditors		65,000	Land	1,20,000
Bills Payable		35,000	Machinery	65,000
Capital A/ cs			Goodwill	10,000
Ram	75,000		Stock	25,000
Shyam	75,000	1,50,000	Debtors	20,000
			Cash	10,000
		2,50,000		2,50,000

Ram paid the creditors at a discount of 15% and Shyam paid bills payable in full. Assets realised as follows: Land at 20% less; machinery at Rs. 35,000; stock at 25% less and debtors at Rs. 12,500. Expenses on realisation Rs. 1,750 were paid by Shyam.

Prepare realisation account, partner's capital accounts and bank account. Also, identify any one value which the partners communicated to the society.

23. A Ltd. offered to the public 20,000 shares of ₹ 100 each at a premium of ₹ 20 per share payable as follows: **[6]**

	₹
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 Captial 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

OR

A company offered 1,00,000 shares of ₹ 10 each payable as ₹ 3 on application, ₹ 2.50 on allotment, ₹ 2.50 on 1st call

and ₹ 2 on the final call.

The public applied for 1,52,000 shares. The shares were allotted on a pro-rata basis to the applicants of 1,50,000 shares. All shareholders paid the allotment money excepting one shareholder who was allotted 200 shares. These shares were forfeited. The first call was made thereafter. The forfeited shares were re-issued @ ₹ 9 per share ₹ 8 paid up. The final call was not yet made.

You are required to pass journal entries.

24. The following was the Balance Sheet of Basant, Akshat and Surendra sharing profits and losses in the proportion of $\frac{6}{14} : \frac{5}{14} : \frac{3}{14}$ respectively: **[6]**

BALANCE SHEET

Liabilities		**₹**	**Assets**	**₹**
Creditors		18,900	Land & Buildings	50,400
Bills Payable		6,300	Furniture	7,350
Reserve		7,000	Stock	29,400
Capital Accounts:			Debtors	26,460
Basant	39,900		Cash at Bank	8,890
Akshat	33,600			
Surendra	16,800	90,300		
		1,22,500		**1,22,500**

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

a. That Manish brings in ₹ 16,000 as his Capital.
b. That Furniture be written down by ₹ 920 and stock be depreciated by 10%.
c. That a Provision of ₹ 1,320 be made for outstanding repair bills.
d. That the value of Land and Buildings be written upto ₹ 65,100.
e. That Manish's share of Goodwill be fixed at ₹ 8,820. Manish brings this amount in Cash.
f. That the Capitals of Basant, Akshat and Surendra be adjusted on the basis of Manish's Capital by opening the necessary Current Accounts.

Give the Necessary Journal Entries, the Revaluation Account, Capital Accounts and also the Balance Sheet of the firm as newly constituted.

OR

Following is the Balance Sheet of Ram, Mohan and Sohan as at 31st March, 2017:

Liabilities		**₹**	**Assets**	**₹**
Sundry Creditors		1,00,000	Tools	30,000
Workmen Compensation Reserve		75,000	Furniture	1,80,000
Capital A/cs:			Stock	1,60,000
Ram	2,00,000		Debtors	1,2,000
Mohan	1,00,000		Cash at Bank	80,000
Sohan	1,00,000	4,00,000	Cash in Hand	5,000

		5,75,000		5,75,000

Ram, Mohan and Sohan shared profit and losses in the ratio of 2:2:1. Sohan died on 30th June, 2017. As per the Partnership Deed, the executors of Sohan were to get:

i. Amount standing to the credit of his Capital Account.
ii. Interest on capital which amounted to ₹ 1,50
iii. His share of goodwill ₹ 50,000.
iv. His share of profits from the closing of last financial year till the date of death which was estimated at ₹ 7,500.

Sohan's executors were paid ₹ 14,000 on 1st July, 2017 and the balance in two equal yearly installments from 30th June, 2018 with interest @ 6% p.a.

Pass necessary Journal entries and draw up Sohan's Capital Account to be rendered to his executors and Sohan's Executors' Account till it is finally paid.

25. M, N and O were partners in a firm sharing profits and losses equally. Their Balance Sheet on 31st March, 2023 was as follows: **[6]**

Liabilities		**Amount (₹)**	**Assets**	**Amount (₹)**
General Reserve		30,000	Plant and Machinery	60,000
Creditors		20,000	Stock	30,000
Capital:			Sundry Debtors	95,000
M	70,000		Cash at Bank	40,000
N	70,000		Cash in Hand	35,000
O	70,000	2,10,000		
		2,60,000		**2,60,000**

N died on 12th June, 2023. According to the partnership deed, executors of the deceased partner are entitled to:

i. Balance of partner's capital account.
ii. Interest on capital @ 5% per annum.
iii. Share of goodwill calculated on the basis of twice the average of past three years' profit and
iv. Share of profits from the closure of the last accounting year till the date of death on the basis of twice the average of three completed years' profits before death.

Profits for the years ended 31st March 2021, 2022 and 2023 were ₹ 80,000, ₹ 90,000 and ₹ 1,00,000 respectively. Show the working for deceased partner's share of goodwill and profits till the date of his death.

Pass the necessary journal entries and prepare N's Capital Account to be rendered to his executors.

26. **Read the text carefully and answer the questions:** **[6]**

Amit Technologies Ltd. issued 5,000; 9% Debentures of ₹ 100 each at a premium of ₹ 20 payable as follows:

i. ₹ 40 including premium of ₹ 10 on application
ii. ₹ 40 including premium of ₹ 10 on allotment
iii. Balance as first and final call.

Applications were received for 5,000 debentures and allotment was made to all the applicants. All the calls were made, and amounts received.

(a) The amount of money received during application is:

a) ₹ 150,000 b) ₹ 2,00,000

c) ₹ 1,00,000 d) ₹ 4,00,000

(b) What amount of the money received in application is transferred to the securities premium reserve account:

a) ₹ 2,00,000 b) ₹ 1,00,000

c) ₹ 5,00,000 d) ₹ 50,000

(c) ____ is the balance amount per debenture to be received at the first and final call is:

a) ₹ 40 b) ₹ 30

c) ₹ 20 d) ₹ 10

(d) What is the total interest payable on the debentures issued?

a) ₹ 8,000 b) ₹ 45,000

c) ₹ 54,000 d) ₹ 20,000

(e) Above case is an example of

a) Both a and c b) Full subscription

c) Undersubscription d) Oversubscription

(f) What is the total amount received by Amit Technologies Ltd. from the issue of debentures?

a) ₹ 2,40,000 b) ₹ 2,50,000

c) ₹ 2,00,000 d) ₹ 2,80,000

Part B :- Analysis of Financial Statements

27. Which is the following is/are not the objectives of the Financial Statements of a company? **[1]**

i. It provide information about the economic resources and obligations of a business.

ii. To provide information about the aptitude of the human resources.

iii. To provide information about the cash flow.

iv. To judge the efficiency/effectiveness of the management.

v. To provide information about the activities of the business affecting the society.

a) (ii) only b) (ii) & (iii) only

c) (ii) & (v) only d) (iv) only

OR

Which of the following is not required to be prepared under the Companies Act?

a) Funds Flow Statement b) Balance Sheet

c) Report of Director's and Auditor's d) Statement of Profit and Loss

28. From the following calculate Interest Coverage Ratio: **[1]**

Net profit after tax ₹ 12,00,000; 10% debentures ₹ 1,00,00,000; Tax Rate 40%.

a) 1.2 times b) 5 times

c) 2 times d) 3 times

29. Paid ₹ 7,00,000 to acquire shares in K.L. Ltd. and received a dividend of ₹ 20,000 after acquisition. These **[1]**

transactions will result in

a) Cash used in Investing Activities ₹ 7,00,000.

b) Cash used in Investing Activities ₹ 6,80,000.

c) Cash generated from Financing Activities ₹ 6,80,000.

d) Cash generated from Financing Activities ₹ 7,20,000.

OR

Which of the following is added back to net profit to calculate net cash flow from operating activities?

a) Rent Received

b) Commission Received

c) Interest Received

d) Finance Cost

30. Z Ltd. purchased a building for ₹ 50,00,000 from J. Ltd. paying 40% by the issue of 9% Debentures and the balance by cheque. The above transaction will result in: **[1]**

a) Decrease in cash and cash equivalents ₹ 20,00,000.

b) Cash used in investing activities ₹ 20,00,000.

c) Cash generated from financing activities ₹ 20,00,000.

d) Cash used in investing activities ₹ 30,00,000.

31. A company has to transfer Rs. 50,000 to Debenture Redemption Reserve out of Surplus, i.e., Balance in Statement of Profit and Loss. Explain how it will be shown in the financial statements. **[3]**

32. Calculate Inventory Turnover Ratio from the following: **[3]**

	₹
Cash Revenue from Operations (Cash Sales)	6,00,000
Credit Revenue from Operations (Credit Sales)	4,00,000
Gross Profit	25% on Cost

Closing Inventory: 3 times of Opening Inventory

Opening Inventory: 10% of Cost of Revenue from Operations.

33. From the following Balance Sheet of XX Ltd. prepare a **Comparative Balance Sheet** as at 31.3.2022: **[4]**

Particulars	**31.3.2022 (₹)**	**31.3.2021 (₹)**
I - EQUITY AND LIABILITIES:		
1. Shareholders' Funds:		
Share Capital	2,00,00,000	1,00,00,000
2. Non-Current Liabilities:		
Long-term Borrowings	50,00,000	25,00,000
3. Current Liabilities:		
Trade Payables	20,00,000	10,00,000
Total	**2,70,00,000**	**1,35,00,000**
II Assets:		

1. Non-Current Assets:		
Fixed Assets	1,70,00,000	85,00,000
2. Current Assets:		
Inventories	1,00,00,000	50,00,000
Total	**2,70,00,000**	**1,35,00,000**

OR

From the following 'statement of profit and loss for the year ended 31st March, 2023, prepare a comparative statement of profit and loss of Fast Services Ltd.:

Particulars	Note No	2022-2023 Amt. (₹)	2021-2022 Amt. (₹)
Revenue from Operations		20,00,000	15,00,000
Other Incomes		10,00,000	4,00,000
Expenses		21,00,000	15,00,000

Rate of income tax was 50%.

34. Following are the Balance Sheets of Sunrise Power Ltd. as at 31st March, 2023 and 2022: **[6]**

Sunrise Power Ltd.

BALANCE SHEET

Particulars		Note No.	31st March, 2023	31st March, 2022
			₹	₹
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' Funds**			
	(a) Share Capital		24,00,000	22,00,000
	(b) Reserves and Surplus	1	6,00,000	4,00,000
2.	**Non-Current Liabilities**			
	Long-term Borrowings		4,80,000	3,40,000
3.	**Current Liabilities**			
	(a) Trade Payables		3,58,000	4,08,000
	(b) Short-term Provisions		1,00,000	1,54.000
	Total		**39,38,000**	**35,02,000**
II.	**ASSETS**			
1.	**Non-current Assets**			
	(a) Tangible	2	21,40,000	17,00,000
	(b) Intangible	3	80,000	2,24,000
2.	**Current Assets**			
	(a) Current Investments		4,80,000	3,00,000

	(b) Inventories		2,58,000	2,42,000
	(c) Trade Receivables		3,40,000	2,86,000
	(d) Cash and Cash Equivalents		6,40,000	7,50,000
	Total		**39,38,000**	**35,02,000**

Notes to Accounts

Particulars	**31st March 2023**	**31st March 2022**
	₹	**₹**
1. Reserves and Surplus		
Surplus (Balance in Statements of Profit and Loss)	6,00,000	4,00,000
2. Property, Plant and Equipment		
Machinery	25,40,000	20,00,000
Less: Accumulated Depreciation	(4,00,000)	(3,00,000)
	21,40,000	**17,00,000**
3. Intangible Assets		
Goodwill	80,000	2,24,000

Additional Information:

During the year a piece of machinery costing ₹ 48,000 on which accumulated depreciation was ₹ 32,000 was sold for ₹ 12,000. Prepare cash flow statement.

Solutions

Part A:- Accounting for Partnership Firms and Companies

1.

(d) 13 : 14 : 9

Explanation:

Old share = New share + sacrifice share

Gagan = 2/5 + 1/4 = 13/20

Vinod = 1/5 + 2/4 = 14/20

Shubham = 1/5 + 1/4 = 9/20

2.

(d) A is false but R is true.

Explanation:

A is false but R is true.

Assertion is false because in the absence of partnership deed interest on loan provided @ 6 % p.a.

3.

(b) ₹ 7,000

Explanation:

₹ 7,000

OR

(d) Long-term Borrowings of a Company

Explanation:

Long-term Borrowings of a Company

4. **(a)** Value of fixed asset decreases

Explanation:

There are some rules for the preparation of Revaluation Account :

i. When Increase in assets, revaluation A/c is Credited.
ii. When Decrease in the asset , Revaluation A/c is Debited.
iii. When Increase in liabilities, Revaluation A/c is Debited.
iv. When Decrease in liabilities, Revaluation A/c is credited.

OR

(d) Profit to B = 30,000 and A = 20,000

Explanation:

Profit to B = 30,000 and A = 20,000

Distributed in old ratio.

5.

(b) ₹ 1,500

Explanation:

Interest on Drawings = $4{,}000 \times 9 \times \frac{10}{100} \times \frac{5}{12}$ = ₹ 1,500

6.

(c) No interest is paid

Explanation:

No interest is paid

OR

(c) 11,000

Explanation:

Number of debentures issued $= \frac{19,80,000}{180} = 11,000$

7.

(c) ₹ 3,000

Explanation:

The forfeiture account should be credited by amount received on forfeited share:

= 500 × 6 (7 - 1 (premium)) = ₹ 3,000

8.

(c) Retiring Partner's capital A/c ... Dr.

To Retiring partner's loan A/c

Explanation:

The following journal entry will be recorded for the amount transferred to the retiring partner's loan account:

Retiring Partner's capital A/c ... Dr.

To Retiring partner's loan A/c

(being partner capital balance transferred to loan account)

OR

(c) Communicating the correct information

Explanation:

Adjustments in accounts of the partnership firm may be needed whenever something relating to the past period has to be corrected. The main purpose of rectification of past adjustments is to communicate the correct information to the users of the partnership firm.

9. **(a)** ₹ 2,400

Explanation:

interest on drawing (1st April, 2022) = $20,000 \times \frac{6}{100} = 1,200$

Interest on drawing (1st October, 2022) = $40,000 \times \frac{6}{100} \times \frac{6}{12} = 1,200$

total interest on drawing (31st march, 2023) = 1,200 + 1,200 = 2,400

10.

(b) ₹ 15,000

Explanation:

	₹
Amount not paid on First Call: 200 Shares × ₹ 40	8,000
Amount no paid on Second & Final Call: 200 Shares × ₹ 35	7,000
	15,000

11.

(c) Credited by ₹ 500

Explanation:
Credited by ₹ 500
share forfeiture account credited with the amount received from the shareholder
(100 ×(8 - 3)) = ₹ 500

12.

(d) One Person Company
Explanation:
One Person Company

13.

(d) Additional capital introduced by the partner in the firm
Explanation:
Additional capital introduced by the partner in the firm

14. **(a)** Crediting her current account with ₹ 1,200
Explanation:
Crediting her current account with ₹ 1,200
28000X2/5-10000=1200

15.

(c) 13 : 5 : 6
Explanation:
13 : 5 : 6

OR

(c) Workers profit sharing fund
Explanation:
Workers profit sharing fund as it is for workers

16.

(b) ₹ 1,01,600
Explanation:
Realisation account credited with = amount of asset taken over by Monu and Sonu
= 72,000 + {(1,17,000 - 80,000) × 80%}
= 72,000 + 29,600
= 1,01,600

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. Calculation of Percentage of Interest on Yogesh Drawings

Average month = $\frac{12+1}{2}$ = $\frac{13}{2}$ = 6.5 month

Interest on Yogesh Drawings = Drawings × Percentage × $\frac{avg\ month}{12}$

15,600 = 20,000 × 12 × $\frac{Percentage}{100}$ × $\frac{6.5}{12}$

Percentage = $\frac{15600\times12\times100}{20,000\times12\times6.5}$

= 12%

Calculation of Percentage of Interest on Ram Drawings

Average month = $\frac{11.5+0.5}{2}$ = $\frac{12}{2}$ = 6 month

Interest on Ram Drawings = Drawings × Percentage × $\frac{avg\ month}{12}$

14,400 = 20,000 × 12 × $\frac{Percentage}{100}$ × $\frac{6}{12}$

Percentage = $\frac{14400\times12\times100}{20,000\times12\times6}$

= 12%

Calculation of Percentage of Interest on Rohit's Drawings

Average month = $\frac{11+0}{2}$ = $\frac{11}{2}$ = 5.5 month

Interest on Rohit Drawings = Drawings × Percentage × $\frac{avg\ month}{12}$

13,200 = 20,000 × 12 × $\frac{Percentage}{100}$ × $\frac{5.5}{12}$

Percentage = $\frac{13200\times12\times100}{20,000\times12\times5.5}$

= 12%

OR

TABLE SHOWING ADJUSTMENT

	A (₹)	**B (₹)**	**C (₹)**	**Total**
Partners Over credited with 2% interest	30,000	60,000	1,20,000	2,10,000
By recovering this interest from partners, profits will be increased by ₹ 2,10,000 & divided in 2:3:5	42,000	63,000	1,05,000	2,10,000
Net effect	12,000 Cr.	3,000 Cr.	15,000 Dr.	——

Journal

Date	**Particulars**		**L.F.**	**A (₹)**	**B (₹)**
1 April 2023	C's Current A/c	Dr.		15,000	
	To A's Current A/c				12,000
	To B's Current A/c (Interest excessive charged, now rectified)				3,000

19. JOURNAL OF INTEX LTD.

Date	**Particular**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		11,00,000	
	To Debentures Application and Allotment A/c (Application money received for 10,000; 10% Debentures)				11,00,000
	Debentures Application and Allotment A/c	Dr.		11,00,000	

	To 10% Debentures A/c				10,00,000
	To Securities Premium A/c				1,00,000
	(10,000; 10% Debentures allotted at a premium of 10%)				

OR

Book of Bansal Heavy Machine Ltd

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Machinery A/c	Dr.		3,80,000	
	To Cash A/c				50,000
	To Handa Traders				3,30,000
	(Machine purchased from Handa Traders paid ₹50,000 in cash immediately)				
	Handa Trader	Dr.		3,30,000	
	To Equity Share Capital A/c				3,00,000
	To security premium A/c				30,000
	(3,000 share issued at ₹110; face value of ₹100 each to Handa Traders in consideration of amount due to him for machinery purchased)				

Working Notes:-

i. Number of shares issued

$= \frac{\text{Amount payable}}{\text{Issue price}}$

$= \frac{3,30,000}{110}$ = 3,000 shares

20.

- Goodwill of the firm = Super Profit $\times \frac{100}{\text{Normal rate of return}}$

  40,00,000 = Super Profit $\times \frac{100}{10}$

  Super profit = ₹ 4,00,000
- Super Profit = Average Profit - Normal Profit

  4,00,000 = 6,00,000 - Normal Profit

  Normal Profit = ₹ 2,00,000
- Normal Profit $= \frac{\text{Normal Rate of Return}}{100} \times$ Capital Employed

  2,00,000 = $\frac{10}{100} \times$ Capital Employed

  Capital Employed = ₹ 20,00,000

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

JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
i	Machinery A/c	Dr.		7,00,000	
	Debtors A/c	Dr.		2,50,000	
	Stock A/c	Dr.		5,00,000	
	Building A/c	Dr.		11,50,000	
	To Bills Payable A/c				2,50,000
	To Suman Ltd.				22,00,000
	To Capital Reserve A/c (Balancing Figure) (Being business purchased from Suman Ltd.)				1,50,000
ii	Suman Ltd. A/c	Dr.		22,00,000	
	To Equity Share Capital A/c				20,00,000
	To Security Premium A/c				2,00,000

	(Being purchase consideration paid to Suman Ltd.)						

22.

Dr			Realisation Account			Cr
Particulars		**Amt (Rs.)**	**Particulars**			**Amt (Rs.)**
To Sundry Assets A/c			By Sundry Liabilities A/c			
Land	1,20,000		Creditors	65,000		
Machinery	65,000		Bills Payable	35,000	1,00,000	
Goodwill	10,000		By Cash A/c			
Stock	25,000		Land (1,20,000-20% of 1,20,000)	96,000		
Debtors	20,000	2,40,000	Machinery	35,000		
To Ram's Capital (Creditors) (65 ,000 -15% of 65,000)		55,250	Stock (25,000-25% of 25,000)	18,750		
To Shyam's Capital A/c (Bills payable)		35,000	Debtors	12,500	1,62,250	
To Shyam's Capital A/c (Expenses on realisation)		1,750	By Loss on Realisation Transferred to			
			Ram's Capital A/c	27,900		
			Shyam's Capital A/c	41,850	69,750	
		3,32,000			3,32,000	

Dr.	Partners' Capital Account				Cr
Particulars	**Ram (Rs.)**	**Shyam (Rs.)**	**Particulars**	**Ram (Rs.)**	**Shyam (Rs.)**
To Realisation A/c (Loss on realisation)	27,900	41,850	By Balance b/d	75,000	75,000
To Cash/Bank A/c (Final Payment)	1,02,350	69,900	By Realisation A/c (Liabilities discharged)	55,250	35,000
			By Realisation A/c (Expenses paid)	---	1,750
	1,30,250	1,11,750		1,30,250	1,11,750

Dr	Cash/Bank Account		Cr
Particulars	**Amt (Rs.)**	**Particulars**	**Amt (Rs.)**
To Balance b/d	10,000	By Ram's Capital A/c (Final Payment)	1,02,350
To Realisation A/c (Assets Realised) (96000+35000+18750+12500)	1,62,250	By Shyam's Capital A/c (Final Payment)	69,900
	1,72,250		1,72,250

Note : Question do not specify who will bear realisation expenses or agreement of partner to settle liability, then if expenses or liability is paid by the partner then they should be reimbursed.

Goodwill appearing in the Balance Sheet , treated as like any other asset and transferred to Realisation Account at Book Value. Question is silent about the realisation of Goodwill, it is assumed that Goodwill has not realised any amount.

23.

A Ltd.

CASH BOOK

Particulars	L.F.	₹	Particulars	L.F.	₹
To Share Application A/c (25,000 × ₹ 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 × ₹ 25)		4,80,000			
To Share Capital A/c (800 × ₹ 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 Captial 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

OR

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		4,56,000	
	To Share Application A/c (Application money received on 1,52,000 shares @ ₹ 3 per share)				4,56,000
	Share Application A/c	Dr.		4,56,000	
	To Share Capital A/c				3,00,000
	To Share Allotment A/c				1,50,000
	To Bank A/c (Application money adjusted)				6,000
	Share Allotment A/c	Dr.		2,50,000	
	To Share Capital A/c (Allotment money due on 1,00,000 shares @ ₹ 2.50)				2,50,000
	Bank A/c	Dr.		99,800	
	Calls in Arrears A/c	Dr.		200	
	To Share Allotment A/c (Allotment money received on 99,800 shares)				1,00,000
	Share Capital A/c (200 × ₹ 5.50)	Dr.		1,100	
	To Calls in Arrears A/c				200
	To Share Forfeiture A/c (Forfeiture of 200 shares for non-payment of allotment money)				900
	Share 1st Call A/c	Dr.		2,49,500	
	To Share Capital A/c (First call money due on 99,800 shares @ ₹ 2.50)				2,49,500
	Bank A/c	Dr.		2,49,500	
	To Share 1st Call A/c (First call money received on 99,800 shares @ ₹ 2.50)				2,49,500

	Bank A/c	Dr.		1,800	
	To Share Capital A/c				1,600
	To Securities Premium A/c (Re-issue of 200 shares @ ₹ 9 per share; ₹ 8 paid up)				200
	Share Forfeiture A/c	Dr.		900	
	To Capital Reserve A/c (Transfer of profit on reissue)				900

Working Notes:

i. Excess amount received from the holder of 200 shares on application:

The shareholder who has been allotted 200 shares must have applied for more shares.

If shares allotted were 1,00,000, shares applied for were = 1,50,000

∴ If shares allotted were 200, shares applied for were = $\frac{1,50,000}{1,00,000} \times 200$ = 300 shares

Excess application money received from him:

300 shares - 200 shares = 100 shares × ₹ 3 = ₹ 300

ii.

	₹
Amount due on allotment on these shares = 200 shares × ₹ 2.50	500
Less: Excess received on these shares on application	(300)
Amount not received on allotment	200

iii. Amount received on allotment:

Total amount due on allotment = 1,00,000 shares × ₹ 2.50	2,50,000
Less: Excess received on application	(1,50,000)
	1,00,000
Less: Amount not received on allotment	(200)
Net amount received on allotment in cash	**99,800**

24. **IN THE BOOKS OF THE FIRM**

JOURNAL ENTRIES

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
	General Reserve A/c	Dr.		7,000	
	To Basant's Capital A/c				3,000
	To Shaym's Capital A/c				2,500
	To Surendra's Capital A/c				1,500
	(Being general reserve transfer to old partner's capital account in old profit sharing ratio)				
	Revaluation A/c	Dr.		5,180	
	To Furniture A/c				920
	To Stock A/c				2,940
	To Outstanding Repairs A/c				1,320
	(Being decrease in the value of assets and provision made of outstanding repair recorded through revaluation account)				
	Land and Building A/c	Dr.		14,700	
	To Revaluation A/c				14,700

	(Being increase in the value of land and building recorded through revaluation account)				
	Revaluation A/c	Dr.		9,520	
	To Basant's Capital A/c				4,080
	To Shaym's Capital A/c				3,400
	To Surendra's Capital A/c				2,040
	(Being profit on revaluation transfer to old partners capital account in old profit sharing ratio)				
	Bank A/c	Dr.		24,820	
	To Manish's Capital A/c				16,000
	To Premium for Goodwill A/c				8,820
	(Being capital and goodwill introduced by Manish through bank)				
	Premium for Goodwill A/c	Dr.		8,820	
	To Basant's Capital A/c				3,780
	To Shaym's Capital A/c				3,150
	To Surendra's Capital A/c				1,890
	(Being goodwill credited to old partner's capital account in old profit sharing ratio)				
	Basant's Capital A/c	Dr.		2,760	
	To Basant's Current A/c				2,760
	(Being excess capital credited to the current account)				
	Shaym's Capital A/c	Dr.		2,650	
	To Shaym's Current A/c				2,650
	(Being excess capital credited to the current account)				
	Surendra's Current A/c	Dr.		1,770	
	To Surendra's Capital A/c				1,770
	(Being excess capital credited to the current account)				

Revaluation Account

Dr.			**Cr.**	
Particulars		**Amount**	**Particulars**	**Amount**
To Furniture A/c		920	By Land and Building A/c	14,700
To Stock A/c		2,940		
To Outstanding Repairs A/c		1,320		
Capital Account balances:				
Basant	4,080			
Akshat	3,400			
Surendra	2,040	9,520		
		14,700		**14,700**

Partner's Capital Account

Dr.									Cr.
Particulars	**Basant**	**Akshat**	**Surendra**	**Manish**	**Particulars**	**Basant**	**Akshat**	**Surendra**	**Manish**
To Balance c/d	50,760	42,650	22,230	16,000	By Balance b/d	39,900	33,600	16,800	____
					By Reserve A/c	3,000	2,500	1,500	____
					By Revaluation A/c	4,080	3,400	2,040	____
					By premium for Goodwill A/c	3,780	3,150	1,890	____
					By F's Current A/c	____	____	____	16,000
	50,760	**42,650**	**22,230**	**16,000**		**50,760**	**42,650**	**22,230**	**16,000**
To Current A/c (Balancing figure)	2,760	2,650	____	____	By Balance b/d	50,760	42,650	22,230	16,000
To Balance c/d	48,000	40,000	24,000	16,000	By Current A/c (Balancing figure)			1,770	
	50,760	**42,650**	**24,000**	**16,000**		**50,760**	**42,650**	**24,000**	**16,000**

Partner's Current Account

Dr.							Cr.
Particulars	**Basant**	**Akshat**	**Surendra**	**Particulars**	**Basant**	**Akshat**	**Surendra**
To Capital A/c	____	____	1,770	By Capital A/c	2,760	2,650	____
To Balance c/d	2,760	2,650	____	By Balance c/d			1,770
	2,760	**2,650**	**1,770**		**2,760**	**2,650**	**1,770**

Balance Sheet

Dr.				Cr.
Liabilities		**Amount**	**Assets**	**Amount**
Bills Payable		6,300	Cash at Bank	33,710
Creditors		18,900	Debtors	26,460
Outstanding Repairs		1,320	Stock	26,460
Basant's Current A/c		2,760	Furniture	6,430
Akshat's Current A/c		2,650	Land & Building	65,100
Capital Account balances:			Surendra's Current A/c	1,770
Basant	48,000			
Akshat	40,000			
Surendra	24,000			
Manish	16,000	1,28,000		
		1,59,930		**1,59,930**

Working Notes.1

Manish's Share = $\frac{1}{8}$

Balance of profit for other partners = 1 - $\frac{1}{8} = \frac{7}{8}$

Basant's Ratio = $\frac{7}{8} \times \frac{6}{14} = \frac{3}{8}$

Akshat's Ratio = $\frac{7}{8} \times \frac{5}{14} = \frac{5}{16}$

Surendra's Ratio = $\frac{7}{8} \times \frac{3}{14} = \frac{3}{16}$

Manish's Ratio = $\frac{1}{8}$

New Ratio = $\frac{3}{8} : \frac{5}{16} : \frac{3}{16} : \frac{1}{8}$

New Ratio = $\frac{6:5:3:2}{16}$ = 6 : 5 : 3 : 2

OR

IN THE BOOKS OF THE FIRM

JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2017					
June 30	Profit and Loss Suspense A/c	Dr.		1,500	
	To Sohan's Capital A/c				1,500
	(Being the interest credited to Sohan's Capital Account up to 30th June				
June 30	Ram's Capital A/c	Dr.		25,000	
	Mohan's Capital A/c	Dr.		25,000	
	To Sohan's Capital A/c				50,000
	(Being Sohan's share of goodwill credited to his Capital Account)				
June 30	Profit and Loss Suspense A/c	Dr.		7,500	
	To Sohan's Capital A/c	Dr.			7,500
	(Being the share of profit credited)				
June 30	Workmen Compensation Reserve A/c	Dr.		75,000	
	To Ram's Capital A/c				30,000
	To Mohan's Capital A/c				30,000
	To Sohan's Capital A/c				15,000
	(Being Workmen Compensation Reserve credited to Old Partners' Capital Accounts)				
June 30	Sohan's Capital A/c	Dr.		1,74,000	
	To Sohan's Executors' A/c				1,74,000
	(Being the transfer of balance in Sohan's Capital Account to Sohan's Executors' Account)	Dr.			
July 1	Sohan's Executors' A/c	Dr.		14,000	
	To Bank A/c				14,000
	(Being the amount paid to Sohan's Executors)				

SOHAN'S CAPITAL ACCOUNT

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2017			2017		
June 30	To Sohan's Executors' A/c	1,74,000	April 1	By balance b/d	1,00,000
			June 30	By Profit and Loss Suspense A/c	1,500
			June 30	By Ram's Capital A/c	25,000

			June 30	By Mohan's capital A/c	25,000
			June 30	By Profit and Loss Suspense A/c	7,500
			June 30	By Workmen Compensation Reserve A/c	15,000
		1,74,000			**1,74,000**

SOHAN'S EXECUTORS' ACCOUNT

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2017 July 1	To Bank A/c	14,000	2017 June 30	By Sohan's Capital A/c	1,74,000
2018 March 31	To Balance c/d	1,67,200	2018 March 31	By Interest A/c [(₹ 1,74,000 - ₹ 14,000) $\times \frac{6}{100} \times \frac{9}{12}$)	7,200
		1,81,200			**1,81,200**
2018 June 30	To Bank A/c (₹ 80,000 + ₹ 7,200 + ₹ 2,400)	89,600	2018 April 1	By Balance b/d	1,67,200
			2018 June 30	By Interest A/c (₹ 1,60,000 $\times \frac{6}{100} \times \frac{3}{12}$)	2,400
2019 March 31	To Balance c/d	83,600	2019 March 31	By Interest A/c (₹ 80,000 $\times \frac{6}{100} \times \frac{9}{12}$)	3,600
		1,73,200			**1,73,200**
2019 June 30	To Bank A/c (₹ 80,000 + ₹ 3,600 + ₹ 1,200)	84,800	2019 April 1	By Balance b/d	83,600
			2019 June 30	By Interest A/c (₹ 80,000 $\times \frac{6}{100} \times \frac{3}{12}$)	1,200
		84,800			**84,800**

Notes:

i. Total amount due to Sohan's Executors ₹ 1,60,000 is payable in two equal annual installments. Therefore, yearly instalment = ₹ 1,60,000/2 = ₹ 80,000 plus interest.

25. **In the books of M, N and O**

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Date	**Particulars**		**L/F**	**Dr. (₹)**	**Cr. (₹)**
2023 June 12	General Reserve A/c (30,000 $\times \frac{1}{3}$)	Dr.		10,000	
	To N's Capital A/c (Being share of general reserve given to N)				10,000
	Interest on Capital A/c	Dr.		700	
	To N's Capital A/c (Being share of general reserve given to N)				700
	M's Capital A/c (60,000 $\times \frac{1}{2}$)	Dr.		30,000	
	O's Capital A/c (60,000 $\times \frac{1}{2}$)	Dr.		30,000	
	To N's Capital A/c				60,000

	(Being amount of goodwill adjusted in gaining ratio)				
	Profit and Loss Suspense A/c	Dr.		12,000	
	To N's Capital A/c (Being N's share of profit transferred to his capital account)				12,000
	N's Capital A/c	Dr.		1,52,700	
	To N's Executor's A/c (Being amount due to N transferred to N's executor's account)				1,52,700

N's Capital A/c

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023 June 12	To N's Executor's Account A/c	1,52,700	2023	By Balance b/d	70,000
			June 12	By General Reserve A/c	10,000
			June 12	By Interest on Capital A/c	700
			June 12	By M's Capital A/c	30,000
			June 12	By O's Capital A/c	30,000
			June 12	By Profit and Loss Suspense A/c (Profit)	12,000
		1,52,700			**1,52,700**

Working Notes:

Whenever a partner exits a partnership, the books of accounts of such a firm have to be settled. The outgoing partner or his legal representatives have to be paid their dues. This means a revaluation of assets and liabilities must be done. Goodwill is to be calculated at average profit method and interest on capital is also to be calculated.

i. **Calculation of Interest on N's Capital**
   Interest on N's capital = $70,000 \times \frac{5}{100} \times \frac{73}{365}$ = ₹ 700

ii. **Calculation of Goodwill**
   3 years total profit = 80,000 + 90,000 + 1,00,000 = ₹ 2,70,000
   Average profit = $\frac{2,70,000}{3}$ = ₹ 90,000
   Firm's Goodwill = Average profit × Number of Year's Purchase = 90,000 × 2 = ₹ 1,80,000
   N's share of goodwill = $1,80,000 \times \frac{1}{3}$ = ₹ 60,000

iii. Calculation on N's Share of Profit
   N's share of profit = $(90,000 \times 2) \times \frac{73}{365} \times \frac{1}{3}$ = ₹ 12,000

26. **Read the text carefully and answer the questions:**

Amit Technologies Ltd. issued 5,000; 9% Debentures of ₹ 100 each at a premium of ₹ 20 payable as follows:

i. ₹ 40 including premium of ₹ 10 on application
ii. ₹ 40 including premium of ₹ 10 on allotment
iii. Balance as first and final call.

Applications were received for 5,000 debentures and allotment was made to all the applicants. All the calls were made, and amounts received.

(i) **(b)** ₹ 2,00,000
Explanation:
5000 × ₹ 40 = ₹ 2,00,000

(ii) **(d)** ₹ 50,000
Explanation:
5000 × ₹ 10 = ₹ 50,000

(iii) **(a)** ₹ 40

Explanation:

₹ 40

(iv) **(b)** ₹ 45,000

Explanation:

$\frac{₹50,000 \times 9}{100}$ = ₹ 45,000

(v) **(b)** Full subscription

Explanation:

Full subscription

(vi) **(a)** ₹ 2,40,000

Explanation: ₹ 2,40,000

Part B :- Analysis of Financial Statements

27.

(c) (ii) & (v) only

Explanation:

(ii) & (v) only

OR

(a) Funds Flow Statement

Explanation:

as all other are part of annual report of the company

28.

(d) 3 times

Explanation:

Interest coverage ratio = $\frac{Profit\ before\ interest\ and\ tax}{Interest\ on\ long\ term\ debt}$ = $\frac{30,00,000}{10,00,000}$ = 3 Times

profit before interest and tax = $\frac{12,00,000}{1-0.4}$ + 10,00,000 = 30,00,000

Interest on long term debt = 1,00,00,000 × 10% = 10,00,000

29.

(b) Cash used in Investing Activities ₹ 6,80,000.

Explanation:

Cash used in Investing Activities ₹ 6,80,000.

= 7,00,000(amount paid for purchase of share) - 20,000 (dividend received on share)

= 6,80,000

OR

(d) Finance Cost

Explanation:

Finance Cost

30.

(d) Cash used in investing activities ₹ 30,00,000.

Explanation:

Cash used in investing activities ₹ 30,00,000.

31. Net profit for the current year will be transferred and added to the existing balance of Surplus under Reserves and Surplus. Rs.50,000 transferred to D.R.R. will be shown as appropriation out of Surplus which will be added to existing balances (if any) under DRR.

Balance under Surplus and D.R.R. will be added and shown against Reserves and Surplus.

32. Gross Profit is 25% on cost. Therefore, goods costing ₹ 100 is sold for ₹ 125.

Hence, if Revenue from Operations are ₹ 125,

Cost of Revenue from Operations = ₹ 100

If Revenue from Operations are ₹ 10,00,000

Cost of Revenue from Operations = $\frac{100}{125} \times 10,00,000$ = ₹ 8,00,000

Opening Inventory is 10% of cost of Revenue from Operations

Opening Inventory = $\frac{10}{100} \times 8,00,000$ = ₹ 80,000

Closing Inventory = 80,000 × 3 = ₹ 2,40,000

Average Inventory = $\frac{\text{Opening Inventory+Closing Inventory}}{2}$

= $\frac{80,000+2,40,000}{2}$ = ₹ 1,60,000

Inventory Turnover Ratio = $\frac{\text{cost of Revenue from operations}}{\text{Average Inventory}}$

= $\frac{8,00,000}{1,60,000}$ = 5 times

33. **XX Ltd.**

Comparative balance sheet

as at 31st March, 2021 and 2022

Particulars	31st March 2021 (A)	31st March 2022 (B)	Absolute change (C = B - A)	Percentage Change (D = $\frac{C}{A} \times 100$)
I. Equity and Liabilities				
1. Shareholder's funds:				
Share capital	1,00,00,000	2,00,00,000	1,00,00,000	100
2. Non Current Liabilities				
Long term Borrowing	25,00,000	50,00,000	25,00,000	100
3. Current Liabilities				
Trade Payable	10,00,000	20,00,000	10,00,000	100
Total	**1,35,00,000**	**2,70,00,000**	**1,35,00,000**	**100**
II. Assets				
1. Non Current Assets:				
Fixed Assets	85,00,000	1,70,00,000	85,00,000	100
2. Current Assets:				
Inventories	50,00,000	1,00,00,000	50,00,000	100
Total	**1,35,00,000**	**2,70,00,000**	**1,35,00,000**	**100**

OR

COMPARATIVE STATEMENT OF PROFIT & LOSS

for the years ended 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.	Revenue From Operation		15,00,000	20,00,000	5,00,000	33.33
II.	Other Income		4,00,000	10,00,000	6,00,000	150.00
III.	**Total Revenue (I + II)**		**19,00,000**	**30,00,000**	**11,00,000**	57.89

IV.	Expenses		**15,00,000**	**21,00,000**	**6,00,000**	40.00
V.	**Profit Before Tax (III - IV)**		4,00,000	9,00,000	5,00,000	125.00
VI.	Tax (50%)		2,00,000	4,50,000	2,50,000	125.00
VII.	**Profit after Tax (V - VI)**		**2,00,000**	**4,50,000**	**2,50,000**	125.00

34. **Cash Flow Statement**

for the year ending 31st March,2023

	Particulars	**₹**	**₹**
I.	**Operating Activities:**		
	Net Profit (before Tax and Extraordinary Items)		2,00,000
	(+) Depreciation on Machinery [W.N.(ii)]	1,32,000	
	(+) Loss on Sale of Machinery	4,000	
	(+) Goodwill Amortized	1,44,000	2,80,000
	Operating Profit before Change in Working Capital		**4,80,000**
	(-) Increase in Current Assets and Decrease in Current Liabilities		
	Decrease in Trade Payables	(50,000)	
	Decrease in Short-term Provisions	(54,000)	
	Increase in Inventories	(16,000)	
	Increase in Trade Receivables	(54,000)	(1,74,000)
	Net Cash Flow from Operating Activities (I)		**3,06,000**
II.	**Investing Activities :**		
	Machinery Purchased	(5,88,000)	
	Machinery Sold	12,000	(5,76,000)
	Net Cash Flow used in Investing Activities (II)		**(5,76,000)**
III.	**Financing Activities :**		
	Issue of Shares	2,00,000	
	Loan Taken	1,40,000	3,40,000
	Net Cash Flow from Financing Activities (III)		**3,40,000**
	Net Cash Flow [I + II + III]		**70,000**
	(+) Opening Cash and Cash Equivalent (Cash 7,50,000 + Current Investments 3,00,000)		10,50,000
	Closing Cash and Cash Equivalent (Cash 6,40,000 + Current Investments 4,80,000)		11,20,000

Working Notes :

(i) Machinery Account

Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	20,00,000	By Provision for Depreciation A/c	32,000
To Bank A/c (Purchase)	5,88,000	By Bank A/c (Sale)	12,000
(Balancing figure)		By Statement of Profit and Loss (Loss)	4,000
		By Balance c/d	25,40,000
	25,88,000		**25,88,000**

(ii) Provision for Depreciation Account

Particulars	₹	Particulars	₹
To Machinery A/c (Depreciation on Machinery sold)	32,000	By Balance b/d	3,00,000
	4,00,000	By Depreciation A/c (Statement of Profit and Loss)	1,32,000
		(Balancing figure)	
	4,32,000		**4,32,000**