Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - 2

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. Aman, Boman and Chetan were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Dinesh was admitted as a new partner who acquired his share entirely from Aman. Aman surrendered $\frac{1}{5}$th of his share in the profits to Dinesh. Dinesh was admitted for which of the following share in the profits of the firm? **[1]**

a) $\frac{4}{10}$ b) $\frac{3}{10}$

c) $\frac{2}{10}$ d) $\frac{1}{10}$

OR

Assertion (A): Increase in the value of liabilities on reconstitution of a firm is debited to Revaluation Account.

Reason (R): Increase in the value of liabilities is a loss.

Select the correct alternative from the following:

a) Assertion (A) is correct, but Reason (R) is wrong.

b) Assertion (A) is wrong, but Reason (R) is correct.

c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

d) Both Assertion (A) and Reason (R) are wrong.

2. **Assertion (A):** Drawings are the amount withdrawn generally in cash for personal purposes. [1]

Reason (R): A Drawings Account is opened in the name of each partner and the drawings are credited to this account.

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

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

c) A is true but R is false.

d) A is false but R is true.

3. On a share of ₹ 10 issued at a premium of ₹ 2, whole amount is calied-up and ₹ 7 is received, Share Capital Account will be credited by [1]

a) ₹ 12

b) ₹ 2

c) ₹ 10

d) ₹ 7

OR

Nagar Ltd. issued $6,000$, 11% Debentures of ₹100 each at a discount of 10% redeemable at a premium. 'Discount on issue of debentures' and 'Premium on redemption of debentures' were accounted for through 'Loss on issue of debentures account'. If the amount of 'Loss on issue of debentures' was ₹ 90,000, then the amount of premium on redemption of debentures was:

a) ₹ 60,000

b) ₹ 90,000

c) ₹ $1,20,000$

d) ₹ 30,000

4. Nikhil, Arun and Mansi were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. With effect from 1st April, 2023, they decided to share profits and losses in the ratio of 5 : 3 : 2. Due to change in the profit sharing ratio, Mansi's gain or sacrifice will be: [1]

a) Sacrifice $\frac{1}{10}$

b) Gain $\frac{1}{10}$

c) Sacrifice $\frac{3}{10}$

d) Gain $\frac{3}{10}$

OR

In the absence of a partnership deed, the allowable rate of interest on partner's loan account will be:

a) 6% p.a. Simple Interest

b) 6% Simple Interest

c) 12% Simple Interest

d) 12% Compounded Annually

5. P, Q and R sharing profits in the ratio of 2 : 1 : 1 have fixed capitals of ₹ 4,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively. After closing the accounts for the year ending 31st March, 2023 it was discovered that interest on capitals was provided @ 6% instead of 8% p.a. In the adjusting entry: [1]

a) Cr. P ₹ 1,000; Dr. Q ₹ 1,500 and Cr. R ₹ 500

b) Dr. P ₹ 1,000; Cr. Q ₹ 1,500 and Dr. R ₹ 500

c) Dr. P ₹ 500; Cr. Q ₹ 1,500 and Dr. R ₹ 1,000

d) Cr. P ₹ 500; Dr. Q ₹ 1,500 and Cr. R ₹ 1,000

6. On 1st April, 2022 Surya Ltd. issued 10,000, 12% Debentures of ₹ 100 each at a premium of 5%. The total amount of interest on debentures for the year ended 31st March, 2023 will be: **[1]**

a) ₹ 1, 20, 000 b) ₹ 1, 00, 000

c) ₹ 1, 26, 000 d) ₹ 50,000

7. At the time of forfeiture of shares, share capital account is debited with: **[1]**

a) Called up amount on shares b) Paid up amount on shares

c) Uncalled amount on shares d) Unpaid amount on shares

8. Ishan, Jatin and Kapil were partners in a firm sharing profits and losses in the ratio of 5 : 4 : 1. Jatin retired and his share was taken up by Ishan and Kapil in the ratio 1 : 1. The new profit-sharing ratio between Ishan and Kapil after Jatin's retirement will be: **[1]**

a) 5 : 4 b) 5 : 1

c) 1 : 1 d) 7 : 3

OR

Rohit, Raja and Mohit are partners in a firm sharing profits and losses in the ratio of 6 : 4 : 1. Rohit guaranteed a minimum profit of ₹ 16,000 to Mohit. The trading profit of the firm for the year ending 31st March, 2023, was ₹ 1,32,000. Rohit's share in the profits of the firm will be:

a) ₹ 69,600 b) ₹ 72,000

c) ₹ 16,000 d) ₹ 68,000

9. When is the Partnership Act enforced? **[1]**

a) When capital contribution by the partners varies

b) Where there is a partnership deed but there are differences of opinion between the partners

c) When there is no partnership deed

d) When the partner's salary and interest on capital are not incorporated in the partnership deed

10. A share of ₹ 10 issued at a premium of ₹ 2 per share on which ₹ 8 per share (including premium) have been called and ₹ 6 per share (including premium) is received, is forfeited. Share Capital Account will be debited by: **[1]**

a) ₹ 10 b) ₹ 12

c) ₹ 8 d) ₹ 6

OR

Issue of shares at a price more than its face value is called:

a) Issue at a Profit b) Issue at a Discount

c) Issue at a Loss d) Issue at a Premium

11. Mohan Ltd. forfeited 160 shares of ₹ 10 each on which the holder had paid only the application money of ₹ 2 per share. Out of these, 40 shares were reissued to Govind as fully paid for ₹ 9 per share. The gain on reissue is **[1]**

a) ₹ 20 b) ₹ 320.

c) ₹ 160. d) ₹ 40.

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

Govind and Pawan are the partners in a firm sharing profits in the ratio of 3:2. Their Balance sheet as at 31st March, 2020 was as follows:

Liabilities		**Amount**	**Assets**	**Amount**
Sundry Creditors		20,000	Cash	12,000
Provision for Bad Debts		2,000	Debtors	18,000
Outstanding Salary		3,000	Stock	20,000
General Reserve		5,000	Furniture	40,000
Capitals			Plant & Machinery	40,000
Govind	60,000			
Pawan	40,000	1,00,000		
		1,30,000		**1,30,000**

On the above date, Clement was admitted for $\frac{1}{5}$th share in the profits which he acquired equally from Govind and Pawan on the following terms:

i. Clement will bring ₹ 30,000 as his capital and ₹ 10,000 for his share of goodwill premium.

ii. Investments of ₹ 2,500 not mentioned in the Balance Sheet were to be taken into account.

iii. A creditor of ₹ 2,100 not likely to claim.

12. What will be the new ratio?

i. 3:2:1

ii. 5:3:2

iii. 6:4:2

iv. 2:2:1

a) Option (ii) b) Option (iii)

c) Option (iv) d) Option (i)

13. What is the correct treatment of Investments?

a) There is no treatment at the time of admission b) Debited to Revaluation A/c

c) Debited to Partners' capital A/c d) Credited to Revaluation A/c

14. How much amount will record as creditors in new Balance sheet?

a) 2100 b) 18,900

c) 22,100 d) 17,900

15. On dissolution of the firm of Ramesh, Suresh and Naresh, Naresh had agreed to bear all realisation expenses for which he was paid ₹ 14,500. Actual expenses on realisation amounted to ₹ 11,000 which were paid by Naresh. The amount to be credited to Naresh's capital account will be: **[1]**

a) ₹ 14,500 b) ₹ 3,500

c) ₹ 25,500 d) ₹ 11,000

16. On dissolution of a partnership firm, profit or loss on realisation is distributed among the partners: **[1]**

a) In Agreed ratio b) In Profit sharing ratio

c) In capital ratio d) Equally

17. A, B and C were partners in a firm sharing profits and losses equally. Their respective capitals were ₹ 10,00,000, ₹ 9,00,000 and ₹ 8,00,000. The partnership deed provided for the following: **[3]**

(1) Interest on capital @ 9% per annum.

(2) Interest on drawings @ 12% per annum.

(3) Interest on partners loan to the firm @ 10% per annum.

During the year, B had withdrawn ₹ 20,000 for his personal use. On 30.9.2021, A had given a loan of ₹ 70,000 to the firm.

Pass the necessary journal entries in the books of the firm for the following for the year ended 31st March, 2022:

i. Allowing interest on C's Capital.

ii. Providing interest on A's Loan.

iii. Charging interest on B's Drawings.

Also give transfer entries in the Profit and Loss Account/Profit and Loss Appropriation Account, as the case may be.

OR

Sharma and Verma were partners in a firm sharing profits and losses in the ratio of 3 : 2. Their fixed capitals were ₹ 14,00,000 and ₹ 10,00,000 respectively. The partnership deed provided for the following:

i. Interest on capital @ 10% per annum.

ii. Interest on drawings @ 12% per annum.

During the year ended 31.03.2023, Sharma withdrew ₹ 2,00,000 and Verma withdrew ₹ 1,00,000. After preparing the accounts for the year ended 31.03.2023, it was realised that interest on capital was not allowed and interest on drawings was not charged.

Showing your working notes clearly pass necessary journal entries in the books of the firm to rectify the above error.

18. Mita, Geeta and Mohit were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. With effect from 1st April, 2022, they mutually agreed to share profits and losses in the ratio of 2 : 2 : 1. It was agreed that: **[3]**

i. Goodwill of the firm was valued at ₹ 1,40,000.

ii. Profit on revaluation of assets and re-assessment of liabilities amounted to ₹ 1,20,000.

Pass necessary journal entries for the above transactions in the books of the firm. Show your working notes clearly.

19. On 01.04.2021, Aman Ltd. purchased from Kamal Ltd. Machinery ₹ 5,00,000, Furniture ₹ 3,00,000 and Land and Building ₹ 40,00,000. It also took over the sundry creditors of Kamal Ltd. of ₹ 8,00,000. The purchase consideration was ₹ 36,00,000. Payment to Kamal Ltd. was made by issue of 9% Debentures of ₹ 100 each at a discount of 10%. On 31.03.2022, the company decided to write off **Discount on Issue of Debentures Account** according to the provisions of Companies Act, 2013. **[3]**

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

20. Pearl and Ruby were partners in a firm with a combined capital of ₹ 2,50,000. The normal rate of return was 10%. The profits of the last four years were as follows: **[3]**

	₹
2019 - 20	35,000
2020 - 21	25,000
2021 - 22	32,000
2022 - 23	33,000

The closing stock for the year 2022 - 23 was overvalued by ₹ 5,000.

Calculate goodwill of the firm based on three years' purchase of the last four years' average super profit.

21. On 1st April, 2021, Prabha Ltd. was formed with an authorised capital of ₹ 90,00,000 divided into 90,000 equity shares of ₹ 100 each. The company invited applications for 80,000 equity shares. The amount was payable as follows: **[4]**

On application : ₹ 30 per share

On allotment : ₹ 40 per share

On first and final call : Balance amount

Applications for 1,00,000 shares were received. Applications for 20,000 shares were rejected and the application money was refunded. All calls were made. A shareholder holding 600 shares did not pay the first and final call.

Present the **Share Capital** in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013 as at 31st March, 2022. Also prepare **Notes to Accounts** for the same.

22. Following is the Balance Sheet of Ashwani and Bharat on March 31, 2017. **[4]**

Balance Sheet Ashwani and Bharat

as on March 31, 2017

Liabilities	**Amount ₹**	**Assets**	**Amount ₹**
Creditors	76,000	Cash and Bank	17,000

Mr. Ashwani's loan		10,000	Stock		10,000
Mr. Bharat loan		20,000	Investments		20,000
Investment fluctuation reserve		2,000	Debtors	40,000	
General Reserve		20,000	Less: Provision for doubtful debts	4,000	36,000
Capitals:			Buildings		70,000
Ashwani	20,000		Goodwill		15,000
Bharat	20,000	40,000			
		1,68,000			**1,68,000**

The firm was dissolved on that date. The following was agreed transactions took place.

i. Ashwani promised to pay Mrs. Ashwani's loan and took away stock for ₹ 8,000.

ii. Bharat took away half of the investment at 10% less. Debtors realised for ₹ 38,000. Creditors were paid at less of ₹ 380. Buildings realised for ₹ 1,30,000, Goodwill ₹ 12,000 and the remaining Investment were sold at ₹ 9,000. An old typewriter not recorded in the books was taken over by Bharat for ₹ 600. Realisation expenses amounted to ₹ 2,000. Prepare Realisation Account, Partner's Capital Account and Bank Account

23. A listed company issued debentures of the face value of ₹ 5,00,000 at a discount of 6% on April 01, 2014. These debentures are redeemable by annual drawings of ₹ 1,00,000 made on March 31 each year starting from March 31, 2016. **[6]**

Give journal entries for issue of debuntures, writing-off discount and regarding redemption of debentures.

24. A, B and C were partners in a firm. Their Balance Sheet as at 31st March 2019 was as follows: **[6]**

Balance Sheet of A, B and C

as at 31st March, 2019

Liabilities		**₹**	**Assets**		**₹**
Bills Payable		20,000	Bank		20,000
Creditors		40,000	Furniture		28,000
General Reserve		30,000	Stock		20,000
Workmen Compensation Reserve		6,000	Sundry Debtors	45,000	
Capitals:			Less: Provision for Doubtful Debts	5,000	40,000
A	60,000		Land and Building		1,20,000

B	40,000			
C	32,000	1,32,000		
		2,28,000		**2,28,000**

B retired on 1st April, 2019. A and C decided to share profits in the ratio of 2 : 1.

The following terms were agreed upon:

i. Goodwill of the firm was valued at ₹ 30,000.

ii. Bad-debts ₹ 4,000 were written off. The provision for doubtful debts was to be maintained @ 10% on debtors.

iii. Land and Building was to be increased to ₹ 1,32,000.

iv. Furniture was sold for ₹ 20,000 and payment was received by cheque.

v. Liability towards Workmen Compensation was estimated at ₹ 1,500.

vi. B was to be paid ₹ 20,000 through a cheque and the balance was transferred to his loan account.

Prepare Revaluation Account, Partners' Capital Accounts and Bank Account.

25. Dhruv Ltd. invited applications for issuing 10,000 equity shares of ₹ 10 each. The amount was payable as follows: **[6]**

On Application	₹ 1
On Allotment	₹ 2
On First Call	₹ 3
On Second and Final Call	Balance

The issue was fully subscribed. Sanjay, to whom 100 shares were allotted, failed to pay the allotment money and his shares were forfeited immediately after allotment. Vijay to whom 150 shares were allotted, failed to pay the first call. His shares were also forfeited after the first call. Afterwards the second and final call was made. Ajay to whom 50 shares were allotted failed to pay the second and final call. His shares were also forfeited. All the forfeited shares were re-issued at @ ₹ 9 per share fully paid-up. Pass necessary journal entries in the books of Dhruv Ltd.

OR

New India Steel Ltd. invited applications for 50,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share. The amount was payable as follows:

On Application	₹ 4 (including premium ₹ 2)
On Allotment	₹ 6 (including premium ₹ 2)
On First and Final Call	Balance

Applications for 60,000 shares were received. Allotment was made to all the applicants on a pro-rata basis. Excess application money was adjusted towards sums due on allotment. Pankaj, to whom 500 shares were allotted, failed to pay allotment and call money. Ajay, to whom 1,000 shares were allotted, failed to pay the call money. These shares were forfeited. Out of the forfeited shares 1,200 shares (including all shares of Ajay) were re-issued at 10% discount as fully paid-up.

Pass the necessary journal entries in the books of the company by opening **Calls in Arrears A/c** wherever necessary.

26. L, M and N were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Their balance sheet as at 31st March, 2022 was as follows: **[6]**

Liabilities		**(₹)**	**Assets**	**(₹)**
Creditors		1,68,000	Bank	34,000
General Reserve		42,000	Debtors	46,000
Capital A/cs			Stock	2,20,000
L	1,20,000		Investments	60,000
M	80,000		Furniture	20,000
N	40,000	2,40,000	Machinery	70,000
		4,50,000		4,50,000

On the above date, O was admitted as a new partner and it was decided that:

i. The new profit sharing ratio between L, M, N and O will be 2 : 2 : 1 : 1.

ii. Goodwill of the firm was valued at ₹ 1,80,000 and O brought his share of goodwill premium in cash.

iii. The market value of investments was at ₹ 36,000.

iv. Machinery will be reduced to ₹ 58,000.

v. A creditor of ₹ 6,000 was not likely to claim the amount and hence is to be written-off.

vi. O will bring proportionate capital so as to give him $\frac{1}{6}$th share in the profits of the firm.

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

OR

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

Books of Puneet, Pankaj and Pammy

Balance Sheet as on March 31, 2019

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

		3,50,000		**3,50,000**

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

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

ii. He will be entitled to his share of goodwill of the firm calculated on the basis of 3 years' purchase of average of last 4 years' profit. The profits for the last four financial years are given below:

for 2015–16; ₹ 80,000; for 2016–17, ₹ 50,000; for 2017–18, ₹ 40,000; for 2018–19, ₹ 30,000.

The drawings of the deceased partner up to the date of death amounted to ₹ 10,000. Interest on capital is to be allowed at 12% per annum. Surviving partners agreed that ₹ 15,400 should be paid to the executors immediately and the balance in four equal yearly instalments with interest at 12% p.a. on the outstanding balance.

Show Mr. Pammy's Capital account, his Executor's account till the settlement of the amount due.

Part B :- Analysis of Financial Statements

27. Current ratio of the company is 2 : 1. Sale of Non-current investment ₹ 10,000 would result in: **[1]**

a) No Change in current ratio

b) Both Increase in Current ratio and Decrease in Current ratio

c) Increase in Current ratio

d) Decrease in Current ratio

28. Following are the limitations of financial analysis except **[1]**

a) Don't reflect changes in price level.

b) Affected by the personal ability and bias of the Analyst

c) To make comparative study within the firm and with other firms

d) Single years' Analysis of financial statement have limited use.

OR

Assets are divide in to

a) 1

b) 2

c) 8

d) 10

29. In cash flow statement, the item of interest is shown in **[1]**

A. Operating Activities

B. Financing Activities

C. Investing Activities

a) Both A and C

b) A, B, C

c) Both B and C

d) Both A and B

OR

WXZ Ltd. has Machinery written down value of which on 1st April, 2022 was ₹ 8,60,000 and on 31st March, 2023 was ₹ 9,50,000. Depreciation for the year was ₹ 40,000. In the beginning of the year, a part of machinery was sold for ₹ 25,000, which had a written down value of ₹ 20,000. Calculate Cash flow from Investing Activities.

a) ₹ 1,25,000
b) ₹ (1,25,000)
c) ₹ 2,50,000
d) ₹ (2,50,000)

30. If the amount of goodwill is ₹ 40,000 at the beginning of a year and ₹ 48,000 at the end of that year then while preparing cash flow statement its effect on cash flow will be: **[1]**

a) Cash used (Payment) from Operating Activities ₹ 8,000
b) Cash used (Payment) in Investing Activities ₹ 8,000
c) Cash received from operating activities ₹ 8,000
d) Cash used (Payment) from Financial Activities ₹ 8,000

31. Name the sub-headings under which Current Assets shall be classified in a Company's Balance Sheet. **[3]**

OR

Give the headings under which the following items will be shown in a Company's Balance Sheet:

i. Mining Rights
ii. Debtors
iii. Interest on Calls in Advance
iv. Work-in-progress
v. Mortgage Loan
vi. Bonds issued by the Company

32. From the following Information, calculate Inventory Turnover Ratio: **[3]**

Credit Revenue from Operations ₹ 6,00,000; Cash Revenue from Operations ₹ 2,00,000, Gross Profit 25% of Cost, Closing Inventory was 3 times the Opening Inventory. Opening Inventory was 10% of Cost of Revenue from Operations.

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

Particulars	**2021 - 22** **₹**	**2020 - 21** **₹**
Revenue from Operations	25,00,000	20,00,000
Other Expenses	3,00,000	2,00,000
Expenses	3,00,000	1,00,000
Tax Rate 50%		

OR

From the following Statement of Profit and Loss, prepare a Common Size Statement of Profit and Loss of Jay Ltd. for the year ended 31st March 2023:

Statement of Profit And Loss of Jay Ltd.

for the year ended 31st March 2023

Particulars	(₹)
Income:	
Revenue from Operations	25,38,000
Other Incomes	38,000
Total Income	**25,76,000**
Expenses:	
Cost of Materials Consumed	14,00,000
Other Expenses	5,00,000
Total Expenses	**19,00,000**
Tax	3,38,000

34. From the following Balance Sheet of Anjali Limited as at March 31, 2023, prepare a Cash Flow Statement: **[6]**

Particulars	Note No.	31-3-2023 (₹)	31-3-2022 (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Equity Share Capital		10,00,000	10,00,000
(b) Reserves and Surplus	1	2,40,000	1,20,000
(2) Non-Current Liabilities			
Long-Term Borrowings - 9% Debentures		3,20,000	2,40,000
(3) Current Liabilities			
(a) Trade Payables	2	1,80,000	2,40,000
(b) Other Current Liabilities	3	1,80,000	1,60,000
TOTAL		19,20,000	17,60,000
II. ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	4	13,40,000	12,00,000
(b) Non-Current Investments	5	2,40,000	1,60,000
(2) Current Assets			

(a) Inventories		1,20,000	1,60,000
(b) Trade Receivables		1,60,000	1,60,000
(c) Cash and Cash Equivalents		60,000	80,000
TOTAL		19,20,000	17,60,000

Notes to Accounts:

Note No.	Particulars	31-3-2023 (₹)	31-3-2022 (₹)
1	**Reserves and Surplus**		
	General Reserve	1,20,000	1,20,000
	Balance in Statement of Profit & Loss	1,20,000	
		2,40,000	1,20,000
2	**Trade Payables**		
	Creditors	1,40,000	1,20,000
	Bills Payable	40,000	1,20,000
		1,80,000	2,40,000
3	**Other Current Liabilities**		
	Outstanding Rent	1,80,000	1,60,000
4	**Property, Plant and Equipment**		
	Plant & Machinery	14,90,000	13,00,000
	Accumulated Depreciation	(1,50,000)	(1,00,000)
		13,40,000	12,00,000
5	**Non-Current Investments**		
	Shares in XYZ Limited	2,40,000	1,60,000

Additional Information:

i. During the year 2022-23, a machinery costing ₹ 50,000 and accumulated depreciation thereon ₹ 15,000 was sold for ₹ 32,000.

ii. 9 % Debentures ₹ 80,000 were issued on April 1, 2022.

Solution

Part A:- Accounting for Partnership Firms and Companies

1. **(d)** $\frac{1}{10}$
Explanation:
1/10

OR

(c) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
Explanation:
Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

2. **(c)** A is true but R is false.
Explanation:
A Drawings Account is opened in the name of each partner and the drawings are debited to this account.

3. **(c)** ₹ 10
Explanation:
Share capital credited with amount called up at the time of forfeiture of share = ₹ 10 (Full called up)

OR

(d) ₹ 30,000
Explanation:
₹ 30,000

4. **(a)** Sacrifice $\frac{1}{10}$
Explanation:
Sacrificing Ratio = Old Ratio - New Ratio
Sacrifice = $\frac{3}{10} - \frac{2}{10} = \frac{1}{10}$

OR

(a) 6% p.a. Simple Interest
Explanation:
6% p.a. Simple Interest

5.

(b) Dr. P ₹ 1,000; Cr. Q ₹ 1,500 and Dr. R ₹ 500
Explanation:
Dr. P ₹ 1,000; Cr. Q ₹ 1,500 and Dr. R ₹ 500
IOC= 400000X2%=8000
IOC= 300000X2%= 6000
IOC= 200000X2%= 4000
Profit = 18000 in 2:1:1 ratio i.e., 9000,4500,4500.
difference = 9000-8000=1000, 6000-4500=1500, 4500-4000=500

6. **(a)** ₹ 1, 20, 000
Explanation:
₹ 1, 20, 000

7. **(a)** Called up amount on shares
Explanation:
Called up amount on shares

8.

(d) 7 : 3
Explanation:
7 : 3

OR

(d) ₹ 68,000
Explanation:
72000-4000=₹ 68,000

9.

(c) When there is no partnership deed
Explanation:
When there is no partnership deed

10.

(d) ₹ 6
Explanation:
₹ 6
Share capital account debited with called up amount = ₹ 10 - 4 = ₹ 6

OR

(d) Issue at a Premium
Explanation:
Issue at a Premium

11.

(d) ₹ 40.
Explanation:
Gain on reissue is
= 80 (profit on 160 shares) - 40 (loss on 160 shares)
= 40

12. **(a)** Option (ii)
Explanation:
5:3:2

13. **(d)** Credited to Revaluation A/c
Explanation:
Credited to Revaluation A/c

14. **(b)** 18,900
Explanation:
18,900

15. **(a)** ₹ 14,500
Explanation:
₹ 14,500
Only amount received by Naresh are Credited to Naresh's capital A/c.

16.
(b) In Profit sharing ratio
Explanation:
In Profit sharing ratio

17. **Books of A, B and C**
Journal

Date	Particulars		L.F	Amount (₹)(Dr.)	Amount (₹)(Cr.)
	(i) (a) Interest on capital A/c	Dr.		72,000	
	To C's Capital A/c (Interest on capital provided to C @ 9% p.a.)				72,000
	(i) (b) Profit & Loss Appropriation A/c	Dr.		72,000	
	To Interest on capital A/c (Interest on capital transferred to Profit & Loss Appropriation Account)				72,000
	(ii) (a) Interest on A's Loan A/c	Dr.		3,500	
	To A's Loan A/c (Interest on Loan provided to A @ 10% p.a.)				3,500
	(ii) (b) Profit & Loss A/c	Dr.		3,500	
	To Interest on A's Loan A/c (Interest on Loan transferred to Profit & Loss Account)				3,500
	(iii) (a) B's Drawings A/c/B's Capital	Dr.		1,200	
	To Interest on B's Drawings A/c (Interest on drawings charged from B @ 12% p.a.)				1,200
	(iii) (b) Interest on B's Drawings A/c	Dr.		1,200	
	To Profit & Loss Appropriation A/c (Interest on Drawings transferred to Profit & Loss Appropriation Account)				1,200

OR

Books of Sharma and Verma
Journal

Date	Particulars		L.F.	Dr. Amount (₹)	Cr. Amount (₹)
	P & L Adjustment A/c	Dr.		2,40,000	
	To Sharma's Current A/c				1,40,000
	To Verma's Current A/c				1,00,000
	(Interest on Capital transferred to P & L Adjustment A/c)				
	Sharma's Current A/c	Dr.		12,000	
	Verma's Current A/c	Dr.		6,000	
	To P & L Adjustment A/c				18,000
	(Interest on Drawings transferred to P & L Adjustment A/c)				
	Sharma's Current A/c	Dr.		1,33,200	
	Verma's Current A/c	Dr.		88,800	
	To P & L Adjustment A/c				2,22,000
	(Loss on adjustment transferred to Partners' Capital accounts)				

18. **Books of Mita, Geeta and Mohit**
Journal

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
2022 April 1	Geeta's Capital A/c	Dr.		14,000	
	To Mita's Capital A/c				14,000
	(Goodwill adjusted on change in profit sharing ratio)				
April 1	Revaluation A/c	Dr.		1,20,000	
	To Mita's Capital A/c				60,000
	To Geeta's Capital A/c				36,000
	To Mohit's Capital A/c				24,000
	(Profit on revaluation of assets and re-assessment of liabilities transferred to partners in old profit sharing ratio)				

Working Notes:-
Calculation of Gain/Sacrifice = Old share - New share
Mita's share = $\frac{5}{10} - \frac{2}{5} = \frac{1}{10}$ (Sacrifice)
Geeta's share = $\frac{3}{10} - \frac{2}{5} = \left(\frac{-1}{10}\right)$ (Gain)
Mohit's share= $\frac{2}{10} - \frac{1}{5}$ = Nil

19. **Books of Aman Ltd.**
Journal

Date	**Particulars**		**L.F.**	**Debit Amount (₹)**	**Credit Amount (₹)**
2021	Machinery A/c	Dr.		5,00,000	
April 1	Furniture A/c	Dr.		3,00,000	
	Land and Building A/c	Dr.		40,00,000	
	To Sundry Creditors A/c				8,00,000
	To Capital Reserve A/c				4,00,000
	To Kamal Ltd. A/c				36,00,000
	(Being assets and liabilities acquired from Kamal Ltd.)				
	Kamal Ltd. A/c	Dr.		36,00,000	
	Discount/Loss on issue of Debentures A/c	Dr.		4,00,000	
	To 9% Debentures A/c				40,00,000
	(Being Kamal Ltd. paid by issue of debentures at a discount)				
2022 March 31	Statement of Profit and Loss	Dr.		4,00,000	
	To Discount/Loss on issue of Debentures A/c				4,00,000
	(Being Discount/Loss on issue of Debentures A/c written off)				

20. Calculation of Normal Adjusted Profit

Year	Profit (₹)	Adjustment (₹)	Adjusted Profit (₹)
2019-20	35,000	-	35,000
2020-21	25,000	-	25,000
2021-22	32,000	-	32,000
2022-23	33,000	(5,000)	28,000
TOTAL			1,20,000

Average Profit = $\frac{(Total\ Adjusted\ Profit)}{No.\ of\ years}$

$\frac{1,20,000}{4}$ = ₹ 30,000

Normal Profit = Capital Employed $\times \frac{\text{Normal Rate of Return}}{100}$

$= 2,50,000 \times \frac{10}{100}$ = ₹ 25,000

Super Profit = Average Profit - Normal Profit

= 30,000 - 25,000 = ₹ 5,000

Goodwill = Super Profit × No. of years' purchase

= 5,000 × 3 = ₹ 15,000

21. **Prabha Ltd**
BALANCE SHEET (extract)
As at 31st March, 2022

Particulars	Note No.	Amount (₹)
I. Equity and Liabilities		
1. Shareholders Funds		
(a) Share Capital	1	79,82,000

Notes to Accounts:

Particulars		Amount (₹)
1. Share Capital		
Authorised Capital		
90,000 equity shares of ₹100 each		90,00,000
Issued Capital		
80,000 equity shares of ₹100 each		80,00,000
Subscribed Capital		
Subscribed & fully paid-up		
79,400 equity shares of ₹ 100 each		79,40,000
Subscribed but not fully paid-up		
600 equity shares of ₹ 100 each	60,000	
Less: Calls- in - Arrears (600 × 30)	(18,000)	42,000
		79,82,000

22. **Books of Ashwani and Bharat**

Realisation Account

Dr.					**Cr.**
Particulars		**Amount ₹**	**Particulars**		**Amount ₹**
Investment		20,000	Provision for doubtful debts		4,000
Debtors		40,000	Creditors		76,000
Buildings		70,000	Mrs. Ashwani loan		10,000
Stock		10,000	Mrs. Bharat loan		20,000
Goodwill		15,000	Investment fluctuation reserve		2,000
Ashwani's Capital (Mrs.Ashwani's loan)		10,000	Ashwani's Capital [stock]		8,000
Bank (Mrs. Bharat's loan)		20,000	Bharat's capital (Typewriter)		600
Bank (creditors)		75,620	Bharat's capital (Investment)		9,000
Bank (realisation expenses)		2,000	Bank:		
Profit transferred to:			Investment	9,000	
Ashwani's Capital	27,990		Debtors	38,000	
Bharat's Capital	27,990	55,980	Buildings	1,30,000	
			Goodwill	12,000	1,89,000
		3,18,600			**3,18,600**

Partners Capital Accounts

Dr.									**Cr.**
Date	**Particulars**	**J.F.**	**Ashwani**	**Bharat**	**Date**	**Particulars**	**J.F.**	**Ashwani**	**Bharat**

			₹	₹				₹	₹
	Realisation (stock)		8,000	-		Balance b/d		20,000	20,000
	Realisation (sale of typewriter)			600		General reserve		10,000	10,000
	Realisation (investment)			9,000		Realisation (Mrs. Ashwini's loan)		10,000	-
	Bank		59,990	48,390		Realisation (profit)		27,990	27,990
			67,990	**57,990**				**67,990**	**57,990**

Bank Account

Dr.					**Cr.**
Date 2017	**Particulars**	**Amount ₹**	**Date 2017**	**Particulars**	**Amount ₹**
	Balance b/d	17,000		Realisation [creditors]	75,620
	Realisation	1,89,000		Realisation [expenses]	2,000
				Realisation (Mrs. Bharat's loan)	20,000
				Ashwani's capital	59,990
				Bharat's capital	48,390
		2,06,000			**2,06,000**

23. **Journal**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
2012					
Apr 1	Bank A/c	Dr.		4,70,000	
	To Debenture Application and Allotment A/c				4,70,000
	(Debenture Application money received)				
Apr 1	Debenture Application and Allotment A/c	Dr.		4,70,000	
	Discount on Issue of Debenture A/c	Dr.		30,000	
	To Debentures A/c				5,00,000
	(Debenture Application money transferred to Debenture Account)				

Assuming that the amount of discount on issue of debentures is to be written off in 5 years.

Year	Debenture outstanding	Ratio	Amount written off			
2012	5,00,000	5		=	10,000	
2013	4,00,000	4		=	8,000	
2014	3,00,000	3		=	6,000	
2015	2,00,000	2		=	4,000	
2016	1,00,000	1		=	2,000	

		15			30,000

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2013 Mar 31	Profit and Loss A/c To discount on issue of debentures A/c	Dr.		10,000	10,000
	(Discount on issue of debentures written off)				
2014 Mar 31	Profit and Loss A/c	Dr.		8,000	
	To Discount on Issue of Debentures A/c				8,000
	(Discount on issue of debentures written off)				
2015 Mar 31	Profit and Loss A/c	Dr.		6,000	
	To Discount on Issue of Debenture A/c				6,000
	(Discount on issue of debentures written off)				
2016 Mar 31	Profit and Loss A/c	Dr.		4,000	
	To Discount on issue of Debentures A/c				4,000
	(Discount on issue of debenture written off)				
2017 Mar 31	Profit and Loss A/c	Dr.		2,000	
	To Discount on Issue of Debenture A/c				2,000
	(Discount on issue of debenture written off)				

24. **Revaluation Account**

Particulars		Amount (Rs.)	Particulars	Amount (Rs.)
To Provision for Doubtful Debts		3,100	By Land & Buildings	12,000
To Furniture		8,000		
To Distribution of Gain:				
To A's Capital A/c	300			
To B's Capital A/c	300			
To C's Capital A/c	300	900		
Total		12,000	Total	12,000

Partners' Capital Accounts

Particulars	A	B	C	Particulars	A	B	C
To B's Capital A/c	10,000	-	-	By Balance b/d	60,000	40,000	32,000
To Bank A/c	-	20,000	-	By General Reserve	10,000	10,000	10,000
To B's Loan	-	41,800	-	By A's Capital A/c	-	10,000	-
To Balance c/d	61,800	-	43,800	By Workmen's Compensation Reserve By Revaluation A/c	1,500	1,500	1,500
	71,800	61,800	43,800		71,800	61,800	43,800

Bank Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Balance b/d	20,000	By B's Capital A/c	20,000
To Furniture	20,000	By Balance c/d	20,000
Total	40,000	Total	40,000

25. **JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		10,000	
	To Equity Share Application A/c (Application money received)				10,000
	Equity Share Application A/c	Dr.		10,000	
	To Equity Share Capital A/c (Application money transferred to Share Capital A/c)				10,000
	Equity Share Allotment A/c	Dr.		20,000	
	To Equity Share Capital A/c (Allotment money due on 10,000 shares)				20,000
	Bank A/c	Dr.		19,800	
	To Equity Share Capital A/c (Allotment money received except on 100 shares)				19,800
	Equity Share Capital A/c (100 × ₹ 3)	Dr.		300	
	To Equity Share Allotment A/c (100 × ₹ 2)				200
	To Share Forfeiture A/c (100 × ₹ 1) (100 shares forfeited for non-payment of allotment money)				100
	Equity Share First Call A/c	Dr.		29,700	
	To Equity Share Capital A/c (First call money due on 9,900 shares @ ₹ 3 per share)				29,700
	Bank A/c	Dr.		29,250	
	To Equity Share First Call A/c (First call money received except on 150 shares)				29,250
	Equity Share Capital A/c (150 × ₹ 6)	Dr.		900	
	To Equity Share First Call A/c (150 × ₹ 3)				450
	To Forfeiture share A/c (150 × ₹ 3) (150 shares forfeited due to non-payment of first call money)				450
	Equity Share Second and Final Call A/c	Dr.		39,000	
	To Equity Share Capital A/c (Second & Final Call money due on 9,750 shares @ ₹ 4 per share)				39,000
	Bank A/c	Dr.		38,800	
	To Equity Share Second and Final Call A/c (Final call money received except on 50 shares)				38,800
	Equity Share Capital A/c (50 × ₹ 10)	Dr.		500	
	To Equity Share Second and Final Call A/c (50 × ₹ 4)				200
	To Forfeiture shares A/c (50 × ₹ 6)				300

	(50 shares forfeited due to non-payment of second call)				
	Bank A/c (300 × ₹ 9)	Dr.		2,700	
	Forfeiture shares A/c (300 × ₹ 1)			300	
	To Equity Share Capital A/c (All 300 shares re-issued at ₹ 9 per share fully paid up)				3,000
	Forfeiture Share A/c[(1)]	Dr.		550	
	To Capital Reserve A/c (Gain on reissue transferred to Capital Reserve A/c)				550

Working Note:

1.

Particulars	₹
Forfeited amount on 100 Shares of Sanjay	100
Forfeited amount on 150 Shares of Vijay	450
Forfeited amount on 50 Shares of Ajay	300
	850
Less: Loss on Re-issue	300
Transferred to Capital Reserve	**550**

OR

BOOKS OF NEW INDIA STEEL LTD.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		2,40,000	
	To Equity Share Application A/c (Application money received for 60,000 shares @ ₹ 4 each including ₹ 2 as premium)				2,40,000
	Equity Share Application A/c	Dr.		2,40,000	
	To Equity Share Capital A/c				1,00,000
	To Securities Premium Reserve A/c				1,00,000
	To Equity Share Allotment A/c (Application money on 50,000 shares transferred to Share Capital A/c @ ₹ 2 and to Securities Premium Reserve A/c @ ₹ 2 and the excess amount credited to Share Allotment A/c)				40,000
	Equity Share Allotment A/c	Dr.		3,00,000	
	To Equity Share Capital A/c				2,00,000
	To Securities Premium Reserve A/c (Allotment money due on 50,000 shares @ ₹ 6 including premium @ ₹ 2 per share)				1,00,000
	Bank A/c[(1)]	Dr.		2,57,400	
	Calls in Arrears A/c			2,600	
	To Equity Share Allotment A/c (Allotment money received on 49,500 Shares)				2,60,000

	Equity Share First & Final Call A/c	Dr.		2,00,000	
	To Equity Share Capital A/c (Call money due on 50,000 shares @ ₹ 4 per share)				2,00,000
	Bank A/c	Dr.		1,94,000	
	Calls in Arrears A/c (1,500 × ₹ 4)	Dr.		6,000	
	To Equity Share First & Final Call A/c (Call money received on 48,500 shares)				2,00,000
	Equity Share Capital A/c (1,500 × ₹ 10)	Dr.		15,000	
	Securities Premium Reserve A/c[(2)] (500 × ₹ 2)	Dr.		1,000	
	To Calls in Arrears A/c (₹ 2,600 + ₹ 6,000)				8,600
	To Share Forfeiture A/c (Forfeiture of 1,500 shares)				7,400
	Bank A/c	Dr.		10,800	
	Share Forfeiture A/c	Dr.		1,200	
	To Equity Shares Capital A/c (Re-issue of 1,200 shares @ ₹ 9 per share)				12,000
	Share Forfeiture A/c	Dr.		5,360	
	To Capital Reserve A/c[(3)] (Balance of Share Forfeiture Account transferred to Capital Reserve Account)				5,360

Working Notes:

1. A. **Excess amount received from Pankaj on application:**
   Pankaj has been allotted 500 shares
   He must have applied for $\frac{60,000}{50,000} \times 500 = 600$ Shares
   Excess application money received form Pankaj = 600 Shares - 500 Shares
   = 100 Shares × ₹ 4 = ₹ 400
   B. **Amount due from Pankaj on Allotment:**
   500 Shares × ₹ 6 = 3,000
   Less: excess received from Pankaj on application = 400
   Allotment money not received form Pankaj = 2,600
   C. **Total amount due on allotment:** 50,000 share × ₹ 6 = 3,00,000
   Less: Excess amount received on application = 40,000
   Balance Due = 2,60,000
   Less: Amount not received from Pankaj on Allotment = 2,600
   Net amount received on allotment in Cash = 2,57,400
2. Pankaj has not paid allotment money on his 500 shares. Hence, Security Premium Reserve has been debited on the amount of premium not received on his 500 shares @ ₹ 2 each.
3. **Amount transferred to Capital Reserve:**
   1,200 shares have been reissued which include 200 shares of Pankaj and 1,000 shares of Ajay.

(i) Pankaj has paid application money on his 600 shares @ ₹ 4 each	2,400
Less: Amount of premium adjusted on application: 500 shares @ ₹ 2 each	(1,000)
	1,400

This excess amount of ₹ 1,400 is the amount forfeited on his 500 shares	
Forfeited amount on his 200 reissued shares = 1,400 $\times \frac{200}{500}$	560
(ii) Forfeited amount of Ajay's 1,000 shares:	
Amount paid on application = 1,000 × ₹ 2 (excluding premium)	2,000
Amount paid on allotment = 1,000 × ₹ 4 (excluding premium)	4,000
	6,560
Less: Loss on Reissue: 1,200 shares × ₹ 1	1,200
Amount transferred to Capital Reserve	5,360

26.

Revaluation A/c

Particulars	₹	Particulars		₹
To Investment A/c	24,000	By Creditors A/c		6,000
To Machinery	12,000	By Loss Transferred to Capital A/cs		
		L	15,000	
		M	10,000	
		N	5,000	30,000
	36,000			36,000

Partner's Capital A/c

Particulars	L (₹)	M (₹)	N (₹)	O (₹)	Particulars	L (₹)	M (₹)	N (₹)	O (₹)
To Revaluation A/c (Loss)	15,000	10,000	5,000		By Balance b/d	1,20,000	80,000	40,000	
To Balance c/d	1,56,000	84,000	42,000	56,400	By Reserve A/c	21,000	14,000	7,000	
					By Premium for Goodwill A/c	30,000			
					By Cash A/c				56,400
	1,71,000	94,000	47,000	56,400		1,71,000	94,000	47,000	56,400

Balance Sheet

as at 31st March,2022

Liabilities		(₹)	Assets		(₹)
Creditors (₹ 1,68,000 - ₹ 6,000)		1,62,000	Debtors		46,000
Capital A/cs			Stock		2,20,000
L	1,56,000		Investments (₹ 60,000 - ₹ 24,000)		36,000
M	84,000		Furniture and Fittings		20,000
N	42,000		Machinery	70,000	
O	56,400	3,38,400	*Less*: Depreciation	(12,000)	58,000
			Bank		1,20,400
		5,00,400			5,00,400

Working Note

When a new partner is admitted he/she acquires his/her share in profit from the existing partners. As a result, the profit-sharing ratio in the new firm is decided mutually between the existing partners and the new partner.

i. Calculation of Sacrificing Ratio

Sacrificing Ratio = Old Share - New Share

L = $\frac{3}{6} - \frac{2}{6} = \frac{3-2}{6} = \frac{1}{6}$

M = $\frac{2}{6} - \frac{2}{6} = \frac{2-2}{6}$ = Nil

N = $\frac{1}{6} - \frac{1}{6} = \frac{1-1}{6}$ = Nil

Over a period of time, a business firm develops a good name and reputation among the customers. This help the business earn some extra profits as compared to a newly set up business. In accounting capitalised value of this extra profit is known as goodwill.

Adjustment for Goodwill

Firm's goodwill = ₹ 1,80,000

O's share of goodwill = 1,80,000 × $\frac{1}{6}$ = ₹ 30,000

O's share of goodwill will be credited to L's capital account as he is the only sacrificing partner.

i. Calculation of Adjustment of Capital

Adjusted capital of L	₹ 1,56,000
Adjusted capital of M	₹ 84,000
Adjusted capital of N	₹ 42,000
Total adjusted capital	**₹ 2,82,000**

For $\frac{5}{6}$th share, combined capital of L, M and N after adjustment is ₹ 2,82,000

∴ Total capital of the firm is 2,82,000 × $\frac{6}{5}$ = ₹ 3,38,400

∴ O's share in capital = 3,38,400 × $\frac{1}{6}$ = ₹ 56,400

Bank A/c

Particulars	(₹)	Particulars	(₹)
To Balance b/d	34,000	By Balance C/d	1,20,400
To Premium for Goodwill A/c	30,000		
To 0's Capital A/c	56,400		
	1,20,400		1,20,400

OR

Pammy's Capital Account

Dr.			**Cr.**
Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To Drawings	10,000	By Balance b/d	40,000
To Pammy Executor's A/c	75,400	By Profit and Loss (Suspense)	3,000
		By Puneet's Capital A/c	15,000
		By Pankaj's Capital A/c	15,000
		By Interest on Capital	2,400
		By Reserve	10,000
	85,400		**85,400**

Pammy's Executor Account

Dr.							**Cr.**
Date	**Particulars**	**J.F.**	**Amount ₹**	**Date**	**Particulars**	**J.F.**	**Amount ₹**
2017-				2017-18			

18							
Sep. 30	To Bank		15,400	Sep. 30	By Pammy's Capital A/c		75,400
Mar. 31	To Balance c/d		63,600	Mar. 31	By Interest		3,600
			79,000				**79,000**
2018-19				2018-19			
Sep. 30	To Bank		22,200	April 01	By Balance b/d		63,600
	(15,000 + 3,600 + 3,600)			Sep. 30	By Interest		3,600
Mar. 31	To Balance c/d		47,700	Mar. 31	By Interest		2,700
			69,900				**69,900**
2019-20				2019-20			
Sep. 30	To Bank		20,400	April 01	By Balance b/d		47,700
Mar. 31	To Balance c/d		31,800	Sep. 30	By Interest		2,700
				Mar. 31	By Interest		1,800
			52,200				**52,200**
2020-21				2020-21			
Sep. 30	To Bank		18,600	April 01	By Balance b/d		31,800
	(15,000 + 1,800 + 1,800)			Sep. 30	By Interest		1,800
Mar. 31	To Balance c/d		15,900	Mar. 31	By Interest		900
			34,500				**34,500**
2021-22				2021-22			
Sep. 30	To Bank		16,800	April 01	By Balance b/d		15,900
	(15,000 + 900 + 900)			Sep. 30	By Interest		900
			16,800				**16,800**

Working Notes:

i. Pammy's Share of Profit

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

ii. Pammy's Share of Goodwill

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

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

Goodwill of the firm = 50,000 × 3 = ₹ 1,50,000

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

iii. Gaining Ratio = New Ratio – Old Ratio

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

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

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

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

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

v. Interest Amount

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

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

Calculation of Interest:

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

Part B :- Analysis of Financial Statements

27.

(c) Increase in Current ratio

Explanation:

Let Current Assets = 2,00,000 ; Current Liabilities = 1,00,000

After sale of non-current investments

New Current Assets = 2,00,000 + 10,000 = 2,10,000

No effect on Current Liabilities

New Current Raito = 2,10,000/1,00,000 = 2.1:1

Current Ratio will increase

28.

(c) To make comparative study within the firm and with other firms

Explanation:

Following are the limitations of financial statement analysis:

•Don't reflect changes in price level.

•Affected by the personal ability and bias of the Analyst

•Single years' Analysis of financial statement have limited use.

OR

(b) 2

Explanation:

2

29.

(c) Both B and C
Explanation:
Both B and C

OR

(b) ₹ (1,25,000)
Explanation:
cash received from sale of machinery 25,000
cash paid for purchase of machinery 1,50,000*
closing balance of machinery (+) Depreciation (+) Written down value of sold part (-) opening balance of machinery

30.

(b) Cash used (Payment) in Investing Activities ₹ 8,000
Explanation:
Cash used (Payment) in Investing Activities ₹ 8,000
Goodwill increased treated as purchase of asset and it shown in investing activity as outflow of cash.

31. Current Assets are the assets that are expected to be converted into cash within a year. The following are the classification of items that comes under the head current assets.
    i. Current investments
    ii. Inventories
    iii. Trade receivables
    iv. Cash and cash equivalents
    v. Short-term loans and advances
    vi. Other current assets

OR

S. No.	Items	Major-Heading of balance sheet	Sub-Heading of balance sheet
i.	Mining Rights	Non-Current Assets	property plant and equipment and intangible assets - Intangible Assets
ii.	Debtors	Current Assets	Trade Receivables
iii.	Interest on Calls in Advance	Current Liabilities	Other Current Liabilities
iv.	Work-in-progress	Current Assets	Inventories
v.	Mortgage Loan	Non-Current Liabilities	Long-term Borrowings
vi.	Bonds issued by the Company	Non-Current Liabilities	Long-term Borrowings

32. Total sale = cash sale + credit sale
Total sale = ₹ 2,00,000 + ₹ 6,00,000
Total sale = ₹ 8,00,000
Gross profit on cost = 25% on cost
Gross profit on sale = ₹ $8,00,000 \times \frac{1}{5}$ = ₹ 1,60,000
Cost of Goods sold = Revenue from operation - Gross profit
= 8,00,000 - 1,60,000

= 6,40,000

Opening Inventory = ₹ 6,40,000 × 10% = ₹ 64,000

Closing Inventory = 64,000 × 3 = ₹ 1,92,000

Average Inventory = $\frac{64,000+1,92,000}{2}$ = ₹ 1,28,000

Inventory Turnover Ratio = $\frac{6,40,000}{1,28,000}$

= 5 Times

33. **Common Size Statement of Profit & Loss**

Particulars	Note No.	Absolute Amount		Percentage of Revenue from Operation	
		31st March, 2021	31st March, 2022	31st March, 2021	31st March, 2022
I. Revenue from Operations		**20,00,000**	**25,00,000**	**100**	**100**
II. Other Income		2,00,000	3,00,000	10	12
III. Total Revenue (I + II)		22,00,000	28,00,000	110	112
IV. Expenses		1,00,000	3,00,000	5	12
V. Profit before tax (III - IV)		**21,00,000**	**25,00,000**	**105**	**100**
VI. Income Tax (50%)		10,50,000	12,50,000	52.5	50
VII. Profit after tax (V - VI)		**10,50,000**	**12,50,000**	**52.5**	**50**

OR

In the books of Jay Ltd.

COMMON-SIZE STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2023

	PARTICULARS	ABSOLUTE AMOUNT (₹)	(%) OF REVENUE FROM OPERATIONS
I.	Revenue from Operations	25,28,000	100.00
II.	Other Income	38,000	1.50
III.	**Total Revenue**	**25,66,000**	**101.50**
IV.	Expenses		
	(a) Costs of Materials Consumed	14,00,000	55.37
	(b) Other Expenses	5,00,000	19.78
V.	**Total Expenses**	**19,00,000**	**75.16**
VI.	**Net Profit before tax (III-V)**	**6,66,000**	**26.34**
VII.	Less: Tax paid	3,38,000	13.37
VIII.	**Net Profit after tax (VI-VII)**	**3,28,000**	**12.97**

A common size income statement is an income statement in which each account is expressed as a percentage of the value of sales. It is used for vertical analysis, in which each line item in a

financial statement is listed as a percentage of a base figure within the statement, to make comparisons easier.

34. **Cash Flows from Operating Activities**
for the year ended 31st March, 2023

Particulars	Details	Amount (₹)
A. Cash flows from Operating Activities:		
Net Profit before Tax:		1,20,000
Adjustments for non-cash and non-operating items:		
Add: Depreciation	65,000	
Loss on Sale of Machinery	3,000	
Interest on Debentures	28,800	96,800
Operating profit before working capital changes		**2,16,800**
Add: Decrease in Current Assets:		
Inventory	40,000	
Add: Increase in Current Liabilities:		
Outstanding Rent	20,000	
Creditors	20,000	80,000
		2,96,800
Less: Decrease in Current Liabilities:		
Bills Payable	80,000	80,000
Net Cash from Operating Activities		**2,16,800**
B. Cash Flow From Investing Activities:		
Purchase of Machinery	(2,40,000)	
Sale of Machinery	30,000	
Purchase of Shares in XYZ Itd.	(80,000)	(2,88,000)
Net Cash from Investing Activities		**(2,88,000)**
C. Cash Flow from Financing Activities:		
Issue of 9% Debentures	80,000	
Interest on Debentures	28,800	51,200
Net Cash from Financing Activities		**51,200**
Net Decrease in cash and cash equivalents 2,16,800 + (2,88,000) + 51,200		(20,000)
Add: Cash and Cash equivalents in the beginning of the period		80,000
Cash and Cash equivalents at the end of the period		**60,000**

Working Note:-

Plant & Machinery Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	To Balance b/d	13,00,000		By Bank A/c	32,000
	To Bank A/c (B/f)	2,40,000		By Account Depreciation A/c	15,000
				By loss on sale	3,000
				By Balance c/d	14,90,000

		15,40,000			**15,40,000**

Accumulated Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
	To Plant and Machinery A/c	15,000		By Balance b/d	1,00,000
	To Balance c/d	1,50,000		By Depreciation A/c	65,000
		1,65,000			**1,65,000**