Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - 4

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. Niyati and Aisha were partners in a firm sharing profit and losses in the ratio of 4 : 3. They admitted Bina as a new partner. Niyati sacrificed $\frac{1}{4}$th from her share and Aisha sacrificed $\frac{1}{7}$th from her share in favour of Bina. Bina's share in the profits of the firm will be: **[1]**

   a) $\frac{11}{28}$ b) $\frac{7}{16}$

   c) $\frac{10}{49}$ d) $\frac{2}{7}$

   OR

   Assertion (A): Profit or loss on revaluation of assets and reassessment of liabilities is transferred to the old partners' Capital account/Current account in old profit sharing ratio.

   Reason (R): All the accumulated profits or losses and reserves are transferred to old partners' capital account/current account in the old profit sharing ratio.

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

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

   c) A is true but R is false.

   d) A is false but R is true.

2. **Assertion (A):** Partners' salary is debited to Profit and Loss Appropriation Account **[1]**

and not to Profit and Loss Account.

Reason (R): Partners' salary is an appropriation of profit, it is not a charge against profits.

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. When a company issues shares at a premium, the company can collect securities premium along with the following: **[1]**

a) Allotment money

b) Application money

c) Call money

d) Any of the above

OR

On 1st April 2023, Veebee Ltd. issued $20,000, 13\%$ debentures of ₹100 each at a discount of 10% redeemable at a premium of 5% after 4 years. Total amount of interest on debentures for the year ending 31st March, 2024 will be:

a) ₹ $3,00,000$

b) ₹ $1,00,000$

c) ₹ $2,00,000$

d) ₹ $2,60,000$

4. Sunaina, Rohan and Rina were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 1. Sunaina retired, selling her share of profits to Rohan and Rina in the ratio of 3 : 1. The new profit-sharing ratio between Rohan and Rina will be: **[1]**

a) 2 : 1

b) 3 : 1

c) 4 : 1

d) 4 : 3

OR

Abhay and Ravi were partners in a firm sharing profits and losses in the ratio 2 : 1. During the year, Abhay withdrew ₹ 6,000 in the beginning of each month. Interest on drawings is to be charged at 6% p.a. The average period for the calculation of interest on drawings will be:

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

b) 6 months

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

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

5. Eklavya, Fateh and Girish entered into a partnership firm on 1st January, 2024 with capitals of ₹ $30,00,000$ each. The partnership deed provided for interest on capital @ 10% per annum. The firm earned a net profit of ₹ $5,25,000$ for the year ended 31st March, 2024. The amount of profit transferred to Eklavya's capital account was: **[1]**

a) ₹ $2,00,000$

b) ₹ $3,00,000$

c) ₹ $1,00,000$

d) ₹ $4,75,000$

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. A company forfeited 400 shares of ₹ 10 each, ₹ 8 per share called up for non-payment of first call of ₹ 2 per share. On forfeiture of these shares, **Share Capital** account will be debited with: **[1]**

a) ₹ 800 b) ₹ 2,000

c) ₹ 3,200 d) ₹ 4,000

8. Asit, Sonu and Hina were partners in a firm sharing profits and losses in the ratio of $3:2:1$. Asit retired and the balance in his capital account after making necessary adjustments on account of reserves and revaluation of assets and liabilities was ₹ $40,00,000$. Sonu and Hina agreed to pay him ₹ $45,00,000$ in full settlement of his claim. The value of goodwill of the firm was: **[1]**

a) ₹ $5,00,000$ b) ₹ $10,00,000$

c) ₹ $15,00,000$ d) ₹ $20,00,000$

OR

Usha and Mohak were partners in a firm. Usha withdrew a fixed amount at the end of every half-year for the year ended 31st March, 2024. Interest on drawings is charged at 9% p. a. Interest on Usha's drawings will be charged for _____ months.

a) 9 b) 6

c) 3 d) 12

9. If a fixed amount is withdrawn by a partner at the end of each quarter, **interest on drawings** on the total amount withdrawn will be calculated for: **[1]**

a) 6 months b) 9 months

c) 3 months d) $4\frac{1}{2}$ months

10. BB Ltd. forfeited 4000 shares of ₹ 10 each for non-payment of final call of ₹ 5 per share. The forfeited amount was ₹ 20,000. The minimum amount per share at which these shares can be re-issued will be: **[1]**

a) ₹ 4 b) ₹ 6

c) ₹ 5 d) ₹ 7

OR

On forfeiture of 100 shares of ₹ 50 each, ₹ 2,500 were credited to share forfeited account. These shares were re-issued at ₹ 25 per share fully paid up. The amount credited to **Capital Reserve Account** will be:

a) ₹ 3,000 b) ₹ 2,500

c) ₹ 5,000 d) No amount

11. Offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) is known as: **[1]**

a) Sweat equity

b) Employee stock option plan

c) Incorporation cost

d) Private placement of shares

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

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

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

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

a) ₹ 60,000

b) ₹ 30,000

c) 90,000

d) ₹ 45,000

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

i. ₹ 70,000

ii. ₹ 84,000

iii. ₹ 29,000

iv. ₹ 48,000

a) Option (iv)

b) Option (ii)

c) Option (i)

d) Option (iii)

14. What was the rate of interest on capital?

a) 5%

b) 15%

c) 10%

d) 20%

15. Nita, Vidur and Mita were partners in a firm sharing profits and losses in the ratio of $3:4:1$. On 1st April 2024, they decided to admit Samir as a new partner. The new profit sharing ratio between Nita, Vidur, Mita and Samir will now be $1:1:1:1$. The balance sheet of Nita, Vidur and Mita before Samir's admission showed machinery at ₹ $6,00,000$. On the date of admission, it was found that the machinery is overvalued by 20%. The value of machinery shown in the new Balance Sheet after Samir's admission will be: **[1]**

a) ₹ $5,00,000$

b) ₹ $7,50,000$

c) ₹ $7,20,000$

d) ₹ $4,80,000$

16. Pawan, Kavita and Gaurav were partners in a firm. The firm was dissolved. Creditors took over furniture of book value of ₹ 60,000 at 10% less than the book value in part settlement of their amount of ₹$60,000$. The balance amount was paid to them through cheque. The amount paid through cheque will be: **[1]**

a) ₹ 54,000

b) ₹ 5,000

c) Nil

d) ₹ 6,000

17. X and Y are partners in a firm sharing profits and losses in the ratio of 2 : 1. Their fixed capitals are ₹ 5,00,000 and ₹ 3,00,000 respectively. Interest on capital is allowed @ 9% p.a. while interest on drawings is charged @ 12% p.a. X is allowed a salary of ₹ 4,000 per month. Interest on Y's loan of ₹ 2,00,000 is to be provided @ 6% p.a. During the year ended 31st March, 2023, X's drawings were ₹ 60,000 and Y's drawings were ₹ 72,000. 5% of the Net Profit is to be transferred to General Reserve. Incomplete Profit & Loss Appropriation Account for the year ended 31st March, 2023 prepared by the firm is given below: **[3]**

PROFIT & LOSS APPROPRIATION ACCOUNT

for the year ended 31st March, 2023

Dr.			**Cr.**		
Particulars		**₹**	**Particulars**		**₹**
To Interest on Capital:			By Profit & Loss A/c:		
X's Current A/c	?		Net Profit b/d		?
Y's Current A/c	?	?	By Interest on Drawings:		
To Salary:			X's Current A/c	?	
X's Current A/c		?	Y's Current A/c	?	?
To General Reserve		15,000			
To Profit transferred to:					
X's Current A/c	?				
Y's Current A/c	?	?			
		?			?

Complete the Profit & Loss Appropriation Account of X and Y for the year ended 31st March, 2023.

OR

Suman and Lata were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2023, their capital accounts showed balances of ₹ 1, 50, 000 and ₹ 2, 00, 000, respectively. The partnership deed provided for interest on capital @ 8% p.a. Show the treatment of interest on capital in the following cases if:

i. The firm earned a profit of ₹ 14,000 for the year ended 31st March, 2024.

ii. The firm earned a profit of ₹60,000 for the year ended 31st March, 2024.

18. Mehak, Ayush and Anshu were partners in a firm sharing profits and losses in the ratio of 5:3:2. With effect from 1st April, 2023, they agreed to share profits and losses in the ratio of 4 : 3 : 3. On that date, there was a General Reserve of ₹ 80,000 in the books of the firm. It was agreed that: **[3]**

i. Goodwill of the firm be valued at ₹ 3, 00, 000.

ii. Loss on revaluation of assets and re-assessment of liabilities amounted to ₹ 50,000.

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

19. On 1st October, 2022 Ninza Ltd. issued 4,000, 8% Debentures of ₹ 100 each at a discount of 10%. The company had a balance of ₹ 50,000 in Securities Premium Account on the same date. **[3]**

Pass necessary Journal entries for issue of debentures and to write off discount on issue of debentures.

20. Sunny and Rohan were partners in a firm sharing profits and losses in the ratio of 2 : 1. Their books showed that the capital employed on 31st March, 2023 was ₹ 7,00,000. The average profits earned by the firm were ₹ 90,000. Calculate the value of goodwill on the basis of 5 years purchase of super profits assuming that the normal rate of return is 10%. **[3]**

21. Naveen, a Director of **Navo Jagson Ltd.**, proposed in a board meeting that to inculcate the habit of savings among people he wanted to bring a special issue of shares. His proposal was accepted by the company. **[4]**

The company issued 40,000 equity shares of ₹ 100 each. The share money per share was payable as:

On application - ₹ 30

On allotment - ₹ 50

On first and final call - ₹ 20

Rohit, a farmer holding 80 shares could not pay his call money on time. Neeraj another farmer holding 50 shares, paid the call money also with allotment.

Rohit paid the amount due from him after four months explaining the reason for delay; the company did not charge any interest from him.

Calculate the amount received by the company on allotment.

22. Mona and Sona were partners in a firm sharing profits in the ratio of 2 : 3. On 31st March, 2019, their Balance Sheet was as under: **[4]**

Balance Sheet of Mona and Sona as at 31st March, 2019

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Capitals:			Land and Building		6,00,000
Mona	4,00,000		Stock		2,00,000
Sona	6,00,000	10,00,000	Debtors	3,10,000	
Employees' Provident Fund		2,00,000	Less: Provision for bad debts	10,000	3,00,000
Creditors		2,10,000	Bank		3,10,000
		14,10,000			14,10,000

The firm was dissolved on 1st April, 2019 and the assets and liabilities were settled as follows:

i. Half of the creditors accepted 50% of the stock. Remaining creditors were paid in full.

ii. The remaining stock was realised at 90% and debtors realised 80% of their book value.

iii. Sona took over the responsibility to realise the assets and discharge the liabilities at a remuneration of ₹ 20,000 and was to bear all expenses of realisation. She paid realisation expenses of ₹ 18,000 out of her personal account.

iv. Land and Building realised ₹ 7,00,000.

Prepare Realisation Account.

23. Radha Mohan Ltd. invited applications for issuing 4,00,000 equity shares of Rs. 50 each. The amount was payable as follows **[6]**

On application - Rs. 15 per share

On allotment - Rs. 25 per share

On first and final call - Rs. 10 per share

Applications for 6,00,000 shares were received and pro-rata allotment was made to all the applicants on following basis

Applicants for 4,00,000 shares were allotted 3,00,000 shares.

Applicants for 2,00,000 shares were allotted 1,00,000 shares.

It was decided that excess amount received on applications will be adjusted towards sums due on allotment and surplus if any, will be refunded. Vibhuti, who was alloted 6,000 shares out of the group applying for 4,00,000 shares did not pay the allotment money and his shares were forfeited immediately. Afterwards, these forfeited shares were reissued at Rs. 30 per share fully paid up. Later on, first and final call was made. Shahid, who had applied for 2,000 shares out of the group applying for 2,00,000 shares failed to pay first and final call and his shares were also forfeited. These shares were afterwards reissued at Rs. 60 per share fully paid up.

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

24. N, S, and B were partners in a firm sharing profits and losses in proportion of $\frac{1}{2}$, $\frac{1}{6}$ and $\frac{1}{3}$ respectively. The Balance Sheet of the firm as at 31st March, 2023 was as follows: **[6]**

Balance Sheet of N, S and B as at 31.3.2023

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Capital:			Freehold Premises		40,000
N	30,000		Machinery		30,000
S	30,000		Furniture		12,000
B	28,000	88,000	Stock		22,000
Bills Payable		12,000	Sundry Debtors	20,000	
General Reserve		12,000	*Less*: Provision for Bad Debts	(1,000)	19,000

Sundry Creditors	18,000	Cash	7,000
	1,30,000		1,30,000

B retired from the business on the above date and the partners agreed to the following:

i. Freehold premises and stock were to be appreciated by 20% and 15% respectively.
ii. Machinery and furniture were to be depreciated by 10% and 7% respectively.
iii. Provision for bad debts was to be increased by ₹ 1,500.
iv. On B's retirement goodwill of the firm was valued at ₹ 21,000.
v. The continuing partners decided to adjust their capitals in their new profit-sharing ratio after retirement of B. Surplus/deficit, if any, in their capital accounts was to be adjusted through their current accounts.

Prepare Realisation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

25. Leena and Rohit are partners in a firm sharing profits in the ratio of 3 : 2. On 31st March, 2022, their Balance Sheet was as follows: **[6]**

Balance Sheet of Leena and Rohit as at 31st March, 2022

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Sundry Creditors		80,000	Cash		42,000
Bills Payable		38,000	Debtors	1,32,000	
General Reserve		50,000	Less: Provision for doubtful debts	2000	1,30,000
Capitals:			Stock		1,46,000
Leena	1,60,000		Plant and Machinery		1,50,000
Rohit	1,40,000	3,00,000			
		4,68,000			4,68,000

On the above date Manoj was admitted as a new partner for $\frac{1}{5}$ the share in the profits of the firm on the following terms:

i. Manoj brought proportionate capital. He also brought his share of goodwill premium of ₹ 80,000 in cash.
ii. 10% of the general reserve was to be transferred to provision for doubtful debts.
iii. Claim on account of workmen's compensation amounted to ₹ 40,000.
iv. Stock was overvalued by ₹ 16,000.
v. Leena, Rohit and Manoj will share future profits in the ratio of 5 : 3 : 2.

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

OR

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

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.

26. Chiranjeevi Limited issued 2,000, 10% debentures of ₹ 100 each. Pass the necessary Journal entries for the issue of debentures in the following cases: **[6]**

a. When debentures were issued at 10% premium, redeemable at 5% premium.

b. When debentures were issued at 5% discount, redeemable at 10% premium.

c. When debentures were issued at par, redeemable at a premium of 10%.

OR

Pass necessary journal entries for the issue of debentures in the following cases:

i. Issued 3000, 9% debentures of ₹ 100 each at par, redeemable at a premium of ₹ 15 per debenture.

ii. Issued 2000, 9% debentures of ₹ 100 each at 10% premium and redeemable at a premium of 5%.

iii. Issued ₹ 75,00,000, 9% debentures at 10% discount, redeemable at par.

Part B :- Analysis of Financial Statements

27. Which of the following is not an activity ratio? **[1]**

a) Trade receivables turnover ratio
b) Interest coverage ratio
c) Inventory turnover ratio
d) Working capital turnover ratio

28. Internal analysis is done by **[1]**

a) Shareholders
b) Creditors
c) Management
d) Bankers

OR

Inventories include the following except

a) Stores and spares
b) Goods acquired for trading
c) Work-in-progress
d) Patents

29. Income tax paid is classified under: **[1]**

a) Investing activities
b) Operating activities
c) Financing activities
d) Cash and cash equivalents

OR

The transaction **Capital Gains Tax paid on sale of fixed assets** is classified under which of the following:

a) Operating Activities
b) Financing Activities
c) Cash and Cash Equivalents
d) Investing Activities

30. Which of the following transactions will result in outflow of cash? **[1]**

a) Issue of shares
b) Dividend received from investments in other enterprises
c) Cash payments to and on behalf of the employees
d) Cash receipts from royalties

31. From the given information, calculate: **[3]**

a. Trade Receivables Turnover Ratio
b. Current Ratio

Particulars	Amount (₹)
Credit Revenue from Operations	80,00,000
Debtors	25,00,000
Bills Receivables	15,00,000
Total Assets	50,00,000
10% Debentures	12,00,000
Creditors	13,00,000
Bills Payable	7,00,000

OR

From the following information obtained from the books of P. Ltd., calculate,

i. Return on Investment, and

ii. Debt-Equity Ratio

Information:

Net Profit after interest and tax ₹ 6,00,000; 6% Debentures ₹10,00,000; Capital employed ₹ 20,00,000, and Tax rate 40%.

32. Calculate 'Operating Profit Ratio' from the following information: **[3]**

Revenue from operations	₹10, 00, 000
Gross profit	25% on cost
Office and administrative expenses	₹18, 000
Selling and distribution expenses	₹2, 000
Loss by theft	₹20, 000

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

Statement of Profit and Loss of Alpha Ltd. for the year ended 31st March, 2022

Particulars	**2021 - 22 ₹**	**2020 - 21 ₹**
Revenue from Operations	20,00,000	25,00,000
Employee Benefit Expenses	15,00,000	18,00,000
Other Expenses	3,00,000	2,00,000
Income Tax Rate 40%		

OR

From the given Balance Sheet of Moonlight Ltd., prepare a Common Size Balance Sheet:

Balance Sheet of Moonlight Ltd. as at 31 st March, 2023

Particulars	**31.03.2023 (₹)**	**31.03.2022 (₹)**
I - Equity and Liabilities:		
1. Shareholders' Funds		
(a) Share Capital	12,00,000	5,00,000
2. Non-Current Liabilities		
(a) Long-term Borrowings	2,00,000	3,00,000
3. Current Liabilities		

(a) Trade Payables	6,00,000	2,00,000
Total	20,00,000	10,00,000
II - Assets:		
1. Non-Current Assets		
(a) Fixed Assets/Property, Plant and Equipment and Intangible	14,00,000	7,00,000
2. Current Assets		
(a) Trade Receivables	4,00,000	2,50,000
(b) Inventories	2,00,000	50,000
Total	20,00,000	10,00,000

34. The following is the Balance Sheet of R.M. Ltd. as at 31st March, 2017. Prepare a Cash Flow Statement: **[6]**

R.M. Ltd.

Balance Sheet as at 31st March, 2017

Particulars	**Note No.**	**31.3.2017 ₹**	**31.3.2016 ₹**
I- Equity and Liabilities:			
1. Shareholder's Funds:			
(a) Share Capital		15,00,000	10,00,000
(b) Reserve and surplus (Balance in Statement of Profit and Loss)		7,50,000	6,00,000
2. **Non-Current Liabilities:**			
Long-term Borrowings	1	1,00,000	2,00,000
3. **Current Liabilities:**			
(a) Trade Payables		1,00,000	1,10,000
(b) Short-term Provision	2	95,000	80,000
Total		25,45,000	19,90,000
II- Assets:			
1. **Non-Current Assets:**			
(a) **Fixed Assets**			
(i) Tangible Assets	3	10,10,000	9,00,000
(ii) Intangible Assets	4	2,80,000	2,00,000
(b) **Non-Current Investments:**		5,00,000	-

2. **Current Assets:**			
(a) Inventories		1,80,000	1,00,000
(b) Trade Receivables		2,00,000	1,50,000
(c) Cash and Cash Equivalents	5	3,75,000	6,40,000
Total		25,45,000	19,90,000

Notes to Accounts:

Note No.	Particulars	31.3.2017 ₹	31.3.2016 ₹
1.	**Long-term Borrowings:**		
	9% Debentures	1,00,000	2,00,000
		1,00,000	2,00,000
2.	**Short-term Provisions:**		
	Provision for Tax	95,000	80,000
		95,000	80,000
3.	**Tangible Assets:**		
	Plant and Machinery	12,10,000	11,40,000
	Accumulated Depreciation	(2,00,000)	(2,40,000)
		10,10,000	9,00,000
4.	**Intangible Assets:**		
	Goodwill	2,80,000	2,00,000
		2,80,000	2,00,000
5.	**Cash and Cash Equivalents:**		
	(i) Cash in Hand	70,000	3,50,000
	(ii) Bank Balance	3,05,000	2,90,000
		3,75,000	6,40,000

Additional information:

i. During the year, a machine costing ₹ 80,000 on which accumulated depreciation was ₹ 50,000 was sold for ₹ 30,000.

ii. 9% Debentures were released on 31st March, 2017.

Solution

Part A:- Accounting for Partnership Firms and Companies

1. **(a)** $\frac{11}{28}$
   Explanation:
   Bina's share = Niyati's Sacrifice share + Aisha's Sacrifice share
   = $\frac{1}{4} + \frac{1}{7} = \frac{7+4}{28} = \frac{11}{28}$

   OR

   (a) Both A and R are true and R is the correct explanation of A.
   Explanation:
   Both A and R are true and R is the correct explanation of A.
2. **(a)** Both A and R are true and R is the correct explanation of A.
   Explanation:
   Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
3. **(d)** Any of the above
   Explanation:
   Any of the above

   OR

   (d) ₹ $2,60,000$
   Explanation:
   ₹2,60,000
4. **(b)** 3 : 1
   Explanation:
   3 : 1

   OR

   (c) $6\frac{1}{2}$ months
   Explanation:
   Average Period = $\frac{\text{time left after first Drawing+Time left after last Drawing}}{2}$
   = $\frac{12+1}{2}$
   = $6\frac{1}{2}$ months

5.

(c) ₹ $1,00,000$
Explanation:
₹ 1,00,000

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

7.

(c) ₹ 3,200
Explanation:
₹ 3,200

8.

(b) ₹ $10,00,000$
Explanation:
₹ 10,00,000

OR

(c) 3
Explanation:
3

9.

(d) $4\frac{1}{2}$ months
Explanation:
If a fixed amount is withdrawn by a partner at the end of each quarter, **interest on drawings** on the total amount withdrawn will be calculated for 4.5 months

10.

(c) ₹ 5
Explanation:
₹ 5

OR

(d) No amount
Explanation:
No amount, as the amount of forfeiture ₹ 2,500 has been utilised at the time of re-issue.

11.

(d) Private placement of shares
Explanation:
Private placement of shares

12. **(a)** ₹ 60,000
Explanation:
₹ 60,000

13. **(d)** Option (iii)
Explanation:
₹ 29,000

14. **(c)** 10%
Explanation:
10%

15. **(a)** ₹ $5,00,000$
Explanation:
₹5,00,000

16.
(d) ₹ 6,000
Explanation:
₹ 6,000

17. **PROFIT & LOSS APPROPRIATION ACCOUNT**

for the year ended 31st March, 2023

Dr.			**Cr.**		
Particulars		**₹**	**Particulars**		**₹**
To Interest on Capital:			By Profit & Loss A/c:		
X's Current A/c (₹ 5,00,000 × $\frac{9}{100}$)	45,000		Net Profit b/d (₹ 15,000 × $\frac{100}{5}$		3,00,000
Y's Current A/c (₹ 3,00,000 × $\frac{9}{100}$)	27,000	72,000	By Interest on Drawings:		
To Salary:			X's Current A/c (₹$60,000 \times \frac{12}{100} \times \frac{6}{12}$)	3,600	
X's Current A/c (₹ 4,000 × 12)		48,000	Y's Current A/c (₹$72,000 \times \frac{12}{100} \times \frac{6}{12}$)	4,320	7,920
To General Reserve		15,000			
To Profit transferred to:					
X's Current A/c	1,15,280				
Y's Current A/c	57,640	1,72,920			
		3,07,920			**3,07,920**

Note: Divisible Profit = ₹ 3,07,920 - ₹ 72,000 - ₹ 48,000 - ₹ 15,000 = ₹ 1,72,920, which is distributed between X and Y in the ratio of 2 : 1
X's share of Profit = ₹ 1,72,920 × $\frac{2}{3}$ = ₹ 1,15,280; Y's share of Profit = ₹ 1,72,920 × $\frac{1}{3}$ = ₹ 57,640

OR

i. **Profit & Loss Appropriation A/c**

for the year ended 31st March, 2024

Dr.			**Cr.**	
Particulars		**Amount ₹**	**Particulars**	**Amount ₹**
Interest on Capital:			P & L A/c (Net Profit)	14,000
Suman	6,000			
Lata	8,000	14,000		
		14,000		14,000

ii. **Profit & Loss Appropriation A/c**

for the year ended 31st March, 2024

Dr.			**Cr.**	
Particulars		**Amount ₹**	**Particulars**	**Amount ₹**
Interest on Capital:			P & L A/c (Net Profit)	60,000
Suman	12,000			
Lata	16,000	28,000		
Profit transferred to capital accounts:				
Suman	19,200			
Lata	12,800	32,000		
		60,000		60,000

18. **Books of Mehak, Ayush and Anshu**

Journal

Date	**Particulars**		**L.F.**	**Debit (₹)**	**Credit (₹)**
2023	General Reserve A/c	Dr.		80,000	
Apr 1	To Mehak's Capital A/c				40,000
	To Ayush's Capital A/c				24,000
	To Anshu's Capital A/c				16,000
	(General Reserve, transferred to partners' capital accounts in old ratio)				
	Mehak's Capital A/c	Dr.		25,000	
	Ayush's Capital A/c	Dr.		15,000	
	Anshu's Capital A/c	Dr.		10,000	
	To Revaluation A/c				50,000
	(Loss on revaluation transferred to partners' capital accounts in old ratio)				
	Anshu's Capital A/c	Dr.		30,000	
	To Mehak's Capital A/c				30,000
	(Share of goodwill adjusted to partners' capital account in their sacrificing/gaining ratio)				

19. **Books of Ninza Ltd.**

Journal

Date	**Particulars**		**LF**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
2022 Oct. 1	Bank A/c	Dr.		3,60,000	
	To Debenture Application and Allotment A/c				3,60,000
	(Application money received on 4,000, 8% Debentures of ₹100 each)				

"	Debenture Application and Allotment A/c	Dr.		3,60,000	
	Discount on issue of debentures A/c	Dr.		40,000	
	To 8% Debentures A/c				4,00,000
	(Allotment of 4,000, 8% Debentures of ₹100 each at a discount of 10%)				
2023 Mar. 31	Securities Premium A/c	Dr.		40,000	
	To Discount on issue of debentures A/c				40,000
	(Discount on issue of debentures written off from Securities Premium account)				

20. Average Profits $= ₹90,000$

Normal Profits $= \frac{\text{Normal rate of return}}{100} \times$ Capital Employed

$= 10/100 \times$ ₹ $7,00,000$

$= ₹70,000$

Super Profits = Average Profits - Normal Profits

$= ₹90,000 - ₹70,000$

= ₹20,000

Goodwill = Super Profits × Number of years purchase

Goodwill $= ₹20,000 \times 5$

$= ₹1,00,000$

21.

Calculation of Amount Received on Allotment:	₹
Allotment money due on 40,000 shares @ ₹ 50 per share	20,00,000
Add: Call money received in advance on 50 shares @ ₹ 20 per share	1,000
Amount received on allotment	20,01,000

22. **Realisation A/c**

Dr.			**Cr.**		
Particulars		**Amount (₹)**	**Particulars**		**Amount (₹)**
To Land & Building		6,00,000	By Sundry Creditors		2,10,000
To Stock		2,00,000	By Provision for Bad debts		10,000
To Debtors		3,10,000	By Employees Provident Fund		2,00,000
To Bank A/c (Creditors)		1,05,000	By Bank		
To Bank A/c (Employees Provident Fund)		2,00,000	-Land & Building	7,00,000	
To Sona's Capital A/c		20,000	-Stock	90,000	
To Profit transferred to:			-Debtors	2,48,000	10,38,000
Mona's Capital A/c	9,200				
Sona's Capital A/c	13,800	23,000			
		14,58,000			14,58,000

23. **JOURNAL**

Date	Particulars	L.F	Amt (Dr)	Amt (Cr)
i	Bank A/c (6,00,000 × 15) Dr	.	90,00,000	.
.	To Equity Share Application A/c	.	.	90,00,000
.	(Being application money received on 6,00,000 equity shares @ Rs. 15 each)	.	.	.
ii	Equity Share Application A/c (6,00,000 × 15) Dr.	.	90,00,000	.
.	To Equity Share Capital A/c (4,00,000 × 15)	.	.	60,00,000
.	To Equity Share Allotment A/c (2,00,000 × 15)	.	.	30,00,000
.	(Being application money transferred to share capital account)	.	.	.
iii	Equity Share Allotment A/c (4,00,000 × 25) Dr	.	1,00,00,000	.
.	To Equity Share Capital A/c	.	.	1,00,00,000
.	(Being share allotment made due)	.	.	.
iv	Bank A/c (4,00,000 × 25) - (30,00,000) - (1,20,000) Dr	.	68,80,000	.
.	To Equity Share Allotment A/c	.	.	68,80,000
.	(Being allotment money received on 3,94,000 shares)	.	.	.
v	Equity Share Capital A/c (6,000 × 40) Dr	.	2,40,000	.
.	To Share Forfeiture A/c	.	.	1,20,000
.	To Equity Share Allotment A/c	.	.	1,20,000
.	(Being 6,000 shares forfeited for non payment of allotment money)	.	.	.
vi	Bank A/c (6,000 × 30) Dr	.	1,80,000	.
.	Share Forfeiture A/c Dr	.	1,20,000	.
.	To Equity Share Capital A/c	.	.	3,00,000
.	(Being forfeited shares reissued @ 130 each as fully paid up)	.	.	.
vii	Equity Share First and Final Call A/c (3,94,000 × 10) Dr	.	39,40,000	.
.	To Equity Share Capital A/c	.	.	39,40,000
.	(Being first and final call money due)	.	.	.
viii	Bank A/c (3,93,000 × 10) Dr	.	39,30,000	.
.	To Equity Share First and Final Call A/c Dr.	.	.	39,30,000
.	(Being first and final call money received on 3,93,000 shares)	.	.	.
ix	Equity Share Capital A/c (1,000 × 50) Dr.	.	50,000	.
.	To Share Forfeiture A/c (1,000 × 40)	.	.	40,000
.	To Equity Share First and Final Call A/c (1,000 × 10)	.	.	10,000
.	(Being 1,000 shares forfeiture for non-payment of first and f call)	.	.	.
x	Bank A/c (1,000 × 60) Dr.	.	60,000	.
.	To Equity Share Capital A/c (1,000 × 50)	.	.	50,000

.	To Securities Premium Reserve A/c (1,000 × 10)	.	.	10,000
.	(Being forfeited shares reissued @ Rs. 60 each as fully paid up)	.	.	.
xi	Shares Forfeited A/c Dr.	.	40,000	.
.	To Capital Reserve A/c	.	.	40,000
.	(Being gain on reissue transferred to capital reserve)	.	.	.
.	.	.	.	.

Working Note:-

Capital Reserve:-

Number of shares applied by Vibhuti $= 6,000 \times \frac{4,00,000}{3,00,000} = 8,000$ shares

Money paid by Vibhuti on application (8,000 × 15)	1,20,000
(-) Amount adjusted with application (6,000 × 15)	(90,000)
Excess application money adjusted on allotment	30,000
Money due on allotment (6,000 × 25)	1,50,000
(-) Excess application money adjusted	(30,000)
Money not paid by Vibhuti on allotment	1,20,000

Money Received on Allotment:-

Amount due on allotment (4,00,000 × 25)	1,00,00,000
(-) Excess application money adjusted	(30,00,000)
....	70,00,000
(-) Money not received from Vibhuti on allotment	(1,20,000)
	68,80,000

Number of shares alloted to Shahid $= 2,000 \times \frac{1,00,000}{2,00,000} = 1,000$ Shares

24. **REVALUATION ACCOUNT**

Dr.			**Cr.**
Particulars	**(₹)**	**Particulars**	**(₹)**
To Machinery A/c (₹ 30,000 × 10%)	3,000	By Freehold Premises A/c (₹ 40,000 × 20%)	8,000
To Furniture A/c (₹ 12,000 × 7%)	840	By Stock A/c(₹ 22,000 × 15%)	3,300
To Provision for Bad Debts A/c	1,500		
To Profit transferred to Capital A/cs:			
N (₹ 5,960 × $\frac{3}{6}$) 2,980			
S (₹ 5,960 × $\frac{1}{6}$) 993			
B (₹ 5,960 × $\frac{2}{6}$) 1,987	5,960		
	11,300		11,300

PARTNERS' CAPITAL ACCOUNT

Dr.							**Cr.**

Particulars	N(₹)	S(₹)	B(₹)	Particulars	N(₹)	S(₹)	B(₹)
To B's Capital A/c	5,250	1,750	____	By Balance b/d	30,000	30,000	28,000
To S's current A/c		15,000		By Reserves A/c	6,000	2,000	4,000
To B's loan A/c			40,987	By Revaluation A/c	2,980	993	1,987
				By N's Capital A/c (₹ 7,000 × $\frac{3}{4}$)	____	____	5,250
				By S's Capital A/c (7,000 × $\frac{1}{4}$)	____	____	1,750
To balance c/d	48,730	16,243		By N's current A/c	15,000		
	53,980	**32,993**	**40,987**		**53,980**	**32,993**	**40,987**

BALANCE SHEET of N and S

as at 1st April 2023

Liabilities		(₹)	Assets		(₹)
Capitals A/cs:			Freehold Premises	40,000	
N	48,730		*Add*: Appreciation	8,000	48,000
S	16,243	64,973	Machinery	30,000	
S's Current A/c		15,000	Less: Depreciation	(3,000)	27,000
B's Loan A/c		40,987	Furniture	12,000	
Bills Payable		12,000	*Less*: Depreciation	(840)	11,160
Sundry Creditors		18,000	Stock	22,000	
			Add: Appreciation	3,300	25,300
			Sundry Debtors	20,000	
			Less: Provision for Bad Debts	(2,500)	17,500
			Cash		7,000
			N's Current A/c		15,000
		1,50,960			1,50,960

Working Notes:

i. Profit sharing Ratio = $\frac{1}{2} : \frac{1}{6} : \frac{1}{3} = \frac{3:1:2}{6}$ = 3 : 1 : 2

ii. Goodwill of the firm = ₹ 21,000; B's share of Goodwill = 21,000 × $\frac{2}{6}$ = ₹ 7,000.

iii. Old ratio = 3 : 1 : 2
new ratio after B retirement 3 : 1

iv. Gaining ratio = New ratio - Old ratio

v. Gaining ratio Narang = $\frac{3}{4} - \frac{3}{6} = \frac{18}{24} - \frac{12}{24} = \frac{6}{24}$

vi. S's gaining ratio = $\frac{1}{4} - \frac{1}{6} = \frac{6}{24} - \frac{4}{24} = \frac{2}{24}$
i.e., gaining ratio = 3 : 1

vii.

Date	Particular		L.F.	Dr. (₹)	Cr.(₹)
	N's capital a/c	Dr.		5,250	

	S capital a/c	Dr.		1,750	
	To B's capital a/c				7,000
	(goodwill be given to retiring partner in gaining ratio of old partner)				

Capital adjustment:

viii. Total capital of N and S after all adjustment:

N's Capital = ₹ 33730; S's Capital = ₹ 31,243; Total Capital = ₹ 64,973

New profit - sharing ratio i.e., 3 : 1

N's Capital = 64,973 $\times \frac{3}{4}$ = ₹ 48,730; S's Capital = 64,973 $\times \frac{1}{4}$ = ₹ 16,243 that balance is to be shown in balance sheet as well as in capital A/c.

25.

Revaluation A/c

Particulars	₹	Particulars		₹
To Stock A/c	16,000	By Loss transferred:		
To workmen compensation claim	40,000	Leena	33,600	
		Rohit	22,400	56,000
	56,000			**56,000**

Partner's Capital A/c

Particulars	Leena	Rohit	Manoj	Particulars	Leena	Rohit	Manoj
To Revaluation A/c (Loss)	33,600	22,400		by Balance b/d	1,60,000	1,40,000	
To Balance c/d	1,93,400	1,75,600	92,250	By General Reserve	27,000	18,000	
				By Premium for Goodwill	40,000	40,000	
				By Cash			92,250
	2,27,000	**1,98,000**	**92,250**		**2,27,000**	**1,98,000**	**92,250**

Working Note:

Sacrificing Share = Old Share - New Share

Leena's Sacrifice = $\frac{3}{5} - \frac{5}{10} = \frac{1}{10}$

Rohit's Sacrifice = $\frac{2}{5} - \frac{3}{10} = \frac{1}{10}$

Sacrificing Ratio = 1 : 1

total adjusted capital of old partners = 1,93,400 + 1,75,600 = 3,69,000

Manoj's share in total capital = $\frac{3,69,000}{1-\frac{1}{5}} \times \frac{1}{5}$ = 92,250

Balance Sheet as at 31st March, 2022

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		80,000	Cash (₹ 42,000 + ₹ 80,000 + ₹ 92,250)		2,14,250
Bills Payable		38,000	Debtors	1,32,000	
workmen compensation claim		40,000	Less: Provision for Doubtful Debts	7,000	1,25,000
Partner's Capital A/cs.:					
Leena	1,93,400		Pant & Machinery		1,50,000

Rohit	1,75,600		Stock		1,30,000
Manoj	92,250	4,61,250			
		6,19,250			**6,19,250**

OR

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

26. **Books of Chiranjeevi Ltd.**

JOURNAL

Date	**Particulars**		**L.F**	**Amount Dr.(₹)**	**Amount Cr.(₹)**
	a) Bank A/c	Dr.		2,20,000	
	To Debenture Application & Allotment A/c (application amount received on 2,000 debentures)				2,20,000
	Debenture Application & Allotment A/c	Dr.		2,20,000	
	Loss on Issue of Debentures A/c	Dr.		10,000	
	To 10% Debentures A/c				2,00,000
	To Securities Premium or Securities Premium Reserve A/c				20,000
	To Premium on Redemption of Debentures A/c (application amount transferred to debentures a/c,				10,000

	securities premium a/c and provision for premium on redemption of debentures made)				
	b) Bank A/c	Dr.		1,90,000	
	To Debenture Application & Allotment A/c (application amount received on 2,000 debentures)				1,90,000
	Debenture Application & Allotment A/c	Dr.		1,90,000	
	Loss on Issue of Debentures A/c	Dr.		30,000	
	To 10% Debentures A/c				2,00,000
	To Premium on Redemption of Debentures A/c (application amount transferred to debentures a/c and provision for premium on redemption of debentures made)				20,000
	c) Bank A/c	Dr.		2,00,000	
	To Debenture Application & Allotment A/c (application amount received on 2,000 debentures)				2,00,000
	Debenture Application & Allotment A/c	Dr.		2,00,000	
	Loss on Issue of Debentures A/c	Dr.		20,000	
	To 10% Debentures A/c				2,00,000
	To Premium on Redemption of Debentures A/c (application amount transferred to debentures a/c and provision for premium on redemption of debentures made)				20,000

OR

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
(i)	Bank A/c	Dr.		3,00,000	
	To Debenture Application and Allotment A/c				3,00,000
	(Application money on 9% Debentures received)				
	Debenture Application and Allotment A/c	Dr.		3,00,000	
	Loss on Issue of Debentures A/c	Dr.		45,000	
	To 9% Debentures A/c				3,00,000
	To Premium on Redemption of debentures A/c				45,000
	(Debentures application money transferred to 9% Debentures A/c)				
(ii)	Bank A/c	Dr.		2,20,000	
	To Debenture Application and Allotment A/c				2,20,000
	(Application money on 9% Debentures received)				
	Debenture Application and Allotment A/c	Dr.		2,20,000	
	Loss on issue of Debentures A/c	Dr.		10,000	
	To 9% Debentures A/c				20,00,000

	To Securities Premium Reserve A/c/Securities Premium A/c				20,000
	To Premium on Redemption of debentures A/c				10,000
	(Debentures application money transferred to 9% Debentures A/c)				
(iii)	Bank A/c	Dr.		67,50,000	
	To Debenture Application and Allotment A/c				67,50,000
	(Application money on 9% Debentures received)				
	Debenture Application and Allotment A/c	Dr.		67,50,000	
	Discount/Loss on issue of Debentures A/c	Dr.		7,50,000	
	To 9% Debentures A/c				75,00,000
	(Debentures application money transferred to 9% Debentures A/c)				

Part B :- Analysis of Financial Statements

27.

(b) Interest coverage ratio

Explanation:

Interest coverage ratio is a solvency ratio.

28.

(c) Management

Explanation:

Internal analysis is done by the management to analyse financial position and performance. The analysis done by the shareholders, bankers and creditors is called external analysis.

OR

(d) Patents

Explanation:

Inventories include the following items except for Patents:

- Work-in-progress
- Goods acquired for trading
- Stores and spares

A patent is a government license that gives the holder exclusive rights to a process, design or new invention for a designated period of time. It is intangible assets, not inventories.

29.

(b) Operating activities

Explanation:

Operating activities

OR

(d) Investing Activities

Explanation:

Investing Activities

30.

(c) Cash payments to and on behalf of the employees

Explanation:

Cash payments to and on behalf of the employees

31. a. Trade Receivables Turnover Ratio $= \frac{Credit\ Revenue\ from\ Operations}{Average\ Trade\ Receivables}$

Average Trade Receivables = Debtors + Bills Receivables

= 25,00,000 + 15,00,000

= ₹ 40,00,000

Trade Receivables Turnover Ratio = $\frac{80,00,000}{40,00,000}$ = 2 times

b. Current Ratio = $\frac{Current\ Assets}{Current\ Liabilities}$

Current Assets = Debtors + Bills Receivables

= 25,00,000 + 15,00,000

= ₹ 40,00,000

Current liabilities = Creditors + Bills Payables

= 13,00,000 + 7,00,000

= 20,00,000

Current Ratio = $\frac{40,00,000}{20,00,000}$ = 2 : 1

OR

i. Return on Investment $= \frac{\text{Net profit before interest and tax}}{\text{Capital Employed}} \times 100$

Net profit before interest and tax = Net profit after interest and tax + tax + interest

$= \frac{₹6,00,000}{1-0.4}$ + ₹ 60,000

= ₹ 10,60,000

Capital Employed = ₹ 20,00,000

Return on Investment (Return on Capital Employed) $= \frac{₹10,60,000}{₹20,00,000} \times 100$

= 53%

ii. Debt Equity Ratio $= \frac{Debt}{Equity}$

Equity = Capital Employed - Debt

= ₹ 20,00,000 - ₹ 10,00,000

= ₹ 10,00,000

Debt Equity Ratio $= \frac{₹10,00,000}{₹10,00,000}$

= 1 : 1

32. Operating Profit Ratio = Operating Profit/Revenue from Operations × 100

Revenue from Operations = Cost of Revenue from Operations + Gross Profit

₹10,00,000 = Cost of Revenue from Operations + 25% of Cost of Revenue from Operations

Cost of Revenue from Operations = ₹8, 00, 000

Operating Profit = Revenue from Operations - Cost of Revenue from operations - Office and Administrative Expenses - Selling and Distribution Expenses

Operating Profit = ₹10,00,000 - ₹8,00,000 - ₹18,000 - ₹2,000

= ₹1,80,000

Operating Profit Ratio = ₹1, 80, 000/₹10, 00, 000 × 100 = 18%

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

Particulars	**Note No.**	**Absolute Amount**		**Percentage of Revenue from Operations**	

		31st March, 2021	31st March, 2022	31st March, 2021	31st March, 2022
I. Revenue from Operations		**25,00,000**	**20,00,000**	**100**	**100**
II. Expenses					
(a) Employee Benefit Expense		18,00,000	15,00,000	72	75
(b) Other Expenses		2,00,000	3,00,000	8	15
Total Expense		**20,00,000**	**18,00,000**	**80**	**90**
III. Profit before tax (I - II)		5,00,000	2,00,000	20	10
IV. Income Tax (40%)		2,00,000	80,000	8	4
V. Profit after tax (III - IV)		**3,00,000**	**1,20,000**	**12**	**6**

OR

Common Size Balance Sheet of Moonlight Ltd. as at 31.3.2022 and 31.3.2023

Particulars	Note No.	Absolute Amount 31.3.2022 (₹)	Absolute Amount 31.3.2023 (₹)	% of Balance Sheet Total 31.3.2022	% of Balance Sheet Total 31.3.2023
I. Equity and Liabilities:					
1. Shareholders' Funds					
(a) Share Capital		5,00,000	12,00,000	50	60
2. Non-current liabilities					
(a) Long term borrowings		3,00,000	2,00,000	30	10
3. Current Liabilities					
(a) Trade Payables		2,00,000	6,00,000	20	30
TOTAL		10,00,000	20,00,000	100	100
II. Assets:					
1.Non-current Assets					
(a) Fixed Assets/Property, Plant and Equipment and Intangible Assets		7,00,000	14,00,000	70	70
2.Current Assets					
(a) Trade Receivables		2,50,000	4,00,000	25	20
(b) Inventories		50,000	2,00,000	5	10
TOTAL		10,00,000	20,00,000	100	100

34. **Cash Flow Statement of R.M. Ltd.**

As at 31st March, 2017

Particulars	Details (₹)	Amount (₹)
A.Cash flows from Operating Activities:		
Net Profit before Tax and extraordinary items (note-1)	2,45,000	

Add: Depreciation on Plant & Machinery	10,000	
Add: Interest on Debentures	18,000	
Operating profit before the working Capital changes	2,73,000	
Less: Increase in Trade Receivables	(50,000)	
Increase in Inventories	(80,000)	
Decrease in Trade Payables	(10,000)	
Cash generated from Operations	1,33,000	
Less: Tax Paid	(80,000)	
Net Cash From Operating Activities		**53,000**
B. Cash flows from Investing Activities:		
Sale of Plant & Machinery	30,000	
Purchase of Plant & Machinery	(1,50,000)	
Purchase of Goodwill	(80,000)	
Purchase of Non Current Investments	(5,00,000)	
Net Cash used in investing activities		**(7,00,000)**
C.Cash flows from financing Activities		
Issue of shares	5,00,000	
Redemption of Debentures	(1,00,000)	
Interest on Debentures paid	(18,000)	
Cash flows from Financing Activities		**3,82,000**
Net Decrease in Cash and Cash Equivalents		**(2,65,000)**
Add: Opening Balance of Cash and Cash equivalents		**6,40,000**
Closing Balance of Cash and Cash equivalents		**3,75,000**

Working Notes:

Note-1:Net Profit before tax & Extraordinary items

Net Profit during the year	1,50,000
Add: Prov. for Tax made	95,000
	2,45,000

Plant and Machinery A/c

Particulars	₹	Particulars	₹
To Balance b/d	11,40,000	By Accumulated Dep. A/c	50,000
To Bank A/c (B.F.)	1,50,000	By Bank A/c	30,000
		By Balance c/d	12,10,000
	12,90,000		**12,90,000**

Accumulated Depreciation A/c

Particulars	₹	Particulars	₹
To Plant and Machinery A/c	50,000	By Balance b/d	2,40,000
To Balance c/d	2,00,000	By Statement of P & L(Bal. Fig.)	10,000
	2,50,000		**2,50,000**