Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - **5**

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. Kabir and Farid are partners in a firm sharing profits in the ratio of 3 : 1 on 1-4-2019 they admitted Manik into partnership for l/4th share in the profits of the firm. Manik brought his share of goodwill premium in cash. Goodwill of the firm was valued on the basis of 2 years purchase of last three years average profits. The profits of last three years were: **[1]**

2016 - 17	90,000
2017 - 18	1,30,000
2018 - 19	86,000

During the year 2018-19 there was a loss of ₹ 20,000 due to fire which was not accounted for while calculating the profit.

Goodwill of the firm:

a) 1,08,667 b) 1,02,000

c) 2,04,000 d) 2,00,000

OR

Assertion (A): A new partner brings Capital to get right in the assets of the firm, he also brings premium for goodwill to get the right to share future profits of the firm.

Reason (R): A partner may be exempted from the premium for goodwill, in such a case he will bring only his capital amount but he will get both the rights, right to share the assets of the firm as well as right to share the future profits of the firm.

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):** In partnership firm, the private assets of the partners can also be used to pay off the firm's debts. **[1]**

Reason (R): The liability of the partners for acts of the firm is limited.

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. If the loss on reissue of shares is less than the amount forfeited, the surplus is transferred to **[1]**

a) General reserve

b) Revenue Reserve

c) An asset

d) Capital Reserve

OR

The debentures which do not carry a specific rate of interest are called:

a) Unsecured Debentures

b) Zero Coupon Rate Debentures

c) Secured Debentures

d) Specific Coupon Rate Debentures

4. Match the followings: **[1]**

(a) Old Ratio - New Ratio	(i) Gaining Ratio
(b) New Ratio - old ratio	(ii) Nil
(c) Goodwill appeared in balance sheet	(iii) Old ratio
(d) Workmen compensation reserve 10,000; Workmen compensation claim 10,000	(iv) Sacrificing Ratio

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

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

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

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

OR

Calculate interest on drawings of Mr. Dravid @ 10% p.a. for the year ended 31.03.2021, if he withdrew an equal amount in the middle of every month and his total drawings are ₹ 14,400.

a) 660

b) 1,440

c) 720

d) 780

5. If partners' capitals are fixed where will you record additional capital contributed by a partner? **[1]**

a) Dr. Side of Partner's Current A/c

b) Cr. Side of Partner's Current A/c

c) Dr. Side of Partner's Capital A/c d) Cr. Side of Partner's Capital A/c

6. Debentures repayable after 12 months or after the period of Operating Cycle from the date of Balance Sheet are shown in the Balance Sheet of a company under the head of **[1]**

a) Non-current Liabilities b) Share Capital

c) Current Liabilities d) Short term borrowings

7. Under which of the following head/subhead is **Forfeited Shares** presented in the Balance Sheet of a company? **[1]**

a) Share Capital b) Other Long-term Liabilities

c) Other Current Liabilities d) Reserves and Surplus

8. Piyush, Karan and Aarush were partners sharing profits in the ratio of 5 : 3 : 2. Piyush retired on 31st March, 2019. Balance in this Capital Account after all adjustments except goodwill was ₹ 7,10,000, but he was paid ₹ 8,00,000 including his share of goodwill. The amount credited to his Capital Account on account of goodwill was: **[1]**

a) ₹ 90,000 b) ₹ 45,000

c) ₹ 18,000 d) ₹ 27,000

OR

Net profit of a firm is ₹ 79,800. Manager is entitled to a commission of 5% of profits after charging his commission. Manager's Commission will be:

a) ₹ 380 b) ₹ 4,200

c) ₹ 3,990 d) ₹ 3,800

9. Harish, Kanishk and Soham are partners. During the year Harish and Soham each withdrew a total sum of ₹ 72,000 in equal installments in the beginning of each month and Kanishk withdrew a total sum of ₹ 12,000 in equal installments at the end of each month. At the end of the year there was a loss of ₹ 60,000. **[1]**
Interest on Drawings @ 6% p.a. will be:

a) Harish 4,320; Kanishk 720; Soham 4,320 b) Harish 2,340; Kanishk 330; Soham 2,340

c) No interest on drawings due to loss d) Harish 2,340; Kanishk 2,340; Soham 2,340

10. Pawan Ltd. purchased a Machinery of ₹ 9,00,000 from Ankit Ltd. payment to be made by issuing Equity Shares of ₹ 10 each. Find out number of shares issued to Ankit Ltd., if shares are to be issued at a premium of 20%. **[1]**

a) 90,000 b) 1,00,000

c) 75,000 d) 80,000

OR

Equity shares cannot be issued for the purpose of:

a) Redemption of debentures
b) Purchase of assets
c) Distribution of dividend
d) Cash Receipts

11. Java Ltd. forfeited 600 equity shares of ₹ 100 each ₹ 80 called up for the non-payment of first call of ₹ 20 per share. These shares were reissued at ₹ 90 per share fully paid up. The amount transferred to 'Capital Reserve' will be: **[1]**

a) ₹ 30, 000
b) ₹ 54, 000
c) ₹ 48, 000
d) ₹ 36, 000

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

Harish and Govind were partners in a firm sharing profits and losses in the ratio of 3:1. On 31st March, 2019, their balance sheet was as follows:

Liabilities		**Amount**	**Assets**	**Amount**
Creditors		1,10,000	Cash at bank	60,000
General Reserve		40,000	Debtors	40,000
Workmen's compensation reserve		50,000	Stock	45,000
Capitals:			Furniture	1,55,000
Harish	4,00,000		Land & Building	5,00,000
Govind	2,00,000	6,00,000		
		8,00,000		**8,00,000**

They admitted Vinod as a new partner for $\frac{1}{5}$th share in the profits of the firm on the following terms:

i. Vinod brought ₹ 1,00,000 as his capital.
ii. Goodwill of the firm was valued at ₹ 4,00,000. Vinod brought the necessary amount in cash for his share of goodwill premium, half of which was withdrawn by the old partner.
iii. Liability on account of workmen's compensation amounted to ₹ 80,000.
iv. Harish took overstock at ₹ 35,000.

12. What will be the correct treatment of stock at the time of admission?

i. ₹ 10,000 debited to Revaluation A/c and ₹ 35000 debited to Harish's capital A/c
ii. ₹ 10,000 credited to Revaluation A/c
iii. ₹ 10,000 debited to Revaluation A/c
iv. ₹ 45,000 credited to Harish's capital A/c and ₹ 10,000 credited to Revaluation A/c

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

13. What will be the correct journal entry of Workmen compensation reserve?

a)

Workmen compensation	Dr	50,000		

b)

Workmen compensation	Dr	80,000		

reserve A/c			
To Harish's Capital A/c			37,500
To Govind's Capital A/c			12,500
(Being ...)			

reserve A/c			
To workmen compensation claim A/c			30,000
To Harish's Capital A/c			37,500
To Govind's Capital A/c			12,500
(Being ...)			

c)

Revaluation A/c	Dr	30,000	
To workmen compensation claim A/c			30,000
(Being ...)			

d)

Workmen compensation reserve A/c	Dr	80,000	
To Harish's Capital A/c			60,000
To Govind's Capital A/c			20,000
(Being ...)			

14. What will be the amount of goodwill premium brought by Vihan?

a) 4,00,000 b) 1,00,000

c) 40,000 d) 80,000

15. Anshika, Babita and Chaman are partners. The firm had given a loan of ₹ 20,000 to Babita. On the event of dissolution, the loan will be settled by: **[1]**

a) Transferring it to debit side of Realization Account.

b) Transferring it to debit side of Babita's Capital Account.

c) Transferring it to credit side of Realization Account.

d) Babita paying Anshika and Chaman privately.

16. If Creditors are given ₹20,000 in the balance sheet. But nothing is mentioned under additional information about the payment of the same. How much amount will be paid to the creditors? **[1]**

a) No Payment to Creditors b) Full Amount ₹20,000

c) Half Amount Rs.10,000 d) Payment after 10% Discount

17. Calculate the amount of Yogesh's monthly drawings for the year ended 31st March, 2023, in the following alternative cases when Partnership Deed allows interest on drawings @ 10% p.a.: **[3]**

i. If interest on drawings is ₹ 1,950 and he withdrew a fixed amount in the beginning of each month.

ii. If interest on drawings is ₹ 2,400 and he withdrew a fixed amount in the middle of each month.

iii. If interest on drawings is ₹ 2,750 and he withdrew a fixed amount at the end of each month.

OR

Ram and Shayam are partners sharing profits equally. The Partnership Deed provides that both Ram and Shayam will get monthly salary of ₹ 15,000 each, Interest on Capital will be allowed @ 5% p.a.and Interest on Drawings will be charged @ 10% p.a. Their capitals were ₹ 5,00,000 each and drawings during the year were ₹ 60,000 each. The firm incurred net loss of ₹ 1,00,000 during the year ended 31st March, 2023.

Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2023.

18. The firm of Amish, Nitish and Misha, who have been sharing profits in the ratio of $2:2:1$, have existed for some years. Misha wanted that she should get equal share in the profits with Amish and Nitish and she further wished that the change in the profit sharing ratio should come into effect retrospectively for the last three years. Amish and Nitish had agreement for this. The profits for the last three years were : 2021-22 ₹ $1,15,000$ 2022-23 ₹ 1,24,000 2023-24 ₹ $2,11,000$ Show adjustment of profits by means of a single adjustment journal entry. Show your working clearly. **[3]**

19. What is **Capital Reserve**? **[3]**

20. Disha purchased Sanjana's business with effect from 1st April, 2023. Profits shown by Sanjana's business for the last three financial years ended 31st March, were: **[3]**

2021	₹ 1,00,000 (including an abnormal gain of ₹ 12,500)
2022	₹ 1,25,000 (after charging an abnormal loss of ₹ 25,000)
2023	₹ 1,12,500 (excluding ₹ 12,500 as insurance premium on the firm's property-now to be insured)

Calculate the value of the firm's goodwill on the basis of two year's purchase of the average profit of the last three years.

21. Naveen Ltd. purchased a running business from Suman Ltd. for a sum of ₹ 22,00,000 by issuing 20,000 fully paid equity shares of ₹ 100 each at a premium of 10%. The assets and liabilities consisted of the following: **[4]**

Machinery ₹ 7,00,000; Debtors ₹ 2,50,000; Stock ₹ 5,00,000; Building ₹ 11,50,000 and Bills Payable ₹ 2,50,000.

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

22. Record journal entries at the time of dissolution of a partnership firm of Vibha, Shobha and Anubha in the following cases: **[4]**

i. Dissolution expenses amounted to ₹ 6,500.

ii. Dissolution expenses ₹ 7,800 were paid by Anubha.

iii. Vibha was appointed to look after the dissolution process for which she was given a remuneration of ₹ 12,000

iv. Shobha was appointed to look after the dissolution work for which she was allowed a remuneration of ₹ 15,000. She agreed to bear dissolution expenses.

Actual dissolution expenses paid by her amounted to ₹ 11,800.

v. Anubha was to look after the dissolution process for which she was allowed a remuneration of ₹ 12,000 she also agreed to bear dissolution expenses. Actual expenses of ₹ 9,500 were paid by the firm.

vi. Anubha looked after the dissolution work for remuneration of ₹ 8,500 and agreed to bear dissolution expenses up to ₹ 6,000. The actual expenses paid by her were ₹ 7,600.

vii. Vibha was appointed to look after the dissolution work for which she was allowed a remuneration of ₹ 14,000. She agreed to take over the investment of the book value of ₹ 13,000 towards payment of her remuneration. Investments have already been transferred to realisation Account.

23. Ravi Ltd. issued 10,000, 10% Debentures of ₹ 100 each, payable as follows : **[6]**

₹ 10 on application, ₹ 20 on allotment, ₹ 30 on first call and ₹ 40 on second and final call.

Rahul, who holds 500 debentures failed to pay the amount due on allotment. He, however, pays this amount with the first call money. Rohit, who holds 800 debentures paid all the calls in advance on allotment. Pass entries.

24. The Balance Sheet of Ram, Shyam, and Hari as at 31.3.2003 stood as follows: **[6]**

Balance Sheet

as at 31.3.2003

Liabilities	**Amt(Rs.)**	**Assets**		**Amt(Rs.)**
Creditors	24,400	Cash		1,00,000
Bills Payable	90,000	Debtors	30,000	
General Reserve	24,000	Less: Provision	1,600	28,400
Investment Fluctuation Reserve	2,000	Stock		4,000
Profit and Loss Account	3,000	Computers		9,000
Ram's Capital	51,000	Building		1,00,000
Shyam's Capital	40,000	Investments		30,000
Hari's Capital	40,000	Goodwill		3,000
	2,74,400			2,74,400

Hari retired on 1.4.2003 and the following adjustments were agreed upon:

a. The building is appreciated by Rs 10,000.

b. Investments are valued 10% less than the book value.

c. All Debtors were good.

d. Stock be reduced to 93%.

e. Goodwill is valued at one year's purchase of the average profit of the past three years. It was decided not to show goodwill in the balance sheet of the reconstituted firm.

f. Hari shall be paid Rs 13,440 immediately and the balance in four equal yearly installments together with interest @ 10% p.a.

g. New ratio of Ram and Shyam would be 2:1.

The profit for the year 2000-01 and 2001-02 were Rs 9,000 and Rs 6,000 respectively. Prepare Revaluation Account, Partners' Capital Accounts, Hari's Loan Account (till it is paid off) and Balance Sheet as at 1.4.2003 (figure may be rounded off to nearest one rupee.)

25. Prakash Engineering Company issued for public subscription 40,000 Equity shares of Rs 10 each at a premium of Rs 2 per share, payable as: on application Rs 2 per share
on allotment Rs 5 per share (including premium)
on first call Rs 2 per share
on final call Rs 3 per share
Applications were received for 75,000 Equity Shares. The shares were allotted on pro-rata basis to the applicants of 60,000 shares only, remaining applications being rejected. Money overpaid on an application was utilised towards the sum due on allotment.
Ashok to whom 3,000 shares were allotted failed to pay the allotment money and the two calls. Baneet who applied for 3,000 shares paid the calls money along with allotment money. Pass journal entries to record the above transactions. **[6]**

OR

During the year 2022-23, ABC Ltd. issued 10,000 Equity Shares of ₹ 50 each at ₹ 55 per share, payable as follows:

On Application	₹ 15
On Allotment	₹ 20 (including premium ₹ 5)
On 1st and Final Call	₹ 20

All the issued shares were subscribed for by the public.
One shareholder holding 500 shares did not pay the amount due on allotment and his shares were immediately forfeited.

Another shareholder holding 100 shares paid the amount of the 1st and Final Call with allotment.

After the company had made the 1st and Final Call, 200 of the forfeited shares were reissued as fully called up at ₹ 45 per share.
The share issue expenses were ₹ 7,000 which were written off at the end of the year.
You are required to pass journal entries in the books of the company for the year ending 31st March, 2023. Also, prepare the Opening Balance Sheet.

26. Pradip and Subal are partners sharing profits and losses in the ratio of 5 : 3 agreed to take Kuntal on Jan. 1, 1991. Their Balance Sheet on that date was as follows : **[6]**

Liabilities		**(Rs)**	**Assets**		**(Rs)**
Capital Accounts:			Machinery		38,000
Pradip	60,000		Furniture		15,000

Subal	40,000	1,00,000	Investments		21,000
Profit and Loss A/c		20,000	Stock		19,000
Sundry Creditors		18,000	Sundry Creditors	27,000	
			Less: Provision	3,000	24,000
			Cash at Bank		21,000
		1,38,000			1,38,000

The following terms were agreed upon for the purpose of admission :

a. Kuntal introduced Rs 38,000 as his Capital and necessary amount of Premium for Goodwill in cash. Goodwill valued for the said purpose Rs 45,000.
b. 1/3rd of the Provision for Doubtful Debts is no longer required.
c. Machinery and Furniture were depreciated by 5% and 10% respectively.
d. Last year's showroom rent for 4 months @ Rs 1,000 p.m. not taken into account and as such it is to be considered now.

The profit sharing ratio of the partners in the new firm is 4 : 3 : 2.
Give the necessary Ledger accounts and the Balance Sheet of the new firm.

OR

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

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

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

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

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

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

Part B :- Analysis of Financial Statements

27. What will be the amount of gross profit of a firm if its average inventory is ₹ 80,000, Inventory turnover ratio is 6 times, and the Selling price is 25% above cost? **[1]**

a) ₹ 1,60,000.
b) ₹ 2,00,000.
c) ₹ 1,25,000.
d) ₹ 1,20,000.

28. From financial statements analysis, the creditors are interested to know: **[1]**

a) share capital
b) efficiencies
c) liquidity
d) profit

OR

An operating cycle is the time between the _____.

a) Procuring of raw materials and production of goods.
b) Production and sales.
c) Financing and selling of products.
d) Acquiring of raw material for processing and its realization into Cash and Cash Equivalents.

29. Sale of patents of ₹50, 00, 000 will result in: **[1]**

a) Cash outflow of ₹ 50, 00, 000 from financing activities
b) Cash inflow of ₹ 50, 00, 000 from investing activities
c) Cash outflow of ₹ 50, 00, 000 from investing activities
d) Cash inflow of ₹ 50, 00, 000 from financing activities

OR

Which of the following transaction will result in no flow of cash?

a) Purchase of machinery
b) Redemption of debentures
c) Sale of investments
d) Acquisition of machinery by issue of equity shares

30. Which of the following is part of Cash and Cash Equivalents? **[1]**

a) Current Investments
b) Cash at Bank
c) All of these
d) Marketable Securities

31. From the following information of Magnum Ltd. for the year ended 31st March, 2023, prepare Note to Accounts on Finance Costs: **[3]**

i. Interest paid on Term Loan ₹ 2,50,000
ii. Interest paid on Bank Overdraft ₹ 35,000
iii. Discount on Issue of Debentures Written off ₹ 10,000
iv. Interest Received on Fixed Deposits ₹ 25,000
v. Bank Charges ₹ 9,500 and
vi. Interest paid on Deposits ₹ 75,000

OR

Operating Cycle and the period when payment is received is given below. How will you classify the asset?

Particulars	(i)	(ii)	(iii)	(iv)	(v)	(vi)
Operating Cycle (Months)	10	10	10	15	15	20
Expected Period when payment is received (Months)	9	12	14	14	18	18

32. The ratio of Current Assets (₹ 5,00,000) to Current Liabilities is 2.5 : 1. The accountant of this firm is interested in maintaining a Current Ratio of 2 : 1 by acquiring some Current Assets on Credit. You are required to suggest him the amount of Current Assets which must be acquired for this purpose. **[3]**

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

Particulars	Note No.	2021 - 22 ₹	2020 - 21 ₹
Revenue from Operations		52,00,000	40,00,000
Employee Benefit Expenses		12,00,000	8,00,000
Other Expenses		24,00,000	20,00,000
Tax Rate 50%			

OR

Prepare a **Common Size Statement of Profit and Loss** of Neurosci Ltd. for the year ended 31st March, 2023 from the following information:

Particulars	2022 - 23 (₹)	2021 - 22 (₹)
Revenue from operations	40,00,000	20,00,000
Purchase of stock in trade	4,00,000	2,00,000
Other expenses	40,000	20,000
Tax rate 50%		

34. From the following balance sheet of Vijaya Ltd as at 31st March, 2009 and 2010. Prepare the cash flow statement. **[6]**

Particulars	Note No.	31st March,2009 Amt (Rs)	31st March,2010 Amt (Rs)
I. EQUITY AND LIABILITIES			
1.Shareholders' Funds			
(a)Share Capital		45,000	65,000
(b)Reserves and Surplus	1	24,000	42,000
2.Current Liabilities			

Trade Payables		8,700	11,000
Total		77,700	1,18,000
II.ASSETS			
1.Non-current Assets			
Fixed Assets		46,700	83,000
2.Current Assets			
(a)Inventories (Stock)		11,000	13,000
(b)Trade Receivables (Debtors)		18,000	19,500
(c)Cash and Cash Equivalents		2,000	2,500
Total		77,700	1,18,000

Notes to Accounts

Particulars	**31st March 2009 (Rs)**	**31st March, 2010 (Rs)**
1.Reserves and Surplus		
General Reserve	14,000	27,000
Surplus, i.e.Balance in Statement of Pofit and Loss	10,000	15,000
	24,000	42,000

Additional Information

i. Depreciation on fixed assets for the year 2009-2010 was Rs.14,700.

ii. An interim dividend Rs.7,000 has been paid to the shareholders during the year.

Solution

Part A:- Accounting for Partnership Firms and Companies

1.

(c) 2,04,000
Explanation:
Average profit = 90,000 + 1,30,000 + 86,000/ 3
= 1,02,000
Goodwill = 1,02,000 X 2 = 2,04,000

OR

(b) Both A and R are true but R is not the correct explanation of A.
Explanation:
Assertion and Reason both are correct but Reason is not correct explanation of assertion
Reason: Assertion says, new partner will get right to share the profits only when he brings some amount as premium for goodwill whereas Reason says, if he does not bring premium for goodwill (because he is exempted) still he will share future profits.

2.

(c) A is true but R is false.
Explanation:
A is true but R is false.

3.

(d) Capital Reserve
Explanation:
Capital Reserve

OR

(b) Zero Coupon Rate Debentures
Explanation:
Zero Coupon Rate Debentures

4.

(d) (a) - (iv); (b) - (i); (c) - (iii); (d) - (ii)
Explanation:
goodwill (purchased) written off in old partners in old ratio. workmen compensation reserve will completely utilized for workers claim. hence partners will get 0 amount.

OR

(c) 720
Explanation:
14400 x 10% x 6/12 = 720

5.

(d) Cr. Side of Partner's Capital A/c
Explanation:
Cr. Side of Partner's Capital A/c

6. **(a)** Non-current Liabilities
Explanation:
Debentures repayable after 12 months or after the period of Operating Cycle from the date of Balance Sheet are shown in the Balance Sheet of a company under the head of Non-current Liabilities.

7. **(a)** Share Capital
Explanation:
Share Capital
Forfeited share amount included in shareholder fund in share capital.

8. **(a)** ₹ 90,000
Explanation:
Piyush's share in Geodwill = 800000 - 710000
= 90000

OR

(d) ₹ 3,800
Explanation:
₹ 3,800

9.

(b) Harish 2,340; Kanishk 330; Soham 2,340
Explanation:
Harish 2,340; Kanishk 330; Soham 2,340
For Harish and Soham = 72,000 X 6/100 X 6.5/12 = 2,340
For Kanishk = 12,000 X 6/100 X 5.5/12 = 330

10.

(c) 75,000
Explanation:
No of shares issued
= 900000 / 12
= 75,000

OR

(c) Distribution of dividend
Explanation:
Distribution of dividend

11. **(a)** ₹ 30, 000
Explanation:
₹30,000

12. **(c)** Option (i)
Explanation:
₹ 10,000 debited to Revaluation A/c and ₹ 35000 debited to Harish's capital A/c

13. **(c)**

Revaluation A/c	Dr	30,000	

To workmen compensation claim A/c			30,000
(Being ...)			

Explanation:

Revaluation A/c	Dr	30,000	
To workmen compensation claim A/c			30,000
(Being ...)			

14. **(d)** 80,000
Explanation:
80,000

15. **(b)** Transferring it to debit side of Babita's Capital Account.
Explanation:
Transferring it to debit side of Bina's Capital Account.

16. **(b)** Full Amount ₹20,000
Explanation:
All liabilities will be paid at the time of dissolution of a partnership firm. Whether some information is given or not about the payment of the same. In this case, nothing is mentioned about the payment of creditors but it is mandatory to pay the full amount ₹20,000 to the creditors.
Entry Will be:
Realisation A/c ... Dr
To Bank A/c

17. **Case-1**
Average month = $\frac{12+1}{2} = \frac{13}{2}$ = 6.5 month
Int on Drawings = Monthly Drawings $\times$ 12 $\times \frac{10}{100} \times \frac{6.5}{12}$
Monthly Drawings = $\frac{1950\times100\times12}{12\times10\times65} \times 10$
= $\frac{1950\times10\times10}{65}$
= ₹ 3,000
Case-2
Avg month = $\frac{11.5+0.5}{2}$ = 6 month
Int on Drawings = monthly Drawings $\times$ 12 $\times \frac{10}{100} \times \frac{6}{12}$
Monthly Drawings = $\frac{2400\times100\times12}{12\times10\times6}$
= ₹ 4,000
Case-3
Avg month = $\frac{11+0}{2}$ = 5.5 month
Int on Drawings = Monthly Drawings $\times$ 12 $\times \frac{10}{100} \times \frac{5.5}{12}$
Monthly Drawings = $\frac{2750\times100\times12\times10}{12\times10\times55}$
= ₹ 5,000

OR

Profit and Loss Appropriation a/c

(for the year ended 31st March, 2023)

Particulars	**Amount**	**Particulars**		**Amount**
To Profit and Loss A/c	1,00,000	By Interest on Drawings:		
		Ram's capital	3,000	
		Shyam's capital	3,000	6,000

		By Loss transferred to:		
		Ram's Capital a/c	47,000	
		Shyam's Capital a/c	47,000	94,000
	1,00,000			**1,00,000**

Working Notes:

1. calculation of interest on drawings of each partner

In the no given of dates of drawings, Interest thereon has been calculated for the average period

Ram = 60,000 × 10% × $\frac{6}{12}$ = ₹ 3,000

Shyam = 60,000 × 10% × $\frac{6}{12}$ = ₹ 3,000

2. Loss share of each partner Ratio.

3. Interest on capital is charge against Profit.

18. **Books of Amish, Nitish and Misha**

Journal

Date	**Particulars**		**L.F.**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Amish's Capital A/c	Dr.		30,000	
	Nitish's Capital A/c	Dr.		30,000	
	To Misha's Capital A/c (Adjustment of profit for the last three years on account of change in profit sharing ratio)				60,000

Adjustment Table

Partners	**Dr. Profits** (₹) 2 : 2 : 1	**Cr. Profits** (₹) 1 : 1 : 1	**Ner Effect**	
			Dr. (₹)	**Cr.** (₹)
Amish	1, 80, 000	1, 50, 000	30,000	
Nitish	1, 80, 000	1, 50, 000	30,000	
Misha	90,000	1, 50, 000		60,000
	4, 50, 000	4, 50, 000	60, 000	**60,000**

19. Capital Reserve is a reserve that is created out of capital profits i.e. gains or profits arising from other than the normal activities of business operations i.e. activities other than sale or purchase of goods and services. This reserve is utilised to meet future capital losses, if any, and to issue bonus shares. It cannot be distributed as a dividend among the shareholders. The Capital Reserve is generated out of the following activities:

i. Premium on issue of shares.
ii. Premium on issue of debentures.
iii. Profit on redemption of debentures.
iv. Profit on sale of fixed assets.
v. Profit on the reissue of forfeited shares.
vi. Profit prior to incorporation, etc.

20. Normal Profit for the year 2021= (Total Profit - Abnormal Gain) = ₹ (1,00,000 - 12,500) = ₹ 87,500
Normal Profit for the year 2022 = (Total Profit + Abnormal Loss) = ₹ (1,25,000 + 25,000) = ₹ 1,50,000
Normal Profit for the year 2023 = (Total Profit - Indirect Expenses) = ₹ (1,12,500 - 12,500) = ₹ 1,00,000

Average Profits = $\frac{(\text{Normal Profits for 2021}) + (\text{Normal Profits for 2022}) + (\text{Normal Profits for 2023})}{3}$

Normal Average Profits = $\frac{87{,}500 + 1{,}50{,}000 + 1{,}00{,}000}{3} = \frac{3{,}37{,}500}{3}$ = ₹ 1,12,500

Goodwill = Normal Average Profits of last three years × No. of Years of Purchase

Goodwill = ₹ (1,12,500 × 2) = ₹ 2,25,000

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

JOURNAL ENTRIES

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

22. **Book of Vibha, Shobha and Anubha**

Date 2017	Particulars		L.F.	Debit Amount ₹	Credit Amount ₹
(a)	Realisation A/c	Dr.		6,500	
	To Cash / Bank A/c				6,500
	(Dissolution expense paid by the firm)				
(b)	Realisation A/c	Dr.		7,800	
	To Anubha's Capital A/c				7,800
	(Dissolution Expenses paid by Anubha)				
(c)	Realisation A/c	Dr.		12,000	
	To Vibha's Capital A/c				12,000
	(Remuneration is given to Vibha)				
(d)	Realisation A/c	Dr.		15,000	
	To Shobha's Capital A/c				15,000
	(Remuneration allowed to Shobha for looking after dissolution work)				
(e)	(i) Realisation A/c	Dr.		12,000	
	To Anubha's Capital A/c				12,000
	(Remuneration allowed to Anubha)				
	(ii) Anubha's Capital A/c	Dr.		9,500	
	To Cash /Bank A/c				9,500
	(Dissolution expenses paid by the firm and borne by Annubha)				
(f)	(i) Realisation A/c	Dr.		8,500	
	To Anubha's Capital A/c				8,500
	(Remuneration payable to Anubha)				
	(ii) Realisation A/c	Dr.		1,600	

	To Anubha's Capital A/c				1,600	
	(Dissolution expenses paid by Anubha on behalf of the firm)					
(g)	No entry					

23. **JOURNAL OF RAVI LTD.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
1.	Bank A/c	Dr.		1,00,000	
	To 10% Debentures Application A/c (Application money received on 10,000 debentures @ ₹ 10 per debenture)				1,00,000
2.	10% Debenture Application A/c	Dr.		1,00,000	
	To 10% Debenture A/c (Application money transferred)				1,00,000
3	10% Debenture Allotment A/c	Dr.		2,00,000	
	To 10% Debenture A/c (Allotment due)				2,00,000
4	Bank A/c	Dr.		2,46,000	
	To 10% Debenture Allotment A/c				1,90,000
	To Calls in Advance A/c (Allotment money received on 9,500 debentures @ 20 per debenture; plus call received in advance on 800 debentures @ ₹ 70 per debenture)				56,000
5	10% Debentures First Call A/c	Dr.		3,00,000	
	To 10% Debentures A/c (First call due on 10,000 debentures @ ₹ 30 each)				3,00,000
6. (i)	Bank A/c	Dr.		2,76,000	
	Calls in Advance A/c Dr.			24,000	
	To 10% Debentures First Call A/c (First call money received after adjusting the advance of first call @ ₹ 30 per debenture on 800 debenture of Rohit)				3,00,000
(ii)	Bank A/c	Dr.		10,000	
	To 10% Debentures Allotment A/c (Receipt of arrears of allotment in respect of 500 debentures)				10,000
7.	10% Debenture Second & Final Call A/c	Dr.		4,00,000	
	To 10% Debentures A/c (Second and final call due on 10,000 debentures @₹ 40 per debenture)				4,00,000
8.	Bank A/c	Dr.		3,68,000	
	Call in Advance A/c	Dr.		32,000	
	To 10% Debentures Second & Final Call A/c (Second call money received after adjusting the advance of second call @ ₹ 40 per debenture on 800 debentures of Rohit)				4,00,000

24. **Books of Ram, Shyam, and Hari**

Revaluation Account

Dr.				Cr.

Particulars		Amt(Rs)	Particulars	Amt(Rs)
To investments A/c (working note under)		1,000	By Building A/c	10,000
To Stock A/c(4,000 x 7%)		280	By Provision for Doubtful Debts A/c	1,600
To Profit transferred to:			(as all debtors were good then no need of p.f.b.d)	
Ram's Capital A/c (10,320 x 1/3)	3,440			
Shyam's Capital A/c(10,320 x 1/3)	3,440			
Hari's Capital A/c(10,320 x 1/3)	3,440	10,320		
		11,600		11,600

Partner's Capital Accounts

Dr.							Cr.
Particulars	Ram(Rs)	Shyam(Rs)	Hari(Rs)	Particulars	Ram(Rs)	Shyam(Rs)	Hari(Rs)
To Goodwill(given in old balance sheet)	1,000	1,000	1,000	By Balance b/d	51,000	40,000	40,000
To Hari's Capital A/c	2,000	--	--	By Reserve A/c	8,000	8,000	8,000
To Cash A/c (paid immediaterely)	--	--	13,440	By Revaluation A/c(Profit)	3,440	3,440	3,440
To Hari's Loan A/c	--	--	40,000	By Profit and Loss A/c	1,000	1,000	1,000
To Balance c/d	60,440	51,440	--	By Ram's Capital A/c	--	--	2,000
	63,440	52,440	54,440		63,440	52,440	54,440
				By Balance b/d	60,440	51,440	---

Balance Sheet

as at 1.4.2003

Liabilities	Amt(Rs)	Assets	Amt(Rs)
Creditors	24,400	Cash	86,560
Ram's Capital	60,440	Debtors(28,400 + 1,600)	30,000
Shyam's Capital	51,440	Stock(4,000 - 280)	3,720
Hari's Loan	40,000	Computers	9,000
Bills Payable	90,000	Building(1,00,000+10,000)	1,10,000
		Investments(**30,000-3000**)	27,000
	2,66,280		2,66,280

Hari's Loan Account

Dr.					Cr.
	Particulars	Amt(Rs.)		Particulars	Amt(Rs.)
31.3.2004	To Cash A/c(10,000 + 4,000)	14,000	01.4.2003	By Hari's Capital A/c	40,000
31.3.2004	To Balance c/d	30,000	31.3.2004	By Interest A/c (10% on Rs 40,000)	4,000

		44,000			44,000
31.3.2005	To Cash A/c(10,000 + 3,000)	13,000	01.4.2004	By Balance b/d	30,000
31.3.2005	To Balance c/d	20,000	31.3.2005	By Interest A/c (10% on Rs 30,000)	3,000
		33,000			33,000
31.3.2006	To Cash A/c(10,000 + 2,000)	12,000	01.4.2005	By Balance b/d	20,000
31.3.2006	To Balance c/d	10,000	31.3.2006	By Interest A/c (10% on Rs 20,000)	2,000
		22,000			22,000
31.3.2007	To Cash A/c(10,000 + 1,000)	11,000	01.4.2006	By Balance b/d	10,000
			31.3.2007	By Interest A/c (10% on Rs 10,000)	1,000
		11,000			11,000

Working Note:

- Instalment of Loan = 40,000 / 4 =10,000
- **calculation of Investment for revaluvation**
- **investment given 30,000**
- investment reduce by 10% i.e 30,000 x 10 % = 3,000 & investment fluctuatiom reserve = 2,000 so investment in revaluation 1,000.
- **Old ratio between Ram & Shyam & Hari = 1:1:1**
- **New ratio** = 2:1.
- Gaining ratio = New ratio - Old ratio
- Ram's share = 2/3 -1/3 = 1/3
- Shyam's share = 1/3 -1/3 = 0
- So the entry will be

i. **Calculation of Goodwill**

Profit for 2000-01	? 9,000
Profit for 2001-02	? 6,000
Profit for 2002-03	? 3,000
	? 18,000

Average Profit = $\frac{18,000}{3}$ = Rs 6,000

ii. Goodwill = 6,000 so Hari's share = 6,000 x 1/3 = 2,000

iii. **Treatment of Goodwill**

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
1.4.2003	Ram's Capital A/c	Dr.		2,000	
	To Hari's Capital A/c (Being Hari's share of goodwill adjusted to Ram's capital account)				2,000

25. Issue of Shares is the process in which companies allot new shares to shareholders. Shareholders can be either individuals or corporates. The company follows the rules prescribed by Companies Act 2013 while issuing the shares. Issue of Prospectus, Receiving Applications, Allotment of Shares are three basic steps of the procedure of issuing the shares. The process of creating new shares is known as Allocation or allotment.

There are mainly two types of Shares which are discussed in short as follows:-

Preference share is one which carries two exclusive preferential rights over the other type of shares, i.e. equity shares.

Equity share is a share that is simply not a preference share. So shares that do not enjoy any preferential rights are thus equity shares. They only enjoy equity, i.e. ownership in the company.

The journal entries for the issue of shares is as follows:-

In the books of Prakash Engineering Company

Journal

Date	Particulars		L.F.	Dr.(Rs)	Cr.(Rs)
	Bank A/c	Dr.		1,50,000	
	To Equity Share Application A/c (Being the application money received on 75,000 Equity Shares @ Rs. 2 per share)				1,50,000
	Equity Share Application A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (40,000 × Rs. 2)				80,000
	To Equity Share Allotment A/c (20,000 × Rs. 2)				40,000
	To Bank A/c (15,000 × Rs. 2) (Being the application money adjusted)				30,000
	Equity Share Allotment A/c	Dr.		2,00,000	
	To Equity Share Capital A/c				1,20,000
	To Securities Premium Reserve A/c (Being the allotment money due on 40,000 shares)				80,000
	Bank A/c	Dr.		1,58,000	
	To Equity Share Allotment A/c (WN 1, 2 and 3)				1,48,000
	To Calls-in-Advance A/c (2,000 shares × Rs 5)(WN 4) (Being the allotment money received except for 3,000 shares allotted to Ashok and calls-in-advance is received on 2,000 shares of Baneet)				10,000
	Equity Share First Call A/c	Dr.		80,000	
	To Equity Share Capital A/c (Being the first call money due on 40,000 shares)				80,000
	Bank A/c	Dr.		70,000	
	Calls-in-Advance A/c			4,000	
	To Equity Share First Call A/c [Being the first call money received except on 3,000 shares (Rs. 80,000 - Rs. 6,000 - Rs. 4,000 (Calls-in-Advance)]				74,000
	Equity Share Final Call A/c	Dr.		1,20,000	
	To Equity Share Capital A/c (Being the final call money due on 40,000 shares)				1,20,000
	Bank A/c	Dr.		1,05,000	
	Calls-in-Advance A/c	Dr.		6,000	
	To Equity Share Final Call A/c (Being the final call money received except on 3,000 shares held by Ashok)				1,11,000

Working Notes:

1. 40,000 shares were allotted to the applicants for 60,000 shares
   Number of shares applied by Ashok = 60,000/40,000 × 3,000 = 4,500 Shares
   Therefore, application money paid by Ashok = 4,500 × Rs. 2 = (Rs.) 9,000
2.

Money due from Ashok on allotment:	**(Rs)**
Money paid on an application (WN 1)	9,000

Less: Amount adjusted on an application (3,000 × Rs. 2)	6,000
Excess application money	3,000
Money due on the allotment (3000 × Rs. 5)	15,000
Less: Excess application money adjusted	(3,000)
Money not paid by Ashok	12,000

3.

Money received on allotment:	
Total amount due on allotment	2,00,000
Less : Excess application money adjusted	(40.000)
	1,60,000
Less: Money not paid by Ashok (WN 2)	(12,000)
	1,48,000

OR

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		1,50,000	
	To Share Application A/c (Share application money received)				1,50,000
	Share Application A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (Share application transferred to share capital)				1,50,000
	Share Allotment A/c	Dr.		2,00,000	
	To Equity Share Capital A/c				1,50,000
	To Securities Premium A/c (Share allotment due)				50,000
	Bank A/c	Dr.		1,92,000	
	To Share Allotment A/c				1,90,000
	To Calls-in-Advance A/c (Share allotment received)				2,000
	Equity Share Capital A/c	Dr.		15,000	
	Securities Premium A/c	Dr.		2,500	
	To Share Forfeited A/c				7,500
	To Share Allotment A/c (500 shares forfeited)				10,000
	Share 1st & Final Call A/c	Dr.		1,90,000	
	To Equity Share Capital A/c (1st and Final Call due on 9,500 shares)				1,90,000
	Bank A/c	Dr.		1,88,000	
	Calls-in-Advance A/c	Dr.		2,000	
	To Share 1st & Final Call A/c (Share 1st and final call received)				1,90,000

	Bank A/c	Dr.		9,000	
	Share Forfeited A/c	Dr.		1,000	
	To Equity Share Capital A/c (200 forfeited shares reissued)				10,000
	Share Forfeited A/c[(1)]	Dr.		2,000	
	To Capital Reserve A/c (Gain on reissue of 200 forfeited shares transferred to Capital Reserve)				2,000
	Share Issue Expenses A/c	Dr.		7,000	
	To Bank A/c (Share issue expenses)				7,000
	Securities Premium A/c	Dr.		7,000	
	To Share Issue Expenses A/c (Share issue expenses written off)				7,000

Note: (1)

		₹
Forfeited amount on 500 shares	7,500	
Hence, Forfeited amount on 200 shares	$\frac{7,500}{500} \times 200$	3,000
Less: Loss on Reissue		(1,000)
Transferred to Capital Reserve		2,000

BALANCE SHEET OF ABC LTD.

as at 31st March, 2023

Particulars	Note No.	Current year	Previous year
I. EQUITY AND LIABILITIES:		₹	₹
Shareholder's Funds:			
(a) Share Capital	1	4,89,500	
(b) Reserve and Surplus	2	42,500	
		5,32,000	
II. ASSETS:			
Current Assets:			
Cash and Cash Equivalents	3	5,32,000	

Notes to Accounts:

	₹	₹
(1) Share Capital:		
Authorised*		
____ Shares of ₹ ____ each	____	
Issued:		
10,000 shares of ₹ 50 each	5,00,000	
Subscribed and Fully Paid Capital:		
9,700 shares of ₹ 50 each fully paid	4,85,000	
Share Forfeited A/c	**4,500**	

	4,89,500	
(2) Reserves & Surplus:		
Capital Reserve	2,000	
Securities Premium	40,500	
	42,500	
(3) Cash and Cash Equivalents:		
Cash at Bank	**5,32,000**	

*Authorised Capital has to be shown in notes to accounts even if it is not given in the question.

ii. When Premium on Forfeited Shares is Received

26. **Books of Pradip, Subal and Kuntal**

Revaluation Account

Dr.				**Cr.**
Particulars	**(Rs)**	**Particulars**		**(Rs)**
To Machinery	1,900	By Provision for Doubtful Debts		1,000
To Furniture	1,500	By Loss on Revaluation:		
To Outstanding Rent	4,000	Pradip (6,400 x 5/8)	4,000	
		Subal (6,400 x 3/8)	2,400	6,400
	7,400			7,400

Capital Accounts

Dr.							**Cr.**
Particulars	**Pradip(Rs)**	**Subal(Rs)**	**Kuntal(Rs)**	**Particulars**	**Pradip(Rs)**	**Subal(Rs)**	**Kuntal(Rs)**
To Loss on Revaluation (5:3)	4,000	2,400	---	By Balance b/d	60,000	40,000	---
				By Profit and loss (5:3)	12,500	7,500	---
				By Bank	---	---	48,000
To Balance c/d	76,625	46,975	48,000	By Goodwill A/c (13 : 3)	8,125	1,875	--
	80,625	49,375	48,000		80,625	49,375	48,000

Balance Sheet

as at 1st Jan, 1990

Liabilities		**(Rs)**	**Assets**		**(Rs)**
Capital Accounts:			Machinery (38,000 - 1,900)		36,100
Pradip	76,625		Furniture (15,000 -1,500)		13,500
Subal	46,975		Investments		21,000
Kuntal	48,000	1,61,000	Stock		19,000
Sundry Creditors		18,000	Sundry debtors	27,000	
Outstanding Rent		4,000	Less: Provision for Doubtful Debts	2,000	25,000
			Cash at Bank (21,000 + 48,000 + 10,000)		79,000
		1,93,600			1,93,600

Working Notes:

Calculation of Sacrificing Ratio of Pradip and Subal :

Sacrificing ratio = Old profit sharing Ratio - New profit Sharing Ratio

Pradip's sacrificing Ratio = 5/8 - 4/9 = 45/72 - 32/72 = 13/72.

Subal's sacrificing Ratio = 3/8 - 3/9 = 27/72 - 24/72 = 3/72

Therefore, sacrificing ratio = 13 : 3.

Kuntal's share of Premium for Goodwill :

Kuntal's share of profit is 2/9 Hence, his share of Premium for Goodwill = Rs 45,000 × 2/9 = Rs 10,000.

Pradip's share in goodwill = 10,000 x 13/16 = 8,125.

Subal's share in goodwill = 10,000 x 3,16 = 1,875.

OR

In the books of Gita and Garv

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

Partner's Capital A/c

Dr.							**Cr.**
Particulars	**Gita (₹)**	**Radha (₹)**	**Garv (₹)**	**Particulars**	**Gita (₹)**	**Radha (₹)**	**Garv (₹)**
To Radha's Capital A/c	90,000		60,000	By balance b/d	3,00,000	2,00,000	1,00,000
To Radha's Loan A/c		4,30,000		By Gita's Capital A/c		90,000	
To balance c/d	3,00,000		2,00,000	By Garv's Capital A/c		60,000	
				By General Reserve A/c	12,000	20,000	8,000
				By Revaluation A/c	36,000	60,000	24,000
				By Current A/c	42,000		1,28,000
	3,90,000	4,30,000	2,60,000		3,90,000	4,30,000	2,60,000

Working Notes:

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

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

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

ii. Adjustment of Capital of partners

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

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

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

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

Balance Sheet as at 31st March 2019

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Sundry Creditors		60,000	Stock		96,000
Radha's Loan A/c		4,30,000	Building		6,00,000
Capital A/c's of partner			Debtors		40,000
Gita	3,00,000		Current A/c's of partner		
Garv	2,00,000	5,00,000	Gita	42,000	
			Garv	1,28,000	1,70,000
			Cash		84,000
			(50,000 + 34,000)		
		9,90,000			9,90,000

Part B :- Analysis of Financial Statements

27.

(d) ₹ 1,20,000.
Explanation:
Inventory turnover ratio = $\frac{Cost\ of\ good\ sold}{Average\ inventory}$
Cost of good sold = 6 times × ₹ 80,000 = ₹ 4,80,000
Gross profit on cost = 25% or $\frac{1}{4}$
Gross profit = ₹ 4,80,000 × $\frac{1}{4}$ = ₹ 1,20,000

28.

(c) liquidity
Explanation:
liquidity

OR

(d) Acquiring of raw material for processing and its realization into Cash and Cash Equivalents.
Explanation:
Acquiring of raw material for processing and its realization into Cash and Cash Equivalents.

29.

(b) Cash inflow of ₹ $50,00,000$ from investing activities
Explanation:
Cash inflow of ₹ $50,00,000$ from investing activities

OR

(d) Acquisition of machinery by issue of equity shares
Explanation:
Acquisition of machinery by issue of equity shares

30.

(c) All of these
Explanation:

cash and cash equivalents includes cash, bank balance and short term highly liquid investments.

31. **IN THE BOOKS OF MAGNUM LTD.**
NOTE TO ACCOUNT

Particulars	**Year Ended 31st March 2023 (₹)**
Finance Costs	
Interest paid on Term Loan	2,50,000
Interest paid on Bank Overdraft	35,000
Interest paid on Deposits	75,000
Discount on Issue of Debentures Written off	10,000
Amount to be shown against Finance Costs in the Statement of Profit and Loss	**3,70,000**

Note: Bank Charges ₹ 9,500 incurred for services availed from the bank are included in **other expenses.**

OR

Particulars	**(i)**	**(ii)**	**(iii)**	**(iv)**	**(v)**	**(vi)**
Operating Cycle (Months)	10	10	10	15	15	20
Expected Period when payment is received (Months)	9	12	14	14	18	18
Liabilities are Classified as	Current	Current	Non-Current	Current	Non-Current	Current

32. Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

2.5 (Given) $\frac{₹5,00,000(\text{ Given })}{\text{Current Liabilities}}$

$\therefore$ Current Liabilities = $\frac{₹5,00,000}{2.5}$ = ₹ 2,00,000

In order to reduce the Current Ratio, Current Assets must be acquired on credit.

Let us assume the amount of Current Assets to be acquired as x.

Current Assets = ₹ 5,00,000 + x

Current Liabilities = ₹ 2,00,000 + x

Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

2 (Ratio to be maintained) = $\frac{₹5,00,000+x}{₹2,00,000+x}$

₹ 4,00,000 + 2x = ₹ 5,00,000 + x

$\therefore$ x = ₹ 1,00,000

Therefore, Current Assets of ₹ 1,00,000 must be acquired on credit to maintain a Current Ratio of 2 : 1.

33. **Comparative Statement of Profit and Loss**

Particulars	**Note No.**	**2020-21 (A)**	**2021-22 (B)**	**Absolute Change (C = B - A)**	**Percentage Change (D = $\frac{C}{A} \times 100$) (%)**
I. Revenue from operation		**40,00,000**	**52,00,000**	**12,00,000**	**30**
II. Expense					
Employee Benefit expense		8,00,000	12,00,000	4,00,000	50
Other expense		20,00,000	24,00,000	4,00,000	20
Total		**28,00,000**	**36,00,000**	**8,00,000**	**28.57**

III. Profit before tax		12,00,000	16,00,000	4,00,000	33.33
Less:- Tax (50%)		6,00,000	8,00,000	2,00,000	33.33
IV. Profit after tax		**6,00,000**	**8,00,000**	**2,00,000**	**33.33**

OR

Common Size Statement of Profit and Loss of Neurosci Ltd. for the years ended 31st March 2022 & 31st March 2023

Particulars	**Note No.**	**Absolute amounts (₹)**		**% of Revenue from Operations**	
		2021-22	**2022-23**	**2021-22**	**2022-23**
I. Revenue from Operations		20,00,000	40,00,000	100	100
II. Expenses:					
Purchase of stock in trade		2,00,000	4,00,000	10	10
Other expenses		20,000	40,000	1	1
III. Profit before tax (I - II)		17,80,000	35,60,000	89	89
IV. Less: Tax @ 50%		8,90,000	17,80,000	44.5	44.5
V. Profit after tax (III - IV)		8,90,000	17,80,000	44.5	44.5

34. **Vijaya Ltd.**
Cash Flow Statement
(for the year ended 31st March,2010)

Particulars		**Amt (Rs)**
I.Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items [W.N.(ii)]		25,000
Adjustments for Non Cash And Non Operating Items		
(+)Depreciation on Fixed Assets	14,700	14,700
Operating Profit before Working Capital Changes		39,700
(+)Decrease in Current Assets and Increase in Current Liabilities		
Creditors	2,300	
(-)Increase in Current Assets and Decrease in Current Liabilities		
Debtors	(1,500)	
Stock	(2,000)	(1,200)
Net Cash Flow from Operating Activities		38,500
II.Cash Flow from Investing Activities		
Purchase of Fixed Assets [W.N. (i)]	(51,000)	
Net Cash Used in Investing Activities		(51,000)
III.Cash Flow from Financing Activities		
Proceeds from Issue of Shares	20,000	
Payment of Interim Dividend	(7,000)	
Net Cash Flow from Financing Activities		13,000
Net Increase in Cash and Cash Equivalents [I+II+III]		500
(+)Cash and Cash Equivalents at the Beginning of Period		2,000
Cash and Cash Equivalents at the End of Period		2,500

Working Notes

Dr	Fixed Assets Account		Cr
Particulars	**Amt (Rs)**	**Particulars**	**Amt (Rs)**
To Balance b/d	46,700	By Depreciation A/c	14,700
To Bank A/c (Balancing figure) (Purchase)	51,000	By Balance c/d	83,000
	97,700		97,700

2.Calculation of Net Profit before Tax and Extraordinary Items	
Net profit for the year (15,000-10,000)	5,000
(+)Transfer to General Reserve	13,000
(+)interim dividend	7,000
Net Profit before tax and extra ordinary items	Rs.25,000

Notes :

- Above cash flow statement is prepared as per Accounting Standard -3 (Revised).
- Interim Dividend : Interim Dividend is a dividend that is declared by the Board of Directors and also paid within the same financial year. It does not require approval of the share holders. It is an item of Financing Activity.