Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - **6**

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. The partnership deed should be prepared as per the provisions of which of the following Acts? **[1]**

a) The Cooperative Societies Act b) The Indian Stamp Act

c) The Companies Act, 2013 d) The Indian Partnership Act, 1932

OR

P, Q and R are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. For the year ended 31st March, 2022, interest on capital was credited to them @ 10% p.a. instead of 5% p.a. Their fixed capitals were ₹ 2,00,000; ₹ 1,00,000; ₹ 50,000 respectively. The necessary adjustment entry to rectify the error will be:

a)

	Particulars		**Debit Amt. (₹)**	**Credit Amt. (₹)**
(C)	P's Current A/c	Dr.	2,000	
	To Q's Current A/c			1,000
	To R's Current A/c			1,000

b)

	Particulars		Debit Amt. (₹)	Credit Amt. (₹)
(B)	P's Current A/c	Dr.	3,000	
	To Q's Current A/c			2,000
	To R's Current A/c			1,000

c)

	Particulars		Debit Amt. (₹)	Credit Amt. (₹)
(A)	P's Current A/c	Dr.	2,000	
	To Q's Current A/c			1,000
	To R's Current A/c			1,000

d)

	Particulars		Debit Amt. (₹)	Credit Amt. (₹)
(D)	P's Current A/c	Dr.	3,000	
	To Q's Current A/c			2,000
	To R's Current A/c			1,000

2. **Assertion (A):** Rohit, a partner in the firm gave loan of ₹ 5,00,000 to the firm without an agreement as to rate of interest. At the year end, the remaining partners agreed to allow Interest on Loan by Rohit @ 8% p.a. **[1]**

Reason (R): In the absence of Partnership Deed, provisions of the Partnership Act, 1932 apply. Thus, Interest on Loan to Partner should be charged @ 6% p.a. and not @ 8% p.a.

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

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

c) A is true but R is false.

d) A is false but R is true.

3. If a share of ₹ 100 on which ₹ 70 has been paid is forfeited, then at which minimum price can it be re-issued? **[1]**

a) ₹ 30

b) ₹ 100

c) ₹ 70

d) ₹ 130

OR

Reserve capital is also known by:

a) None of these
b) Called-up Capital
c) Subscribed Capital
d) Capital Reserve

4. Nominal/Authorised share capital is: **[1]**

a) that part of the share capital which is issued by the company.
b) the maximum amount of share capital which a company is authorised to issue.
c) the amount actually paid by the shareholders.
d) the amount of share capital which is actually applied for by the prospective shareholders.

OR

Maharaja Ltd. took over assets of ₹ 15,00,000 and liabilities of ₹ 2,00,000 of Dolphin Ltd. for an agreed purchase consideration of ₹ 12,60,000. It was agreed that the purchase consideration will be paid by issuing 11% Debentures of ₹ 100 each at 10% discount. The number of debentures issued will be:

a) 14,000
b) 10,000
c) 12,600
d) 13,000

5. Rakesh and Somesh were partners in a firm sharing profits and losses in the ratio of $2:3$. Moksh was admitted as a new partner for $\frac{3}{5}$ th share in the profits of the firm. Moksh brought ₹ $3,00,000$ as his share of capital and ₹ $6,00,000$ as his share of goodwill premium. The value of the firm's goodwill was: **[1]**

a) ₹ $20,00,000$
b) ₹ $10,00,000$
c) ₹ $30,00,000$
d) ₹ $15,00,000$

6. An asset that is not fictitious but intangible in nature, having realizable value is: **[1]**

a) Furniture
b) Goodwill
c) Machinery
d) Building

7. Radha and Rohit were partners in a firm. Radha withdrew a fixed amount at the beginning of every quarter for the year ended 31st March, 2024. Interest on drawings is charged at 12% p.a. Interest on Radha's drawings was charged for _____ months. **[1]**

a) 6
b) 4.5
c) 7.5
d) 3

8. K, L and M were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 3. On 31.03.2022, M retired. On M's retirement the Balance Sheet of the firm showed a balance of ₹ 45,000 in Workmen's Compensation Fund. Till that date no claim for workmen compensation was received. **[1]**

The necessary journal entry for the treatment of Workmen's Compensation Fund on M's retirement will be:

a)

Particulars		Debit Amount (₹)	Credit Amount (₹)
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			7,500
To L's Capital A/c			15,000
To M's Capital A/c			22,500

b)

Particulars		Debit Amount (₹)	Credit Amount (₹)
K's Capital A/c	Dr.	7,500	
L's Capital A/c	Dr.	15,000	
M's Capital A/c	Dr.	22,500	
To Workmen's Compensation Fund A/c			45,000

c)

Particulars		Debit Amount (₹)	Credit Amount (₹)
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			15,000
To L's Capital A/c			15,000
To M's Capital A/c			15,000

d)

Particulars		Debit Amount (₹)	Credit Amount (₹)
K's Capital A/c	Dr.	15,000	
L's Capital A/c	Dr.	15,000	
M's Capital A/c	Dr.	15,000	
To Workmen's Compensation Fund A/c			45,000

OR

On the death of a partner, the amount due to him will be credited to:

a) All partner's Capital Accounts
b) Governments' Revenue Account
c) Remaining partner's Capital Accounts
d) His Executor's Account

9. At the time of dissolution of a firm, assets taken over by a partner should be **[1]**

a) Realisation A/c should neither be debited not credited

b) Credited to Realisation A/c

c) Debited to Realisation A/c

d) Debited to Revaluation A/c

10. X, Y and Z who are sharing profits and losses in the ratio of 5 : 3 : 2, decide to share future profits and losses in the ratio of 2 : 3 : 5 w.e.f. 1st April, 2023, after admission of A. An extract of the Balance Sheet as at 31st March, 2023 is as follows: **[1]**

Liabilities	**₹**	**Assets**		**₹**
Creditors	2,00,000	Plant and Machinery	2,00,000	
		Less: Provision for Depreciation	10,000	1,90,000

If creditors of ₹ 10,000 were not recorded and are now to be recorded, the Journal entry will be:

a)

Creditors A/c	Dr.	₹ 2,10,000	
To Revaluation A/c			₹ 2,10,000

b)

Creditors A/c	Dr.	₹ 10,000	
To Revaluation A/c			₹ 10,000

c)

Revaluation A/c	Dr.	₹ 2,10,000	
To Creditors A/c			₹ 2,10,000

d)

Revaluation A/c	Dr.	₹ 10,000	
To Creditors			₹ 10,000

OR

Goodwill existing in the books is written-off at the time of admission of a partner, it is transferred to partners' capital accounts in their:

a) New profit sharing ratio

b) Gaining ratio

c) Old profit sharing ratio

d) Sacrificing ratio

11. Which of the following is/are required at the time of change in profit sharing ratio among partners? **[1]**

a) Revaluation of assets and reassessment of liabilities

b) Accounting treatment of goodwill

c) All of these

d) Accounting treatment of Accumulated Profit

12. A Co.Ltd. issued ₹ 40,000; 12% Debentures at a discount of 10% redeemable at par. Pass Journal Entries **[1]**

a) 12% Debenture Application A/c Dr. 36,000
Discount on Issue of Debentures A/c Dr. 4,000

To 12% Debentures A/c 40,000

b) Bank A/c Dr. 36,000
Discount on Issue of Debentures A/c Dr. 4,000
To 12% Debentures A/c 40,000

c) Bank A/c Dr. 40,000
To 12% Debentures A/c 36,000
To Discount on Issue of Debentures A/c 4,000

d) Bank A/c Dr. 36,000
To 12% Debenture Application A/c 36,000

13. Arnav Ltd. purchased assets worth ₹ 24,00,000. It issued 9% debentures of ₹ 100 each at a discount of 4% for payment of the purchase consideration. The number of debentures issued to vendor were: **[1]**

a) 30,000 b) 25,000

c) 24,000 d) 28,000

14. Shyamla Ltd. purchased machinery of ₹ $9,50,000$ from Rohini Ltd. The payment was made by issue of 9% debentures of ₹ 100 each at a discount of 5% redeemable at a premium of 10% after four years. The number of debentures issued in favour of Rohini Ltd. will be: **[1]**

a) 9,500 b) 9,050

c) 10,000 d) 8,636

15. On dissolution, if a partner pays firm's liability which of the following account is debited? **[1]**

a) Partner's Capital Account b) Cash Account

c) Realisation Account d) Profit and Loss Account

16. X, Y and Z are partners sharing profits in the ratio of 4:3:2. The partners have decided to share future profits in the ratio of 3:1:1. Find out the gainer partner. **[1]**

a) Z is gainer b) Y is gainer

c) Y and Z are gainer d) X is gainer

17. Give two characteristics of Goodwill. **[3]**

OR

What is hidden goodwill? How is it adjusted on the admission of a partner?

18. What accounting record is made on dissolution of partnership firm? **[3]**

19. Grapple Ltd. took over assets of ₹ 25,00,000 and liabilities of ₹ 5,00,000 from Allore Ltd. for an agreed purchase consideration of ₹ 18,00,000. Grapple Ltd. issued 11% Debentures of ₹ 100 each at 20% premium in satisfaction of the purchase consideration. **[3]**

Pass necessary journal entries in the books of Grapple Ltd. Show your workings clearly.

20. Mahesh, Ramesh and Naresh were partners in a firm sharing profits in the ratio of **[3]**

5 : 3 : 2. From 1st April, 2023, they decided to share profits equally. On that date, there was a balance of ₹ 3,60,000 in General Reserve and a debit balance of ₹ 1,80,000 in the Profit and Loss Account. Pass single adjustment Journal entry for the above on account of change in the profit sharing ratio.

21. Narmada Ltd. has an authorized capital of ₹ 10,00,000 divided into equity shares of ₹ 10 each. The company issued a prospectus inviting applications for issuing 80,000 equity shares. The company received applications for 75,000 equity shares. All calls were made and were duly received except the first and final call of ₹ 2 per share on 5,000 shares held by Arti. These shares were forfeited. **[4]**

a. Present the share capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.

b. Also prepare 'Notes to Accounts' for the same.

22. Singh and Gupta decided to start a partnership firm to manufacture low cost jute bags as plastic bags were creating many environmental problems. They contributed capitals of Rs 1,00,000 and Rs 50,000 on 1st April, 2012 for this. Singh expressed his willingness to admit Shakti as a partner without capital, who is specially abled but a very creative and intelligent friend of his. Gupta agreed to this. The terms of partnership were as follows **[4]**

a. Singh, Gupta and Shakti will share profits in the ratio of 2: 2: 1.

b. Interest on capital will be provided @ 6% per annum.

Due to shortage of capital, Singh contributed Rs 25,000 on 30th September, 2012 and Gupta contributed Rs 10,000 on 1st January, 2013 as additional capital. The profit of the firm for the year ended 31st March, 2013 was Rs 1,68,900.

i. Prepare profit and loss appropriation account for the year ending 31st March, 2013.

ii. Identify any two values which the firm wants to communicate to society.

23. X Ltd. invited applications for 4,00,000 shares of ₹ 10 each. The shares were issued at a premium of ₹ 7 per share. The amount was payable as follows: **[6]**

On Application & Allotment: ₹ 9 per share (including premium ₹ 4)

On First & Final Call: The balance amount (including premium)

Applications were received for 5,70,000 shares and the allotment was made as under:

i. To applicants for 3,50,000 shares: 2,50,000 shares on pro-rata basis

ii. To applicants for 2,00,000 shares: 1,50,000 shares on pro-rata basis

iii. To applicants for 20,000 shares: NIL

Excess application and allotment money could be utilized for calls.

A, who belonged to the first category and was allotted 500 shares, failed to pay the first call money. B, who belonged to the second category and was allotted 300 shares also failed to pay the first call money. Their shares were forfeited and were re-issued @ ₹ 15 per share fully paid-up.

Pass necessary Cash-Book and Journal entries.

24. (Preparation of balance sheet of the reconstituted firm) Vijay, Vivek and Vinay are **[6]**

partners in a firm sharing profits in 2 : 2 : 1 ratio, On 31.3.2015 Vivek retires from the firm. On the date of Vivek's retirement the balance sheet the firm was as follows:

Balance Sheet of Vijay, Vivek and Vinay

Particulars	**(Rs.)**	**Assets**	**(Rs.)**
Creditors	54,000	Bank	55,000
Bill Payable	24,000	Debtor 12,000	...
Outstanding Rent	4,400	Less: Provision for	...
Provision for Legal	12,000	Doubtful 800	11,200
Cluim	...	Stock	18,000
Capital :	...	Furniture	8,200
Vijay 92,000	...	Premises	1,94,000
Vivek 60,000	...		...
Vinay 40,000	1,92,000		...
	2,86,400		2,86,400

On Vivek's retirement it was agreed that :

i. Premises will be appreciated by 5% and furniture will be appreciated by Rs. 2,000 Stock will be depreciated by 10%

ii. Provision for bad debts was to be made at 5% on debtors and provision legal damages to be made for Rs. 14,400.

iii. Goodwill of the firm is valued at Rs. 48,000.

iv. Rs. 50,000 from Vivek's Capital A/c will be transferred to his Loan A/c and balance will be paid by cheque.

Prepare revaluation a/c, partners Capital A/cs and Balance Sheet of Vijay Vinay after Vivek's retirement.

25. Ashish and Vishesh were partners sharing profits and losses in the ratio of 3 : 2. **[6]**

Their Balance Sheet as at 31st March, 2022 was as under:

Balance Sheet of Ashish and Vishesh as at 31st March, 2022

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Creditors		30,000	Cash at Bank		50,000
Outstanding electricity bill		20,000	Debtors	80,000	
Capitals:			Less: provision for bad debts	2,000	78,000
Ashish	3,00,000		Stock		1,12,000
Vishesh	2,00,000	5,00,000	Machinery		3,00,000

			Profit and Loss A/c		10,000
		5,50,000			**5,50,000**

On 1st April, 2022, Manya was admitted into the firm with $\frac{1}{4}^{th}$ share in the profits on the following terms:

i. Manya will bring ₹ 1,00,000 as her capital and ₹ 50,000 as her share of goodwill premium in cash.
ii. Outstanding electricity bill will be paid off.
iii. Stock was found over valued by ₹ 12,000.

Pass the necessary journal entries in the books of the firm on Manya's admission.

OR

Khanna, Seth and Mehta were partners in a firm sharing profits in the ratio of 3 : 2 : 5. On 31st December, 2010 the balance sheet of Khanna, Seth and Mehta was as follows:

Balance Sheet

as at 31st December, 2010

Liabilities	**Amount (Rs)**	**Assets**	**Amount (Rs)**
General Reserve	1,00,000	Goodwill	3,00,000
Loan from Seth	50,000	Land and Building	5,00,000
Creditors	75,000	Machinery	1,70,000
Capital A/cs		Stock	30,000
Khanna 3,00,000		Debtors	1,20,000
Seth 2,00,000		Cash	45,000
Mehta 5,00,000	10,00,000	Profit and Loss A/c	60,000
	12,25,000 ========		12,25,000 =======

On 14th March, 2011 Seth died. The partnership deed provided that on the death of a partner the executor of the deceased partner is entitled to:

i. Balance in capital account.
ii. Share in profits upto the date of death on the basis of last year's profit.
iii. His share in profit/loss on revaluation of assets and re-assessment of liabilities which were as follows
   a. Land and building was to be appreciated by Rs 1,20,000.
   b. Machinery was to be depreciated to Rs 1,35,000 and stock to Rs 25,000.
   c. A provision of 2.5% for bad and doubtful debts was to be created on debtors.
iv. The net amount payable to Seth's executors was transferred to his loan account which was to be paid later.

Prepare revaluation account, partners' capital account, Seth's executor's account and balance sheet of Khanna and Mehta who decided to continue the business keeping their capital balances in their new profit sharing ratio. Any surplus or deficit to be transferred to current accounts of the partners.

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

Pawan limited was incorporated on 1st April, 2017 with registered office in Delhi. The capital clause of Memorandum of Association reflected a registered capital of 4,00,000 Equity Shares of ₹ 10 each and 50,000 Preference Shares of ₹ 50 each. Since some large investments were required for building and machinery the company in consultation with vendors, M/s QR Ltd., issued 50,000 Equity Shares and 10,000 Preference Shares at par to them in full consideration of assets acquired. Besides this, the company issued 1,00,000 Equity Shares for cash at par payable as ₹ 3 on application, ₹ 2 on allotment, ₹ 3 on first call and ₹ 2 on second call. Till date second call has not yet been made and all the shareholders have paid except Kunal who did not pay allotment and calls on his 150 shares and Kamal who did not pay first call on his 100 shares. Shares of Kunal were then forfeited and out of them 50 shares were reissued at ₹ 12 per share.

i. Shares issue to vendors of building and machinery, would be classified as:

a) Right Issue of Shares
b) Issue for Consideration other than Cash
c) Employee Stock Option Plan
d) Preferential Allotment

ii. How many equity shares of the company have been subscribed?

i. ₹ 1,50,000
ii. ₹ 1,43,750
iii. ₹ 1,49,900
iv. None of these

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

iii. What is the amount of security premium reflected in the balance sheet at the end of the year?

i. ₹ 100
ii. ₹ 300
iii. ₹ 200
iv. ₹ 500

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

iv. What amount of share forfeiture would be reflected in the balance sheet?

i. ₹ 300
ii. ₹ 450
iii. ₹ 100

iv. ₹ 150

a) Option (iv) b) Option (iii)

c) Option (i) d) Option (ii)

v. Share capital debited at the time of forfeiture by-

a) Rs.3,500 b) Rs.2,450

c) Rs.1,200 d) Rs.1,500

OR

Read the text carefully and answer the questions:

Vinay, Tripti and Hemant were partners in a partnership firm sharing profits and losses in their capital ratio, i.e., 1 : 2 : 3. On 31st March 2020, they decided to dissolve the partnership firm. The following information is given to you on the dissolution of the firm:

The firm had total assets of ₹ 12,00,000 that realized ₹ 10,80,000. The creditors were settled at 90% by paying them ₹ 54,000. There was an unrecorded asset in the books of the firm which was taken by Vibhuti for ₹ 12,000. Realisation expenses amounted to ₹ 2,000 and were paid by Tiwari on behalf of the firm. There was general reserve in the books of the company of ₹ 21,000. The capitals of the partners were in the proportion of their profit sharing ratio. Their balance sheet also showed a cash balance of ₹ 81,000.

i. What was the capital of Tripti before the dissolution of the firm?

a) ₹ 2,00,000 b) ₹ 8,00,000

c) ₹ 6,00,000 d) ₹ 4,00,000

ii. What was the loss on realization?

a) ₹ 2,00,000 b) ₹ 1,47,000

c) ₹ 1,16,000 d) ₹ 1,37,000

iii. _____ account will be debited for the treatment of unrecorded asset given in case study.

a) Hemant's Capital b) Vinay's Captial

c) Tripti's Capital d) Tripti's Capital and Hemant's Capital

iv. What will be the final amount to be paid to Hemant?

a) ₹ 6,08,500 b) ₹ 6,05,000

c) ₹ 5,52,500 d) ₹ 52,000

v. Which account is credited while recording entry for realisation expenses.

a) cash b) realisation account

c) no entry d) partner's capital account

Part B :- Analysis of Financial Statements

27. Statement of Profit and Loss is important as **[1]**

a) Reflects the true position of the assets and liabilities

b) Assess long term liabilities

c) It ascertain the net profit and net loss

d) Prepared by the Auditors

28. Long term Borrowings 1,20,000; Long term Provisions 80,000; Short term provision 50,000. Long Term Debt will be: **[1]**

a) 2,50,000

b) 2,00,000

c) 1,30,000

d) 1,20,000

OR

Low 'Working Capital Turnover Ratio' indicates:

a) No use of working capital

b) Over-utilization of working capital

c) There is no working capital

d) Under-utilization of working capital

29. Which of the following items will be added in operating activities? **[1]**

A. Decrease in stock

B. Increase in creditors

C. Increase in debtors

D. Increase in outstanding expenses

a) A, B, C

b) B, C, D

c) A, B, D

d) A, B, C, D

OR

A Ltd engaged in the business retailing of Air-Conditioners, invested Rs. 25, 00,000 in the shares of a manufacturing company. Dividend received on this investment will be:

a) Cash flow from Financing activities

b) Cash flow from Investing activities

c) Cash Equivalent

d) Cash flow from operating activities

30. UAE Ltd. has balance in Provision for Tax Account of ₹ 50,000 and ₹ 75,000 as on 31st March, 2022 and 2023 respectively. It made a provision for tax during the year of ₹ 65,000. The amount of tax paid during the year was: **[1]**

a) ₹ 75,000

b) ₹ 40,000

c) ₹ 50,000

d) ₹ 60,000

31. Profit & Loss Statements for the years ended 31st March 2023 and 2022: **[3]**

Particulars	**Note No.**	**31st March 2023**	**31st March 2022**
		₹	**₹**
Revenue from Operations		48,00,000	50,00,00
Finance Costs		27,50,000	30,00,000
Employee benefit Expenses		5,00,000	4,00,000

Other Expenses		80,000	1,00,000
Income Tax		40%	35%

Calculate percentage changes from 2022 to 2023.

OR

Prepare a Common Size Statement of Profit & Loss of X Ltd. from the following information:

	Note No.	**31.3.2023** ₹	**31.3.2022** ₹
Revenue from Operations		18,00,000	15,00,000
Cost of Materials Consumed		10,86,300	9,24,000
Employee Benefit Expenses		2,75,760	2,50,650
Other Expenses		45,000	30,000

32. State under which major headings the following items will be presented in the balance sheet of a company as per Schedule III Part I of the Companies Act, 2013. **[3]**

i. Long-term borrowings
ii. Trade payables
iii. Provision for tax
iv. Securities premium reserve
v. Patents
vi. Accrued incomes
vii. Current investment

33. Quick ratio of a company is 1 : 1. State, with reason, whether the following transactions will increase, decrease or not change the ratio: **[4]**

i. Paid insurance premium in advance ₹ 10,000.
ii. Purchased goods on credit ₹ 8,000.
iii. Issued fully paid equity shares of ₹ 1,00,000.
iv. Issued 9% debentures of ₹ 5,00,000 to the vendor for machinery purchased.

OR

Calculate the amount of Opening Trade Receivables and Closing Trade Receivables from the following figures:
Trade Receivable Turnover ratio - 5 Times
Cost of Revenue from Operations - ₹ 8,00,000
Gross Profit Ratio - 20%
Closing Trade Receivables were ₹ 40,000 more than in the beginning.
Cash sales being 1/4 times of Credit Sales.

34. following is the Balance Sheet of Fine products Ltd. as at 31st March, 2023: **[6]**

Particulars		**Note No.**	**31.3.2023**	**31.3.2022**
			₹	₹

I.	**Equity and Liabilities:**			
1.	**Shareholders Funds:**			
	(a) *Share Capital:* Equity Share Captial		3,50,000	3,00,000
	(b) Reserve and Surplus	1	57,000	38,000
2.	**Current Liabilities:**			
	(a) Trade Payables		53,000	35,000
	(b) Other Current Liabilities		6,000	8,000
	(c) Short-term Provisions	2	32,000	28,000
	Total		**4,98,000**	**4,09,000**
II.	**Assets:**			
1.	**Non-Current Assets:**			
	(a) Property, Plant and Equipment and Intangible Assets:			
	(i) Property, Plant and Equipment	3	2,48,000	2,00,000
	(ii) Intangible Assets (Goodwill)		40,000	50,000
	(b) Non-Current Investments		35,000	10,000
2.	**Current Assets:**			
	(a) Inventories		39,000	57,000
	(b) Trade Receivables		1,08,000	75,000
	(c) Cash and Cash Equivalents		28,000	17,000
	Total		**4,98,000**	**4,09,000**

Notes to Accounts

	Particulars	**Note No.**	**31.3.2023**	**31.3.2022**
			₹	₹
1.	**Reserves and Surplus**			
	General Reserve		30,000	20,000
	Surplus, i.e., Balance in Statement of Profit and Loss		27,000	18,000
			57,000	**38,000**
2.	**Short-term Provisions**			
	Provision for Tax		32,000	28,000
3.	**Property, Plant and Equipment**			

	Land and Building		57,000	1,10,000
	Plant and Machinery		1,91,000	90,00
			2,48,000	**2,00,000**

Note: Proposed dividend on equity for the years ended 31st March, 2022 and 2023 are ₹ 39,000 and ₹ 45,000 respectively.

You are required to prepare Cash Flow Statement for the year ended 31st March, 2023.

Solution

Part A:- Accounting for Partnership Firms and Companies

1.

(d) The Indian Partnership Act, 1932

Explanation:

The **Indian Partnership Act, 1932** provides the foundational legal framework for the formation, operation, and dissolution of partnership firms in India. While a written partnership deed is not mandatory, if partners choose to have one, it must align with the definitions and legal principles established by this Act. Specifically, the Act defines the rights, duties, and liabilities of partners and serves as the default set of rules (governing matters like profit sharing and interest on capital) if the deed is silent on certain terms.

OR

(b)

	Particulars		**Debit Amt. (₹)**	**Credit Amt. (₹)**
(B)	P's Current A/c	Dr.	3,000	
	To Q's Current A/c			2,000
	To R's Current A/c			1,000

Explanation:

	Particulars		**Debit Amt. (₹)**	**Credit Amt. (₹)**
(B)	P's Current A/c	Dr.	3,000	
	To Q's Current A/c			2,000
	To R's Current A/c			1,000

Table showing Adjustment

Particulars	**P**		**Q**		**R**		**firm**	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Wrong interest on capital @5% (10% - 5%)	10,000		5,000		2,500			17,500
Rectify Profit		7,000		7,000		3,500	17,500	
	10,000	**7,000**	**5,000**	**7,000**	**2,500**	**3,500**	**17,500**	**17,500**
	3,000 Dr.			2,000 Cr.		1,000 Cr.		

2.

(c) A is true but R is false.

Explanation:
A is true but R is false.
reason is false because interest on Loan to Partner should not be given at the time of absence of partnership deed.

3. **(a)** ₹ 30
Explanation:
₹ 30

OR

(a) None of these
Explanation:
None of these

4. **(b)** the maximum amount of share capital which a company is authorised to issue.
Explanation:
the maximum amount of share capital which a company is authorised to issue.

OR

(a) 14,000
Explanation:
14,000

5. **(b)** ₹ $10,00,000$
Explanation:
₹ 10,00,000

6. **(b)** Goodwill
Explanation:
Goodwill is not fictitious but intangible in nature and having realizable value.

7. **(c)** 7.5
Explanation:
7.5

8. **(a)**

Particulars		**Debit Amount (₹)**	**Credit Amount (₹)**
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			7,500
To L's Capital A/c			15,000
To M's Capital A/c			22,500

Explanation:

Particulars		**Debit Amount (₹)**	**Credit Amount (₹)**
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			7,500

To L's Capital A/c			15,000
To M's Capital A/c			22,500

OR

(d) His Executor's Account
Explanation:
His Executor's Account

9.

(b) Credited to Realisation A/c
Explanation:
Credited to Realisation A/c

10.

(d)

Revaluation A/c	Dr.	₹ 10,000	
To Creditors			₹ 10,000

Explanation:

Revaluation A/c	Dr.	₹ 10,000	
To Creditors			₹ 10,000

OR

(c) Old profit sharing ratio
Explanation:
Old profit sharing ratio

11.

(c) All of these
Explanation:
all are required for not to put advantage to gaining partner

12. **(a)** 12% Debenture Application A/c Dr. 36,000
Discount on Issue of Debentures A/c Dr. 4,000
To 12% Debentures A/c 40,000
Explanation:
12% Debenture Application A/c Dr. 36,000
Discount on Issue of Debentures A/c Dr. 4,000
To 12% Debentures A/c 40,000
Bank A/c Dr. 36,000
To 12% Debenture Application A/c 36,000

13.

(b) 25,000
Explanation:

$$\text{Number of debentures} = \frac{\text{Total Purchase Consideration}}{\text{Issue Price per Debenture}} = \frac{24,00,000}{96} = 25,000$$

14.

(c) 10,000

Explanation:

10,000

15.

(c) Realisation Account

Explanation:

Realisation A/c. Dr.

To Partner capital A/c

16.

(d) X is gainer

Explanation:

Calculation of gaining or sacrificing partners:

Formula: Old Share - New Share

X = $\frac{4}{9}$ - $\frac{3}{5}$ = $\frac{7}{45}$ Gain

Y = $\frac{3}{9}$ - $\frac{1}{5}$ = $\frac{6}{45}$ Sacrifice

Z = $\frac{2}{9}$ - $\frac{1}{5}$ = $\frac{1}{45}$ Sacrifice

X is Gainer only.

17. Features of goodwill:

i. Goodwill is an intangible asset, which means that it cannot be seen or felt.

ii. Goodwill cannot be separated from the business and therefore cannot be realised separately without disposing of the business as a whole.

OR

The value of goodwill is hidden in the question. In such cases, The amount of goodwill is calculated on the basis of the total capital of the firm and the profit sharing ratio of the partners. For example: X and Y are partners with capitals of ₹ 30,000 and ₹ 20,000 respectively. They admit Z as a partner with $\frac{1}{4}^{th}$ share. Z is to contribute ₹24,000 as his capital. In such a case, the total capital of the firm, based on Z's share ought to be ₹ 24,000 $\times$ $\frac{4}{1}$ = ₹ 96,000. But the combined capital of X, Y and Z becomes only ₹ 74,000 (₹30,000 + ₹ 20,000 + ₹ 24,000). As such the value of total goodwill of the firm should be taken as ₹ 96,000 - ₹ 74,000 = ₹ 22,000.

18. i. Realisation Account

ii. Partner's Loan Account

iii. Partner's Capital Account

iv. Cash or Bank Account

19. In the books of Grapple Ltd.

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Sundry Assets A/c	Dr.		25,00,000	
	To Liabilities A/c				5,00,000
	To Allore Ltd.				18,00,000
	To Capital Reserve A/c				2,00,000
	(Assets acquired and liabilities taken over from Allore Ltd.)				
	Allore Ltd.	Dr.		18,00,000	

	To 11% Debentures A/c			15,00,000
	To Securities Premium A/c			3,00,000
	(Purchase consideration settled by issuing 15,000 11% debentures at 20% premium)			

Working Note:

No. of debentures = $\frac{(Purchase\ Consideration)}{Issue\ Price} = \frac{18,00,000}{120} = 15,000$

20. **Books of Mahesh, Ramesh and Naresh**

Journal

Date	Particulars		LF	Dr. Amount (₹)	Cr . Amount (₹)
2023 Apr.1	Ramesh's Capital A/c	Dr.		6,000	
	Naresh's Capital A/c	Dr.		24,000	
	To Mahesh's Capital A/c				30,000
	(Adjustment made for General Reserve and debit balance of Profit and loss Account on account of change in profit sharing ratio among partners)				

Working Notes:

i. Items to be adjusted:

	₹
General reserve	3,60,000
Profit and Loss Account (Dr.)	(1,80,000)
	(1,80,000)

ii. **Calculation of sacrifice/ gain:**

Sacrificing share = Old share - new share

Mahesh: $5/10 - 1/3 = 5/30$ (sacrifice)

Ramesh: $3/10 - 1/3 = -1/30$ (gain)

Naresh: 2/10- 1/3 = -4/30 (gain)

21. **Books of Narmada Ltd.**

BALANCE SHEET as at …….. (Extract)

Particulars	Note No.	Amount (₹)
I EQUITY AND LIABILITIES		
1. Shareholders' Funds		
a. Share Capital	1	7,40,000

Notes to Accounts:

Particulars	Amount (₹)
1. Share Capital	
Authorized Capital	
1,00,000 Equity Shares of ₹ 10 each	10,00,000
Issued Capital	

80,000 Equity Shares of ₹ 10 each	8,00,000
Subscribed Capital	
Subscribed and Fully Paid Up	
70,000 Equity Shares of ₹ 10 each	7,00,000
Add: Share Forfeiture A/c (5,000 × ₹ 8)	40,000
	7,40,000

22. **Profit and Loss Appropriation Account**

for the year ended 31st March, 2013

Dr.

Particulars		**Amount (Rs)**	**Particulars**	**Amount (Rs)**
To Interest on Capital A/c's:			By Net Profit as per Profit and Loss A/c	1,68,900
Singh	6,750			
Gupta	3,150	9,900		
To Profit Transferred to Capital A/cs:				
Singh	63,600			
Gupta	63,600			
Shakti	31,800	1,59,000		
		1,68,900 =======		1,68,900 ====

Working Note

Interest on Capital

Singh On 1,00,000 = $1,00,000 \times \frac{6}{100}$ = Rs 6,000 ; On 25,000 = $25,000 \times \frac{6}{100} \times \frac{6}{12}$ = Rs 750

Total interest on Singh's capital = 6,000 + 750 = Rs 6,750; Gupta On 50,000 = $50,000 \times \frac{6}{100}$ = Rs 3,000 ; On 10,000 = $10,000 \times \frac{6}{100} \times \frac{3}{12}$ = Rs 150

Total interest on Gupta's capital = 3,000 + 150 = Rs 3,150

Interest on capital is allowable only if there is enough profits to cover it up otherwise not as well as it should be cleared to all that partners shall not be entitled any interest on capital, unless specifically given or written in the partnership agreement. Interest on capital introduced by the partners is calculated on the basis of time of contribution and it should also be considered the introduction of fresh capital by any partner as well as drawings made by the partners. It is important to note here that, the interest on capital provided to a partner is a compensation given to him for his/her investment in the firm foregoing the alternative risk free/risky investment available with even higher return. Interest on capital is necessary to partners because they always not share the profit on the basis of capital contribution ratio rather sometime equally even through the capital contribution is unequal. So, it equalizes the weight to maintain a parity the interest on capital plays a vital role among partners.The values which the firm wants to communicate to the society are:Environment Protection By manufacturing low cost jute bags instead of plastic bags they are protecting the environment from getting polluted.Empathy By admitting Shakti as a partner, who is specially abled, firm has shown empathy and concern towards specially abled people.

23. **CASH BOOK**

Dr.					**Cr.**
Particulars	**L.F.**	**₹**	**Particulars**	**L.F.**	**₹**

To Share Application and Allotment A/c (5,70,000 × ₹ 9)		51,30,000	By Share Application and Allotment A/c (20,000 × ₹ 9)		1,80,000
To Share First and Final Call A/c		18,46,300[1]	By Balance c/d		68,08,300
To Share Capital A/c		8,000			
To Securities Premium Reserve A/c		4,000			
		69,88,300			**69,88,300**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Application and Allotment A/c (5,50,000 × ₹ 9)	Dr.		49,50,000	
	To Share Capital A/c (4,00,000 × ₹ 5)				20,00,000
	To Securities Premium Reserve A/c (4,00,000 × ₹ 4)				16,00,000
	To Calls in Advance A/c (1,50,000 × ₹ 9) (Amount received on application and allotment transferred to Share Capital A/c @ ₹ 5 per share, to Securities Premium A/c @ ₹ 4 per share and amount on 1,50,000 shares @ ₹ 9 per share transferred to Calls in Advance A/c)				13,50,000
	Share First & Final Call A/c	Dr.		32,00,000	
	To Share Capital A/c				20,00,000
	To Securities Premium Reserve A/c (Amount due on 4,00,000 Shares @ ₹ 8 including ₹ 3 Premium)				12,00,000
	Calls in Advance A/c	Dr.		13,50,000	
	To Share First & Final Call A/c (Calls in Advance adjusted on First & Final Call)				13,50,000
	Share Capital A/c	Dr.		8,000	
	Securities Premium Reserve A/c (800 Shares × ₹ 3)	Dr.		2,400	
	To Share First & Final Call A/c				3,700
	To Share Forfeiture A/c (500 Shares of A and 300 Shares of B forfeited for non-payment of First and Final Call)				6,700
	Share Forfeiture A/c	Dr.		6,700	
	To Capital Reserve A/c (Profit on reissue transferred to Capital Reserve A/c)				6,700

Working Notes:

A. No. of shares applied by A = $\frac{3,50,000}{2,50,000} \times 500 = 700$

No. of shares applied by B = $\frac{2,00,000}{1,50,000} \times 300 = 400$

Excess amount received from A = 700 Shares - 500 Shares

= 200 Shares × ₹ 9 = ₹ 1800
Excess amount received from B = 400 Shares - 300 Shares
= 100 Share × ₹ 9 = ₹ 900

B. Amount due from A and B on First & Final Call:
A 500 Shares @ ₹ 8 = 4,000
B 300 Shares @ ₹ 8 = 2,400
= 6,400
Less: Excess received from A and B on application and allotment (₹ 1,800 + ₹ 900) = 2,700
Amount due but not paid on First & Final Call = 3,700

C. Total amount due on First & Final Call (4,00,000 Shares × ₹ 8) = 32,00,000
Less: Excess received on Application & Allotment (Calls in Advance) = 13,50,000
= 18,50,000
Less: Not received from A and B on First & Final Call = 3,700
= **18,46,300**

24. **Revaluation Account**

Particulars	**(Rs.)**	**Assets**	**(Rs.)**
To Stock A/c	1,800	By Premises A/c	9,700
To Provision for legal Claim A/c	2,400	By Furniture A/c	2,000
To Profit Transferred :		By Provision For doubtful debts A/c	200
Vijay 3,080			
Vivek 3,080			
Vinay 1,540	7,700		
	11,900		11,900

Partners' Capital Account

Particulars	**Vijay**	**Vivek**	**Vinay**	**Particulars**	**Vijay**	**Vivek**	**Vinay**
To Vivek's Capital A/c	12,800	-	6,400	By Balance b/d	92,000	60,000	40,000
To Vivek's Loan A/c	-	50,000	-	By Revaluation A/c	3,080	3,080	1,540
To Bank A/c	-	32,280	-	By Vijay's Capital A/c	-	12,800	-
To Balance c/d	82,280	-	35,140	By Vinay's Capital A/c	-	6,400	-
	95,080	82,280	41,540		95,080	82,280	41,540

Balance Sheet
As at 31st March, 2015

Liabilities	**(Rs.)**	**Assets**		**(Rs.)**
Creditors	54,400	Bank		22,920
Bill Payable	24,000	Debtors	12,000	
Outstanding Rent	4,400	Less provision	600	11,400
Provision for legal claims	14,400	Stock		16,200
Vijay's Capital A/c	50,000	Furniture		10,000
Vivek's Capital A/c	82,280	Premises		2,03,700
Vinay's Capital A/c	35,140			
	2,64,220			2,64,220

Working Note :

i. New Provision of bad debts on debtors (5%) = 5% of Rs. 12,000 = 600 provision Rs. 800 as given in the balance Sheet. Excess of Rs. 200 is profit transferred to revaluation A/c

ii. Goodwill of the firm = 48,000 Vivek share = $48,000 \times \frac{2}{5}$ =Rs. 19,200 be given Vijay & Vinay in Gaining Ratio i.e. 2 : 1

Goodwill contributed by Vijay = $Rs.19,200 \times \frac{2}{3}$ = Rs. 12,800.

Goodwill contributed by Vijay = $Rs.19,200 \times \frac{1}{3}$ = Rs. 6,400.

iii. Vivek's total amount due on retirement = Rs 82,280
Less: amount transferred to his loan A/c = Rs. 50,000
Amount to be paid by cheque = Rs. 32,280

25. **Books of Ashish and Vishesh**

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Date	Particulars		L.F	Amount (₹)	Amount (₹)
2022 April 1	Cash or Bank A/c	Dr.		1,50,000	
	To Manya's Capital A/c				1,00,000
	To Premium for Goodwill A/c (capital and premium for goodwill amount brought by Manya)				50,000
	Premium for Goodwill A/c	Dr.		50,000	
	To Ashish's Capital A/c				30,000
	To Vishesh's Capital A/c (premium for goodwill amount distributed between sacrificing partners in sacrificing ratio 3 : 2)				20,000
	Outstanding Electricity Bill A/c	Dr.		20,000	
	To Cash or Bank A/c (outstanding electricity bill paid off)				20,000
	Revaluation A/c	Dr.		12,000	
	To Stock A/c (value of stock reduced by ₹ 12,000)				12,000
	Ashish's Capital A/c	Dr.		7,200	
	Vishesh's Capital A/c	Dr.		4,800	
	To Revaluation A/c (loss on revaluation distributed between old partners in old ratio)				12,000
	Ashish's Capital A/c	Dr.		6,000	
	Vishesh's Capital A/c	Dr.		4,000	
	To Profit and Loss A/c (existing loss distributed between old partners in old ratio)				10,000

OR

Revaluation Account

Particulars	Amount	Particulars	Amount

	(Rs)		(Rs)
To Machinery A/c	35,000	By Land and Building A/c	1,20,000
To Stock A/c	5,000		
To Provision for Doubtful Debts A/c	3,000		
To Profit Transferred to			
Khanna's Capital A/c 23,100			
Seth's Capital A/c 15,400			
Mehta's Capital A/c 38,400	77,000		
	1,20,000 =======		1,20,000 =======

Partners' Capital Account

Particulars	Khanna Amount (Rs)	Seth Amount (Rs)	Mehta Amount (Rs)	Particulars	Khanna Amount (Rs)	Seth Amount (Rs)	Mehta Amount (Rs)
To Goodwill A/c	90,000	60,000	1,50,000	By Balance b/d	3,00,000,	2,00,000	5,00,000
To Profit and Loss A/c	18,000	12,000	30,000	By Revaluation A/c (Profit)	23,100	15,400	38,500
To Profit and Loss Suspense A/c (Loss)		2,400		By General Reserve A/c	30,000	20,000	50,000
To Seth's Executor's A/c		1,61,000					
To Balance c/d	2,45,100		4,08,500				
	3,53,100 ======	2,35,400 =======	5,88,500 ======		3,53,100 ======	2,35,400 =======	5,88,500 ======

Seth's Executor's Account

Particulars	Amount (Rs)	Particulars	Amount (Rs)
To Seth's Executor's Loan A/c	2,11,000	By Seth's Capital A/c	1,61,000
		By Seth's Loan A/c	50,000
	2,11,000 =======		2,11,000 =======

Balance Sheet

as at 14th March, 2011

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Creditors	75,000	Land and Building	6,20,000
Seth's Executor's Loan A/c	2,11,000	Machinery	1,35,000
Profit and Loss Suspense A/c	2,400	Stock	25,000
Capital A/cs		Debtors 1,20,000	
Khanna 2,45,100		(-) Provision for Doubtful Debts 3,000	1,17,000

Mehta 4,08,500	6,53,600	Cash	45,000
	9,42,000 =======		9,42,000 ======

Working Notes:

A partner ceases to be a partner on his retirement or death and as such, the amount of claim of the retiring partner or the d5ceased partner has to be settled by the firm. The problems that arise at the time of retirement of a partner from the firm are: (1) Ascertainment of new profit sharing ratio, (2) Ascertainment of gaining ratio, (3) Treatment of goodwill, (4) Adjustment for revaluation of assets and liabilities, (5) Adjustment in respect of unrecorded assets and liabilities, (6) Adjustment in respect of accumulated profits/losses, (7) Methods of payment to retiring partner.

i. **Calculation of Seth's Share of Profit**

Number of days Seth worked for =Jan + Feb + March = 31 - 1 - 28 + 14 = 73 days

Share of Seth's profit = $60{,}000 \times \frac{73}{365} \times \frac{2}{10}$ = Rs 2,400

ii. **Calculation of Khanna's and Mehta's Capital**

Khanna's capital after adjustment = 2,45,100

Mehta's capital after adjustment = 4,08,500

Total capital = Rs 6,53,600

Khanna's capital = $6{,}53{,}600 \times \frac{3}{8}$ = Rs 2,45,100 ; Mehta's capital = $6{,}53{,}600 \times \frac{5}{8}$ = Rs 4,08,500

So, there is no deficit or surplus in Khanna's and Mehta's capital a/ c which is to be adjusted through current accounts.

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

Pawan limited was incorporated on 1st April, 2017 with registered office in Delhi. The capital clause of Memorandum of Association reflected a registered capital of 4,00,000 Equity Shares of ₹ 10 each and 50,000 Preference Shares of ₹ 50 each. Since some large investments were required for building and machinery the company in consultation with vendors, M/s QR Ltd., issued 50,000 Equity Shares and 10,000 Preference Shares at par to them in full consideration of assets acquired. Besides this, the company issued 1,00,000 Equity Shares for cash at par payable as ₹ 3 on application, ₹ 2 on allotment, ₹ 3 on first call and ₹ 2 on second call. Till date second call has not yet been made and all the shareholders have paid except Kunal who did not pay allotment and calls on his 150 shares and Kamal who did not pay first call on his 100 shares. Shares of Kunal were then forfeited and out of them 50 shares were reissued at ₹ 12 per share.

(a) **(b)** Issue for Consideration other than Cash

Explanation:

Issue for Consideration other than Cash

(b) **(b)** Option (iii)

Explanation:

	(₹)
Share Subscribed	50,000
	1,00,000
	1,50,000
	(100)
	1,49,000
(-) Calls-in-arrears (100 × 3)	(300)
(+) Share Forfeited Account (100 × 3)	300
	1,49,000

(c) **(b)** Option (iii)
Explanation:
Securities premium reflected in the balance sheet at the end of the year will be ₹ 200 (50 × 4)

(d) **(c)** Option (i)
Explanation:
Amount of share forfeiture reflected in balance sheet will be ₹300 (100 × 3)

(e) **(c)** Rs.1,200
Explanation:
Rs.1200

OR

Read the text carefully and answer the questions:

Vinay, Tripti and Hemant were partners in a partnership firm sharing profits and losses in their capital ratio, i.e., 1 : 2 : 3. On 31st March 2020, they decided to dissolve the partnership firm. The following information is given to you on the dissolution of the firm:
The firm had total assets of ₹ 12,00,000 that realized ₹ 10,80,000. The creditors were settled at 90% by paying them ₹ 54,000. There was an unrecorded asset in the books of the firm which was taken by Vibhuti for ₹ 12,000. Realisation expenses amounted to ₹ 2,000 and were paid by Tiwari on behalf of the firm. There was general reserve in the books of the company of ₹ 21,000. The capitals of the partners were in the proportion of their profit sharing ratio. Their balance sheet also showed a cash balance of ₹ 81,000.

(a) **(d)** ₹ 4,00,000
Explanation:
In a balance sheet: Total of Assets side = Total of liabilities side
As per the case, total of assets side = ₹ 12,00,000 + ₹ 81,000 = ₹ 12,81,000
Total of Liabilities side = Creditors + General reserve + Capitals of partners (as per the given question)
₹ 12,81,000 = ₹ 60,000 + ₹ 21,000 + Capital of partners
Capitals of partners = ₹ 12,81,000 - ₹ 81,000
= ₹ 12,00,000
Capital of Tiwari = 12,00,000 × $\frac{2}{6}$ = ₹ 4,00,000

(b) **(c)** ₹ 1,16,000
Explanation:

Realisation Account

Dr.				**Cr.**
Particulars	**Amount (₹)**	**Particulars**		**Amount (₹)**
To Sundry Assets A/c	12,00,000	By Creditors A/c		60,000
To Cash A/c (Payment to creditors)	54,000	By Cash A/c (Assets sold)		10,80,000
To Tripti's Capital A/c		To Partner's Capital A/c		
(Realisation exp.)	2,000	Vinay	19,333	
		Tripti	38,667	
		Hemant	58,000	1,16,000
	12,56,000			12,56,000

(c) **(b)** Vinay's Captial
Explanation:

Vinay's Captial

(d) **(c)** ₹ 5,52,500

Explanation:

Amount paid to Happu = Capital + Share in General Reserve - Loss on Realization
= ₹ 6,00,000 + ₹ 10,500 - ₹ 58,000
= ₹ 5,52,500

(e) **(d)** partner's capital account

Explanation:

Partner's capital account is credited while recording entry for realisation expenses.

Part B :- Analysis of Financial Statements

27.

(c) It ascertain the net profit and net loss

Explanation:

Statement of Profit and Loss is prepared to assess the net profit or net loss of a company during an accounting year.

28.

(b) 2,00,000

Explanation:

Long term Debt = Long term borrowings + Long term provisions
= 1,20,000 + 80,000 = 2,00,000

OR

(d) Under-utilization of working capital

Explanation:

Low working capital turnover ratio indicates that the working capital of business is under-utilized. It means firm is investing in too many account receivable and inventory to support its sales.

29.

(c) A, B, D

Explanation:

Following items will be added in operating activities:

i. Decrease in stock
ii. Increase in creditors
iii. Increase in outstanding expenses.

Increase in debtors will be deducted from operating activity.

OR

(b) Cash flow from Investing activities

Explanation:

Cash flow from Investing activities

30.

(b) ₹ 40,000

Explanation:

tax paid during the year = opening balance in provision A/C (+) provision made during the year (-) closing balance in provision account

31. **Comparative Statement of Profit and Loss of Freehand Ltd.**

As on 31st March 2022 and 2023

Particulars	Note No.	2021-22	2022-23	Absolute Change	Percentage Change (%)
		₹	₹	₹	
Revenue from Operations		50,00,000	48,00,000	(2,00,000)	(4.00)
Less: Expenses:					
(a) Employee Benefit Expenses		4,00,000	5,00,000	1,00,000	25.00
(b) Change in Inventories		30,00,000	27,50,000	(2,50,000)	(8.33)
(c) Other Expenses		1,00,000	80,000	(20,000)	(20.00)
Total Expenses		35,00,000	33,30,000	(1,70,000)	(4.86)
Profit before Tax (Revenue-Expenses)		15,00,000	14,70,000	(30,000)	(2.00)
Less: Tax		5,25,000	5,88,000	63,000	12.00
Profit after tax		**9,75,000**	**8,82,000**	**(93,000)**	**(9.54)**

OR

Particulars	Note No.	Absolute Amounts		Percentage of Balance Sheet Total	
		2021-22 (₹)	2022-23 (₹)	2021-22 (%)	2022-23 (%)
Revenue from Operations		15,00,000	18,00,000	100.00	100.00
Less: Expenses:					
Cost of Materials Consumed		9,24,000	10,86,300	61.60	60.35
Employee Benefit Expenses		2,50,650	2,75,760	16.71	15.32
Other Expenses		30,000	45,000	2.00	2.50
Total Expenses		12,04,650	14,07,060	80.31	78.17
Profit before Tax		2,95,350	3,92,940	19.69	21.83

32. The following items are arranged as per schedule 3 of the company's act,2013 under the given major headings.

Sl. No	Items	Major Headings
(i)	Long-term Borrowings	Non-current Liabilities(long term borrowings)
(ii)	Trade Payables	Current Liabilities (current liabilities)
(iii)	Provision for Tax	Current Liabilities (other current liabilities)
(iv)	Securities Premium Reserve	Shareholder's Funds (share capital)
(v)	Patents	Non-current Assets (intangible assets)
(vi)	Accrued Incomes	Current Assets.(other current assets)
(vii)	Current Investment	Current Assets(investments)

33.

Transactions	Effect on Quick Ratio	Reason
(i)	Decrease	Quick assets will decrease with no change in Current Liabilities.
(ii)	Decrease	Current Liabilities will increase with no change in Quick Assets.
(iii)	Increase	Quick Assets will increase with no change in Current Liabilities.
(iv)	No Change	Neither Quick Assets nor Current Liabilities are changing.

OR

Gross profit on sale = 20% or $\frac{1}{5}$

Gross profit on cost = $\frac{1}{4} \times 8,00,000 = 2,00,000$

Revenue from operation = Cost of revenue from operation + Gross profit

Revenue from operation = 8,00,000 + 2,00,000 = 10,00,000

Cash sale = $\frac{1}{4} credit\ sale$

Credit sale = 4 cash sale

Revenue from operation = cash sale + credit sale

10,00,000 = cash sale + 4 cash sale

5 cash sale = 10,00,000

cash sale = 2,00,000

Credit sale = 4 $\times$2,00,000 = 8,00,000

Closing trade receivable = Opening trade receivable + 40,000

Trade receivable turnover ratio = $\frac{Credit\ revenue\ from\ operation}{average\ trade\ receivable}$

Average trade receivable = $\frac{8,00,000}{5} = 1,60,000$

Average trade receivable = $\frac{opening\ trade\ receivable + opening\ trade\ receivable + 40,000}{2}$

1,60,000 $\times$ 2 = 2 opening trade receivable + 40,000

2 opening trade receivable = 3,20,000 - 40,000

opening trade receivable = 1,40,000

Closing trade receivable = 1,40,000 + 40,000 = 1,80,000

34. **Cash Flow Statement of Fine Products Ltd.**
for the year ended March 31, 2023

	Particulars	₹	₹
I.	**Cash Flow from Operating Activities**		
	Profit as per Statement of Profit and Loss Account		9,000
	Items to be Added:		
	General Reserve	10,000	
	Goodwill written off	10,000	
	Provision for Taxation	32,000	
	Proposed Dividend	39,000	91,000
	Operating Profit before Working Capital Adjustments		1,00,000
	Less: Increase in Current Assets		
	Trade Receivables	(33,000)	

	Less: Decrease in Current Liabilities		
	Other Current Liabilities	(2,000)	
	Add: Decrease in Current Assets		
	Inventories	18,000	
	Add: Increase in Current Liabilities		
	Trade Payables	18,000	1,000
	Cash Generated from Operations		**1,01,000**
	Less: Tax Paid		(28,000)
	Net Cash Flows from Operating Activities		**73,000**
II.	**Cash Flow from Investing Activities**		
	Purchase of Non-Current investments		(25,000)
	Purchase of Plant & Machinery		(1,01,000)
	Sale of Land & Building		53,000
	Net Cash Used in Investing Activities		**(73,000)**
III.	**Cash Flow from Financing Activities**		
	Dividend Paid		(39,000)
	Proceeds from Issue of Share Capital		50,000
	Net Cash Flow from Financing Activities		**11,000**
IV.	**Net Increase in Cash and Cash Equivalents (A + B + C)**		**11,000**
	Add: Cash and Cash Equivalent in the beginning of the period		17,000
	Cash and Cash Equivalents at the end of the period		**28,000**