Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - **7**

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. Where would the interest on capital be recorded if the fixed capital account is followed in the partnership firm? **[1]**

   a) Profit and Loss Account
   b) Current Account
   c) Profit and Loss appropriation Account
   d) Capital Account

   OR

   Which of the following is a charge against profit?

   a) Interest on Partners' Drawings
   b) Partners' Salary
   c) Interest on Partners' Capital
   d) Interest on Partners' Loan

2. **Assertion (A):** Under the fixed capital method, partners' capital accounts always show a credit balance. **[1]**

   Reason (R): Under the fixed capital method, all items like share of profit or loss, interest on capital, drawings, interest on drawings are recorded in a separate account called partners' current account.

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

b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A).

c) Assertion (A) is correct, but Reason (R) is incorrect.

d) Assertion (A) is incorrect, but Reason (R) is correct.

3. If an excess of issued price over the nominal value of share price is received it is called _____. **[1]**

a) premium on issue of share

b) Discount on issue of share

c) Profit of the company

d) Issued capital

OR

X Ltd. purchased the following assets from Y Ltd.:

	Book Value (₹)	**Agreed Value (₹)**
Plant and Machinery	10,00,000	20% less
Stock	2,50,000	60% more

Payment was made 20% by Cheque and the remaining amount by equity shares of ₹ 10 each, ₹ 6 paid.

Number of equity shares issued will be:

a) ₹ 2,00,000

b) ₹ 1,20,000

c) ₹ 96,000

d) ₹ 1,60,000

4. Minimum subscription for allotment of shares as per Securities and Exchange Board of India (SEBI) guidelines cannot be less than 90% of which of the following capital? **[1]**

a) Reserve Capital

b) Nominal Capital

c) Subscribed Capital

d) Issued Capital

OR

On 1st April, 2024, Bright Ltd. issued $20,000, 11\%$ debentures of ₹ 100 each at a premium of 10%, redeemable at a premium of 10%. Loss on issue of debentures was:

a) ₹ $40,00,000$

b) ₹ $4,00,000$

c) ₹ $2,00,000$

d) ₹ $20,00,000$

5. When share of new or incoming partner is given without giving the details of sacrifice made by old or existing partners, then: **[1]**

i. it is assumed that old partners make sacrifice in their old profit sharing ratio.

ii. there is no change in profit sharing ratio of the old partners.

a) Only (i) is correct

b) Both (i) and (ii) are correct

c) Both (i) and (ii) are incorrect

d) Only (ii) is correct

6. _____ is the excess of actual profit over normal profit. **[1]**

a) Super Loss

b) Super Profit

c) Normal profit

d) Average Profit

7. On 1st June, 2018 a partner introduced in the firm additional capital ₹ 5,000. In the absence of partnership deed, on 31st March, 2019 he will receive interest: **[1]**

a) ₹ 250 b) ₹ 300

c) ₹ 180 d) zero

8. A, B and C are partners sharing profit and losses in the ratio of 2 : 2 : 1. B retires from the firm, at that time goodwill of the firm was valued at ₹30,000. What contribution has to be made by A and C in order to pay B? **[1]**

a) ₹ 8,000 and ₹ 4,000 b) ₹ 6,000 and ₹ 6,000

c) ₹ 20,000 and ₹ 10,000 d) ₹ 15,000 and ₹ 15,000

OR

A, B and C are partners. C expired on 18th December, 2023 and as per the agreement, surviving partners A and B directed the accountant to prepare financial statements as on 18th December, 2023 and accordingly the share of profit of C (deceased partner) was calculated as ₹ 12,00,000. Which account will be debited to transfer C's share of profit?

a) Profit and Loss Appropriation Account b) Profit and Loss Account

c) Partner's capital account d) Profit and Loss Suspense Account

9. Aditya, Abhinav and Ankit were partners in a firm sharing profits in the ratio of 4 : 3 : 3. On 31st March, 2022, the firm was dissolved. Aditya was appointed to complete the dissolution process for which he was allowed a remuneration of ₹ 42,000. Aditya also agreed to bear dissolution expenses. Actual expenses on dissolution amounted to ₹ 33,000 which were paid by Aditya. Aditya's Capital Account will be credited by: **[1]**

a) ₹ 18,000 b) ₹ 42,000

c) ₹ 9,000 d) ₹ 33,000

10. A and B are partners. They admit C for $\frac{1}{3}$rd share. In future the ratio between A and B would be 2 : 1. Sacrificing ratio will be: **[1]**

a) 5 : 1 b) 1 : 5

c) 2 : 1 d) 1 : 1

OR

P, Q and R are partners sharing profits in the ratio of 3 : 2 : 1. They admitted U as a partner for $\frac{1}{4}$th share. On the date of U's admission, the Workmen Compensation Fund was appearing in the books at ₹ 72,000. A claim of ₹ 24,000 was accepted against it. The amount of Workmen Compensation Fund credited to Q's Capital Account was:

a) ₹ 16,000 b) ₹ 8,000

c) ₹ 48,000 d) ₹ 24,000

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

(a) Stock is overvalued by ₹ 10,000	(i) Revaluation Profit = ₹ 10,000

(b) Stock is undervalued by ₹ 10,000	(ii) Revaluation loss = ₹ 12,000
(c) Unrecorded asset ₹ 12,000	(iii) Revaluation loss = ₹ 10,000
(d) Unrecorded liability = ₹ 12,000	(iv) Revaluation Profit = ₹ 12,000

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)

12. Tamy Limited issued 5,000 debentures @ 1,000 each at a discount of 10%. Rs.300 is payable on application and balance payable on the allotment. Find the amount received on an allotment? **[1]**

a) 35,00,000

b) 40,00,000

c) 45,00,000.

d) 30,00,000

13. On issue of debentures as a collateral security, which account is credited? **[1]**

a) Debenture Suspense Account

b) Debentures Account

c) Bank Loan Account

d) Debenture Holdings Account

14. Securities Premium received on issue of debentures is a **[1]**

a) Fixed Asset

b) Capital Loss

c) Current Asset

d) Capital Profit

15. What should be the journal entry when A takes over loan payable to Mrs. A ₹20,000 **[1]**

a)

Loan A/c	Dr.	58,000	
To A's Capital A/c			58,000

b)

Realisation A/c	Dr.	20,000	
To A's Capital A/c			20,000

c)

Realisation A/c	Dr.	58,000	
To Bank A/c			58,000

d)

Bank A/c	Dr.	58,000	
To A's Capital A/c			58,000

16. AK, BK and CK are sharing profits in the ratio of 2:1:1. They have decided to share future profits in the ratio of 3:2:1. Find out the gainer partner. **[1]**

a) Both AK is the gainer partner and CK is the gainer partner

b) CK is the gainer partner

c) BK is the gainer partner

d) AK is the gainer partner

17. A, B and C were in partnership sharing profits in the ratio of 4 : 3 : 1. The partners agreed to share future profits in the ratio of 5 : 4 : 3. Calculate each partner's gain or sacrifice due to change in ratio. **[3]**

OR

A, B, C and D are in partnership sharing profits and losses in the ratio of 36 : 24 : 20 : 20 respectively. E joins the partnership for 20% share and A, B, C and D in future would share profits among themselves as $\frac{3}{10} : \frac{4}{10} : \frac{2}{10} : \frac{1}{10}$. Calculate new profit-sharing ratio after E's admission.

18. Record necessary journal entries in the following cases: **[3]**

i. Creditors worth ₹ 85,000 accepted ₹ 40,000 as cash and Investment worth ₹ 43,000, in full settlement of their claim.

ii. Creditors were ₹ 16,000. They accepted Machinery valued at ₹ 18,000 in settlement of their claim.

iii. Creditors were ₹ 90,000. They accepted Buildings valued ₹ 1,20,000 and paid cash to the firm ₹ 30,000.

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

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

20. A and B were in partnership sharing profits equally. With effect from 1st April, 2023, they agree to share profits in the ratio of 4 : 3. Calculate the individual partner's gain or sacrifice due to the change in ratio. **[3]**

21. JTA Ltd. forfeited 200 shares of ₹ 10 each issued at a premium of ₹ 2 per share for the non-payment of allotment money of ₹ 3 per share (including premium). The first and final call of ₹ 4 per share has not been made as yet. 50% of the forfeited shares were reissued at ₹ 8 per share as fully paid-up. Pass necessary Journal entries for the forfeiture and reissue of shares. **[4]**

22. Ram, Mohit and Ravi are partners sharing profits equally. Mohit was given loan by the firm on 1st July, 2022 of ₹ 6,00,000. Books are closed on 31st March. What Journal entries will be passed if **[4]**

a. Rate of interest is not agreed; and

b. Rate of interest to be charged is agreed @ 10% p.a.?

23. Kisan Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each at par. The amount was payable as follows: **[6]**

On Application	₹ 2 per share
On Allotment	₹ 3 per share
On First and Final Call	₹ 5 per share

Applications were received for 2,80,000 shares. Applications for 30,000 shares were rejected and the money refunded. Allotment was made to the remaining applicants as follows.

Category	**No. of Shares Applied**	**No. of Shares Allotted**

I	1,50,000	85,000
II	1,00,000	15,000

Excess money received with applications was adjusted towards sums due on allotment and first and final call. All calls were made and were duly received except the final call by a shareholder belonging to Category I who has applied for 300 shares. His shares were forfeited. The forfeited shares were re-issued at a premium of 30% fully paid up.

Pass necessary Journal entries for the above transactions in the book of Kisan Ltd. Open calls in-arrears and calls in advance account wherever required.

24. Ram, Sumit and Davesh were partners sharing profits and losses in the ratio of 3 : 2 : 1. Davesh died on 1st May, 2022 on which date the capitals of Ram, Sumit and Davesh after all necessary adjustments stood at ₹ 1,20,000, ₹ 80,000 and ₹ 50,000 respectively. Ram and Sumit decide to carry on the business for 8 months without settling the account of Davesh. During the period of 8 months ended 31st December, 2022, profit of ₹ 40,000 is earned by the firm. **[6]**

State which of the two options available with Davesh's Executor under Section 37 of the Indian Partnership Act, 1932 should be exercised.

Also calculate the total amount payable to Davesh's Executor if Ram and Sumit clear the dues of Davesh on 31st December, 2022.

25. Deepak and Vineet of Chandigarh were partners in a firm with capitals of ₹ 1,20,000 and ₹ 1,60,000 respectively. On 1st April, 2022 they admitted Atul as a partner for one-fourth share in profits on his payment of ₹ 2,00,000 as his capital and ₹ 90,000 for his one-fourth share of goodwill. **[6]**

On that date the creditors of Deepak and Vineet were ₹ 60,000 and Bank overdraft was ₹ 15,000. Their assets apart from cash included Stock ₹ 10,000; Debtors ₹ 40,000; Plant and Machinery ₹ 80,000; Land and Building ₹ 2,00,000.

It was agreed that Stock should be depreciated by ₹ 2,000; Plant and Machinery by 20%, ₹ 5,000 should be written off as Bad Debts and Land and Building should be appreciated by 25%.

Prepare Revaluation Account, Capital Accounts of Deepak, Vineet and Atul and the Balance Sheet of the new firm.

OR

X,Y and Z were partners in a firm sharing profits and losses in the ratio of 5:3:2. On 31st March, 2020, their balance sheet was as follows

Balance Sheet

as at 31st March,2020

Liabilities	**Amount (Rs)**	**Assets**	**Amount (Rs)**
Sundry Creditors	42,500	Building	50,000

Capital A/cs		Patents	15,000
X 75,000		Machinery	75,000
Y 62,500		Stock	37,500
Z 37,500	1,75,000	Debtors	20,000
		Cash at Bank	20,000
	2,17,500 =========		2,17,500 ========

Z died on 31st July, 2020. It was agreed that:

i. Goodwill be valued at 2.5 years' purchase of the average profit of the last four years, which were as follows:

Years	**Profit (Rs)**
2016-2017	32,500
2017-2018	30,000
2018-2019	40,000
2019-2020	37,500

ii. Machinery to be valued at Rs.70,000, patents at Rs. 20,000 and building at Rs.62,500.

iii. For the purpose of calculating Z's share of profit in the year of his death, the profits in 2020-2021 should be taken to have been accrued on the same scale as in 2019-2020.

iv. A sum of Rs.17,500 was paid immediately to the executors of Z and the balance was paid in four half yearly instalments together with interest at 12% per annum starting from 31st January, 2021.

Given necessary journal entries to record the above transactions and Z's executor's account till the payment due on 31st January, 2021.

26. Z Ltd. was registered with an authorised capital of ₹ 60,00,000 divided in 60,000 equity shares of ₹ 100 each. Company issued 25,000 equity shares at a premium of ₹ 20 per share, payable as follows: ₹ 30 on Application; ₹ 45 on Allotment (including premium); ₹ 20 on first call and ₹ 25 on Second and Final Call. **[6]**

All shares were subscribed and all the money was duly received. Share issue expenses amounted to ₹ 40,000 which were fully written off against Securities Premium.

Prepare necessary Journal Entries and Bank Account in the books of the Company.

OR

Siya Ltd. issued for subscription 10,000 shares of ₹ 25 each, payable ₹ 5 per share on application, ₹ 10 per share on allotment (including ₹ 5 per share as premium), ₹ 5 per share as first call on the shares and the balance in two equal amounts at intervals of three months. All the shares were applied for and allotted. Due amount was received except the second call and final call on 200 and 400 shares respectively. Pass the

entries in the company's Journal, Cash Book and the Ledger. Also show the company's Balance Sheet on completion of the above transactions.

Part B :- Analysis of Financial Statements

27. What are the objectives of financial statement **[1]**

a) To judge effectiveness of management
b) To provide information about economic resource
c) All of these
d) To provide information about cash flows

28. Non-Current Assets ₹ 5,00,000; Current Assets ₹ 3,00,000; Equity Share Capital ₹ 4,00,000. Reserve ₹ 2,00,000; Long-term Debts ₹ 40,000. Proprietary Ratio will be: **[1]**

a) 80%
b) 75%
c) 125%
d) 133%

OR

A Company's Current Ratio is 3 : 1 and Liquid Ratio is 1.2 : 1. If its Current Liabilities are ₹ 2,00,000, what will be the value of Inventory?

a) ₹ 2,40,000
b) ₹ 40,000
c) ₹ 3,60,000
d) ₹ 4,00,000

29. Which of the following is not a cash inflow? **[1]**

a) Sale of asset at loss
b) Goods purchased in cash
c) Goods sold in cash
d) Interest received on investment

OR

What will be effect of **Purchase of Marketable Securities for Cash** on Cash Flow Statement?

a) Inflow from financing activities
b) Outflow from financing activities
c) No effect
d) Outflow from investing activities

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

a) Cash withdrawn from the bank ₹ 50,000
b) ₹ 2,00,000, 9% debentures issued to vendors of machinery
c) Cheques of ₹ 20,000 deposited in the bank
d) ₹ 30,000 received from debtors

31. Prepare Comparative Statement of Profit & Loss from the following information: **[3]**

Particulars	**31st March, 2023 (₹)**	**31st March, 2022 (₹)**
Revenue from Operations	30,00,000	20,00,000
Other Income	3,60,000	4,00,000
Expenses	21,00,000	12,00,000

OR

From the following Statement of Profit and Loss of Star Ltd. for the years ended 31st

March 2011 and 2012, prepare Comparative Statement of Profit and Loss:

Particulars	**Note No.**	**31st March 2012 (₹)**	**31st March 2011 (₹)**
Revenue from Operations		20,00,000	16,00,000
Employees Benefit Expenses		10,00,000	8,00,000
Other Expenses		1,00,000	2,00,000
Tax rate 40%			

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

i. Loose tools
ii. Copyrights and Patents
iii. Unpaid dividend
iv. Land and Building

33. A. Net profit after interest and tax of M Ltd. was ₹ 1,00,000. Its Current Assets were ₹ 4,00,000 and Current Liabilities were ₹ 2,00,000. Tax rate was 50%. Its Total Assets were ₹ 10,00,000 and 10% Long-term Debt was ₹ 4,00,000. Calculate Return on Investment. **[4]**

B. Rate of Gross profit on Revenue from Operations of a company is 25%. Its Gross profit is ₹ 5,00,000. Its Shareholders' Funds are ₹ 25,00,000; Non-current Liabilities are ₹ 8,00,000 and Non-current Assets are ₹ 23,00,000. Calculate its Working Capital Turnover Ratio.

OR

From the following information, calculate Opening and Closing Trade Payables:
Cash Purchases 25% of Total Purchases; Revenue from Operations ₹ 3,00,000; Gross Profit 25% on Revenue from Operations; Opening Inventory ₹ 75,000; Closing inventory ₹ 1,50,000; Trade Payables Turnover Ratio 3 Times; Closing Trade Payables were ₹ 75,000 in excess of Opening Trade Payables.

34. Following balances appeared in Plant Account and Accumulated Depreciation Account in the books of Indian Ltd.: **[6]**

Balances as at	**31st March 2022 (₹)**	**31st March 2023 (₹)**
Plant and Machinery	7,50,000	9,70,000
Accumulated Depreciation	1,80,000	2,40,000

Additional Information:

Plant costing ₹ 1,45,000; accumulated depreciation thereon ₹ 70,000, was sold for ₹ 35,000. You are required to:

i. Compute the amount of Plant purchased, depreciation charged for the year and loss on sale of the plant.

ii. Show how each of the items related to the Plant will be shown in the Cash Flow Statement.

Solution

Part A:- Accounting for Partnership Firms and Companies

1. **(b)** Current Account
Explanation:
The interest on capital is recorded in the current account if the fixed capital account is followed as the capital amount do not change.

OR

(d) Interest on Partners' Loan
Explanation:
Interest on Partners' Loan

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

3. **(a)** premium on issue of share
Explanation:
When a company issues its shares at a price which is more than its actual face value, it is known as shares issued at premium i.e. if shares are issued at Rs.120 when its face value is Rs.100 then Rs.20 is premium.

OR

(d) ₹ 1,60,000
Explanation:

	₹
Agreed Value of Plant & Machinery	8,00,000
Agreed Value of Stock: 2,50,000 $\times \frac{160}{100}$	4,00,000
	12,00,000
Payment made: 20% by cheque	2,40,000
	9,60,000

Number of shares issued : $\frac{₹\ 9,60,000}{6}$ = ₹ 1,60,000

4. **(d)** Issued Capital

Explanation:
Issued Capital

OR

(c) ₹ $2,00,000$
Explanation:
₹ 2,00,000

5.

(b) Both (i) and (ii) are correct
Explanation:
Both (i) and (ii) are correct

6.

(b) Super Profit
Explanation:
Super profit is the excess of actual profit over normal profit i.e. Super Profit = Actual/Average profit – Normal Profit. Super profit is multiplied by the number of years purchase to find out the goodwill.
Note : When Super Profit shows negative figure, it should be assumed that there is no goodwill.

7.

(d) zero
Explanation:
In the absence of partnership deed, Interest on capital is not allowed.

8. **(a)** ₹ 8,000 and ₹ 4,000
Explanation:
₹ 8,000 and ₹ 4,000

OR

(a) Profit and Loss Appropriation Account
Explanation:
When a partner dies or retires, the profit is appropriated to them as well in the Profit and loss appropriation account.

9.

(b) ₹ 42,000
Explanation:
₹ 42,000

10.

(b) 1 : 5
Explanation:
Let the total share be 1
C's share = $\frac{1}{3}$
Remaining share = 1 - $\frac{1}{3} = \frac{2}{3}$
A's share = $\frac{2}{3} \times \frac{2}{3} = \frac{4}{9}$
B's share = $\frac{2}{3} \times \frac{1}{3} = \frac{2}{9}$

C's share = $\frac{1}{3} \times \frac{3}{3} = \frac{3}{9}$
New profit sharing ratio
4 : 2 : 3
Sacrificing ratio = old ratio - new ratio
A's share = $\frac{1}{2} - \frac{4}{9} = \frac{9-8}{18} = \frac{1}{18}$
B's share = $\frac{1}{2} - \frac{2}{9} = \frac{9-4}{18} = \frac{5}{18}$
Sacrificing ratio = 1 : 5

OR

(a) ₹ 16,000
Explanation:
Q's share in workmen reserve = (72,000 - 24,000) $\times \frac{2}{6}$ = ₹ 16,000

11. **(a)** (a) - (iii); (b) - (i); (c) - (iv); (d) - (ii)
Explanation:
increase in asset is profit and decrease is loss. unrecorded asset is now recorded so profit and unrecorded liability is loss

12. **(d)** 30,00,000
Explanation:
Total face value = 1000
Discount = 1000 $\times$ 10% = 100
Value remain for allotment = 1000 - 300 - 100 = 600
Amount Received on Allotment Rs.30,00,000 i.e. 5,000 $\times$ 600 = 30,00,000

13. **(b)** Debentures Account
Explanation:
Debentures Account

14. **(d)** Capital Profit
Explanation:
Securities Premium received is a capital profit for a company so it is credited to Security Premium Reserve Account.

15. **(b)**

Realisation A/c	Dr.	20,000	
To A's Capital A/c			20,000

Explanation:
When liability is taken over by a partner, in such a case do not use cash/bank account for the settlement of that liability. Entry will be:

Realisation A/c	Dr.	20,000	
To A's Capital A/c			20,000

16. **(c)** BK is the gainer partner

Explanation:
Calculation of gaining or sacrificing share of partners:
Formula: Old Share - New Share
AK = $\frac{2}{4}$ - $\frac{3}{6}$ = No Sacrifice/ No Gain
BK = $\frac{1}{4}$ - $\frac{2}{6}$ = $\frac{1}{12}$ Gain
CK = $\frac{1}{4}$ - $\frac{1}{6}$ = $\frac{1}{12}$ Sacrifice
Bk is gaining only.

17. Old Ratio of Partners A, B and C = 4 : 3 : 1
New Ratio of Partners A, B and C = 5 : 4 : 3
Sacrifice or Gain:

$A = \frac{4}{8} - \frac{5}{12} = \frac{12-10}{24} = \frac{2}{24}$ (Sacrifice)

$B = \frac{3}{8} - \frac{4}{12} = \frac{9-8}{24} = \frac{1}{24}$ (Sacrifice)

$C = \frac{1}{8} - \frac{3}{12} = \frac{3-6}{24} = \frac{3}{24}$ (Gain)

Thus, A sacrificed $\frac{2}{24}$th Share, B sacrifices $\frac{1}{24}$th share and C gains $\frac{3}{24}$th share.

OR

Calculation of new profit sharing ratio:-
Old Ratio 36 : 24 : 20 : 20
E is admitted for $\frac{20}{100}$ share
Let the combined share of all partners profit after E's admission = 1
Combined share of A, B, C and D after E's admission = 1 - E's share
$= 1 - \frac{20}{100}$
$= \frac{80}{100}$
New Ratio = Combined of A, B, C and D. Agreed Share of A, B, C and D
A's = $\frac{80}{100} \times \frac{3}{10} = \frac{24}{100}$
B's = $\frac{80}{100} \times \frac{4}{10} = \frac{32}{100}$
C's = $\frac{80}{100} \times \frac{2}{10} = \frac{16}{100}$
D's = $\frac{80}{100} \times \frac{1}{10} = \frac{8}{100}$
New Profit Sharing Ratio = $\frac{24}{100} : \frac{32}{100} : \frac{16}{100} : \frac{8}{100} : \frac{20}{100}$ = 6 : 8 : 4 : 2 : 5

18. **JOURNAL**

Date	**Particulars**		**L.F.**	**Amount ₹**	**Amount ₹**
(a)	Realisation A/c	Dr.		40,000	
	To Cash A/c				40,000
	(Creditors worth ₹ 85,000 accepted 40,000 as cash and investment worth ₹ 43,000 in their full settlement)				
(b)	No Entry*				
	(Creditors ₹ 16,000 accepted Machinery ₹ 18,000 in the full settlement)				
(c)	Cash A/c	Dr.		30,000	
	To Realisation A/c				30,000
	(Creditors worth ₹ 90,000 accepted buildings worth ₹ 1,20,000 and returned ₹ 30,000 as cash after settlement of				

	claim to the firm)					

Note: *When an asset is transferred in settlement of outside liability, No entry is required since both asset and liability are already transferred to the Realisation Account. So in first case transfer of machinery and investment are not journalised.

19. **Books of Aman Ltd.**

Journal

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

20. Old Ratio of A and B = 1 : 1

New Ratio of A and B = 4 : 3

Calculation of Sacrifice or Gaining Ratio =

A's Ratio = $\frac{1}{2} - \frac{4}{7}$

A's Ratio = $\frac{7-8}{14}$

A's Gaining Ratio = $\left(\frac{1}{14}\right)$

B's Ratio = $\frac{1}{2} - \frac{3}{7}$

B's Ratio = $\frac{7-6}{14}$

B's Sacrificing Ratio = $\frac{1}{14}$

Thus, B has sacrificed $\frac{1}{14}$th share whereas A has gained $\frac{1}{14}$th share.

21.

Application	₹ 5	
Allotment	₹ 3	(1+2)
First and Final Call	₹ 4	
	₹ 12	**(10+2)**

Called-up = Application + Allotment

= ₹ 5 + 3 (including premium ₹ 2)

Book of JTA Limited
Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (200 × ₹ 6)	Dr.		1,200	
	Securities Premium A/c (200 × ₹ 2)	Dr.		400	
	To Share Forfeiture A/c (200 × ₹ 5)				1,000
	To Calls-in-Arrears A/c (200 × ₹ 3) (200 shares of ₹ 10 each on which ₹ 8 had called (including ₹ 2 premium), forfeited for the non-payment of allotment ₹ 3 (including ₹ 2 premium)				600
	Bank A/c	Dr.		800	
	Share Forfeiture A/c	Dr.		200	
	To Share Capital A/c (100 shares of ₹ 10 each re-issued at ₹ 8 per share fully paid-up)				1,000
	Share Forfeiture A/c	Dr.		300	
	To Capital Reserve (₹ 500 - ₹ 200) (Amount of share forfeiture of 100 re-issued shares transferred to Capital Reserve)				300

Working Note Share Forfeiture of Re-issued Shares

Share Forfeiture (at the time of forfeiture)	Cr.	5	
Share Forfeiture (at the time of re-issue)	Dr.	(2)	
Balance in Share Forfeiture (after re-issue)	Cr.	3	per share

Capital Reserve

$= \frac{\text{Amount of share forfeiture}}{\text{Total shares forfeited}} \times \text{Shares reissued - Loss on reissue of forfeited shares}$

$= \frac{₹1,000}{200} \times 100 - 100 \times 2$ = 500 - 200 = 300

22. **Case-a**

As Interest on loan to Mohit is not agreed. No Interest on loan to partner is charged.
Thus no Journal Entry is Passed.

Case-b

Journal

Date	Particulars		L.F.	Dr.	Cr.
01/07/2022	Loan to Mohit A/c	Dr.		6,00,000	
	To Bank A/c (loan given to Mohit)				6,00,000
31/03/2023	Mohit's Capital A/c	Dr.		45,000	
	To Interest on Loan to Mohit A/c (Interest on Loan to Mohit due 6,00,000 × 10% × $\frac{9}{12}$)				45,000
31/03/2023	Interest on Loan to Mohit A/c	Dr.		45,000	
	To profit loss A/c (Interest on loan to Mohit credited to profit & loss A/c)				45,000

23. **Journal of Kishan Ltd.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		5,60,000	
	To Share Application A/c (Application received for 2,80,000 shares @ ₹ 2 each)				5,60,000
	Share Application A/c	Dr.		5,60,000	
	To Share Capital A/c				2,00,000
	To Share Allotment A/c				1,75,000
	To Calls in Advance A/c				75,000
	To Bank A/c (Application money adjusted) (As per Note 1)				1,10,000
	Share Allotment A/c	Dr.		3,00,000	
	To Share Capital A/c (Allotment due on 1,00,000 shares @ ₹ 3 each)				3,00,000
	Bank A/c (₹ 3,00,000 - ₹ 1,75,000)	Dr.		1,25,000	
	To Share Allotment A/c (Allotment money received in full)				1,25,000
	Share first and final call A/c	Dr.		5,00,000	
	To share capital A/c				5,00,000
	(first and final were made)				
	Bank A/c	Dr.		4,24,150	
	Call in Advance A/c	Dr.		75,000	
	Call in Arrear A/c	Dr.		850	
	To Share first and final call A/c				5,00,000
	(amount received on first and final call)				
	Share capital A/c (170 × ₹ 10)	Dr.		1,700	
	To call in arrear A/c				850
	To share forfeiture A/c				850
	(share forfeited for non payment for final call)				
	Bank A/c (170× ₹ 13)	Dr.		2,210	
	To share capital A/c (170 × ₹ 10)				1,700
	To security premium A/c				510
	(forfeited share reissued at ₹ 13)				
	Share forfeiture A/c	Dr.		850	
	To Capital reserve				850
	(share forfeiture amount transferred to capital reserve)				

Total amount returned:
Returned on applications: 30,000 × ₹ 2 = 60,000
Returned on Category II applications = 50,000
= **1,10,000**
Total excess application money adjusted on allotment
Category (i) = 1,30,000
Category (ii) = 45,000
= **1,75,000**
Number of shares applied by Defaulting shareholder = 300
Hence, Shares allotted to him = $300 \times \frac{85,000}{1,50,000} = 170$
Amount not received from Defaulting shareholder on First Call = 170 Shares × ₹ 5 = ₹ 850
Total amount due on First Call: 1,00,000 × ₹ 5 = 5,00,000
Less: amount adjusted for Calls in Advance = 75,000
= 4,25,000
Less: amount not received from defaulting shareholder = 850
Net amount received on First Call in Cash = **4,24,150**

24. Davesh's Executor has the following options :
   i. Interest @ 6% p.a. on the balance amount
   $= 50,000 \times \frac{6}{100} \times \frac{8}{12}$
   = ₹ 2,000
   ii. Share in the profit earned proportionate to his amount of outstanding to total capital.

$$\text{Share of Profit} = \text{Profit} \times \frac{\text{Outstanding amount of Outgoing Partner}}{\text{Capital of All Partner (after all adjustments)}}$$

Attention Please:
Profit = From the date of death of a partner till the date of next Balance Sheet
Share of Profit = $40,000 \times \frac{50,000}{(1,20,000+80,000+50,000)}$
$= 40,000 \times \frac{50,000}{2,50,000}$
= ₹ 8,000
Davesh's Executor should option (ii),
Total Amount payable to Dinesh's Executor = 50,000 + 8,000 = ₹ 58,000

25. **REVALUATION ACCOUNT**

Dr.				**Cr.**
Particular		**Amount (₹)**	**Particular**	**Amount (₹)**
To Stock A/c		2,000	By Land and Building A/c	50,000
To Plant and Machinery A/c		16,000		
To Provision for Doubtful Debts A/c		5,000		
To Profit Transferred to				
Deepak's Capital A/c	13,500			
Vineet's Capital A/c	13,500	27,000		
		50,000		50,000

PARTNERS' CAPITAL ACCOUNTS

Particulars	**Deepak Amount**	**Vineet Amount**	**Atul Amount**	**Particulars**	**Deepak Amount**	**Vineet Amount**	**Atul Amount**

	(₹)	(₹)	(₹)		(₹)	(₹)	(₹)
To Balance c/d	1,78,500	2,18,500	2,00,000	By Balance b/d	1,20,000	1,60,000	____
				By Bank A/c	____	____	2,00,000
				By Premium for			
				Goodwill A/c	45,000	45,000	____
				By Revaluation A/c (Profit)	13,500	13,500	____
	1,78,500	**2,18,500**	**2,00,000**		**1,78,500**	**2,18,500**	**2,00,000**

Balance Sheet

as on 1st April, 2022

Liabilities		Amount (₹)	Assets	Amount (₹)
Bank Overdraft		15,000	Cash in Hand	3,15,000
Creditors		60,000	Stock	8,000
Capital A/cs:			Debtors	35,000
Deepak	1,78,500		Plant & Machinery	64,000
Vineet	2,18,500		Land and Building	2,50,000
Atul	2,00,000	5,97,000		
		6,72,000		6,72,000

Working Note:

MEMORANDUM BALANCE SHEET

(Before Atul Admission)

Liabilities		Amount (₹)	Assets	Amount (₹)
Deepak	1,20,000		Land and Building	2,00,000
Vineet	1,60,000	2,80,000	Stock	10,000
Creditors		60,000	Debtors	40,000
Bank Overdraft		15,000	Plant & Machinery	80,000
			Cash (Balancing figure)	25,000
		3,55,000		3,55,000

CASH ACCOUNT

Dr.			**Cr.**
Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Balance b/d	25,000	By Balance c/d	3,15,000
To Atul's Capital A/c	2,00,000		
To Premium for Goodwill A/c	90,000		
	3,15,000		3,15,000

OR

Working Notes:

i. Revaluation A/c

Particulars		Amount	Particulars	Amount
To Machinery		5,000	By Patents	5,000

To Profit Transferred			By building	12,500
X's Capital	6,750			
Y's Capital	3,750			
Z's Capital	2,500	12,500		
		17,500		17,500

ii. Z's Share In Profits From 1st April 2010 To 31st July 2020

37,500 × 4/12 × 2/10 = 2,500

iii. Treatment Of Goodwill

Average Profit × No. Of Year Purchase

32,500 + 30,000 + 40,000 + 37,500 = 1,40,000/4 = 35,000

Goodwill = 35,000 × 2.5 = 87,500

Z's Share = 87,500 ×2/10 = 17,500

This Will Be Contributed By X and Y In their Gaining Ratio i.e. 5:3.

iv. Z's Capital A/c

Particulars	Amount	Particulars	Amount
To Z's Executor A/c	60,000	By Bal B/d	37,500
		By Revaluation A/c	2,500
		By X's Capital A/c	10,938
		By Y's Capital A/c	6,562
		By Profit And Loss Suspense A/c	2,500
	60,000		60,000

JOURNAL

Date	Particulars		L.F.	Debit (Rs.)	Credit (Rs.)
31.7.2020	Revaluation A/c	Dr.		5,000	
	To Machinery A/c				5,000
	(Being Value Of Machinery Decreased)				
	Patents A/c	Dr.		5,000	
	Building A/c	Dr.		12,500	
	To Revaluation A/c				17,500
	(Being the Value Of Assets Increased)				
	Revaluation A/c	Dr.		12,500	
	To X's Capital A/c				6,750
	To Y's Capital A/c				3,750
	To Z's Capital A/c **(WN1)**				2,500
	(Being Profit Of Revaluation Distributed Among Partners In Old Ratio)				
	Profit And loss Suspense A/c	Dr.		2,500	
	To Z's Capital A/c **(WN2)**				2,500

	(Being Share Of Profit Given To Z)				
	X's Capital A/c	Dr.		10,938	
	Y's Capital A/c			6,562	
	To Z's Capital A/c **(WN3)**				17,500
	(Being Adjustment Of Goodwill Made)				
	Z's Capital A/c	Dr.		60,000	
	To Z's Executor A/c				60,000
	(Being Amount Due To Z Transferred To His Executor A/c)				
	Z's Executor	Dr.		17,500	
	To Cash A/c				17,500
	(Being Payment Made To Z's Executor)				

Z's Executor A/c

Date	Particulars	Amount	Date	Particulars	Amount
31.7.2020	To Cash	17,500	31.7.2020	By Z's Capital A/c	60,000
31.1.2021	To Balalance c/d	45,050	31.1.2021	By Interest	2,550
				(42,500 * 12/100 * 6/12)	
		62,550			62,550

26. **JOURNAL ENTRIES**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		7,50,000	
	To Equity Share Application A/c (Money received on application @ ₹ 30 per share)				7,50,000
	Equity Share Application A/c	Dr.		7,50,000	
	To Equity Share Capital A/c (Transfer of application money to Share Capital A/c)				7,50,000
	Equity Share Allotment A/c	Dr.		11,25,000	
	To Equity Share Capital A/c				6,25,000
	To Securities Premium Reserve A/c (Allotment including premium due)				5,00,000
	Bank A/c	Dr.		11,25,000	
	To Equity Share Allotment A/c (Allotment money received including premium)				11,25,000
	Equity Share First Call A/c	Dr.		5,00,000	
	To Equity Share Capital A/c (Money due on First Call)				5,00,000
	Bank A/c	Dr.		5,00,000	
	To Equity Share First Call A/c (Money received on First Call)				5,00,000

	Equity Share Final Call A/c	Dr.		6,25,000	
	To Equity Share Capital A/c (Money due on Final Call)				6,25,000
	Bank A/c	Dr.		6,25,000	
	To Equity Share Final Call A/c (Money received on Final Call @ ₹ 25 per share on 25,000 shares)				6,25,000
	Share Issue Expenses A/c	Dr.		40,000	
	To Bank A/c (Expenses incurred on issue of shares)				40,000
	Securities Premium Reserve A/c	Dr.		40,000	
	To Share Issue Expenses A/c (Share issue expenses written off against securities premium Reserve A/c)				40,000

BANK ACCOUNT

Dr.					**Cr.**
Particulars	**J.F.**	**₹**	**Particulars**	**J.F.**	**₹**
To Equity Share Application A/c		7,50,000	By Share Issue Expenses A/c		40,000
To Equity Share Allotment A/c		11,25,000	By Balance c/d		29,60,000
To Equity Share First Call A/c		5,00,000			
To Equity Share Final Call A/c		6,25,000			
		30,00,000			**30,000,00**

OR

Issued 10,000 shares of ₹ 25 each at premium of ₹ 5

Applied 10,000 shares

Payable as:

Application	₹ 5	
Allotment	₹ 10	(5 + 5)
First Call	₹ 5	
Second Call	₹ 5	
Final Call	₹ 5	
	₹ 30	**(25 + 5)**

Books of Siya Limited

Cash Book

Dr.							**Cr.**
Date	**Particulars**	**L.F.**	**Bank (₹)**	**Date**	**Particulars**	**L.F.**	**Bank (₹)**
	Share Application		50,000				
	Share Allotment		1,00,000				
	Share First Call		50,000				
	Share Second Call		49,000				

	Share Final Call		48,000		Balance c/d		2,97,000
			2,97,000				**2,97,000**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Application A/c	Dr.		50,000	
	To Share Capital A/c (Application money of 10,000 shares of ₹ 5 each transferred to Share Capital)				50,000
	Share Allotment A/c	Dr.		1,00,000	
	To Share Capital A/c				50,000
	To Securities Premium A/c (Share allotment of 10,000 shares transferred to Share Capital at ₹ 5 each and Securities Premium at ₹ 5 each)				50,000
	Share First Call A/c	Dr.		50,000	
	To Share Capital A/c (First call due on 10,000 shares at ₹ 5 each)				50,000
	Share Second Call A/c	Dr.		50,000	
	To Share Capital A/c (Second call due on 10,000 shares at 5 each)				50,000
	Call-in-Arrears A/c	Dr.		1,000	
	To Share Second Call A/c (Second call outstanding on 200 shares at ₹ 5 each)				1,000
	Share Final Call A/c	Dr.		50,000	
	To Shares Capital A/c (Final call due on 50,000 shares of ₹ to 5 per shares)				50,000
	Calls-in-Arrears A/c	Dr.		2,000	
	To Shares Final Call A/c (Final call outstanding on 400 shares at ₹ 5 each)				2,000

Share Application Account

Dr.							**Cr.**
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Share Capital		50,000		Bank		50,000
			50,000				**50,000**

Share Allotment Account

Dr.							**Cr.**
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Share Capital		50,000		Bank		1,00,000
	Securities Premium		50,000				
			1,00,000				**1,00,000**

Share First Call Account

Dr.							Cr.
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Share Capital		50,000		Bank		50,000
			50,000				**50,000**

Share Second Call Account

Dr.							Cr.
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Share Capital		50,000		Bank		49,000
					Calls-in-Arrears		1,000
			50,000				**50,000**

Share Final Call Account

Dr.							Cr.
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Share Capital		50,000		Bank		48,000
					Calls-in-Arrears		2,000
			50,000				**50,000**

Call-in-Arrears Account

Dr.							Cr.
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Share Second Call		1,000				
	Share Final Call		2,000		Balance c/d		3,000
			3,000				**3,000**

Share Capital Account

Dr.							Cr.
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
					Share Application		50,000
					Share Allotment		50,000
					Share First Call		50,000
					Share Second		50,000
	Balance c/d		2,50,000		Share Final Call		50,000
			2,50,000				**2,50,000**

Securities Premium Account

Dr.							Cr.
Date	**Particulars**	**L.F.**	**₹**	**Date**	**Particulars**	**L.F.**	**₹**
	Balance c/d		50,000		Share Allotment		50,000
			50,000				**50,000**

As per the Schedule III of Companies Act, 2013, the Company's Balance Sheet is presented as follows.

Balance Sheet

Particulars	Note No.	₹
I. Equity and Liabilities		
1. Shareholders' Funds		
a. Share Capital	1	2,47,000
b. Reserves and Surplus	2	50,000
2. Non-Current Liabilities		
3. Current Liabilities		
TOTAL		**2,97,000**
II. Assets		
1. Non-Current Assets		
2. Current Assets		
a. Cash and Cash Equivalents	3	2,97,000
TOTAL		**2,97,000**

NOTES TO ACCOUNTS

Note No.	Particulars		₹
1	**Share Capital**		
	Authorised Share Capital		
	... shares of ₹ 25 each		____
	Issued Share Capital		
	10,000 shares of ₹ 25 each		2,50,000
	Subscribed, Called-up and Paid-up Share Capital		
	10,000 shares of ₹ 25 each	2,50,000	
	Less: Calls-in-Arrears	(3,000)	2,47,000
2	**Reserves and Surplus**		
	Securities Premium		50,000
3	**Cash and Cash Equivalents**		
	Cash at Bank		2,97,000

Part B :- Analysis of Financial Statements

27.

(c) All of these
Explanation:
All of these

28.

(b) 75%
Explanation:
Proprietary Ratio = Shareholders' Fund / Total Assets
Shareholders' Fund = 4,00,000 + 2,00,000 = 6,00,000
Total Assets = Non current Assets + Current Assets = 5,00,000 + 3,00,000 = 8,00,000
Proprietary Ratio = 6,00,000 / 8,00,000 = 0.75:1 or 75 %

OR

(c) ₹ 3,60,000

Explanation:

Current ratio = $\frac{C.A}{C.L}$

Current asset = 3 × ₹ 2,00,000 = ₹ 6,00,000

Quick ratio = $\frac{Q.A}{C.L}$

Q.A = ₹ 2,00,000 × 1.2 = ₹ 2,40,000

Q.A = C.A - Inventory

Inventory = ₹ 6,00,000 - ₹ 2,40,000 = ₹ 3,60,000

29.

(b) Goods purchased in cash

Explanation:

Goods purchase in cash is not a cash inflow as in this transaction cash is going out. Hence it is not cash inflow.

OR

(c) No effect

Explanation:

No effect

30.

(d) ₹ 30,000 received from debtors

Explanation:

₹ 30,000 received from debtors

31. **Comparative Statement of Profit & Loss**

for the year ended 31st March 2022 and 2023

Particulars	**Note No.**	**31st March 2022**	**31st March 2023**	**Absolute change**	**Percentage change**
		A	**B**	**(C = B - A)**	**(D = $\frac{C}{A} \times 100$)**
I. Revenue from Operation		20,00,000	30,00,000	10,00,000	50
II. Other Income		40,00,000	3,60,000	(40,000)	(10)
III. Total Revenue (I + II)		24,00,000	33,60,000	9,60,000	40
IV. Expenses		12,00,000	21,00,000	9,00,000	75
Profit before tax (III - IV)		12,00,000	12,60,000	60,000	5

OR

Comparative Statement of Profit and Loss

for the years ended 31st March, 2011 and 2012

Particulars	**Note No.**	**31st March 2011 Amount (₹)**	**31st March 2012 Amount (₹)**	**Absolute Change (Increase/**	**Percentage Change (Increase/**

				Decrease) (₹)	Decrease) (%)
		(A)	(B)	(C = B - A)	(D = $\frac{C}{A} \times 100$)
I. Revenue from Operations		**16,00,000**	**20,00,000**	**4,00,000**	**25.00**
II. Less: Expenses					
(a) Employees Benefit Expenses		8,00,000	10,00,000	2,00,000	25.00
(b) Other Expenses		2,00,000	1,00,000	(1,00,000)	(50.00)
Profit before tax		**6,00,000**	**9,00,000**	**3,00,000**	**50**
III. Less tax @ 40%		2,40,000	3,60,000	1,20,000	50
Profit before Tax		**3,60,000**	**5,40,000**	**1,80,000**	**50**

32. The balance sheet is prepared as per schedule 3 of the companies act,2013 and items are arranged as to cop with international standards.

Items	**Major Heads**
Loose Tools	Current Assets
Copyrights and Patents	Non-current Assets - intangible asset
Unpaid Dividend	Current Liabilities
Land and Building	Non-current Assets (fixed assets)

33. A. Return on Investment $= \frac{\text{Net Profit before Interest and Tax}}{\text{Capital Employed}} \times 100$

$= \frac{₹2,40,000}{₹8,00,000} \times 100 = 30\%$

Net Profit before Interest and Tax = Net Profit after Interest and Tax + Tax* + Interest on Long-term Debt**

= ₹ 1,00,000 + ₹ 1,00,000 + ₹ 40,000 = ₹ 2,40,000

Capital Employed = Total Assets - Current Liabilities

= ₹ 10,00,000 - ₹ 2,00,000 = ₹ 8,00,000

*Tax = ₹ 1,00,000 $\times \frac{50}{50}$ = ₹ 1,00,000

**Interest on Long-term Debt = 10% of ₹ 4,00,000 = ₹ 40,000

B. Working Capital Turnover Ratio $= \frac{\text{Revenue from Operations}}{\text{Working Capital}}$

$= \frac{₹20,00,000}{₹10,00,000} = 2$ Times

Gross Profit = ₹ 5,00,000

So, Revenue from Operations = $\frac{100}{25}$ × ₹ 5,00,000 = ₹ 20,00,000

Working Capital = Shareholders' Funds + Non-current Liabilities - Non-current Assets

= ₹ 25,00,000 + ₹ 8,00,000 - ₹ 23,00,000 = ₹ 10,00,000

OR

i. Cost of Revenue from Operations = Revenue from Operation - Gross Profit

= 3,00,000 - 75,000 = 2,25,000

ii. Total Purchase = Cost of Revenue + Closing Stock - Opening Stock

= 2,25,000 + 1,50,000 - 75,000

= 3,00,000

iii. Net Credit Purchase = Total Purchase - Cash Purchase
= 3,00,000 - 75,000
= 2,25,000

iv. Trade Payable Turnover Ratio = $\frac{\text{Net Credit Purchases}}{\text{Avg. Trade Payable}}$

$3 = \frac{2,25,000}{\text{Avg Trade Payable}}$

Avg. Trade Payable = 75,000
Let Opening Trade Payable = x
Closing Trade Payable = x + 75,000
$75,000 = \frac{x+x+75,000}{2}$
x = 37,500 (opening trade payable)
Closing Trade Payable = 1,12,500 (37,500 + 75,000)

34. **Plant Account**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d (1st April 2022)	7,50,000	By Bank A/c (Sales of machinery)	35,000
To Bank A/c (Bal. Fig.) (Plant Purchased)	3,65,000	By Accumulated Depreciation A/c	70,000
		By Loss on Sale of a plant(Statement of Profit and Loss)	40,000
		By Balance c/d (31st March 2023)	9,70,000
	11,15,000 ========		**11,15,000** =======

Accumulated Depreciation Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Plant A/c transfer	70,000	By Balance b/d (1st April 2022)	1,80,000
To Balance c/d (31st March 2023)	2,40,000	By Depreciation A/c (Statement of Profit and Loss) (Bal. Fig.)	1,30,000
	3,10,000 =======		**3,10,000** =======

i. a. Sale of Plant of ₹ 35,000 is an inflow of cash from Investing Activities. One of the rules in preparing a statement of cash flows is that the entire proceeds received from the sale of a long-term asset must be reported in the second section of the statement, the investing activities section.
b. Purchase of Plant of ₹ 3,65,000 is an outflow of cash from Investing Activities.
c. Loss on Sale of Plant (₹ 1,45,000 - ₹ 70,000 - ₹ 35,000 = ₹ 40,000) charged will be added in Net Profit while computing Cash Flow from Operating Activities.
d. Depreciation is a non cash accounting charge and does not have a direct impact on the amount of cash flow generated by a company.