Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - **9**

Time Allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. iThis 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. Match the following (Capital account is to be prepared on fixed method) **[1]**

(a) Drawing against Profit	(i) Partners current a/c (Credit side)
(b) Drawing Against capital	(ii) Partners current a/c (Debit side
(c) Interest on Capital (Charge against profit)	(iii) Partners' capital a/c (Credit side)
(d) Additional capital	(iv) Partners' capital a/c (Debit side)

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

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

OR

A and B entered into partnership on 15 November 2020 without any partnership deed. They introduced capitals of ₹ 5,00,000 and ₹ 3,00,000 respectively. On 15 December 2020, A advanced ₹ 2,00,000 by way of loan to the firm without any agreement as to interest. On 1st January 2021 firm give a loan of ₹ 40,000 to B. The Profit and Loss Account for the year ended 31.3.2021 showed a profit of ₹ 2,00,000 before providing for the above.

B' share of profit will be:

a) 75,000 b) 1,00,000

c) 98,250 d) 99,750

2. **Assertion (A):** Soni and Mohan entered into a partnership in the profit sharing ratio 1 : 2. Mohan agreed to pay Soni if her share of profit fall short of ₹ 50,000. The profit earned was ₹ 1,77,000. Soni asked him to pay ₹ 27,000, but Mohan refused to pay anything. **[1]**

Reason (R): Profit is guaranteed only when the minimum amount of profit is not earned by the partner.

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. First call amount received in advance from the shareholders before it is actually called up by the directors is: **[1]**

a) Debited to first call account

b) Credited to calls-in-advance account

c) Debited to calls-in-advance account

d) Credited to share allotment account

OR

R Ltd. forfeited 5,000 shares of ₹ 10 each issued at 10% premium to Mohini (₹ 9 called up) on which she did not pay ₹ 3 of allotment (including premium) and first call of ₹ 2. Out of these, ₹ 3,000 shares were re-issued as hilly paid up for ₹ 8 per share.
Amount transferred to Capital Reserve will be:

a) ₹ 3,000

b) ₹ 6,000

c) ₹ 9,000

d) ₹ 12,000

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

(a) Minimum number of Director in a private company	(i) 3
(b) Maximum number of Director in a private company	(ii) 2
(c) Minimum number of Director in a Public company	(iii) 15
(d) Minimum number of Director in a one-person company	(iv) 1

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

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

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

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

OR

The debentures that can be transferred by way of delivery and the company does not keep any record of the debentures holders are called:

a) Zero Coupon Rate debentures

b) Redeemable debentures

c) Bearer debentures

d) Convertible debentures

5. A and B are partners sharing profits in the ratio of 3 : 2. They decided to admit C as a new partner on 1st Apr. 2021 and profit sharing ratio becomes 3 : 1 : 1. C brought **[1]**

1,20,000 as his capital. On 31 Mar. 2021 their capitals were A 1,50,000 and B 1,00,000. On the date of C's admission balance sheet shows Profit and Loss (Cr) balance 30,000. C's share of goodwill will be:

a) 40,000 b) 1,20,000

c) 80,000 d) 2,00,000

6. Profit/loss of a firm for the last 4 years is Rs. 10,000 (Loss); Rs.15,000 profit; 20,000 profit; Rs.15,000 profit. Calculate Goodwill at $1\frac{1}{2}$ years purchase of average profits of the last 4 years. **[1]**

a) Rs.25,000 b) Rs.10,000

c) Rs.15,000 d) Rs.20,000

7. Yogesh and Rahul are partners sharing profit in the ratio 3: 1. On 31st March 2023, firm's net profit is ₹ 1,25,000. The partnership deed provided interest on capital to Yogesh and Rahul ₹ 15,000 & ₹ 10,000 respectively and Interest on drawings for the year amounted to ₹ 6,000 from Yogesh and ₹ 4,000 from Rahul. Yogesh is also entitled to commission @10% divisible profits after charging such commission. Calculate profit to be transferred to Partners Capital A/c's. **[1]**

a) ₹ 1,07,000 b) ₹ 1,10,000

c) ₹ 1,00,000 d) ₹ 90,000

8. P, Q and R have been sharing profits in the ratio of 8 : 5 : 3. P retires. Q takes $\frac{3}{16}$th share from P and R takes $\frac{5}{16}$th share from P. New profit sharing ratio will be: **[1]**

a) 10 : 6 b) 1 : 1

c) 5 : 3 d) 9 : 7

OR

According to the Partnership Act, 1932, the interest payable to the deceased partner on the amount left by him will be:

a) 6% p.a. b) 16% p.a.

c) 10% p.a. d) 12% p.a.

9. In what circumstances a partnership firm can be dissolved? **[1]**

A. When all partners become insolvent.

B. When the business of the firm become unlawful.

C. When Capital account of a partner shows a negative balance.

a) (B) b) (A)

c) (C) d) Both A and B

10. Kim, Manju and Pooja are partners. Their ratio is 5:3:2. If the market value of investments is ₹ 1,53,000, book value of the investment is 1,50,000 and investment fluctuation reserve is 13,500, then the share of Kim, Manju and Pooja in the Investment Fluctuation Fund (IFF) will be: **[1]**

a) ₹ 5,250; ₹ 3,150; ₹ 2,100 b) ₹ 6,750; ₹ 4,050; ₹ 2,700

c) ₹ 6,700; ₹ 4,100; ₹ 2,700 d) ₹ 5,000; ₹ 5,000; ₹ 3,500

OR

A and B are partners sharing profits in the ratio of 3 : 2. They decided to admit C as a new partner with $\frac{1}{4}^{th}$ share in future profit. The new profit sharing ratio is 5 : 4 : 3. C could not bring his share of goodwill in cash. On the date of admission, firm's goodwill was calculated ₹ 72,000.

Capital Accounts of A and B will be credited with:

a) A = 52,800; B = 19,200 b) A = 13,200; B = 4,800

c) A = 10,000; B = 8,000 d) A = 10,800; B = 7,200

11. S and T were partners in a firm sharing profits and losses in the ratio of 3 : 2. They admitted U as a new partner in the firm. On U's admission there existed a provision for bad and doubtful debts of ₹ 7,000. It was decided to write off ₹ 3,000 as bad debts. The remaining debtors were considered as good. The amount to be debited/credited to Revaluation Account on account of the above treatment will be: **[1]**

a) Debit ₹ 4,000 b) Debit ₹ 3,000

c) Credit ₹ 4,000 d) Debit ₹ 7,000

12. Sunbeam Ltd. issued 20,000, 11% debentures of ₹ 100 each at a premium of 10%, redeemable at a premium of 5%. The **Loss on Issue of Debentures Account** will debited by: **[1]**

a) ₹ 22,00,000 b) ₹ 1,00,000

c) ₹ 3,00,000 d) ₹ 2,00,000

13. Sujata Ltd. issued 5,000, 7% Debentures of ₹ 100 each at a premium of 10%. According to the terms of issue, 40% of the amount was payable on application and the balance on allotment. The issue was fully subscribed and all amounts were duly received. The amounts received on application and allotment respectively were: **[1]**

a) ₹ 2,50,000 and ₹ 3,00,000 b) ₹ 2,00,000 and ₹ 2,50,000

c) ₹ 2,00,000 and ₹ 3,50,000 d) ₹ 2,00,000 and ₹ 3,00,000

14. **A** Limited purchased the assets from **B** Limited for ₹ 8,10,000. **A** Limited issued 10% debentures of ₹ 100 each at 10% discount against the payment. The number of debentures received by **B** Limited will be: **[1]**

a) 9,000 b) 81,000

c) 8,100 d) 90,000

15. On the dissolution of a partnership firm there existed a balance of ₹ 45,000 in Sundry Debtors Account and a balance of ₹ 8,000 in Provision for Bad Debts Account in the books of the firm. The amount by which **Realisation Account** will be debited for closing Sundry Debtors Account will be: **[1]**

a) ₹ 45,000 b) ₹ 53,000

c) ₹ 8,000 d) ₹ 37,000

16. How will you calculate sacrificing ratio **[1]**

a) Old share in profit - New Share in profit b) Gaining share in profit - New Share in profit

c) Old share in profit - Gaining Share in profit d) New share in profit - Old Share in profit

17. A, B and C are partners sharing profit and loss in the ratio of 2 : 5 : 5. From 1st January, 2023, they decided to share profit and loss in the ratio of 3 : 5 : 7. You are required to fill up the following journal entry: **[3]**

JOURNAL

Date	**Particulars**		**L.F.**	**Dr.** ₹	**Cr.** ₹
2023 Jan. 1	A's Capital A/c	Dr.		-	
	C's Capital A/c	Dr.		90,000	
	To B's Capital A/c (Adjustment for goodwill due to change in profit sharing ratio)				-

OR

A and B are partners, sharing profit and losses in the ratio of 3 : 2. Goodwill appears in their Balance Sheet at ₹ 24,000, when C is admitted into a partnership for $\frac{1}{5}$th share in profit. He pays ₹ 50,000 for capital and ₹ 8,000 as goodwill. The ratio of the partner's A, B and C in the new firm would be 2 : 2 : 1. Pass journal entries in the books of the new firm to record the above adjustments.

18. State any two situations when dissolution of a partnership firm takes place on Court's orders. **[3]**

19. Venus Ltd. issued ₹ 10,00,000; 9% Debentures of ₹ 100 each at a discount of 6% on 1st April, 2023. These debentures are to be redeemed equally, spread over 5 annual instalments. It had balance in Capital Reserve of ₹ 75,000. **[3]**

Pass the Journal entries for issue of debentures and writing off the discount.

20. Aman and Vinay were partners in a firm sharing profits and losses in the ratio of 2 : 1. With effect from 1st April, 2023, they agreed to share the profits equally. On that date, the Balance Sheet of the firm showed ₹ 75,000 as Workmen Compensation Reserve against which there was no liability. Vinay expressed his opinion that it should be credited to the Capital accounts equally. However, Aman was of the opinion that it should be credited to the Capital accounts in the ratio of 2 : 1. Aman was able to convince Vinay. Explain what argument must have been put forward by Aman to which Vinay agreed? **[3]**

21. Starline Ltd. issued 10,000 shares of ₹ 10 each, payable as ₹ 3 on application, ₹ 4 on allotment, ₹ 2 on first call and balance on second and final call. Out of the total **[4]**

shares, 500 shares were forfeited.

Calculate the **Maximum Permissible Discount** and **Minimum Reissue Price** at the time of reissue in each of the following cases:

Case 1. If shares were forfeited for non-payment of Second and Final Call.

Case 2. If shares were forfeited for non-payment of First Call and Second and Final Call.

Case 3. If shares were forfeited for non-payment of Allotment, First Call and Second and Final Call.

Case 4. If shares were forfeited for non-payment of Allotment and First Call. Second and Final Call is not yet made.

Case 5. If shares were forfeited for non-payment of First Call. Second and Final Call is not yet made.

22. A and B started a partnership business on 1st April,2022. They contributed ₹ 6,00,000 and ₹ 4,00,000 respectively, as their capitals. The terms of the partnership agreement are as under: **[4]**

i. Interest on capital and drawings @ 6% per annum.

ii. B is to get a monthly salary of ₹ 2,500.

iii. Sharing of profit or loss will be in the ratio of their capital contribution.

The profit for the year ended 31st March, 2023, before making above appropriations was ₹ 2,07,400. The drawings of A and B were ₹ 48,000 and ₹ 40,000 respectively. Interest on drawings amounted to ₹ 1,500 for A and ₹ 1,100 for B.

Prepare profit and loss appropriation account and partner's capital accounts assuming that their capitals are fluctuating.

23. Give journal entries for forfeiture and re-issue of shares: **[6]**

i. C Ltd. forfeited 800 shares of ₹ 10 each, issued at 30% premium (to be paid at the time of allotment) for non-payment of a first call of ₹ 2 per share. The second and final call of ₹ 2 has not yet been called. Out of these, 200 shares were re-issued as ₹ 8 paid up for ₹ 8 per share.

ii. D Ltd. forfeited, 800 shares of ₹ 10 each, issued at 30% premium for non-payment of allotment money of ₹ 5 per share (including premium) and first call of ₹ 2 per share. The second and final call of ₹ 2 has not yet been called. Out of these, 200 shares were re-issued as fully paid up for ₹ 11 per share.

iii. Y Ltd. forfeited 1,000 shares of ₹ 10 each issued at 10% premium to Kedar (₹ 9 called up) on which he did not pay ₹ 3 of allotment (including premium) and first call of ₹ 2. Out of these, 600 shares were re-issued to Neeraj as fully paid up for ₹ 8 per share and 200 shares to Dinesh as fully paid up @ ₹ 12 at different intervals of time.

24. The Balance Sheet of X, Y and Z who were sharing profits in the ratio of 5 : 3 : 2 as at March 31, 2023: **[6]**

Liabilities	**₹**	**Assets**	**₹**
Creditors	50,000	Cash at Bank	40,000

Employee's Provident Fund			10,000	Sundry Debtors	1,00,000
Profit & Loss A/c			85,000	Stock	80,000
Capital A/cs:				Fixed Assets	60,000
X		40,000			
Y		62,000			
Z		33,000	1,35,000		
			2,80,000		2,80,000

X retired on 1st April, 2023 and Y and Z decided to share profits in future in the ratio of 2 : 3 respectively.

The other terms on retirement were as follows:

i. Goodwill of the firm is to be valued at ₹ 80,000.

ii. Fixed Assets are to be depreciated to ₹ 57,500.

iii. Make a provision for doubtful debts at 5% on debtors.

iv. A liability for claim, included in creditors for ₹ 10,000, is settled and paid at ₹ 8,000.

The amount to be paid to X by Y and Z in such a way that their Capitals are proportionate to their profit sharing ratio and leave a balance of ₹ 15,000 in the Bank Account.

Prepare Profit and Loss Adjustment Account and Partners' Capital Accounts.

25. A and B are partners. They admit C as partner who pays ₹ 50,000 as capital. The new ratio is to be 4 : 3 : 2. The goodwill of the firm is to be based on 2 year's purchase of the average of 3 year's profits which were ₹ 30,000; ₹ 35,000 and ₹ 43,000. Show Journal entries, if: **[6]**

a. C pays for goodwill in cash; and

b. He is unable to bring cash for goodwill.

OR

Gopi, Hira and Ira were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Their Balance Sheet as at 31st March, 2023 was as follows:

Balance Sheet of Gopi, Hira and Ira as at 31st March, 2023

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		40,000	Bank	50,000
General Reserve		30,000	Stock	30,000
Capitals:			Debtors	20,000
Gopi	75,000		Fixed Assets	1,40,000
Hira	50,000			
Ira	45, 000	1,70,000		
		2,40,000		2,40,000

Hira died on 31st December, 2023. It was agreed between her executors and remaining partners that :

i. Goodwill be valued at 2 years purchase of average profits of the previous 3 years. Average profits of the previous three years were ₹ 45,000.

ii. Share of profit up to the date of death on the basis of average profits of the previous four years. Hira's share of profit amounted to ₹ 18,000.

iii. Interest on capital is to be provided @ 12% p.a.

iv. Half the amount due to Hira is to be paid immediately.

Prepare Hira's Capital Account and Hira's Executor's Account as on 31st December, 2023.

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

Elpis Ltd. issued 10,000 Equity Shares of ₹ 10 each at a premium of ₹ 3 per share payable as:

On Application	₹ 4
On Allotment	₹ 5 (including premium)
On First Call	₹ 2
Balance	as and when required.

The public applied for 12,000 shares. The company made pro-rata allotment to all the applicants. One shareholder who was allotted 900 shares paid the entire amount with allotment while another shareholder who had applied for 1200 shares, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited.

Of the forfeited shares, 800 were reissued at ₹ 7 per share.

i. Balance of Share Allotment Account will be:

a) Nil b) 12,200

c) 39,600 d) 50,000

ii. Balance of Securities Premium Reserve Account will be:

a) 27,000 b) 29,000

c) 28,000 d) 30,000

iii. Balance of Share Forfeiture Account will be:

a) 3,800 b) 960

c) 3,000 d) 800

iv. Balance of Calls-in-Arrears Account:

a) 4,200 b) 2,000

c) Nil d) 6,200

v. Amount transfer to capital reserve is-

a) Rs.1000 b) Rs.960

c) Rs.3360 d) Rs.2400

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. Cash Credit is shown in the balance sheet under the **[1]**

a) Other Current Liabilities b) Shareholders' Funds

c) Non-Current Liabilities d) Short Term Borrowings

28. **[1]**

Equity Share Capital	2,00,000
Preference Share Capital	2,00,000

General Reserve	1,00,000
Securities Premium Reserve	70,000
Statement of Profit & Loss (Profit)	70,000
10% Debentures	4,00,000
Term Loan from Bank	4,00,000
Current Liabilities	20,000

Debt Equity Ratio will be:

a) 1.28 : 1 b) 0.78 : 1

c) 1.25 : 1 d) 0.8 : 1

OR

Credit Revenue from Operations ₹ 3,00,000. Trade Receivables Turnover Ratio 5; Calculate Closing Debtors, if Closing Debtors are two times in comparison to Opening Debtors.

a) ₹ 80,000 b) ₹ 60,000

c) ₹ 1,20,000 d) ₹ 40,000

29. Dividend paid by a non-financial company is shown as: **[1]**

a) Operating Activities b) Cash and Cash Equivalent

c) Financing Activities d) Investing Activities

OR

The activities that result in changes in the size and composition of the owners' capital and borrowings of the enterprise are called _____.

a) Managerial Activities b) Financing Activities

c) Investing Activities d) Operating Activities

30. Which activity are the main revenue-generating activities of the enterprises? **[1]**

a) Cash flow from management activities b) Cash flow from investment activities

c) Cash flow from operating activities d) Non Cash transactions

31. From the following summarised Balance Sheet of Green Ltd. as at 31st March, 2023, prepare Comparative Balance Sheet: **[3]**

	Particulars	**Note No.**	**31st March, 2023 (₹)**	**31st March, 2022 (₹)**
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' Funds**			
(a)	Share Capital:			
	(i) Equity Share Capital		60.00	60.00

	(ii) Preference Share Capital		15.00	15.00
(b)	Reserves and Surplus		18.00	15.00
2.	**Non-Current Liabilities**			
	(a) Long-term Borrowings	1	45.00	45.00
	(b) Long-term Provisions		2.30	2.00
3.	**Current Liabilities**			
	Trade Payables (Creditors)		14.20	13.00
	Total		**154.50**	**150.00**
II.	**ASSETS**			
1.	**Non-Current Assets**			
	Property, Plant and Equipment and Intangible Assets: Property, Plant and Equipment		123.00	105.00
2.	**Current Assets**			
	(a) Trade Receivables (Debtors)		29.50	40.00
	(b) Cash and Cash Equivalents		2.00	5.00
	Total		**154.50**	**150.00**

Note to Accounts:

Particulars	**31st March, 2023 (₹)**	**31st March, 2022 (₹)**
1. Long-term Borrowings		
Loan from: Bank	27.00	30.00
Others	18.00	15.00
	45.00	45.00

OR

From the following information, prepare a Comparative Statement of Profit & Loss of Freeflow Ltd.:

Particulars	**2022-23**	**2021-22**
	₹	**₹**
Revenue from Operations	40,00,000	50,00,000
Cost of Materials Consumed	20,00,000	30,00,000
Other Expenses	7,00,000	10,00,000
Other Income	1,00,000	2,00,000

32. State the meaning of financial statements? **[3]**

33. A limited company made Credit Sales of ₹ 4,00,000 during the financial period. If the collection period is 36 days and year is assumed to be 360 days, calculate: **[4]**

i. Trade Receivables Turnover Ratio;

ii. Average Trade Receivables;

iii. Trade Receivables at the end when Trade Receivables at the end are more than that in the beginning by ₹ 6,000.

OR

Compute debt-equity ratio, proprietary ratio, and total assets to debt ratio from the following information:

Equity Share Capital	2,00,000
12% Preference Share Capital	3,00,000
Reserves and Surplus	2,50,000
The balance of Statement of Profit and Loss	1,50,000
10% Debentures	10,00,000
Loan from IDBI	6,00,000
Current Liabilities	6,80,000
Net Fixed Assets	21,00,000
Long Term Investment	2,00,000
Current Assets	8,80,000

34. Following are the Balance Sheets of Gains Ltd.:- **[6]**

Particulars	**Note No.**	**31.3.2023 (₹)**	**31.3.2022 (₹)**
I. EQUITY AND LIABILITIES:			
(1) Shareholder's Funds:			
(a) Share Capital		2,00,000	2,00,000
(b) Reserve and Surplus		1,25,000	20,000
(2) Non-Current Liabilities:			
Long-term Borrowings		75,000	50,000
(3) Current Liabilities:			
(a) Trade Payables		64,000	90,000
(b) Short term Provisions (Provision for Tax)		15,000	10,000
TOTAL		4,79,000	3,70,000
II. ASSETS:			
(1) Non-Current Assets:			
(a) Property, Plant and Equipment and Intangible Assets			

(i) Property, Plant and Equipment	1	3,23,000	1,84,000
(2) Current Assets:			
(a) Inventory		72,000	50,000
(b) Trade Receivables		51,000	75,000
(c) Cash & Cash Equivalents		33,000	59,000
(d) Other Current Assets	2	-	2,000
TOTAL		4,79,000	3,70,000

Notes:

1.

	31.3.2023 (₹)	**31.3.2022 (₹)**
(1) Property, Plant and Equipment:		
Machinery:	3,75,000	2,20,000
Less: Accumulated Depreciation	52,000	36,000
	3,23,000	1,84,000

2.

Other Current Assets:		
Prepaid Expenses	-	2,000

Additional Information:

1.

Contingent Liability	**31st March, 2023 (₹)**	**31 st March, 2022 (₹)**
Proposed Dividend	28,000	20,000

2. Interest paid on long-term borrowings amounted to ₹ 8,000.

You are required to prepare a Cash-Flow Statement.

Solution

Part A:- Accounting for Partnership Firms and Companies

1. **(a)** (a) - (ii), (b) - (iv), (c) - (i), (d) - (iii)
   Explanation:
   (a) - (ii), (b) - (iv), (c) - (i), (d) - (iii)

   OR

   (c) 98,250
   Explanation:
   2,00,000 - 3,500 (Interest on loan)
   = 1,96,500
   Distributed equally

2. **(a)** Both A and R are true and R is the correct explanation of A.
   Explanation:
   As the profit share of Soni is 77,000, which is more than the guaranteed amount, so Mohan did not have to pay her.

3. **(b)** Credited to calls-in-advance account
   Explanation:
   Credited to calls-in-advance account, when the amount is received in Advance.

   OR

   (c) ₹ 9,000
   Explanation:

		₹
Amount Called up		9
Less: Not paid on allotment (Excluding Premium)	2	
Not paid on first call	2	4
Amount paid on 5,000 shares		5 per share

	(₹)
As such, amount paid (forfeited) on 3,000 reissued shares @ ₹ 5	15,000
Less: Loss on Reissue : 3,000 @ ₹ 2	6,000
Transferred to Capital Reserve	9,000

4. **(b)** (a) - (ii), (b) - (iii), (c) - (i), (d) - (iv)

Explanation:
(a) - (ii), (b) - (iii), (c) - (i), (d) - (iv)

OR

(c) Bearer debentures
Explanation:
Bearer Debentures

5. **(a)** 40,000
Explanation:
Total capital of the firm = 1,20,000 X 5/1 = 6,00,000
Existing capital of the firm = 1,50,000 + 1,00,000 + 1,20,000 + 30,000 = 4,00,000
goodwill = 6,00,000 - 4,00,000
2,00,000
C's share = 2,00,000 X 1/5 = 40,000

6. **(c)** Rs.15,000
Explanation:
Calculation of Goodwill:
i. Total profit = 15,000 + 20,000 + 15,000 - 10,000 = 40,000
ii. Average Profit = $\frac{Total\ Profit}{No\ of\ Years} = \frac{40000}{4}$ = 10,000
iii. Goodwill = Average Profit $\times$ No of Years purchase = 10,000 $\times$ 1.5 = 15,000

7. **(c)** ₹ 1,00,000
Explanation:
(125000-25000+10000)x10/110 = ₹ 1,00,000

8. **(b)** 1 : 1
Explanation:
1 : 1

OR

(a) 6% p.a.
Explanation:
The Partnership Act, 1936 states that the interest payable to the deceased partner needs to be 6% p.a

9. **(d)** Both A and B
Explanation:
A firm can be dissolved compulsorily in the following cases:
i. When all the partners of a partnership firm or all but one partner, become insolvent, rendering them incompetent to sign a contract;
ii. When the business of the partnership firm becomes illegal.

10. **(b)** ₹ 6,750; ₹ 4,050; ₹ 2,700

Explanation:
Investment fluctuation reserve will be distributed in old ratio I.e 5:3:2
Since the investment is increasing the entry would be
Investment A/C Dr. 3,000
To Revaluation A/C. 3,000

OR

(b) A = 13,200; B = 4,800
Explanation:
Sacrifice ratio = old share - new share
A = 3/5 - 5/12 = 11/60
B = 2/5 - 4/12 = 4/60
C's share in goodwill = 72,000 X 3/12 = 18,000
So 18,000 will be divided in 11:4
A = 13,200; B = 4,800

11.
(c) Credit ₹ 4,000
Explanation:
Credit ₹ 4,000

12.
(b) ₹ 1,00,000
Explanation:
The Loss on Issue of Debentures Account will debited by:₹ 1,00,000

13.
(c) ₹ 2,00,000 and ₹ 3,50,000
Explanation:
₹ 2,00,000 and ₹ 3,50,000
Amount received on application = 5,000× 40 = 2,00,000
Amount received on allotment = 5,000 × 70 (60+10(premium)) = 3,50,000

14. **(a)** 9,000
Explanation:
9,000

15. **(a)** ₹ 45,000
Explanation:
₹ 45,000

16. **(a)** Old share in profit - New Share in profit
Explanation:
Sacrificing ratio refers to that ratio in which old partners will sacrifice their share in the favour of a new partner at the time of admission. Sacrificing ratio to be calculated as:
Sacrificing ratio = old ratio - new ratio.

17. **JOURNAL**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
2023					
Jan.	A's Capital A/c	Dr.		60,000	

1					
	C's Capital A/c	Dr.		90,000	
	To B's Capital A/c (Adjustment for goodwill due to change in profit sharing ratio) (Refer Working Note)				1,50,000

OR

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
	A's Capital A/c	Dr.		14,400	
	B's Capital A/c	Dr.		9,600	
	To Goodwill A/c				24,000
	(Being goodwill appearing in the books now written off in old ratio)				
	Bank A/c	Dr.		58,000	
	To C's Capital A/c				50,000
	To Premium for Goodwill A/c				8,000
	(Being goodwill and Capital brought by C)				
	Premium for Goodwill A/c	Dr.		8,000	
	To A's Capital A/c				8,000
	(Being goodwill distributed to old partners)				

Working Note:-

Calculation of Sacrificing Ratio:

A's Share = $\frac{3}{5} - \frac{2}{5} = \frac{3-2}{5} = \frac{1}{5}$

B's Share = $\frac{2}{5} - \frac{2}{5} = \frac{2-2}{5} = 0$

A's alone has sacrificed.

18. Two cases when a firm is dissolved on the court's order are-

i. If a partner becomes of unsound mind.

ii. If the partners are incapable of performing their duties.

19. **Journal Entries**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		940000	
	To Debenture App & Allotment A/c (Debenture application money received)				940000
	Debenture App & Allotment A/c	Dr.		940000	
	Discount on issue of Debenture A/c	Dr.		60000	
	To 9% Debenture App (debentures allotted and transferred to Debenture A/c)				1000000
	Statement of profit and loss A/c	Dr.		60000	
	To Discount on issue of Debenture A/c (Discount on issue of Debenture written off)				60000

20. Aman would have given the argument that Workmen Compensation Reserve was created out of profits when their profit sharing ratio was 2 : 1. Hence, it should be credited in the old profit sharing ratio.

21. Table Showing Maximum Permissible Discount and Minimum Reissue Price

Case	Amount Forfeited	Maximum Permissible Discount is Amount Forfeited	Minimum Reissue Price
1.	₹ 3 + ₹ 4 + 2 = ₹ 9 per share	₹ 9 per share	₹ 10 - ₹ 9 = ₹ 1 per share
2.	₹ 3 + ₹ 4 = ₹ 7 per share	₹ 7 per share	₹ 10 - ₹ 7 = ₹ 3 per share
3.	₹ 3 per share	₹ 3 per share	₹ 10 - ₹ 3 = ₹ 7 per share
4.	₹ 3 per share	₹ 3 per share	₹ 10 - ₹ 3 = ₹ 7 per share
5.	₹ 3 + ₹ 4 = ₹ 7 per share	₹ 7 per share	₹ 10 - ₹ 7 = ₹ 3 per share

22. **PROFIT AND LOSS APPROPRIATION ACCOUNT**

for the year ended 31st March, 2023

Dr.			**Cr.**		
Particular		**₹**	**Particular**		**₹**
To B's Salary		30,000	By Profit & Loss A/c (Profit)		2,07,400
To Interest on Capital			By Interest on Drawings:		
A	36,000		A	1,500	
B	24,000	60,000	B	1,100	2,600
To Profit transferred Capital a/c					
A	72,000				
B	48,000	1,20,000			
		2,10,000			**2,10,000**

PARTNER'S CAPITAL ACCOUNTS

Dr.							**Cr.**
Date	**Particular**	**A**	**B**	**Date**	**Particular**	**A**	**B**
2023 31 March	To Drawings A/c	48,000	40,000	2022 01 April	By Bank	6,00,000	4,00,000
31 March	To Interest on Drawings	1,500	1,100	2023 31 March	By Salary	-	30,000
31 March	To Balance c/d	6,58,500	4,60,900	31 March	By Interest on Capital	36,000	24,000
				31 March	By Profit and loss Appropriation A/c	72,000	48,000
		7,08,000	**5,02,000**			**7,08,000**	**5,02,000**

Working Note:-

1. B's Salary = ₹ 2,500 × 12 = 30,000
2. **Profit distribution between partners:-**
   A's Profit = ₹ 1,20,000 × $\frac{3}{5}$ = ₹ 72,000
   B's Profit = ₹ 1,20,000 × $\frac{2}{5}$ = 48,000
3. **Calculation of Interest on Capital:-**
   A = ₹ 6,00,000 × 6% = ₹ 36,000
   B = ₹ 4,00,000 × 6% = ₹ 24,000

23. a.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.		6,400	
	To Share First Call A/c				1,600
	To Share Forfeiture A/c (Forfeiture of 800 shares)				4,800
	Bank A/c	Dr.		1,600	
	To Share Capital A/c (Re-issue of 200 shares @ ₹ 8 each)				1,600
	Share Forfeiture A/c[(1)]	Dr.		1,200	
	To Capital Reserve A/c (Gain on 200 re-issued shares transferred to Capital Reserve)				1,200

Note (1)

	₹	₹
As Forfeited amount on 800 shares	4,800	
Therefore, Forfeited amount on 200 shares	₹ $\frac{4,800}{800}$ × 200	1,200

Since there is no loss on re-issue, the full amount of ₹ 1,200 will be transferred to Capital Reserve.

b.

Particulars		L.F.	Dr. (₹)	Cr. (₹)
Share Capital A/c	Dr.		6,400	
Securities Premium A/c	Dr.		2,400	
To Share Allotment A/c				4,000
To Share First Call A/c				1,600
To Share Forfeiture A/c (Forfeiture of 800 shares)				3,200
Bank A/c	Dr.		2,200	
To Share Capital A/c				2,000
To Securities Premium A/c (Re-issue of 200 shares @ ₹ 11 each)				200
Share Forfeiture A/c[(2)]	Dr.		800	
To Capital Reserve A/c (Gain on 200 re-issued shares transferred to Capital Reserve)				800

Note (2):

As Forfeited amount on 800 shares	₹ 3,200
Therefore, Forfeited amount on 200 shares = ₹ $\frac{3,200}{800} \times 200$	₹ 800

Books of Y Ltd.
JOURNAL

c.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.		9,000	
	Securities Premium A/c	Dr.		1,000	
	To Share Allotment A/c				3,000
	To Share First Call A/c				2,000
	To Share Forfeiture A/c (Forfeiture of 1,000 shares of Kedar)				5,000
	Bank A/c	Dr.		4,800	
	Share Forfeiture A/c	Dr.		1,200	
	To Share Capital A/c (Re-issue of 600 shares at ₹ 8 per share as fully paid up)				6,000
	Share Forfeiture A/c[(3)]	Dr.		1,800	
	To Capital Reserve A/c (Gain on 600 shares transferred to capital reserve)				1,800
	Bank A/c	Dr.		2,400	
	To Share Capital A/c				2,000
	To Securities Premium Reserve A/c (200 shares re-issued, after sometime)				400
	Share Forfeiture A/c[(4)]	Dr.		1,000	
	To Capital Reserve A/c (Gain on 200 shares transferred)				1,000

600 shares and 200 shares have been re-issued at different intervals of time. Therefore, entry for their re-issue have been made separately.

Note: (3)

Forfeited amount on 1,000 shares = ₹ 5,000

Forfeited amount on 600 shares = ₹ 5,000 × $\frac{600}{1,000}$ = 3,000

Less: Loss on Re-issue = (1,200)

Transferred to Capital Reserve: 1,800

Note: (4)

Forfeited amount on 1,000 shares = ₹ 5,000

Forfeited amount on 200 shares = ₹ 5,000 × $\frac{200}{1,000}$ = ₹ 1,000

24. **PROFIT AND LOSS ADJUSTMENT ACCOUNT**

Dr.		Cr.	
Particulars	**₹**	**Particulars**	**₹**
To Fixed Assets A/c	2,500	By Creditors A/c	2,000

To Provision for Doubtful Debts A/c	5,000	By Loss transferred to:		
		X's Capital A/c	2,750	
		Y's Capital A/c	1,650	
		Z's Capital A/c	1,100	5,500
	7,500			**7,500**

PARTNER'S CAPITAL ACCOUNTS

Dr.							**Cr.**
Particulars	**X (₹)**	**Y (₹)**	**Z (₹)**	**Particulars**	**X (₹)**	**Y (₹)**	**Z (₹)**
To Profit & Loss Adjustment A/c	2,750	1,650	1,100	By Balance b/d	40,000	62,000	33,000
To X's Capital A/c (Goodwill)		8,000	32,000	By Profit & Loss A/c	42,500	22,500	17,000
To Balance c/d	1,19,750	77,850	16,900	By Y's Capital A/c (Goodwill)	8,000		
				By Z's Capital A/c (Goodwill)	32,000		
	1,22,500	**87,500**	**50,000**		**1,22,500**	**87,500**	**50,000**
To Bank A/c	1,19,750			By Balance b/d	1,19,750	77,850	16,900
To Balance c/d		79,000	1,18,500	By Bank A/c (Note)		1,150	1,01,600
	1,19,750	**79,000**	**1,18,500**		**1,19,750**	**79,000**	**1,18,500**

Working Notes:

i. **Calculation of Gaining Ratio:**

Gaining Ratio = New Ratio - Old Ratio

$Y = \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}$

$Z = \frac{3}{5} - \frac{2}{10} = \frac{6-2}{10} = \frac{4}{10}$

Gaining Ratio = 1 : 4

ii. **Adjustment for Goodwill:**

X's share in Goodwill = ₹ 80,000 $\times \frac{5}{10}$ = ₹ 40,000, which is to be contributed by Y and Z in their gaining ratio of 1 : 4 as under:

Y = ₹ 40,000 $\times \frac{1}{5}$ = ₹ 8,000

Z = ₹ 40,000 $\times \frac{4}{5}$ = ₹ 32,000

iii. **Calculation of Proportionate Capital:**

Total Capital of the new firm after X's retirement should be:	**₹**
Amount required to pay off X	1,19,750
Add: Existing Balance in Y's Capital Account	77,850
Add: Existing Balance in Z's Capital Account	16,900
Add: Required Cash Balance	15,000
	2,29,500
Less: Cash at Bank (₹ 40,000 - ₹ 8,000)	32,000
Total Capital of the new firm	1,97,500

This capital should be in the new profit sharing ratio of Y and Z:
Therefore, Y's new capital should be: ₹ 1,97,500 × $\frac{2}{5}$ = ₹ 79,000
Z's new capital should be: ₹ 1,97,500 × $\frac{3}{5}$ = ₹ 1,18,500

	Y (₹)	Z (₹)
Capital required in the new firm	79,000	1,18,500
Less: Existing Balance in Capital Account	77,850	16,900
Amount to be brought in	1,150	1,01,600

25.

Date	Particulars		L.F.	Amount Dr.	Amount Cr.
	Bank A/c	Dr.		50,000	
	To C's Capital A/c				50,000
	(Being of Capital brought in cash)				
Case (a)	Bank A/c	Dr.		16,000	
	To Goodwill A/c				16,000
	(Being goodwill brought in cash)				
	Goodwill A/c	Dr.		16,000	
	To A's Capital A/c				4,000
	To B's Capital A/c				12,000
	(Being goodwill credited to old partners in their sacrificing ratio)				
Case (b)	C's Capital A/c	Dr.		16,000	
	To A's Capital A/c				4,000
	To B's Capital A/c				12,000
	(Being C's share of goodwill credited to old partners in their sacrificing ratio)				

Working Note:-
Valuation of Goodwill:-
Average Profit = $\frac{30,000+35,000+43,000}{3}$
Average Profit = $\frac{1,08,000}{3}$
Average Profit = ₹ 36,000
Goodwill = 36,000 × 2 = 72,000
C's share in Goodwill = 72,000 × $\frac{2}{9}$ = 16,000
Calculation of Sacrificing Ratio:-
Sacrificing Ratio = Old Ratio - New Ratio
A's Sacrificing Ratio = $\frac{1}{2} - \frac{4}{9} = \frac{9-8}{18} = \frac{1}{18}$
B's Sacrificing Ratio = $\frac{1}{2} - \frac{3}{9} = \frac{9-6}{18} = \frac{3}{18}$
Sacrificing Ratio = 1 : 3

OR

Books of Gopi, Hira and Ira
Hira's Capital A/c

Dr.			Cr.
Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To Hira's Executor's A/c	1,12,500	By Balance b/d	50,000
		By General Reserve A/c	10,000
		By Gopi's Capital A/c (goodwill)	22,500
		By Ira's Capital A/c (goodwill)	7,500
		By Profit &Loss Suspense A/c	18,000
		By Interest on Capital A/c	4,500
	1,12,500		1,12,500

Hira's Executor's A/c

Dr.			Cr.
Particulars	**Amount ₹**	**Particulars**	**Amount ₹**
To Bank A/c	56,250	By Hira's Capital A/c	1,12,500
To Balance c/d/ Hira's	56,250		
Executor's Loan A/c			
	1,12,500		1,12,500

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

Elpis Ltd. issued 10,000 Equity Shares of ₹ 10 each at a premium of ₹ 3 per share payable as:

On Application	₹ 4
On Allotment	₹ 5 (including premium)
On First Call	₹ 2
Balance	as and when required.

The public applied for 12,000 shares. The company made pro-rata allotment to all the applicants. One shareholder who was allotted 900 shares paid the entire amount with allotment while another shareholder who had applied for 1200 shares, failed to pay the allotment money and on his subsequent failure to pay the first call his shares were forfeited.

Of the forfeited shares, 800 were reissued at ₹ 7 per share.

(a) **(a)** Nil
Explanation:
Nil

(b) **(a)** 27,000
Explanation:
27,000

(c) **(b)** 960
Explanation:
960

(d) **(c)** Nil
Explanation:
Nil

(e) **(b)** Rs.960
Explanation:
3360-2400=960

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 $\times \frac{2}{6}$ = ₹ 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.

(d) Short Term Borrowings

Explanation:
Because it is in the form of a short term loan from bank repayable within 12 months. Cash credit is a type of loan taken on the stock.

28.

(c) 1.25 : 1
Explanation:
Long term debts = 10% Debentures + Term loan from bank = 4,00,000 + 4,00,000 = 8,00,000
Shareholders' Fund = Equity Share Capital + Preference Share Capital + General Reserve + Securities Premium Reserve + Statement of Profit & Loss
= 2,00,000 + 2,00,000 + 1,00,000 + 70,000 + 70,000 = 6,40,000
Debt Equity Ratio = Long Term Debts / Shareholders' Fund = 8,00,000 / 6,40,000 = 1.25:1

OR

(a) ₹ 80,000
Explanation:

Trade receivable turnover ratio = $\frac{net\ credit\ sale}{Average\ Trade\ receivable}$

Average trade receivable = $\frac{3,00,000}{5}$ = 60,000

Opening debtor = X
Closing debtor = 2X

Average trade receivable = $\frac{opening\ debtor + closing\ debtor}{2}$

1,20,000 = X + 2X
3X = 1,20,000
Opening debtor (X) = 40,000
Closing debtor = 2 × 40,000 = 80,000

29.

(c) Financing Activities
Explanation:
Financing Activities. Activity related to composition of share capital of the company

OR

(b) Financing Activities
Explanation:
Financing Activities

30.

(c) Cash flow from operating activities
Explanation:
Operating activities are the main revenue-generating activities of an enterprise. As, such, they include cash flow from those transactions and events which are entered into the ascertainment of net profit or loss of the enterprise during an accounting year.

31.

Green Ltd
COMPARATIVE BALANCE SHEET (₹ in Lakhs)
as at 31st March, 2022 and 2023

	Particulars	**Note No.**	**31st March,**	**31st March,**	**Absolute Change (Increase/Decrease) (₹)**	**Percentage Change (Increase/Decrease)**

			2022 (₹)	2023 (₹)		
			(A)	**(B)**	**(C = B - A)**	$\left(D = \frac{C}{A} \times 100\right)$
I.	**EQUITY AND LIABILITIES**					
1.	**Shareholders' Funds**					
	(a) Share Capital:					
	(i) Equity Share Capital		60.00	60.00	____	____
	(ii) Preference Share Capital		15.00	15.00	____	____
	(b) Reserves and Surplus		15.00	18.00	3.00	20.00
2.	**Non-Current Liabilities**					
	(a) Long-term Borrowings:					
	(i) Loan from Bank		30.00	27.00	(3.00)	(10.00)
	(ii) Loan from Others		15.00	18.00	3.00	20.00
	(b) Long-term Provisions		2.00	2.30	0.30	15.00
3.	**Current Liabilities**					
	Trade Payables (Creditors)		13.00	14.20	1.20	9.23
	Total		150.00	154.50	4.50	3.00
II.	**ASSETS**					
1.	**Non-Current Assets**					
	Property, Plant and Equipment and Intangible Assets: Property Plant and Equipment		105.00	123.00	18.00	17.14
2.	**Current Assets**					
	(a) Trade Receivables (Debtors)		40.00	29.50	(10.50)	(26.25)
	(b) Cash and Cash Equivalents		5.00	2.00	(3.00)	(60.00)
	Total		150.00	154.50	4.50	3.00

OR

Comparative Statement of Profit and Loss of Freehold Ltd.

As at 31st March 2022 and 2023

Particulars	Note No.	2021-22	2022-23	Absolute Change	Percentage Change
		₹	₹		
Revenue form Operations		50,00,000	40,00,000	(10,00,000)	(20.00)%
Add: Other Income		2,00,000	1,00,000	(1,00,000)	(50.00)%
		52,00,000	**41,00,000**	**(11,00,000)**	**(21.15)%**
Less: Expenses:					
(a) Cost of Materials Consumed		30,00,000	20,00,000	(10,00,000)	(33.33)%
(b) Other Expenses		10,00,000	7,00,000	(3,00,000)	(30.00)%
Total Expenses		40,00,000	27,00,000	(13,00,000)	(32.50)%
Profit before tax		**12,00,000**	**14,00,000**	**2,00,000**	**16.67%**

32. Financial statements of a company present a true and fair picture of the results of a company's operations to the various users of accounting information. Financial Statements are the end products of the accounting process. These are the annual formal statements that are prepared by various enterprises or organizations for a particular accounting period.
Quoting the words of the American Institute of Certified Public Accountants (AICPA), "Financial statements are prepared for the purpose of presenting a periodical review or report on progress made by the management and deal with the status of investment in the business and the results achieved during the period under review."

33. i. Debt Collection Period $= \frac{360}{\text{Trade Receivables Turnover Ratio}}$

$36 = \frac{360}{\text{Trade Receivables Turnover Ratio}}$

Trade Receivables Turnover Ratio = 10 Times

ii. Trade Receivables Turnover Ratio $= \frac{\text{Net Credit Sales}}{\text{Average Trade Receivables}}$

$10 = \frac{4,00,000}{\text{Average Trade Receivables}}$

Average Trade Receivables ₹ 40,000

iii. Let the Opening Trade Receivables be x

∴ Closing Trade Receivables = x + 6,000

Average Trade Receivables $= \frac{\text{Opening Trade Receivables + Closing Trade Receivables}}{2}$

$40,000 = \frac{x+x+6,000}{2}$

or, x = 37,000

∴ Opening Trade Receivables = x = ₹ 37,000

Closing Trade Receivables = x + 6,000 = 43,000

OR

(i) Debt-Equity Ratio

$= \frac{\text{Long} - \text{Term debts or Loans}}{\text{Shareholders' Fund}} = \frac{16,00,000}{9,00,000} =$ **1.78 : 1**

Working Note **:**

Long-Term Debts = 10% Debentures + Loan from IDBI

= Rs. 10,00,000 + 6,00,000 = **Rs. 16,00,000**

Shareholders' Fund = Equity Share Capital + 12 % Preference Share Capital + Reserves and Surplus

= 2,00,000 + 3,00,000 + 2,50,000 + 1,50,000 = **Rs. 9,00,000**

(ii) Proprietary Ratio

$$= \frac{\text{Equity or Shareholders' Funds}}{\text{Total Assets}} = \frac{9,00,000}{31,80,000} = \mathbf{0.28 : 1}$$

Working Note **:**

Total Assets = Investment + Current Assets + Fixed Assets

= 2,00,000 + 8,80,000 + 21,00,000 = **Rs. 31,80,000**

(iii) Total Assets to Debt Ratio

$$= \frac{\text{Total Assets}}{\text{Long - Term Debts}} = \frac{31,80,000}{16,00,000} = \mathbf{1.99: 1}$$

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

Particulars	**Details (₹)**	**Amount (₹)**
A. Cash Flow from Operating Activities		
Net Profit before Tax:		1,40,000
Adjustments for non-cash and non-operating items:		
Add: Depreciation on Fixed Assets	16,000	
Interest Paid on Long-Term Borrowings	8,000	24,000
Operating profit before working capital changes		1,64,000
Add: Decrease in Current Assets:		
Trade Receivables	24,000	
Prepaid Expenses	2,000	26,000
		1,90,000
Less: Increase in Current Assets:		
Inventory	22,000	
Less: Decrease in Current Liabilities:		
Trade Payables	26,000	48,000
		1,42,000
Less: Payment of Tax		10,000
Net Cash from Operating Activities		**1,32,000**
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(1,55,000)	(1,55,000)
Net Cash Used in Investing Activities		**(1,55,000)**
C. Cash Flow from Financing Activities:		
Proceeds from Long-term Borrowings	25,000	
Payment of Dividends	(20,000)	
Payment of Interest	(8,000)	(3,000)
Net Cash Used in Financing Activities		**(3,000)**
D. Net Increase in Cash and Cash Equivalents		**(30,000)**

Net Decrease in cash and cash equivalents 1,32,000 + (1,55,000) + (3,000)		(26,000)
Add: Cash and Cash equivalents in the beginning of the period		59,000
Cash and Cash equivalents at the end of the period		**33,000**

Working Note:-

Machinery Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount ₹
	To Balance b/d	2,20,000		By Balance c/d	3,75,000
	To Bank A/c (Balancing Figure)	1,55,000			
		3,75,000			**3,75,000**

Accumulated Depreciation Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount ₹
	To Balance c/d	52,000		By Balance b/d	36,000
				By Statement of P&L A/c	16,000
		52,000			**52,000**

Calculation of Net Profit before Tax:

Reserve and Surplus Balance on 31st March, 2023	₹ 1,25,000
Less: Reserve and Surplus Balance 31st March, 2022	₹ 20,000
	₹ 1,05,000
Add: Proposed Dividend for Previous year	₹ 20,000
Add: Provision for Tax mad during the year	₹ 15,000
Net Profit before Tax	**₹ 1,40,000**