Class XII Session 2025-26
Subject - Accountancy
Sample Question Paper - 8

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. Vanya and Aanya were partners in a firm sharing profit and losses in the ratio of 3 : 2. Their capital were ₹ 5,00,000 and ₹ 1,00,000 respectively. Vanya was entitled to interest on capital @ 8% p.a. and Aanya was entitled to salary @ ₹ 5,000 per month. The net profit before any appropriation was ₹ 1,75,000. Vanya's share in divisible profit will be: **[1]**

   a) ₹ 45,000 b) ₹ 30,000

   c) ₹ 40,000 d) ₹ 37,500

   OR

   Yash and Prashant are partners. They have provided the following information on 31st March 2021:

Net Profit	10,00,000
Partners salary	2,00,000
Interest on capital (all partners)	1,40,000

   Prashant is entitled to a commission of 10% of the net profit after charging interest on capital, salary and his commission. Prashant's Commission will be:

   a) 80,000 b) 60,000

   c) 1,00,000 d) 66,000

2. Chavi Ltd. forfeited 5,000 equity shares of ₹ 10 each issued at a premium of ₹ 5 per share for non-payment of **[1]**

first and final call of ₹ 4 per share. On forfeiture, 'Share Forfeiture Account' will be credited by:

a) ₹ 55,000 b) ₹ 50,000

c) ₹ 30,000 d) ₹ 20,000

OR

Debentures repayable after 12 months or after the period of Operating Cycle from the date of Balance Sheet are shown in the Balance Sheet of a company under the head of

a) Non-current Liabilities b) Share Capital

c) Current Liabilities d) Short term borrowings

3. X Ltd. invited applications for issuing 1,60,000 shares of ₹ 10 each at par. The amount was payable as follows : **[1]**

On Application - ₹ 3

On Allotment - ₹ 4

On First and Final Call - ₹ 3

Applications were received for 2,40,000 shares and pro-rata allotment was made to all the applicants. All calls were made and were duly received except allotment and first and final call from Amit who was allotted 800 shares. His shares were forfeited.

Amount Credited to Share Forfeiture Account will be:

a) ₹ 2,000 b) ₹ 2,400

c) ₹ 3,600 d) ₹ 1,200

OR

Match the followings:

(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)

4. **Assertion (A):** P, Q and R are partners with capitals of ₹ 3,00,000; ₹ 4,00,000 and ₹ 5,00,000 respectively. As per partnership deed interest on capital is to be allowed @ 5% p.a. and A is also allowed a quarterly salary of ₹ 40,000. Net profit for the year amounted to ₹ 2,50,000. Balance of profit will be distributed among them equally. **[1]**

Reason (R): Distributable profit for the year is sufficient to allow all appropriations. Hence, balance of profit will be distributed among them equally.

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.

5. Divya and Aruna were partners in a firm. Yogesh was admitted as a new partner for $\frac{1}{5}$th share in the profits of the firm. Yogesh brought proportionate capital. Capitals of Divya and Aruna after all adjustments were ₹ 64,000 and ₹ 46,000 respectively. Capital brought by Yogesh was: **[1]**

a) ₹ 27,500 b) ₹ 22,000

c) ₹ 55,000 d) ₹ 28,000

6. The net profits for the last 3 years were: 2018-19 ₹ 40,000; 2019-20 ₹ 46,000 and 2020-21 ₹ 52,000. There was an abnormal loss of ₹ 3,000 included in the profit of 2019-20. Adjusted average profit will be: **[1]**

a) 47,000 b) 46,000

c) 45,000 d) 40,000

7. Yogesh, Ram, and Rohit are partners. Rohit withdrew ₹ 20,000 per month in the middle of the month. Interest on drawings charged for the year was ₹ 7,200. Rate of interest on drawings is **[1]**

a) 7% p.a. b) 8% p.a.

c) 6% p.a. d) 9% p.a.

8. A, B and C are equal partners. C retires. He surrenders $\frac{3}{5}$th of his share in favour of A and $\frac{2}{5}$th in favour of B. New ratio will be: **[1]**

a) 8 : 7 b) 7 : 8

c) 2 : 3 d) 3 : 2

OR

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

a) All partner's Capital Accounts b) Governments' Revenue Account

c) Remaining partner's Capital Accounts d) His Executor's Account

9. A and B share profits and losses in the ratio of 5:2. They have decided to dissolve the firm. Assets and external liabilities have been transferred to Realisation A/c. It is found that an unrecorded Computer was realized ₹7,000. How would you record it? **[1]**

a)

Computer A/c	Dr.	7,000	
To Realisation A/c			7,000

b)

Bank A/c	Dr.	7,000	
To Realisation A/c			7,000

c)

Bank A/c	Dr.	700	
To Capital A/c			700

d)

Bank A/c	Dr.	7,000	
To Computer A/c			7,000

10. B and N are partners in a firm sharing profits in the ratio of 3 : 2. They admit S as a partner for $\frac{1}{4}$th share in the profits. S acquires his share from B and N in the ratio of 2 : 1. The new profit sharing ratio will be: **[1]**

a) 19 : 26 : 15 b) 3 : 2 : 4

c) 26 : 19 : 15 d) 2 : 1 : 4

OR

R and S are partners in a firm sharing profits in the ratio of 3 : 2. They admit T as a new partner. R surrenders $\frac{1}{5}^{th}$ share of his profits and S surrenders $\frac{2}{5}^{th}$ of his share in favour of T. New profit sharing ratio will be:

a) 12 : 8 : 5 b) 12 : 6 : 7

c) 5 : 3 : 2 d) 3 : 2 : 1

11. Sunny and Manish are partners sharing profits in the ratio of 3 : 2 before they changed the profit-sharing ratio to equal. The Balance Sheet as on the date of change in profit-sharing ratio showed debit balance in Profit & Loss Account of ₹ 50,000. The balance of ₹ 50,000 should **[1]**

a) be carried forward in the Balance Sheet as it is

b) be transferred to their respective Capital Accounts in the ratio of 3 : 2

c) be transferred to their respective Capital Accounts in the ratio of 3 : 1.

d) be transferred to their respective Capital Accounts in the ratio of 1 : 1.

12. Aman Ltd. issued 50,000, 8% Debentures of ₹ 100 each at par redeemable at a premium. Loss on Issue of Debentures was written off ₹ 5,00,000 from Securities Premium and Statement of Profit & Loss each. At what rate, these debentures will be redeemed? **[1]**

a) ₹ 110

b) ₹ 115

c) ₹ 105

d) ₹ 120

13. If principal security is already issued then additionally which security is to be issued? **[1]**

a) Principal security

b) Collateral security and Principal security

c) Collateral security

d) Personal security

14. On 1st April, 2020, Elpis Ltd. issued 4,000, 8% Debentures of ₹ 100 each, to be redeemed in four equal annual instalments beginning from 31st March, 2022. The interest on these debentures was payable half yearly, on 30th September and 31st March every year. What is the journal entry to close the Interest on Debentures A/c on 31st March, 2023? **[1]**

a) Debit Statement of P/L ₹ 16,000; Credit Interest on Debentures A/c ₹ 16,000.

b) Debit Statement of P/L ₹ 24,000; Credit Interest on Debentures A/c ₹ 24,000.

c) Debit Statement of P/L ₹ 8,000; Credit Interest on Debentures A/c ₹ 8,000.

d) Debit Statement of P/L ₹ 32,000; Credit Interest on Debentures A/c ₹ 32,000.

15. 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

16. A, B and C are sharing profits and losses in the ratio 10:6:4, with effect from 01/04/2013 they decide to share profit and losses equally. Which partner has to sacrifice? **[1]**

a) C

b) All the partners

c) B

d) A

17. How will you deal with reserves and accumulated profits at the time of change in the profit sharing ratio among the existing partners? **[3]**

OR

A and B are partners sharing profits in the ratio of 5 : 3. C is admitted for $\frac{1}{8}$th share of profits out of which half share was gifted by A and the remaining share was taken by C from A and B in the ratio of 2 : 1. Calculate new profit-

sharing ratio.

18. Give the necessary Journal entries for the following transactions in case of dissolution of a partnership firm after various assets (other than cash and bank) and third-party liabilities have been transferred to Realisation Account: **[3]**

i. Dissolution expenses ₹ 5,000 were paid by the firm.

ii. An unrecorded computer not appearing in the books of accounts realised ₹ 2,200.

iii. A creditor for ₹ 1,40,000 accepted building valued at ₹ 1,80,000 and paid to the firm ₹ 40,000.

iv. Loss on realisation ₹ 10,000 was divided between the partners Subhi and Sudha in the ratio of 4 : 1.

19. Naman Ltd. invited applications for issuing 7,500; 12% Debentures of ₹ 100 each at a premium of ₹ 35 per debenture. The full amount was payable on application. Issue was subscribed and allotment was made. **[3]**

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

20. Anu, Manu, Sonu and Rohan were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 1 : 2. With effect from 1st April, 2023, they decided to share profits and losses in the ratio of 2 : 4 : 1 : 3. Their Balance Sheet showed General Reserve of ₹ 90,000. The goodwill of the firm was valued at ₹ 4,50,000. **[3]**

Pass necessary journal entries for the above on account of change in the profit sharing ratio. Show your working clearly.

21. i. Vishal Ltd. forfeited 1,000 Equity Shares of ₹ 10 each issued at a premium of ₹ 2 per share for non-payment of allotment money of ₹ 5 per share including premium. The final call of ₹ 2 per share was not yet called on these shares. Of the forfeited shares 800 shares were reissued at ₹ 12 per share fully paid-up. The remaining shares were reissued at ₹ 11 per share fully paid up. **[4]**

ii. M Ltd. forfeited Mr. N's shares who has applied for 600 shares and was allotted 400 shares failed to pay allotment money of ₹ 4 per share including premium of ₹ 2 on which he had paid application money of ₹ 2 only. Pass necessary journal entries for forfeiture of shares by opening call in arrear account.

22. M and N are partners in a firm and agrees that an interest @ 12% per annum should be charged on drawings. M draws Rs 20,000 per month. Compute the amount of interest to be charged from M. **[4]**

23. A limited Company was registered with a capital of ₹ 5,00,000 in shares of ₹ 10 each and issued 20,000 such shares at a premium of ₹ 2 per share, payable as ₹ 3 per share on application, ₹ 4 per share on allotment (including premium) and ₹ 2 per share on first call made three months later. All the money payable on application and allotment were duly received but when the first call was made, one shareholder paid the entire balance on his holdings of 300 shares, and another shareholder holding 1,000 shares failed to pay the first call money. **[6]**

Give Journal entries to record the above transactions and show how share capital will be shown in the company's Balance Sheet.

24. Reyansh, Aayushman and Sabhya were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Their Balance Sheet as at 31st March, 2022 was as under: **[6]**

Balance Sheet of Reyansh, Aayushman and Sabhya as at 31st March, 2022

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Sundry Creditors		2,20,000	Cash		1,60,000
General Reserve		1,20,000	Debtors	1,80,000	
Capitals :			Less : Provision for Doubtful Debts	20,000	1,60,000
Reyansh	6,00,000		Stock		2,00,000

Aayushman	5,00,000		Machinery	6,00,000
Sabhya	3,00,000	14,00,000	Building	4,00,000
			Patents	1,20,000
			Profit and Loss A/c	1,00,000
		17,40,000		17,40,000

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

i. Goodwill of the firm on Reyansh's retirement was valued at ₹ 12,00,000.

ii. Aayushman and Sabhya will share future profits in the ratio of 2 : 3.

iii. An unrecorded creditor of ₹ 40,000 will be taken into account.

iv. Debtors of ₹ 30,000 will be written off as bad debts.

v. Amount payable to Reyansh was to be transferred to his loan amount.

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

25. Yuv and Veer were partners in a firm sharing profits and losses in the ratio of 3 : 1. Their Balance Sheet as on 31st March, 2022 was as under: **[6]**

Balance Sheet of Yuv and Veer as at 31st March, 2022

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Creditors		41,000	Plant and Machinery		60,000
General Reserve		80,000	Building		40,000
Outstanding Expenses		12,000	Investments		60,000
Capitals:			Stock		50,000
Yuv	79,000		Debtors	38,000	
Veer	48,000	1,27,000	Less : Provision for Doubtful Debts	4,000	34,000
			Cash		16,000
		2,60,000			2,60,000

They decided to admit Yash in the firm on 1st April, 2022 for $\frac{1}{4}$ share in profits on the following terms:

i. Yash will bring in proportionate capital and ₹ 4,000 as his share of goodwill premium in cash.

ii. Investments were valued at ₹ 68,000.

iii. Plant and Machinery was to be depreciated by 10%.

Prepare Revaluation Accounts and Partners' Capital Accounts.

OR

The Balance Sheet of X, Y and Z as at 31st March, 2023 was:

Liabilities		**₹**	**Assets**	**₹**
Bills Payable		2,000	Cash at Bank	5,800
Employees' Provident Fund		5,000	Bills Receivable	800
Workmen Compensation Reserve		6,000	Stock	9,000

General Reserve		6,000	Sundry Debtors	16,000
Loans		7,100	Furniture	2,000
Capital A/cs:			Plant and Machinery	6,500
X	22,750		Building	30,000
Y	15,250		Advertisement Suspense A/c	6,000
Z	12,000	50,000		
		76,100		**76,100**

The profit-sharing ratio was 3:2:1. Z died on 31st July, 2023. The Partnership Deed provides that:

i. Goodwill is to be calculated on the basis of three years' purchase of the five years' average profit. The profits for the years ended 31st March, were: 2023: ₹ 24,000; 2022: ₹ 16,000; 2021: ₹ 20,000; 2020: ₹ 10,000 and 2019: ₹ 5,000.

ii. The deceased partner to be given share of profits till the date of death on the basis of profits for the previous year.

iii. The Assets have been revalued as: Stock ₹ 10,000; Debtors ₹ 15,000; Furniture ₹1,500; Plant and Machinery ₹ 5,000; Building ₹ 35,000. A Bill Receivable for ₹ 600 was found worthless.

iv. A sum of ₹ 12,233 was paid immediately to Z's Executors and the balance to be paid in two equal annual installments together with interest @ 10% p.a. on the amount outstanding.

Give Journal entries and show the Zs Executors' Account till it is finally settled.

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

Elpis Ltd. was incorporated on 1st April, 2019 with registered office at Mumbai. The capital clause of Memorandum of Association reflected on Authorised Capital of ₹ 25,00,000. Equity share Capital being 1,50,000 shares of ₹ 10 each and Preference share capital being 10,000 shares of ₹ 100 each.

The promoters of the company were compensated by issuing 1,000 Equity Shares for their efforts in the project and expenses incurred by them. Besides this, 10,000 Equity Shares were issued to underwriters for their underwriting services.

The company offered to public 1,25,000 Equity Shares and 5,000, 10% Preference Shares at par for subscription, amount being payable along with application. Applications were received for 1,25,000 Equity Shares and 3,500, 10% Preference Shares.

(a) What amount of equity share capital is issued by the company?

a) ₹ 12,50,000 b) ₹ 13,00,000

c) ₹ 14,00,000 d) ₹ 1,50,000

(b) What amount of preference share capital is issued by the company?

a) ₹ 3,50,000 b) ₹ 19,00,000

c) ₹ 8,50,000 d) ₹ 5,00,000

(c) When shares are issued to promoter's _____ account is debited.

a) incorporation expenses b) preliminary expenses

c) share capital d) Borrowing cost

(d) What will be the correct journal for issue of shares to underwriters?

a)

Share Capital A/c	Dr
To Underwriters A/c	

b)

Underwriting Expenses A/c	Dr
To Underwriters A/c	

c)

Underwriters A/c	Dr
To Share Capital A/c	

d)

Share Capital A/c	Dr
To Underwriting Expenses A/c	

(e) Total application amount received-

a) Rs.16,00,000 b) Rs.1,28,50,000

c) Rs.12,85,000 d) Rs.25,00,000

OR

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

Rekha and Mansi were partners in a firm sharing profits and losses equally. They dissolved their firm on 31st March, 2018.

On this date, the Balance Sheet of the firm, apart from realizable assets and outside liabilities showed the following:

	₹
Rekha's Capital	40,000 (Cr.)
Mansi's Capital	20,000 (Dr.)
Profit & Loss Account	10,000 (Dr.)
Rekha's loan to the firm	15,000
Contingency Reserve	7,000

On the date of dissolution of the firm:

a. Rekha's loan was repaid by the firm along with interest of ₹ 500.

b. The dissolution expenses of ₹ 1,000 were paid by the firm on behalf of Rekha who had to bear these expenses.

c. An unrecorded asset of ₹ 2,000 was taken over by Mansi while Rekha discharged an unrecorded liability of ₹ 3,000.

d. The dissolution resulted in a loss of ₹ 60,000 from the realization of assets and settlement of liabilities.

(a) The amount of Profit and Loss Account to be transferred to the Partner's Capital Account is:

a) ₹ 6,000 Rekha and ₹ 4,000 Mansi b) ₹ 5,000 each

c) ₹ 4,000 Rekha and ₹ 6,000 Mansi d) Insufficient data

(b) The contingency fund will be debited or credited to which account?

a) Partners' Capital Account b) Realisation Account

c) Bank account d) Profit and Loss Account

(c) The unrecorded asset taken by Mansi will be:

a) Both Debited to Mansi's Capital Account and Credited to Realisation Account

b) Debited to Mansi's Capital Account

c) In the balance sheet

d) Credited to Realisation Account

(d) How much loan amount will be paid to the Rekha?

a) ₹ 15,000

b) ₹ 15,500

c) ₹ 16,500

d) ₹ 500

(e) Which account should be credited while recording realisation expenses in above case.

a) realisation account

b) bank account

c) partner's capital account

d) no entry

Part B :- Analysis of Financial Statements

27. A liability is classified as current when it satisfies the following conditions except: **[1]**

A. It is due to be settled beyond 12 months

B. It is held for the purpose of being traded

C. It is expected to be settled in the company's normal operating cycle

D. The company does not have an unconditional right to offer settlement of the liability for at least 12 months after the reporting date

a) (B)

b) (D)

c) (A)

d) (C)

28. A firm made credit Revenue from Operations is ₹ 10,00,000 during the year. If the trade receivables turnover ratio is 10 times, closing trade receivables are 1/3rd of opening trade receivables. Closing trade receivable will be: **[1]**

a) 1,00,000

b) 50,000

c) 1,50,000

d) 2,00,000

OR

Debt to Equity Ratio of Vinod Limited is 2:1. Company redeemed its 10,000, 11% Debentures by a lump sum payment. What will be the effect on ratio?

a) No change

b) Decrease

c) Increase

d) Only debts are increasing

29. Value of copyrights was Rs.68,000 in the year 31st March 2015 but after one year on 31st March 2016 value of copyrights was Rs.1,00,000. How it will affect the cash flow statement? **[1]**

a) Less Rs.1,00,000 in investing activities

b) Less Rs. 32,000 in investing activities

c) Add Rs. 32,000 in investing activities

d) Add Rs. 1,00,000 in investing activities

OR

Which of the following transactions will not result into flow of cash?

i. Issue of equity shares of ₹ 20,00,000.

ii. Purchase of machinery of ₹ 5,00,000.

iii. Redemption of 9% Debentures of ₹ 10,00,000.

iv. Cash deposited into bank ₹ 50,000.

a) iii and iv

b) i and ii

c) ii and iii

d) only iv

30. Which of the following transaction is untrue regarding the limitations of the cash flow statement? **[1]**

a) To ascertain the net changes in cash and cash equivalents

b) To help in short-term financial planning

c) To ascertain the liquidity of enterprises

d) It is not used for judging the profitability of enterprises

31. Prepare a Common-size Statement of Profit & Loss of **Galaxy Prime Ltd**. from the following information: **[3]**

Particulars	**Note No.**	**2022-23 (₹)**	**2021-22 (₹)**
Revenue from Operations		20,00,000	10,00,000
Purchase of Stock-in-Trade		7,70,000	4,20,000
Changes in Inventories		1,20,000	80,000
Other Expenses		52,000	30,000
Other Incomes		60,000	50,000
Tax Rate 50%			

OR

Prepare a Comparative Statement of Profit and Loss from the following information extracted from the Statement of Profit and Loss for the years ended 31st March, 2017 and 31st March, 2018:

Particulars	2017 - 18	2016 - 17
Revenue from operations	400% of cost of material consumed	300% of cost of material consumed
Cost of materials consumed	₹ 4,40,000	₹ 4,00,000
Other expenses	30% of cost of material consumed	20% of cost of material consumed
Tax rate	50%	50%

32. Compute Revenue from Operations, Other Income and Total Revenue for a **non-financial company** from the following particulars: **[3]**

Sales ₹ 20,00,000; Sales Return ₹ 1,00,000; Sale of Scrap ₹ 40,000; Sale of Miscellaneous items ₹ 5,000; Refund of Income Tax ₹ 10,000; Interest on Time Deposits ₹ 20,000.

33. From the following information related to Nitin Ltd, calculate **[4]**

i. Return on investment

ii. Total assets to debt ratio.

Information Non-current assets ₹ 75,00,000; current assets ₹ 40,00,000; current liabilities ₹ 27,00,000; 12% debentures ₹ 80,00,000 and net profit before interest, tax and dividend ₹ 14,50,000.

OR

Closing Trade Receivables ₹ 4,00,000; Cash Revenue from Operations being 25% of Credit Revenue from Operations. Excess of Closing Trade Receivables over Opening Trade Receivables ₹ 2,00,000. Total Revenue from Operations ₹ 15,00,000. Calculate Trade Receivables Turnover Ratio.

34. Calculate Cash Flow from Operating Activities from the following: **[6]**

i. Profit after considering the following items but before tax is ₹ 2,50,000:

Particulars	₹
Depreciation on Fixed Assets	1,00,000
Amortisation of Goodwill	50,000
Transfer to General Reserve	70,000
Gain (Profit) on Sale of Land	30,000

ii. Following is the position of current assets and current liabilities:

Particulars	Closing Balances (₹)	Opening Balances (₹)
Trade Receivables	2,30,000	2,20,000
Trade Payables	1,00,000	1,50,000
Prepaid Expenses	40,000	60,000

Solutions

Part A:- Accounting for Partnership Firms and Companies

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

   OR

   (b) 60,000
   Explanation:
   6,60,000 X 10/110 = 60,000

2. **(c)** ₹ 30,000
   Explanation:
   ₹ 30,000
   Amount credited in share forfeiture account are
   = 5,000 × (10 - 4) = 30,000.
   share forfeiture account credited with amount paid by the shareholder.

   OR

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

3. **(c)** ₹ 3,600
   Explanation:
   Shares applied by Amit = 800 × $\frac{2,40,000}{1,60,000}$ = 1,200
   Amit has paid only application money @ ₹ 3 per share.
   Hence, amount Credited to Share Forfeiture Account will be : 1,200 × ₹ 3 = ₹ 3,600.

   OR

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

4. **(a)** Both A and R are true and R is the correct explanation of A.
   Explanation:
   Both A and R are true and R is the correct explanation of A.

5. **(a)** ₹ 27,500
   Explanation:
   Total capital of the firm = $\frac{₹64,000+₹46,000}{1-\frac{1}{5}} = \frac{₹1,10,000}{\frac{4}{5}}$ = ₹ 1,37,500
   Yogesh's share = ₹ 1,37,500 × $\frac{1}{5}$ = ₹ 27,500

6. **(a)** 47,000

Explanation:

adjusted profit of 2019-20 = net profit (given) + abnormal loss

= 46,000 (+) 3,000 = 49,000

average profit = sum of profits / no of years

40,000+49,000+52,000 = 1,41,000 /3 = 47,000

7.

(c) 6% p.a.

Explanation:

Interest on drawing = 2,40,000$\times$ rate of interest $\times \frac{6}{12}$

Rate of interest = $\frac{7,200 \times 12}{2,40,000 \times 6} \times 100$ = 6%

8. **(a)** 8 : 7

Explanation:

8 : 7

OR

(d) His Executor's Account

Explanation:

His Executor's Account

9.

(b)

Bank A/c	Dr.	7,000	
To Realisation A/c			7,000

Explanation:

Unrecorded assets are directly realised i.e. sold off so it is recorded on the credit side of realisation account

Entry will be:

Bank A/c ... Dr ... 7000

To Realisation A/c ... 7000

10.

(c) 26 : 19 : 15

Explanation:

B sacrifice = $\frac{1}{4} \times \frac{2}{3} = \frac{2}{12}$

N sacrifice = $\frac{1}{4} \times \frac{1}{3} = \frac{1}{12}$

B's new share = $\frac{3}{5} - \frac{2}{12} = \frac{36-10}{60} = \frac{26}{60}$

N's new share = $\frac{2}{5} - \frac{1}{12} = \frac{24-5}{60} = \frac{19}{60}$

C's share = $\frac{1}{4} \times \frac{15}{15} = \frac{15}{60}$

New profit sharing ratio = 26 : 19 : 15

OR

(b) 12 : 6 : 7

Explanation:

R's sacrifice = 3/5 x 1/5 = 3/ 25

S's sacrifice = 2/5 x 2/5 = 4/25

new share of R = 3/5 - 3/25 = 12/25

new share of S = 2/5 - 4/25 = 6/25
T's share = 3/25 + 4/25 = 7/25

11.

(b) be transferred to their respective Capital Accounts in the ratio of 3 : 2
Explanation:
be transferred to their respective Capital Accounts in the ratio of 3 : 2

12.

(d) ₹ 120
Explanation:
Premium payable on redemption of debentures is ₹ 10,00,000, i.e., ₹ 20 per debenture.
Thus, redemption rate is ₹ 120 (₹ 100 + ₹ 20).

13.

(c) Collateral security
Explanation:
Sometimes a company issue its debentures as a subsidiary or secondary security when primary security is already given. Such an issue is known as the issue of debentures as collateral security.

14.

(b) Debit Statement of P/L ₹ 24,000; Credit Interest on Debentures A/c ₹ 24,000.
Explanation:
Debit Statement of P/L ₹ 24,000; Credit Interest on Debentures A/c ₹ 24,000.
Remaining debenture after redemption = 4,000 - 1,000 = 3,000
Interest on debenture = $(3{,}000 \times 100) \times 8\% = 24{,}000$

15.

(b) ₹ 42,000
Explanation:
₹ 42,000

16.

(d) A
Explanation:
Calculation of sacrifice or gain:
Old Ratio 10:6:4
New Ratio 1:1:1
A's Sacrifice (old ratio - new ratio share) = $\frac{10}{20} - \frac{1}{3} = \frac{1}{2} - \frac{1}{3} = \frac{1}{6}$
B is gainer (old ratio - new ratio share) = $\frac{6}{20} - \frac{1}{3} = \frac{3}{10} - \frac{1}{3} = \frac{-1}{30}$ (gain)
C is gainer (old ratio - new ratio share) = $\frac{4}{20} - \frac{1}{3} = \frac{2}{10} - \frac{1}{3} = \frac{-4}{30}$ (gain)

17. If at the time of change in profit-sharing ratio, reserves, accumulated profits and losses exist in the books of the firm, they are transferred to the Partner's Capital Accounts in their old profit sharing ratio. They are transferred because reserves, accumulated profits and losses as on the date of change in profit sharing ratio were earned before the profit sharing ratio changed.

OR

C acquires $\frac{1}{2}$ of $\frac{1}{8} = \frac{1}{16}$ from A
C will acquire the remaining half i.e., $\frac{1}{16}$ from A and B in the ratio of 2 : 1.
This means C will acquire $\frac{1}{16} \times \frac{2}{3} = \frac{2}{48}$ from A
and $\frac{1}{16} \times \frac{1}{3} = \frac{1}{48}$ from B
New Share of A = $\frac{5}{8} - \frac{1}{16} - \frac{2}{48} = \frac{30-3-2}{48} = \frac{25}{48}$

New Share of B = $\frac{3}{8} - \frac{1}{48} = \frac{18-1}{48} = \frac{17}{48}$

C's Share = $\frac{1}{8}$

Thus, new profit sharing ration of A, B and C:

$\frac{25}{48} : \frac{17}{48} : \frac{1}{8} = \frac{25:17:6}{48} = 25 : 17 : 6$

18. **Journal Entry**

Particulars		L.F.	Amount (Dr.)	Amount (Cr.)
Realisation A/c	Dr.		5,000	
To Bank A/c				5,000
(Dissolution expense paid)				
Cash A/c	Dr.		2,200	
To Realisation				2,200
(unrecorded computer realised)				
Bank A/c	Dr.		40,000	
To Realisation A/c				40,000
(Creditor settled)				
Subhi's Capital A/c	Dr.		8,000	
Sudha's Capital A/c	Dr.		2,000	
To Realisation A/c				10,000
(Dissolution loss distributed)				

19. **Journal Entry**

Particulars		L.F.	₹ (Dr.)	₹ (Cr.)
Bank A/c	Dr.		10,12,500	
To Debenture Application & Allotment				10,12,500
(Debenture Issued at Premium)				
Debenture Application & Allotment A/c	Dr.		10,12,500	
To 12% Debenture				7,50,000
To Security Premium				2,62,500
(Debenture allotted)				

20. **Books of Anu, Manu, Sonu and Rohan**

Journal

Date	Particulars		L.F.	Dr. Amount ₹	Cr. Amount ₹
2023 April 1	General Reserve A/c	Dr.		90,000	
	To Anu's Capital A/c				15,000
	To Manu's Capital A/c				30,000
	To Sonu's Capital A/c				15,000
	To Rohan's Capital A/c				30,000
	(Distribution of General Reserve in old profit-sharing ratio)				
2023 April 1	Anu's Capital A/c	Dr.		15,000	

	Manu's Capital A/c	Dr.		30,000	
	To Sonu's Capital A/c				30,000
	To Rohan's Capital A/c				15,000
	(Adjustment for Goodwill on account of change in profit sharing ratio)				

Working notes:

Calculation of gain/ sacrifice

Gaining Share = New share - Old share

Anu = $\frac{2}{10} - \frac{1}{6} = \frac{1}{30}$ (Gain)

Manu = $\frac{4}{10} - \frac{2}{6} = \frac{2}{30}$ (Gain)

Sonu = $\frac{1}{10} - \frac{1}{6} = \frac{-2}{30}$ (Sacrifice)

Rohan = $\frac{3}{10} - \frac{2}{6} = \frac{-1}{30}$ (Sacrifice)

21. i. **Journal Entry**

Particulars		L.F.	Amount (Dr.)	Amount (Cr.)
Share Capital A/c	Dr.		8,000	
Security Premium A/c	Dr.		2,000	
To Share allotment				5,000
To Share forfeiture				5,000
(forfeited 1,000 shares)				
Bank A/c	Dr.		11,800	
To Share Capital				10,000
To Security Premium				1,800
(Share Reissue at Premium)				
Share forfeiture A/c	Dr.		5,000	
To Capital Reserve				5,000
(Amount transferred to capital Reserve)				

ii. **Journal Entry**

Particulars	L.F.	Amount (Dr.)	Amount (Cr.)
Share Capital A/c		1,600	
Security Premium A/c		800	
To call in arrear			1,200
To Share forfeiture A/c			1,200
(400 share forfeited)			

Working Note:

Amount due on allotment (400 × 4)	1,600
Less: Excess Amount (200 × 2)	400
Call in Arrear	1,200

22. Here the total amount of M's drawings is Rs 2,40,000.

Interest to be calculated can be studied under three cases.

i. If amount is drawn in the **beginning** of each month;

Interest = $\frac{2,40,000 \times 12}{100} \times \frac{6\frac{1}{2}}{12}$ = Rs 15,600

ii. If amount is drawn in the **middle** of each month;

Interest = $\frac{2,40,000 \times 12}{100} \times \frac{6}{12}$ = Rs 14,400

iii. If amount is drawn at the **end** of each month;

Interest = $\frac{\times 2,40,000 \times 12}{100} \times \frac{5\frac{1}{2}}{12}$ = Rs 13,200

23.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		60,000	
	To Share Application A/c (Application money received)				60,000
	Share Application A/c	Dr.		60,000	
	To Share Capital A/c (Application money transferred to Share Capital A/c)				60,000
	Share Allotment A/c	Dr.		80,000	
	To Share Capital A/c				40,000
	To Securities Premium A/c (Allotment due)				40,000
	Bank A/c	Dr.		80,000	
	To Share Allotment A/c (Allotment money including premium received)				80,000
	Share First Call A/c	Dr.		40,000	
	To Share Capital A/c (First call due on 20,000 shares @ ₹ 2 per share)				40,000
	Bank A/c	Dr.		38,900	
	To Share First Call A/c				38,000
	To Calls in Advance A/c (First call received on 19,000 shares @) ₹ 2 per share; plus second call received in advance on 300 shares @, ₹ 3 per share)				900
	Calls-in-Arrears A/c	Dr.		2,000	
	To Share First Call A/c (Calls-in-arrears brought into account)				2,000

EXTRACT OF BALANCE SHEET OF _____

as at _____

Particulars	Note No.	Current Year	Previous Year
I. EQUITY AND LIABILITIES:		**₹**	**₹**
Shareholder's Funds			
(a) Share Capital	1	1,38,000	

Notes to Accounts:

	₹
(1) Share Capital	
Authorised:	
50,000 shares of ₹ 10 each	5,00,000

Issued:		
20,000 shares of ₹ 10 each		2,00,000
Subscribed but not fully paid capital:		
20,000 shares of ₹ 10 each ₹ 7 called up	1,40,000	
Less: Calls in Arrear	(2,000)	1,38,000

24. **Books of Reyansh, Aayushman and Sabhya**

Journal

Date	Particulars		L.F	Debit Amount (₹)	Credit Amount (₹)
2022 March 31	Aayushman's Capital A/c	Dr.		1,20,000	
	Sabhya's Capital A/c	Dr.		4,80,000	
	To Reyansh's Capital A/c (Adjustment for goodwill in gaining ratio without opening goodwill account)				6,00,000
	General Reserve A/c	Dr.		1,20,000	
	To Reyansh's Capital A/c				60,000
	To Aayushman's Capital A/c				36,000
	To Sabhya's Capital A/c (General reserve distributed among partners)				24,000
	Reyansh's Capital A/c	Dr.		50,000	
	Aayushman's Capital A/c	Dr.		30,000	
	Sabhya's Capital A/c	Dr.		20,000	
	To Profit and Loss A/c (Accumulated losses shared by partners in old ratio)				1,00,000
	Revaluation A/c	Dr.		40,000	
	To Sundry Creditors A/c (Unrecorded creditors taken into account)				40,000
	Bad debts A/c	Dr.		30,000	
	To Debtors A/c (₹ 30,000 written off as bad debts)				30,000
	Provision for doubtful debts A/c	Dr.		20,000	
	Revaluation A/c	Dr.		10,000	
	To Bad debts A/c (Bad debts transferred to provision for doubtful debts and revaluation account)				30,000
	Reyansh's Capital A/c	Dr.		25,000	
	Aayushman's Capital A/c	Dr.		15,000	
	Sabhya's Capital A/c	Dr.		10,000	

	To Revaluation A/c (Loss on revaluation transferred to partners' capital accounts in old ratio)				50,000
	Reyansh's Capital A/c	Dr.		11,85,000	
	To Reyansh's Loan A/c (Amount due to Reyansh transferred to his loan account)				11,85,000

Workings:

Calculation of gaining ratio

Share gained = New share - Old Share

Aayushman	**Sabhya**
$\frac{2}{5} - \frac{3}{10}$	$\frac{3}{5} - \frac{2}{10}$
$= \frac{1}{10}$	$= \frac{4}{10}$

Gaining ratio is 1 : 4

Amount to be transferred to Reyansh's loan account

6,00,000 + 6,00,000 + 60,000 - 50,000 - 25,000

= ₹ 11,85,000

25. **Revaluation A/c**

Dr.				**Cr.**
Particulars		**(₹)**	**Particulars**	**(₹)**
To Plant & Machinery A/c		6,000	By Investment A/c	8,000
To Profit transferred to partners' capital A/cs :				
Yuv	1,500			
Veer	500	2,000		
		8,000		**8,000**

Partners' Capital A/cs

Dr.							**Cr.**
Particulars	**Yuv**	**Veer**	**Yash**	**Particulars**	**Yuv**	**Veer**	**Yash**
To Balance c/d	1,43,500	69,500	71,000	By Balance b/d	79,000	48,000	
				By General Reserve A/c	60,000	20,000	
				By Premium for goodwill A/c	3,000	1,000	
				By Revaluation A/c	1,500	500	
				By Cash A/c			71,000
	1,43,500	**69,500**	**71,000**		**1,43,500**	**69,500**	**71,000**

Workings: Adjusted capital of partners

Yuv = 1,43,500

Veer = 69,500

Total = 2,13,000

Capital of the new firm 2,13,000 $\times \frac{4}{3}$ = ₹ 2,84,000

Capital brought in by Yash = 2,84,000 $\times \frac{1}{4}$ = ₹ 71,000

OR

In The Books Of Firm

Journal Entries

Particulars	**L.F.**	**Debit**	**Credit**

			(₹)	(₹)
Workmen's Compensation Reserve A/c	Dr.		6,000	
To X's Capital A/c				3,000
To Y's Capital A/c				2,000
To Z's Capital A/c				1,000
(Workmen's Compensation Reserve distributed among old partners in their old profit sharing ratio)				
General Reserve A/c	Dr.		6,000	
To X's Capital A/c				3,000
To Y's Capital A/c				2,000
To Z's Capital A/c				1,000
(general Reserve distributed among old partners in their old profit sharing ratio)				
X's Capital A/c	Dr.		3,000	
Y's Capital A/c	Dr.		2,000	
Z's Capital A/c	Dr.		1,000	
To Advertisement Suspense A/c				6,000
(advertisement Suspense Written off among old partners in their old profit sharing ratio)				
X's Capital A/c	Dr.		4,500	
Y's Capital A/c	Dr.		3,000	
To Z's Capital A/c				7,500
(Z's Share of goodwill adjusted through gaining ratio)				
Revaluation A/c	Dr.		3,600	
To Sundry debtors A/c				1,000
To Furniture A/c				500
To Plant and Machinery A/c				1,500
To Bills Receivable A/c				600
(decrease in value of Assets transferred to Revaluation Account)				
Stock A/c	Dr.		1,000	
Building A/c	Dr.		5,000	
To Revaluation A/c				6,000
(increase in value of Assets transferred to Revaluation Account)				
Revaluation A/c	Dr.		2,400	
To X's Capital A/c				1,200
To Y's Capital A/c				800
To Z's Capital A/c				400
(revaluations profit distributed among old partners in their old profit sharing ratio)				

Profit and Loss Suspense A/c	Dr.		1,333	
To Z's Capital A/c				1,333
(Z's share of profit transferred his capital account)				
Z's Capital A/c	Dr.		22,233	
To Z's Executor's A/c				22,233
(amount due to Z transferred to his Executor's Account)				
Z's Executor's A/c	Dr.		12,333	
To Bank A/c				12,333
(amount due paid to Z's Executor)				

Z's Executor's Account

Dr.					**Cr.**
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2023 July 31	To Bank A/c	12,233	2023 July 31	By Z's Capital A/c	22,233
2024 Mar 31	To Balance c/d	10,667	2024 Mar 31	By Interest A/c (10,000 × 10% for 8 months)	667
		22,900			**22,900**
2024 July 31	To Bank A/c (5,000 + 667 + 333)	6,000	2024 Apr 1	By Balance b/d	10,667
			2024 July 31	By Interest A/c (10,000 × 10% for 4 months)	333
2025 Mar 31	To Balance c/d	5,333	2025 Mar 31	By Interest A/c (5,000 × 10% for 8 months)	333
		11,333			**11,333**
2025 July 31	To Balance A/c (5,000 + 333 + 1667)	5,500	2025 Apr 1	By Balance b/d	5,333
			2025 July 31	By Interest A/c (5,000 × 10% for 4 months)	167
		5,500			**5,500**

W.N:

i. Goodwill = Average Profit × Number of Year's Purchase

∴ Goodwill = 15,000 × 3 = ₹ 45,000

Average Profit $= \frac{24,000+16,000+20,000+10,000+5,000}{5} = \frac{75,000}{5}$ = ₹ 15,000

ii. X:Y:Z = 3:2:1 (Old Ratio)

Gaining Ratio (X and Y) = 3:2

Z's Goodwill = $= 45,000 \times \frac{1}{6}$ = ₹ 7,500

Z's share of goodwill is to be distributed between X and Y in their = 3:2 (Gaining Ratio)

X's = $= 7,500 \times \frac{3}{5}$ = ₹ 4,500

Y's = $7,500 \times \frac{2}{5}$ = ₹ 3,000

iii. Profit for Past Year = ₹ 24,000

Z's Profit $= 24,000 \times \frac{1}{6} \times \frac{4}{12}$ = ₹ 1,333

iv. **Revaluation Account**

Dr.				**Cr.**

Particulars		₹	Particulars	₹
To Sundry Debtors A/c		1,000	By Stock A/c	1,000
To Furniture A/c		500	By Building A/c	5,000
To Plant and Machinery A/c		1,500		
To Bills Receivable A/c		600		
To Revaluation Profit transferred to:				
X's Capital A/c	1,200			
Y's Capital A/c	800			
Z's Capital A/c	400	2,400		
		6,000		**6,000**

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

Elpis Ltd. was incorporated on 1st April, 2019 with registered office at Mumbai. The capital clause of Memorandum of Association reflected on Authorised Capital of ₹ 25,00,000. Equity share Capital being 1,50,000 shares of ₹ 10 each and Preference share capital being 10,000 shares of ₹ 100 each.

The promoters of the company were compensated by issuing 1,000 Equity Shares for their efforts in the project and expenses incurred by them. Besides this, 10,000 Equity Shares were issued to underwriters for their underwriting services.

The company offered to public 1,25,000 Equity Shares and 5,000, 10% Preference Shares at par for subscription, amount being payable along with application. Applications were received for 1,25,000 Equity Shares and 3,500, 10% Preference Shares.

(i) **(c)** ₹ 14,00,000

Explanation:

Issued Equity Share Capital

= (5,000 × 10) + (10,000 × 10) + (1,25,000 × 10)

= 50,000 + 1,00,000 + 12,50,000

= ₹ 14,00,000

(ii) **(d)** ₹ 5,00,000

Explanation:

Issued Preference Share Capital

= (5,000 × 100) = ₹ 5,00,000

(iii) **(a)** incorporation expenses

Explanation:

incorporation expenses

(iv) **(c)**

Underwriters A/c	Dr
To Share Capital A/c	

Explanation:

Underwriters A/c	Dr
To Share Capital A/c	

(v) **(a)** Rs.16,00,000

Explanation:

12,50,000+3,50,000= Rs.16,00,000

OR

Read the text carefully and answer the questions:

Rekha and Mansi were partners in a firm sharing profits and losses equally. They dissolved their firm on 31st March, 2018. On this date, the Balance Sheet of the firm, apart from realizable assets and outside liabilities showed the following:

	₹

Rekha's Capital	40,000 (Cr.)
Mansi's Capital	20,000 (Dr.)
Profit & Loss Account	10,000 (Dr.)
Rekha's loan to the firm	15,000
Contingency Reserve	7,000

On the date of dissolution of the firm:

a. Rekha's loan was repaid by the firm along with interest of ₹ 500.
b. The dissolution expenses of ₹ 1,000 were paid by the firm on behalf of Rekha who had to bear these expenses.
c. An unrecorded asset of ₹ 2,000 was taken over by Mansi while Rekha discharged an unrecorded liability of ₹ 3,000.
d. The dissolution resulted in a loss of ₹ 60,000 from the realization of assets and settlement of liabilities.

(i) **(b)** ₹ 5,000 each
Explanation:
As they share profit and losses equally so the undistributed loss will be debited to their capital account equally.

(ii) **(a)** Partners' Capital Account
Explanation:
Contingency fund will be credited to Partners' Capital Account in the profit sharing ratio.

(iii) **(a)** Both Debited to Mansi's Capital Account and Credited to Realisation Account
Explanation:
Both Debited to Mansi's Capital Account and Credited to Realisation Account

(iv) **(b)** ₹ 15,500
Explanation:
Loan amount paid = ₹ 15,000 + ₹ 500 = ₹ 15,500

(v) **(b)** bank account
Explanation:
cash/bank account should be credited while recording realisation expenses.

Part B :- Analysis of Financial Statements

27.

(c) (A)
Explanation:
When liability is due to be settled within 12 months or operating cycle period from the closing date of the previous accounting period it is shown under the current liabilities.

28.

(b) 50,000
Explanation:
Trade Receivables Turnover Ratio = Credit Revenue from operations/ Average Trade Receivables
10 = 10,00,000/Average Trade Receivables
Average Trade Receivables = 1,00,000
Let Opening Trade Receivables = X
Closing Trade Receivables = 1/3 X
(X + 1/3X) / 2 = 1,00,000
4/3X = 2,00,000
X = 1,50,000
Closing Trade Receivables = 1/3 x 1,50,000 = 50,000

OR

(b) Decrease
Explanation:

Debt Equity Ratio will decrease because there is decrease in debts after the redemption of debentures but there is no change in equity.

29.

(b) Less Rs. 32,000 in investing activities

Explanation:

Increase in the value of copyrights means the company has purchased copyrights (Non-Current Assets). So Less Rs. 32,000 in investing activities. Increase or decrease in the value of non-current assets is shown under-investing activity.

OR

(d) only iv

Explanation:

cash and bank both are part of cash and cash equivalents

30.

(d) It is not used for judging the profitability of enterprises

Explanation:

Cash Flow statement cannot help in judging the profitability of the enterprise because it just tells about the cash inflows and outflows (cash Management) in a company during the financial year.

31. **Common size statement**

Particulars	**Note No.**	**Absolute Amounts**		**Percentage of Revenue from Operations (Net Sales)**	
		2021-22	**2022-23**	**2021-22 (%)**	**2022-23 (%)**
Revenue from Operations		10,00,000	20,00,000	100	100
Add: Other Income		50,000	60,000	5	3
Total revenue (A)		**10,50,000**	**20,60,000**	105	103
Less: Expenses					
(a) Purchase of Stock in Trade		4,20,000	7,70,000	42	38.5
(b) Change in Inventories		80,000	1,20,000	8	6
(c) Other Expenses		30,000	52,000	3	2.6
Total Expenses (B)		**5,30,000**	**9,42,000**	53	47.1
Profit before Tax (A-B)		5,20,000	11,18,000	52	55.9
Less: Tax (50%)		(2,60,000)	(5,59,000)	26	27.95
Profit after Tax		5,20,000	5,59,000	26	27.95

OR

Comparative Statement of Profit & Loss for the year ended 31st March, 2018

Particulars	**31.03.2017 (₹)**	**31.03.2018 (₹)**	**Absolute Change (₹)**	**% Absolute Change**
Revenue from Operations	12,00,000	17,60,000	5,60,000	46.67
Less:				
Cost of material consumed	4,00,000	4,40,000	40,000	10.00
Other expenses	80,000	1,32,000	52,000	65.00
Total Expenses	**4,80,000**	**5,72,000**	**92,000**	**19.17**
Profit before Tax	7,20,000	11,88,000	4,68,000	65.00

Less 50% tax	3,60,000	5,94,000	2,34,000	65.00
Profit after tax	**3,60,000**	**5,94,000**	**2,34,000**	**65.00**

32.

	Particulars	**₹**	**₹**
I.	**Revenue from Operations:**		
	Sales	20,00,000	
	Less: Sales Return	1,00,000	19,00,000
	Sale of Scrap		40,000
			19,40,000
II.	**Other Income:**		
	Sale of Miscellaneous Items	5,000	
	Refund of Income Tax	10,000	
	Interest on Time Deposits	20,000	35,000
	Total Revenue (I + II)		19,75,000

33. i. Return on investment ratio shows the relationship of profit before interest and tax with capital employed.

$$\text{Return on Investment} = \frac{\text{Net Profit before Interest, Tax and Preference Dividend}}{\text{Capital Employed} *} \times 100$$

$$= \frac{14,50,000}{88,00,000} \times 100 = 16.48\%$$

*Capital Employed = Fixed Assets + Currents Assets - Current Liabilities

= 75,00,000 + 40,00,000 - 27,00,000

= ₹ 88,00,000

ii. Total assets to debt ratio establishes relationship between total assets and total long term debts of the enterprise.

$$\text{Total Assets to Debt Ratio} = \frac{\text{Total Assets*}}{\text{Debt}} = \frac{1,15,00,000}{80,00,000} = 1.44 : 1$$

*Total Assets = Fixed Assets + Current Assets

= 75,00,000 + 40,00,000 = ₹ 1,15,00,000

Debt = Long term borrowings + Long term provisions

OR

$$\text{Trade Receivables turnover ratio} = \frac{\text{Net Credit Revenue from Operations}}{\text{Average Trade Receivables}}$$

Total Revenue from operations = ₹ 15,00,000

Ratio of cash revenue from operations to credit revenue from operations 1 : 4

Credit revenue from operations = ₹ 15,00,000 $\times \frac{4}{5}$ = ₹ 12,00,000

Closing trade receivables = ₹ 4,00,000

Opening trade receivables = ₹ 4,00,000 - ₹ 2,00,000 = ₹ 2,00,000

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

$$\frac{₹\ 2,00,000 + ₹\ 4,00,000}{2}$$

$$\frac{₹6,00,000}{2} = ₹\ 3,00,000$$

$$\text{Trade Receivables Turnover Ratio} = \frac{12,00,000}{3,00,000} = 4 \text{ times}$$

34. **CASH FLOW FROM OPERATING ACTIVITIES**

Particulars		**₹**
Net Profit before Tax		2,50,000
Add: Transfer to General Reserve		70,000
Net Profit before Tax and Extraordinary Items		3,20,000
Add: Non-cash Expenses:		
Depreciation on Fixed Assets	1,00,000	

Amortisation of Goodwill	50,000	1,50,000
		4,70,000
Less: Non-operating Income:		
Gain (Profit) on Sale of Land		30,000
Operating Profit before Working Capital Changes		4,40,000
Less: Decrease in Current Liabilities:		
Trade Payables	50,000	
Increase in Current Assets:		
Trade Receivables	10,000	60,000
		3,80,000
Add: Decrease in Current Assets:		
Prepaid Expenses		20,000
Cash Flow from Operating Activities		**4,00,000**