

**Time Allowed: 3 hours**

**SAMPLE QUESTION PAPER - 4**  
**SUBJECT- ACCOUNTANCY (055)**  
**CLASS XII (2023-24)**

**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, 31 and 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. New profit sharing ratio means [1]
  - a) Two partner (including new) share future profit and losses
  - b) All partner(including new) share future profit and losses in this new ratio
  - c) All partner (excluding old) share future profit and losses
  - d) Partners will share future profits equally
2. **Assertion (A):** A Firm should have a Partnership Deed. [1]  
**Reason (R):** In case of dispute or any misunderstanding among partners, partnership deed acts as evidence in the court of law.
  - 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. Premium on the issue of shares should be shown: [1]
  - a) On the Equity and Liabilities side of balance sheet
  - b) None of these

OR

Harry Pens Ltd. issued 10,000, 7% Debentures of ₹ 100 each at a discount of ₹ 4 redeemable at a premium of ₹ 6. It will write off Loss on Issue of Debentures

- a) from General Reserve.
- b) from Statement of Profit & Loss.
- c) from Securities Premium
- d) None of these

4. The ratio of gain of profit sharing ratio is called

[1]

- a) Gaining Ratio
- b) Net Ratio
- c) Old Ratio
- d) None of these

OR

The agreement among the partners is called:

- a) Partnership bye laws
- b) Partnership constitution
- c) Partnership Deed
- d) None of these

5. After preparing the accounts, it was found that interest on capital @ 10% p.a. was not provided. Following information was provided by Rahul and Mohit on 31st March 2021.

[1]

Liabilities	Amount	Assets	Amount
Rahul's Capital	52,000	Fixed Assets	90,000
Mohit's Capital	34,000	Current Assets	12,000
Creditors	16,000		
	1,02,000		1,02,000

During the year drawings of the partners were ₹ 12,000 and ₹ 10,000. Profit during the year was ₹ 8,000 which was distributed without providing interest on capital Interest on Rahul and Mohit's Capital will be:

- a) Rahul 6,000 and Mohit 4,000
- b) Rahul 5,000 and Mohit 5,000
- c) Rahul 5,200 and Mohit 3,400
- d) Rahul 4,800 and Mohit 3,200

6. MP Ltd. issued 5,000, 8% Debentures of ₹ 100 each at ₹ 95. It will credit 8% Debentures Account by

[1]

c) ₹ 5,00,000

d) ₹ 5,25,000

OR

On 1st April, 2015. M Ltd. issued 10,000, 9% Debentures of ₹ 100 each at a discount of 5%, redeemable at a premium of 5%. These debentures were redeemable as follows:

On 31st March, 2016 2,000 Debentures;

On 31st March, 2017 5,000 Debentures;

On 31st March, 2018 3,000 Debentures.

Calculate the Loss on Issue of Debentures to be written off of every years.

a) 31/3/2016 - 10,000

31/3/2017 - 25,000

31/3/2018 - 15,000

b) 31/3/2016 - 1,000

31/3/2017 - 2,500

31/3/2018 - 1,500

c) 31/3/2016 - 20,000

31/3/2017 - 50,000

31/3/2018 - 30,000

d) 31/3/2016 - 2,000

31/3/2017 - 5,000

31/3/2018 - 3,000

7. **Assertion (A):** The equity shareholders are paid dividend on the shares held by them. [1]

**Reason (R):** As the equity shareholders are the owners and dividend form their earning.

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.

8. When a Partner died he will not be able to take his due amount then, will the due amount of deceased be paid and if yes to whom it is paid? [1]

a) Remaining Partners

b) His Executor

c) Not payable to anyone

d) Sacrificing partner

OR

Is rent paid to a partner appropriation of profits?

a) It is not appropriation of profit

b) If partner's contribution as capital is maximum

**Question No. 9 to 10 are based on the given text. Read the text carefully and answer the questions: [2]**

X and Y started business on 1st April, 2020 with capitals of ₹ 5,00,000 each. As per the partnership Deed, both X and Y are to get the monthly salary of ₹ 10,000 each and interest on capital is ₹ 50,000 each. Interest on drawings are as follows X: ₹ 3,000 and Y: ₹ 5,000.

During the year, the firm incurred a loss of ₹ 2,00,000.

9. What is the amount to be transferred to Profit and Loss Appropriation Account?

- a) ₹ 2,00,000                      b) ₹ 1,50,000
- c) ₹ 5,00,000                      d) ₹ 3,00,000

10. What is the total amount of salary to be credited to Partners' capital account?

- a) ₹ 2,40,000                      b) No salary will be given
- c) ₹ 1,80,000                      d) ₹ 1,20,000

11. When partners' capital accounts are floating, which one of the following items will be written on the credit side of the partners' capital accounts? **[1]**

- a) Interest on drawings                      b) Partner's share in the firm's loss
- c) Salary to the active partners              d) Loan advanced by partner to the firm

12. Star Ltd 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 ₹ 2 per share on application, ₹ 5 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 was duly received but when the first call was made, one shareholder paid the entire balance on his holding of 300 shares and another shareholder holding 1,000 shares failed to pay the first call money. Calculate the amount of calls in arrears on first call. [1]

- a) 2,000                      b) 900
- c) 20,000                  d) 9,000

13. Ankit Ltd. was registered with an authorised capital of ₹ 2,00,000 in ₹ 10 per share, of these 6,000 shares were issued as fully paid to the vendors for the purchase of office buildings. 8,000 shares were subscribed for by the public and during the first



a) 48,000

b) 60,000

c) 1,40,000

d) 1,08,000

14. Which of the following is not an importance of partnership deed? [1]

a) It can be used as an evidence

b) It avoids  
disputes/conflicts/misunderstandings  
among the partners

c) Registration of partnership  
business is mandatory

d) It helps in smooth functioning of  
the business

15. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 1. On 1st April, 2017 they decided to admit C into partnership for 1/5th share in the profits. For this purpose, goodwill was valued at 80% of the average annual profits of the previous four years. The profits of the last four years were: [1]

31.3.2014	1,67,000
31.3.2015	1,56,000
31.3.2016	1,92,000
31.3.2017	(10,000)

The value of goodwill of the firm:

a) 1,02,000

b) 1,01,000

c) 1,00,000

d) 1,04,000

OR

X and Y are partners sharing profits in the ratio of 3 : 2. They admit Z as a new partner by giving him 1/3rd share in future profits.

The new ratio will be:

a) 6 : 4 : 5

b) 12 : 8 : 5

c) 5 : 5 : 12

d) 8 : 12 : 5

16. At the time of dissolution of firm, **Loan of partners** (Loans given by partners to the firm) is paid out of the amount realised on sale of assets: [1]

partners

c) Before the payment of loans  
given by third party

d) None of these

17. Mita, Geeta and Mohit were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. With effect from 1<sup>st</sup> April, 2022, they mutually agreed to share profits and losses in the ratio of 2 : 2 : 1. It was agreed that: [3]

- i. Goodwill of the firm was valued at ₹ 1,40,000.
- ii. Profit on revaluation of assets and re-assessment of liabilities amounted to ₹ 1,20,000.

Pass necessary journal entries for the above transactions in the books of the firm. Show your working notes clearly.

18. Calculate interest on drawings of Mr. X @ 10% p.a. if he withdrawn ₹ 1000 per month [3]

- i. in the beginning of each Month
- ii. In the middle each of month
- iii. at end of each month.

OR

Yogesh and Raju are partners in firm sharing profits and losses in the ratio of 3 : 2. Their fixed capitals as on 1<sup>st</sup> April, 2022, were ₹ 6,00,000 and ₹ 4,00,000 respectively. Their partnership deed provided for the following :

- i. Partners are to be allowed interest on their capitals @ 10% per annum.
- ii. They are to be charged interest on drawings @ 4% per annum.
- iii. Yogesh is entitled to a salary of ₹ 2,000 per month.
- iv. Raju is entitled to a commission of 5% of the correct net profit of the firm before charging such commission.
- v. Yogesh is entitled to rent of ₹ 3,000 per month for the use of his premises by the firm.

The net profit of the firm for the year ended 31<sup>st</sup> March, 2023, before providing for any of the above clauses was ₹ 4,00,000. Both partners withdrew ₹ 5,000 at the beginning of every month for the entire year.

You are required to prepare a Profit and Loss Appropriation Account for the year ended 31<sup>st</sup> March, 2023.

19. Footfall Ltd. issues 10,000 Debentures of ₹100 each at a discount of 10% redeemable at a premium of 5% after the expiry of three years. [3]

DTE Ltd. issued 2,500 shares of ₹ 10 each credited as fully paid to the promoters for the services rendered to incorporate the company and also issued 2,000 shares of ₹ 10 each credited as fully paid to the underwriters for their underwriting services. Journalise these transactions.

20. Balance sheet of Ram and Bharat showed that the firm's capital on 31.12.2019 was ₹ 5,00,000 and the profits for the last 5 years: 2018 ₹ 40,000; 2017 ₹ 50,000; 2016 ₹ 55,000; 2015 ₹ 70,000 and 2014 ₹ 85,000. Calculate the value of goodwill on the basis of 3 years purchase of the super-profits of the last 5 years assuming that the normal rate of return is 10%? [3]
21. X Ltd. was formed with a capital of ₹ 15,00,000 divided into equity shares of ₹ 10 each. Out of these 6,000 shares were issued to the vendors as fully paid as purchase consideration for a building acquired and 3,000 shares were issued to signatories to the Memorandum of Association as fully paid. The Directors offered 19,500 shares to the public and called up ₹ 6 per share and received the entire called up the amount on shares allotted. Prepare a Balance Sheet showing Share Capital as per Schedule III Part I of Companies Act, 2013 from the above transactions in the books of X Ltd. [4]
22. X and Y are partners in the firm who decided to dissolve the firm. Assets and Liabilities are transferred to Realisation account. Pass necessary journal entries- [4]
- Creditors were ₹ 1,00,000. They accepted Building valued ₹ 1,40,000 and paid cash to the firm ₹ 40,000
  - Aman, an old customer whose account of ₹ 1000 was written off as bad in the previous year paid 40% of the amount.
  - There were 300 shares of ₹ 10 each in ABC Ltd which were acquired for ₹ 2000 were now valued at ₹ 6 each. These were taken over by the partners in the profit sharing ratio.
  - Profit on Realisation ₹ 42000 was divided among the partners.
  - Land and Building (Book value ₹ 1, 60,000) was sold for ₹ 3,00,000 through a broker who charged 2% commission on the deal.
  - Plant and machinery (Book value ₹ 60,000) was handed over to the creditor in full settlement of his claim.
23. X Ltd. invited applications for issuing 50,000 equity shares of ₹ 10 each. The amount was payable as follows: [6]

On Application	₹ 2 per share
On Allotment	₹ 2 per share

Applications for 70,000 shares were received. Applications for 10,000 shares were rejected and the application money was refunded.

Shares were allotted to the remaining applicants on a pro rata basis and excess money received with applications was transferred towards sums due on allotment and calls if any.

Gaurav, who applied for 600 shares, paid his entire share money with the application. Govind, who had applied for 6,000 shares, failed to pay the allotment money and his shares were immediately forfeited. These forfeited shares were reissued to Sunil for ₹ 20,000; ₹ 4 per share paid-up. The first call money and the second and final call money was called and duly received. Pass necessary journal entries for the above transactions in the books of X Ltd. Open Calls-in-Advance account and Calls-in-Arrears Account wherever necessary.

OR

On February 1, 2018, the Directors of Alpha Limited issued 5,00,000 Equity Shares of ₹10 each at ₹12 per share, payable ₹5 on application (including premium), ₹4 on allotment and the balance on 1st May, 2018.

The lists closed on February 10, 2018 by which date applications for 7,00,000 shares were received. Of the cash received, ₹4,00,000 was returned and ₹ 6,00,000 was applied to the amount due on allotment, the balance of which was paid on February 16, 2018. All shareholders paid the call due on May 1, 2018 with the exception of one allottee of 500 shares. These shares were forfeited on September 29, 2018 and reissued as fully paid at ₹ 8 per share on November 1, 2018.

Record journal entries in the books of Alpha Limited using a combined account of application and allotment.

24. The following is the balance sheet of A, B and C sharing profits and losses in proportion of 6 : 5 : 3 respectively:-

[6]

Liabilities		₹	Assets	₹
Creditors		18,900	Cash	1,890
Bills Payable		6,300	Debtors	26,460
General Reserve		10,500	Stock	29,400
Capitals:-			Furniture	7,350
A	35,400		Land & Building	45,150
B	29,850		Goodwill	5,250
C	<u>14,550</u>	79,800		
		<u>1,15,500</u>		<u>1,15,500</u>

- i. That Furniture be depreciated by ₹ 2,920.
  - ii. An Old Customer, whose account was written off as bad, has promised to pay ₹ 2,000 in full settlement of his full debt.
  - iii. That a provision of ₹ 1,320 be made for outstanding repair bills.
  - iv. That the value of land and building having appreciated be brought upto ₹ 56,910.
  - v. That D should bring in ₹ 14,700 as his capital.
  - vi. That D should bring in ₹ 14,070 as his share of goodwill.
  - vii. That after making the above adjustments, the capital accounts of old partners be adjusted on the basis of the proportion of D's Capital to his share in business, i.e., actual cash to be paid off or brought in by the old partners, as the case may be.
- Pass the necessary journal entries and prepare the balance sheet of the new firm.

OR

Ankush, Bhuvish and Mukul were partners in a firm sharing profits in the proportion of  $\frac{1}{2}$ ,  $\frac{1}{3}$  and  $\frac{1}{6}$  respectively. Mukul retired on 1<sup>st</sup> April, 2023. The balance sheet of the firm on the date of Mukul's retirement was as follows:

**BALANCE SHEET**

as on 1<sup>st</sup> April, 2023

Liabilities		(₹)	Assets		(₹)
Sundry Creditors		12,600	Bank		4,100
Employee's Provident Fund		3,000	Debtors	30,000	
General Reserve		9,000	Less: Provision for Doubtful Debts	(1,000)	29,000
Capital A/c's			Stock		25,000
Ankush	40,000		Investments		10,000
Bhuvish	36,500		Patents		5,000
Mukul	<u>20,000</u>	<u>96,500</u>	Machinery		<u>48,000</u>
		<u>1,21,100</u>			<u>1,21,100</u>

It was agreed that:

- i. Goodwill will be valued at ₹ 27,000.
- ii. Depreciation of 10% was to be provided on machinery.
- iii. Patents were to be reduced by 20%.

vi. Ankush and Bhuvish decided to adjust their capitals in proportion of their profit sharing ratio by opening current accounts.

Prepare revaluation account and partners' capital accounts on Mukul's retirement.

25. A, B and C were partners in a firm whose Balance Sheet as at 31<sup>st</sup> March, 2023 was as below: [6]

Liabilities		₹	Assets	₹
Creditors		7,096	Cash at Bank	6,496
General Reserve		3,000	Debtors	9,000
<b>Capitals: A</b>	8,000		Stock	10,600
B	6,000		Furniture	2,000
C	<u>4,000</u>	18,000		
		<b>28,096</b>		<b>28,096</b>

B retired on that date and in this connection it was decided to make the following adjustments:

- To reduce stock and furniture by 5% and 10% respectively; and
- To provide for doubtful debts at 5% on debtors.

Rent outstanding (not provided for as yet) was ₹ 260. Goodwill was valued at ₹ 4,200. A and C decided:

- To share profits and losses in 5 : 3 respectively;
- To re-adjust their capitals in the profit-sharing ratio; and
- To bring in sufficient cash to pay off B immediately and to leave a balance of ₹ 1,000 in the Bank. B was paid off.

Give Journal entries to record the above and draft the Balance Sheet of the new firm.

26. On 1-4-2022, P.K. Ltd. issued 500, 9% Debentures of ₹ 500 each at a discount of 4%, redeemable at a premium of 5% after three years. [6]
- Pass necessary Journal Entries for the year ended 31-3-2023 assuming that interest is payable on 30th September and 31<sup>st</sup> March. The company closes its books on 31<sup>st</sup> March every year.

### Part B :- Analysis of Financial Statements

27. When analysis is made on the basis of Published statements, reports and information it is known as..... [1]

c) External analysis

d) Vertical Analysis

OR

Under which heading the item **bills discounted but not yet matured** will be shown in the balance sheet of a company?

a) Current Assets

b) Contingent Liabilities

c) Current Liability

d) Unamortised Expenditure

28. Liquidity ratios are expressed in [1]

a) Pure ratio form

b) Rate or time

c) Percentage

d) None of these

29. Cash Flow from Operating activities + Cash flow from investing activities + Cash flow from financing activities =? [1]

a) Net Increase/Decrease in Long term borrowings

b) Net Increase/Decrease in cash and cash equivalents

c) Net Increase/Decrease in Non-current Assets

d) Net Increase/Decrease in Share Capital

OR

The objectives of Cash Flow Statement are

A. Analysis of cash position

B. Short-term cash planning

C. Evaluation of liquidity

D. Comparison of Operating Performance

a) A, B, C, D

b) Both A and C

c) Both A and B

d) Both B and D

30. Which of the following is not concerned with Financing Activity? [1]

a) Sale of Non-current investment

b) Increase in Securities Premium

c) Loan taken from bank

d) Issue of Equity Shares

- i. Stores and spares
- ii. Proposed dividend
- iii. Computer software

32. i. Current Liabilities of a Company are ₹ 3,50,000. Its current ratio is 3 : 1 and acid test ratio is 1.75 : 1. Calculate the value of Current assets, Liquid assets and Inventories. [3]
- ii. Current Assets of a Company are ₹ 3,60,000. Its Current ratio is 2.4 :1 and acid test ratio is 1.3 : 1. Calculate the value of Current liabilities, liquid assets and inventories.
- iii. Working Capital of a company is ₹ 30,000. Its Current ratio is 2.5 : 1. Calculate the value of (a) Current assets, (b) Current liabilities, (c) Acid test ratio, assuming inventories of ₹ 26,000.
33. From the following Statement of Profit and Loss of Alpha Ltd. for the year ended 31<sup>st</sup> March, 2022, prepare a **Common Size Statement of Profit and Loss**: [4]

**Statement of Profit and Loss of Alpha Ltd. for the year ended  
31<sup>st</sup> March, 2022**

Particulars	2021 - 22 ₹	2020 - 21 ₹
Revenue from Operations	20,00,000	25,00,000
Employee Benefit Expenses	15,00,000	18,00,000
Other Expenses	3,00,000	2,00,000
Income Tax Rate 40%		

OR

Prepare Comparative and Common Size income statement from the following information for the year's ended March 31, 2008 and 2009.

Particulars	2008 (Rs.)	2009 (Rs.)
1.Net Sales	8,00,000	10,00,000
2.Cost of Goods Sold	60% of sales	60% of sales
3.Indirect Expenses	10% of Gross profit	10% of Gross Profit
4.Income Tax rate	50%	60%



**BALANCE SHEET OF JY LTD.**  
as at 31.3.2017

Particulars	Note No.	31-3-2017 ₹	31-3-2016 ₹
<b>I. Equity and Liabilities :</b>		5,00,000	5,00,000
<b>1. Shareholder's Funds :</b>			
(a) Share Capital			
(b) Reserves and Surplus	1	1,00,000	(25,000)
<b>2. Non-current Liabilities:</b>			
Long-term Borrowings (10% Debentures)		2,50,000	1,50,000
<b>3. Current Liabilities :</b>			
(a) Short-term Borrowings (Bank Overdraft)		1,50,000	1,00,000
(b) Short-term Provisions (Provision for Tax)		2,00,000	1,25,000
<b>TOTAL</b>		<b>12,00,000</b>	<b>8,50,000</b>
<b>II. Assets:</b>			
<b>1. Non-current Assets :</b>			
(a) Fixed Assets :			
(i) Tangible	2	6,00,000	4,50,000
<b>2. Current Assets :</b>			
(a) Trade Receivables		2,75,000	2,25,000
(b) Cash and Cash Equivalents		1,25,000	75,000
(c) Short-term Loans and Advances		2,00,000	1,00,000
<b>TOTAL</b>		<b>12,00,000</b>	<b>8,50,000</b>

**Note to Accounts :**

Note No.	Particulars	31st March, 2017 (Rs.)	31st March 2016 (Rs.)
1.	<b>Reserves and Surplus</b>		
	(Surplus, i.e., Balance in the statement of Profit and Loss)	1,00,000	(25,000)
2.	<b>Tangible Assets</b>		
	Machinery	7,37,500	5,25,000

		0,00,000	4,50,000
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**Additional Information :**

1. ₹ 1,00,000, 10% debentures were issued on 31st March, 2017.

2.	Contingent Liability :	31.3.2017 (₹)	31.3.2016 (₹)
	Proposed Dividend	75,000	50,000

## Solutions

1.

**(b)** All partner(including new) share future profit and losses in this new ratio

**Explanation:** New profit sharing ratio is fixed after the admission of the new partner. It is the ratio in which all the partners including the new partner share profits. It is the ratio of the reconstituted firm (after the admission of a new partner).

2.

**(d)** A is false but R is true.

**Explanation:** A is false but R is true.

3. **(a)** On the Equity and Liabilities side of balance sheet

**Explanation:** On the Equity and Liabilities side of balance sheet

OR

**(b)** from Statement of Profit & Loss.

**Explanation:** from Statement of Profit & Loss.

4. **(a)** Gaining Ratio

**Explanation:** Gaining Ratio

OR

**(c)** Partnership Deed

**Explanation:** The partnership is created by an agreement between the parties. The agreement may be in writing or by word of mouth or implied by the conduct of the parties. However, it is always desirable for the partners to have the agreement in writing. The document in writing should contain the important terms of partnership as agreed upon by the partners themselves to avoid any future dispute. So the document in writing containing the terms and conditions as agreed between the partners is called the partnership deed. Partnership deed in writing is evidence in case of disputes.

5.

**(d)** Rahul 4,800 and Mohit 3,200

**Explanation:** Opening Capitals are 60,000 and 40,000 In this case profit is only 8,000 available but interest on capital  $6,000 + 4,000 = 10,000$  So now interest will be provided only upto the profit available Ratio of Appropriation =  $6,000 : 4,000$  i.e. 3 : 2 Interest to Rahul =  $8,000 \times \frac{3}{5} = 4,800$  and Interest to Mohit =  $8,000 \times \frac{2}{5} = 3,200$

6.

**(c)** ₹ 5,00,000

**Explanation:**  $5000 \times 100 = ₹ 5,00,000$

OR

31/3/2017 - 50,000

31/3/2018 - 30,000

**Explanation:**  $31/3/2016 - 1,00,000 \times \frac{2000}{10,000} = 20,000$

$31/3/2017 - 1,00,000 \times \frac{5000}{10,000} = 50,000$

$31/3/2018 - 1,00,000 \times \frac{3000}{10,000} = 30,000$

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

**Explanation:** The equity shareholders are given dividend as per the shares hold by them from the profit earned by the company as they get the ownership of the company to the extent of shares hold by them.

8.

**(b)** His Executor

**Explanation:** In case of death of a partner, the amount due to him will be paid to his legal heirs or his executors as suggested by partner itself. Executors are the legal heirs or the family/relatives.

OR

**(a)** It is not appropriation of profit

**Explanation:** It is not appropriation of profit

9. **(a)** ₹ 2,00,000

**Explanation:** ₹ 2,00,000

10. **(b)** No salary will be given

**Explanation:** No salary will be given

11.

**(c)** Salary to the active partners

**Explanation:** Salary to the active partners

12. **(a)** 2,000

**Explanation:** Amount of calls in arrears = 1000 shares  $\times$  ₹ 2 each = ₹ 2,000

13.

**(b)** 60,000

**Explanation:** 60,000 (6,000  $\times$  10)

14.

**(c)** Registration of partnership business is mandatory

**Explanation:** Registration of partnership business is mandatory

15.

**(b)** 1,01,000

**Explanation:** Average profit =  $1,67,000 + 1,56,000 + 1,92,000 - 10,000 / 4$

= 1,26,250

Goodwill = 1,26,250  $\times$  80%

= 1,01,000

**Explanation:** total share = 1

z' share =  $\frac{1}{3}$

remaining share for X and Y =  $1 - \frac{1}{3} = \frac{2}{3}$

X's new share =  $\frac{2}{3} \times \frac{3}{5} = \frac{6}{15}$

Y's new share =  $\frac{2}{3} \times \frac{2}{5} = \frac{4}{15}$

Z share =  $\frac{1}{3} \times \frac{5}{5} = \frac{5}{15}$

16.

**(b)** After making the payment of loans given by third party

**Explanation:** After making the payment of loans given by third party

17.

**Books of Mita, Geeta and Mohit**

**Journal**

Date	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
2022 April 1	Geeta's Capital A/c	Dr.	14,000	
	To Mita's Capital A/c			14,000
	(Goodwill adjusted on change in profit sharing ratio)			
April 1	Revaluation A/c	Dr.	1,20,000	
	To Mita's Capital A/c			60,000
	To Geeta's Capital A/c			36,000
	To Mohit's Capital A/c			24,000
	(Profit on revaluation of assets and re-assessment of liabilities transferred to partners in old profit sharing ratio)			

Working Notes:-

Calculation of Gain/Sacrifice = Old share - New share

Mita's share =  $\frac{5}{10} - \frac{2}{5} = \frac{1}{10}$  (Sacrifice)

Geeta's share =  $\frac{3}{10} - \frac{2}{5} = (\frac{-1}{10})$  (Gain)

Mohit's share =  $\frac{2}{10} - \frac{1}{5} = \text{Nil}$

18. **Interest on Drawing** =  $\text{Amount} \times \frac{\text{Rate}}{100} \times \frac{\text{months.as.per.Average.Method}}{12}$

Case (i) Interest on Drawing =  $\text{Amount} \times \frac{\text{Rate}}{100} \times \frac{6.5}{12}$

$$\text{Case (ii) Interest on drawing} = \text{Amount} \times \frac{\text{Rate}}{100} \times \frac{\text{Time}}{12}$$

$$1,000 \times 12 \times \frac{10}{100} \times \frac{6}{12} = ₹ 600$$

$$\text{Case (iii) Interest on drawing} = \text{Amount} \times \frac{\text{Rate}}{100} \times \frac{\text{Time}}{12}$$

$$1,000 \times 12 \times \frac{\text{Rate}}{100} \times \frac{5.5}{12} = ₹ 550$$

OR

### PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended 31<sup>st</sup> March, 2023

Dr.			Cr.		
Particulars		₹	Particulars		₹
To Interest on Capital A/c			By Profit & Loss A/c ( <b>Net Profit</b> )	4,00,000	
Yogesh's Current A/c	60,000		Less: Rent	36,000	3,64,000
Raju's Current A/c	40,000	1,00,000	By Interest on drawings		
To Salary			Yogesh Current A/c	1,300	
Yogesh's Current A/c		24,000	Raju's Current A/c	1,300	2,600
To Commission					
Raju's Current A/c		18,200			
To Profit transferred to:					
Yogesh's Current A/c	1,34,640				
Raju's Current A/c	89,760	2,24,400			
		<b>3,66,600</b>			<b>3,66,600</b>

**W.N.:**

i. Interest on Drawings:  $60,000 \times \frac{4}{100} \times \frac{6.5}{12} = ₹1,300$

ii. Commission = 5% on ₹3,64,000 = ₹18,200.

19.

**Books of Footfall Ltd.**

### Journal

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Bank A/c	Dr.		9,00,000	
	To Debenture Application A/c				9,00,000
	(Debenture application money received for 10,000 debentures at ₹90 each)				

Discount on issue of Debenture A/c	Dr.	1,00,000	
Loss on issue of Debentures A/c	Dr.	50,000	
To Debentures A/c			10,00,000
To Premium on Redemption A/c			50,000
(10,000 Debentures of ₹100 each issued at 10% discount with the term repayable at 5% redemption)			
Debentures A/c	Dr.	10,00,000	
Premium on Redemption A/c	Dr.	50,000	
To Debentureholders' A/c			10,50,000
(Debentures due for redemption along with premium on redemption)			
Debenture holders' A/c	Dr.	10,50,000	
To Bank A/c			10,50,000
(Amount due for redemption paid to debenture holders)			

OR

### JOURNAL OF DTE LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Incorporation Expenses/ Preliminary Expenses A/c	Dr.	25,000	
	To Promoters' A/c (Amount due to promoters for their services)			25,000
	Promoters A/c	Dr.	25,000	
	To Share Capital A/c (Issue of 2,500 shares of ₹ 10 each to promoters)			25,000
	Underwriting Commission A/c	Dr.	20,000	
	To Underwriters' A/c (Underwriting commission due)			20,000
	Underwriters' A/c	Dr.	20,000	
	To Share Capital A/c (Issue of 2,000 shares of ₹ 10 each at par to			20,000

20. Average Actual Profit =  $\frac{\text{Sum of Profit}}{\text{number of given year}}$

Year	Profit
2018	40,000
2017	50,000
2016	55,000
2015	70,000
2014	85,000
Sum of 5 years profit	3,00,000

Average actual profit =  $\frac{3,00,000}{5} = 60,000$

Normal profit = Capital Employed  $\times \frac{\text{Normal Rate of Return}}{100}$

= 5,00,000  $\times \frac{10}{100} = \text{Rs } 50,000$

Super profit = Average Actual Profit - Normal Profit

= 60,000 - 50,000 = ₹ 10,000

Goodwill = Super Profit  $\times$  Number of year purchase

= 10,000  $\times$  3

= ₹ 30,000

21.

### EXTRACT OF BALANCE SHEET OF X LTD.

as at \_\_\_\_\_

Particulars	Note No.	Amount Current Year	Amount Previous Year
<b>I. EQUITY AND LIABILITIES:</b>		₹	₹
<b>Shareholder's Funds</b>			
(a) Share Capital	1	2,07,000	

#### Notes to Accounts:

	₹
<b>(1) Share Capital:</b>	
<b>Authorised Capital:</b>	
1,50,000 Equity Shares of ₹ 10 each	15,00,000
<b>Issued Capital:</b>	
28,500 Equity Shares of ₹ 10 each (Out of the above, 6,000 equity shares of ₹ 10 each were allotted to Vendors and 3,000 to promoters as fully paid up without payment being received in Cash.)	2,85,000



**Subscribed and Fully Paid Capital:**

9,000 Equity Shares of ₹ 10 each fully Called-up  
(Out of the above, 6,000 equity share of ₹ 10 each were allotted to Vendors and 3,000 to promoters as fully paid up without payment being received in Cash.)

90,000

**Subscribed but not Fully Paid Capital:**

19,500 Equity Shares of ₹ 10 each, ₹ 6 Called-up

1,17,000

**2,07,000**

22.

Date	Particulars		L.F.	Debit (Rs.)	Credit (Rs.)
(i)	Cash A/c	Dr.		40,000	...
	To Realisation A/c			...	40,000
	(Being cash Received from the creditor after adjusting value of Building Rs 1,40,000 against his dues)			...	...
(ii)	Cash a/c	Dr.		400	...
	To Realisation A/c			...	400
	(Being Cash Received from a debtor whose account was Written off Earlier)			...	...
(iii)	X's Capital a/c	Dr.		900	...
	Y's Capital a/c	Dr.		900	...
	To Realisation A/c (300*6)			...	1800
	(Being Investment taken over by the partners)			...	...
(iv)	Realisation a/c	Dr.		42,000	...
	To X's Capital A/c			...	21,000
	To Y's Capital A/c			...	21,000
	(Being Profit on Realisation distributed among the partners)			...	...
(v)	Cash a/c	Dr.		2,94,000	...
	To Realisation a/c			...	2,94,000
	(Being Land and Building realized after brokerage)			...	...
	Realisation A/c	Dr.		6000	

	(Being Brokerage paid @ 2%)				
(vi)	NO JOURNAL ENTRY			...	...

**Note :** If an asset is given in payment of a liability, no entry is passed for such payment.

23.

**In the Books of X Ltd.**

**JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		1,44,800	
	To Equity Share Application A/c (Application money received on 70,000 shares @ ₹ 2 per share, one applicant paying the full amount on 600 share)				1,44,800
	Equity Shares Application A/c	Dr.		1,44,800	
	To Equity Shares Capital A/c (50,000 × ₹ 2)				1,00,000
	To Equity Share Allotment A/c [(₹ 19,800 + (500 × ₹ 2)]				20,800
	To Bank A/c (₹ 20,000 + ₹ 1,000)				21,000
	To Calls-in-Advance A/c (500 × ₹ 6) (Application money adjusted and surplus refunded)				3,000
	Equity Share Allotment A/c (50,000 × ₹ 2)	Dr.		1,00,000	
	To Equity Share Capital A/c (Allotment money due on 50,000 shares @ ₹ 2 per share)				1,00,000
	Bank A/c	Dr.		71,200	
	Calls-in-Arrears A/c	Dr.		8,000	
	To Equity Share Allotment A/c (₹ 1,00,000 - ₹ 20,800) (Allotment money received except on 5,000 shares)				79,200
	Equity Share Capital A/c (5,000 × ₹ 4)	Dr.		20,000	
	To Forfeiture Share A/c (6,000 × ₹ 2)				12,000
	To Calls-in-Arrears A/c (5,000 shares, ₹ 4 paid forfeited for non-payment of allotment money)				8,000

	To Equity Share Capital A/c (5,000 shares forfeited reissued for ₹ 20,000; ₹ 4 per share paid-up)				20,000
	Share Forfeiture A/c	Dr.		12,000	
	To Capital Reserve A/c (Gain on reissue transferred to Capital Reserve)				12,000
	Equity Shares First Call A/c (50,000 × ₹ 3)	Dr.		1,50,000	
	To Equity Shares Capital A/c (First call money due on 50,000 shares @ ₹ 3 per share)				1,50,000
	Bank A/c	Dr.		1,48,500	
	Calls-in-Advance A/c	Dr.		1,500	
	To Equity Shares First Call A/c (First call money received, advance received earlier adjusted)				1,50,000
	Equity Share Second and Final Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (Second and final call money due on 50,000 shares @ ₹ 3 per share)				1,50,000
	Bank A/c	Dr.		1,48,500	
	Calls-in-Advance A/c	Dr.		1,500	
	To Equity Share Second and Final Call A/c Second and final call money received and advance received earlier adjusted)				1,50,000

### Working Notes:

1.	<b>Analysis of Receipt of Application Money</b>						
Category	Shares Applied For	Shares Allotted	Excess Money	Adjusted on Allotment	First Call	Second Call	Refund
1.	10,000	Nil	10,000 × ₹ 2 = ₹ 20,000	—	—	—	₹ 20,000

			19,800				
3.	600	500	$100 \times ₹ 2 = ₹ 200$	$500 \times ₹ 2 = ₹ 1,000$	$500 \times ₹ 3 = ₹ 1,500$	$500 \times ₹ 3 = ₹ 1,500$	₹ 1,000*
<b>Total</b>	<b>70,000</b>	<b>50,000</b>	—	<b>₹ 20,800</b>	<b>₹ 3,000 (Calls-in-Advance)</b>		<b>₹ 21,000</b>

\*The applicant for 600 shares (who was allotted 500 shares) has been refunded application money (including Calls-in-Advance) for 100 shares, i.e., ₹ 6,000 - ₹ 5,000 = ₹ 1,000.

50,000 shares have been allotted to applicants for 60,000 shares. This includes an applicant for 600 shares who was allotted 500 shares. Hence, applicants for 59,400 {i.e., 60,000 - 600} shares were allotted 49,500 (i.e., 50,000 - 500) shares.

2. Calculation of allotment money not paid by Govind:

(a) No. of shares allotted to Govind =  $\frac{50,000}{60,000} \times 6,000 = 5,000$  shares.

	₹
(b) Application money received on shares applied ( $6,000 \times ₹ 2$ )	12,000
Less: Application money due on shares allotted ( $5,000 \times ₹ 2$ )	(10,000)
Excess application money adjusted on allotment	2,000
(c) Allotment money due on shares allotted ( $5,000 \times ₹ 2$ )	10,000
Less: Excess application money adjusted (b)	(2,000)
Allotment money due on allotment but not paid by Govind	8,000

(5) Total amount due on allotment:  $50,000 \times ₹ 2 = ₹ 1,00,000$

Less : Excess received on application ( $10,000 \times ₹ 2$ ) = ₹ 20,000

Less : Excess received from Gaurav to be adjusted on allotment ₹ 800

20,800

79,200

Less : Not received on allotment (8,000)

Net amount received on allotment in Cash 71,200

OR

**Books of Alpha Ltd.**

**JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2018 Feb.	Bank A/c	Dr.		35,00,000	

	To Equity Share Application and Allotment A/c (Amount received on application for 7,00,000 shares @ ₹5 per share including premium)				35,00,000
Feb. 16	Equity Share Application and Allotment A/c (5,00,000 × ₹9)	Dr.		45,00,000	
	To Equity Share Capital A/c (5,00,000 × ₹7)				35,00,000
	To Securities Premium Reserve A/c (5,00,000 × ₹2)				10,00,000
Feb. 16	Equity Share Application and Allotment A/c	Dr.		4,00,000	
	To Bank A/c (Application money refunded on 80,000 shares @ ₹ 5 per share)				4,00,000
Feb 16	Bank A/c	Dr.		1,40,000	
	To Equity Share Application and Allotment A/c (Amount received on allotment on 5,00,000 shares @ ₹ 4 = ₹ 20,00,000 less ₹ 6,00,000 received in excess on applications)				1,40,000
May 1	Equity Share First and Final Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c (First Call money due on 5,00,000 shares @ ₹ 3 per share)				1,50,000
May 1	Bank A/c	Dr.		1,49,500	
	To Equity Share First and Final Call A/c (Money received on first call)				1,49,500
Sept. 29	Equity Share Capital A/c	Dr.		5,000	
	To Equity Share First and Final Call A/c				1,500
	To Share Forfeited A/c (Forfeiture of 500 shares for non-payment of call)				3,500

	Share Forfeited A/c	Dr.	1,000	
	To Equity Share Capital A/c (Re-issue of 500 forfeited shares as fully paid at ₹ 8 per share)			5,000
Nov. 1	Share Forfeited A/c	Dr.	2,500	
	To Capital Reserve A/c (Balance of forfeited shares account transferred to Capital Reserve)			2,500

24.

### JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	General Reserve A/c	Dr.		10,500	
	To A's Capital A/c				4,500
	To B's Capital A/c				3,750
	To C's Capital A/c				2,250
	(General reserve transferred to old partner's capital accounts)				
	Revaluation A/c	Dr.		4,240	
	To Furniture A/c				2,920
	To Provision for Repairs A/c				1,320
	(Reduction in the value of assets and a provision made for outstanding repairs bills)				
	Debtors A/c*	Dr.		2,000	
	Land & Building A/c	Dr.		11,760	
	To Revaluation A/c				13,760
	(Increase in the value of assets)				
	Revaluation A/c	Dr.		9,520	
	To A's Capital A/c				4,080
	To B's Capital A/c				3,400
	To C's Capital A/c				2,040

A's Capital A/c	Dr.	2,250		
B's Capital A/c	Dr.	1,875		
C's Capital A/c	Dr.	1,125		
To Goodwill A/c			5,250	
(Goodwill appearing in the books written off)				
Cash A/c	Dr.	28,770		
To D's Capital A/c			14,700	
To Premium for Goodwill A/c			14,070	
(The amount brought in cash by D being ₹ 14,700 for capital and ₹ 14,070 for goodwill)				
Premium for Goodwill A/c	Dr.	14,070		
To A's Capital A/c			6,030	
To B's Capital A/c			5,025	
To C's Capital A/c			3,015	
(Goodwill brought in by D credited to old partners)				
A's Capital A/c	Dr.	3,660		
B's Capital A/c	Dr.	3,400		
To Cash A/c			7,060	
(Cash withdrawn by A and B)				
Cash A/c <sup>(3)</sup>	Dr.	1,320		
To C's Capital A/c			1,320	
(Cash brought in by C)				

#### REVALUATION ACCOUNT

Dr.				Cr.
Particulars		₹	Particulars	₹
To Furniture A/c		2,920	By Land & Buildings A/c	11,760
To Provision for Repairs		1,320	By Debtors A/c	2,000
To Profit transferred to :				

B's Capital A/c	5,400		
C's Capital A/c	<u>2,040</u>	9,520	
		<u>13,760</u>	<u>13,760</u>

### CAPITAL ACCOUNTS

Dr.									Cr.
Particulars	A	B	C	D	Particulars	A	B	C	D
	₹	₹	₹	₹		₹	₹	₹	₹
To Goodwill A/c	2,250	1,875	1,125		By Balance b/d	35,400	29,850	14,550	_____
To Balance c/d	47,760	40,150	20,730	14,700	By General Reserve A/c	4,500	3,750	2,250	_____
					By Revaluation A/c	4,080	3,400	2,040	_____
					By Cash A/c	_____	_____	_____	14,700
					By Premium for goodwill A/c	6,030	5,025	3,015	_____
	<b>50,010</b>	<b>42,025</b>	<b>21,855</b>	<b>14,700</b>		<b>50,010</b>	<b>42,025</b>	<b>21,855</b>	<b>14,700</b>
To Cash A/c (B/f)	3,660	3,400	_____	_____	By Balance b/d	47,760	40,150	20,730	14,700
					By Cash A/c (B/f)	_____	_____	1,320	_____
To Balance c/d	44,100	36,750	22,050	14,700					
	<u>47,760</u>	<u>40,150</u>	<u>22,050</u>	<u>14,700</u>		<u>47,760</u>	<u>40,150</u>	<u>22,050</u>	<u>14,700</u>

### BALANCE SHEET

As at \_\_\_\_\_

Liabilities		₹	Assets	₹



Bills Payable		6,300	Debtors	28,460
Provision for Repairs		1,320	Stock	29,400
Capital Account balances:-			Furniture	4,430
A	44,100		Land & Buildings	56,910
B	36,750			
C	22,050			
D	<u>14,700</u>	1,17,600		
		<b><u>1,44,120</u></b>		<b><u>1,44,120</u></b>

**New profit sharing ratio will be calculated as under :**

$$\text{Share given to D} = \frac{1}{8}$$

$$\text{Balance of profits} = 1 - \frac{1}{8} = \frac{7}{8}$$

$$\text{A's new share} = \frac{7}{8} \times \frac{6}{14} = \frac{3}{8}$$

$$\text{B's new share} = \frac{7}{8} \times \frac{5}{14} = \frac{5}{16}$$

$$\text{C's new share} = \frac{7}{8} \times \frac{3}{14} = \frac{3}{16}$$

$$\text{D's share} = \frac{1}{8}$$

$$\text{A : B : C : D} = \frac{3}{8} : \frac{5}{16} : \frac{3}{16} : \frac{1}{8} = \frac{6}{16} : \frac{5}{16} : \frac{3}{16} : \frac{2}{16}$$

D brings in ₹14,700 as Capital according to his  $\frac{1}{8}$ th share of profit. Therefore, according to D's Capital, the total Capital of the new firm will be =  $14,700 \times \frac{8}{1} = ₹ 1,17,600$

$$\therefore \text{A's Capital in new firm} = 1,17,600 \times \frac{6}{16} = ₹ 44,100$$

$$\text{B's Capital in new firm} = 1,17,600 \times \frac{5}{16} = ₹ 36,750$$

$$\text{C's Capital in new firm} = 1,17,600 \times \frac{3}{16} = ₹ 22,050$$

$$\text{D's Capital in new firm} = 1,17,600 \times \frac{2}{16} = ₹ 14,700$$

**Notes:**

1. A's Capital in the new firm should be ₹ 44,100, whereas his existing capital shown by his Capital A/c is ₹ 47,760. Therefore, his excess Capital ₹ 47,760 - ₹ 44,100 = ₹ 3,660 will be refunded to him.
2. B's Capital in the new firm should be ₹36,750, whereas his existing capital shown by his Capital A/c is ₹ 40,150. Therefore, his excess Capital ₹ 40,150 - ₹ 36,750 = ₹ 3,400 will be refunded to him.
3. C's Capital in the new firm should be ₹ 22,050, whereas his existing capital is only ₹ 20,730. Therefore, he will bring in ₹ 22,050 - ₹ 20,730 = ₹ 1,320.

4. Calculation of Cash Balance :		₹
Opening Balance		1,890

Add. Cash brought in by C		1,520
		31,980
Less: Amount paid to A	3,660	
Less: Amount paid to B	<u>3,400</u>	7,060
Closing Balance		<u>24,920</u>

OR

### REVALUATION ACCOUNT

Particulars	₹	Particulars	₹
To Machinery A/c	4,800	By bank	600
To Patent A/c	1,000	By Investment	5,800
To Profit Transferred to Capital A/c:			
Ankush	300		
Bhuvesh	200		
Mukul	<u>100</u>		
	<u>6,400</u>		<u>6,400</u>

### PARTNERS' CAPITAL ACCOUNT

Particulars	Ankush (₹)	Bhuvesh (₹)	Mukul (₹)	Particulars	Ankush (₹)	Bhuvesh (₹)	Mukul (₹)
To investment A/c			15,800	By Balance b/d	40,000	36,500	20,000
To Mukul's Capital A/c	2,700	1,800		By Revaluation A/c (Profit)	300	200	100
To Mukul's Loan A/c			10,300	By General Reserve	4,500	3,000	1,500
To Bhuvesh Current A/c		5,900		By Ankush's Capital A/c			2,700
				By Bhuvesh's Capital A/c			1,800
To balance c/d	48,000	32,000		By Ankush Current A/c	5,900		
	<u>50,700</u>	<u>39,700</u>	<u>26,100</u>		<u>50,700</u>	<u>39,700</u>	<u>26,100</u>

undergoes retirement from the firm or in the event of his death. In both cases, the partner's account will have to be settled, and new ratios will have to be calculated. There is also the issue of treatment of goodwill.

### Adjustment for Goodwill

Mukul's share in goodwill =  $27,000 \times \frac{1}{6} = ₹ 4,500$ ; to be contributed in gaining ratio i.e., 3 : 2

Ankush will pay =  $4,500 \times \frac{3}{5} = ₹ 2,700$

Bhuvesh will pay =  $4,500 \times \frac{2}{5} = ₹ 1,800$

### Adjustment for Capital

Combined capital  $\Rightarrow$  Ankush's adjusted capital = ₹ 42,100

Bhuvesh's adjusted capital = ₹ 37,900

Total capital = ₹ 80,000

New profit sharing ratio = 3 : 2

Ankush's new capital =  $₹ 80,000 \times \frac{3}{5} = ₹ 48,000$

Bhuvesh's new capital =  $₹ 80,000 \times \frac{2}{5} = ₹ 32,000$

### 25. JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2023 March 31	General Reserve A/c	Dr.		3,000	
	To A's Capital A/c				1,000
	To B's Capital A/c				1,000
	To C's Capital A/c (General reserve transferred to capital accounts)				1,000
	Revaluation A/c	Dr.		1,440	
	To Stock A/c				530
	To Furniture A/c				200
	To Provision for Bad Debts A/c				450
	To Outstanding Rent A/c (The decrease in the value of assets and provision made for outstanding rent)				260
	A's Capital A/c	Dr.		480	
	B's Capital A/c	Dr.		480	

	C's Capital A/c	Dr.		480	
	To Revaluation A/c (Loss on Revaluation transferred to Capital Accounts)				1,440
	A's Capital A/c	Dr.		1,225	
	C's Capital A/c	Dr.		175	
	To B's Capital A/c (B's share of goodwill adjusted to the accounts of A and C in their gaining ratio: 7 : 1)				1,400
	Bank A/c <sup>(2)</sup>	Dr.		2,424	
	To A's Capital A/c				1,495
	To C's Capital A/c (Cash brought in, to make their capitals in profit sharing ratio)				929
	B's Capital A/c	Dr.		7,920	
	To Bank A/c (The amount due to B paid off)				7,920

### CAPITAL ACCOUNTS

Dr.				Cr.			
Particulars	A (₹)	B (₹)	C (₹)	Particulars	A (₹)	B (₹)	(C) ₹
To Revaluation	480	480	480	By Balance b/d	8,000	6,000	4,000
To B's Capital A/c	1,225	_____	175	By General Reserve	1,000	1,000	1,000
To Balance c/d	7,295	7,920	4,345	By A's Capital A/c	_____	1,225	_____
				By C's Capital A/c	_____	175	_____
	<b>9,000</b>	<b>8,400</b>	<b>5,000</b>		<b>9,000</b>	<b>8,400</b>	<b>5,000</b>
To Bank A/c	_____	7,920	_____	By Balance b/d	7,295	7,920	4,345
To Balance c/d	8,790	_____	5,274	By Bank	1,495	_____	929
	<b>8,790</b>	<b>7,920</b>	<b>5,274</b>		<b>8,790</b>	<b>7,920</b>	<b>5,274</b>

### BALANCE SHEET OF THE NEW FIRM

as at 31<sup>st</sup> March, 2023

Creditors		7,096	Cash at Bank		1,000
Outstanding Rent		260	Debtors	9,000	
<b>Capitals:</b>			Less: Provision for doubtful debt	(450)	8,550
A	8,790		Stock		10,070
C	5,274	14,064	Furniture		1,800
		<b>21,420</b>			<b>21,420</b>

Total Capital of the new firm after B's retirement should be:	₹
Amount required to pay off B	7,920
Add: Existing Capital of A	7,295
Add: Existing Capital of C	4,345
Add: Cash required as working capital	1,000
	<b>20,560</b>
Less: Cash at Bank (existing in Balance Sheet)	6,496
Total Capital of the new firm	14,064

This Capital should be in the new profit sharing ratio of A and C:

Therefore, A's new Capital should be =  $14,064 \times \frac{5}{8} = 8,790$

C's new Capital should be =  $14,064 \times \frac{3}{8} = 5,274$

Amount to be brought in by A and C:	A	B
Capital required in the new firm	8,790	5,274
Less: Existing Capital	7,295	4,345
	<b>1,495</b>	<b>929</b>

**calculation of gaining ratio** = new ratio - old ratio = 7:1

$$A :- \frac{5}{8} - \frac{1}{3} = \frac{15-8}{24} = \frac{7}{24}$$

$$B :- \frac{3}{8} - \frac{1}{3} = \frac{9-8}{24} = \frac{1}{24}$$

26.

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Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
2022 April 1	Bank A/c	Dr.		2,40,000	
	To Debentures Application & Allotment A/c (Amount received on application)				2,40,000
April 1	Debenture Application & Allotment A/c	Dr.		2,40,000	

	To 9% Debentures A/c				2,50,000
	To Premium on Redemption A/c (Issue of debentures at 4% discount and redeemable at 5% premium)				12,500
Sept. 30	Interest on Debentures A/c	Dr.		11,250	
	To Debenture holders a/c				11,250
	(Half-yearly interest due on debentures)				
Sept. 30	Debenture holders A/c	Dr.		11,250	
	To Bank A/c (Interest paid)				11,250
2023 March 31	Interest on Debentures A/c	Dr.		11,250	
	To Debenture holders A/c				11,250
	(Half-yearly interest due on debentures)				
March 31	Debenture holders A/c	Dr.		11,250	
	To Bank A/c (Interest paid)				11,250
March 31	Statement of Profit & Loss	Dr.		45,000	
	To Interest on Debentures A/c				22,500
	To Loss on Issue of Debentures A/c (Interest transferred to Statement of profit & Loss)				22,500

### Part B :- Analysis of Financial Statements

27.

#### (c) External analysis

**Explanation:** Analysis made by external users on the basis of published financial statements is called external analysis. Only an external user may have to use published statements; an internal user has access to all accounting records, he would not have to depend on and wait for the information to be published and they can do internal analysis throughout the year.

OR

#### (b) Contingent Liabilities

**Explanation:** Contingent Liabilities

29.

**(b) Net Increase/Decrease in cash and cash equivalents**

**Explanation:** After calculating cash flows from different three activities (Operating, Investing and Financing), they are added to know the net increase or decrease in cash and cash equivalents.

OR

**(a) A, B, C, D**

**Explanation:** A, B, C, D

30. **(a) Sale of Non-current investment**

**Explanation:** Sale of investment is not concerned with financing activities in the Cash Flow statement. It is concerned with investing activities Because the sale of fixed assets is shown under Investing Activity.

31. The following items are arranged under major headings and sub headings as per schedule 3 of the company's act,2013 to cop up with the international standards and to ensure uniformity in classification.

Sl. No.	Items	Major - headings	Sub-headings
(I)	Stores and Spares	Current Assets	Inventories
(ii)	Proposed Dividend	Current Liabilities	Short-term Provisions
(iii)	Computer Software	Non-current Assets	Fixed Assets (Intangible assets)

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

$$3 \text{ (Given)} = \frac{\text{Current Assets}}{\text{₹3,50,000 (Given)}}$$

$$\therefore \text{Current Assets} = \text{₹ } 3,50,000 \times 3 = \text{₹ } 10,50,000$$

$$\text{Acid Test Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

$$1.75 \text{ (Given)} = \frac{\text{Liquid Assets}}{\text{₹3,50,000 (Given)}}$$

$$\therefore \text{Liquid Assets} = \text{₹ } 3,50,000 \times 1.75 = \text{₹ } 6,12,500$$

$$\text{Inventory} = \text{Current Assets} - \text{Liquid Assets}$$

$$= \text{₹ } 10,50,000 - \text{₹ } 6,12,500 = \text{₹ } 4,37,500$$

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

$$2.4 \text{ (Given)} = \frac{\text{₹3,60,000 (Given)}}{\text{Current Liabilities}}$$

$$\therefore \text{Current Liabilities} = \frac{\text{₹3,60,000}}{2.4} = 3,60,000 \times \frac{10}{24} = \text{₹ } 1,50,000$$

$$\text{Acid Test Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

$$1.3 \text{ (Given)} = \frac{\text{Liquid Assets}}{\text{₹1,50,000 (Calculated as above)}}$$

$$\therefore \text{Liquid Assets} = \text{₹ } 1,50,000 \times 1.3 = \text{₹ } 1,95,000$$

iii. a. Working Capital = Current Assets - Current Liabilities

Current Ratio of the company is 2.5 : 1, therefore, based on current ratio the working capital is  $2.5 - 1 = 1$ . Current Assets =  $\frac{2.5}{1.5} \times 30,000 = ₹ 50,000$

b. Current Liabilities = Current Assets - Working Capital  
= 50,000 - 30,000 = ₹ 20,000

c. Acid Test Ratio (Quick Ratio) =  $\frac{\text{Liquid Assets}}{\text{Current Liabilities}}$

Liquid Assets = Current Assets - Inventory

= ₹ 50,000 - ₹ 26,000 = ₹ 24,000

Acid Test Ratio =  $\frac{24,000}{20,000} = 1.2 : 1$

33.

### Common Size Statement of Profit & Loss

Particulars	Note No.	Absolute Amount		Percentage of Revenue from Operations	
		31st March, 2021	31st March, 2022	31st March, 2021	31st March, 2022
<b>I. Revenue from Operations</b>		<b>25,00,000</b>	<b>20,00,000</b>	<b>100</b>	<b>100</b>
II. Expenses					
(a) Employee Benefit Expense		18,00,000	15,00,000	72	75
(b) Other Expenses		2,00,000	3,00,000	8	15
<b>Total Expense</b>		<b>20,00,000</b>	<b>18,00,000</b>	<b>80</b>	<b>90</b>
III. Profit before tax (I - II)		5,00,000	2,00,000	20	10
IV. Income Tax (40%)		2,00,000	80,000	8	4
<b>V. Profit after tax (III - IV)</b>		<b>3,00,000</b>	<b>1,20,000</b>	<b>12</b>	<b>6</b>

OR

### Comparative Income statement

Particular	2008 Amount (Rs)	2009 Amount (Rs)	Change in Amount (Rs)	Change in Percentage (%)
Net Sales	8,00,000	10,00,000	2,00,000	25%
Less: Cost of Goods Sold	4,80,000	6,00,000	1,20,000	25%



	(Rs)	(Rs)	(Rs)	(%)
Gross Profit	3,20,000	4,00,000	80,000	25%
Less: Indirect Expenses	32,000	40,000	8,000	25%
Operating Profit (Profit Before Tax)	2,88,000	3,60,000	72,000	25%
Less: tax	1,44,000	2,16,000	72,000	50%
Profit after tax	1,44,000	1,44,000	-----	-----

#### Common Size Income Statement

Particulars	2008 Amount (Rs)	2009 Amount (Rs)	Percentage of Net sales in P.Y. (%)	Percentage of Net sales in C.Y. (%)
Net Sales	8,00,000	10,00,000	100%	100%
Less: Cost of Goods Sold	4,80,000	6,00,000	60%	60%
Gross Profit	3,20,000	4,00,000	40%	40%
Less: Indirect Expenses	32,000	40,000	4%	4%
Operating Profit (Profit Before Tax)	2,88,000	3,60,000	36%	36%
Less: tax	1,44,000	2,16,000	18%	21.6%
Profit after tax	1,44,000	1,44,000	18%	14.4%

34.

In the books of JY Ltd.

#### Cash Flow Statement

For the year ending 31st March, 2017

Particulars	₹	₹
<b>A. Cash flow from operating activities:</b>		
Net Profit before Tax (Note 1)	3,75,000	
Adjustments for non-cash and non-operating items		
Add: Depreciation on Machinery	62,500	
Interest Paid on Debentures	15,000	
Operating Profit before Working Capital Changes	4,52,500	
Less: Increase in Current Assets:		-

Short term Loans and Advances	1,00,000	1,50,000	
Less : Payment of Tax	1,25,000		
Net cash from operating activities	1,77,500	1,77,500	
<b>B. Cash flows from Investing Activities:</b>			
Purchased of Machinery	(2,12,500)		
Net cash used in investing activities	(2,12,500)	(2,12,500)	
<b>C. Cash flows from financing activities:</b>			
Proceeds from Long-term Borrowings (Debentures)	1,00,000		
Increase in Bank Overdraft	50,000		
Payment of Proposed Dividend	(50,000)		
Interest paid on Debentures	(15,000)		
Net Cash from financing activities	85,000	85,000	
<b>Net increase in cash and cash equivalents (A+B+C)</b>		50,000	
Add: Cash and cash equivalents in the beginning of the period		75,000	
Cash and cash equivalents at the end of the period		1,25,000	

**Notes :**

1. Calculation of Net Profit before Tax:

	₹
Balance of Statement of Profit & Loss as on 31 st March, 2017	1,00,000
Add: Balance of Statement of Profit & Loss as on 31 st March, 2016	25,000
	1,25,000
Add: Proposed Dividend for 2016	50,000
Add: Provision for Tax for 2017	2,00,000
	3,75,000