Class XII Session 2025-26
Subject - Accountancy
Sample Question Paper - 4

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. On the reconstitution of a firm, the value of the land was appreciated by ₹ 2,00,000 and plant and machinery reduced to ₹ 7,00,000 from ₹ 10,00,000. Gain or loss on revaluation will be: **[1]**

   a) Gain ₹ 5,00,000
   b) Gain ₹ 1,00,000
   c) Loss ₹ 5,00,000
   d) Loss ₹ 1,00,000

2. **Assertion (A):** Under the fixed capital method, partners' capital accounts always show a credit balance. **[1]**
   Reason (R): Under the fixed capital method, all items like share of profit or loss, interest on capital, drawings, interest on drawings are recorded in a separate account called partners' current account.

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

3. Vishant Ltd. invited applications for issuing 6,000 equity shares of ₹ 10 each at 10% premium. The issue was fully subscribed. The amount per share was payable as follows: **[1]**
   On application - ₹ 3, on allotment - ₹ 3 (including premium), on first call - ₹ 3 and on final call - ₹ 2. Ashish the holder of 200 shares paid the entire money along with allotment. The total amount received on allotment was:

a) ₹ 19,000 b) ₹ 18,000

c) ₹ 21,000 d) ₹ 25,000

OR

The debentures which are payable on the expiry of a specified period either in lump-sum or in instalments during the life time of the company are known as:

a) Convertible debentures b) Secured debentures

c) Specific coupon rate debentures d) Redeemable debentures

4. At the time of change in profit sharing ratio among existing partners, **Reserves** are transferred to Partners' Capital Accounts in the following ratio: **[1]**

a) Sacrificing ratio b) Old profit sharing ratio

c) Gaining ratio d) New profit sharing ratio

OR

Ram and Mohan were partners with fixed capitals of ₹ 3,00,000 and ₹ 2,00,000 respectively. As per their partnership deed, interest on capital was allowed @ 10% p.a. Net profit for the year ended 31st March, 2022 was ₹ 30,000. The amount of interest on capital was credited to each partner's current account for the year ended 31st March, 2022 was:

a) Ram ₹ 30,000 and Mohan Nil b) Ram ₹ 20,000 and Mohan ₹ 10,000

c) Ram ₹ 18,000 and Mohan ₹ 12,000 d) Ram ₹ 30,000 and Mohan ₹ 20,000

5. Omkar and Shiva were partners in a firm. Omkar was entitled to a salary of ₹ 20,000 p.a. while Shiva was entitled to a salary of ₹ 50,000 p.a. Net profit for the year ended 31st March, 2023 after charging salary of Omkar and Shiva was ₹ 5,60,000. The total amount credited to Omkar's capital account will be: **[1]**

a) ₹ 3,15,000 b) ₹ 2,65,000

c) ₹ 2,45,000 d) ₹ 3,00,000

6. Anuradha Ltd. issued 2,00,000, 7% debentures of ₹ 100 each at a discount of 5% redeemable at a premium of 5%. Discount on issue and premium on redemption were accounted for through **Loss on Issue of Debentures Account**. On issue of debentures, **Loss on Issue of Debentures Account** will be: **[1]**

a) Debited by ₹ 10,00,000 b) Debited by ₹ 20,00,000

c) Credited by ₹ 10,00,000 d) Credited by ₹ 20,00,000

OR

The debentures which do not carry a specific rate of interest are called:

a) Unsecured Debentures b) Zero Coupon Rate Debentures

c) Secured Debentures d) Specific Coupon Rate Debentures

7. ________ is a part of Authorised Capital that is issued for subscription. **[1]**

a) Issued Capital b) Paid-up Capital

c) Subscribed Capital d) Called-up Capital

8. Aman, Aadhar and Avinash were partners and sharing profits in the ratio of 3 : 2 : 1. Avinash retired from the firm on 1st July, 2022. On the date of Avinash's retirement, the Balance Sheet showed a debit balance of ₹ **[1]**

1,20,000 in the Profit and Loss Account. For calculating the amount payable to Avinash, this balance will be transferred:

a) To the credit side of the capital accounts of Aman and Aadhar in their gaining ratio.

b) To the credit side of the capital accounts of Aman and Aadhar in new profit sharing ratio.

c) To the debit side of the capital accounts of Aman, Aadhar and Avinash in old profit sharing ratio.

d) To the debit side of the capital accounts of Aman and Aadhar in old profit sharing ratio.

OR

A partnership firm has four partners. How many additional partners can be admitted into the business as per the provisions of the Companies Act, 2013?

a) 100

b) 46

c) 50

d) 96

9. On 1st October 2020, Amit, a partner, advanced a loan of ₹ 1,20,000 to the firm. In the absence of partnership deed, the amount of interest on loan to be paid on 31st March, 2021 will be: **[1]**

a) ₹ 7,200

b) ₹ 3,600

c) ₹ 12,000

d) ₹ 6,000

10. Neeru and Meetu are partners in a firm with capitals of ₹ 2,00,000 and ₹ 1,50,000 respectively. If the firm earned a profit of ₹ 17,500 for the year ended 31st March, 2023, then interest on capital @ 10% p.a. would be: **[1]**

a) Neeru ₹ 8,750; Meetu ₹ 8,750

b) Neeru ₹ 20,000; Meetu ₹ 15,000

c) Neeru ₹ 15,000; Meetu ₹ 20,000

d) Neeru ₹ 10,000; Meetu ₹ 7,500

11. Which of the following items **cannot** be recorded in the capital account of partners if the capital accounts of partners are fixed? **[1]**

a) Drawings

b) Introduction of additional capital

c) Opening balance of capital

d) Withdrawal of capital

12. Excess value of net assets over purchase consideration at the time of purchase of business is: **[1]**

a) Credited to the General Reserve Account

b) Debited to Goodwill Account

c) Credited to Capital Reserve

d) Credited to Vendor's Account

13. Which of the following statements does **not** relate to **Reserve Capital**: **[1]**

a) It is part of subscribed capital.

b) It cannot be used during the lifetime of a company.

c) It is part of uncalled capital of a company.

d) It can be used for writing off capital losses.

14. Aman and Chaman are partners in a firm. On 1st July, 2021 Aman advanced a loan of ₹ 6,00,000 to the firm. There is no partnership deed. On 31st March, 2022, Aman was entitled to get the following amount as interest on loan: **[1]**

a) ₹ 9,000

b) ₹ 18,000

c) ₹ 36,000 d) ₹ 27,000

15. Monu and Sonu were partners sharing profits in the ratio of 2 : 3. They admitted Ram as a new partner for $\frac{3}{5}$th share in profits which he acquired $\frac{1}{5}$th from Monu and $\frac{2}{5}$th from Sonu. The new profit sharing ratio of Monu, Sonu and Ram will be: **[1]**

a) 1 : 1 : 3 b) 2 : 3 : 1

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

OR

Nicku, Mala and Ritu were partners in a firm sharing profits in the ratio of 5 : 3 : 2. Nicku died on 30th September, 2023. The deceased partner was entitled to his share of profit up to the date of death which was to be calculated on the basis of previous year's profit. The previous year's profit was ₹ 80,000. Nicku's share of profit will be:

a) ₹ 20,000 b) ₹ 40,000

c) ₹ 30,000 d) ₹ 10,000

16. In which of the following cases is the business of a firm **not** dissolved by court? **[1]**

a) When a partner becomes permanently incapable of performing his duties as a partner

b) With the consent of all the partners

c) When a partner is guilty of misconduct which is likely to adversely affect the business of the firm

d) When a partner becomes insane

17. Shweta, Meenu and Asha were partners in a firm sharing profits and losses in the ratio of 3 : 5 : 2. Meenu retired on 1st April, 2022. After making all adjustments relating to revaluation, goodwill and accumulated profits, etc., the capital accounts of Shweta and Asha showed credit balance of ₹ 3,00,000 and ₹ 1,00,000 respectively. It was decided to adjust the capitals of Shweta and Asha in their new profit sharing ratio. **[3]**
Pass necessary journal entries for bringing in or withdrawal of the necessary amounts involved. Show your working clearly.

18. Asha, Disha and Raghav were partners in a firm sharing profits in the ratio of 2 : 3 : 1. According to the partnership agreement, Raghav was guaranteed an amount of ₹ 40,000 as his share of profits. The net profit for the year ended 31st March, 2022 amounted to ₹ 1,20,000. **[3]**

Prepare Profit and Loss Appropriation Account of the firm for the year ended 31st March, 2022.

OR

Sita, Gita and Lalita were partners in a firm, sharing profits and losses in the ratio of 2 : 2 : 1. Sita had personally guaranteed that in any year Lalita's share of profit, after allowing interest on capital to all the partners @5% per annum and charging interest on drawings @4% per annum, would not be less than ₹ 10,000.

The capitals of the partners on 1st April, 2022 were: Sita ₹ 80,000, Gita ₹ 50,000 and Lalita ₹ 30,000.
The net profit for the year ended 31st March, 2023, before allowing or charging any interest amounted to ₹ 40,000.
Sita had withdrawn ₹ 4,000 on 1st April, 2022, while Lalita withdrew ₹ 5,000 during the year.
You are required to prepare the Profit and Loss Appropriation Account for the year 2022-23.

19. Neon Ltd. purchased assets worth ₹ 18,00,000 and took over liabilities of ₹ 2,00,000 of Zenith Ltd. for a purchase consideration of ₹ 15,00,000. Neon Ltd. paid the amount by accepting a bill of exchange of ₹ 3,00,000 **[3]**

and the balance was settled by issuing 10% debentures of ₹ 100 each at a premium of 20%. Pass necessary journal entries for the above transactions in the books of Neon Ltd.

OR

JN Ltd. were registered with an authorised capital of 2,00,000 equity shares of ₹ 100 each. The company offered to the public for subscription 1,00,000 shares. Applications for 1,50,000 shares were received and allotment was made to all the applicants on pro-rata basis. All calls were made and were duly received except the second and final call of ₹ 4,000. The amount payable on second and final call was ₹ 20 per share.

Present the Share Capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.

20. Rishi and Suman were partners in a firm. Their capitals were: Rishi ₹ 1,20,000 and Suman ₹ 80,000. The normal rate of return in similar business is 12%. The profits of the last four years were: **[3]**

Year	₹
2019 - 20	33,000
2020 - 21	22,000
2021 - 22	31,000
2022 - 23	34,000

Calculate goodwill of the firm based on:

i. Three years' purchase of the last four years' average profits.
ii. Capitalisation of super profit.

21. Sandesh Ltd. has an authorised capital of ₹ 30,00,000 divided into equity shares of ₹ 10 each. The company invited applications for issuing 70,000 shares. Applications for 69,000 shares were received. All calls were made and duly received except the first and final call of ₹ 2 per share on 3,000 shares. These shares were forfeited. **[4]**

a. Present the **Share Capital** in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.
b. Also prepare **Notes to Accounts** for the same.

22. J, K and L were partners in a firm sharing profits in the ratio of 4 : 5 : 1. On 31st March, 2023 their firm was dissolved. On this date the Balance Sheet showed a balance of ₹ 1,34,000 in debtors account and a balance of ₹ 14,000 in provision for bad debts account. Both the accounts were closed by transferring their balances to realisation account. ₹ 4,000 of the debtors became bad and nothing could be realised from them on dissolution. K agreed to look after the dissolution work for which he was allowed a remuneration of ₹ 16,000. K also agreed to bear dissolution expenses for which he was allowed a lumpsum payment of ₹ 4,000. Actual dissolution expenses were ₹ 6,500 and the same were paid from the firm’s cash. Loss on dissolution amounted to ₹ 37,000. Pass necessary journal entries for the above transactions in the books of the firm on its dissolution. **[4]**

23. A Ltd. invited applications for issuing 1,00,000 shares of ₹ 10 each at a premium of ₹ 1 per share. The amount was payable as follows: **[6]**

On Application	–	₹ 3 per share;
On Allotment	–	₹ 3 per share (including premium);
On First Call	–	₹ 3 per share;
On Second and Final Call	–	Balance amount.

Applications for 1,60,000 shares were received. Allotment was made on the following basis:

(i)	To applicants for 90,000 shares	–	40,000 shares;
(ii)	To applicants for 50,000 shares	–	40,000 shares;
(iii)	To applicants for 20,000 shares	–	Full shares.

Excess money paid on application is to be adjusted against the amount due on allotment and calls.

Mayank, a shareholder, who applied for 1,500 shares and belonged to category (ii), did not pay allotment, first and second and final call money.

Another shareholder, Kavita, who applied for 1,800 shares and belonged to category (i), did not pay the first and second and final call money.

All the shares of Mayank and Kavita were forfeited and were subsequently reissued at ₹ 7 per share fully paid.

Pass the necessary Journal entries in the books of A Ltd. Open Calls-in-Arrears Account and Calls-in-Advance Account wherever required.

OR

Premier Tools Ltd. invited applications for issuing 2,00,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as follows:

On Application	₹ 5 per share (including premium)
On Allotment	₹ 3 per share
On First and Final Call	Balance

Applications were received for 2,50,000 shares. Applications for 10,000 shares were rejected and pro rata allotment was made to the remaining applicants. Over payments received on application were adjusted towards sums due on allotment.

All calls were made and duly received except allotment and first and final call from Naveen who applied for 7,200 shares. His shares were forfeited. Half of the forfeited shares were reissued for ₹ 48,000 as fully paid.

Pass the necessary journal entries for the above transactions in the books of Premier Tools Ltd. Open calls-in-arrears account wherever required.

24. Atal and Madan were partners in a firm sharing profits in the ratio of 5 : 3. On 31st March, 2011 they admitted Mehra as a new partner for 1/5th share in the profit. The new profit sharing ratio was 5 :3 :2 . On Mehra's admission, the balance sheet of the firm was as follows **[6]**

Balance Sheet

as at 31st March, 2011

Liabilities		Amt(Rs)	Assets	Amt(Rs)
Provision for Bad Debt		1,200	Land and Building	1,50,000
Creditors		20,000	Machinery	40,000
Workmen Compensation Fund		32,000	Patents	5,000
Capital A/cs			Stock	27,000
Atal	1,50,000		Debtors	47,000
Madan	90,000	2,40,000	Cash	4,200
			Profit and Loss A/c	20,000

		2,93,200		2,93,200

On Mehra's admission, it was agreed that

1. Mehra will bring Rs 40,000 as his capital and Rs 16,000 for his share of goodwill premium, half of which was withdrawn by Atal and Madan.
2. A provision of 2.5% for bad and doubtful debt was to be created.
3. Included in the sundry creditors was an item of Rs 2,500 which was not to be paid.
4. A provision was to be made for an outstanding bill for electricity Rs 3,000.
5. A claim of Rs 325 for damages against the firm was likely to be admitted. Provision for the same was to be made.

   After the above adjustment, the capitals of Atal and Madan were to be adjusted on the basis of Mehra's capital. Actual cash was to be brought in or to be paid off to Atal and Madan, as the case may be. Prepare revaluation account, capital accounts of the partners and the balance sheet of the new firm.

OR

X, Y, and Z were partners sharing profits in the ratio 3: 2: 1. On 31st March 2008, their Balance Sheet stood as under :

Liabilities		**Amt(Rs.)**	**Assets**	**Amt(Rs.)**
Capitals:			Cash at Bank	70,000
X	75,000		Investments	50,000
Y	70,000		Patents	15,000
Z	50,000	1,95,000	Stock	25,000
Creditors		72,000	Debtors	20,000
General Reserve		24,000	Buildings	75,000
			Machinery	36,000
		2,91,000		2,91,000

Z died on May 31st, 2008. It was agreed that

a. Goodwill was valued at 3 years' purchase of the average profits of the last five years, which were 2003: Rs. 40,000; 2004: Rs. 40,000; 2005: Rs. 30,000; 2006: Rs. 40,000 and 2007: Rs. 50,000.
b. Machinery was valued at Rs. 70,000, Patents at Rs. 20,000 and Buildings at Rs. 66,000.
c. For the purpose of calculating Z's share of profits until the date of death, it was agreed that the same be calculated based on the average profits for the last 2 years.
d. The executor of the deceased partner is to be paid the entire amount due by means of a cheque.

Prepare Z's Capital Accounts to be rendered to the executor and also a journal entry for the settlement of the amount due to Z's executor.

25. J, H and K were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2015 their balance sheet was as follows **[6]**

Balance Sheet

as on 31st March, 2015

Liabilities		**Amount**	**Assets**		**Amount**

		(Rs)			(Rs)
Creditors		42,000	Land and Building		1,24,000
Investment Fluctuation Fund		20,000	Motor Vans		40,000
Profit and Loss A/c		80,000	Investments		38,000
Capital A/cs			Machinery		24,000
J	1,00,000		Stock		30,000
H	80,000		Debtors	80,000	
K	40,000	2,20,000	(-) Provision for Doubtful Debts	(6,000)	74,000
			Cash		32,000
		3,62,000 =======			**3,62,000** ========

On the above date, H retired and J and K agreed to continue the business on the following terms

i. Goodwill of the firm was valued at Rs 1,02,000.
ii. There was a claim of Rs 8,000 for workmen's compensation.
iii. Provision for bad debts was to be reduced by Rs 2,000.
iv. H will be paid Rs 14,000 in cash and the balance will be transferred in his loan account which will be paid in four equal yearly instalments together with interest @ 10% per annum.
v. The new profit sharing ratio between J and K will be 3 : 2 and their capitals will be in their new profit sharing ratio. The capital adjustments will be done by opening current accounts.

Prepare revaluation account, partners' capital accounts and balance sheet of the new firm.

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

Amit Technologies Ltd. issued 5,000; 9% Debentures of ₹ 100 each at a premium of ₹ 20 payable as follows:

i. ₹ 40 including premium of ₹ 10 on application
ii. ₹ 40 including premium of ₹ 10 on allotment
iii. Balance as first and final call.

Applications were received for 5,000 debentures and allotment was made to all the applicants. All the calls were made, and amounts received.

(a) The amount of money received during application is:

a) ₹ 150,000 b) ₹ 2,00,000

c) ₹ 1,00,000 d) ₹ 4,00,000

(b) What amount of the money received in application is transferred to the securities premium reserve account:

a) ₹ 2,00,000 b) ₹ 1,00,000

c) ₹ 5,00,000 d) ₹ 50,000

(c) ____ is the balance amount per debenture to be received at the first and final call is:

a) ₹ 40 b) ₹ 30

c) ₹ 20 d) ₹ 10

(d) What is the total interest payable on the debentures issued?

a) ₹ 8,000 b) ₹ 45,000

c) ₹ 54,000 d) ₹ 20,000

(e) Above case is an example of

a) Both a and c b) Full subscription

c) Undersubscription d) Oversubscription

(f) What is the total amount received by Amit Technologies Ltd. from the issue of debentures?

a) ₹ 2,40,000 b) ₹ 2,50,000

c) ₹ 2,00,000 d) ₹ 2,80,000

Part B :- Analysis of Financial Statements

27. How a Company's balance sheet is different from the balance sheet of partnership firm? **[1]**

a) A company's Balance Sheet format is fixed under schedule III .Whereas, there is no standard form prescribed under the Indian partnership Act,1932 for a partnership Firm's balance sheet.

b) In case of a company's Balance sheet previous year's figures are required to be given whereas it is not so in the case of a partnership firm's balance sheet.

c) Not different

d) For company's Balance Sheet and partnership balance sheet format is fixed under schedule III.

OR

Salaries and wages are shown under :

a) Cost of material consumed b) Employee benefit expense

c) Other Expenses d) Finance Cost

28. The **Inventory Turnover Ratio** from the following information will be: **[1]**

	₹
Revenue from operations	12,00,000
Average Inventory	2,00,000
Gross loss ratio	20%

a) 3 times b) 5 times

c) 6 times d) 7.2 times

29. An investment normally qualifies as cash-equivalent only when from the date of acquisition it has a short maturity period of: **[1]**

a) Three months or less b) One month or less

c) Three months or more d) One year or less

OR

Which of the following transactions are shown under financing activities while preparing cash flow statement:

i. Issue of Equity Shares
ii. Cash Received from Debtors
iii. Redemption of Debentures
iv. Cash Paid Against Trade Payables

Choose the correct option:

a) (i) b) (i) and (iii)

c) (i) and (ii) d) (i), (ii) and (iv)

30. **Cash receipts from sale of machinery** by a machinery dealer will be considered which type of activity from the following while preparing Cash Flow Statement? **[1]**

a) Investing Activity b) Financing Activity

c) Operating Activity d) Both Investing and Financing Activity

31. Briefly explain the nature of expenses that are shown under Finance Costs. **[3]**

32. These ratios are calculated for measuring the efficiency of operations of business based on effective utilisation of resources. **[3]**

a. Identify the types of ratios being discussed above.
b. Explain any two ratios of the types of ratios identified in (a) above.

33. From the following Balance Sheets of Vinayak Ltd. as at 31^{st} March, 2019, prepare a comparative Balance Sheet. **[4]**

Vinayak Ltd.

Balance Sheet as at 31^{st} March, 2019

	Particulars	**Note No.**	**31-3-19 (₹)**	**31-3-18 (₹)**
I.	**Equity and Liabilities:**			
1.	Shareholders Funds			
	(a) Share Capital		21,00,000	20,00,000
	(b) Reserves and Surplus		2,30,000	2,00,000
2.	Non-current Liabilities			
	Long term borrowing		5,60,000	2,00,000
3.	Current Liabilities			
	Trade payables		2,80,000	1,00,000
	Total		**31,70,000**	**25,00,000**
II.	**Assets:**			
1.	Non-current Assets			
	Fixed Assets			
	(i) Tangible assets		21,00,000	20,00,000
	(ii) Intangible assets		3,00,000	2,00,000

2.	Current Assets			
	(a) Inventories		5,60,000	2,00,000
	(b) Cash and cash equivalents		2,10,000	1,00,000
	Total		**31,70,000**	**25,00,000**

OR

From the following Statement of Profit and Loss of Raman Ltd, prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2022:

Particulars	**Note No.**	**2021 - 22 ₹**	**2020 - 21 ₹**
Revenue from Operations		26,00,000	20,00,000
Employee Benefit Expenses		6,00,000	5,00,000
Other Expenses		12,00,000	10,00,000
Tax Rate 50%			

34. From the following balance sheet of Vijaya Ltd as at 31st March, 2009 and 2010. Prepare the cash flow statement. **[6]**

Particulars	**Note No.**	**31st March,2009 Amt (Rs)**	**31st March,2010 Amt (Rs)**
I. EQUITY AND LIABILITIES			
1.Shareholders' Funds			
(a)Share Capital		45,000	65,000
(b)Reserves and Surplus	1	24,000	42,000
2.Current Liabilities			
Trade Payables		8,700	11,000
Total		77,700	1,18,000
II.ASSETS			
1.Non-current Assets			
Fixed Assets		46,700	83,000
2.Current Assets			
(a)Inventories (Stock)		11,000	13,000
(b)Trade Receivables (Debtors)		18,000	19,500
(c)Cash and Cash Equivalents		2,000	2,500
Total		77,700	1,18,000

Notes to Accounts

Particulars	**31st March 2009 (Rs)**	**31st March, 2010 (Rs)**

1.Reserves and Surplus		
General Reserve	14,000	27,000
Surplus, i.e.Balance in Statement of Pofit and Loss	10,000	15,000
	24,000	42,000

Additional Information

i. Depreciation on fixed assets for the year 2009-2010 was Rs.14,700.

ii. An interim dividend Rs.7,000 has been paid to the shareholders during the year.

Solutions

Part A:- Accounting for Partnership Firms and Companies

1.
(d) Loss ₹ 1,00,000
Explanation:
Loss ₹ 1,00,000
loss on revaluation = reduction in plant and machinery - appreciation on land
= 3,00,000 (10,00,000-7,00,000) - 2,00,000
= 1,00,000

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

3. **(a)** ₹ 19,000
Explanation:
₹ 19,000

OR

(d) Redeemable debentures
Explanation:
Redeemable debentures

4.
(b) Old profit sharing ratio
Explanation:
Old profit sharing ratio

OR

(c) Ram ₹ 18,000 and Mohan ₹ 12,000
Explanation:
The amount of interest on capital was credited to each partner's current account for the year ended 31st March, 2022 was:
Ram interest on capital :- $3,00,000 \times \frac{10}{100} = 30,000$
Mohan interest on capital :- $2,00,000 \times \frac{10}{100} = 20,000$
Total interest on capital = 50,000
Total profit = 30,000
then, there is not enough profit. so, appropriation of profit is done
Ram interest on capital:- $\frac{30,000}{50,000} \times 30,000 = 18,000$
Mohan interest on capital :- $\frac{30,000}{50,000} \times 20,000 = 12,000$

5.
(d) ₹ 3,00,000
Explanation:
₹ 3,00,000

6.

(b) Debited by ₹ 20,00,000

Explanation:

Debited by ₹ 20,00,000

Loss on issue of debenture = Discount on issue of debenture + premium on redemption

loss on issue of debenture = $(2,00,000 \times 100) \times 5\% + (2,00,000 \times 100) \times 5\%$

loss on issue of debenture = 10,00,000 + 10,00,000 = 20,00,000

OR

(b) Zero Coupon Rate Debentures

Explanation:

Zero Coupon Rate Debentures

7. **(a)** Issued Capital

Explanation:

Issued Capital

8.

(c) To the debit side of the capital accounts of Aman, Aadhar and Avinash in old profit sharing ratio.

Explanation:

To the debit side of the capital accounts of Aman, Aadhar and Avinash in old profit sharing ratio.

OR

(b) 46

Explanation:

50-4 =46

9.

(b) ₹ 3,600

Explanation:

₹ 3,600

Interest on loan = $1,20,000 \times \frac{6}{100} \times \frac{6}{12}$ = ₹ 3,600

10.

(d) Neeru ₹ 10,000; Meetu ₹ 7,500

Explanation:

Neeru ₹ 10,000; Meetu ₹ 7,500

11. **(a)** Drawings

Explanation:

Drawings

12.

(c) Credited to Capital Reserve

Explanation:

Credited to Capital Reserve

13.

(d) It can be used for writing off capital losses.

Explanation:

Reserve Capital is used only in the event of winding up of the company thus; it cannot be used to write off capital losses of the company.

14.

(d) ₹ 27,000

Explanation:

₹ 27,000 (600000x6%x9/12)

15. **(a)** 1 : 1 : 3

Explanation:

1 : 1 : 3

New profit sharing ratio = 1 : 1: 3

Monu :- $\frac{2}{5} - \frac{1}{5} = \frac{1}{5}$

Sonu :- $\frac{3}{5} - \frac{2}{5} = \frac{1}{5}$

Ram :- $\frac{3}{5}$

OR

(a) ₹ 20,000

Explanation:

₹ 20,000

16.

(b) With the consent of all the partners

Explanation:

With the consent of all the partners

17.

	Shweta (₹)	**Asha (₹)**
Capital after adjustments	3,00,000	1,00,000
New Capital	2,40,000	1,60,000
	60,000	60,000
	To be withdrawn	To be brought in

Books of Shweta, Meenu and Asha

Journal

Date	**Particulars**		**L.F.**	**Debit Amount (₹)**	**Credit Amount (₹)**
2022 April 1	Cash/Bank A/c	Dr.		60,000	
	To Asha's Capital A/c				60,000
	(Amount brought in by Asha)				
	Shweta's Capital A/c	Dr.		60,000	
	To Cash/Bank A/c				60,000
	(Amount withdrawn by Shweta)				

18.

Profit and Loss Appropriation Account

for the year ended 31st March 2022

Dr.				**Cr.**
Particulars		**Amount (₹)**	**Particulars**	**Amount (₹)**
To Profit transferred			By Profit & Loss A/c	1,20,000

to Partners' Capital A/c			(Net Profit)	
Asha	40,000			
(-) guarantee to Raghav	(8,000)	32,000		
Disha	60,000			
(-) guarantee to Raghav	(12,000)	48,000		
Raghav	20,000			
(+) guarantee from Asha	8,000			
(+) guarantee from Disha	12,000	40,000		
		1,20,000		**1,20,000**

Total profit = 1,20,000

Raghav share in profit = ₹ 1,20,000$\times \frac{1}{6} = 20,000$

Deficiency = 40,000 - 20,000 = 20,000

Ratio of Asha and Disha in deficiency = 2 : 3

Asha's share in deficiency = 20,000 $\times \frac{2}{5} = 8,000$

Disha's share in deficiency = 20,000$\times \frac{3}{5}$ = 12,000

OR

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended on 31st March, 2023

Dr.					**Cr.**
Particulars		**₹**	**Particulars**		**₹**
To Interest on Capital:			By Profit & Loss A/c		40,000
Sita's Capital	4,000		By Interest on Drawings:		
Gita's Capital	2,500		Sita's Capital A/c	160	
Lalita's Capital	1,500	8,000	Lalita Capital A/c (for six months)	100	260
To Profit transferred to:					
Sita's Capital	12,904				
Less: Transferred to Lalita	3,548	9,356			
Gita's Capital		12,904			
Lalita's Capital	6,452				
Add: Transferred from Sita	3,548	10,000			
		40,260			**40,260**

Working Note :

Net profit after interest on capital and interest on drawings = 40,000 + 260 - 8,000 = ₹ 32,260

Sita's Share = $\frac{2}{5}$ of 32,260 = ₹ 12,904

Gita's Share = $\frac{2}{5}$ of 32,260 = ₹ 12,904

Lalita's Share = $\frac{1}{5}$ of 32,260 = ₹ 6,452

Since Lalita's guaranteed share is ₹ 10,000, deficiency of ₹ 3,548 (i.e. 10,000 - 6,452) will be borne by Sita.

19. **Books of Neon Ltd.**

JOURNAL

Date	Particulars		L.F	Amount Dr.(₹)	Amount Cr.(₹)
	Assets A/c	Dr.		18,00,000	
	To Liabilities A/c				2,00,000

	To Zenith Ltd.				15,00,000
	To Capital Reserve A/c (business of Zenith Ltd. taken over at ₹ 15,00,000)				1,00,000
	Zenith Ltd.	Dr.		3,00,000	
	To Bills Payable A/c (accepting a bill payable for ₹ 3,00,000)				3,00,000
	Zenith Ltd.	Dr.		12,00,000	
	To 10% Debentures A/c				10,00,000
	To Securities Premium A/c or Securities Premium Reserve A/c (10,000, 10% debentures of ₹ 100 each issued at a premium of 20%)				2,00,000

Number of debenture issued = $\frac{purchase\ consideration}{issuing\ price} = \frac{15,00,000-3,00,000}{100+20} = \frac{12,00,000}{120} = 10,000$

OR

Balance Sheet of 'JN Ltd.' as at 31st March

Particular	Note No.	Amount ₹ Current year	Amount ₹ Previous yea
EQUITY and LIABILITIES			
1. Shareholder Funds			
(a) Share Capital	1	99,96,000	

Notes to Accounts:

Note No.	Particulars		(₹)
1	**Share Capital**		
	Authorised Capital		
	2,00,000 Equity Shares of ₹ 100 each		2,00,00,000
	Issued Capital		
	1,00,000 Equity Shares of ₹ 100 each		1,00,00,000
	Subscribed Capital		
	(a) Subscribed and Fully paid		
	99,800 Equity shares of ₹ 100 each		99,80,000
	(b) Subscribed but not fully paid		
	200 Equity shares of ₹ 100 each	20,000	
	Less: Calls in arrears	4,000	16,000
			99,96,000

20. Average Profit = $\frac{33,000+22,000+31,000+34,000}{4}$ = ₹ 30,000

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

Normal Profit = $\frac{12}{100} \times 2,00,000$ = ₹ 24,000

Super Profit = Average Profit - Normal Profit

= 30,000 - 24,000

= ₹ 6,000

i. Goodwill of the firm = Average Profit × Number of Years' Purchase

= 30,000 × 3

= ₹ 90,000

ii. Goodwill of the firm $= \text{Super Profit} \times \frac{100}{\text{Normal rate of return}}$

$= 6,000 \times \frac{100}{12}$

= ₹ 50,000

21. **Sandesh Ltd.**

Balance Sheet (extract) as at ......

Particulars	Note No.	Amount (₹)
I. EQUITY AND LIABILITIES		
1. Shareholders' funds		
a) Share Capital	1	6,84,000

Note to Accounts

Particulars	Amount (₹)
1. Share Capital	
Authorised Capital	
3,00,000 equity shares of ₹ 10 each	30,00,000
Issued Capital	
70,000 equity shares of ₹ 10 each	7,00,000
Subscribed Capital	
Subscribed and fully paid-up	
66,000 equity shares of ₹ 10 each	6,60,000
Add: Forfeited shares (3,000 × 8)	24,000
	6,84,000

22. **JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2023 March 31					
(a)	Bank A/c	Dr.		1,30,000	
	To Realisation A/c				1,30,000
	(Amount realised from debtors)				
(b)	Realisation A/c	Dr.		20,000	
	To K's Capital A/c				20,000
	(Remuneration for dissolution work and for dissolution expenses)				
(c)	K’s Capital A/c	Dr.		6,500	
	To Bank A/c				6,500
	(Dissolution expenses borne by K paid by firm)				
(d)	J’s Capital A/c	Dr.		14,800	
	K's Capital A/c	Dr.		18,500	
	L’s Capital A/c	Dr.		3,700	
	To Realisation A/c				37,000
	(Realisation loss transferred to Partners’ Capital A/cs)				

23. **Working Note:**

Shares	Shares	Money received n application	Money transferred to share	Excess Money adjusted in

applied	applied	@ ₹ 3	capital	allotment
90,000	40,000	2,70,000	1,20,000	1,20,000
50,000	40,000	1,50,000	1,20,000	30,000
20,000	20,000	60,000	60,000	____
1,60,000	**1,00,000**	**4,80,000**	**3,00,000**	**1,50,000**

i. **Calculation of Calls-in-arrears on Mayank's Shares**
Allotment due (1,200 $\times$ 3) = 3,600
(-) Excess on application (1,500 - 1200) $\times$ 3 = (900)
= ₹ 2,700

ii. **Calculation of Calls-in-arrears on First Call**
Amount due (2,000 $\times$ 3) = 6,000
(-) Excess on application
Adjusted on allotment (1,800 - 800) $\times$ 3 - 2,400 = (600)
= ₹ 5,400

iii. **Calculation of Amount Forfeited**

Mayank (1,500 $\times$ 3)		4,500
Kavita (1,800 $\times$ 3)	5,400	
(-) Excess adjusted	(800)	4,600
Total amount forfeited		**9,100**

JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c (1,60,000 $\times$ 3)	Dr		4,80,000	
	To Equity Share Application A/c (Being application money received)				4,80,000
	Equity Share Application A/c	Dr		4,80,000	
	To Equity Share Capital A/c				3,00,000
	To Equity Share Allotment A/c				1,50,000
	To Calls-in-advance A/c (Being application money transferred to share capital account)				30,000
	Equity Share Allotment A/c	Dr		3,00,000	
	To Equity Share Capital A/c				2,00,000
	To Securities Premium Reserve A/c (Being allotment money due)				1,00,000
	Bank A/c	Dr		1,47,300	
	Calls-in-arrears A/c	Dr		2,700	
	To Equity Share Allotment A/c (Being allotment money received except on 1,200 shares)				1,50,000
	Equity Share First Call A/c	Dr		3,00,000	
	To Equity Share Capital A/c (Being first call money due)				3,00,000
	Bank A/c	Dr		2,64,600	

	Calls-in-advance A/c	Dr		30,000	
	Calls-in-arrears A/c (₹ 3,600 + ₹ 1,800)	Dr		5,400	
	To Equity Share First Call A/c (Being second and final call money received)				3,00,000
	Equity Share Second and Final Call A/c	Dr		2,00,000	
	To Equity Share Capital A/c (Being second and final call money due)				2,00,000
	Bank A/c	Dr		1,96,000	
	Calls-in-arrears A/c (2,000 $\times$ ₹ 2)	Dr		4,000	
	To Equity Share Second and Final Call A/c (Being second and final call money received)				2,00,000
	Share Capital A/c	Dr		20,000	
	Securities Premium Reserve A/c	Dr		1,200	
	To Calls-in-arrears A/c				12,100
	To Share Forfeiture A/c (Being 2,400 shares forfeited)				9,100
	Bank A/c	Dr		14,000	
	Share forfeited A/c	Dr		6,000	
	To Share Capital A/c (Being 2,000 forfeited share re-issued)				20,000
	Share forfeited A/c	Dr		3,100	
	To Capital Reserve A/c (Being forfeited amount transfer to capital reserve)				3,100

OR

In the Books of Premier Tools Ltd.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		12,50,000	
	To Share Application A/c				12,50,000
	(Received application money received on 2,50,000 shares)				
	Share Application A/c	Dr.		12,50,000	
	To Share Capital A/c				6,00,000
	To Security Premium Reserve A/c				4,00,000
	To Share Allotment A/c				2,00,000
	To Bank A/c				50,000
	(Application money adjusted and surplus refunded)				
	Share Allotment A/c	Dr.		6,00,000	
	To Share Capital A/c				6,00,000

	(Allotment due on 2,00,000 shares)				
	Bank A/c	Dr.		3,88,000	
	Calls in arrears A/c (WN)	Dr.		12,000	
	To Share Allotment A/c				4,00,000
	(Allotment money received)				
	Share First and Final Call A/c	Dr.		8,00,000	
	To Share Capital A/c				8,00,000
	(First and final call money due)				
	Bank A/c	Dr.		7,76,000	
	Calls-in-Arrears A/c (6000 × 4)	Dr.		24,000	
	To Share First and Final Call A/c				8,00,000
	(First and final call money received)				
	Share Capital A/c (6000 × 10)	Dr.		60,000	
	To Calls in Arrears A/c (12,000 + 24,000)				36,000
	To Share Forfeiture A/c				24,000
	(Forfeiture of 6000 shares for non-payment of allotment and call money)				
	Bank A/c	Dr.		48,000	
	To Share Capital A/c				30,000
	To Security Premium A/c				18,000
	(3,000 shares reissued)				
	Share Forfeiture A/c	Dr.		12,000	
	To Capital Reserve A/c				12,000
	(Gain on reissue of shares transferred to capital reserve)				

Working Notes:

Calculation of calls-in-Arrears (Allotment money not paid by Naveen:

i. Number of shares allotted to Naveen = $7,200 \times \frac{2,00,000}{2,40,000}$ = 6,000 shares.

ii. Excess application money adjusted on allotment [(7,200 - 6,000) × ₹ 5] = ₹ 6,000

iii.

Allotment money due (6,000 × ₹ 3)	₹ 18,000
Less: Excess application money adjusted on allotment (ii)	₹ 6,000
Amount not Received from Naveen on Allotment	₹ 12,000

24.

Dr		Revaluation Account		Cr
Particulars	Amt(Rs)	Particulars		Amt(Rs)
To Provision for Outstanding Electricity Bill A/c	3,000	By Creditors A/c		2,500
To Provision for Claim for Damages A/c	325	By Provision for Bad and Doubtful Debts A/c		25
		By Loss Transferred to		
		Atal's Capital A/c(800×5/8)	500	
		Madan's Capital A/c(800×3/8)	300	800

	3,325			3,325

Dr	Partners' Capital Account						Cr
Particulars	**Atal (Rs)**	**Madan (Rs)**	**Mehra (Rs)**	**Particulars**	**Atal (Rs)**	**Madan (Rs)**	**Mehra (Rs)**
To Cash A/c	5,000	3,000	__	By Balance b/d	1,50,000	90,000	__
(Goodwill is withdrawn)				By Cash A/c	__	__	40,000
To Profit and Loss A/c	12,500	7,500	__	By Premium for Goodwill A/c	10,000	6,000	
To Revaluation A/c (Loss)	500	300	__				__
				By Workmen Compensation Fund A/c	20,000	12,000	
To Cash A/c (Balancing figure)	62,000	37,200	__				__
To Balance c/d	1,00,000	60,000	40,000				
	1,80,000	1,80,000	40,000		1,80,000	1,80,000	40,000

Balance Sheet

as at 31st March, 2011

Liabilities		**Amt (Rs)**	**Asset**		**Amt (Rs)**
Outstanding Electricity Bill		3,000	Debtors	47,000	
Creditors (20,000-2,500)		17,500	(-) Provision for Doubtful Debts	(1,175)	45,825
Bank Overdraft		47,000	Land and Building		1,50,000
Provision for Claim for Damages		325	Machinery		40,000
Capital A/cs			Patents		5,000
Atal	1,00,000		Stock		27,000
Madan	60,000				
Mehra	40,000	2,00,000			
		2,67,825			2,67,825

Working Note

Calculation of Sacrificing Ratio

Sacrificing Ratio = Old Share - New Share

Atal's sacrifice = $\frac{5}{8}-\frac{5}{10}=\frac{25-20}{40}=\frac{5}{40}$

Madan s sacrifice = $\frac{3}{8}-\frac{3}{10}=\frac{15-12}{40}=\frac{3}{40}$

Sacrificing ratio =5:3

Dr	Cash Account		Cr
Particulars	Amt(Rs)	Particulars	Amt(Rs)
To Balance b/d	4,200	By Atal's Capital A/c	5,000
To Mehra's Capital A/c	40,000	By Madan's Capital A/c	3,000
To Premium for Goodwill A/c	16,000	By Atal's Capital A/c	62,000
To Bank Overdraft A/c	47/000	By Madan's Capital A/c	37,200
(Balancing figure)			
	1,07,200		1,07,200

Calculation of Adjustment of Capital

Mehra's share = 2 /1 0 ; Mehra's capital = Rs 40,000
For 2 / 10th share, capital = 40,000
Total capital = $40,000 \times \frac{10}{2} = Rs2,00,000$
Atal's new capital = $200,000 \times \frac{5}{10} = 1,00,000$
Madan's new capital = $2,00,000 \times \frac{3}{10} = Rs60,000$
Mehra's new capital = $2,00,000 \times \frac{2}{10} = Rs40,000$

OR

Z's Capital Account

Dr.			**Cr.**
Particulars	**Amt(Rs)**	**Particulars**	**Amt(Rs)**
To Z's Executor's A/c	80,250	By Balance b/d	50,000
		By General reserve(24,000 x 1/6)	4,000
		By Revaluation A/c(30,000 x 1/6 working notes)	5,000
		By X's Capital A/c (20,000 x 3/5)	12,000
		By Y's Capital A/c (20,000 x 2/5)	8,000
		By P and L Suspense A/c (working notes X)	1,250
	80,250		80,250

Journal

Date	**Particulars**		**L.F.**	**Dr.(Rs)**	**Cr.(Rs)**
2008 March 31	Z's Capital A/c	Dr.		80,250	
	To Z's Executor's A/c (Being the amount due to Z transferred to Z's Executor's A/c on Z's death)				80,250
	Z's Executor A/c	Dr.		80,250	
	To Bank A/c (Being executor's A/c Settled)				80,250

Working Notes:

i. **Revaluation Account**

Dr.				**Cr.**
Particulars		**Amt(Rs)**	**Particulars**	**Amt(Rs)**
To Building A/c		9,000	By Machinery A/c	34,000
To Profit transferred to Capital A/cs:			By Patents A/c	3,300
X (30,000 x 3/6)	15,000			
Y (30,000 x 2/6)	10,000			
Z (30,000 x 1/6)	5,000	30,000		
		39,000		39,000

ii. Goodwill = 3 x average profit
iii. Average Profit = Total profit / number of years
iv. Total profit = $40,000 + 40,000 + 30,000 + 40,000 + Rs.50,000 = 2,00,000$.
v. Number of years = 5
vi. So Average Profit = 2,00,000 / 5 = 40,000
vii. Goodwill = 2 x average profit i.e 40000 X 3 = Rs. 1,20,000
Z's share of Goodwill = 1,20,000 $\times \frac{1}{6}$ = Rs. 20,000
viii. Z's share in profit = Average profit $\times \frac{1}{6} \times \frac{2}{12}$

ix. Average profit = 50,000 + 40000 / 2 = 45,000

x. Z's share in profit = Rs. 45,000 $\times \frac{1}{6} \times \frac{2}{12}$ = Rs. 1,250

25. **Revaluation Account**

Particulars	**Amount (Rs)**	**Particulars**		**Amount (Rs)**
To Claim for Workmen Compensation Fund A/c	8,000	By Provision for Doubtful Debts A/c		2,000
		By Loss Transferred to Capital A/c:		
		J	3,000	
		H	1,800	
		K	1,200	6,000
	8,000 ======			8,000 ======

Partner's Capital Account

Particulars	**J Amount (Rs)**	**H Amount (Rs)**	**L Amount (Rs)**	**Particulars**	**J Amount (Rs)**	**H Amount (Rs)**	**L Amount (Rs)**
To Revaluation A/c (Loss)	3,000	1,800	1,200	By Balance b/d	1,00,000	80,000	40,000
To H's Capital A/c (Goodwill)	10,200		20,400	By Investment Fluctuation Fund A/c	10,000	6,000	4,000
To H's Loan A/c		1,24,800		By Profit and Loss A/c	40,000	24,000	16,000
To Cash A/c		14,000		By J's Capital A/c		10,200	
To Current A/c (?)	31,680			By K's Capital A/c		20,400	
To Balance c/d	1,05,120		70,080	By Current A/c (Balancing figure)			31,680
	1,50,000 =======	1,40,600 ========	91,680 ========		1,50,000 =======	1,40,600 ========	91,680 =======

Balance Sheet

Liabilities		**Amount (Rs)**	**Assets**		**Amount (Rs)**
Creditors		42,000	Land and Building		1,24,000
J's Current A/c		31,680	Motor Van		40,000
Claim for Workmen Compensation Fund		8,000	Investments		38,000
H's Loan A/c		1,24,800	Machinery		24,000
Capital A/cs			Stock		30,000
J	1,05,120		Debtors	80,000	
K	70,080	1,75,200	(-) Provision for Doubtful Debts	(4,000)	76,000
			Cash (32,000- 14,000)		18,000
			K's Current A/c		31,680
		3,81,680 ======			3,81,680 ======

Working Note

1. **Calculation of Gaining Ratio**
   Gaining Ratio = New Share - Old Share
   J = $\frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$
   K = $\frac{2}{5} - \frac{2}{10} = \frac{4-2}{10} = \frac{2}{10}$
   Gaining ratio = 1 : 2
2. Adjustment for Goodwill Firm's goodwill = Rs 1,02,000
   H's share of goodwill = 1,02,000$\times\frac{3}{10}$= Rs 30,600 will be debited to gaining partners i.e. J and K in gaining ratio i.e 1: 2.
   J's share = 30,600 $\times\frac{1}{3}$= Rs 10,200
   K's share = 30,600 $\times\frac{2}{3}$ = Rs 20,400
3. Adjustment of Capital J's capital after adjustment = 1,36,800
   K's capital after adjustment = 38,400
   Total capital of new firm = Rs 1,75,200
   J's adjusted capital = 1,75,200$\times\frac{3}{5}$ = Rs 1,05,120
   K's adjusted capital = 1,75,200 $\times\frac{2}{5}$ = Rs 70,080
4. Debit balance in current account is to be shown on the asset side of the balance sheet and credit balance in current account is to be shown on the liability side of the balance sheet. Cash paid to the retiring partner is deducted from the cash balance.

26. **Read the text carefully and answer the questions:**
Amit Technologies Ltd. issued 5,000; 9% Debentures of ₹ 100 each at a premium of ₹ 20 payable as follows:
   i. ₹ 40 including premium of ₹ 10 on application
   ii. ₹ 40 including premium of ₹ 10 on allotment
   iii. Balance as first and final call.

Applications were received for 5,000 debentures and allotment was made to all the applicants. All the calls were made, and amounts received.

(i) **(b)** ₹ 2,00,000
Explanation:
5000 $\times$ ₹ 40 = ₹ 2,00,000

(ii) **(d)** ₹ 50,000
Explanation:
5000 $\times$ ₹ 10 = ₹ 50,000

(iii) **(a)** ₹ 40
Explanation:
₹ 40

(iv) **(b)** ₹ 45,000
Explanation:
$\frac{₹50,000\times9}{100}$ = ₹ 45,000

(v) **(b)** Full subscription
Explanation:
Full subscription

(vi) **(a)** ₹ 2,40,000
Explanation: ₹ 2,40,000

Part B :- Analysis of Financial Statements

27. **(a)** A company's Balance Sheet format is fixed under schedule III .Whereas, there is no standard form prescribed under the Indian partnership Act,1932 for a partnership Firm's balance sheet.
Explanation:
Partnership firm's balance sheet is a T format balance sheet where capital and liabilities are shown on left hand side and assets are shown on right hand side. There is no need of sub dividing assets and liabilities into sub heads. A Company's balance sheet has a vertical format under which assets,liabilities and capital has to be sub divided into sub headings like shareholders fund,non current assets,current assets,current liabilities etc.

OR

(b) Employee benefit expense

Explanation:

Employee benefit expenses includes various kinds of non wage compensation provided to employees in addition to their normal wages or salaries

28.

(d) 7.2 times

Explanation:

Inventory turnover ratio= $\frac{\text{Cost of Good Sold}}{\text{Average Inventory}}$

COGS = Sales + Gross Loss

Gross Loss = 12,00,000 $\times \frac{20}{100}$

= 2,40,000

COGS = 12,00,000 + 2,40,000

= 14,40,000

Inventory turnover ratio

$= \frac{14,40,000}{2,00,000}$

= 7.2 times

29. **(a)** Three months or less

Explanation:

Cash Equivalent: An investment qualifies as cash equivalent when it has a maturity period of three months or less from the date of its acquisition.

OR

(b) (i) and (iii)

Explanation:

(i) and (iii)

30.

(c) Operating Activity

Explanation:

Operating Activity

31. Finance Costs mean costs incurred by the company on the borrowings, i.e., loans taken by it. It, therefore, includes interest paid on borrowings (such as term loans, bank overdraft and cash credit limit) from banks and from others (such as public deposits, debentures, bonds, etc.). Finance Costs also include expenses incurred for the borrowings such as loan processing fee, discount on issue of debentures and premium payable on redemption of debentures, etc., as these expenses are incurred by the company for borrowings.

32. a. Turnover Ratios or Activity Ratios

b. i. Inventory Turnover ratio

It expresses the relationship between the cost of revenue from operations and average inventory.

Inventory Turnover Ratio = Cost of Revenue from Operations/Average Inventory

ii. Trade Receivables Turnover ratio

It expresses the relationship between credit revenue from operations and Average trade receivable.

Trade Receivable Turnover ratio = Net Credit Revenue from Operations/Average Trade Receivable

33. **COMPARATIVE BALANCE SHEET OF VINAYAK LTD.**

as at 31st March 2018 and 2019

	Particulars	Note No.	31.3.2018	31.3.2019	Absolute Change (Increase or Decrease)	Percentage Change (Increase or Decrease)

	1		2	3	4	5
			A	**B**	**(C = B - A)**	$\left(\mathrm{D}=\frac{\mathrm{C}}{\mathrm{A}}\times 100\right)$
I.	**Equity and Liabilities:**		**₹**	**₹**	**₹**	**%**
1.	**Shareholders' Funds:**					
	(a) Share Capital		20,00,000	21,00,000	1,00,000	$5^{(1)}$
	(b) Reserve and Surplus		2,00,000	2,30,000	30,000	$15^{(2)}$
2.	**Non-Current Liabilities**					
	Long-term Borrowings		2,00,000	5,60,000	3,60,000	180
3.	**Current Liabilities**					
	Trade Payables		1,00,000	2,80,000	1,80,000	180
	TOTAL		25,00,000	31,70,000	6,70,000	26.8
II.	**Assets**					
1.	**Non-Current Assets**					
	Property, Plant and Equipment and Intangible Assets					
	(i) Property, Plant and Equipment		20,00,000	21,00,000	1,00,000	5
	(ii) Intangible Assets		2,00,000	3,00,000	1,00,000	50
2.	**Current Assets**					
	(a) Inventories		2,00,000	5,60,000	3,60,000	180
	(b) Cash and Cash Equivalents		1,00,000	2,10,000	1,10,000	110
	TOTAL		25,00,000	31,70,000	6,70,000	26.8

*In solution, previous year's figures are to be placed first and current year's figures thereafter, as per revised C.B.S.E. Guidelines.

Working Notes:

Calculation of percentage Increase or Decrease is as follows:

$\frac{C}{A}\times 100 = D$

i. $\frac{1,00,000}{20,00,000}\times 100$ = 5% Increase

ii. $\frac{30,000}{2,00,000}\times 100$ = 15% Increase and so on.

OR

Comparative statement

Profit & Loss for 31st March 2022

Particular	Note No	31/3/22 ₹ (A)	31/3/22 ₹ (B)	Absolute change (C = B - A)	Percentage change (D = $\frac{C}{A}\times 100$)
(I) Revenue from operation		20,00,000	26,00,000	60,00,000	30%
(II) Expense					
Employe Benefit expense		5,00,000	6,00,000	1,00,000	20%
Other expense		10,00,000	12,00,000	2,00,000	20%
Profit before tax		**5,00,000**	**8,00,000**	**3,00,000**	**60%**
Less:- Tax @ 50%		(2,50,000)	(4,00,000)	1,50,000	60%
Profit after tax		**2,50,000**	**4,00,000**	**1,50,000**	**60%**

Vijaya Ltd.

34. **Cash Flow Statement**
(for the year ended 31st March,2010)

Particulars		Amt (Rs)
I.Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary Items [W.N.(ii)]		25,000
Adjustments for Non Cash And Non Operating Items		
(+)Depreciation on Fixed Assets	14,700	14,700
Operating Profit before Working Capital Changes		39,700
(+)Decrease in Current Assets and Increase in Current Liabilities		
Creditors	2,300	
(-)Increase in Current Assets and Decrease in Current Liabilities		
Debtors	(1,500)	
Stock	(2,000)	(1,200)
Net Cash Flow from Operating Activities		38,500
II.Cash Flow from Investing Activities		
Purchase of Fixed Assets [W.N. (i)]	(51,000)	
Net Cash Used in Investing Activities		(51,000)
III.Cash Flow from Financing Activities		
Proceeds from Issue of Shares	20,000	
Payment of Interim Dividend	(7,000)	
Net Cash Flow from Financing Activities		13,000
Net Increase in Cash and Cash Equivalents [I+II+III]		500
(+)Cash and Cash Equivalents at the Beginning of Period		2,000
Cash and Cash Equivalents at the End of Period		2,500

Working Notes

Dr	**Fixed Assets Account**		**Cr**
Particulars	**Amt (Rs)**	**Particulars**	**Amt (Rs)**
To Balance b/d	46,700	By Depreciation A/c	14,700
To Bank A/c (Balancing figure) (Purchase)	51,000	By Balance c/d	83,000
	97,700		97,700

2.Calculation of Net Profit before Tax and Extraordinary Items	
Net profit for the year (15,000-10,000)	5,000
(+)Transfer to General Reserve	13,000
(+)interim dividend	7,000
Net Profit before tax and extra ordinary items	Rs.25,000

Notes :

- Above cash flow statement is prepared as per Accounting Standard -3 (Revised).
- Interim Dividend : Interim Dividend is a dividend that is declared by the Board of Directors and also paid within the same financial year. It does not require approval of the share holders. It is an item of Financing Activity.