Class XII Session 2025-26
Subject - Accountancy
Sample Question Paper - 10

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. According to profit and loss account, the net profit for the year is ₹ 4,20,000. Salary of a partner is ₹ 5,000 per month and the commission of another partner is ₹ 10,000. The interest on drawings of partners is ₹ 4,000. The net profit as per profit and loss appropriation account will be: **[1]**

   a) ₹ 4,09,000 b) ₹ 4,01,000

   c) ₹ 3,46,00 d) ₹ 3,54,000

   OR

   If a partner individually carries on any business of the same nature as competing with that of firm, he shall account for

   a) all profits made by him b) dissolve the firm

   c) retire from partnership d) Share profit in old ratio

2. **Assertion (A):** Preeti, Rakhi and Pramila are partners. As per partnership deed Preeti is to be allowed a salary of ₹ 8,000 per month. Rakhi and Pramila also demand same salary. Salaries to Rakhi and Pramila is to be allowed. **[1]**
   Reason (R): In the absence of mention of salaries to Rakhi and Pramila in the partnership deed, salaries to Rakhi and Pramila are not to be allowed.

   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. Ramesh Ltd. forfeited 20 shares of ₹ 10 each, ₹ 8 called up, on which Naresh had paid application and allotment money of ₹ 5 per share, of these, 15 shares were reissued to Pankaj as fully paid up for ₹ 6 per share. What is the balance in the share Forfeiture Account after the relevant amount has been transferred to Capital Reserve Account? **[1]**

a) ₹ 25

b) ₹ 0

c) ₹ 100

d) ₹ 5

OR

Where shares can be sold by a company?

a) RBI

b) Media

c) Stock Exchange

d) Only Newspapers

4. Hari Ltd. invited applications for issuing 80,000 shares of ₹ 10 each at a premium of ₹ 5 per share. The amount was payable as follows: **[1]**

On Application - ₹5 (including premium ₹3)

On Allotment - ₹ 7 (including premium ₹ 2)

On First and Final Call - ₹ 3

Applications were received for 1,00,000 shares and pro-rata allotment was made to all the applicants. All calls were made and were duly received except allotment and first and final call from Devi who was allotted 3,200 shares. Her shares were forfeited.

Amount Credited to Share Forfeiture Account will be:

a) ₹ 13,600

b) ₹ 20,000

c) ₹ 10,400

d) ₹ 4,000

OR

Shareholders get dividend, Debenture holders get

a) Shares

b) Profit

c) Bonus

d) Interest

5. X and Y are sharing profits and losses in the ratio of 3 : 2. They admit Z as a partner and give him $\frac{2}{10}$th share in the profits. The new profit-sharing ratio will be **[1]**

a) 3 : 2 : 2

b) 12 : 8 : 5

c) 3 : 2 : 5

d) 2 : 1 : 2

6. Net Assets minus Capital Reserve is: **[1]**

a) Total assets

b) Purchase consideration

c) Liquid assets

d) Goodwill

7. How would you calculate interest on drawing of the equal amount drawn on the last day of every month? **[1]**

a) $\frac{rate \times 5.5}{100}$

b) $\frac{rate \times 6.0}{100 \times 12}$

c) $\frac{rate \times 6.5}{100 \times 12}$

d) $\frac{rate \times 5.5}{100 \times 12}$

8. What legal procedure is required to be followed when the outgoing partner’s share is not settled and business is **[1]**

continued by remaining partners.

a) Article 37 of the Indian Partnership Act
b) Section 17 of the Indian Partnership Act
c) Section 37 of the Indian Partnership Act
d) Section 13 of the Indian Partnership Act

OR

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

a) 6% p.a.
b) 16% p.a.
c) 10% p.a.
d) 12% p.a.

9. In which condition a partnership firm is deemed to be dissolved? **[1]**

a) On retirement of a partner
b) On expiry of the period of partnership
c) On loss in partnership
d) On a partner's admission

10. Which of the following is true? **[1]**

i. An incoming partner acquires his share from all the old partners in their profit sharing ratio.
ii. An incoming partner acquires his share from all the old partners in some agreed ratio.
iii. An incoming partner acquires his share from one or more of the old partners in some agreed ratio.
iv. None of the above

a) Option (ii)
b) Option (i)
c) Option (iii)
d) Option (iv)

OR

X and Y sharing profits in the ratio of 5 : 3. They admit Z as a new partner. Z brings ₹ 70,000 as cash and 43,000 against his premium for goodwill. New profit sharing ratio between X, Y and Z is 7 : 5 : 4.
The Sacrificing ratio of X and Y:

a) 4 : 5
b) 5 : 9
c) 3 : 1
d) 1 : 3

11. Anil and Rahul are partners in a firm sharing profits and losses in the ratio of 5 : 1. **[1]**

Balance Sheet (Extract)

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
		Machinery	40,000

If value of machinery in the balance sheet is undervalued by 20%, then at what value will machinery be shown in new balance sheet?

a) ₹ 44,000
b) ₹ 48,000
c) ₹ 32,000
d) ₹ 50,000

12. K.C. Ltd. took over office furniture of ₹ 90,000, office equipment of ₹ 1,80,000 from J.C. Ltd. and its liabilities of ₹ 20,000 for a purchase consideration of ₹ 3,60,000. The payment to J.C. Ltd. was made by issue of 9% debentures of ₹ 50 each at a discount of 10%. The amount to be debited to **Discount on Issue of Debentures Account** will be: **[1]**

a) ₹ 90,000
b) ₹ 36,000

c) ₹ 40,000 d) ₹ 27,000

13. When a company purchases some assets and not paying cash instead issues debentures as a payment for the purchase, from the vendors it is known as the issue of: **[1]**

a) Debentures issued for consideration other than cash
b) Debentures issued for cash
c) Debenture issued in consideration of asset
d) Debentures issued as collateral security

14. Which of the following is **correct** with respect to debentures? **[1]**

a) They cannot be issued as collateral security.
b) They can be issued for consideration other than cash.
c) They can be issued partly on credit and partly in cash.
d) They can be issued on credit.

15. Anshika, Babita and Chaman are partners. The firm had given a loan of ₹ 20,000 to Babita. On the event of dissolution, the loan will be settled by: **[1]**

a) Transferring it to debit side of Realization Account.
b) Transferring it to debit side of Babita's Capital Account.
c) Transferring it to credit side of Realization Account.
d) Babita paying Anshika and Chaman privately.

16. Ravi, Suraj and Mishra are partners sharing profits in the ratio of 5 : 3 : 2. They decided to share the future profits in the ratio of 2 : 3 : 5 with effect from 1st April, 2021. They decided to record the following without affecting the values: **[1]**

Profit & Loss A/c (Cr)... ₹ 24,000

Advertisement Suspense A/c... ₹ 12,000

What is the impact of the following adjustment on Suraj's Capital Account:

a) No Effect on Suraj's Capital Account
b) Suraj's Capital Account Debit by ₹ 3,600
c) Suraj's Capital Account Debit by ₹ 12,000
d) Suraj's Capital Account Credit by ₹ 3,600

17. X, Y and Z are partners sharing profits and losses in the ratio of 5 : 3 : 2. They decide to share future profits and losses in the ratio of 2 : 3 : 5 with effect from 1st April, 2023. Following is the extract of their Balance Sheet as at 31st March, 2023: **[3]**

	₹		**₹**
General Reserve	75,000	Advertisement Suspense A/c (Dr.)	50,000
Profit & Loss A/c	37,500		
Workmen Compensation Reserve	12,500		

Pass necessary journal entries.

OR

A, B, C were partners in a firm sharing profits in 3 : 2 : 1 ratio. They admitted D for 10% profits. Calculate the new profit sharing ratio?

18. L and M were partners in a firm sharing profits in the ratio of 2 : 3. On 28th February, 2023 the firm was dissolved. After transferring assets (other than cash) and outsiders' liabilities to Realisation Account you are **[3]**

given the following information:

i. A creditor for ₹ 1,40,000 accepted building valued at ₹ 1,80,000 and paid to the firm ₹ 40,000.
ii. A second creditor for ₹ 30,000 accepted machinery valued at ₹ 28,000 in full settlement of his claim.
iii. A third creditor amounting to ₹ 70,000 accepted ₹ 30,000 in cash and investments of the book value of ₹ 45,000 in full settlement of his claim.
iv. Loss on dissolution was ₹ 4,000.

Pass necessary Journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque.

19. What Journal Entry will be made in the books of the Company for an issue of 5,000, 15% Debentures of ₹ 100 each at par and are redeemable at a premium of 5%. **[3]**

20. L, M and N were partners in a firm sharing profits in the ratio of 2 : 3 : 5. From 1st April, 2023 they decided to share the profits in the ratio of 1 : 2 : 2. On this date, the Balance Sheet showed a credit balance of ₹ 1,17,000 in General Reserve and a debit balance of ₹ 35,000 in Profit and Loss account. The goodwill of the firm was valued at ₹ 5,00,000. The revaluation of assets and reassessment of liabilities resulted into a gain of ₹ 30,000. **[3]**
Pass necessary journal entries for the above transactions on the reconstitution of the firm.

21. V Ltd. Issued 20,000 Equity shares of Rs. 10 each at a premium of Rs. 3 payable as follows: **[4]**
On Application Rs. 4
On Allotment Rs. 5 (including Premium)
On First Cell Rs. 2
On Final Call Rs. 2
All shares were duly subscribed and all money duly received. Pass necessary Journal Entries.

22. A, B and C are partners. During the year ended 31st March, 2023, each of the partners withdrew ₹ 10,000 regularly. A withdrew in the beginning of the first 6 months of the year, B withdrew in the middle of the month for the first 6 months of the year and C withdrew at the end of the month for the first 6 months. Calculate interest on drawings @ 6% p.a. for the year ended 31st March, 2023. **[4]**

23. The Adarsh Control Device Ltd was registered with the authorised capital of ₹ 3,00,000 divided into 30,000 shares of ₹ 10 each, which were offered to the public. Amount payable as ₹ 3 per share on application, ₹ 4 per share on allotment and ₹ 3 per share on first and final call. These share were fully subscribed and all money was dully received. Prepare journal and Cash Book. **[6]**

24. On March 31, 2021, the balance sheet of Pankaj, Sahil and Ramesh, who were sharing profits in proportion to their capitals stood as follows: **[6]**

BALANCE SHEET
as at March 31, 2021

Liabilities		**₹**	**Assets**		**₹**
Creditors		48,200	Land and Buildings		50,000
General Reserve		6,000	Cash at Bank		30,000
Capitals:			Debtors	40,000	
Pankaj	30,000		Less: Provision for Doubtful Debts	(2,000)	38,000
Sahil	30,000		Stock		14,000
Ramesh	15,000	75,000	Machinery		8,200

Employee's Provident Fund		17,000	Profit and Loss		6,000
		1,46,200			**1,46,200**

Sahil retires and the following readjustments of the assets and liabilities have been agreed upon before the ascertainment of the amount payable to Sahil:

i. That out of the amount of insurance which was debited entirely to profit and loss account, ₹ 4,320 be carried forward as unexpired insurance.
ii. That the land and building be appreciated by 20%.
iii. An amount of ₹ 10,000 included in Debtors to be written off as it is no longer receivable. Provision for Doubtful Debts be maintained at the existing rate.
iv. That machinery be depreciated by 10%.
v. That the goodwill of the firm will be valued at ₹ 18,000.
vi. That the entire capital of the firm as newly constituted be fixed at ₹ 60,000 between Pankaj and Ramesh in the proportion of three-fourth and one-fourth after passing entries in their accounts for adjustment, i.e. actual cash to be paid off or to be brought in by the continuing partners as the case may be.
vii. That Sahil be paid ₹ 5,000 in cash and the balance be transferred to his loan account payable in two equal annual instalments along with interest @ 8% p.a.

Prepare necessary accounts and the balance sheet of the firm of Pankaj and Ramesh. Also prepare Sahil's loan till it is finally settled.

25. B and C are partners in a firm, sharing profits and losses in the ratio of 5 : 3. They admit A into the firm on 1st April, 2022, when their Balance Sheet was as follows : **[6]**

Liabilities	**₹**	**Assets**	**₹**
B's Capital	32,000	Goodwill	8,000
C's Capital	34,000	Machinery	38,000
General Reserve	8,000	Furniture	5,000
Bank Loan	6,000	Debtors	23,000
Creditors	6,000	Stock	7,000
		Bank	5,000
	86,000		**86,000**

Terms of A's admission were as follows :

i. A will bring ₹ 30,000, through cheque, as his share of capital and will be entitled to $\frac{1}{3}$rd share in the profits.
ii. A is not to bring goodwill in cash. Goodwill is valued on the basis of 2 years purchase of the average profits of the last three years.
iii. Average profits of the last three years are ₹ 6,000.
iv. Machinery and stock are revalued at ₹ 45,000 and ₹ 8,000 respectively.

Prepare Revaluation Account and Partner's Capital Accounts incorporating the above adjustments and also the Balance Sheet of the firm after the above adjustments.

OR

A, B and C were partners in a firm sharing profits in the ratio of 5 : 4 : 3. On 31st March, 2022 their Balance Sheet was as under:

Liabilities		₹	Assets	₹
Creditors		24,000	Buildings	20,000
Reserves		6,000	Machinery	30,000
A's Capital	30,000		Stock	10,000
B's Capital	25,000		Patents	11,000
C's Capital	15,000	70,000	Debtors	8,000
			Cash at Bank	9,000
			Advertisement Suspense	12,000
		1,00,000		1,00,000

A died on 1st October, 2022 and B and C decided to share future profits in the ratio of 7 : 5. It was agreed between his executors and the remaining partners that:

a. Goodwill to be valued at $2\frac{1}{2}$ years purchase of the average profits of the previous four years, which were: 2019: ₹ 19,000; 2020: ₹ 15,000; 2021: ₹ 20,000 and 2022: ₹ 18,000.
b. Patents be valued at ₹ 8,000; Machinery at ₹ 28,000; and Buildings at ₹ 25,000.
c. Profit for the year 2022-23 be taken as having accrued at the same rate as that of the previous year.
d. Interest on Capital be provided at 10% p.a.
e. Half of the amount due to A to be paid immediately to the executor and the balance transferred to his (Executor) Loan A/c.

Prepare A’s Capital A/c and A’s Executor’s A/c as on 1st October, 2022.

26. Kanha Ltd. issued 20,000 shares of ₹ 10 each at a premium of 10%. Payments were to be made as - on Application ₹ 5 (including premium); on Allotment ₹ 4 and on First and Final Call ₹ 2. **[6]**

Applications were received for 18,000 shares and all were accepted. All money was duly received.

Pass necessary entries in the Books of the Company. Also show share capital in the Balance Sheet.

OR

X Limited offered to the public 10,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows: On application ₹ 3; On allotment (including premium) ₹ 4; On first call ₹ 3 and on second and final call ₹ 2.

Applications were received for 15,000 shares.

All applications were placed under four categories and allotment was made as follows:

Category A: to applicants of 4,000 shares in full

Category B: to applicants of 6,000 shares 4,000 shares

Category C: to applicants of 3,000 shares 2,000 shares

Category D: to applicants of 2,000 shares Nil

Except in the cases where applications were wholly rejected, excess application money was not to be refunded but to be adjusted against money due on allotment and calls.

A, an applicant under category B to whom 400 shares were allotted failed to pay the allotment money and on his failure to pay the first call his shares were forfeited.

B, an applicant under category C to whom 300 shares were allotted failed to pay both the calls and his shares were also forfeited.

500 of the shares thus forfeited were re-issued to C as fully paid for ₹ 8 per share.

Show Cash Book, Journal entries and the share capital in the Balance Sheet of the company; you are to assume that the whole of the A's shares were issued to C.

Part B :- Analysis of Financial Statements

27. Which of the following will not covered under finance cost? **[1]**

i. Discount on issue of debentures written off
ii. Interest paid on bank overdraft
iii. Bank charges
iv. Premium payable on redemption of debentures written off

a) Only ii
b) Only iv
c) Only i
d) Only iii

28. An ideal Current Ratio is: **[1]**

a) 2 : 1
b) 1 : 1
c) 4 : 1
d) 3 : 1

OR

Liquid Assets:

a) Current Assets – Prepaid Exp.
b) Current Assets – Inventory – Prepaid Exp.
c) Current Assets – Inventory + Prepaid Exp.
d) Current Assets + Inventory – Prepaid Exp.

29. **Interest received on investments** will come under which type of activity from the following, while preparing cash flow statement of a non-financial enterprise: **[1]**

a) Investing Activity
b) Both (b) and (c)
c) Financing Activity
d) Operating Activity

OR

Identify which of the following transactions will result in **Cash Inflow From Operating Activities**:

a) Payment to creditors
b) Interest received by a non-finance company
c) Dividend received by a non-finance company
d) Amount received from debtors

30. An example of cash flow from operating activity is: **[1]**

a) sale of fixed assets
b) Issue of equity share capital
c) interest paid on term-deposits by a bank
d) purchase of own debenture

31. Following particulars are obtained from the books of X Ltd.: **[3]**

	Note No.	**31st March 2023** ₹	**31st March 2022** ₹
Revenue from Operations		60,00,000	40,00,000
Purchase of Stock in Trade		43,20,000	30,40,000
Changes in Inventories		1,20,000	(80,000)

Other Incomes		1,50,000	60,000
Other Expenses		3,60,000	2,00,000

You are required to prepare a Common Size Statement of Profit & Loss.

OR

From the following information, prepare a Common-size Balance Sheet:

Particulars	**31st March, 2023 (₹)**	**31st March, 2022 (₹)**
Shareholders' Funds	5,40,000	3,60,000
Non-current Liabilities	1,80,000	1,80,000
Current Liabilities	1,80,000	60,000
Non-current Assets	6,30,000	4,20,000
Current Assets	2,70,000	1,80,000

32. Calculate Revenue from Operations, Other Income and Total Revenue for a financial company from the following information: **[3]**

Miscellaneous Income ₹ 5,000; Interest on Loans ₹ 8,00,000; Dividend ₹ 1,00,000; Gain (Profit) on Sale of Building ₹ 15,00,000.

33. From the following, calculate (a) Debt-Equity Ratio (b) Total Assets to Debt Ratio (c) Proprietary Ratio. **[4]**

Equity Share Capital	₹ 75,000
Preference Share Capital	₹ 25,000
General Reserve	₹ 45,000
Balance in Statement of Profit and Loss	₹ 30,000
Debentures	₹ 75,000
Trade Payable	₹ 40,000
Outstanding Expenses	₹ 10,000

OR

From the following Balance Sheet and other information, calculate following ratios:

i. Debt-Equity Ratio
ii. Working Capital Turnover Ratio
iii. Trade Receivables Turnover Ratio

Balance Sheet as at March 31, 2017

Particulars	**Note No.**	**₹**
I. Equity and Liabilities:		
1. Shareholders' funds		
a) Share capital		10,00,000
b) Reserves and surplus		7,00,000
c) Money received against share warrants		2,00,000

2. Non-current Liabilities		
Long-term borrowings		12,00,000
3. Current Liabilities		
Trade payables		5,00,000
Total		**36,00,000**
II. Assets		
1. Non-current Assets		
a) Fixed assets		
Tangible assets		18,00,000
2. Current Assets		
a) Inventories		4,00,000
b) Trade Receivables		9,00,000
c) Cash and cash equivalents		5,00,000
Total		**36,00,000**

Additional Information: Revenue from Operations ₹ 18,00,000

34. From the following Balance Sheet of PP Ltd. as at 31st March, 2022, calculate Cash Flows from Operating Activities : **[6]**

PP Ltd.

Balance Sheet as at 31st March, 2022

Particulars	**Note No.**	**31st March, 2022 ₹**	**31st March, 2021 ₹**
I - Equity and Liabilities:			
1. Shareholder's Funds			
(a) Share Capita	1	70,00,000	50,00,000
(b) Reserves and Surplus	2	10,00,000	8,00,000
2. Non-Current Liabilities			
Long-term Borrowings	3	20,00,000	15,00,000
3. Current Liabilities			
(a) Trade Payables		2,00,000	1,00,000
(b) Short-term Provisions	4	50,000	80,000
Total		1,02,50,000	74,80,000
II - Assets:			
1. Non-Current Assets			

(a) Fixed Assets			
(i) Tangible Assets	5	65,00,000	40,00,000
(ii) Intangible Assets	6	2,00,000	3,00,000
(b) Long-term Loans and Advances		10,00,000	15,00,000
2. Current Assets			
(a) Inventories		6,00,000	7,00,000
(b) Trade Receivables		5,00,000	3,00,000
(c) Cash and Cash Equivalents		14,50,000	6,80,000
Total		1,02,50,000	74,80,000

Notes to Accounts:

Note No.	Particulars	31st March, 2022 ₹	31st March, 2021 ₹
1	Share Capital		
	Equity Share Capital	70,00,000	50,00,000
2	Reserves and Surplus		
	(Surplus i.e., Balance in the Statement of Profit and Loss)	10,00,000	8,00,000
3	Long-term Borrowings		
	6% Debentures	20,00,000	15,00,000
4	Short-term Provisions		
	Provision for Tax	50,000	80,000
5	Tangible Assets		
	Land and Building	65,00,000	40,00,000
6	Intangible Assets		
	Goodwill	2,00,000	3,00,000

Additional Information:

₹ 90,000 interest was paid on 6% debentures.

Solutions

Part A:- Accounting for Partnership Firms and Companies

1.

(d) ₹ 3,54,000

Explanation:

Net Profit = [4,20,000 + 4,000 - (5,000 $\times$ 12) - 10,000]

= ₹ 3,54,000

OR

(a) all profits made by him

Explanation:

all profits made by him

2.

(c) A is true but R is false.

Explanation:

A is true but R is false.

Reason is false because in the partnership deed salaries about partners are written so Rakhi and Pramila are allowed to salaries.

3. **(a)** ₹ 25

Explanation:

Amount of forfeiture = 20 $\times$ 5 = ₹ 100

Amount of forfeiture on 15 reissued shares = $\frac{100}{20} \times 15$ = ₹ 75

Net balance in forfeiture account = 100 - 75 = ₹ 25

OR

(c) Stock Exchange

Explanation:

A company can sell its shares only through the stock exchange. The company should be listed in the stock exchange to sell its shares. Now trade online through both stock exchanges i.e. NSE and BSE.

4.

(c) ₹ 10,400

Explanation:

Shares applied by Devi = 3,200 $\times$ $\frac{1,00,000}{80,000}$ = 4,000

Excess Application money received = 4,000 - 3,200 = 800 shares $\times$ ₹ 5 = ₹ 4,000

Allotment money due from Devi = 3,200 $\times$ ₹ 7	22,400
Less : Excess received on application	4,000
Allotment money not received	18,400

Entry for Forfeiture:

Date	Particulars		L.F.	Dr. (₹)	Cr, (₹)
	Share Capital A/c (3,200 $\times$ ₹ 10)	Dr.		32,000	
	Securities Premium Reserve A/c (3,200 $\times$ ₹ 2)	Dr.		6,400	
	To Share Allotment A/c				18,400
	To Share First and Final A/c				9,600

	To Share Forfeiture A/c			10,400

OR

(d) Interest

Explanation:

Shareholders get dividend but debenture holders get Interested. The dividend is paid only when there is some profit in the business but interest on debentures is paid irrespective of losses. Interest is a charge against profit hence shown in the statement of P & L A/c.

5.

(b) 12 : 8 : 5

Explanation:

12 : 8 : 5

New profit sharing ratio 24 : 16 : 10 or 12 : 8 : 5

X :-$\frac{3}{5}-\frac{2}{10}\times\frac{3}{5}=\frac{3}{5}-\frac{6}{50}=\frac{30-6}{50}=\frac{24}{50}$

Y :-$\frac{2}{5}-\frac{2}{10}\times\frac{2}{5}=\frac{2}{5}-\frac{4}{50}=\frac{20-4}{50}=\frac{16}{50}$

Z :- $\frac{2}{10}\times\frac{5}{5}=\frac{10}{50}$

6.

(b) Purchase consideration

Explanation:

Purchase consideration

7.

(d) $\frac{rate\times 5.5}{100\times 12}$

Explanation:

In the case of drawings, when a fixed amount is withdrawn at the end of the last day of every month, interest in drawings will be calculated as follows:

Step 1. Average Time Period = $\frac{period\,after\,1st\,installment+period\,after\,last\,installment}{2}$ = $\frac{11+0}{2}$ = $\frac{11}{2}$ = 5.5

Step 2. Total Drawings $\times$ $\frac{Rate}{100}$ $\times$ $\frac{5.5}{12}$

8.

(c) Section 37 of the Indian Partnership Act

Explanation:

If a partnership firm continues its business without adjusting the account of the outgoing partner, in such a case Section 37 of the Indian Partnership Act will be applicable. According to that outgoing partner is entitled to interest or profit.

Sec.37

Where any member of a firm has died and the continuing partners carry on the business of the firm of without any final settlement of accounts than in the absence of partnership deed the outgoing partner or his estate is entitled at the option of himself or his representatives to such share of the profits which is earned by a firm with deceased partner's due amount or to interest at the rate of 6%. per annum on the amount of his share in the property of the firm from date of death till the date of payment.

OR

(a) 6% p.a.

Explanation:

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

9.

(b) On expiry of the period of partnership

Explanation:
On expiry of the period of partnership

10.

(b) Option (i)
Explanation:
unless otherwise specified, old ratio equal to the sacrificing ratio

OR

(c) 3 : 1
Explanation:
Sacrifice ratio = old share - New share
X = 5/8 - 7/16 = 3/16
Y = 3/8 - 5/16 = 1/16

11.

(d) ₹ 50,000
Explanation:
x - 20% of x = ₹ 40,000
= x - $\frac{1}{5}$x = ₹ 40,000
$\frac{4}{5}$x = ₹ 40,000
x = ₹ 40,000 $\times$ $\frac{5}{4}$
x = ₹ 50,000
therefore, the value of machinery is ₹ 50,000

12.

(c) ₹ 40,000
Explanation:
₹ 40,000

13. **(a)** Debentures issued for consideration other than cash
Explanation:
When a company purchases some assets and instead of paying cash issue debentures as a payment for the purchase from the vendors it is known as the issue of debentures for consideration other than cash.
Asset A/c ... Dr.
To vendor A/c
Vendor A/c ... Dr.
To debentures A/c

14.

(b) They can be issued for consideration other than cash.
Explanation:
They can be issued for consideration other than cash.

15.

(b) Transferring it to debit side of Babita’s Capital Account.
Explanation:
Transferring it to debit side of Bina’s Capital Account.

16. **(a)** No Effect on Suraj's Capital Account
Explanation:

as suraj's share is remain same so no effect on suraj

17. **In the books of Firm**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2023					
April 1	General Reserve A/c	Dr.		75,000	
	Workmen Compensation Reserve A/c	Dr.		12,500	
	Profit and Loss A/c	Dr.		37,500	
	To X's Capital A/c				62,500
	To Y's Capital A/c				37,500
	To Z's Capital A/c				25,000
	(transfer of Reserves and Profits to old partners in their old profit-sharing ratio)				
	X's Capital A/c	Dr.		25,000	
	Y's Capital A/c	Dr.		15,000	
	Z's Capital A/c	Dr.		10,000	
	To Advertisement Suspense A/c				50,000
	(transfer of the balance of the Advertisement Suspense Account to old partners in their old ratio)				

OR

Old Ratio of A : B : C = 3 : 2 : 1

D admits for $\frac{10}{100}$ share in the new firm

Let new firm profit be 1

Remaining share of A, B and C in new firm = 1 - D’s share

$= 1 - \frac{10}{100} = \frac{90}{100}$

$= \frac{9}{10}$

New Ratio = Old Ratio $\times$ Remaining Share of A, B and C in new firm

$A = \frac{3}{6} \times \frac{9}{10} = \frac{27}{60}$

$B = \frac{2}{6} \times \frac{9}{10} = \frac{18}{60}$

$C = \frac{1}{6} \times \frac{9}{10} = \frac{9}{60}$

New Ration A, B, C and D = $\frac{27}{60} : \frac{18}{60} : \frac{9}{60} : \frac{1}{10} = \frac{27 : 18 : 9 : 6}{60}$

= 9 : 6 : 3 : 2

18. **JOURNAL**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c	Dr.		40,000	
	To Realisation A/c				40,000
	(amount received from a creditor after adjusting value of building ₹ 1,80,000 against his dues)				
(ii)	No entry				
(iii)	Realisation A/c	Dr.		30,000	
	To Bank A/c				30,000
	(amount paid to a creditor being the balance after taking over investments)				

(iv)	L's Capital A/c	Dr.		1,600	
	M's Capital A/c	Dr.		2,400	
	To Realisation A/c				4,000
	(loss on realisation debited to Capital Accounts of the partners in their profit-sharing ratio, i.e., 2 : 3)				

19. **Journal Entries**

Date	Particulars		L.F	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		5,00,000	
	To 15% Debentures Application and Allotment A/c				5,00,000
	(assets Purchased)				
	15% Debenture Application and Allotment A/c	Dr.		5,00,000	
	Loss on issue of Debenture A/c	Dr.		25,000	
	To 12% Debentures A/c				5,00,000
	To Premium on Redemption A/c				25,000
	(transfer of application money to debenture account issued at par, but redeemable at a premium of 5%)				

20. **Books of L, M and N**

JOURNAL

Date	Particular		L.F.	Dr. (₹)	Cr. (₹)
2023 April 1	General Reserve A/c	Dr.		1,17,000	
	To L's Capital A/c				23,400
	To M's Capital A/c				35,100
	To N's Capital A/c				58,500
	(General Reserve transferred in old ratio)				
	L's Capital A/c	Dr.		7,000	
	M's Capital A/c	Dr.		10,500	
	N's Capital A/c	Dr.		17,500	
	To Profit & Loss A/c				35,000
	(Debit balance of Profit & Loss A/c transferred in old ratio)				
	M's Capital A/c ($\frac{1}{10}$ of 5,00,000	Dr.		50,000	
	To N's Capital A/c				50,000
	(Adjustment for Goodwill)				
	Revaluation A/c	Dr.		30,000	
	To L's Capital A/c				6,000
	To M's Capital A/c				9,000
	To N's Capital A/c				15,000
	(Gain on revaluation transferred in old ratio)				

Working Note:

Calculation of Sacrifice or Gain =

L = $\frac{2}{10} - \frac{1}{5}$ = Nil

M = $\frac{3}{10} - \frac{2}{5} = \frac{1}{10}$ Gain

N = $\frac{5}{10} - \frac{2}{5} = \frac{1}{10}$ Sacrifice

21. **In the Book of V Ltd.**

JOURNAL

Date	Particulars	L.F	Debit(Rs.)	Credit(Rs.)
	Bank A/c Dr.		80,000	...
	To Equity Share Application A/c		...	80,000
	(Being the application money received on 20,000 Equity Shares at Rs. 4 per Share)			
	Equity Share Application A/c Dr.		80,000	...
	To Equity Share Capital A/c		...	80,000
	(Being the transfer of application money on 20,000 Equity Shares to Equity Shares Capital Account)			
	Equity Share Allotment A/c Dr.		1,00,000	...
	To Equity Share Capital A/c		...	40,000
	To Securities Premium Reserve A/c		...	60,000
	(Being the amount due on allotment of 20,000 Equity Shares at Rs. 5 including Premium of Rs. 3 per Share)			
	Bank A/c Dr.		1,00,000	...
	To Equity Share allotment A/c		...	1,00,000
	(Being the receipt of allotment money of Rs. 5 on 20,000 Equity Shares)			
	Equity Share First Call A/c Dr.		40,000	...
	To Equity Share Capital A/c		...	40,000
	(Being the amount due on first call of 20,000 Equity Shares at Rs. 2 per Share)			
	Bank A/c Dr.		40,000	...
	To Equity Shares First Call A/c		...	40,000
	(Being the receipt of first call of Rs. 2 on 20,000 Equity Shares)			
	Equity Share Final Call A/c Dr.		40,000	...
	To Equity Share capital A/c		...	40,000
	(being the amount due of Rs. 2 on 20,000 Equity Shares)			
	Bank A/c Dr.		40,000	...
	To Equity Shares Final Call A/c		...	40,000
	(being the receipt of final call of Rs. 2 on 20,000 Equity Shares)			

Note : The premium on issue of shares is a Capital profit and not a revenue profit so, it must be credited to a separate account called 'Securities Premium Reserve Account'.

22. Calculation of Interest on A's Drawings

Average month = $\frac{12+7}{2} = \frac{19}{2}$ = 9.5 months

Interest on A's Drawings = 10,000 $\times$ 6 $\times \frac{6}{100} \times \frac{9.5}{12}$

= 300 $\times$ 9.5

= ₹ 2,850

Calculation of Interest on B's Drawing

Average month = $\frac{11.5+6.5}{2} = \frac{18}{2}$ = 9 months

Interest on A's Drawing = 10,000 $\times$ 6 $\times \frac{6}{100} \times \frac{9}{12}$

$= 300 \times 9$

= ₹ 2,700

Calculation of Interest on C's Drawing

Average month = $\frac{11+6}{2} = \frac{17}{2}$ = 8.5 months

Interest on A's Drawing = $10,000 \times 6 \times \frac{6}{100} \times \frac{8.5}{12}$

$= 300 \times 8.5$

= ₹ 2,550

23. **Books of Adarsh Control Device Ltd**

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Equity Share Application A/c	Dr.		90,000	
	To Equity Share Capital A/c				90,000
	(Share Application money for 30,000 shares @ ₹ 3 per share transferred to Share Capital Account)				
	Equity Share Allotment A/c	Dr.		1,20,000	
	To Equity Share Capital A/c				1,20,000
	(Share Allotment money due on 30,000 @ ₹ 4 per share)				
	Equity Share First and Final Call A/c	Dr.		90,000	
	To Equity Share Capital A/c				90,000
	(Share First and Final Call due on 30,000 @ ₹ 3 per share)				

Cash Book (Bank Column)

Dr.							Cr.
Date	**Particulars**	**J.F.**	**₹**	**Date**	**Particulars**	**J.F.**	**₹**
	Equity Share Application		90,000				
	Equity Share Allotment		1,20,000				
	Equity Share First and Final Call		90,000		By Balance c/d		3,00,000
			3,00,000				3,00,000

24. **REVALUATION ACCOUNT**

Dr.				Cr.
Particulars		**₹**	**Particulars**	**₹**
To Bad Debts A/c		8,000	By Unexpired Insurance	4,320
To Provision for Doubtful Debts A/c		1,500	By Land and Buildings	10,000
To Machinery		820		
To Profit transferred to: Pankaj's Capital A/c ($\frac{2}{5}$)	1,600			
Sahil's Capital A/c ($\frac{2}{5}$)	1,600			
Ramesh's Capital A/c ($\frac{1}{5}$)	<u>800</u>	4,000		
		14,320		**14,320**

CAPITAL ACCOUNTS

Dr.							Cr.
Particulars	**Pankaj (₹)**	**Sahil (₹)**	**Ramesh (₹)**	**Particulars**	**Pankaj (₹)**	**Sahil (₹)**	**Ramesh (₹)**

To Profit & Loss A/c	2,400	2,400	1,200	By Balance b/d	30,000	30,000	15,000
To Sahil's Capital A/c (Goodwill)	4,800	____	2,400	By General Reserve	2,400	2,400	1,200
To Balance c/d	26,800	38,800	13,400	By Revaluation A/c	1,600	1,600	800
				By Pankaj's Capital A/c	____	4,800	____
				By Ramesh's Capital A/c	____	2,400	____
	34,000	**41,200**	**17,000**		**34,000**	**41,200**	**17,000**
To Bank A/c		5,000		By Balance b/d	26,800	38,800	13,400
To Sahil's Loan A/c		33,800		By Bank A/c	18,200	____	1,600
To Balance c/d	45,000	____	15,000				
	45,000	**38,800**	**15,000**		**45,000**	**38,800**	**15,000**

BALANCE SHEET (After Sahil's Retirement)
as at April 1, 2021

Liabilities		**₹**	**Assets**		**₹**
Creditors		48,200	Cash at Bank		44,800
Employee's Provident Fund		17,000	Debtors (40,000-10,000)	30,000	
Sahil's Loan		33,800	Less: Provision for doubtful debts	(1,500)	28,500
Capital:			Stock		14,000
Pankaj	45,000		Unexpired Insurance		4,320
Ramesh	15,000	60,000	Machinery		7,380
			Land and Buildings		60,000
		1,59,000			**1,59,000**

Note: (1) Accounting treatment of Debtors:

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
2021 April 1	Bad Debts A/c	Dr.		10,000	
	To Debtors A/c (Bad debts written off)				10,000
April 1	Provision for Doubtful Debts A/c	Dr.		2,000	
	Revaluation A/c (₹ 10,000 - ₹ 2,000)	Dr.		8,000	
	To Bad Debts A/c (Part of bad debts met from provision for doubtful debts and balance debited to Revaluation A/c)				10,000
April 1	Revaluation A/c	Dr.		1,500	
	To Provision for Doubtful Debts A/c (Provision created @ 5% on remaining debtors of ₹ 30,000)				1,500

Note (2) $\frac{3}{4}$ **:** $\frac{1}{4}$ is not the new profit sharing ratio. Only the capital of the new firm amounting to ₹ 60,000 is to be adjusted in this ratio.

SAHIL'S LOAN ACCOUNT

Dr.					Cr.
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2022 March 31st	To Bank (16,900 + 2,704)	19,604	2021 April 1st	By Sahil's Capital A/c	33,800
2022 March 31st	To Balance c/d	16,900	2022 March 31st	By Interest on ₹ 33,800 @ 8% p.a.	2,704
		36,504			**36,504**
2023 March 31st	To Bank (16,900 + 1,352)	18,252	2022 April 1st	By Balance b/d	16,900
			2023 March 31st	By Interest on ₹ 16,900 @ 8% p.a.	1,352
		18,252			**18,252**

25. **Revaluation Account**

Dr.				Cr.
Particulars		**Amount (₹)**	**Particulars**	**Amount (₹)**
To Profit transferred to			By Machinery A/c	7,000
B's Capital	5,000		By Stock A/c	1,000
C's Capital	3,000	8,000		
		8,000		**8,000**

Partner's Capital Accounts

Particulars	B	C	A	Particulars	B	C	A
To Goodwill A/c	5,000	3,000	____	By Balance b/d	32,000	34,000	____
To Balance c/d	39,500	38,500	30,000	By General Reserve A/c	5,000	3,000	____
				By Revaluation A/c	5,000	3,000	____
				By A's Current A/c	2,500	1,500	____
				By Bank A/c	____	____	30,000
	44,500	**41,500**	**30,000**		**44,500**	**41,500**	**30,000**

Balance Sheet

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		6,000	Bank	35,000
Bank Loan		6,000	Debtors	23,000
Capital Account:			Stock	8,000
B	39,500		Furniture	5,000
C	38,500		Machinery	45,000
A	30,000	1,08,000	A's Current A/c	4,000
		1,20,000		**1,20,000**

Working Notes:-

Goodwill = Average Profit $\times$ Year Purchases

Goodwill = ₹ 6,000 $\times$ 2

Goodwill = ₹ 12,000

A's Goodwill = ₹ 12,000 $\times$ $\frac{1}{3}$ = ₹ 4,000

OR

i. Calculation of Gaining Ratio:

B Gains = $\frac{7}{12} - \frac{4}{12} = \frac{3}{12}$

C Gains = $\frac{5}{12} - \frac{3}{12} = \frac{2}{12}$

Thus Gaining Ratio = 3 : 2

ii. Valuation of Goodwill:

Total Profit = 19,000 + 15,000 + 20,000 + 18,000 = ₹ 72,000

Average Profit = $\frac{72,000}{4}$ = ₹ 18,000

Hence, Goodwill at $2\frac{1}{2}$ years purchase = 18,000 $\times 2\frac{1}{2}$ = 45,000

A's share of Goodwill = 45,000 $\times \frac{5}{12}$ = 18,750

It will be adjusted into the Capital Accounts of B and C in the gaining ratio of 3 : 2

iii. Share of profit payable to A (upto the date of death):

18,000 $\times \frac{6}{12} \times \frac{5}{12}$ = ₹ 3,750

This amount of ₹ 3,750 will be credited to A and debited to B and C in their gaining ratio of 3 : 2.

[**Note :** This amount of ₹ 3,750 should not be debited to Profit & Loss Suspense A/c because the profit sharing ratio of B and C, in between them, does not remain the same. Profit Sharing Ratio between B and C has changed from 4 : 3 to 7 : 5.]

iv. **REVALUATION ACCOUNT**

Dr. Cr.			
Particulars	**₹**	**Particulars**	**₹**
To Patents A/c	3,000	By Building A/c	5,000
To Machinery A/c	2,000		
	5,000		**5,000**

There is neither profit nor loss due to revaluation of assets.

A's CAPITAL ACCOUNT

Dr. Cr.			
Particulars	**₹**	**Particulars**	**₹**
To Advertisement Suspense A/c (12,000 $\times \frac{5}{12}$)	5,000	By Balance b/d	30,000
To A's Executor's A/c	51,500	By Reserve (6,000 $\times \frac{5}{12}$)	2,500
		By B's Capital A/c (Goodwill) (18,750 $\times \frac{3}{5}$)	11,250
		By C's Capital A/c (Goodwill) (18,750 $\times \frac{2}{5}$)	7,500
		By B's Capital A/c (Share of Profit) (3,750 $\times \frac{3}{5}$)	2,250
		By C's Capital A/c (Share of Profit) (3,750 $\times \frac{2}{5}$)	1,500
		By Interest on capital (30,000 $\times \frac{10}{100} \times \frac{6}{12}$)	1,500
	56,500		**56,500**

A's EXECUTOR'S ACCOUNT

Dr. Cr.			
Particulars	**₹**	**Particulars**	**₹**
To Bank A/c	25,750	By A's Capital A/c	51,500
To A's Executor's Loan A/c - Transfer	25,750		
	51,500		**51,500**

Note: It has been assumed that due to shortage of cash, bank overdraft of the required amount has been taken to make payment to A's Executor's.

26.

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		90,000	
	To Share Application A/c				90,000

	(Application money received for 18,000 shares @ ₹ 5 per share including premium)				
	Share Application A/c	Dr.		90,000	
	To Share Capital A/c				72,000
	To Securities Premium Reserve A/c (Transfer of application money to share capital A/c)				18,000
	Share Allotment A/c	Dr.		72,000	
	To Share Capital A/c (Amount due on allotment, excluding discount)				72,000
	Bank A/c	Dr.		72,000	
	To Share Allotment A/c (Allotment money received)				72,000
	Share First and Final call A/c	Dr.		36,000	
	To Share Capital A/c (Share first and final call due)				36,000
	Bank A/c	Dr.		36,000	
	To Share First and Final call A/c (Share first and final call money received)				36,000

BALANCE SHEET OF KANHA LTD.

as at _________

Particulars	**Note No.**	**Current year (₹)**	**Previous year (₹)**
I. EQUITY AND LIABILITIES:			
Shareholder's Funds:			
(a) Share Capital	1	1,80,000	
(b) Reserve and Surplus	2	18,000	
II. ASSETS:		**1,98,000**	
Current Assets: Cash and Cash Equivalents	3	1,98,000	

Notes to Accounts:

	₹	₹
(1) Share Capital		
Issued Capital: 20,000 Shares of ₹ 10 each	2,00,000	
Subscribed and Fully Paid Capital: 18,000 Shares of ₹ 10 each fully paid up	1,80,000	
(2) Reserve and Surplus:		
Securities Premium	18,000	
(3) Cash and Cash Equivalents:		
Cash at Bank	1,98,000	

Note: As discussed earlier only the presentation of Share Capital in a Company's Balance Sheet is part of the syllabus and not the preparation of full Balance Sheet. As such, the full Balance Sheet presented in the box in this chapter is meant only for enriched learning.

OR

CASH BOOK

Dr.					**Cr.**
Particulars	**L.F.**	**₹**	**Particulars**	**L.F.**	**₹**
To Share Applicaition A/c (15,000 × ₹ 3)		45,000	By Share Application A/c (2,000 × ₹ 3)		6,000
To share Allotment A/c		30,000(4)	By Balance c/d		1,19,500
To Share First Call A/c (9,300 × 3)		27,900			
To Share Second & Final Call A/c (9,300 × 2)		18,600			
To Share Capital A/c (500 × 8)		4,000			
		1,25,500			**1,25,500**

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Share Application A/c	Dr.		39,000	
	To Share Capital A/c (10,000 × ₹ 3)				30,000
	To Share Allotment A/c (3,000 × ₹ 3) (Application money transferred to Share Capital A/c and Share Allotment A/c)				9,000
	Share Allotment A/c (10,000 × ₹ 4)	Dr.		40,000	
	To Share Capital A/c (10,000 × ₹ 2)				20,000
	To Securities Premium Reserve A/c (10,000 × ₹ 2) (Allotment money due including premium)				20,000
	Share First Call A/c (10,000 × ₹ 3)	Dr.		30,000	
	To Share Capital A/c (Amount due on First Call)				30,000
	Share Capital A/c (400 × ₹ 8 Called up)	Dr.		3,200	
	Securities Premium Reserve A/c (400 × ₹ 2)	Dr.		800	
	To Share Allotment A/c				1,000
	To Share First Call A/c (400 × ₹ 3)				1,200
	To Share Forfeiture A/c (400 shares forfeited for non-payment of Allotment and First Call)				1,800
	Share Second and Final Call A/c (9,600 × ₹ 2)	Dr.		19,200	
	To Share Allotment A/c (Amount due on Second and Final Call)				19,200
	Share Capital A/c (300 × ₹ 10)	Dr.		3,000	
	To Share First Capital A/c (300 × ₹ 3)				900
	To Share Second and Final Call A/c (300 × ₹ 2)				600
	To Share Forfeiture A/c (300 shares forfeited for non-payment of calls)				1,500

	Share Forfeiture A/c	Dr.		1,000	
	To Share Capital A/c (Loss on reissue of 500 shares)				1,000
	Share Forfeiture A/c	Dr.		1,300(5)	
	To Capital Reserve A/c (Profit on 400 of A and 100 of B's forfeited shares transferred to Capital Reserve on reissue)				1,300

BALANCE SHEET OF X LTD.

as at ________

Particulars	**Note No.**	**Current Year**	**Previous Year**
		₹	**₹**
I. EQUITY AND LIABILITIES:			
Shareholder's Funds			
(a) Share Capital	1	99,000	
(b) Reserves and Surplus	2	20,500	
		1,19,500	
II. ASSETS:			
Current Assets:			
Cash and Cash Equivalents	3	1,19,500	

Notes to Accounts:

		₹
(1) Share Capital:		
Authorised ____ Shares of ₹ ____ each		____
Issued Capital:		
10,000 Shares of ₹ 10 each		1,00,000
Subscribed and Fully Paid-up Capital:		
9,800 Shares of ₹ 10 each fully paid up	98,000	
Add: Share Forfeiture A/c	1,000(6)	99,000
(2) Reserves & Surplus:		
Securities Premium Reserve		19,200
Capital Reserve		1,300
		20,500
(3) Cash and Cash Equivalents:		
Cash at Bank		**1,19,500**
(4) (A) A must-have applied for $\frac{6,000}{4,000} \times 400$ = 600 Shares		
Excess Application money received from A:		
600 shares - 400 shares = 200 shares $\times$ ₹ 3		600
(B) Amount due from A on allotment: 400 shares $\times$ ₹ 4		1,600
Less: Excess received from A on application		(600)

Amount not received from A on allotment	1,000
(C) Total amount due on allotment = 10,000 shares × ₹ 4	40,000
Less: Excess received on applications	9,000
Balance due	31,000
Less: Amount not received from A on allotment	(1,000)
Net amount received on allotment in Cash	30,000
(5) Profit on 400 shares of A	1,800
(+) Profit on 100 shares of B: $\frac{₹1,500}{300 \text{ Shares}} \times$ 100 Shares	500
	2,300
(-) Loss on re-issue of 500 shares @ ₹ 2 each	(1,000)
Transfer to Capital Reserve	1,300
(6) Balance in Share Forfeiture Account to be shown on the Liabilities side of the Balance Sheet:	
Profit on 200 shares of B: $\frac{₹1,500}{300 \text{ Shares}} \times 200$ Shares = ₹ 1,000	

Part B :- Analysis of Financial Statements

27.

(d) Only iii

Explanation:

Bank charges will not be covered under the finance costs.

28. **(a)** 2 : 1

Explanation:

An ideal current ratio is 2:1. It means a business must try to maintain its current assets twice of current liabilities. High ratio indicates under trading and over capitalisation.

OR

(b) Current Assets – Inventory – Prepaid Exp.

Explanation:

Liquid Assets = Current Assets – Prepaid Expenses - Inventory

29. **(a)** Investing Activity

Explanation:

Investing Activity

OR

(d) Amount received from debtors

Explanation:

Amount received from debtors

30.

(c) interest paid on term-deposits by a bank

Explanation:

operating activities are principal revenue generating activities & having recurring nature

31.

Particulars	Note No.	Absolute Amounts		% of Balance Sheet Total	
		2021-2022	2022-2023	2021-2022	2022-2023

		(₹)	(₹)	(%)	(%)
Revenue from Operations		40,00,000	60,00,000	100	100
Add: Other Incomes		60,000	1,50,000	1.5	2.5
Total Revenue		40,60,000	61,50,000	101.5	102.5
Less: Expenses					
Purchase of Stock in Trade		30,40,000	43,20,000	76	72
Changes in Inventories		(80,000)	1,20,000	(2)	(2)
Other Expenses		2,00,000	3,60,000	5	6
Total Expenses		31,60,000	48,00,000	79	80
Profit before Tax (Total Revenue - Total Expense)		9,00,000	13,50,000	22.5	22.5

OR

Common size Balance Sheet

Particulars	Note No.	Absolute Amount		Percentage Amount	
		31st March 2022	31st March 2023	31st March 2022(%)	31st March 2023(%)
I. Equity and liability					
1. Share holder fund		3,60,000	5,40,000	60	60
2. Non-current liability		1,80,000	1,80,000	30	20
3. Current liability		60,000	1,80,000	10	20
Total		**6,00,000**	**9,00,000**	**100**	**100**
II. Asset					
1. Non-current Asset		4,20,000	6,30,000	70	70
2. Current Asset		1,80,000	2,70,000	30	30
Total		**6,00,000**	**9,00,000**	**100**	**100**

32. **IN THE BOOKS**

Particulars	₹	₹
I. Revenue from Operations		
Interest on Loans		8,00,000
Dividend		1,00,000
		9,00,000
II. Other Income		
Gain (Profit) on Sale of Building	15,00,000	
Miscellaneous Income	5,000	15,05,000
Total Revenue (I + II)		**24,05,000**

33. Debt to Equity Ratio = $\frac{\text{Long Term Debts}}{\text{Shareholders' Funds}}$

$= \frac{\text{Debentures}}{\text{Equity Share Capital + Preference Share Capital + General Reserve + Balance in Statement of Profit and Loss}}$

$= \frac{75000}{75000+25000+45000+30000} = \frac{75,000}{1,75,000} = 0.43 : 1$

Total Assets to Debt Ratio = $\frac{\text{Total Assets}}{\text{Long term Debts}}$

$= \frac{\text{Equity Share Capital + Preference Share Capital + General Reserve + Balance in Statement of Profit and Loss + Debentures + Trade Payables}}{\text{Debentures}}$

$= \frac{75000+25000+45000+30000+75000+40000+10000}{75000} = \frac{3,00,000}{75,000}$ = 4 : 1

Proprietary Ratio $= \frac{\text{Shareholder's Funds}}{\text{Total Assets}}$

$= \frac{\text{Equity Share Capital + Preference Share Capital + General Reserve + Balance in Statement of Profit and Loss}}{\text{Equity Share Capital + Preference Share Capital + General Reserve + Balance in Statement of Profit and Loss + Debentures + Trade Payables + Outstanding Expenses}}$

$= \frac{75000+25000+45000+30000}{75000+25000+45000+30000+75000+40000+10000} = \frac{1,75,000}{3,00,000}$ = 0.58 : 1 or 58.33%

OR

i. Debt-Equity Ratio $= \frac{\text{Debt}}{\text{Equity}}$

$= \frac{12,00,000}{19,00,000}$

= 0.63 : 1

Debt = Long Term Borrowings = ₹ 12,00,0000

Equity = Share Capital + Reserve and Surplus

= 10,00,000 + 9,00,000

= ₹ 19,00,000

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

$= \frac{18,00,000}{13.00.000}$

= 1.39 times

Revenue from Operations = ₹ 18,00,000

Working Capital = Current Assets - Current Liabilities

= 18,00,000 - 5,00,000

= ₹ 13,00,000

iii. Trade Receivables Turnover Ratio

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

$= \frac{18,00,000}{9,00,000}$

= 2 times

Net Credit Sales = ₹ 18,00,000

Average Trade Receivables = ₹ 9,00,000

Notes:

i. Revenue from Operations are assumed to be revenue generated from credit sales.

ii. The amount of trade receivables given in the Balance Sheet is assumed to be Average Trade Receivables.

34.

Particulars	**₹**	**₹**
Cash flow from operating Activity		
Net Profit after tax	2,00,000	
(+) Provision for tax	50,000	
Net Profit before tax	**2,50,000**	
(+) Interest on 6% Debenture	90,000	
(+) Goodwill amortised	1,00,000	
Operating Profit before working Capital changes	**4,40,000**	
(+) Increase in trade payable	1,00,000	
(+) Decrease in Inventories	1,00,000	
(-) Increase in Trade receivables	(2,00,000)	
Cash generated from operation	**4,40,000**	
(-) Provision for tax (Paid)	(80,000)	
Cash inflow from operating Activity		3,60,000