Class XII Session 2025-26
Subject - Accountancy
Sample Question Paper - 9

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. Amit and Sumit were partners in a firm with fixed capitals of ₹ 6,00,000 and ₹ 4,00,000 respectively. Kavi was admitted as a new partner for $\frac{1}{5}$th share in the profits of the firm. Kavi brought ₹ 40,000 as his share of goodwill premium and ₹ 3,00,000 as his capital. The amount of Goodwill premium credited to Sumit will be: **[1]**

a) ₹ 40,000 b) ₹ 24,000

c) ₹ 16,000 d) ₹ 20,000

2. **Assertion (A):** If percentage of interest on capital is not mentioned in partnership deed, partners will not receive any interest on capital. **[1]**

Reason (R): The interest on capital is charged on the capital invested by the partners.

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. If vendors are issued fully paid shares of ₹ 1,00,000 in consideration of net assets of ₹ 1,20,000 the balance of ₹ 20,000 will be credited to: **[1]**

a) Profit & Loss Account b) Vendor's Account

c) Securities premium account d) Goodwill Account

OR

Misha Ltd. issued 6,000, 8% Debentures of ₹ 100 each at ₹ 96 per debenture. 8% Debentures Account will be credited by:

a) ₹ 60,000 b) ₹ 24,000

c) ₹ 5,76,000 d) ₹ 6,00,000

4. Nikhil, Arun and Mansi were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 3. With effect from 1st April, 2023, they decided to share profits and losses in the ratio of 5 : 3 : 2. Due to change in the profit sharing ratio, Mansi's gain or sacrifice will be: **[1]**

a) Sacrifice $\frac{1}{10}$ b) Gain $\frac{1}{10}$

c) Sacrifice $\frac{3}{10}$ d) Gain $\frac{3}{10}$

OR

A and **B** were partners in a firm sharing profits and losses in the ratio of 7 : 1. **A** withdrew a fixed amount of ₹ 12,000 at the beginning of each quarter. Interest on drawings is charged @ 6% p.a. The journal entry for charging interest on drawings at the end of the year will be:

a)

Interest on drawings A/c Dr.	₹ 1,800
To A's Current A/c	₹ 1,800

b)

A's Capital A/c Dr.	₹ 1,800
To Interest on drawings A/c	₹ 1,800

c)

Interest on drawings A/c Dr.	₹ 1,800
To A's Capital A/c	₹ 1,800

d)

Profit and Loss Appropriation A/c Dr.	₹ 1,800
To Interest on drawings A/c	₹ 1,800

5. Gagan, a partner in a partnership firm withdrew ₹ 10,000 in the beginning of each quarter. For how many months would interest on drawings be charged? **[1]**

a) 4.5 months b) 7.5 months

c) 6.5 months d) 6 months

6. On 1st May, 2023, Amrit Ltd. issued 10,000, 10% debentures of ₹ 100 each at a premium of 10% redeemable at a premium of 10%. Loss on issue of debentures will be: **[1]**

a) ₹ 1,00,000 b) ₹ 2,00,000

c) ₹ 80,000 d) ₹ 1,30,000

OR

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

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

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

7. A Company forfeited 1,000 shares of ₹ 10 each, ₹ 7 called up for non-payment of first call of ₹ 2 per share. All these shares were reissued at ₹ 5 per share ₹ 7 paid up. The amount transferred to Capital Reserve Account was: **[1]**

a) ₹ 3,000 b) ₹ 4,000

c) ₹ 5,000 d) ₹ 2,000

8. K, L and M were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 3. On 31.03.2022, M retired. On M's retirement the Balance Sheet of the firm showed a balance of ₹ 45,000 in Workmen's Compensation Fund. Till that date no claim for workmen compensation was received. **[1]**

The necessary journal entry for the treatment of Workmen's Compensation Fund on M's retirement will be:

a)

Particulars		**Debit Amount (₹)**	**Credit Amount (₹)**
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			7,500
To L's Capital A/c			15,000
To M's Capital A/c			22,500

b)

Particulars		**Debit Amount (₹)**	**Credit Amount (₹)**
K's Capital A/c	Dr.	7,500	
L's Capital A/c	Dr.	15,000	
M's Capital A/c	Dr.	22,500	
To Workmen's Compensation Fund A/c			45,000

c)

Particulars		**Debit Amount (₹)**	**Credit Amount (₹)**
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			15,000
To L's Capital A/c			15,000
To M's Capital A/c			15,000

d)

Particulars		**Debit Amount (₹)**	**Credit Amount (₹)**
K's Capital A/c	Dr.	15,000	
L's Capital A/c	Dr.	15,000	
M's Capital A/c	Dr.	15,000	
To Workmen's Compensation Fund A/c			45,000

OR

Manu and Kanu were partners in a firm, sharing profits and losses in the ratio of 2 : 3. Their fixed capitals were ₹ 10,00,000 and ₹ 5,00,000, respectively. They were entitled to an interest on capital @ 10% p.a. The firm earned a profit of ₹ 60,000 during the year. The amount of interest on capital credited to Kanu will be:

a) ₹ 40,000 b) ₹ 24,000

c) ₹ 20,000 d) ₹ 36,000

9. Vijay and Ajay are partners in a firm. The partnership agreement provides for interest on drawings @ 12% per annum. Which of the following accounts will be debited to transfer interest on drawings to Profit and Loss Appropriation A/c? **[1]**

a) Partners' Current accounts

b) Interest on Drawings account

c) Bank Account

d) Partners' Capital accounts

10. Josh and Jeevan were partners in a firm. During the year ended 31.03.2022 Jeevan withdrew ₹ 5,000 per month starting from 30.06.2021. The partnership deed provided that interest on drawings will be charged @ 12% per annum. The average number of months for which interest on Jeevan's total drawings will be charged is: **[1]**

a) $6\frac{1}{2}$ months

b) 5 months

c) $4\frac{1}{2}$ months

d) 6 months

11. K and L were partners in a firm. Their partnership deed provided that interest on partner's drawings will be charged @ 12% per annum. Interest on L's drawings for the year ended 31.03.2022 was calculated at ₹ 900. The necessary journal entry for charging interest on L's drawings will be: **[1]**

a)

L's Capital/Current A/c	Dr.	₹ 900	
To Interest on Drawings A/c			₹ 900

b)

Interest on Drawings A/c	Dr.	₹ 900	
To Partner's Capital/Current A/c			₹ 900

c)

Interest on Drawings A/c	Dr.	₹ 900	
To Profit and Loss Appropriation A/c			₹ 900

d)

Profit and Loss Appropriation A/c	Dr.	₹ 900	
To Interest on Drawings A/c			₹ 900

12. Under which of the following head/subhead is **Forfeited Shares** presented in the Balance Sheet of a company? **[1]**

a) Share Capital

b) Other Long-term Liabilities

c) Other Current Liabilities

d) Reserves and Surplus

13. NUK Ltd. forfeited 1,000 shares of ₹ 10 each, fully called up for non-payment of final call of ₹ 2 per share. 800 of these shares were reissued at ₹ 11 per share fully paid. The amount credited to Capital Reserve Account will be: **[1]**

a) ₹ 6,400

b) ₹ 10,000

c) ₹ 7,200

d) ₹ 8,000

14. On 1st January, 2023, Abhishek, a partner, advanced a loan of ₹ 3,00,000 to the firm. In the absence of a partnership agreement, the amount of interest on the loan for the year ending 31st March, 2023 will be: **[1]**

a) No interest will be provided

b) ₹ 9,000

c) ₹ 18,000

d) ₹ 4,500

15. Swati and Aman were partners in a firm. Their fixed capitals were ₹ 9,00,000 and ₹ 3,00,000, respectively. They shared profits in the ratio of their capitals. Divya was admitted as a new partner for $\frac{1}{4}$th share in the profits of the firm. Divya brought ₹ 60,000 as her share of goodwill premium and ₹ 6,00,000 as her capital. The amount of goodwill premium credited to Swati's account will be: **[1]**

a) ₹ 60,000

b) ₹ 45,000

c) ₹ 15,000

d) ₹ 30,000

OR

X, Y and Z were partners in a firm sharing profits in the ratio of $\frac{1}{2}$, $\frac{1}{3}$ and $\frac{1}{6}$ respectively. Z decided to retire from the firm. On the date of his retirement, **Workmen Compensation Reserve** of ₹ 1,20,000 was appearing in the Balance Sheet of the firm. The claim on account of Workmen Compensation was determined at ₹ 67,500. Excess of claim amount over the reserve will be:

a) Debited to Partners' Capital Accounts
b) Credited to Partners' Capital Accounts
c) Credited to Revaluation Account
d) Debited to Revaluation Account

16. On dissolution of the partnership firm of A, B and C, the accumulated profits of ₹ 40,000 will be transferred to which of the following account? **[1]**

a) Bank Account
b) Partners' Capital Accounts
c) Realisation Account
d) Revaluation Account

17. Rakshit and Malik are partners in a firm sharing profits and losses in the ratio of 4 : 1. On 1st April, 2021, their capitals were ₹ 1,20,000 and ₹ 80,000 respectively. On 1st December, 2021, they decided that the total capital of the firm should be ₹ 3,00,000 to be contributed by them in the ratio of 2 : 1. **[3]**

According to the partnership deed, interest on capital is allowed to the partners @ 6% p.a.

Calculate interest on capital to be allowed for the year ending 31st March, 2022.

18. Pankaj and Pawan are partners in a firm sharing profits and losses equally. Their capitals on 1st April, 2022 were ₹4,80,000 and ₹5,40,000. On 1st October 2022, they decided that the total capital of the firm should be ₹10,00,000 to be contributed equally by both of them. According to the partnership deed, interest on capital is allowed to the partners @6% p.a. **[3]**

You are required to compute interest on capital for the year ending 31st March, 2023.

OR

A, B and C were partners. Their capitals were ₹ 30,000, ₹ 20,000 and ₹ 10,000 respectively on 1st April, 2022 . According to the partnership deed, they were entitled to interest on capital @5% per annum. In addition, B was also entitled to draw a salary of ₹ 500 per month. C was entitled to a commission of 5% on the profits after charging the interest on capitals but before charging the salary payable to B. The net profits for the year 31st March, 2023 were ₹ 30,000 distributed in the ratio of their capitals without providing for any of the above adjustments. The profits were to be shared in the ratio of 2 : 2 : 1. Pass the necessary adjustment entry showing the working clearly.

19. Nano Ltd. purchased assets of Dow Ltd. for ₹ 3,00,000. It also agreed to take over the liabilities of Dow Ltd. amounting to ₹ 50,000 for a purchase consideration of ₹ 2,75,000. The payment to Dow Ltd. was made by issue of 8% Debentures of ₹ 50 each at a premium of 10%. **[3]**

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

OR

What is meant by **over-subscription** of shares? With the help of an example, briefly explain the alternatives available for allotment of shares in case of over-subscription.

20. On 1st April, 2022, the capital of the firm of Ashu and Madhav is ₹ 1,50,000. The normal rate of return on capital employed is 10%. Average profits of the firm are ₹ 23,500. Calculate goodwill of the firm based on three years purchase of super profits. **[3]**

21. MM Ltd. is registered with an authorised share capital of ₹ 10,00,00,000 was divided into 1,00,00,000 equity shares of ₹ 10 each. The company invited applications for issuing 10,00,000 equity shares. The amount per share **[4]**

was payable as follows:

On Application - ₹ 3 per share

On Allotment - ₹ 4 per share

On First and Final Call - ₹ 3 per share

The issue was fully subscribed. All calls were made and were duly received except the first and final call on 1000 shares.

Present the share capital in the Balance Sheet of the company as per the provisions of Schedule III Part I of the Companies Act, 2013 and also prepare **Note of Accounts**.

22. Pass the necessary journal entry on dissolution of a partnership firm if an unrecorded creditor of ₹ 40,000 was paid by a partner, Amar, at a discount of 10%. **[4]**

23. Sunstar Ltd. invited applications for issuing 2,00,000 equity shares of ₹ 50 each. The amount was payable as follows: **[6]**

On Application - ₹ 15 per share

On Allotment - ₹ 10 per share

On First and Final Call - ₹ 25 per share

Applications for 3,00,000 shares were received. Allotment was made to the applicants as follows:

Category	**No. of Shares Applied**	**No. of Shares Allotted**
I	2,00,000	1,50,000
II	1,00,000	50,000

Excess money received with applications was adjusted towards sums due on allotment and calls. Namita, a shareholder of Category I, holding 3,000 shares failed to pay the allotment money. Her shares were forfeited immediately after allotment. Manav, a shareholder of Category II, who had applied for 1,000 shares failed to pay the first and final call. His shares were also forfeited. All the forfeited shares were reissued at ₹ 60 per share fully paid up.

Pass necessary journal entries and prepare Cash Book for the above transactions in the books of Sunstar Ltd.

OR

Pass journal entries for the following transactions:

i. AXN Ltd. forfeited 2,400 shares of ₹ 10 each for non-payment of final call of ₹ 3 per share. Out of the forfeited shares, 800 shares were reissued at ₹ 8 per share as fully paid-up.

ii. Vanya Ltd. purchased a running business from Hardik Ltd. for a sum of ₹ 18,00,000. The payment of ₹ 10,00,000 was made by issue of equity shares of ₹ 10 each and balance by a cheque. The assets and liabilities acquired from Hardik Ltd. consisted the following:

	₹
Machinery	9,00,000
Land and Building	13,50,000
Furniture	8,50,000
Sundry Creditors	3,00,000

24. Ishu and Vishnu are partners sharing profits in the ratio of 3: 2. Their balance sheet on 31st March, 2009 was as follows **[6]**

Balance Sheet

as at 31st March, 2009

Liabilities			66,000	Assets		Amt (Rs)
Creditors			10,000	Cash at Bank		87,000
General Reserves			4,000	Debtors	42,000	
Investment Fluctuation Fund				(-) Provision for Doubtful Debts	(7,000)	35,000
Capital A/cs				Investment (Market price 19,000)		21,000
Ishu	1,19,000			Buildings		98,000
Vishnu	1,12,000	2,31,000	Plant and Machinery	Plant and Machinery		70,000
		3,11,000				3,11,000

Nishu was admitted on that date for l/6th share on the following terms

i. Nishu will bring Rs 56,000 as his share of capital.
ii. Goodwill of the firm is valued at Rs 84,000 and Nishu will bring his share of goodwill in cash.
iii. Plant and machinery to be appreciated by 20%.
iv. All debtors are good.
v. There is a liability of Rs 9,800 included in sundry creditors that is not likely to arise.
vi. Capital of Ishu and Vishnu will be adjusted on the basis of Nishu's capital and any excess or deficiency will be made by withdrawing or bringing in cash by the concerned partner.

Prepare the revaluation account, the partners' capital accounts and the balance sheet of the firm after the above adjustments.

OR

B, C and D were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March, 2023, their Balance Sheet was as follows:

Liabilities		**₹**	**Assets**	**₹**
Creditors		43,000	Cash	10,200
Bills Payable		17,000	Stock	24,500
General Reserve		70,000	Debtors	27,300
Capitals:			Land and Building	1,40,000
B	40,000		Profit and loss	70,000
C	50,000			
D	52,000	1,42,000		
		2,72,000		**2,72,000**

B died on 30th June, 2023. The partnership deed provided for the following on the death of a partner.

i. Goodwill of the firm was to be valued at 3 years' purchase of the average profits of last 5 years. The profits for the years ending 31st March, 2023, 31st March, 2022, 31st March, 2021 and 31st March, 2020 were ₹ 70,000, ₹ 60,000, ₹ 50,000 and ₹ 40,000 respectively.

ii. B's share in the profit or loss of the firm till the date of his death was to be calculated on the basis of the net profit or loss for the year ending 31st march, 2023.

You are required to calculate the following:

i. Goodwill of the firm and B's share of goodwill at the time of his death.

ii. B's share in the profit and loss of the firm till the date of his death.

iii. Prepare B's capital account at the time of his death to be presented to his executors.

25. Akul, Bakul and Chandan were partners in a firm sharing profits in the ratio of 2 : 2 : 1. On 31st March 2023 their Balance Sheet was as follows: **[6]**

Balance Sheet of Akul, Bakul and Chandan as on 31-3-2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		45,000	Cash at Bank		42,000
Employees Provident Fund		13,000	Debtors	60,000	
General reserve		20,000	Less: Provision for doubtful debts	(2,000)	58,000
Capitals:			Stock		80,000
Akul	1,60,000		Furniture		90,000
Bakul	1,20,000		Plant and Machinery		1,80,000
Chandan	92,000	3,72,000			
		4,50,000			**4,50,000**

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

i. Plant and Machinery was undervalued by 10%.

ii. Provision for doubtful debts was to be increased to 15% on debtors.

iii. Furniture was to be decreased to ₹ 87,000.

iv. Goodwill of the firm was valued at ₹ 3,00,000 and Bakul's share was to be adjusted through the capital accounts of Akul and Chandan.

v. Capital of the new firm was to be in the new profit sharing ratio of the continuing partners.

Prepare Revaluation account, Partners' Capital accounts and the Balance Sheet of the reconstituted firm.

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

Naman Ltd. took over Assets of ₹ 6,00,000 and Liabilities of ₹ 40,000 of Pawan Ltd. at an agreed value of ₹ 6,30,000. Naman Ltd. issued 10% Debentures of ₹ 100 each at a discount of 10% to Pawan Ltd. in full satisfaction of the price. Naman Ltd. writes off any capital losses incurred during a year, at the end of that financial year.

(a) In which account is the difference between the assets and liabilities taken over and the payment made be transferred to?

a) Capital Reserve b) General Reserve

c) Debenture Redemption Reserve d) Goodwill

(b) What is the amount of discount given to Pawan Ltd. on the issue of debentures?

a) ₹ 70,000
b) ₹ 60,000
c) ₹ 75,000
d) ₹ 65,000

(c) As Naman Ltd. writes off the capital losses where will the discount on issue of debentures be transferred to?

a) General Reserve
b) Statement of Profit and Loss
c) Securities Premium
d) Capital Reserve

(d) Which amount of interest will be paid by Naman Ltd. to Pawan Ltd.?

a) ₹ 63,000
b) ₹ 70,000
c) ₹ 64,000
d) ₹ 60,000

(e) Above case study is an example of-

a) issue of debentures in consideration other than cash
b) both a and b
c) redemption of debentures
d) issue of debentures as collateral security

(f) What is the value of the debentures issued by Naman Ltd. to Pawan Ltd.?

a) ₹ 5,67,000
b) ₹ 6,30,000
c) ₹ 5,70,000
d) ₹ 5,40,000

Part B :- Analysis of Financial Statements

27. For whom analysis of financial statements is not significant? **[1]**

i. Political Adviser of Prime Minister
ii. Investors
iii. Management
iv. Financial Institutions

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

OR

Reserve and surplus are comes in which head

a) shareholder funds
b) assets
c) fixed assets
d) non current liability

28. Which of the following is not an activity ratio? **[1]**

a) Trade receivables turnover ratio
b) Interest coverage ratio
c) Inventory turnover ratio
d) Working capital turnover ratio

29. **Cash received from royalties** will be considered which type of activity from the following while preparing Cash Flow Statement? **[1]**

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

OR

Which of the following will result in flow of cash?

a) Cash withdrawn from the bank ₹ 50,000

b) ₹ 2,00,000, 9% debentures issued to vendors of machinery

c) Cheques of ₹ 20,000 deposited in the bank

d) ₹ 30,000 received from debtors

30. Which of the following activities are operating activities for the purpose of preparing **Cash flow statement**? **[1]**

i. Dividend and Interest received on securities.
ii. Payment of employee benefit expenses.
iii. Cash receipts from royalties and fees.
iv. Issue of shares against purchase of machinery.

a) (i), (ii) and (iv)

b) (ii), (iii) and (iv)

c) (ii) and (iii)

d) (i), (ii) and (iii)

31. Name the major heads under which the following items will be presented in the balance sheet of a company as per Schedule III of the Companies Act, 2013. **[3]**

i. Loose tools
ii. Copyrights and Patents
iii. Unpaid dividend
iv. Land and Building

32. X Ltd., has a current ratio of 3.5 : 1 and quick ratio of 2 : 1. If excess of current assets over quick assets represented by inventories is ₹ 24,000, calculate current assets and current liabilities. **[3]**

33. From the following information prepare Comparative Balance Sheet of X Ltd.: **[4]**

Particulars	**31-3-2023 Amount ₹**	**31-3-2022 Amount ₹**
Share Capital	25,00,000	25,00,000
Reserves and Surplus	6,00,000	10,00,000
Long-term Borrowings	16,00,000	15,00,000
Current Liabilities	5,00,000	4,50,000
Fixed Assets	35,00,000	25,00,000
Investments (Non-Current)	10,50,000	15,00,000
Current Assets	6,50,000	14,50,000

OR

From the following information, prepare Comparative Statement of Profit and Loss for the year ended 31st March, 2023:

Particulars	**2022 - 23 (₹)**	**2021 - 22 (₹)**
Revenue from operations	4,00,000	2,00,000
Other income	80,000	40,000

Employee benefit expenses - 50% of Revenue from operations		
Tax rate 50%		

34. From the following balance sheet of Vikas 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)**
1.EQUITY AND LIABILITIES			
1.Shareholders' Funds			
(a)Share Capital		90,000	1,30,000
(b)Reserves and Surplus		48,000	84,000
2.Current Liablities			
Trade Payables		17,400	22,000
Total		1,55,400	2,36,000
II.ASSETS			
1.Non-current Assets			
Fixed Assets		93,400	1,66,000
2.Current Assets			
(a)Inventories (Stock)		22,000	26,000
(b)Trade Receivable (Debtors)		36,000	39,000
(c) Cash		4,000	5,000
Total		1,55,400	2,36,000

Notes to Accounts

Particulars	**31st March, 2009 (Rs)**	**31st March, 2010 (Rs)**
1.Reserves and Surplus		
Generaql Reserve	28,000	54,000
Surplus, i.e. Balance in Statement of Profit and Loss	20,000	30,000
	48,000	84,000

Additional Information

i. Depreciation charged on fixed assets for the year 2009-2010 was Rs. 20,000.
ii. Income tax Rs.5.000 has been paid in advance during the year.

Solutions

Part A:- Accounting for Partnership Firms and Companies

1.
(d) ₹ 20,000
Explanation:
₹ 20,000

2.
(b) Both A and R are true but R is not the correct explanation of A.
Explanation:
The interest on capital is charges in accordance with the partnership deed, and if not mentioned it will not be charged.

3.
(c) Securities premium account
Explanation:
Securities premium account

OR

(d) ₹ 6,00,000
Explanation:
₹ 6,00,000

4. **(a)** Sacrifice $\frac{1}{10}$
Explanation:
Sacrificing Ratio = Old Ratio - New Ratio
Sacrifice = $\frac{3}{10}-\frac{2}{10}=\frac{1}{10}$

OR

(b)

A's Capital A/c Dr.	₹ 1,800
To Interest on drawings A/c	₹ 1,800

Explanation:

A's Capital A/c Dr.	₹ 1,800
To Interest on drawings A/c	₹ 1,800

5.
(b) 7.5 months
Explanation:
Time period = $\frac{12+3}{2}$ = 7.5 months

6. **(a)** ₹ 1,00,000
Explanation:
₹ 1,00,000

OR

(c) ₹ 2,00,000 and ₹ 3,50,000

Explanation:

₹ 2,00,000 and ₹ 3,50,000

Amount received on application = $5{,}000 \times 40 = 2{,}00{,}000$

Amount received on allotment = $5{,}000 \times 70$ (60+10(premium)) = 3,50,000

7. **(a)** ₹ 3,000

Explanation:

₹ 3,000

8. **(a)**

Particulars		Debit Amount (₹)	Credit Amount (₹)
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			7,500
To L's Capital A/c			15,000
To M's Capital A/c			22,500

Explanation:

Particulars		Debit Amount (₹)	Credit Amount (₹)
Workmen's Compensation Fund A/c	Dr.	45,000	
To K's Capital A/c			7,500
To L's Capital A/c			15,000
To M's Capital A/c			22,500

OR

(c) ₹ 20,000

Explanation:

₹ 20,000

9.

(b) Interest on Drawings account

Explanation:

Interest on Drawings account

10.

(c) $4\frac{1}{2}$ months

Explanation:

$4\frac{1}{2}$ months

11. **(a)**

L's Capital/Current A/c	Dr.	₹ 900	
To Interest on Drawings A/c			₹ 900

Explanation:

L's Capital/Current A/c	Dr.	₹ 900	

To Interest on Drawings A/c			₹ 900

12. **(a)** Share Capital
Explanation:
Share Capital
Forfeited share amount included in shareholder fund in share capital.

13. **(a)** ₹ 6,400
Explanation:
₹ 6,400

14.
(d) ₹ 4,500
Explanation:
₹ 4,500

15.
(b) ₹ 45,000
Explanation:
Capital Ratio = 9,00,000 : 3,00,000
Capital Ratio = 3 : 1
Divya's share in Goodwill $= 60000 \times \frac{3}{4}$
= 45000

OR

(b) Credited to Partners’ Capital Accounts
Explanation:
Credited to Partners’ Capital Accounts

16.
(b) Partners' Capital Accounts
Explanation:
Partners' Capital Accounts

17. **Calculation of Interest on Capital**

Rakshit	**(₹)**
Interest on Capital from 1 April 2021 to 30 Nov. 2021	
$\frac{6}{100} \times \frac{8}{12} \times$ 1,20,000	4,800
Interest on Capital from 1 Dec. 2021 to 31 March 2022	
$\frac{6}{100} \times \frac{4}{12} \times$ 2,00,000	4,000
Interest on Capital	8,800
Malik	**(₹)**
Interest on Capital from 1 April 2021 to 30 Nov. 2021	
$\frac{6}{100} \times \frac{8}{12} \times$ 80,000	3,200
Interest on Capital from 1 Dec. 2021 to 31 March 2022	
$\frac{6}{100} \times \frac{4}{12} \times$ 1,00,000 Interest on Capital	2,000
	5,200

18. **Calculation of Interest on Capitals :-**

Particulars	₹
Pankaj: From 1st April, 2022 to 30th September, 2022 = ₹ 4,80,000 $\times \frac{6}{100} \times \frac{6}{12}$	14,400
From 1st Oct., 2022 to 31st March, 2023 = ₹ 5,00,000 $\times \frac{6}{100} \times \frac{6}{12}$	15,000
	29,400
Pawan: From 1st April, 2022 to 30th September, 2022 = ₹ 5,40,000 $\times \frac{6}{100} \times \frac{6}{12}$	16,200
From 1st Oct., 2022 to 31st March, 2023 = ₹ 5,00,000 $\times \frac{6}{100} \times \frac{6}{12}$	15,000
	31,200

OR

STATEMENT OF ADJUSTMENT

Particulars		A(₹)	B(₹)	C(₹)	Total (₹)
Interest on Capital		1,500	1,000	500	3,000
Salary(500×12) Commission:			6,000		6,000
5% on (30,000 - Interest on Capital 3,000)				1,350	1,350
Remaining Profit te.₹ 30,000 - ₹ 3,000 - ₹6,000 - ₹1,350 = ₹19,650 will be divided in their profit sharing ratio i.e. 2 : 2 : 1		7,860	7,860	3,930	19,650
Net amount which should have been received	Cr.	9,360	14,860	5,780	30,000
Less : Profit already distributed in 3 : 2 :1	Dr.	15,000	10,000	5,000	30.000
Net Effect		5,640 (Dr)	4,860 (Cr)	780 (Cr)	-

ADJUSTMENT ENTRY

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
2022 April 1	A's Capital A/c	Dr.		5,640	
	To B's Capital A/c				4,860
	To C's Capital A/c (Adjustment for omissions)				780

19. **Journal Entries**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c	Dr.		3,00,000	
	Goodwill A/c	Dr.		25,000	
	To Sundry liabilities A/c				50,000
	To Dow Ltd. A/c				2,75,000
	(Being assets and liabilities purchased at higher consideration)				
	Dow Ltd.	Dr.		2,75,000	
	To 8% debenture A/c				2,50,000
	To Securities Premium reserve				25,000
	(Being purchase consideration paid in debentures)				

Note: No. of Debentures Issued = $\frac{₹\ 2,75,000}{₹\ 55}$ = 5,000 Debentures.

OR

When the number of shares applied is more than the number of shares issued for subscription by the company it is said to be case of oversubscription.

For Example: A company invited applications for 1,00,000 shares and received applications for 2,00,000 shares.

The alternatives available for allotment of shares are:

a. To allot shares in full to selected applicants and reject the remaining applications.
b. To make pro rata allotment to all applicants.
c. Reject some applications, allot in full to some, and pro rata allotment to remaining.

20. Normal Profit = $\frac{10}{100} \times 1,50,000$ = ₹ 15,000

Average Profit = ₹ 23,500

Super Profit = Average Profits - Normal Profits

= 23,500 - 15,000

= ₹ 8,500

Goodwill = super Profits $\times$ Number of years' purchase

= 8,500 $\times$ 3

= ₹ 25,500

21.

MM Ltd.

Balance Sheet (extract) as at ...

Particulars	**Note No.**	**Amount (₹)**
I. EQUITY AND LIABILITIES		
1. Shareholders' funds		
(a) Share Capital	1	99,97,000

Notes to Accounts:-

Particulars		**Amount (₹)**
1. Share Capital		
Authorized Capital		
1,00,00,000 Equity Shares of ₹ 10 each		10,00,00,000
Issued Capital		
10,00,000 Equity Shares of ₹ 10 each		1,00,00,000
Subscribed Capital		
Subscribed and Fully Paid Up		
9,99,000 Equity Shares of ₹ 10 each		99,90,000
Subscribed but Not Fully Paid Up		
1,000 Equity Shares of ₹ 10 each	10,000	
Less: Calls in arrears	3,000	7,000
		99,97,000

22.

DATE	**PARTICULARS**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Realisation A/c	Dr.		36,000	
	To Amar's Capital A/c				36,000
	(Being money reimburse to Amar by the firm a/c)				.

23.

Journal Entries

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
(i)	Equity Share Application A/c	Dr.		45,00,000	
	To Equity Share Capital A/c				30,00,000

	To Equity Share Allotment A/c				12,50,000
	To Calls-in-Advance A/c				2,50,000
	(Adjustment of application money)				
(ii)	Equity Share Allotment A/c	Dr.		20,00,000	
	To Equity Share Capital A/c				20,00,000
	(Allotment money due)				
(iii)	Calls in arrears A/c	Dr.		15,000	
	To Equity Share allotment A/c				15,000
	(Allotment money received except on 3,000 shares)				
(iv)	Equity Share Capital a/c	Dr.		75,000	
	To Equity Share forfeited A/c				60,000
	To Equity Shares Allotment A/c/Calls-in-Arrears A/c				15,000
	(3,000 equity shares forfeited)				
(v)	Equity Shares First and Final Call A/c	Dr.		49,25,000	
	To Equity Share Capital a/c				49,25,000
	(First and final call due on 1,97,000 equity shares)				
(vi)	Calls-in-Advance A/c	Dr.		2,50,000	
	Calls in arrears a/c	Dr.		10,000	
	To Equity Shares First and Final Call A/c				2,60,000
	(First and final call money received except on 500 shares and advance adjusted)				
(vii)	Equity Share Capital a/c	Dr.		25,000	
	To Equity Share forfeited a/c				15,000
	To Equity Shares First and Final Call A/c/Calls-in-Arrears A/c				10,000
	(500 shares forfeited)				
(vii)	Share forfeited A/c	Dr.		75,000	
	To Capital Reserve A/c				75,000
	(Gain on reissue of forfeited shares transferred to Capital Reserve Account)				

CASH BOOK (BANK COLUMN ONLY)

Dr.					**Cr.**
Particulars	**L.F.**	**(₹)**	**Particulars**	**L.F.**	**(₹)**
To share application		45,00,000	By Balance c/d		1,01,10,000
To share allotment		7,35,000			
To Equity Shares First and Final Call A/c		46,65,000			
To equity share capital A/c		1,75,000			
To securities premium reserve A/c		35,000			
		1,01,10,000			**1,01,10,000**

Working Notes:

1. Calculation of the amount due but not paid by Namita on allotment:

No. of shares applied by Namita = $3,000 \times \frac{2,00,000}{1,50,000}$ = 4,000 shares.

		₹
(a)	Excess application money [(4,000 - 3,000) × ₹ 15]	15,000
(b)	Amount due on allotment (3,000 × ₹ 10)	30,000
(c)	Amount due but not paid by Namita on Allotment (b - a)	15,000

2. Calculation of allotment money received:

Total allotment money due (2,00,000 × ₹ 10)		20,00,000
Less: (i) Amount already received on application stage	12,50,000	
(ii) Amount due but not paid by Namita (WN 1)	15,000	12,65,000
Allotment money received		7,35,000

3. Calculation of amount due but not received from Manav on First and Final Call:

No. of shares allotted to Manav = $1,000 \times \frac{50,000}{1,00,000}$ = 500 shares.

		₹
(a)	Excess application money [(1,000 - 500) × ₹ 15)]	7,500
(b)	Amount due on allotment (500 × ₹ 10)	5,000
(c)	Amount still in excess to be adjusted on call (a - b)	2,500
(d)	Amount due on call (500 × ₹ 25)	12,500
(e)	Amount due but not received from Manav (d - c)	10,000

4. Calculation of amount of First and Final Call money received:

Total call money due (1,97,000 × ₹ 25)		49,25,000
Less: (i) Calls-in-Advance	2,50,000	
(ii) Amount due but not received from Manav (WN 3)	10,000	2,60,000
Call money received		46,65,000

OR

i. **Journal Entry**

Particulars		L.F	Dr.	Cr.
Share Capital A/c (2400×10)	Dr.		24,000	
To Share Forfeiture				16,800
To Share Final Call (2400×3) (Share Forfeited for Non Payment of Final Call)				7,200
Bank A/c (800×8)	Dr.		6,400	
Share Forfeiture A/c	Dr.		1,600	
To Share Capital A/c (800×10) (Forfeited Share Reissued)				8,000
Share Forfeiture A/c	Dr.		4,000	
To Capital Reserve (Amount of Forfeiture Transferred)				4,000

Amount of Forfeiture on 800 Shares

$= \frac{16,800}{2,400} \times 800$

= ₹ 5,600

Amount Transferred = ₹ 5,600 - ₹ 1,600 = ₹ 4,000

ii. **Journal Entry**

Particulars		L.F	Dr.	Cr.
Machinery A/c	Dr.		9,00,000	
Land & Building A/c	Dr.		13,50,000	
Furniture A/c	Dr.		8,50,000	
To Capital Reserve				10,00,000
To Sundry Creditor A/c				3,00,000
To Hardik Ltd. (Business Purchased from Hardik Ltd.)				18,00,000
Hardik Ltd. A/c	Dr.		18,00,000	
To Equity Share Capital				10,00,000
To Bank A/c (Share Issued to Hardik Ltd.)				8,00,000

24.

Dr		Revaluation Account		Cr
Particulars		**Amt (Rs)**	**Particulars**	
To Gain on Revaluation Transferred to			By Plant and Machinery A/c	14,000
Ishu's Capital A/c (30,800×3/5)	18,480		By Provision for Doubtful Debts A/c	7,000
Vishnu's Capital A/c (30,800×2/5)	12,320	30,800	By Creditors A/c	9,800
		30,800		30,800

Dr	Partners' Capital Account						Cr
Particulars	**Ishu (Rs)**	**Vishnu (Rs)**	**Nishu (Rs)**	**Particulars**	**Ishu (Rs)**	**Vishnu (Rs)**	**Nishu (Rs)**
To Bank A/c(balancing Figure)	__	22,720	__	By Balance b/d	1,19,000	1,12,000	__
				By Bank A/c	__	__	56,000
To Balance c/d	1,68,000	1,12,000	56,000	By Premium for Goodwill A/c	8,400	5,600	__
				By General Reserve A/c	6,000	4,000	__
				By Investment Fluctuation fund A/c	1,200	800	
				By Revaluation A/c(Profit)	18,480	12,320	__
				By Bank A/c(Balancing Figure)	14,920	__	__
	1,68,000	1,34,720	56,000		1,68,000	1,34,720	56,000

Balance Sheet
as at 31st March 2009

Liabilities		Amt (Rs)	Assets	Amt(Rs)
Creditors (66,000 - 9,800)		56,200	Plant and Machinery (70,000 + 14,000)	84,000
Capital A/cs			Debtors	42,000
Ishu	1,68,000		Investment	19,000
Vishnu	1,12,000		Building	98,000
Nishu	56,000		Bank	1,49,200
		3,36,000		

		3,92,200		3,92,200

Working Note

Dr	Bank Account		Cr
Particulars	**Amt(Rs)**	**Particulars**	**Amt(Rs)**
To Balance b/d	87,000	By Vishnu's Capital A/c	22,720
To Nishu's Capital A/c	56,000	By Balance c/d	1,49,200
To Premium for Goodwill A/c	14,000		
To Ishu's Capital A/c	14,920		
	1,71,920		1,71,920

Calculation of Nishu’s Share of Goodwill

Firm’s goodwill = Rs 84,000; Nishu’s share of goodwill = $84,000 \times \frac{1}{6} = Rs14,000$

To be credited to Ishu and Vishnu in sacrificing ratio i.e., 3: 2.

Ishu share = 14,000×3/5 = 8,400; Vishnu share = 14,000× 2/5 = 5600.

Calculation of New Ratio

Nishu’s share = $\frac{1}{6}th$; Remaining share = $1 - \frac{1}{6} = \frac{5}{6}\text{th}$

Ishu's new share = $\frac{5}{6} \times \frac{3}{5} = \frac{15}{30}$

Vishnu's new share = $\frac{5}{6} \times \frac{2}{5} = \frac{10}{30}$

Nishu's new share = $\frac{1}{6} \times \frac{5}{5} = \frac{5}{30}$

$\therefore$ New ratio = 15:10:5, i.e. 3:2:1

"All debtors are considered good" means Provision for bad debts is no longer required and hence should be credited to revaluation account.

Distribution of general Reserve in old sharing Ratio in old partners'.

Ishu share = 10,000× 3/5 = 6,000; Vishnu share = 10,000× 2/5 = 4,000

Entry for Investment Fluctuation Fund

Particulars		Amt(Dr)	Amt(Cr)
Investment Fluctuation Fund A/c	**Dr**	**4,000**	
To Investment A/c			**2,000**
To Ishu's Capital A/c			**1,200**
To Vishnu's Capital A/c			**8,00**
(Being distribution of Investment fluctuation fund among partners')			

Calculation of Adjustment of Capital

For $\frac{1}{6}$th share, capital = Rs 56,000

Total capital = $56,000 \times \frac{6}{1} = Rs3,36,000$

Ishu’s capital = $3,36,000 \times \frac{3}{6} = Rs1,68,000$

Vishnu’s capital = $3,36,000 \times \frac{2}{6} = Rs1,12,000$

Nishu’s capital =$3,36,000 \times \frac{1}{6} = Rs56,000$

OR

One major change in the constitution of a partnership firm may occur if a partner undergoes retirement from the firm or in the event of his death. In both cases, the partner’s account will have to be settled, and new ratios will have to be calculated. There is also the issue of treatment of goodwill. The following are the important adjustments:

Adjustment for revaluation of assets and liabilities

New profit sharing ratio and gaining ratio

Adjustment of partner's capital

Treatment of goodwill

i. **Calculation of B's Share of Goodwill**

   5 years total profit = (-) 70,000 + 70,000 + 60,000 + 50,000 + 40,000 = ₹ 1,50,000

Average profit = $\frac{1,50,000}{5}$ = ₹ 30,000

Firm's Goodwill = Average Profit × Number of Years' Purchase = 30,000 × 3 = ₹ 90,000

B's share of goodwill = 90,000 × $\frac{5}{10}$ = ₹ 45,000, to be contributed by C and D in their gaining ratio of i.e, 3 : 2. C will contribute = 45,000 × $\frac{3}{5}$ = ₹ 27,000; D will contribute = 45,000 × $\frac{2}{5}$ = ₹ 18,000

ii. **Calculation of B's Share of Profit**

B's share in loss = ₹ 70,000 × $\frac{5}{10}$ × $\frac{3}{12}$ = ₹ 8,750 (Dr)

B's Capital Account

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023 June 30	To Profit and Loss A/c(70,000 × $\frac{5}{10}$)	35,000	2023 April 1	By Balance b/d	40,000
June 30	To Profit and Loss Suspense A/c (Loss)	8,750	June 30	By General Reserve A/c (70,000× $\frac{5}{10}$)	35,000
June 30	To B's Executor's A/c	76,250	June 30	By C's Capital A/c	27,000
			June 30	By D's Capital A/c	18,000
		1,20,000			**1,20,000**

25. **Revaluation Account**

Particulars		₹	Particulars	₹
To Provision for Doubtful Debts		7,000	By Plant and Machinery	20,000
To Furniture		3,000		
To Profit transferred:				
Akul	4,000			
Bakul	4,000			
Chandan	2,000	10,000		
		20,000		**20,000**

Capital Accounts

Particulars	Akul	Bakul	Chandan	Particulars	Akul	Bakul	Chandan
	₹	₹	₹		₹	₹	₹
To Bakul Capital A/c	80,000		40,000	By Balance b/d	1,60,000	1,20,000	92,000
To Bakul loan A/c		2,52,000		By General Reserve	8,000	8,000	4,000
To Balance c/d	92,000		58,000	By Revaluation A/c	4,000	4,000	2,000
				By Akul Capital A/c		80,000	
				By Chandan Capital A/c		40,000	
	1,72,000	**2,52,000**	**98,000**		**1,72,000**	**2,52,000**	**98,000**
To Bank A/c			8,000	By Balance b/d	92,000		58,000
To Balance c/d	1,00,000		50,000	By Bank A/c	8,000		
	1,00,000		**58,000**		**1,00,000**		**58,000**

Balance Sheet

as at 31st March 2023

Liabilities	Amount (₹)	Assets		Amount (₹)
Sundry Creditors	45,000	Cash at bank		42,000
Employees Provident Fund	13,000	Debtors	60,000	

Bakul's Loan		2,52,000	Less: Provision for Doubtful Debts	(9,000)	51,000
Capital Accounts:			Stock		80,000
Akul	1,00,000		Furniture		87,000
Chandan	50,000	1,50,000	Plant and Machinery		2,00,000
		4,60,000			**4,60,000**

Total capital of Akul and Chandan after Bakul's retirement:-

= ₹ 92,000 + ₹ 58,000

= ₹ 1,50,000

distributed in new ratio after Bakul retirement in 2 : 1.

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

Naman Ltd. took over Assets of ₹ 6,00,000 and Liabilities of ₹ 40,000 of Pawan Ltd. at an agreed value of ₹ 6,30,000. Naman Ltd. issued 10% Debentures of ₹ 100 each at a discount of 10% to Pawan Ltd. in full satisfaction of the price. Naman Ltd. writes off any capital losses incurred during a year, at the end of that financial year.

(i) **(d)** Goodwill

Explanation:

Goodwill

(ii) **(a)** ₹ 70,000

Explanation:

₹ 7,00,000 - ₹ 6,30,000 = ₹ 70,000

(iii) **(b)** Statement of Profit and Loss

Explanation:

Statement of Profit and Loss

(iv) **(b)** ₹ 70,000

Explanation:

10 % of ₹ 7,00,000 = ₹ 70,000

(v) **(a)** issue of debentures in consideration other than cash

Explanation:

issue of debentures in consideration other than cash

(vi) **(a)** ₹ 5,67,000

Explanation:

₹ 5,67,000

Part B :- Analysis of Financial Statements

27.

(b) Option (i)

Explanation:

Option (i)

OR

(a) shareholder funds

Explanation:

shareholder funds

28.

(b) Interest coverage ratio

Explanation:

Interest coverage ratio is a solvency ratio.

29.

(b) Operating Activity

Explanation:

Operating Activity

OR

(d) ₹ 30,000 received from debtors

Explanation:

₹ 30,000 received from debtors

30.

(c) (ii) and (iii)

Explanation:

(ii) and (iii)

31. The balance sheet is prepared as per schedule 3 of the companies act,2013 and items are arranged as to cop with international standards.

Items	**Major Heads**
Loose Tools	Current Assets
Copyrights and Patents	Non-current Assets - intangible asset
Unpaid Dividend	Current Liabilities
Land and Building	Non-current Assets (fixed assets)

32. Current Ratio $= \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{3.5}{1}$

Quick Ratio $= \frac{\text{Quick Assets}}{\text{Current Liabilities}} = \frac{2}{1}$

Let Current Liabilities be = x

Current Assets = 3.5 x

Quick Assets = 2 x

Stock = Current Assets - Quick Assets

24,000 = 3.5x - 2x

or, 24,000 = 1.5x

x = 16,000

Current Liabilities = x = ₹ 16,000

Current Assets = 3.5 x = 3.5 $\times$ 16,000 = ₹ 56,000

Quick Assets = ₹ 56,000 - 24,000 = ₹ 32,000

33.

X Ltd.

COMPARATIVE BALANCE SHEET OF X LTD.

as at 31st March, 2022 and 2023

	Particulars	**Note No.**	**31st March, 2022 (₹)**	**31st March, 2023 (₹)**	**Absolute change (Increase/Decrease)**	**Percentage Change (Increase/Decrease)**
I.	**EQUITY AND LIABILITIES**					
1.	**Shareholders' Funds**					
	(a) Share Capital		25,00,000	25,00,000	____	____
	(b) Reserves and Surplus		10,00,000	6,00,000	(4,00,000)	(40.00)
2.	**Non-Current Liabilities**					
	Long-term Borrowings		15,00,000	16,00,000	1,00,000	6.67
3.	**Current Liabilities**		4,50,000	5,00,000	50,000	11.11
	TOTAL		**54,50,000**	**52,00,000**	**(2,50,000)**	**(4.59)**

II.	**ASSETS**					
1.	**Non-Current Assets**					
	(a) Property, Plant and Equipment and Intangible Assets		25,00,000	35,00,000	10,00,000	40.00
	(b) Non-current Investments		15,00,000	10,50,000	(4,50,000)	(30.00)
2.	**Current Assets**		14,50,000	6,50,000	(8,00,000)	(55.17)
	TOTAL		**54,50,000**	**52,00,000**	**(2,50,000)**	**(4.59)**

OR

Comparative Statement of Profit and Loss

for the year ended 31st March 2023

Particulars	Note No.	2021-22 ₹	2022-23 ₹	Absolute Increase/ Decrease ₹	Percentage Increase/ Decrease %
I. Revenue from Operations		2,00,000	4,00,000	2,00,000	100
II. Other Income		40,000	80,000	40,000	100
III. Total Revenue (I + II)		2,40,000	4,80,000	2,40,000	100
IV. Expenses: Employees Benefit Expenses		1,00,000	2,00,000	1,00,000	100
V. Profit before tax (III - IV)		1,40,000	2,80,000	1,40,000	100
VI. Less: Tax @ 50%		70,000	1,40,000	70,000	100
VII. Profit after tax (V - VI)		70,000	1,40,000	70,000	100

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 Extra ordinary Items [W.N. (i)]		41,000
Adjustments for Non Cash And Non Operating Items		
(+)Depreciation on Fixed Assets	20,000	20,000
Operating Profit before Working Capital Changes		61,000
(+)Decrease in Current Assets and Increase in Current Liabilities		
Creditors	4,600	
(-)Increase in Current Assets and Decrease in Current Liabilities		
Debtors	(3,000)	
Stock	(4,000)	(2,400)
Cash Generated from Operations		**58,600**
(-)Income Tax Paid		(5,000)
Net Cash Flow from Operating Activities		**53,600**
II.Cash Flow from Investing Activities		
Purchase of Fixed Assets [W.N. (ii)]	(92,600)	
Net Cash Used in Investing Activities		(92,600)

III.Cash Flow from Financing Activities		
Proceeds from Issue of Shares	40,000	
Net Cash Flow from Financing Activities		40,000
Net Increase in Cash and Cash Equivalents [I+II+III]		**1,000**
(+)Cash and Cash Equivalents at the Beginning of Period		4,000
Cash and Cash Equivalents at the End of Period		**5,000**

Working Note :

1.Calculation of Net Profit before Tax and Extraordinary Items	
Net Profit for the year (30,000-20,000)	10,000
(+)Transfer to general reserve	26,000
(+)Provision for tax (Income Tax Paid in advance)	5,000
Net Profit before Tax and Extra ordinary Items	**Rs.41,000**

Dr	**Fixed Assets Account**		**Cr**
Particulars	**Amt (Rs)**	**Particulars**	**Amt (Rs)**
To Balance b/d	93,400	By Depreciation A/c	20,000
To Bank A/c (Balancing figure) (Purchase)	92,600	By Balance c/d	1,66,000
	1,86,000		1,86,000

Note : Transfer from Surplus to other Reserves is added because it is appropriation of Profit.
Provision for Tax is an estimate of tax liability for current year.
Depreciation is shown as an expense in the Statement of Profit and Loss to determine profit for the year.It does not involve payment in cash but is an allocation of cost of fixed asset. So Depreciation is added back.