SAMPLE QUESTION PAPER - 2
SUBJECT- ACCOUNTANCY (055)
CLASS XII (2023-24)

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. Match the followings: **[1]**

X and Y are partners sharing profits in the ratio of 7 : 3 with a capital of ₹ 2,00,000 each. They admitted Z as a new partner and new profit sharing ratio between X, Y and Z is 5 : 2 : 3. Z has paid ₹ 1,20,000 against capital.

Find out the capital balance of each partner:

(a) Goodwill already appeared in the books (A) X = 1,86,000; amounting to ₹ 30,000. Z was exempted Y = 1,94,000 from premium for goodwill.	(i) X = 1,86,000; Y = 1,94,000; Z = 1,20,000
(b) Total goodwill of the firm valued at ₹ 1,00,000 and Z was unable to bring his share of goodwill in cash	(ii) X = 1,79,000; Y = 1,91,000; Z = 1,20,000
(c) Z was exempted from premium for goodwill. Balance Sheet shows Profit & Loss (Cr.) ₹ 30,000 at the time of admission	(iii) X = 2,20,000; Y = 2,10,000; Z = 1,20,000
(d) Advertisement suspense = 20,000 (Z was exempted from premium for goodwill)	(iv) X = 2,21,000; Y = 2,09,000; Z = 1,20,000

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

2. **Assertion (A):** A, B and C are partners sharing profits in the ratio of 3 : 2 : 1. C is given a guarantee that his share of profit in any year will not be less than ₹ 1,00,000 and any deficiency will be met by A and B in 2 : 1. Net Profit for the year amounted to ₹ 6,00,000 and after appropriations it was ₹ 5,10,000. A will be debited by ₹ 10,000 and B by ₹ 5,000 as shortfall in guaranteed profit to C. **[1]**

Reason (R): Profit share of C will be ₹ 85,000 (₹ 5,10,000 $\times \frac{1}{6}$). Hence deficiency will be ₹ 15,000 and as such A will be debited by ₹ 10,000 (₹15,000 $\times \frac{2}{3}$) and B will be debited by ₹ 5,000.

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. As per SEBI Guidelines, minimum subscription shall be fixed at **[1]**

a) 90% of the authorised capital

b) 85% of the issued amount

c) 95% of the authorised capital

d) 90% of the issued amount

OR

Joy Ltd. company bought a Building for ₹ 9,00,000 and the consideration was paid by issuing 10% Debentures of the normal face value of ₹ 100 each at a discount of 10%. Calculate the no of debenture to be issued.

a) 10,000 debentures

b) 1,00,000

c) 9,000

d) 90,000

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

a) Sacrificing ratio

b) New profit sharing ratio

c) Old profit sharing ratio

d) Gaining ratio

OR

Which of the following is shown in P/L Appropriation A/c?

a) Manager's Commission

b) Partner's Commission

c) Rent to partner

d) Interest on loan

ii. Manager's Commission
iii. Interest on Partner's Loan
iv. Interest on Partner's Capital

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

6. Shareholders get dividend, Debenture holders get **[1]**

a) Profit
b) Bonus
c) Interest
d) Shares

OR

Under which head the amount of discount which is unamortized or cannot be written off, is shown in the balance sheet?

a) Other Non-current Liabilities
b) Other current liabilities
c) Other current assets
d) Other Non-current Assets

7. **Assertion (A):** Maximum amount of discount allowed at the time of reissue of forfeited shares should not exceed the forfeited amount. **[1]**
Reason (R): The excess amount of forfeited shares account is transferred to capital reserve account.

a) Both A and R are true and R is the correct explanation of A.
b) Both A and R are true but R is not the correct explanation of A.
c) A is true but R is false.
d) A is false but R is true.

8. How goodwill is recorded on the retirement of a partner? **[1]**

a)

Goodwill A/c	Dr.
To All Partner's Capital A/cs	(In Old Ratio)

b)

Goodwill A/c	Dr.
To Retiring Partner's Capital A/c	(with his share)

c)

Remaining Partner's Capital	Dr. (In Gaining Ratio)

d)

Remaining Partner's Capital	Dr. (In New Ratio)

To Retiring Partner's Capital A/c	(with his share of goodwill)

To Retiring Partner's Capital A/c	(with his share of goodwill)

OR

Calculate interest on capital of Mr. Rohan @ 8% p.a. as on 31.03.2021.
His Fixed capital balance as on 31.03.2021 is ₹ 5,00,000
Additional capital introduced on 01.07.2020 is ₹ 1,00,000
Drawing against profit on 01.10.2020 is ₹ 60,000

a) 46,000 b) 38,000

c) 40,000 d) 40,400

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

Ankit, Sumit and Jatin are partners without a Partnership Deed. On 1st April, 2020, their capitals were ₹ 3,00,000, ₹ 2,00,000 and ₹ 1,00,000 respectively. During the year, they withdrew ₹ 30,000, ₹ 20,000 and ₹ 10,000 respectively.
On 1st October, 2020, Sumit gave a loan of ₹ 50,000 to the firm and demands interest on loan @ 10% p.a. for the year ended 31st March, 2021.
Jatin wants to admit a new partner, Vinod but Ankit and Sumit do not agree for it.
Ankit demands a salary of ₹ 1,000 p.m. for the year for taking part in business of the firm.
For the year ended 31st March, 2021, the firm earned a profit of ₹ 60,000.

9. Interest on Sumit's loan is ________.

a) ₹ 3,000 b) ₹ 5,000

c) ₹ 2,500 d) ₹ 1,500

10. Find the amount to be given to Ankit as salary.

a) ₹ 10,000 b) ₹ 9,000

c) ₹ 12,000 d) No salary will be given

11. When partners capitals are fixed, which of the following is not shown in the debit side of Partners Current Account? **[1]**

a) withdrawal of capital b) Drawings

c) Interest on drawings d) Share of loss

Applications were received for 3500 shares and allotment was made on pro-rata basis to all the applicants. Excess money is to be adjusted on allotment only. Girish one shareholder to whom 300 shares were allotted did not pay allotment and call money and his shares were forfeited after the first call made. At the time of forfeiture, the Share forfeiture account is to be credited with:

a) 1050
b) 1200
c) 900
d) 1400

13. Vimal Ltd. purchased machinery costing ₹ 17,00,000 from Madhu Ltd. Vimal Ltd. paid 20% of the amount by cheque and for the balance amount issued Equity Shares of ₹ 100 each at a premium of 25%. Calculate the amount of security premium to be credited. **[1]**

a) 27,200
b) 2,72,000
c) 2,07,200
d) 2,70,200

14. Match the following: Profit sharing ratio is equal **[1]**

(a) Interest on capital of A and B is ₹ 5,000 and ₹ 2,500 respectively and profit for the year before interest on capital is ₹ 10,000	(i) A = 5700 (Loss) , B = 5700 (Loss)
(b) Interest on capital of A and B is ₹ 5,000 and ₹ 2,500 respectively and profit for the year before interest on capital is ₹ 3,900.	(ii) A = 1250 , B = 1250
(c) Interest on capital of A and B is ₹ 5,000 and ₹ 2,500 respectively and loss for the year before interest on capital is ₹ 3,900.	(iii) A = 2600, B = 1300
(d) Interest on capital (Charge) of A and B is ₹ 5,000 and ₹ 2,500 respectively and loss for the year before interest on capital is ₹ 3900.	(iv) A = 1950 (loss), B = 1950 (Loss)

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

15. P, Q and R are partners sharing profits and losses in the ratio of 5 : 3 : 2. S is admitted as a new partner for $\frac{1}{5}$th share. P sacrifices $\frac{1}{10}$th from his share in favour **[1]**

a) ₹ 20,000 b) ₹ 10,000

c) ₹ 30,000 d) ₹ 6,000

OR

Nita and Samar are partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals were ₹ 90,000 and ₹ 2,10,000 respectively. They admitted Mitali on April 1, 2022 as a new partner for $\frac{1}{5}^{th}$ share in future profits. Mitali brought ₹ 1,50,000 as her capital. The value of goodwill of the firm on Mitali's admission was:

a) ₹ 7,50,000 b) ₹ 30,000

c) ₹ 3,00,000 d) ₹ 1,50,000

16. Unrecorded Asset taken over by the partner will not be shown in: **[1]**

a) None of these b) Partners Capital A/c

c) Realisation A/c d) Cash A/c

17. Akash, Aman and Ajay are partners in a firm in the ratio of 3 : 2 : 1. On 1^{st} April, 2023 they decided to share the profits in future in the ratio of 7 : 5 : 4. On this date, General Reserve is ₹ 38,000 and profit on revaluation of assets and liabilities being ₹ 34,000. It was decided that adjustments should be made without altering the figures in the Balance Sheet. Make adjustments by one single journal entry. **[3]**

18. X and Y are partners with capitals of ₹ 1,00,000 and ₹ 80,000 respectively on 1^{st} April, 2022 and their profit sharing ratio is 2 : 1. Interest on capital is agreed @ 12% p.a. Y is to be allowed an annual salary of ₹ 6,000. The profit for the year ended 31st March, 2023 amounted to ₹ 50,000. Manager is entitled to a commission of 10% of the profits. **[3]**
Prepare Profit and Loss Appropriation Account and Capital Accounts.

OR

John and Mathew share profits and losses in the ratio of 3:2. They admit Mohanty into their firm to $\frac{1}{6}$ share in profits. John personally guaranteed that Mohanty's share of profit, after charging interest on capital @ 10 per cent per annum would not be less than ₹ 30,000 in any year. The capital provided was as follows: John ₹ 2,50,000, Mathew ₹ 2,00,000 and Mohanty ₹ 1,50,000. The profit for the year ending March 31, 2015

19. Kumar Ltd. issued 25,000, 7% Debentures of ₹ 100 each at premium of ₹ 20 per debenture. Issue price was payable as follows: ₹ 40 on application, ₹ 50 (including premium) on allotment and balance on first and final call. It received ₹ 10,00,000 as application money. On allotment due amount was received. First and final call is yet to be made. **[3]**

You are required to pass the necessary Journal entries.

OR

Amit Ltd. forfeited 300 Equity Shares of ₹ 10 each, fully called-up, held by Raj for non-payment of allotment money of ₹ 3 per equity share and first and final call money of ₹ 4 per equity share. Out of these, 250 shares were reissued to Suraj for a total payment of ₹ 2,000. Pass Journal entries for forfeiture and reissue.

20. Ram and Rohan were partners sharing profits and losses in the ratio of 2 : 1. They admitted Sohan as a partner for $\frac{1}{5}$th share in the profits. For this purpose, the Goodwill of the firm was to be valued on the basis of three years purchase of last five years average profits. Profits for the last five years were: **[3]**

Year	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**
Profit (₹)	50,000	40,000	75,000	(25,000)	50,000

Calculate Goodwill of the firm after adjusting the following:
The Profit of 2019-20 was calculated after charging ₹ 10,000 for abnormal loss of goods by fire.

21. Sanjay Ltd. invited applications for 40,000 Equity Shares of ₹ 10 each. The amount was payable as follows: on application ₹ 3 per share, on allotment ₹ 4 per share and on first and final call ₹ 3 per share. Applications were received for 37,500 shares. Ajay to whom 1,000 shares were allotted did not pay the allotment money and also first and final call. Sumit who had applied for 500 shares did not pay the first and final call. **[4]**

Pass necessary Journal entries to record the above transactions.

22. State the accounting treatment at the time of dissolution of a firm for: **[4]**

i. Unrecorded assets

ii. Unrecorded liabilities

23. SLR Ltd. forfeited 1,500 shares of Rahul of ₹ 10 each issued at a premium of ₹ 3 per share for non-payment of allotment and first call money. Rahul had applied for 3,000 shares. On these shares, amount was payable as follows: **[6]**

On application	₹ 3 per share

On first call	₹ 5 per share
On final call	Balance

Final call has not been called up. 1,000 of the forfeited shares were reissued for ₹ 8,500 as fully paid-up.
Record the necessary journal entries for the above transactions in the books of SLR Ltd.

OR

A Ltd. offered to the public 20,000 shares of ₹ 100 each at a premium of ₹ 20 per share payable as follows:

	₹
On Application	30
On Allotment	40 (including premium)
On First Call	25, and
On Final Call	25

Issue was over-subscribed and prorata allotment was made to all applicants.
Final Call was not made and a shareholder holding - shares to whom allotment was made on pro-rata basis failed to pay the allotment and first call money.
His shares were forfeited and were re-issued at - per share as ₹ 75 paid-up.
You are required to fill in the missing figures in the Cash Book and Journal of the Company.

CASH BOOK

Particulars	**₹**	**Particulars**	**₹**
To Share Application A/c (____ × ₹ 30)	7,50,000	By Balance c/d	____
To Share Allotment A/c	6,24,000		
To Share First Call A/c	____		
To Share Capital A/c	____		
	____		____

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Share Application A/c	Dr.		____	
	To Share Captial A/c				____
	To Share Allotment A/c (Transfer of application money)				____

	To Share Capital A/c				____
	To Securities Premium A/c (Allotment money due on - shares @ ₹ - per share including premium of ₹ - per share)				____
	Share First Call A/c	Dr.		____	
	To Share Capital A/c (First Call due on - shares @ ₹ - per share)				____
	Share Capital A/c	Dr.		____	
	Securities Premium A/c	Dr.		____	
	To Share Allotment A/c				____
	To Share First Call A/c				____
	To Share Forfeiture A/c (____ shares forfeited for non-payment of Allotment and First Call)				30,000
	Share Forfeiture A/c	Dr.		____	
	To Share Capital A/c (Forfeited shares reissued at ₹ ____ per share as ₹ ____ paid-up)				____
	Share Forfeiture A/c	Dr.		26,000	
	To Capital Reserve A/c (Gain on ____ reissued shares transferred to Capital Reserve A/c)				26,000

24. Following was the Balance Sheet of A and B who were sharing profits in the ratio of 2 : 1 as at 31st March, 2023: **[6]**

Liabilities		**₹**	**Assets**	**₹**
Capital A/cs:			Building	25,000
A	15,000		Plant and Machinery	17,500
B	10,000	25,000	Stock	10,000
Sundry Creditors		32,950	Sundry Debtors	4,850
			Cash in Hand	600
		57,950		**57,950**

They admit C into partnership on 1st April, 2023 on the following terms:

ii. Values of the Stock and Plant and Machinery were to be reduced by 5%.

iii. A Provision for Doubtful Debts was to be created in respect of Sundry Debtors ₹ 375.

iv. Building was to be appreciated by 10%.

Pass necessary Journal entries to give effect to the arrangements. Prepare Profit and Loss Adjustment Account (or Revaluation Account), Partners' Capital Accounts and Balance Sheet of the new firm.

OR

Gita, Radha and Garv were partners in a firm sharing profits and losses in the ratio of 3:5:2. On 31st March, 2019, their balance sheet was as follows:

Balance Sheet of Gita, Radha & Garv as on 31st March, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	60,000	Cash	50,000
General Reserve	40,000	Stock	80,000
Capitals :		Debtors	40,000
Gita 3,00,000		Investments	30,000
Radha 2,00,000		Buildings	5,00,000
Garv 1,00,000	6,00,000		
	7,00,000		**7,00,000**

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

a. Goodwill of the firm be valued at ₹ 3,00,000 and Radha's share be adjusted through the capital accounts of Gita and Garv.

b. Stock was to be appreciated by 20%.

c. Buildings were found undervalued by ₹ 1,00,000 .

d. Investments were sold for ₹ 34,000 .

e. Capital of the new firm was fixed at ₹ 5,00,000 which will be in the new profit sharing ratio of the partners; the necessary adjustments for this purpose were to be made by opening current accounts of the partners.

Prepare Revaluation Account, Partner's Capital Accounts and the Balance Sheet of the reconstituted firm on Radha's retirement.

25. X, Y and Z are partners sharing profits and losses in the ratio of 3 : 2 : 1. Balance Sheet of the firm as at 31st March, 2023 was as follows: **[6]**

Creditors		21,000	Cash at Bank		5,750
Workmen Compensation Reserve		12,000	Debtors	40,000	
Investments Fluctuation Reserve		6,000	*Less*: Provision for Doubtful Debts	(2,000)	38,000
Capital A/cs;			Stock		30,000
X	68,000		Investment (Market Value ₹ 17,600)		15,000
Y	32,000		Patents		10,000
Z	21,000	1,21,000	Machinery		50,000
			Goodwill		6,000
			Advertisement Expenditure		5,250
		1,60,000			**1,60,000**

Z retired on 1st April, 2023 on the following terms:

i. Goodwill of the firm is to be valued at ₹ 34,800.

ii. Value of Patents is to be reduced by 20% and that of machinery to 90%.

iii. Provision for doubtful debts is to be created @ 6% on debtors.

iv. Z took over the investment at market value.

v. Liability for Workmen Compensation to the extent of ₹ 750 is to be created.

vi. A liability of ₹ 4,000 included in creditors is not to be paid.

vii. Amount due to Z to be paid as follows:
₹ 5,067 immediately, 50% of the balance within one year and the balance by a draft for 3 Months.

Give necessary Journal entries for the treatment of goodwill, prepare Revaluation Account, Capital Accounts and the Balance Sheet of the new firm.

26. Pass the necessary journal entries for the issue of debentures for the following transactions: **[6]**

i. Aakash Ltd. issued 800, 9% Debentures of ₹ 500 each at a premium of 20%, to the vendors for machinery purchased from them costing ₹ 4,80,000.

ii. Dixon Ltd. issued 5,000, 7% Debentures of ₹ 200 each at a premium of 5%, redeemable at a premium of 10%.

iii. Natco Ltd. issued 1,000, 8% Debentures of ₹ 100 each at a discount of 5%, redeemable at a premium of 10%.

Part B :- Analysis of Financial Statements

a) Assessing the Managerial Efficiency

b) Assessing the Earning Capacity or profitability

c) Assessing the Short-term and Long-term Solvency of the Firm

d) Inter-firm Comparison

OR

Salaries and wages are shown under :

a) Finance Cost

b) Employee benefit expense

c) Other Expenses

d) Cost of material consumed

28. Short-term Borrowings = 50,000; Term Bank loan = 20,000; Creditors = 24,000; Bill receivables = 10,000. Current liabilities will be: **[1]**

a) 94,000

b) 74,000

c) 64,000

d) 84,000

29. **Koval Ltd.** is a financing company. Under which activity will the amount of interest paid on a loan settled in the current year be shown? **[1]**

i. Investing Activities

ii. Financing Activities

iii. Both Investing and Financing Activities

iv. Operating Activities

a) ii and iii

b) i and ii

c) iii and iv

d) only iv

OR

SBI Bank Ltd. issued 1,00,000, 9% Debentures of ₹ 100 each for subscription. Issue was subscribed. The amount of receipt will be shown as:

a) General Activity

b) Financing Activity

c) Investing Activity

d) Operating Activity

30. Payment of Income Tax is shown as: **[1]**

a) Investing Activities

b) Operating Activities

31. Under what main heads andand sub-heads, will the following items appear in the balance sheet of a company as per Schedule III, Part I of the Companies Act, 2013 **[3]**

i. Debentures

ii. Loose tools

iii. Calls-in-advance

32. Operating Ratio of a company is 80%. State, giving reason, which of the following transactions will increase, decrease or not change the Operating Ratio: **[3]**

i. Purchases of Stock-in-Trade ₹ 70,000;

ii. Purchases Return ₹ 2,000;

iii. Goods costing ₹ 2,000 drawn for personal use;

iv. Office Expenses paid ₹ 50,000 and Goods costing ₹ 20,000 distributed as samples;

v. Payment to Creditors ₹ 10,000;

vi. Building sold for ₹ 5,00,000 and

vii. Income Tax Paid ₹ 70,000.

33. From the following Balance Sheet of Bat Ltd. as at 31st March 2023, prepare Comparative Balance Sheet: **[4]**

BALANCE SHEET as of 31st March 2023

	Particulars	Note No.	31st March 2023 (₹)	31st March 2022 (₹)
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' Funds**			
	Share Capital (Equity)		18,00,000	12,00,000
2.	**Non-Current Liabilities**			
	Long-term Borrowings: 8% Debentures (Secured)		6,00,000	6,00,000
3.	**Current Liabilities**			
	Trade Payables		6,00,000	3,00,000
	Total		**30,00,000**	**21,00,000**
II.	**ASSETS**			
1.	**Non-Current Assets**			
	Property, Plant and Equipment and Intangible Assets: Property, Plant and Equipment		18,00,000	15,00,000

2.	**Current Assets**			
	(a) Trade Receivables		10,00,000	5,00,000
	(b) Cash and Cash Equivalents		2,00,000	1,00,000
	Total		**30,00,000**	**21,00,000**

OR

Following is the statement of profit and loss of Raj Ltd for the year ended 31st March 2011.

Particulars	Amt (Rs.)
Revenue from Operations	2,00,000
(+) Other Incomes	15,000
Total Incomes	2,15,000
Expenses	
Cost of Revenue from Operations	1,10,000
Operating Expenses	5,000
Total Expenses	1,15,000
Profit before Tax	1,00,000
(-) Income Tax	(40,000)
Profit after Tax	60 000

Prepare a common-size statement of profit and loss of Raj Ltd for the year ended 31st March. 2011.

34. From the given Notes to Accounts and Cash Flow Statement of Hindustan Ltd. complete the missing figures: **[6]**

Notes to Accounts:

	Particulars	31.3.2023	31.3.2022
		₹	₹
Note No. 1:	**Reserve and Surplus**		
	General Reserve	3,00,000	2,70,000
	Balance in Statement of Profit & Loss	25,000	(20,000)
		3,25,000	**2,50,000**
Note No. 2:	**Cash and Cash Equivalents**		

Additional Information:

i. Depreciation charged on Plant & Machinery for the year 2022-23 was ₹ 1,75,000. During the year 2022-23, Plant and Machinery of ₹ 7,25,000 was purchased.

ii. Interest on Mortgage Loan paid during the year amounted to ₹ 35,000.

iii. Interim Dividend paid during the year ₹ 44,000.

CASH FLOW STATEMENT
for the year ended 31.3.2023

Particulars		₹	₹
A. Cash Flow from Operating Activities			
Net Profit Before Tax		____	
Adjustments for:			
Depreciation on Plant & Machinery	____		
Interest on Mortgage Loan	____	____	
Operating Profit before Working Capital Changes		____	
Add: Decrease in Current Assets:			
Inventory	1,20,000		
Add: Increase in Current Liabilities:			
Trade Payables	____	3,95,000	
Less: Increase in Current Assets:			
Trade Receivables		(4,40,000)	
Net Cash Flow from Operating Activities		____	____
B. Cash Flow from Investing Activities			
Purchase of Plant & Machinery		(____)	
Net Cash used in Investing Activities		(____)	(____)
C. Cash Flow from Financing Activities			
Proceeds from Issue of Shares		____	
Proceeds from Mortgage Loan		1,50,000	
Payment of Interest on Mortgage Loan		(____)	
Payment of Interim Dividend		(____)	
Net Cash Flows from Financing Activities		____	____
Net Decrease in Cash and Cash Equivalents			(____)

Closing Balance of Cash & Cash Equivalents		____

Solutions

1.
   (c) (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)
   Explanation: (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)
   Sacrificing Ratio = Old Share - New Share
   X = 7/10 - 5/10 = 2/10
   Y = 3/10 - 2/10 = 1/10
2. **(a)** Both A and R are true and R is the correct explanation of A.
   Explanation: Both A and R are true and R is the correct explanation of A.
3.
   (d) 90% of the issued amount
   Explanation: 90% of the issued amount

   OR

   (a) 10,000 debentures
   Explanation: No for Debentures to be issued = $\frac{\text{Purchase Price}}{\text{Issued Price}} = \frac{9,00,000}{90}$ = 10,000 shares
4.
   (c) Old profit sharing ratio
   Explanation: Old profit sharing ratio

   OR

   (b) Partner's Commission
   Explanation: Partner's Commission
5. **(a)** Option (iv)
   Explanation: Interest on Partner's Capital is the only one that is written in the Capital or Current account.
6.
   (c) 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.

   OR

   (d) Other Non-current Assets
   Explanation: The amount of discount which is unamortized or not written off yet is shown in the balance sheet under the heading Non-current Assets and subheading other non-current assets. Such loss will not be write off after 12 months.

8.

(c)

Remaining Partner's Capital A/cs	Dr. (In Gaining Ratio)
To Retiring Partner's Capital A/c	(with his share of goodwill)

Explanation:

Remaining Partner's Capital A/cs	Dr. (In Gaining Ratio)
To Retiring Partner's Capital A/c	(with his share of goodwill)

OR

(b) 38,000

Explanation: Opening Capital = closing capital - additional capital introduced

= 5,00,000 - 1,00,000

= 4,00,000

Interest on capital

4,00,000 x 8% = 32,000

1,00,000 x 8% x 9/12 = 6,000

32,000 + 6,000 = 38,000

9. **(d)** ₹ 1,500

Explanation: ₹ 1,500

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

Explanation: No salary will be given

11. **(a)** withdrawal of capital

Explanation: withdrawal of capital

12. **(a)** 1050

Explanation: amount not receive on allotment =(3150 - 3000) = 150

Amount not received on first call = (300 $\times$ 3) = 900

Share forfeiture account is to be credited with = 150 + 900

= 1050

13.

(b) 2,72,000

Explanation: No of share to issued = $\frac{13,60,000}{125}$ = 10,880 share

Amount of share capital issued = 10,88,000

Amount of security premium = 10,88,000 $\times$ 25% = ₹ 2,72,000

14.

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

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

Explanation: Share of S = $\frac{1}{5}$

P's Sacrifice = $\frac{1}{10}$

Remaining share of S = $\frac{1}{5}$ - $\frac{1}{10}$ = $\frac{2-1}{10}$ = $\frac{1}{10}$

This share i.e., $\frac{1}{10}$ is to be sacrificed by Q and R in 2 : 1

Q's Sacrifice = $\frac{1}{10} \times \frac{2}{3}$ = $\frac{2}{30}$

R's Sacrifice = $\frac{1}{10} \times \frac{1}{3}$ = $\frac{1}{30}$

Sacrificing Ratio of P, Q and R = $\frac{1}{10}$: $\frac{2}{30}$: $\frac{1}{30}$ = $\frac{3:2:1}{30}$ = 3 : 2 : 1

R's Share of Goodwill = ₹ 60,000 $\times \frac{1}{6}$ = ₹ 10,000

OR

(c) ₹ 3,00,000

Explanation: ₹ 3,00,000

Total capital of the firm on the basis of new partner capital =

$$\frac{1,50,000}{\frac{1}{5}} = 1,50,000 \times 5 = 7,50,000$$

Total capital of all partner = 90,000 + 2,10,000 + 1,50,000 = 4,50,000

Goodwill = 7,50,000 - 4,50,000 = 3,00,000

16.

(d) Cash A/c

Explanation: If the unrecorded asset is taken over by a partner, it will take place in realization account as well as in concerned partner’s capital account but not in cash account because partner's Capital A/c will be debited and Realisation A/c will be credited.

17.

General Reserve	38,000
Profit on Revaluation	34,000
	72,000

Old Ratio of Akash, Aman and Ajay = 3 : 2 : 1

New Ratio of Akash, Aman and Ajay = 7 : 5 : 4

Sacrifice or Gain:

Akash = $\frac{3}{6} - \frac{7}{16} = \frac{3}{48}$ (Sacrifice) 72,000 $\times \frac{3}{48}$ = ₹ 4,500 (Cr.)

Aman = $\frac{2}{6} - \frac{5}{16} = \frac{1}{48}$ (Sacrifice) 72,000 $\times \frac{1}{48}$ = ₹ 1,500 (Cr.)

Ajay = $\frac{1}{6} - \frac{4}{16} = \frac{4}{48}$ (Gain) 72,000 $\times \frac{4}{48}$ = ₹ 6,000 (Dr.)

In the books of Firm

JOURNAL

Date	Particulars	L.F.	Dr. ₹	Cr. ₹

	To Akash's Capital A/c				4,500
	To Aman's Capital A/c (The adjustment for general reserve and revaluation of assets and liabilities on change in profit sharing ratio)				1,500

18. **PROFIT AND LOSS ACCOUNT**

for the year ended 31st March, 2023

Dr.			Cr.
Particulars	**Amount**	**Particulars**	**Amount**
To Manager's Commission	5,000	By Gross Profit	50,000
To Net Profit transferred to profit and	45,000		
Los Appropriation A/c			
	50,000		**50,000**

PARTNER'S CAPITAL ACCOUNTS

Dr.							Cr.
Date	**Particulars**	**X**	**Y**	**Date**	**Particulars**	**X**	**Y**
2023 31 March	To Balance c/dq	1,23,600	1,01,400	2022 01 April	By Balance b/d	1,00,000	80,000
				2023 31 March	By Interest on Captial	12,000	9,600
				31 March	By Salary	____	6,000
				31 March	By Profit and loss	11,600	5,800
					A/c		
		1,23,600	**1,01,400**			**1,23,600**	**1,01,400**

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended 31st March, 2023

Dr.			Cr.
Particulars	**Amount**	**Particulars**	**Amount**

To Interest on Capital				
X	12,000			
Y	9,600	21,600		
To Profit transferred to capital a/c				
X	11,600			
Y	5,800	17,400		
		45,000		45,000

OR

Books of John and Mathew Profit and Loss Appropriation Account for the year ending.....

Dr.				**Cr.**
Particulars		**Amount (₹)**	**Particulars**	**Amount (₹)**
To Interest on capital			By Net profit A/C	1,50,000
John	25,000			
Mathew	20,000			
Mohanty	15,000	60,000		
To profit transfer to Capital accounts:				
John	45,000			
Less: Share of				
deficiency	15,000	30,000		
Mathew		30,000		
Mohanty	15,000			
Add: Deficiency received from John	15,000	30,000		
		1,50,000		**1,50,000**

Working Notes:

Profit after interest on capital is ₹ 90,000, which is to be distributed in the ratio of 3:2:1 as follows: John gets ₹ 45,000 ($\frac{3}{6} \times$ ₹ 90,000), Mathew ₹ 30,000, Mohanty ₹ 15,000.

30,000.

19.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		10,00,000	
	To Debentures Application A/c (Application money received on issue of 25,000, 7% Debentures of ₹ 100 each @ ₹ 40 per debenture, i.e., ₹ 10,00,000/ ₹ 40)				10,00,000
	Debentures Application A/c	Dr.		10,00,000	
	To 7% Debentures A/c (Debentures allotted against application money)				10,00,000
	Debentures Allotment A/c	Dr.		12,50,000	
	To 7% Debentures A/c				7,50,000
	To Securities Premium A/c (Allotment money due on debentures @ ₹ 50 per debenture, including premium of ₹ 20 per debenture)				5,00,000
	Bank A/c	Dr.		12,50,000	
	To Debentures Allotment A/c (Allotment money received on 25,000, 7% Debentures @ ₹ 50 per debenture)				12,50,000

OR

JOURNAL OF AMIT LTD.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c (300 × ₹ 10)	Dr.		3,000	
	To Forfeited Shares A/c (300 × ₹ 3)				900
	To Shares Allotment A/c (300 × ₹ 3)				900
	To Shares First and Final Call A/c (300 × ₹ 4) (300 shares forfeited for non-payment of allotment and first and final call)				1,200
	Bank A/c (250 × ₹ 8)	Dr.		2,000	
	Forfeited Shares A/c (250 × ₹ 2)	Dr.		500	

	Forfeited Shares A/c (250 × ₹ 1)	Dr.		250	
	To Capital Reserve A/c (250 × ₹ 1) (Transfer of gain on reissue) (WN)				250

Working Note:

Calculation of Gain (profit) on Reissue of shares:	**₹**
Total amount forfeited on 300 shares @ ₹ 3 per share	900
∴ Amount forfeited on 250 shares reissued @ ₹ 3 per share	750
Less: Discount allowed on reissue of forfeited shares	(500)
Gain on reissue of forfeited shares transferred to Capital Reserve	250

20. **CALCULATION OF NORMAL PROFIT**

Year	Adjustment(₹)	Normal Profit (₹)
2018-19		50,000
2019-20	40,000+10,000(Abnormal Loss)	50,000
2020-21		75,000
2021-22		(25,000)
2022-23		50,000
Total Normal Profit		**2,00,000**

Average Profit = $\frac{Total\ Normal\ Profit}{Number\ of\ Years}$ = $\frac{₹2,00,000}{5}$ = ₹ 40,000

Goodwill = Average Profit × Number of Years' Purchase

= ₹ 40,000 × 3 = ₹ 1,20,000

21. **JOURNAL OF SANJAY LTD.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		1,12,500	
	To Equity Shares Application A/c (Application money received on 37,500 Equity Shares @ ₹ 3 per share)				1,12,500
	Equity Shares Application A/c	Dr.		1,12,500	
	To Equity Share Capital A/c (Application money transferred to Equity Share Capital Account)				1,12,500

	To Equity Share Capital A/c (Allotment money due on 37,500 Equity Shares @ ₹ 4 per share)				1,50,000
	Bank A/c	Dr.		1,46,000	
	To Equity Shares Allotment A/c (Allotment money received) (WN 1)				1,46,000
	Equity Shares First and Final Call A/c	Dr.		1,12,500	
	To Equity Share Capital A/c (First and final call money due on 37,500 Equity Shares @ ₹ 3 per share)				1,12,500
	Bank A/c	Dr.		1,08,000	
	To Equity Shares First and Final Call A/c (First and final call money received except on 1,500 shares) (WN 2)				1,08,000

Working Notes:-

		₹
1.	Amount due on allotment	1,50,000
	Less: Allotment money not paid by Ajay (1,000 × ₹ 4)	(4,000)
	Amount received on allotment	1,46,000
2.	Amount due on first and final call	1,12,500
	Less: First call money not paid by Ajay and Sumit on 1,500 shares (1,000 + 500) @ ₹ 3 per share	(4,500)
	Amount received on first and final call	1,08,000

22. i. **Accounting Treatment for Unrecorded Assets:** Unrecorded asset is an asset, which have not been shown in the books of account or which has been written off in the books of accounts, but the asset is still available in physical condition. Sometimes it is sold outside for cash and sometimes it is taken away by the partner.
The accounting treatment for unrecorded asset will be there according to the situation.
a. **When the unrecorded asset is sold for cash:**

Cash A/c	Dr.
To Realisation A/c	
(Unrecorded assets sold for cash)	

To Realisation A/c	
(Unrecorded asset taken over by the partner)	

c. **When the unrecorded asset is taken by creditors in part or full settlement of claims**. There may be three situations:

When the unrecorded asset is taken by creditors in full settlement of their claims	**No entry will be passed**
When the unrecorded asset is taken by creditors in the part settlement of their claims	Journal entry for the remaining part to be paid to the creditors: Realisation A/c ...Dr. To Cash A/c
When the unrecorded asset is valued by creditors as more than their claims	For the amount refunded by creditors, the journal entry will be: Cash A/c ... Dr. To Realisation A/c

ii **Accounting Treatment for Unrecorded Liabilities:** Unrecorded liabilities are those liabilities, which have not been shown in the books of account. But at the time of dissolution they are required to be paid off. The following Journal Entry will be there as per situation.

a. When the unrecorded liability is paid off the following Journal Entry will be there

Realisation A/c	Dr.
To Cash A/c	
(Unrecorded liability paid in cash)	

b. When the unrecorded liability is taken over by a partner. The following Journal Entry will be there

Realisation A/c	Dr.
To Partner's Capital A/c	
(Unrecorded liability taken over by the partner)	

c. When the unrecorded liability is settled by unrecorded asset. There may be three situations:

When the unrecorded liability is settled by unrecorded asset in full settlement	**No entry will be passed**
When the unrecorded liability is settled by unrecorded asset in the part settlement of the claim	Journal entry for the remaining part to be paid for the liability:

When the unrecorded liability is settled by unrecorded asset but the unrecorded asset is valued as more than the claims	For the amount refunded by creditors, the journal entry will be: Cash A/c ... Dr. To Realisation A/c

23. **SLR Ltd.**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.		12,000	
	Securities Premium A/c	Dr.		3,000	
	To Share Allotment A/c(1)				3,000
	To Share First Call A/c				4,500
	To Share Forfieture A/c (1,500 shares forfeited for non payment of allotment & first call money)				7,500
	Alternatively:				
	Share Capital A/c	Dr.		12,000	
	Securities Premium A/c(2)	Dr.		3,000	
	To Calls in Arrears A/c				7,500
	To Share Forfeiture A/c				7,500
	Bank A/c	Dr.		8,500	
	Share Forfeiture A/c	Dr.		1,500	
	To Share Capital A/c (1,000 Shares re-issued as fully paid)				10,000
	Share Forfeiture A/c	Dr.		3,500	
	To Capital Reserve A/c (Gain on re-issue of forfeited shares transferred to Capital Reserve Account)				3,500

Working Notes:

i. A. Excess amount received from Rahul on Application:

3,000 shares - 1,500 shares = 1,500 shares × ₹ 3 = ₹ 4,500

B.

	₹

Less: Excess amount received on application (Out of this amount, 1,500 × ₹ 2 = ₹ 3,000 is part of share capital and balance of ₹ 1,500 is a part of securities premium)	4,500
Amount not paid on allotment	3,000

ii. Securities Premium related to Rahul's shares is 1,500 shares × 3 = ₹ 4,500, out of which ₹ 1,500 is already received as excess application money. Hence, balance of ₹ 3,000 not received will be debited in the entry for forfeiture of his shares.

iii.

Calls in Arrears:	₹
Allotment Money	3,000
First Call Money	4,500
	7,500

iv. Calculation of amount transferred to Capital Reserve:
Forfeited amount on 1,500 shares = ₹ 7,500

Hence, forfeited amount on 1,000 reissued shares: $\frac{7,500}{1,500} \times 1,000$	5,000
Less: Loss on Reissue	1,500
	3,500

OR

A Ltd.

CASH BOOK

Particulars	L.F.	₹	Particulars	L.F.	₹
To Share Application A/c (25,000 × ₹ 30)		7,50,000	By Balance c/d		19,10,000
To Share Allotment A/c		6,24,000			
To Share First Call A/c (19,200 × ₹ 25)		4,80,000			
To Share Capital A/c (800 × ₹ 70)		56,000			
		19,10,000			**19,10,000**

JOURNAL

Date	Particulars		L.F.	Dr.	Cr.
				₹	₹
	Share Application A/c	Dr.		7,50,000	
	To Share Captial A/c				6,00,000
	To Share Allotment A/c (Transfer of application money)				1,50,000

	To Share Capital A/c				4,00,000
	To Securities Premium A/c (Allotment money due on 20,000 shares @ ₹ 40 per share including premium of ₹ 20 per share)				4,00,000
	Share First Call A/c	Dr.		5,00,000	
	To Share Capital A/c (First Call due on 20,000 shares @ ₹ 25 per share)				5,00,000
	Share Capital A/c (800 × ₹ 75 Called up)	Dr.		60,000	
	Securities Premium A/c (800 × ₹ 20)	Dr.		16,000	
	To Share Allotment A/c				26,000
	To Share First Call A/c (800 × ₹ 25)				20,000
	To Share Forfeiture A/c (800 shares forfeited for non-payment of Allotment and First Call)				30,000
	Share Forfeiture A/c (800 × ₹ 5)	Dr.		4,000	
	To Share Capital A/c (Forfeited shares reissued at ₹ 70 per share as ₹ 75 paid-up)				4,000
	Share Forfeiture A/c	Dr.		26,000	
	To Capital Reserve A/c (Profit on 800 reissued shares transferred to Capital Reserve A/c)				26,000

Working Notes:

i.

	₹
Total amount due on allotment: 20,000 shares @ ₹ 40	8,00,000
Total amount due on anved on application: 5,000 shares @ ₹ 30	1,50,000
Balance Due	6,50,000
Less Amount received on allotment	6,24,000
Amount not received on allotment	26,000

ii.

Calculation of number of shares forfeited:
Total amount forfeited (as per forfeiture entry) is ₹ 30,000

1,000 shares
Number of shares allotted to the applicant of 1,000 shares = $\frac{20,000}{25,000} \times 1,000$ = 800 shares
As such, number of shares forfeited are 800.

iii.

	₹
Total amount forfeited	30,000
Amount Transferred to Capital Reserve	26,000
Loss on Re-issue	4,000
Loss on Reissue per share = $\frac{4,000}{800}$ = ₹ 5 per share.	
As such, the shares must have been reissued at ₹ 75 - ₹ 5 = ₹ 70 per share.	26,000

24.

Journal

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Profit and Loss Adjustment A/c	Dr.		1,750	
	To Stock A/c				500
	To Plant and Machinery A/c				875
	To Reserve for Doubtful Debts A/c (Decrease in stock and Plant and creation of Reserve for Doubtful Debt transferred to Profit and Loss Adjustment Account)				375
	Building A/c	Dr.		2,500	
	To Profit and Loss Adjustment A/c (Increase in value of Building of transferred to Profit and loss Adjustment Accounts)				2,500
	Profit and Loss Adjustment A/c	Dr.		750	
	To A's Capital A/c				500
	To B's Capital A/c (Profit on revaluation of asset and liabilities distributed between A and B in their old ratio)				250
	Cash A/c	Dr.		10,500	
	To C's Capital A/c				7,500

	Premium for Goodwill A/c	Dr.		3,000	
	To A's Capital A/c				2,000
	To B's Capital A/c (Premium for Goodwill distributed between A and B in their sacrificing ratio i.e 2 : 1)				1,000

Profit and Loss Adjustment Account

Dr.			Cr.
Particulars	**(₹)**	**Particulars**	**(₹)**
Stock	500	Building	2,500
Plant and Machinery	875		
Reserve for Doubtful Debts	375		
Profit transferred to			
A Capital	500		
B Capital	250		
	2,500		**2,500**

Partners' Capital Accounts

Dr.							Cr.
Particulars	**A**	**B**	**C**	**Particulars**	**A**	**B**	**C**
Balance c/d	17,500	11,250	7,500	Balance b/d	15,000	10,000	
				Cash			7,500
				Premium for Goodwill	2,000	1,000	
				Profit and Loss Adjustment (Profit)	500	250	
	17,500	**11,250**	**7,500**		**17,500**	**11,250**	**7,500**

Balance Sheet
as on March 31, 2023 after admission of C

Liabilities		**(₹)**	**Assets**		**(₹)**
Capital Accounts:			Building (₹ 25,000 + ₹ 2,500)		27,500

B	11,250		Stock (₹ 10,000 – ₹ 500)		9,500
C	7,500	36,250	Sundry Debtors	4,850	
Sundry Creditors		32,950	Less: Provision for Doubtful Debts	(375)	4,475
			Cash in Hand (₹ 600 + ₹ 10,500)		11,100
		69,200			**69,200**

Working Notes:

Working Notes: 1

Sacrificing Ratio of A : B = 2 : 1

Working Notes: 2

Distribution of Premium for Goodwill (in sacrificing ratio)

A will get = 3,000 $\times \frac{2}{3}$ = ₹ 2,000

B will get = 3,000 $\times \frac{1}{3}$ = ₹ 1,000

Working Notes: 3

Distribution of Profit from Profit and loss Adjustment Account (in old ratio)

A will get = 750 $\times \frac{2}{3}$ = ₹ 500

B will get = 750 $\times \frac{1}{3}$ = ₹ 250

OR

In the books of Gita and Garv

Dr.		**Revaluation A/c**		**Cr.**
Particulars		**Amount (₹)**	**Particulars**	**Amount (₹)**
			By Stock A/c	16,000
			By Building A/c	1,00,000
			By Investments A/c	4,000
To Profit on revaluation transfer to:				
Gita's Capital A/c	36,000			
Radha's Capital A/c	60,000			
Garv's Capital A/c	24,000	1,20,000		
		1,20,000		1,20,000

Partner's Capital A/c

Dr.							**Cr.**
Particulars	**Gita (₹)**	**Radha (₹)**	**Garv (₹)**	**Particulars**	**Gita (₹)**	**Radha (₹)**	**Garv (₹)**

To Radha's Loan A/c		4,30,000		By Gita's Capital A/c		90,000	
To balance c/d	3,00,000		2,00,000	By Garv's Capital A/c		60,000	
				By General Reserve A/c	12,000	20,000	8,000
				By Revaluation A/c	36,000	60,000	24,000
				By Current A/c	42,000		1,28,000
	3,90,000	4,30,000	2,60,000		3,90,000	4,30,000	2,60,000

Working Notes:

i. **Calculation of Radha's Share of Goodwill on her retirement**

Goodwill of the firm on retirement	= ₹ 3,00,000
Radha's Share of Goodwill of firm	= ₹ $(3,00,000 \times \frac{5}{10})$ = ₹ 1,50,000

Gaining ratio will be the same as the new profit-sharing ratio i.e. 3: 2

ii. Adjustment of Capital of partners

Total Capital of the new firm after retirement	= ₹ 5,00,000
Gita's New Capital	= ₹ $(5,00,000 \times \frac{3}{5})$ = ₹ 3,00,000
Garv's New Capital	= ₹ $(5,00,000 \times \frac{2}{5})$ = ₹ 2,00,000

Existing Capitals of Gita and Garv are ₹ 2,58,000 and ₹ 72,000

Amount to be debited to Gita's Current A/c	= New Capital – Old Capital
	= ₹ (3,00,000 – 2,58,000) = ₹ 42,000
Amount to be debited to Garv's Current A/c	= New Capital – Old Capital
	= ₹ (2,00,000 – 72,000) = ₹ 1,28,000

Balance Sheet as at 31st March 2019

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Sundry Creditors	60,000	Stock	96,000
Radha's Loan A/c	4,30,000	Building	6,00,000
Capital A/c's of partner		Debtors	40,000

Garv	2,00,000	3,00,000	Gita	42,000	
			Garv	1,28,000	1,70,000
			Cash		84,000
			(50,000 + 34,000)		
		9,90,000			9,90,000

25.

IN THE BOOKS OF THE FIRM

JOURNAL ENTRIES

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2023 1April	X's Capital A/c	Dr.		3,000	
	Y's Capital A/c	Dr.		2,000	
	Z's Capital A/c	Dr.		1,000	
	To Goodwill A/c				6,000
	(existing Goodwill Written off among old partners in old profit sharing ratio)				
1 April	X's Capital A/c	Dr.		3,480	
	Y's Capital A/c	Dr.		2,320	
	To Z's Capital A/c				5,800
	(Z's share of goodwill credited to him and gaining partners debited in gaining ratio)				

REVALUATION ACCOUNT

Dr.				**Cr.**
Particulars	**₹**	**Particulars**		**₹**
To Patents A/c	2,000	By Investments A/c (₹ 17,600 - ₹ 15,000)		2,600
To Machinery A/c	5,000	By Creditors A/c		4,000
To Provision for Doubtful Debts A/c	400	By Loss on Revaluation transferred:		
		X's Capital A/c	400	
		Y's Capital A/c	267	
		Z's Capital A/c	133	800

PARTNERS' CAPITAL ACCOUNT

Dr.							Cr.
Particulars	**X**	**Y**	**Z**	**Particulars**	**X**	**Y**	**Z**
To Goodwill A/c	3,000	2,000	1,000	By Balance b/d	68,000	32,000	21,000
To Revaluation A/c	400	267	133	By X's Capital A/c			3,480
To Z's Capital A/c	3,480	2320		By Y's Capital A/c			2,320
To Advertisement expenditure A/c	2,625	1,750	875	By Workmen Compensation Reserve A/c	5,625	3,750	1,875
To Investment A/c			17,600	By Investment Fluctuation Reserve A/c	3,000	2,000	1,000
To Bank A/c			5,067				
To Z's Loan A/c			2,500				
To Bills payable A/c			2,500				
To Balance c/d	67,120	31,413					
	76,625	**37,750**	**29,675**		**76,625**	**37,750**	**29,675**

BALANCE SHEET

as on 1st April 2023 after Z's retirement

Liabilities		**₹**	**Assets**		**₹**
Creditors (21,000-4,000)		17,000	Cash at Bank (5,750 - 5,067)		683
Workmen Compensation Claim		750	Stock		30,000
Bills payable		2,500	Patents (10,000-2,000)		8,000
Capital			Debtors	40,000	
X	67,120		*Less*: prove. for Doubtful Debts	(2,400)	37,600
Y	31,413	98,533	Machinery (50,000-5,000)		45,000
Z's Loan		2,500			
		1,21,283			**1,21,283**

+ ₹ 875 + ₹ 17,600) = ₹ 10,067

Amount paid on Retirement immediately: ₹ 5,067

Amount paid within 1 year: (₹ 5000 $\times$ 50%) = ₹ 2,500

Amount payable by Bills of Exchange (50% of Balance) = ₹ 2,500

26. i.

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Vendors Dr.		4,80,000	
	To 9% Debentures A/c			4,00,000
	To Securities Premium Reserve A/c			80,000
	(Purchase consideration discharged by issuing 9% Debentures at a premium)			

ii.

Dixon Ltd.

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		10,50,000	
	To Debenture Application and Allotment A/c				10,50,000
	(Application money received on 5,000 7% Debentures)				
	Debenture Application and Allotment A/c	Dr.		10,50,000	
	Loss on issue of Debentures A/c	Dr.		1,00,000	
	To 7% Debentures A/c				10,00,000
	To Securities Premium Reserve A/c				50,000
	To Premium on redemption of debentures A/c				1,00,000
	(Allotment of 7% debentures at a premium, redeemable at a premium)				

iii.

Natco Ltd.

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		95,000	
	To Debenture Application and Allotment A/c				95,000
	(Application money received on 1,000, 8% Debentures)				

	Loss on issue of Debentures A/c	Dr.		15,000	
	To 8% Debentures A/c				1,00,000
	To Premium on redemption of debentures A/c				10,000
	(Allotment of 8% debentures at a discount, redeemable at a premium)				
	Alternatively:				
	Debenture Application and Allotment A/c	Dr.		95,000	
	Discount on issue of Debentures A/c	Dr.		5,000	
	Loss on issue of Debentures A/c	Dr.		10,000	
	To 8% Debentures A/c				1,00,000
	To Premium on redemption of debentures A/c				10,000
	(Allotment of 8% debentures at a discount, redeemable at a premium)				

Part B :- Analysis of Financial Statements

27. **(a)** Assessing the Managerial Efficiency

Explanation: Assessing the Managerial Efficiency

OR

(b) Employee benefit expense

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

28.

(b) 74,000

Explanation: Current Liabilities = Short term Borrowings + Creditors = 50,000 + 24,000 = 74,000

29.

(d) only iv

Explanation: Taking and granting loans is main activity for financial company .so transactions related to loans will be as operating activities

OR

(b) Financing Activity

Explanation: issue of debenture is a source of financing. so part of financing activities

30.

(b) Operating Activities

31. The following items are arranged in the balance sheet as per schedule 3 of the company's act,2013 and Ministry of Corporate affairs have revised the standards in order to bring uniformity in classification.

Sl. No.	Items	Major headings	Sub-headings
(i)	Debentures	Non-current Liabilities	Long-term Borrowings
(ii)	Loose Tools	Current Assets	Inventories
(iii)	Calls-in-advance	Current Liabilities	Other Current Liabilities

32.

Transactions	Effect on Operating Ratio	Reason
i.	No change	Both Purchases and Closing Stock will **increase** and hence Cost of Goods Sold will remain unchanged.
ii.	No change	Both Purchases and Closing Stock will **decrease** and hence Cost of Goods Sold will remain unchanged.
iii.	No change	Both Purchases and Closing Stock will **decrease** and hence Cost of Goods Sold wilt remain unchanged.
iv.	Increase	Operating Cost **increases** by ₹ 70,000.
v, vi and vii	No change	**Neither** operating cost nor sales will change.

33. **Bat Ltd.**

COMPARATIVE BALANCE SHEET as at 31st March 2022 and 2023

	Particulars	Note No	31st March 2022 (₹)	31st March 2023 (₹)	Absolute Change (Increase/Decrease) (₹)	Percentage Change (Increase/Decrease) (%)
			(A)	(B)	(C = B - A)	$\left(D = \frac{C}{A} \times 100\right)$
I.	**EQUITY AND LIABILITIES**					
1.	**Shareholders' Funds**					
	Share Capital:					
	Equity Share Capital		12,00,000	18,00,000	6,00,000	50.00
2.	**Non-Current Liabilities**					

	Secured Loan-8% Debentures		6,00,000	6,00,000	____	____
3.	**Current Liabilities**					
	Trade Payables		3,00,000	6,00,000	3,00,000	100.00
	Total		21,00,000	30,00,000	9,00,000	42.86
II.	**ASSETS**					
1.	**Non-Current Assets**					
	Property, Plant and Equipment and Intangible Assets: Property, Plant and Equipment		15,00,000	18,00,000	3,00,000	20.00
2.	**Current Assets**					
	(a) Trade Receivables		5,00,000	10,00,000	5,00,000	100.00
	(b) Cash and Cash Equivalents		1,00,000	2,00,000	1,00,000	100.00
	Total		21,00,000	30,00,000	9,00,000	42.86

OR

Books of Raj Ltd.
Common Size Income Statement
as at 31st March, 2011

Particulars	**(A)**	**(%)**
I. Revenue From Operations	200000	100

III. Total Revenue	**215000**	107.5
IV. Expenses:		
Cost of revenue from operation	110000	55
Operating Expenses	5000	2.5
Total Expenses	**115000**	57.5
V. Profit Before Tax (III – IV)	**100000**	50

34.

Hindustan Ltd.
CASH FLOW STATEMENT
for the year ended 31.3.2023

Particulars		**₹**	**₹**
A. Cash Flow from Operating Activities			
Net Profit Before Tax (Working Note 1)		1,19,000	
Adjustments for:			
Depreciation on Plant & Machinery	1,75,000		
Interest on Mortgage Loan	35,000	2,10,000	
Operating Profit before Working Capital Changes		3,29,000	
Add: Decrease in Current Assets:			
Inventory	1,20,000		
Add: Increase in Current Liabilities:			
Trade Payables	2,75,000	3,95,000	
Less: Increase in Current Assets:			
Trade Receivables		(4,40,000)	
Net Cash Flow from Operating Activities		2,84,000	2,84,000
B. Cash Flow from Investing Activities			
Purchase of Plant & Machinery		(7,25,000)	
Net Cash used in Investing Activities		(7,25,000)	(7,25,000)
C. Cash Flow from Financing Activities			
Proceeds from Issue of Shares		3,50,000	
Proceeds from Mortgage Loan		1,50,000	
Payment of Interest on Mortgage Loan		(35,000)	
Payment of Interim Dividend		(44,000)	

Net Decrease in Cash and Cash Equivalents		(20,000)
Add: Opening Balance of Cash & Cash Equivalents		40,000
Closing Balance of Cash & Cash Equivalents		20,000

Working Note:

1.

Calculation of Net Profit Before Tax	**₹**
Profit & Loss Balance on 31st March, 2023	25,000
Profit & Loss Balance on 31st March, 2022	(20,000)
	45,000
Add: Transfer to General Reserve	30,000
Interim Dividend Paid	44,000
	1,19,000

*Net Cash Flow from financing activities ₹ 4,21,000 is the balancing figure of Cash Flow Statement.