

**SAMPLE QUESTION PAPER - 1**  
**SUBJECT- ACCOUNTANCY (055)**  
**CLASS XII (2024-25)**

**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, 31 and 32 carries 3 marks each.
7. Questions from 21, 22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

**Part A:- Accounting for Partnership Firms and Companies**

1. Aditya and Shiv were partners in a firm with capitals of ₹ 3,00,000 and ₹ 2,00,000, respectively. Naina was admitted as a new partner  $\frac{1}{4}$ th share in the profits of the firm. Naina brought ₹ 1,20,000 for her share of goodwill premium and ₹ 2,40,000 for her capital. The amount of goodwill premium credited to Aditya will be: **[1]**  

|             |             |
|-------------|-------------|
| a) ₹ 30,000 | b) ₹ 72,000 |
| c) ₹ 40,000 | d) ₹ 60,000 |
2. **Assertion (A):** A minor cannot be admitted in a firm as a partner. **[1]**  
**Reason (R):** A minor can participate in the profits of a firm.  

|   |   |
|---|---|
| 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.  |



5. A, B and C are partners sharing profits in the ratio of 4 : 3 : 2. Their capitals are fixed. [1]  
Profit for the year amounting to ₹ 9,000.  
B's share of profit Rs. \_\_\_\_\_ is to be shown in the \_\_\_\_\_ account.
- |  |  |
|--|--|
| a) 3,000 / Partners current account<br>Debit Side  | b) 9000 / Partners current account<br>Credit Side  |
| c) 3,000 / Partners capital account<br>Credit Side | d) 3,000 / Partners current account<br>Credit Side |
6. Maira Ltd. took over assets of ₹ 12,00,000 and liabilities of ₹ 4,00,000 of Subav Ltd. [1]  
for an agreed purchase consideration of ₹ 9,00,000. The amount was payable by issue  
of 11% debentures of ₹ 100 each at 10% discount. The number of debentures issued  
will be:
- |           |           |
|-----------|-----------|
| a) 8,000  | b) 9,000  |
| c) 10,000 | d) 11,000 |
- OR
- Which of the following is **correct** with respect to debentures?
- |   |   |
|---|---|
| a) They can be issued partly on<br>credit and partly in cash. | b) They cannot be issued as<br>collateral security. |
| c) They can be issued for<br>consideration other than cash.   | d) They can be issued on credit.                    |
7. **Assertion (A):** Reserve Capital and Capital Reserve are the same. [1]  
**Reason (R):** Reserve Capital is a part of Subscribed Capital which the Company may  
decide to call at the time of winding up of the Company.
- |  |  |
|--|--|
| a) Both A and R are true and R is<br>the correct explanation of A. | b) Both A and R are true but R is<br>not the correct explanation of A. |
| c) A is true but R is false.                                       | d) A is false but R is true.   |
8. A, B and C share profits and losses of the firm equally. B retires from business and his [1]  
share is purchased by A and C in the ratio of 2 : 3. New profit sharing ratio between A

and C respectively would be:

- |            |            |
|------------|------------|
| a) 02 : 02 | b) 01 : 01 |
| c) 07 : 08 | d) 03 : 05 |

OR

A, B and C were partners in a firm. As per the partnership deed, interest on drawings is to be charged @ 10% per annum. B withdrew a fixed amount at the end of every quarter. Interest on his drawings amounted to ₹ 9,000. The amount of his drawings per quarter were:

- |               |               |
|---------------|---------------|
| a) ₹ 2,40,000 | b) ₹ 1,80,000 |
| c) ₹ 60,000   | d) ₹ 80,000   |

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

Sumit and Mohit are partners sharing profits and losses in the ratio of 2:1. Their capital Accounts as at 1st April, 2015 were ₹ 10,00,000 and ₹ 8,00,000 respectively. The partners are allowed interest on capital @ 5% p.a. Drawings of the partners during the year ended 31st March, 2016 were ₹ 1,44,000 and ₹ 1,00,000 respectively. Mohit is entitled to get a salary of ₹ 10,000 p.m.

Profit for the year before allowing interest on capital and salary was ₹ 16,00,000. 10% of the net profit is to be transferred to General Reserve.

9. Find the amount which is to be transferred to General Reserve Account?

- |               |               |
|---------------|---------------|
| a) ₹ 2,00,000 | b) ₹ 1,60,000 |
| c) ₹ 1,20,000 | d) ₹ 80,000   |

10. What is the distributable amount of profit which is to be credited to Partners' Capital Accounts?

- |                |                |
|----------------|----------------|
| a) ₹ 12,30,000 | b) ₹ 16,00,000 |
| c) ₹ 14,40,000 | d) ₹ 10,00,000 |

11. A and B entered into the partnership on 01.09.2020. B draws an equal amount at the end of every month starting from 31.10.2020 (first drawing made on this date). [1]

Interest on drawings is charged @ 10% p.a. at the year ended 31.03.2021 Interest on B's Drawing amounting to ₹ 300.

Monthly Drawings of B were:

- |           |          |
|-----------|----------|
| a) 14,400 | b) 1,500 |
| c) 2,400  | d) 1,200 |

12. Ankit Ltd. Forfeited 1000 equity share of ₹ 100 each issued at a premium of 20% for non payment of final call of ₹ 30 per share. [1]

State the maximum amount of discount which can be offered at the time of reissue:

- |             |             |
|-------------|-------------|
| a) 70,000   | b) 1,30,000 |
| c) 1,00,000 | d) 30,000   |

13. The directors of Neelkamal Ltd. forfeited 70,000 equity shares of ₹ 10 each, ₹ 10 called-up, for non-payment of final call of ₹ 1 per share. Half of the forfeited shares were reissued at ₹ 20 per share Fully Paid-up. On reissue of forfeited shares, the following amount will be transferred to the Capital Reserve Account: [1]

- |               |               |
|---------------|---------------|
| a) ₹ 3,15,000 | b) ₹ 4,20,000 |
| c) ₹ 1,40,000 | d) ₹ 70,000   |

14. How drawing against capital is differ from drawings against profit: [1]

- |   |   |
|---|---|
| a) Drawings against capital will not be recorded at all | b) Drawings against capital will reduce the capital |
| c) Drawings against capital will effect current account | d) Drawings against capital will reduce the profit  |

15. Which of the following statement is incorrect? [1]

- i. Debit the gainer and credit the sacrificing partner
- ii. It is not necessary for a new partner to bring premium for goodwill in cash
- iii. Both new partner and gainer partner will compensation the sacrificing partner
- iv. It is not necessary to value the goodwill when a new partner is admitted

a) Option (iv)

b) Option (iii)

c) Option (ii)

d) Option (i)

OR

Partner's capital account is debited:

a) to record the P and L account  
(Dr.)

b) to record the general reserve

c) to record the shortage of capital  
brought in

d) to record the profit on  
revaluation

16. At the time of dissolution of a firm, Debtors were ₹ 17,000 out of which ₹ 500 became bad and the rest realised 60%. Which account will be debited and by how much amount? [1]

a) Debtors Account by ₹ 7,100

b) Realisation Account by ₹ 16,500

c) Profit and Loss Account by ₹  
500

d) Cash Account by ₹ 9,900

17. Anu, Manu, Sonu and Rohan were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 1 : 2. With effect from 1<sup>st</sup> April, 2023, they decided to share profits and losses in the ratio of 2 : 4 : 1 : 3. Their Balance Sheet showed General Reserve of ₹ 90,000. The goodwill of the firm was valued at ₹ 4,50,000. Pass necessary journal entries for the above on account of change in the profit sharing ratio. Show your working clearly. [3]

18. A and B are partners in a firm. A is entitled to a salary of ₹15,000 p.m. and a commission of 10% of net profit before charging any commission. B is entitled to a commission of 10% of net profit after charging his commission. Net profit for the year ended 31<sup>st</sup> March 2023 was ₹4,40,000. You are required to show the distribution of profit. [3]

OR

On March 31, 2017 after the close of accounts, the capitals of Mountain, Hill, and Rock stood in the books of the firm at ₹ 4,00,000, ₹ 3,00,000 and ₹ 2,00,000, respectively.

Subsequently, it was discovered that the interest on capital @ 10% p.a. had been omitted. The profit for the year amounted to ₹ 1,50,000 and the partner's drawings had been Mountain: ₹ 20,000, Hill ₹ 15,000 and Rock ₹ 10,000. Calculate interest on capital.

19. Blue Ltd. purchased the assets of Shine Ltd. for ₹ 40,00,000 and took over liabilities of ₹ 7,00,000 for ₹ 32,40,000. Payment was made by issuing 10% Debentures of ₹ 100 each at a discount of 10%. Pass the necessary Journal entries in the books of Blue Ltd. [3]

OR

Can the forfeited shares be reissued at a discount?

20. A and B are partners sharing profits equally. They agree to admit C for equal share. For this purpose goodwill is to be valued at 150% of the average annual profits of the last 5 year's profits. [3]

Profits were:

| Year ended                  | ₹             |
|-----------------------------|---------------|
| 31 <sup>st</sup> March 2019 | 40,000        |
| 31 <sup>st</sup> March 2020 | 60,000        |
| 31 <sup>st</sup> March 2021 | 1,00,000      |
| 31 <sup>st</sup> March 2022 | 20,000 (Loss) |
| 31 <sup>st</sup> March 2023 | 1,50,000      |

It was observed that:

- During the year ended 31<sup>st</sup> March 2020, an asset of the original cost of ₹ 2,00,000 with book value of ₹ 1,50,000 was sold for ₹ 1,24,000.
- On 1<sup>st</sup> April, 2021, 2 Computer's costing ₹ 1,00,000 were purchased and were wrongly debited to Travelling Expenses. Depreciation on Computers was to be charged @ 20% p.a. on written down value basis.

Calculate the value of goodwill.

21. Starline Ltd. issued 10,000 shares of ₹ 10 each, payable as ₹ 3 on application, ₹ 4 on allotment, ₹ 2 on first call and balance on second and final call. Out of the total shares, 500 shares were forfeited. [4]

Calculate the **Maximum Permissible Discount** and **Minimum Reissue Price** at the time of reissue in each of the following cases:

**Case 1.** If shares were forfeited for non-payment of Second and Final Call.

**Case 2.** If shares were forfeited for non-payment of First Call and Second and Final Call.

**Case 3.** If shares were forfeited for non-payment of Allotment, First Call and Second and Final Call.

**Case 4.** If shares were forfeited for non-payment of Allotment and First Call. Second and Final Call is not yet made.

**Case 5.** If shares were forfeited for non-payment of First Call. Second and Final Call is not yet made.

22. Sumit, Amit and Vinit are partners sharing profit in the ratio of 5 : 3 : 2. Their Balance Sheet as on March 31, 2017 was as follows: [4]

**Balance Sheet of Sunit, Amit and Vinit  
as on March 31, 2017**

| Liabilities      |        | Amount ₹        | Assets       | Amount ₹        |
|------------------|--------|-----------------|--------------|-----------------|
| Capitals:        |        |                 | Machinery    | 80,000          |
| Sumit            | 40,000 |                 | Investments  | 1,50,000        |
| Amit             | 50,000 |                 | Stock        | 10,000          |
| Vinit            | 40,000 | 1,50,000        | Debtors      | 35,000          |
| Profit and Loss  |        | 10,000          | Cash at bank | 15,000          |
| Mr. Amit's loan  |        | 40,000          |              |                 |
| Sundry creditors |        | 90,000          |              |                 |
|                  |        | <b>2,90,000</b> |              | <b>2,90,000</b> |

The firm was dissolved on that date. Amit took over his wife's loan. One of the Creditors for ₹ 2,600 did not claim the amount. Assets realised as follows:

- i. Machinery was sold for ₹ 70,000,
- ii. Investments with book value of ₹ 1,00,000 were given to Creditors in full settlement of their account. The remaining Investments were taken over by Vinit at an agreed value of ₹ 45,000,
- iii. Stock was sold for ₹ 11,000 and Debtors for ₹ 3,000 proved to be bad,



iv. Realisation expenses were ₹ 1,500.

Prepare ledger accounts to close the books of the firm.

23. Street Food Ltd. issued a prospectus offering 10,000 equity shares of ₹ 50 each at par payable as follows: [6]

|                | ₹  |
|----------------|----|
| On Application | 15 |
| On Allotment   | 10 |
| On First Call  | 15 |
| On Final Call  | 10 |

Rohit, the holder of 500 equity shares did not pay the amount due on both the calls. These 500 shares were forfeited by the Board of Directors and 300 of these shares were subsequently re-issued at ₹ 55 per share.

Show the entries in the Cash Book and Journal of the Company.

OR

Viswas Ltd. issued a prospectus inviting applications for 20,000 shares of ₹ 10 each at a premium of ₹ 4 per share, payable as follows:

|                          |                             |
|--------------------------|-----------------------------|
| On Application           | ₹ 4 (including premium ₹ 1) |
| On Allotment             | ₹ 3 (including premium ₹ 1) |
| On First Call            | ₹ 3 (including premium ₹ 1) |
| On Second and Final Call | ₹ 4 (including premium ₹ 1) |

Applications were received for 30,000 shares and pro-rata allotment was made on the applications for 24,000 shares. It was decided to utilise excess application money towards the sums due on allotment.

X, who was allotted 500 shares, failed to pay the allotment money and on his subsequent failure to pay the first call, his share were forfeited.

Y, who applied for 1,800 shares, failed to pay the two calls and his shares were forfeited after the second call. Of the shares forfeited, 1,700 shares were re-issued as fully paid up for ₹ 8 per share, the whole of Y's shares being included.

Prepare Cash Book, Journal and Balance Sheet.

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

[6]

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

They agreed to take D into partnership and give him  $\frac{1}{8}$  th share on the following terms:-

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

OR

Radha, Manas and Arnav were partners in a firm sharing profits and losses in the ratio of 3 : 1 : 1. Their Balance Sheet as at 31<sup>st</sup> March, 2019 was as follows:

**Balance Sheet of Radha, Manas and Arnav  
as at 31<sup>st</sup> March, 2019**

| Liabilities                       |                 | (₹)              | Assets                                | (₹)               |
|-----------------------------------|-----------------|------------------|---------------------------------------|-------------------|
| Capitals:                         |                 |                  | Furniture                             | 4,60,000          |
| Radha                             | 4,00,000        |                  | Investments                           | 2,00,000          |
| Manas                             | 3,00,000        |                  | Stock                                 | 2,40,000          |
| Arnav                             | <u>2,00,000</u> | 9,00,000         | Sundry Debtors                        | 2,20,000          |
| Investment<br>Fluctuation<br>Fund |                 | 1,10,000         | Less: Provision for<br>Doubtful Debts | ( <u>10,000</u> ) |
| Creditors                         |                 | <u>2,50,000</u>  | Cash                                  | <u>1,50,000</u>   |
|                                   |                 | <u>12,60,000</u> |                                       | <u>12,60,000</u>  |

Manas retired on 1<sup>st</sup> April, 2019. It was agreed that:

- Stock was to be appreciated by 20%
- Provision for doubtful debts was to be increased to ₹ 15,000.
- Value of furniture was to be reduced by ₹ 3,000.
- Market value of investments was ₹ 1,90,000.
- Goodwill of the firm was valued at ₹ 2,00,000 and Manas's share was adjusted in the accounts of Radha and Arnav.
- Manas was paid ₹ 68,000 in cash and the balance was transferred to his loan account.
- Capitals of Radha and Arnav were to be in proportion to their new profit sharing ratio. Surplus/deficit, if any, in their capital accounts was to be adjusted through current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and the Balance Sheet of the reconstituted firm.

25. Puneet, Pankaj and Pammy are partners in a business sharing profits and losses in the ratio of 2 : 2 : 1 respectively. Their balance sheet as on March 31, 2019 was as follows: [6]

**Books of Puneet, Pankaj and Pammy**  
**Balance Sheet as on March 31, 2019**

| Liabilities |  | Amount ₹ | Assets | Amount ₹ |
|-------------|--|----------|--------|----------|
|-------------|--|----------|--------|----------|

|                   |          |                 |                |                 |
|-------------------|----------|-----------------|----------------|-----------------|
| Sundry Creditors  |          | 1,00,000        | Cash at Bank   | 20,000          |
| Capital Accounts: |          |                 | Stock          | 30,000          |
| Puneet            | 60,000   |                 | Sundry Debtors | 80,000          |
| Pankaj            | 1,00,000 |                 | Investments    | 70,000          |
| Pammy             | 40,000   | 2,00,000        | Furniture      | 35,000          |
| Reserve           |          | 50,000          | Buildings      | 1,15,000        |
|                   |          | <b>3,50,000</b> |                | <b>3,50,000</b> |

Mr. Pammy died on September 30, 2017. The partnership deed provided the following:

- i. The deceased partner will be entitled to his share of profit up to the date of death calculated on the basis of previous year's profit.
- ii. He will be entitled to his share of goodwill of the firm calculated on the basis of 3 years' purchase of average of last 4 years' profit. The profits for the last four financial years are given below:  
for 2015–16; ₹ 80,000; for 2016–17, ₹ 50,000; for 2017–18, ₹ 40,000; for 2018–19, ₹ 30,000.

The drawings of the deceased partner up to the date of death amounted to ₹ 10,000. Interest on capital is to be allowed at 12% per annum. Surviving partners agreed that ₹ 15,400 should be paid to the executors immediately and the balance in four equal yearly instalments with interest at 12% p.a. on the outstanding balance. Show Mr. Pammy's Capital account, his Executor's account till the settlement of the amount due.

26. Satnam Ltd. purchased Building worth ₹ 5,00,000, Plant worth ₹ 4,60,000 and Furniture worth ₹ 2,20,000 from Gurnam Ltd. for a purchase consideration of ₹ 12,60,000. Satnam Ltd. paid the purchase consideration by issuing 10% debentures of ₹ 100 each. Pass the necessary journal entries in the books of Satnam Ltd. for the acquisition of assets and issue of 10% debentures when:
- a. Debentures were issued at par.
  - b. Debentures were issued at premium of 25%.
  - c. Debentures were issued at a discount of 10%.

[6]

### Part B :- Analysis of Financial Statements

27. Which of the following is not a limitation of financial statement analysis? [1]

- |                                  |   |
|----------------------------------|---|
| a) Qualitative aspect is ignored | b) To assess the financial position and profitability |
| c) Historical analysis           | d) Ignores price level changes                        |

OR

Which of the following is not a part of Finance Cost (in Statement of Profit and Loss)?

- |                                |                                     |
|--------------------------------|-------------------------------------|
| a) Loss on Issue of Debentures | b) Interest Paid on Debentures      |
| c) Bank Charges                | d) Interest Paid on Public Deposits |

28. A Company's Current Ratio is 2.4 : 1 and Working Capital is ₹ 5,60,000. If its Liquid Ratio is 1.5, what will be the value of Inventory? [1]

- |               |               |
|---------------|---------------|
| a) ₹ 6,40,000 | b) ₹ 3,60,000 |
| c) ₹ 6,00,000 | d) ₹ 2,00,000 |

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

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| a) Sale of Non-current investment | b) Increase in Securities Premium |
| c) Loan taken from bank           | d) Issue of Equity Shares         |

OR

If a machine whose original cost is ₹ 40,000 having accumulated depreciation ₹ 12,000, were sold for ₹ 34,000 then while preparing Cash Flow Statement its effect on cash flow will be:

- |   |   |
|---|---|
| a) Cash flow from investing activities ₹ 34,000 | b) Cash flow from financing activities ₹ 34,000 |
| c) Cash flow from investing activities ₹ 6,000  | d) Cash flow from financing activities ₹ 6,000  |

30. While calculating the cash flow statement from investment activities following items should be added except? [1]

a) Cash paid for purchase of Non-current Investment

b) Interest received

c) Cash received from sale of fixed assets

d) Cash received from sale of investments

31. Under what main heads and 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. Mining rights

ii. Encashment of employees earned leave payable on retirement

iii. Vehicles

32. From the following, calculate Debt to Capital Employed Ratio: [3]

|                      | ₹        |
|----------------------|----------|
| 9% Debentures        | 2,00,000 |
| 8% Public Deposits   | 5,00,000 |
| Long-term Provisions | 2,00,000 |
| Equity Share Capital | 8,00,000 |
| Reserves and Surplus | 5,00,000 |

33. From the following Statement of Profit and Loss of RJ Ltd., prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2022: [4]

**RJ Ltd.**

**Statement of Profit and Loss for the year ended 31st March, 2022**

| Particulars               | Note No. | 2021 - 22<br>₹ | 2020 - 21<br>₹ |
|---------------------------|----------|----------------|----------------|
| Revenue from Operations   |          | 20,00,000      | 15,00,000      |
| Employee Benefit Expenses |          | 8,00,000       | 4,00,000       |
| Other Expenses            |          | 2,00,000       | 1,00,000       |
| Tax Rate 50%              |          |                |                |

OR

Convert the following particulars into Common Size Statement of Profit & Loss and interpret the changes in 2023:

| Particulars                | Note No. | 31.3.2023 | 31.3.2022 |
|----------------------------|----------|-----------|-----------|
| Revenue from Operations    |          | 18,00,000 | 15,00,000 |
| Other Income               |          | 72,000    | 45,000    |
| Cost of Materials Consumed |          | 8,64,000  | 6,60,000  |
| Employee Benefit Expenses  |          | 1,80,000  | 1,80,000  |
| Other Expenses             |          | 54,000    | 1,05,000  |

34. Read the following hypothetical text and answer the given questions on the basis of the same. [6]

In 2011, two young Indian entrepreneurs, Vaishali Bhatia and Vivek Bhatia decided to start an online auto portal. At that time, there were no major players in the market and they saw an opportunity to fill the gap. They used a user-friendly website and mobile app which made it easy for users to research and buy cars. It was converted into a company 'Car Easy Ltd.' in 2018.

From the following Balance Sheet of the company as on 31<sup>st</sup> March, 2022, calculate 'Cash Flows From Operating Activities'.

**Balance Sheet of 'Car Easy Ltd' as at 31<sup>st</sup> March, 2022**

| Particulars                      | Note No. | 31.3.2022<br>(₹) | 31.3.2021<br>(₹) |
|----------------------------------|----------|------------------|------------------|
| <b>I Equity and Liabilities:</b> |          |                  |                  |
| 1. Shareholders' Funds           |          |                  |                  |
| (a) Share Capital                |          | 9,00,000         | 3,00,000         |
| (b) Reserves and Surplus         | 1        | 75,000           | 3,60,000         |
| 2. Non-Current Liabilities       |          |                  |                  |
| Long-term Borrowings             | 2        | 2,40,000         | 1,80,000         |
| 3. Current Liabilities           |          |                  |                  |
| (a) Trade Payables               |          | 18,000           | 60,000           |
| (b) Short-term Provisions        | 3        | 2,04,000         | 2,10,000         |

|                               |   |                  |                  |
|-------------------------------|---|------------------|------------------|
| <b>Total</b>                  |   | <b>14,37,000</b> | <b>11,10,000</b> |
| <b>II Assets:</b>             |   |                  |                  |
| 1. Non-Current Assets         |   |                  |                  |
| Fixed Assets                  | 4 | 10,08,000        | 5,76,000         |
| 2. Current Assets             |   |                  |                  |
| (a) Inventories               |   | 3,54,000         | 3,87,000         |
| (b) Cash and Cash Equivalents |   | 75,000           | 1,47,000         |
| <b>Total</b>                  |   | <b>14,37,000</b> | <b>11,10,000</b> |

#### Notes to Accounts:

| Note No. | Particulars  | 31.3.2022<br>(₹) | 31.3.2021<br>(₹) |
|----------|--|------------------|------------------|
| 1        | Reserve and Surplus                                  |                  |                  |
|          | Surplus i.e. Balance in Statement of Profit and Loss | 75,000           | 3,60,000         |
|          |  | 75,000           | 3,60,000         |
| 2        | Long-term Borrowings                                 |                  |                  |
|          | 10% Debentures                                       | 2,40,000         | 1,80,000         |
|          |  | 2,40,000         | 1,80,000         |
| 3        | Short-term Provisions                                |                  |                  |
|          | Provision for Tax                                    | 2,04,000         | 2,10,000         |
|          |  | 2,04,000         | 2,10,000         |
| 4        | Fixed Assets   |                  |                  |
|          | Machinery  | 11,52,000        | 6,45,000         |
|          | Accumulated Depreciation                             | (1,44,000)       | (69,000)         |
|          | Total  | 10,08,000        | 5,76,000         |

#### Additional Information:

- i. 10% Debentures were issued on 31st March, 2021.
- ii. Tax of ₹ 80,000 was paid during the year.



**SOLUTION**  
**SAMPLE QUESTION PAPER - 1**  
**SUBJECT- ACCOUNTANCY (055)**  
**CLASS XII (2024-25)**

**Part A:- Accounting for Partnership Firms and Companies**

1.  
(d) ₹ 60,000  
**Explanation:**  
Sacrificing ratio = 1 : 1  
Aditya share in premium on goodwill = ₹ 1,20,000  $\times \frac{1}{2}$  = ₹ 60,000
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. (a) ₹ 1,59,95,300  
**Explanation:**  
Amount appearing as Subscribed but not fully paid up  
 $\{ ₹ 20,00,000 \times 8 - (800 \times 4) - (500 \times 3) \} = ₹ 1,59,95,300$   
OR  
(b) Debentures issued for consideration other than cash  
**Explanation:**  
When a company purchases some assets and instead of paying cash issue debentures as a payment for the purchase from the vendors it is known as the issue of debentures for consideration other than cash.  
Asset A/c ... Dr.  
To vendor A/c  
Vendor A/c ... Dr.  
To debentures A/c
4.  
(b) Dr. X and Cr. Z by Rs 20,000 each  
**Explanation:**  
Adjustment of General Reserve at the time of change in profit sharing ratio:  
Old Ratio = 1:2:3 and New Ratio 1:1:1  
 $X = \frac{1}{6} - \frac{1}{3} = \frac{1}{6}$  Gain  
 $Y = \frac{2}{6} - \frac{1}{3} = \text{No Sacrifice/No Gain}$

$$Z = \frac{3}{6} - \frac{1}{3} = \frac{1}{6} \text{ Sacrifice}$$

$$\text{Share of General reserve} = 120000 \times \frac{1}{6} = 20000$$

OR

**(d) Mutual Agency**

**Explanation:**

Mutual Agency

5.

**(d) 3,000 / Partners current account Credit Side**

**Explanation:**

3,000 / Partners current account Credit Side

6.

**(c) 10,000**

**Explanation:**

$$(9,00,000)/90 = 10,000$$

OR

**(c) They can be issued for consideration other than cash.**

**Explanation:**

They can be issued for consideration other than cash.

7.

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

**Explanation:**

A is false but R is true.

8.

**(c) 07 : 08**

**Explanation:**

07 : 08

OR

**(c) ₹ 60,000**

**Explanation:**

Suppose Total Drawings are X

$$\text{Interest on Drawings} = x \times \frac{10}{100} \times \frac{4.5}{12} = 9,000$$

$$= \frac{45x}{1,200} = 9,000$$

$$45x = 9,000 \times 1,200$$

$$x = \frac{9,000 \times 1,200}{45} = 2,40,000$$

$$\text{Quarterly Drawings} = 2,40,000 \div 12 = ₹ 60,000$$

9. (b) ₹ 1,60,000

**Explanation:**

₹ 1,60,000

10. (a) ₹ 12,30,000

**Explanation:**

₹ 12,30,000

11.

(d) 1,200

**Explanation:**

$$300 = \text{Total drawings} \times 10/100 \times 2.5/12$$

$$\text{total drawings} = 14400$$

$$\text{monthly drawings} = 14,400/12 = \text{Rs. } 1200$$

12. (a) 70,000

**Explanation:**

maximum discount on re-issue = amount forfeited on the re-issued share

$$= 1000 \text{ shares} \times 70$$

$$= 70000$$

13. (a) ₹ 3,15,000

**Explanation:**

$$\text{Amount transferred to capital reserve account} = \frac{6,30,000}{70,000} \times 35,000 = 3,15,000$$

(half forfeited share reissued)

14.

(b) Drawings against capital will reduce the capital

**Explanation:**

The main difference between drawings against profit and drawings against capital is:

- i. Drawings against capital will reduce the amount of capital but not the profit because it is withdrawn from capital only.
- ii. Drawings against profit will reduce the amount of profit but not the capital.

15. (a) Option (iv)

**Explanation:**

goodwill must be valued at time of admission

OR

(a) to record the P and L account (Dr.)

**Explanation:**

to record the P and L account (Dr.) as it is written off in old ratio

16.

(d) Cash Account by ₹ 9,900

**Explanation:**

Cash Account by ₹ 9,900

17.

**Books of Anu, Manu, Sonu and Rohan**

**Journal**

| Date            | Particulars  |     | L.F. | Dr.<br>Amount ₹ | Cr.<br>Amount ₹ |
|-----------------|--|-----|------|-----------------|-----------------|
| 2023<br>April 1 | General Reserve A/c  | Dr. |      | 90,000          |                 |
|                 | To Anu's Capital A/c   |     |      |                 | 15,000          |
|                 | To Manu's Capital A/c  |     |      |                 | 30,000          |
|                 | To Sonu's Capital A/c  |     |      |                 | 15,000          |
|                 | To Rohan's Capital A/c   |     |      |                 | 30,000          |
|                 | (Distribution of General Reserve in old profit-sharing ratio)          |     |      |                 |                 |
| 2023<br>April 1 | Anu's Capital A/c  | Dr. |      | 15,000          |                 |
|                 | Manu's Capital A/c   | Dr. |      | 30,000          |                 |
|                 | To Sonu's Capital A/c  |     |      |                 | 30,000          |
|                 | To Rohan's Capital A/c   |     |      |                 | 15,000          |
|                 | (Adjustment for Goodwill on account of change in profit sharing ratio) |     |      |                 |                 |

**Working notes:**

Calculation of gain/ sacrifice

Gaining Share = New share - Old share

$$\text{Anu} = \frac{2}{10} - \frac{1}{6} = \frac{1}{30} \text{ (Gain)}$$

$$\text{Manu} = \frac{4}{10} - \frac{2}{6} = \frac{2}{30} \text{ (Gain)}$$

$$\text{Sonu} = \frac{1}{10} - \frac{1}{6} = \frac{-2}{30} \text{ (Sacrifice)}$$

$$\text{Rohan} = \frac{3}{10} - \frac{2}{6} = \frac{-1}{30} \text{ (Sacrifice)}$$

18.

**PROFIT AND LOSS APPROPRIATION ACCOUNT**  
for the year ended 31<sup>st</sup> March, 2023

| Dr.  |        |                 | Cr.                               |                 |
|--|--------|-----------------|-----------------------------------|-----------------|
| Particulars  |        | ₹               | Particulars                       | ₹               |
| To A's Salary A/c                                      |        | 1,80,000        | By Profit & Loss A/c (Net Profit) | 4,40,000        |
| To A's Commission A/c (₹ 4,40,000 × $\frac{10}{100}$ ) |        | 44,000          |                                   |                 |
| To B's Commission A/c (₹ 4,40,000 × $\frac{10}{100}$ ) |        | 40,000          |                                   |                 |
| To Profit transferred to Capital A/c                   |        |                 |                                   |                 |
| A's Capital A/c  | 88,000 |                 |                                   |                 |
| B's Capital A/c  | 88,000 | 1,76,000        |                                   |                 |
|  |        | <u>4,40,000</u> |                                   | <u>4,40,000</u> |

OR

Interest on Capital is calculated on the opening balance of capital, if additional capital is not given. Therefore, first of all opening capital will be calculated from the closing capital.

**Statement showing calculation of Opening Capital:**

| Particulars          | Mountain        | Hill            | Rock            |
|----------------------|-----------------|-----------------|-----------------|
| Closing Capital      | 4,00,000        | 3,00,000        | 2,00,000        |
| Add: Drawings        | 20,000          | 15,000          | 10,000          |
|                      | 4,20,000        | 3,15,000        | 2,10,000        |
| Less: Profit (1:1:1) | (50,000)        | (50,000)        | (50,000)        |
| Opening Capital      | <b>3,70,000</b> | <b>2,65,000</b> | <b>1,60,000</b> |

**Calculation of Interest on Capital @ 10% p.a. is as follows:**

|          |   |
|----------|---|
| Mountain | $3,70,000 \times \frac{10}{100} = ₹ 37,000$ |
| Hill     | $2,65,000 \times \frac{10}{100} = ₹ 26,500$ |

|      |   |
|------|---|
| Rock | $1,60,000 \times \frac{10}{100} = ₹ 16,000$ |
|------|---|

19.

**In the books of Blue Ltd.**

**Journal Entries**

| Date | Particulars   | L.F. | Debit Amount<br>(₹) | Credit Amount<br>(₹) |
|------|---|------|---------------------|----------------------|
|      | Sundry Assets A/c   | Dr.  | 40,00,000           |                      |
|      | To Sundry Liabilities A/c   |      |                     | 7,00,000             |
|      | To Shine Ltd.   |      |                     | 32,40,000            |
|      | To Capital Reserve A/c<br>(business purchase of Shine Ltd.)                           |      |                     | 60,000               |
|      | Shine Ltd. A/c  | Dr.  | 32,40,000           |                      |
|      | Discount on Issue of Debentures A/c<br>(36,000 × 10)                                  | Dr.  | 3,60,000            |                      |
|      | To 10% Debentures A/c<br>(36,000, 10% debentures issued as<br>purchase consideration) |      |                     | 36,00,000            |

OR

Yes, they can be reissued at a discount. And the discount limit is limited. This is different in different cases.

- Originally issued at par or premium. But now reissued at a discount. Condition for a discount is; the amount of discount should be less than or equal to the amount standing to the credit of forfeited shares account.
- When the shares were originally issued at a discount and now are reissued at discount, the maximum amount of discount should be less than or equal to the amount credited to the Forfeited shares account and the original discount together.

20.

**Calculation of Adjusted Profits**

| Particulars                | 2019   | 2020   | 2021     | 2022     | 2023     |
|----------------------------|--------|--------|----------|----------|----------|
|                            | ₹      | ₹      | ₹        | ₹        | ₹        |
| Profits                    | 40,000 | 60,000 | 1,00,000 | (20,000) | 1,50,000 |
| Add: Loss on Sale of Asset |        | 26,000 |          |          |          |

|   |        |        |          |                 |                 |
|---|--------|--------|----------|-----------------|-----------------|
| Add: Cost of Computers wrongly charged to P & L A/c |        |        |          | 1,00,000        |                 |
| Less: Depreciation on Computers                     |        |        |          | (20,000)<br>(1) | (16,000)<br>(2) |
| Adjusted Profits                                    | 40,000 | 86,000 | 1,00,000 | 60,000          | 1,34,000        |

$$\text{Average Profit} = \frac{40,000 + 86,000 + 1,00,000 + 60,000 + 1,34,000}{5}$$

$$= \frac{4,20,000}{5} = ₹ 84,000$$

$$\text{Value of Goodwill} = 84,000 \times \frac{150}{100} = ₹ 1,26,000$$

### Working Note:

- Depreciation on Computers for the year ended 31.3.2022 = 20% on ₹ 1,00,000 = ₹ 20,000
- Depreciation on Computers for the year ended 31.3.2023: 20% on (₹ 1,00,000 - ₹ 20,000) = ₹ 16,000

### 21. Table Showing Maximum Permissible Discount and Minimum Reissue Price

| Case | Amount Forfeited              | Maximum Permissible Discount is Amount Forfeited | Minimum Reissue Price      |
|------|-------------------------------|--|----------------------------|
| 1.   | ₹ 3 + ₹ 4 + 2 = ₹ 9 per share | ₹ 9 per share                                    | ₹ 10 - ₹ 9 = ₹ 1 per share |
| 2.   | ₹ 3 + ₹ 4 = ₹ 7 per share     | ₹ 7 per share                                    | ₹ 10 - ₹ 7 = ₹ 3 per share |
| 3.   | ₹ 3 per share                 | ₹ 3 per share                                    | ₹ 10 - ₹ 3 = ₹ 7 per share |
| 4.   | ₹ 3 per share                 | ₹ 3 per share                                    | ₹ 10 - ₹ 3 = ₹ 7 per share |
| 5.   | ₹ 3 + ₹ 4 = ₹ 7 per share     | ₹ 7 per share                                    | ₹ 10 - ₹ 7 = ₹ 3 per share |

### 22. Books of Amit, Sumit and Vinit

#### Realisation Account

| Dr.         |          | Cr.              |          |
|-------------|----------|------------------|----------|
| Particulars | Amount ₹ | Particulars      | Amount ₹ |
| Machinery   | 80,000   | Sundry creditors | 90,000   |
| Investments | 1,50,000 | Mrs.Amit's loan  | 40,000   |

|                              |                 |                              |        |                 |
|------------------------------|-----------------|------------------------------|--------|-----------------|
| Stock                        | 10,000          | Bank:                        |        |                 |
| Debtors                      | 35,000          | Machinery                    | 70,000 |                 |
| Amit's Capital (wife's loan) | 40,000          | Stock                        | 11,000 |                 |
| Bank (realisation expenses)  | 1,500           | Debtors                      | 32,000 | 1,13,000        |
|                              |                 | Vinit's capital (investment) |        | 45,000          |
|                              |                 | Loss transferred to:         |        |                 |
|                              |                 | Amit's capital               | 14,250 |                 |
|                              |                 | Sumit's capital              | 8,550  |                 |
|                              |                 | Vinit's capital              | 5,700  | 28,500          |
|                              | <b>3,16,500</b> |                              |        | <b>3,16,500</b> |

### Partners Capital Accounts

| Dr.  |                        |      |               |               |               | Cr.  |                                |      |               |               |               |
|------|------------------------|------|---------------|---------------|---------------|------|--------------------------------|------|---------------|---------------|---------------|
| Date | Particulars            | J.F. | Amit<br>₹     | Sumit<br>₹    | Vinit<br>₹    | Date | Particulars                    | J.F. | Amit<br>₹     | Sumit<br>₹    | Vinit<br>₹    |
|      | Realisation Investment |      | -             | -             | 45,000        |      | Balance b/d                    |      | 40,000        | 50,000        | 60,000        |
|      | Realisation (loss)     |      | 14,250        | 8,550         | 5,700         |      | Realisation (Mrs. Amit's loan) |      | 40,000        | -             | -             |
|      | Bank                   |      | 70,750        | 44,450        | 11,300        |      | Profit and Loss                |      | 5,000         | 3,000         | 2,000         |
|      |                        |      | <b>85,000</b> | <b>53,000</b> | <b>62,000</b> |      |                                |      | <b>85,000</b> | <b>53,000</b> | <b>62,000</b> |

### Bank Account

| Dr.          |             |             | Cr.          |                        |             |
|--------------|-------------|-------------|--------------|------------------------|-------------|
| Date<br>2017 | Particulars | Amount<br>₹ | Date<br>2017 | Particulars            | Amount<br>₹ |
|              | Balance b/d | 15,000      |              | Realisation (expenses) | 1,500       |



|  |                               |                 |  |                 |                 |
|--|-------------------------------|-----------------|--|-----------------|-----------------|
|  | Realisation (assets realised) | 1,13,000        |  | Amit's capital  | 70,750          |
|  |                               |                 |  | Sumit's capital | 44,450          |
|  |                               |                 |  | Vinit's capital | 11,300          |
|  |                               | <b>1,28,000</b> |  |                 | <b>1,28,000</b> |

**Note:** No entry has been made for the investments taken over by the creditors as per rules.

23.

### CASH BOOK

| Dr.                             |      |                        | Cr.            |      |                        |
|---------------------------------|------|------------------------|----------------|------|------------------------|
| Particulars                     | L.F. | ₹                      | Particulars    | L.F. | ₹                      |
| To Equity Share Application A/c |      | 1,50,000               | By Balance b/d |      | 5,04,000               |
| To Equity Share Allotment A/c   |      | 1,00,000               |                |      |                        |
| To Equity Share First Call A/c  |      | 1,42,500               |                |      |                        |
| To Equity Share Final Call A/c  |      | 95,000                 |                |      |                        |
| To Equity Share Capital A/c     |      | 15,000                 |                |      |                        |
| To Securities Premium Reserve   |      | <u>1,500</u>           |                |      |                        |
|                                 |      | <b><u>5,04,000</u></b> |                |      | <b><u>5,04,000</u></b> |

### JOURNAL

| Date | Particulars  |     | L.F. | Dr. (₹)  | Cr. (₹)  |
|------|--|-----|------|----------|----------|
|      | Equity Share Application A/c                                   | Dr. |      | 1,50,000 |          |
|      | To Equity Share Capital A/c<br>(Application money transferred) |     |      |          | 1,50,000 |
|      | Equity Share Allotment A/c                                     | Dr. |      | 1,00,000 |          |
|      | To Equity Share Capital A/c<br>(Allotment money due)           |     |      |          | 1,00,000 |
|      | Equity Share First Call A/c                                    | Dr. |      | 1,50,000 |          |
|      | To Equity Share Capital A/c<br>(First call money due)          |     |      |          | 1,50,000 |
|      | Equity Share Final Call A/c                                    | Dr. |      | 1,00,000 |          |

|  |     |  |        |          |
|--|-----|--|--------|----------|
| To Equity Share Capital A/c<br>(First Call money due)                                      |     |  |        | 1,00,000 |
| Equity Share Capital A/c   | Dr. |  | 25,000 |          |
| To Equity Share First Call A/c   |     |  |        | 7,500    |
| To Equity Share Final Call A/c   |     |  |        | 5,000    |
| To Share Forfeiture A/c<br>(Forfeiture of 500 shares)                                      |     |  |        | 12,500   |
| Sharen Forfeiture A/c  | Dr. |  | 7,500  |          |
| To Capital Reserve A/c<br>(Profit on reissue of 300 shares transferred to Capital Reserve) |     |  |        | 7,500    |

### BALANCE SHEET OF STREET FOOD LTD

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

| Particulars                       | Note No. | Current Year    | Previous Year |
|-----------------------------------|----------|-----------------|---------------|
| <b>I. EQUITY AND LIABILITIES:</b> |          | ₹               | ₹             |
| Shareholder's Funds               |          |                 |               |
| (a) Share Capital                 | 1        | 4,95,000        |               |
| (b) Reserves and Surplus          | 2        | <u>9,000</u>    |               |
|                                   |          | <b>5,04,000</b> |               |
| <b>II. ASSETS:</b>                |          |                 |               |
| <b>Current Assets:</b>            |          |                 |               |
| Cash and Cash Equivalents         | 3        | 5,04,000        |               |

#### Notes to Accounts:

|   |          |
|---|----------|
|   | ₹        |
| <b>(1) Share Capital:</b>                   |          |
| <b>Issued Share Capital:</b>                |          |
| 10,000 Equity Shares of ₹ 50 each           | 5,00,000 |
| <b>Subscribed and Fully Paid Capital:</b>   |          |
| 9,800 Equity Shares of ₹ 50 each fully paid | 4,90,000 |

|                                       |       |                 |
|---------------------------------------|-------|-----------------|
| Add: Share Forfeiture A/c             | 5,000 | 4,95,000        |
| <b>(2) Reserves and Surplus:</b>      |       |                 |
| Securities Premium Reserve A/c        |       | 1,500           |
| Capital Reserves A/c                  |       | <u>7,500</u>    |
|                                       |       | <b>9,000</b>    |
| <b>(3) Cash and Cash Equivalents:</b> |       |                 |
| Cash at Bank                          |       | <u>5,04,000</u> |

**(4)** Only that amount of profit is transferred from Share Forfeiture A/c to Capital Reserve A/c which belongs to the re-issued shares. In this question, only 300 shares have been re-issued, as such, the profit on only 300 shares will be transferred to Capital Reserve Account. This has been calculated as under:

As Profit on forfeiture of 500 shares = ₹ 12,500

Therefore, Profit on the forfeiture of 300 shares = ₹  $\frac{12,500}{500} \times 300$

= ₹ 7,500

∴ Transfer to Capital Reserve = ₹ 7,500

OR

### CASH BOOK

| Dr.   |      |                       |  |      | Cr.             |
|---|------|-----------------------|--|------|-----------------|
| Particulars                                       | L.F. | ₹                     | Particulars                            | L.F. | ₹               |
| To Share Application A/c (30,000 × ₹ 4)           |      | 1,20,000              | By Share Application A/c (6,000 × ₹ 4) |      | 24,000          |
| To Share Allotment A/c                            |      | 42,900 <sup>(4)</sup> | By Balance c/d                         |      | 2,78,500        |
| To Share First Call A/c (18,000 × ₹ 3)            |      | 54,000                |  |      |                 |
| To Share Second and Final Call A/c (18,000 × ₹ 4) |      | 72,000                |  |      |                 |
| To Share Capital A/c (1,700 × ₹ 8)                |      | 13,600                |  |      |                 |
| To Balance b/d                                    |      | 2,78,500              |  |      |                 |
|   |      | <u>3,02,500</u>       |  |      | <u>3,02,500</u> |

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| Date | Particulars  |     | L.F. | Dr. (₹) | Cr. (₹) |
|------|--|-----|------|---------|---------|
|      | Share Application A/c (24,000 × ₹ 4)   | Dr. |      | 96,000  |         |
|      | To Share Capital A/c (20,000 × ₹ 3)  |     |      |         | 60,000  |
|      | To Securities Premium Reserve A/c (20,000 × ₹ 1)   |     |      |         | 20,000  |
|      | To Share Allotment A/c (4,000 × ₹ 4)<br>(Amount received on application transferred to Share Capital A/c, Securities Premium Reserve A/c, Share Allotment A/c and excess refunded) |     |      |         | 16,000  |
|      | Share Allotment A/c (20,000 × ₹ 3)   | Dr. |      | 60,000  |         |
|      | To Share Capital A/c (20,000 × ₹ 2)  |     |      |         | 40,000  |
|      | To Securities Premium Reserve A/c (20,000 × ₹ 1)<br>(Amount due on Allotment)  |     |      |         | 20,000  |
|      | Share First Call A/c (20,000 × ₹ 3)  | Dr. |      | 60,000  |         |
|      | To Share Capital A/c (20,000 × ₹ 2)  |     |      |         | 40,000  |
|      | To Securities Premium Reserve A/c (20,000 × ₹ 1)<br>(Amount due on First Call)   |     |      |         | 20,000  |
|      | Share Capital A/c (500 × ₹ 7 Called up)  | Dr. |      | 3,500   |         |
|      | Securities Premium Reserve A/c (500 × ₹ 2)   | Dr. |      | 1,000   |         |
|      | To Share Allotment A/c   |     |      |         | 1,100   |
|      | To Share First Call A/c (500 × ₹ 3)  |     |      |         | 1,500   |
|      | To Share Forfeiture A/c<br>(500 shares of X forfeited for non-payment of Allotment and First Call)   |     |      |         | 1,900   |
|      | Share Second and Final Call A/c (19,500 × ₹ 4)   | Dr. |      | 78,000  |         |
|      | To Share Capital A/c (19,500 × ₹ 3)  |     |      |         | 58,500  |
|      | To Securities Premium Reserve A/c<br>(Amount due on second and Final Call on 19,500 shares)  |     |      |         | 19,500  |
|      | Share Capital A/c (1,500 × ₹ 10)   | Dr. |      | 15,000  |         |

|  |   |     |  |                      |       |
|--|---|-----|--|----------------------|-------|
|  | Securities Premium Reserve A/c (1,500 × ₹ 2)  | Dr. |  | 3,000                |       |
|  | To Share First Call A/c (1,500 × ₹ 3)   |     |  |                      | 4,500 |
|  | To Share Second and Final Call A/c (1,500 × ₹ 4)  |     |  |                      | 6,000 |
|  | To Share Forfeiture A/c<br>((1,500 shares of Y forfeited for non-payment of First and Second Call)        |     |  |                      | 7,500 |
|  | Share Forfeiture A/c (1,700 × ₹ 2)  | Dr. |  | 3,400                |       |
|  | To Share Capital A/c<br>(Loss on re-issue of 1,700 shares)  |     |  |                      | 3,400 |
|  | Share Forfeiture A/c  | Dr. |  | 4,860 <sup>(5)</sup> |       |
|  | To Capital Reserve A/c<br>(Transfer of profit on 700 re-issued shares transferred to Capital Reserve A/c) |     |  |                      | 4,860 |

### BALANCE SHEET OF VISWAS LTD.

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

| Particulars                       | Note no. | Current Year    | Previous Year |
|-----------------------------------|----------|-----------------|---------------|
| <b>I. EQUITY AND LIABILITIES:</b> |          | ₹               | ₹             |
| <b>Shareholder's Funds</b>        |          |                 |               |
| (a) Share Capital                 | 1        | 1,98,140        |               |
| (b) Reserves and Surplus          | 2        | <u>80,360</u>   |               |
|                                   |          | <u>2,78,500</u> |               |
| <b>II ASSETS:</b>                 |          |                 |               |
| <b>Current Assets:</b>            |          |                 |               |
| Cash and Cash Equivalents         | 3        | <u>2,78,500</u> |               |

#### Notes to Accounts:

|                                       |                 |
|---------------------------------------|-----------------|
| 1. (1) Share Capital                  | ₹               |
| Authorised:                           | _____           |
| Issued:                               |                 |
| 20,000 shares of ₹ 10 each fully paid | <u>2,00,000</u> |

|   |                            |                      |
|---|----------------------------|----------------------|
| <b>Subscribed &amp; Fully Paid Capital</b>  |                            |                      |
| 19,700 Shares of ₹ 10 each  | 1,97,000                   |                      |
| Add: Share Forfeiture A/c   | <u>1,140<sup>(6)</sup></u> | <u>1,98,140</u>      |
| <b>(2) Reserves and Surplus:</b>  |                            |                      |
| Capital Reserve A/c   |                            | 4,860                |
| Securities Premium Reserve A/c  |                            | <u>75,500</u>        |
|   |                            | <b><u>80,360</u></b> |
| <b>(3) Cash and Cash Equivalents</b>  |                            |                      |
| Cash at Bank  |                            | 2,78,500             |
| <b>(4) (A) X must have applied for <math>\frac{24,000}{20,000} \times 500 = 600</math> Shares</b> |                            |                      |
| Excess Application money received from X:   |                            |                      |
| 600 shares - 500 shares = 100 shares $\times$ ₹ 4   |                            | 400                  |
| (B) Amount due from X on allotment : 500 shares $\times$ ₹ 3                                      |                            | 1,500                |
| Less: Excess received from X on application   |                            | <u>(400)</u>         |
| Amount not received from X on allotment   |                            | <u>1,100</u>         |
| (C) Total amount due on allotment = 20,000 shares $\times$ ₹ 3                                    |                            | 60,000               |
| Less: Excess received on applications   |                            | <u>16,000</u>        |
| Balance due   |                            | <u>44,000</u>        |
| Less: Amount not received from X on allotment   |                            | <u>1,100</u>         |
| Net amount received on allotment in Cash  |                            | 42,900               |
| <b>(5) 1,700 Re-issued shares include 1,500 shares of Y and the balance 200 shares of X.</b>      |                            |                      |
| Profit on 200 shares of X = $\frac{1,900}{500} \times 200$  |                            | 760                  |
| Profit on 1,500 shares of Y   |                            | <u>7,500</u>         |
|   |                            | <b><u>8,260</u></b>  |
| Less: Loss on Re-issue of 1,700 shares @ ₹ 2  |                            | <u>3,400</u>         |
| Amount transferred to Capital Reserve   |                            | 4,860                |

|  |              |
|--|--------------|
| (6) Profit on 300 unissued shares of X to be shown on the liabilities side of the Balance Sheet: |              |
| $\frac{1,900}{500} \times 300$   | <b>1,140</b> |

24.

### JOURNAL

| Date | Particulars   |     | L.F. | Dr. (₹) | Cr. (₹) |
|------|---|-----|------|---------|---------|
|      | General Reserve A/c   | Dr. |      | 10,500  |         |
|      | To A's Capital A/c  |     |      |         | 4,500   |
|      | To B's Capital A/c  |     |      |         | 3,750   |
|      | To C's Capital A/c  |     |      |         | 2,250   |
|      | (General reserve transferred to old partner's capital accounts)                       |     |      |         |         |
|      | Revaluation A/c   | Dr. |      | 4,240   |         |
|      | To Furniture A/c  |     |      |         | 2,920   |
|      | To Provision for Repairs A/c  |     |      |         | 1,320   |
|      | (Reduction in the value of assets and a provision made for outstanding repairs bills) |     |      |         |         |
|      | Debtors A/c*  | Dr. |      | 2,000   |         |
|      | Land & Building A/c   | Dr. |      | 11,760  |         |
|      | To Revaluation A/c  |     |      |         | 13,760  |
|      | (Increase in the value of assets)   |     |      |         |         |
|      | Revaluation A/c   | Dr. |      | 9,520   |         |
|      | To A's Capital A/c  |     |      |         | 4,080   |
|      | To B's Capital A/c  |     |      |         | 3,400   |
|      | To C's Capital A/c  |     |      |         | 2,040   |
|      | (The transfer of profit on revaluation to old partner's Capital A/cs)                 |     |      |         |         |
|      | A's Capital A/c   | Dr. |      | 2,250   |         |
|      | B's Capital A/c   | Dr. |      | 1,875   |         |
|      | C's Capital A/c   | Dr. |      | 1,125   |         |

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

### REVALUATION ACCOUNT

| Dr.                        |       |       |                         | Cr.    |
|----------------------------|-------|-------|-------------------------|--------|
| Particulars                |       | ₹     | Particulars             | ₹      |
| To Furniture A/c           |       | 2,920 | By Land & Buildings A/c | 11,760 |
| To Provision for Repairs   |       | 1,320 | By Debtors A/c          | 2,000  |
| To Profit transferred to : |       |       |                         |        |
| A's Capital A/c            | 4,080 |       |                         |        |
| B's Capital A/c            | 3,400 |       |                         |        |



|                 |              |               |               |
|-----------------|--------------|---------------|---------------|
| C's Capital A/c | <u>2,040</u> | 9,520         |               |
|                 |              | <u>13,760</u> | <u>13,760</u> |

### CAPITAL ACCOUNTS

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

### BALANCE SHEET

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

| Liabilities                |  | ₹      | Assets              | ₹      |
|----------------------------|--|--------|---------------------|--------|
| Creditors                  |  | 18,900 | Cash <sup>(4)</sup> | 24,920 |
| Bills Payable              |  | 6,300  | Debtors             | 28,460 |
| Provision for Repairs      |  | 1,320  | Stock               | 29,400 |
| Capital Account balances:- |  |        | Furniture           | 4,430  |

|   |               |                 |                  |                 |
|---|---------------|-----------------|------------------|-----------------|
| A | 44,100        |                 | Land & Buildings | 56,910          |
| B | 36,750        |                 |                  |                 |
| C | 22,050        |                 |                  |                 |
| D | <u>14,700</u> | 1,17,600        |                  |                 |
|   |               | <u>1,44,120</u> |                  | <u>1,44,120</u> |

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

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

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

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

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

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

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

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

D brings in ₹14,700 as Capital according to his  $\frac{1}{8}$ th share of profit. Therefore, according to

D's Capital, the total Capital of the new firm will be =  $14,700 \times \frac{8}{1} = ₹ 1,17,600$

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

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

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

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

**Notes:**

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

|    |   |  |        |
|----|---|--|--------|
| 4. | Calculation of Cash Balance :             |  | ₹      |
|    | Opening Balance                           |  | 1,890  |
|    | Add: Capital and goodwill brought in by D |  | 28,770 |
|    | Add: Cash brought in by C                 |  | 1,320  |

|                        |              |               |
|------------------------|--------------|---------------|
|                        |              | 31,980        |
| Less: Amount paid to A | 3,660        |               |
| Less: Amount paid to B | <u>3,400</u> | 7,060         |
| Closing Balance        |              | <u>24,920</u> |

OR  
REVALUATION ACCOUNT

| Dr.   |               | Cr.         |               |
|---|---------------|-------------|---------------|
| Particulars                                   | (₹)           | Particulars | (₹)           |
| To Furniture                                  | 3,000         | By Stock    | 48,000        |
| To Provision for doubtful debts               | 5,000         |             |               |
| To Profit transferred to partners capital A/c |               |             |               |
| Radha's Capital A/c                           | 24,000        |             |               |
| Manas's Capital A/c                           | 8,000         |             |               |
| Arnav's Capital A/c                           | <u>8,000</u>  |             |               |
|   | <u>48,000</u> |             | <u>48,000</u> |

Partner's Capital Account

| Dr.                    |              |              |              | Cr.                               |              |               |              |
|------------------------|--------------|--------------|--------------|-----------------------------------|--------------|---------------|--------------|
| Particulars            | Radha<br>(₹) | Manas<br>(₹) | Arnav<br>(₹) | Particulars                       | Radha<br>(₹) | Manas<br>(₹)  | Arnav<br>(₹) |
| To Manas's Capital A/c | 30,000       | _____        | 10,000       | By balance b/d                    | 4,00,000     | 3,00,000      | 2,00,000     |
| To Cash A/c            | _____        | 68,000       | _____        | By Investment Fluctuation Reserve | 60,000       | 20,000        | 20,000       |
| To Manas's loan        | _____        | 3,00,000     | _____        | By Revaluation A/c                | 24,000       | 8,000         | 8,000        |
| To Balance c/d         | 4,54,000     | _____        | 2,18,000     | By Radha Capital A/c              | _____        | 30,000        | _____        |
|                        |              |              |              | By Arnav Capital A/c              | _____        | <u>10,000</u> | _____        |

|                        |                 |                 |                 |                        |                 |                 |                 |
|------------------------|-----------------|-----------------|-----------------|------------------------|-----------------|-----------------|-----------------|
|                        | <u>4,84,000</u> | <u>3,68,000</u> | <u>2,28,000</u> |                        | <u>4,84,000</u> | <u>3,68,000</u> | <u>2,28,000</u> |
| To Arnav's Current A/c | _____           | _____           | 50,000          | By balance b/d         | 4,54,000        | _____           | 2,18,000        |
| To balance c/d         | <u>5,04,000</u> | _____           | <u>1,68,000</u> | By Radha's current A/c | 50,000          | _____           | _____           |
|                        | <u>5,04,000</u> |                 | <u>2,18,000</u> |                        | <u>5,04,000</u> |                 | <u>2,18,000</u> |

**Balance Sheet of the reconstituted firm  
as on 1<sup>st</sup> April 2019**

| Liabilities                    |                 | (₹)              | Assets                            |                 | (₹)              |
|--------------------------------|-----------------|------------------|-----------------------------------|-----------------|------------------|
| <b>Capital A/c of partners</b> |                 |                  | Furniture                         |                 | 4,57,000         |
| Radha                          | 5,04,000        |                  | Investments                       |                 | 1,90,000         |
| Arnav                          | <u>1,68,000</u> | 6,72,000         | Stock                             |                 | 2,88,000         |
| Manas's Loan                   |                 | 3,00,000         | Debtors                           | 2,20,000        |                  |
| Arnav's Current A/c            |                 | 50,000           | Less Provision for doubtful debts | <u>(15,000)</u> | 2,05,000         |
| Creditors                      |                 | 2,50,000         | Cash                              |                 | 82,000           |
|                                |                 |                  | Radha's Current A/c               |                 | <u>50,000</u>    |
|                                |                 | <u>12,72,000</u> |                                   |                 | <u>12,72,000</u> |

Adjusted Capital of:

Arnav = ₹ 4,54,000

Radha = ₹ 2,18,000

Total = ₹ 6,72,000

Arnav's capital = ₹ 6,72,000 ×  $\frac{3}{4}$  = ₹ 5,04,000

Radha's capital = ₹ 6,72,000 ×  $\frac{1}{4}$  = ₹ 1,68,000

25. **Pammy's Capital Account**

| Dr.                     |          | Cr.                           |          |
|-------------------------|----------|-------------------------------|----------|
| Particulars             | Amount ₹ | Particulars                   | Amount ₹ |
| To Drawings             | 10,000   | By Balance b/d                | 40,000   |
| To Pammy Executor's A/c | 75,400   | By Profit and Loss (Suspense) | 3,000    |
|                         |          | By Puneet's Capital A/c       | 15,000   |
|                         |          | By Pankaj's Capital A/c       | 15,000   |

|  |               |                        |               |
|--|---------------|------------------------|---------------|
|  |               | By Interest on Capital | 2,400         |
|  |               | By Reserve             | 10,000        |
|  | <b>85,400</b> |                        | <b>85,400</b> |

**Pammy's Executor Account**

| <b>Dr.</b>  |                          |             |                     | <b>Cr.</b>  |                        |             |                     |
|-------------|--------------------------|-------------|---------------------|-------------|------------------------|-------------|---------------------|
| <b>Date</b> | <b>Particulars</b>       | <b>J.F.</b> | <b>Amount<br/>₹</b> | <b>Date</b> | <b>Particulars</b>     | <b>J.F.</b> | <b>Amount<br/>₹</b> |
| 2017-18     |                          |             |                     | 2017-18     |                        |             |                     |
| Sep. 30     | To Bank                  |             | 15,400              | Sep. 30     | By Pammy's Capital A/c |             | 75,400              |
| Mar. 31     | To Balance c/d           |             | 63,600              | Mar. 31     | By Interest            |             | 3,600               |
|             |                          |             | <b>79,000</b>       |             |                        |             | <b>79,000</b>       |
| 2018-19     |                          |             |                     | 2018-19     |                        |             |                     |
| Sep. 30     | To Bank                  |             | 22,200              | April 01    | By Balance b/d         |             | 63,600              |
|             | (15,000 + 3,600 + 3,600) |             |                     | Sep. 30     | By Interest            |             | 3,600               |
| Mar. 31     | To Balance c/d           |             | 47,700              | Mar. 31     | By Interest            |             | 2,700               |
|             |                          |             | <b>69,900</b>       |             |                        |             | <b>69,900</b>       |
| 2019-20     |                          |             |                     | 2019-20     |                        |             |                     |
| Sep. 30     | To Bank                  |             | 20,400              | April 01    | By Balance b/d         |             | 47,700              |
| Mar. 31     | To Balance c/d           |             | 31,800              | Sep. 30     | By Interest            |             | 2,700               |

|             |                             |  |               |             |                |  |               |
|-------------|-----------------------------|--|---------------|-------------|----------------|--|---------------|
|             |                             |  |               | Mar.<br>31  | By Interest    |  | 1,800         |
|             |                             |  | <b>52,200</b> |             |                |  | <b>52,200</b> |
| 2020-<br>21 |                             |  |               | 2020-<br>21 |                |  |               |
| Sep. 30     | To Bank                     |  | 18,600        | April<br>01 | By Balance b/d |  | 31,800        |
|             | (15,000 + 1,800 +<br>1,800) |  |               | Sep. 30     | By Interest    |  | 1,800         |
| Mar.<br>31  | To Balance c/d              |  | 15,900        | Mar.<br>31  | By Interest    |  | 900           |
|             |                             |  | <b>34,500</b> |             |                |  | <b>34,500</b> |
| 2021-<br>22 |                             |  |               | 2021-<br>22 |                |  |               |
| Sep. 30     | To Bank                     |  | 16,800        | April<br>01 | By Balance b/d |  | 15,900        |
|             | (15,000 + 900 + 900)        |  |               | Sep. 30     | By Interest    |  | 900           |
|             |                             |  | <b>16,800</b> |             |                |  | <b>16,800</b> |

### Working Notes:

#### i. Pammy's Share of Profit

$$\text{Previous Year's} \times \text{Profit Proportionate} \times \text{Period Share of Deceased Partner} = 30,000 \times \frac{6}{12} \times \frac{1}{5} = 3,000$$

#### ii. Pammy's Share of Goodwill

Goodwill of the firm = Average Profit ' Numbers of Year's Purchase

$$\text{Average Profit} = \frac{80,000+50,000+40,000+30,000}{4} = \frac{2,00,000}{4} = 50,000$$

$$\text{Goodwill of the firm} = 50,000 \times 3 = ₹ 1,50,000$$

$$\text{Pammy's share} = 1,50,000 \times \frac{1}{5} = 30,000$$

#### iii. Gaining Ratio = New Ratio – Old Ratio

$$\text{Puneet's Share} = \frac{2}{4} - \frac{2}{5} = \frac{2}{20}$$

$$\text{Pankaj's Share} = \frac{2}{4} - \frac{2}{5} = \frac{2}{20}$$

$$\text{Gaining Ratio between Puneet and Pankaj} = 2 : 2 \text{ or } 1 : 1$$

iv. Interest on Capital for 6 months, i.e. from April 1, 2007 to September 30, 2007

$$\text{Amount of Capital} \times \text{Rate of Interest} \times \text{Period} = 40,000 \times \frac{12}{100} \times \frac{6}{12} = 2,400$$

v. Interest Amount

The firm closes its books every year on March 31, while instalments to Pammy's Executor are paid on September 30 every year.

$$\text{Amount outstanding on 30 September} = 75,400 - 15,400 = ₹ 60,000$$

**Calculation of Interest:**

| Periods | Amount Oustanding | Yearly Interest                        | For 6 Months                        |
|---------|-------------------|--|-------------------------------------|
| 2017-18 | 60,000            | $60,000 \times \frac{12}{100} = 7,200$ | $7,200 \times \frac{6}{12} = 3,600$ |
| 2018-19 | 45,000            | $45,000 \times \frac{12}{100} = 5,400$ | $5,400 \times \frac{6}{12} = 2,700$ |
| 2019-20 | 30,000            | $30,000 \times \frac{12}{100} = 3,600$ | $3,600 \times \frac{6}{12} = 1,800$ |
| 2020-21 | 15,000            | $15,000 \times \frac{12}{100} = 1,800$ | $1,800 \times \frac{6}{12} = 900$   |

26.

**In the books of  
Satnam Ltd.**

|                 | Particulars   | L.F. | Dr. (₹)   | Cr. (₹)   |
|-----------------|---|------|-----------|-----------|
|                 | Building A/c Dr.                                    |      | 5,00,000  |           |
|                 | Plant A/c Dr.                                       |      | 4,60,000  |           |
|                 | Furniture A/c Dr.                                   |      | 2,20,000  |           |
|                 | Goodwill A/c Dr.                                    |      | 80,000    |           |
|                 | To Gurnam Ltd.                                      |      |           | 12,60,000 |
|                 | (Business purchased from Gurnam Ltd.)               |      |           |           |
| <b>Case (a)</b> | Gurnam Ltd. A/c Dr.                                 |      | 12,60,000 |           |
|                 | To 10% Debenture                                    |      |           | 12,60,000 |
|                 | (10% debenture issued to Gurnam ltd.)               |      |           |           |
| <b>Case (b)</b> | Gurnam Ltd. A/c Dr.                                 |      | 12,60,000 |           |
|                 | To 10% Debenture (10,080 × 100)                     |      |           | 10,08,000 |
|                 | To Security Premium                                 |      |           | 2,52,000  |
|                 | (10% debenture issued to Gurnam ltd at 25% premium) |      |           |           |
| <b>Case (c)</b> | Gurnam Ltd. A/c Dr.                                 |      | 12,60,000 |           |

|  |  |     |  |          |           |
|--|--|-----|--|----------|-----------|
|  | Discount on Issue of Debenture A/c               | Dr. |  | 1,40,000 |           |
|  | To 10% Debenture (14,000 × 100)                  |     |  |          | 14,00,000 |
|  | (10% debenture issued to Gurnam Ltd at discount) |     |  |          |           |

### Working Notes:-

#### Case (b)

Number of Debenture Issued

$$= \frac{12,60,000}{100+125} = \frac{12,60,000}{125}$$

$$= \mathbf{10,080}$$

#### Case (c)

Number of Debenture Issued

$$\frac{12,60,000}{100-10} = \frac{12,60,000}{90}$$

$$= \mathbf{14,000}$$

### Part B :- Analysis of Financial Statements

27.

(b) To assess the financial position and profitability

#### Explanation:

Statement of profit and loss shows whether the enterprise is earning adequate profits and whether the profits have increased or decreased as compared to previous years whereas balance sheet shows the position of the business as regards to the payment of its short term as well as long term liabilities. Different ratios are also calculated. Hence, to assess the profitability and solvency is one of the objective of the financial statement analysis. Other options i.e. historical analysis, ignores price level changes, ignores qualitative aspect are the limitations of financial statement analysis.

OR

(c) Bank Charges

#### Explanation:

Bank charges is a part of other expenses in the statement of profit and loss I statement.

28.

(b) ₹ 3,60,000

#### Explanation:

$$\text{Current ratio} = \frac{C.A}{C.L}$$

$$\text{Current asset} = 2.4 \text{ C.L}$$

$$\text{Working capital} = \text{Current Asset} - \text{Current liabilities}$$



$$5,60,000 = 2.4 \text{ C.L} - \text{C.L}$$

$$\text{C.L} = \frac{5,60,000}{1.4} = ₹ 4,00,000$$

$$\text{C.A} = 2.4 \times ₹ 4,00,000 = ₹ 9,60,000$$

$$\text{Quick ratio} = \frac{\text{Q.A}}{\text{C.L}}$$

$$\text{Q.A} = ₹ 4,00,000 \times 1.5 = ₹ 6,00,000$$

$$\text{Q.A} = \text{C.A} - \text{Inventory}$$

$$\text{Inventory} = ₹ 9,60,000 - ₹ 6,00,000 = ₹ 3,60,000$$

29. (a) Sale of Non-current investment

**Explanation:**

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

OR

(a) Cash flow from investing activities ₹ 34,000

**Explanation:**

Cash flow from investing activities ₹ 34,000

30. (a) Cash paid for purchase of Non-current Investment

**Explanation:**

Cash paid for the purchase of investment is deducted in investing activities while preparing a cash flow statement. It showed an outflow of cash in investing activities. But Cash received from the sale of fixed assets. Cash received from the sale of investments, Interest received are inflow hence added.

| 31. | Sl.no | Items  | Major Headings          | Sub-headings                     |
|-----|-------|--|-------------------------|----------------------------------|
|     | (i)   | Mining Rights  | Non-current Assets      | Fixed Assets (Intangible assets) |
|     | (ii)  | Encashment of Employees Earned Leave Payable on Retirement | Non-current Liabilities | Long-term Provisions             |
|     | (iii) | Vehicles   | Non-current Assets      | Fixed Assets (Tangible assets)   |

This classification of assets is given as per revised schedule 3 of the company's act,2013 in order to bring uniformity in classification and to ensure international standards. This classification is given in part 1 of the schedule.

32. Capital employed = Shareholder fund + Non-current liability

Capital employed = 8,00,000 + 5,00,000 + 2,00,000 + 5,00,000 + 2,00,000

Capital employed = 22,00,000

Debt = 2,00,000 + 5,00,000 + 2,00,000 = 9,00,000

Debt to Capital employed Ratio =  $\frac{\text{Debt}}{\text{Capital employed}} = \frac{9,00,000}{22,00,000} = 0.41 : 1$

33. **comparative statement of profit and loss**

| Particulars                     | Note No. | 31st March, 2021 | 31st March, 2022 | Absolute Change | Percentage Change                   |
|---------------------------------|----------|------------------|------------------|-----------------|-------------------------------------|
|                                 |          | (A)              | (B)              | (C = B - A)     | (D = $\frac{C}{A} \times 100$ ) (%) |
| I. Revenue from Operations      |          | 15,00,000        | 20,00,000        | 5,00,000        | 33.33                               |
| II. Expenses                    |          |                  |                  |                 |                                     |
| Employee Benefit Expenses       |          | 4,00,000         | 8,00,000         | 4,00,000        | 100                                 |
| Other Expenses                  |          | 1,00,000         | 2,00,000         | 1,00,000        | 100                                 |
| Total                           |          | 5,00,000         | 10,00,000        | 5,00,000        | 100                                 |
| III. Profit before tax (I - II) |          | 10,00,000        | 10,00,000        | -               | -                                   |
| Less:- Tax (50%)                |          | 5,00,000         | 5,00,000         | -               | -                                   |
| IV. Profit after tax (III - IV) |          | 5,00,000         | 5,00,000         | -               | -                                   |

OR

### COMMON SIZE STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2022 and 2023

| Particulars             | Note No. | Absolute Amounts |           | % of Balance Sheet Total |           |
|-------------------------|----------|------------------|-----------|--------------------------|-----------|
|                         |          | 2021-2022        | 2022-2023 | 2021-2022                | 2022-2023 |
| Revenue from Operations |          | 15,00,000        | 18,00,000 | 100                      | 100       |
| Other Income            |          | 45,000           | 72,000    | 3                        | 4         |

|  |  |           |           |     |     |
|--|--|-----------|-----------|-----|-----|
| <b>Total Revenue</b>                               |  | 15,45,000 | 18,72,000 | 103 | 104 |
| Less: Expenses                                     |  |           |           |     |     |
| Cost of Materials Consumed                         |  | 6,60,000  | 8,64,000  | 44  | 48  |
| Employee Benefit Expenses                          |  | 1,80,000  | 1,80,000  | 12  | 10  |
| Other Expenses                                     |  | 1,05,000  | 54,000    | 7   | 3   |
| <b>Total Expenses</b>                              |  | 9,45,000  | 10,98,000 | 63  | 61  |
| Profit before Tax (Total Revenue - Total Expenses) |  | 6,00,000  | 7,74,000  | 40  | 43  |

**Working Note:-**

For the year of 2021-22

i. Cost of Materials Consumed =  $\frac{6,60,000}{15,00,000} \times 100 = 44\%$

ii. Employee Benefit Expenses =  $\frac{1,80,000}{15,00,000} \times 100 = 12\%$

iii. Other Expenses =  $\frac{1,05,000}{15,00,000} \times 100 = 7\%$

For the year of 2022-23

i. Cost of Materials Consumed =  $\frac{8,64,000}{18,00,000} \times 100 = 48\%$

ii. Employee Benefit Expenses =  $\frac{1,80,000}{18,00,000} \times 100 = 10\%$

iii. Other Expenses =  $\frac{54,000}{18,00,000} \times 100 = 3\%$

34. **Calculation of 'Cash Flows from operating activities'**  
**for the year ended 31st March, 2022**

| <b>Particulars</b>   | <b>Details<br/>(₹)</b> | <b>Amount<br/>(₹)</b> |
|--|------------------------|-----------------------|
| Net Loss before tax and extraordinary items                            |                        | (2,11,000)            |
| Add : Non-cash and Non-operating expenses :                            |                        |                       |
| Depreciation on machinery  | 75,000                 |                       |
| Interest on Debentures   | <u>24,000</u>          | <u>99,000</u>         |
| Net Loss before changes in working capital                             |                        | (1,12,000)            |
| Add : Decrease in Current Assets and Increase in Current Liabilities : |                        |                       |
| Decrease in Inventories  | 33,000                 |                       |

|  |          |            |
|--|----------|------------|
| Less : Increase in Current Assets and Decrease in Current Liabilities: |          |            |
| Trade Payables   | (42,000) | (9,000)    |
| Cash generated from operations   |          | (1,21,000) |
| Less : Tax paid  |          | (80,000)   |
| Net cash outflow/used in operating activities                          |          | (2,01,000) |

**Provision for Tax A/c**

| Dr.            |                 |                               | Cr.             |
|----------------|-----------------|-------------------------------|-----------------|
| Particulars    | (₹)             | Particulars                   | (₹)             |
| To Bank A/c    | 80,000          | By Balance b/d                | 2,10,000        |
| To Balance c/d | 2,04,000        | By Statement of Profit & Loss | 74,000          |
|                | <b>2,84,000</b> |                               | <b>2,84,000</b> |

**Working Notes:**

Calculation of net profit before tax:

|                       | (₹)        |
|-----------------------|------------|
| Net Loss              | (2,85,000) |
| Add provision for Tax | 74,000     |
| Net loss before tax   | (2,11,000) |