SAMPLE QUESTION PAPER - 2

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, 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. When a new partner does not bring his share of goodwill in cash, the amount is debited to : **[1]**

    a) Current A/c of the New Partner
    b) Capital A/c of the Old Partners
    c) Premium A/c
    d) Cash A/c

2. **Assertion (A):** Partnership firm is an organisation where seven or more persons carry on some business activity on the basis of agreement among them. **[1]**
    Reason (R): The profit or loss arising from the partnership business is shared by the partners in the agreed ratio.

    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. To whom dividend is given at a fixed rate in a company? **[1]**

a) To preference shareholders

b) To debentureholders

c) To equity shareholders

d) To promoters

OR

Monika Ltd. issued 50,000, 8% Debentures of ₹ 100 each at certain rate of premium and to be redeemed at 10% premium. At the time of writing off Loss on Issue of Debentures, Statement of Profit and Loss was debited with ₹ 2,00,000. At what rate of premium, these debentures were issued?

a) 4%

b) 16%

c) 6%

d) 10%

4. A, B and C were partners in a firm sharing profits in 4 : 3 : 2 ratio. They decided to share future profits in 4 : 3 : 1 ratio. Sacrificing ratio and gaining ratio will be: **[1]**

a) A Gain $\frac{4}{72}$; B Gain $\frac{3}{72}$; C Sacrifice $\frac{7}{72}$

b) A Sacrifice $\frac{4}{72}$; B Sacrifice $\frac{3}{72}$; C Gain $\frac{7}{72}$

c) A Sacrifice $\frac{3}{72}$; B Sacrifice $\frac{4}{72}$; C Gain $\frac{7}{72}$

d) A Gain $\frac{3}{72}$; B Gain $\frac{4}{72}$; C Sacrifice $\frac{7}{72}$

OR

Calculate the interest on drawings of Mr. Amit @10% p.a. for the year ended 31.03.2022, if Mr. Amit withdrew 1200 at the end of each quarter

a) 180

b) 240

c) 220

d) 300

5. Salary or Commission to a partner is an **[1]**

a) appropriation cum charge

b) charge against profits

c) asset

d) appropriation out of profits

6. In the Balance Sheet of a company, interest accrued and due on debentures is shown under the main head **[1]**

a) Reserves and Surplus
b) Share Capital
c) Non-current Liabilities
d) Current Liabilities

OR

Diksha Ltd. issued 4,000, 9% Debentures of ₹ 100 each at a discount of 10%, redeemable at a premium. **Discount on Issue of Debentures** and **Premium on Redemption of Debentures** were accounted for through **Loss on Issue of Debentures Account**. If the amount of **Loss on Issue of Debentures Account** was ₹ 60,000, then the amount of premium on redemption was:

a) ₹ 60,000
b) ₹ 40,000
c) ₹ 80,000
d) ₹ 20,000

7. **Assertion (A)**: The security premium amount can be used to issue partially paid up bonus shares. **[1]**

Reason (R): According to Section 52(2) of the Companies Act, 2013, the amount of Securities Premium Reserve can be used only for some specific purposes.

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. Remaining partners after a partner retires contribute to retiring partner in **[1]**

a) New ratio of continuing partners
b) Both Sacrificing ratio and New ratio of continuing partners
c) Sacrificing ratio
d) Gaining Ratio

OR

Every partner is bound to attend diligently to his ________ in the conduct of the business.

a) capital
b) rights

c) duties		d) meetings

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

P, Q and R are partners in a firm. Their capitals are ₹ 30,000, ₹ 20,000 and ₹ 10,000 respectively. As per partnership deed,

i. R is to be allowed remuneration of ₹ 3,000 p.a.

ii. Interest on capital @ 5% p.a.

iii. Profits should be distributed in the ratio of 2:2:1.

Ignoring the above terms, net profit of ₹ 18,000 was distributed among the partners equally

9. How much interest on capital is to be credited to partner P?

a) ₹ 1,500		b) ₹ 1,000

c) ₹ 900		d) ₹ 800

10. How much profit is to be credited to Partner Q after all adjustments?

a) ₹ 1,000		b) ₹ 2,400

c) ₹ 4,800		d) ₹ 1,200

11. Net profit of a firm is ₹ 4,950. Manager is entitled to a commission of 10% on profits before charging his commission. Manager's commission will be: **[1]**

a) ₹ 495		b) ₹ 450

c) ₹ 485		d) ₹ 550

12. Which type of capital will be written after the authorized capital in the balance sheet? **[1]**

a) Subscribed Capital		b) Issued Capital

c) Paid-up Capital		d) Called up Capital

13. Persons who start a company are called ________. **[1]**

a) Auditors		b) Directors

c) Promoters		d) Shareholders

14. A, B and C are partners sharing profits in 3 : 2 : 1 ratio. C was guaranteed that he will get minimum of ₹ 20,000 as his share of profit every year. Firm's profit was ₹ 90,000. Any deficiency in C profit will be compensate by A and B in the ratio of 4 : 1. A's share of Profit after meeting deficiency will be: **[1]**

a) 45,000

b) 40,000

c) 44,000

d) 41,000

15. A and B are in partnership sharing profits in the ratio of 3 : 2. They take C as a new partner. Goodwill of the firm is valued at ₹ 3,00,000 and C brings ₹ 30,000 as his share of goodwill in cash which is entirely credited to the Capital Account of A. New profit sharing ratio will be: **[1]**

a) 5 : 4 : 1

b) 6 : 3 : 1

c) 4 : 5 : 1

d) 3 : 2 : 1

OR

The formula for calculating the sacrificing ratio is:

a) Gaining Ratio - Old Ratio

b) Old Share - New Share

c) New Share - Old Share

d) Old Ratio - Gaining Ratio

16. ________ is prepared at the time of dissolution. **[1]**

a) Revaluation Account

b) Profit and Loss Appropriation Account

c) Profit & Loss Account

d) Realisation Account

17. Bharti and Sashi are partners in a firm, sharing profits and losses in the ratio of 3 : 2. On 31st March, 2023 their Balance Sheet was as under: **[3]**

BALANCE SHEET OF Bharti AND Sashi
as at 31st March, 2023

Liabilities	₹	Assets	₹
Sundry Creditors	13,800	Furniture	16,000

General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Fund	20,000	Investments	30,000
Bharti's Capital	50,000	Trade Receivables	18,500
Sashi's Capital	40,000	Cash in Hand	26,700
	1,47,200		**1,47,200**

The partners have decided to change their profit sharing ratio to 1 :1 with immediate effect. For the purpose, they decided that:

i. Investments to be valued at ₹ 20,000.

ii. Goodwill of the firm be valued at ₹ 24,000.

iii. General Reserve not to be distributed between the partners.

You are required to pass necessary Journal entries in the books of the firm. Show workings.

18. Yogesh and Raju are partners in firm sharing profits and losses in the ratio of 3 : 2. Their fixed capitals as on 1st April, 2022, were ₹ 6,00,000 and ₹ 4,00,000 respectively. Their partnership deed provided for the following : **[3]**

i. Partners are to be allowed interest on their capitals @ 10% per annum.

ii. They are to be charged interest on drawings @ 4% per annum.

iii. Yogesh is entitled to a salary of ₹ 2,000 per month.

iv. Raju is entitled to a commission of 5% of the correct net profit of the firm before charging such commission.

v. Yogesh is entitled to rent of ₹ 3,000 per month for the use of his premises by the firm.

The net profit of the firm for the year ended 31st March, 2023, before providing for any of the above clauses was ₹ 4,00,000. Both partners withdrew ₹ 5,000 at the beginning of every month for the entire year.

You are required to prepare a Profit and Loss Appropriation Account for the year ended 31st March, 2023.

OR

Ravi and Rahul are partners in a firm. Ravi was to get a commission of 10% on the net profits before charging any commission. However, Rahul was to get a commission of 10%

on the net profits after charging all commissions. Fill in the missing figures in the following Profit and Loss Appropriation Account for the year ended 31st March 2023:

PROFIT AND LOSS APPROPRIATION ACCOUNT

for the year ended 31st March, 2023

Dr.				**Cr.**
Particulars		**₹**	**Particulars**	**₹**
To Ravi's Commission (₹ _____ $\times \frac{10}{100}$)		44,000	By Profit & Loss A/c	_____
To Rahul's Commission		_____		
To Profit transferred to:				
Ravi's Capital A/c	_____			
Rahul's Capital A/c	_____	_____		
		_____		_____

19. Z Ltd purchased machinery from K Ltd, Z Ltd, paid K Ltd as follows **[3]**

i. By issuing 5,000 equity shares of ₹ 10 each at a premium of 30%.

ii. By issuing 1,000, 8% debentures of ₹ 100 each at a discount of 10%.

iii. Balance by giving a promissory note of ₹ 48,000 payable after two months.
Pass necessary journal entries for the purchase of machinery and payment to K Ltd in the books of Z Ltd.

OR

A Ltd. forfeited 600 Equity Shares of ₹ 10 each issued at a premium of 20% to Rajat who had applied for 720 Equity Shares, for non-payment of allotment money of ₹ 5 per equity share (including premium) and the first and final call of ₹ 5 per equity share. Out of these, 200 Equity Shares were reissued to Sanjay credited as fully paid for ₹ 9 per equity share. As per the terms of issue, company was to retain the excess application money to adjust against calls. Pass Journal entries to record forfeiture and reissue of shares.

20. The profits of a firm for the last five years were: **[3]**

Year →	2011	2012	2013	2014	2015
Profits (Rs.)	45,000	50,000	52,000	65,000	85,000

Calculate the value of goodwill on the basis of two years of purchase of weighted average profits, the weights to be used are 2011-1, 2012-2, 2013-3, 2014-4 and 2015-5.

21. The authorised capital of Suhas Ltd is Rs. 50,00,000 divided into 25,000 shares of Rs. 200 each. Out of these, the company issued 12,000 shares of Rs. 200 each at a premium of 10%. The amount per share was payable as follows **[4]**

Rs. 60 on application

Rs. 60 on allotment (including premium)

Rs. 30 on first call and balance on final call.

Public applied for 11,000 shares. All the money was duly received.

Prepare an extract of balance sheet of Suhas Ltd as per Revised Schedule III, Part I of the Companies Act, 2013 disclosing the above information. Also prepare 'Notes to accounts' for the same.

22. Gaurav, Saurabh and Vaibhav were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. They decided to dissolve the firm on 31st March, 2018. After transferring Sundry assets (other than cash in hand and cash at Bank) and third party liabilities to realisation account, the assets were realized and liabilities were paid off as follows: **[4]**

i. A machinery with a book value of ₹ 6,00,000 was taken over by Gaurav at 50% and stock worth ₹ 5,000 was taken over by a creditor of ₹ 9,000 in full settlement of his claim.

ii. Land and building (book value ₹ 3,00,000) was sold for ₹ 4,00,000 through a broker who charged 2% commission.

iii. The remaining creditors were paid ₹ 76,000 in full settlement of their claim and the remaining assets were taken over by Vaibhav for ₹ 17,000.

iv. Bank loan of ₹ 3,00,000 was paid along with interest of ₹ 21,000.

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

23. On 1st April 2023, Saniya Ltd. issued 30,000 Equity Shares of ₹ 10 each at a premium of ₹ 4 per share, payable as follows: **[6]**

₹ 6 on application (including ₹ 1 premium),

₹ 2 on the allotment (including ₹ 1 premium),

₹ 3 on the first call (including ₹ 1 premium), and

₹ 3 on second and final call (including ₹ 1 premium).

Applications were received for 45,000 shares, of which applications for 9,000 shares were rejected and their money was refunded. Rest of the applicants were issued shares on pro rata basis. Harish, to whom 600 shares were allotted, did not pay the allotment money and his shares were forfeited after allotment. Manoj, who applied for 1,080 shares did not pay the two calls and his shares were forfeited.

1,200 forfeited shares were reissued as fully paid-up on receipt of ₹ 9 per share, the whole of Manoj's shares being included.

Prepare Cash Book and Pass necessary Journal entries. Also, show share capital in the Balance Sheet of the company.

OR

Anmol India Ltd. invited applications for issuing 1,20,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. The amount was payable as follows:

On Application	₹ 2 per share
On Allotment	₹ 5 per share (including premium)
On First and Final call	Balance

Applications for 1,50,000 shares were received. Shares were allotted to all the applicants on pro-rata basis. Excess money received on applications was adjusted towards sums due on allotment. All calls were made. Monu who had applied for 3,000 shares failed to pay the amount due on allotment and first and final call. Manav who was allotted 2,400 shares failed to pay the first and final call. Shares of both Monu and Manav were forfeited. The forfeited shares were reissued at ₹ 9 per share as fully paid-up. Pass necessary journal entries for the above transactions in the books of Anmol India Ltd.

24. Mohan and Mahesh were partners in a firm sharing profits in the ratio of 3: 2. On 1st April, 2012, they admitted Nusrat as a partner in the firm. The balance sheet of Mohan and Mahesh on that date was as under **[6]**

Balance Sheet

as at 1st April, 2012

Liabilities		Amt(Rs)	Assets	Amt(Rs)
Creditors		2,10,000	Cash in Hand	1,40,000

Workmen's Compensation Fund		2,50,000	Debtors	1,60,000
General Reserve		1,60,000	Stock	1,20,000
Capital A/cs			Machinery	1,00,000
Mohan	1,00,000		Building	2,80,000
Mahesh	80,000	1,80,000		
		8,00,000		8, 00,000

It was agreed that

i. The value of building and stock be appreciated to Rs 3,80,000 and Rs 1,60,000 respectively.

ii. The liabilities of workmen's compensation fund was determined at Rs 2,30,000.

iii. Nusrat brought in her share of goodwill Rs 1,00,000 in cash.

iv. Nusrat was to bring further cash as would make her capital equal to 20% of the combined capital of Mohan and Mahesh after above revaluation and adjustments are carried out.

v. The future profit sharing ratio will be Mohan 2/5th, Mahesh 2/5th, Nusrat 1/5th. Prepare revaluation account, partners' capital accounts and balance sheet of the new firm. Also, show clearly the calculation of capital brought by Nusrat.

OR

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

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

Liabilities	Amount (₹)	Assets		Amount (₹)
Sundry Creditors	45,000	Cash at Bank		42,000
Employees Provident Fund	13,000	Debtors	60,000	
General reserve	20,000	Less: Provision for doubtful debts	(2,000)	58,000
Capitals:		Stock		80,000

Akul	1,60,000		Furniture	90,000
Bakul	1,20,000		Plant and Machinery	1,80,000
Chandan	92,000	3,72,000		
		4,50,000		**4,50,000**

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

i. Plant and Machinery was undervalued by 10%.

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

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

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

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

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

25. 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: **[6]**

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.

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

i. Anand 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. Dawar Ltd. issued 5,000, 7% Debentures of ₹ 200 each at a premium of 5%, redeemable at a premium of 10%.

iii. Novelty 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

27. Which objective is useful for the external users of financial statements? **[1]**

a) Assessing the Managerial Efficiency

b) Inter-firm Comparison

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

d) Assessing the Earning Capacity or profitability

OR

Under which heading the item **bills discounted but not yet matured** will be shown in the balance sheet of a company?

a) Current Assets

b) Contingent Liabilities

c) Current Liability

d) Unamortised Expenditure

28. The ratio of Current Assets (₹ 10,00,000) to Current Liabilities (₹ 4,00,000) is 2.5 : 1. The accountant of the firm is interested in maintaining a Current Ratio of 1.8 : 1, by acquiring some Current Assets on Credit. Current asset acquired will be: **[1]**

a) 2,80,000

b) 3,00,000

c) 3,50,000

d) 1,50,000

29. The objectives of Cash Flow Statement are **[1]**

A. Analysis of cash position

B. Short-term cash planning

C. Evaluation of liquidity

D. Comparison of Operating Performance

a) A, B, C, D

b) Both A and C

c) Both A and B

d) Both B and D

OR

Which of the following item is not added or deducted while preparing a cash flow statement?

a) Dividend Received

b) Bonus shares issued

c) Dividend Paid

d) Purchase of goodwill

30. Value of copyrights was Rs.68,000 in the year 31st March 2015 but after one year on 31st March 2016 value of copyrights was Rs.1,00,000. How it will affect the cash flow statement? **[1]**

a) Add Rs. 1,00,000 in investing activities

b) Less Rs. 32,000 in investing activities

c) Add Rs. 32,000 in investing activities

d) Less Rs.1,00,000 in investing activities

31. Name any two items that are shown under the head 'other current liabilities' and any two items that are shown under the head 'other current assets' in the balance sheet of a company as per Schedule III of the Companies Act, 2013. **[3]**

32. Working Capital ₹ 9,00,000; Total Debts (Liabilities) ₹ 19,50,000; Long-Term Debts ₹ 15,00,000. Calculate Current Ratio. **[3]**

33. From the following Statement of Profit and Loss, prepare Common-size Statement of Profit and Loss and give comments: **[4]**

	Particulars	**Note No.**	**31st March, 2023 (₹)**	**31st March, 2022 (₹)**
I.	**Income**			
	Revenue from Operations (Net Sales)		12,50,000	10,00,000
II.	**Expenses**			
	Purchases of Stock-in-Trade		8,70,000	7,20,000
	Change in Inventories of Stock-in-Trade		(20,000)	30,000
	Depreciation and Amortisation Expenses		30,000	20,000
	Other Expenses		50,000	30,000
	Total		9,30,000	8,00,000
III.	**Profit before Tax (I - II)**		3,20,000	2,00,000
IV.	Income Tax		96,000	60,000
V.	**Profit after Tax (III - IV)**		2,24,000	1,40,000

OR

From the following Statement of Profit and Loss of PP Ltd. prepare a **Common Size Statement of Profit and Loss** for the year ended 31.3.2021 and 31.3.2022:

Particulars	**2021-2022 (₹)**	**2020-2021 (₹)**
Revenue from operations	20,00,000	10,00,000

Other Income	5,00,000	5,00,000
Expenses	10,00,000	7,00,000
Tax Rate 50%		

34. Calculate Cash Flow from Operating Activities from the following information: **[6]**

Particulars	**Opening Balances (₹)**	**Closing Balances (₹)**
Surplus, i.e., Balance in Statement of Profit and Loss	30,000	35,000
General Reserve	10,000	15,000
Provision for Depreciation on Machinery	30,000	35,000
Outstanding Expenses	5,000	3,000
Goodwill	20,000	10,000
Trade Receivables (Sundry Debtors)	40,000	35,000

Machinery costing ₹ 20,000 having book value of ₹ 14,000 was sold for ₹ 18,000 during the year.

SOLUTION
SAMPLE QUESTION PAPER - 2
SUBJECT- ACCOUNTANCY (055)
CLASS XII (2024-25)
Part A:- Accounting for Partnership Firms and Companies

1. **(a)** Current A/c of the New Partner

   Explanation:

   Current A/c of the New Partner as we have to receive money from new partner

2.

   (d) A is false but R is true.

   Explanation:

   A partnership firm is a form of organisation where two or more persons carry on some business activity on the basis of agreement among them.

3. **(a)** To preference shareholders

   Explanation:

   To preference shareholders

   OR

   (c) 6%

   Explanation:

   Amount of Premium payable at the time of Redemption @ 10% = ₹ 5,00,000

   Out of this amount, ₹ 2,00,000 have been debited to Statement of Profit & Loss. It means ₹ 3,00,000 have been written off from Securities Premium.

   Rate of Premium = $\frac{₹3,00,000}{₹50,00,000} \times 100 = 6\%$

4. **(a)** A Gain $\frac{4}{72}$; B Gain $\frac{3}{72}$; C Sacrifice $\frac{7}{72}$

   Explanation:

   A Gain $\frac{4}{72}$; B Gain $\frac{3}{72}$; C Sacrifice $\frac{7}{72}$

   Sacrificing ratio = Old ratio - New ratio

   A :- $\frac{4}{9} - \frac{4}{8} = \frac{32-36}{72} = \frac{(-4)}{72}$ Gain

   B :- $\frac{3}{9} - \frac{3}{8} = \frac{24-27}{72} = \frac{(-3)}{72}$ Gain

   C :- $\frac{2}{9} - \frac{1}{8} = \frac{16-9}{72} = \frac{7}{72}$

   OR

   (a) 180

   Explanation:

   4,800 X 10/100 X 4.5/12 = 180

5.

(d) appropriation out of profits

Explanation:

In a normal situation, salary or commission paid to a partner is treated as an appropriation. It means salary or commission is paid only when there is profit and amount of salary or commission cannot be more than the profits. So we can say that in the case of profit, commission or salary to a partner can be provided.

6.

(d) Current Liabilities

Explanation:

In the Balance Sheet of a company, interest accrued and due on debentures is shown under the main head Current Liabilities.

OR

(d) ₹ 20,000

Explanation:

₹ 20,000

Discount on issue of debenture = $(4,000 \times 100) \times 10\% = 40,000$

Premium on redemption = Loss on issue of debenture - Discount on issue of debenture

Premium on redemption = 60,000 - 40,000 = 20,000

7.

(d) A is false but R is true.

Explanation:

According to Section 52(2) of the Companies Act, 2013, the amount of Securities Premium Reserve can be used only for the following purposes:

i. To issue fully paid-up bonus shares to the shareholders.
ii. To write off preliminary expenses of the companies.
iii. To write off the commission paid or expenses on issue of shares/debentures.
iv. To pay premium on the redemption of preference shares or debentures of the company.
v. Buy-back of equity shares and other securities as per Section 68.

8.

(d) Gaining Ratio

Explanation:

At the time of retirement or death of a partner, remaining partners compensate retired partner in Gaining Ratio so that retired partner to contribute to future profits.

OR

(c) duties

Explanation:

duties

9. **(a)** ₹ 1,500

   Explanation:

   ₹ 1,500

10. **(c)** ₹ 4,800

    Explanation:

    ₹ 4,800

11. **(a)** ₹ 495

    Explanation:

    Commission = 4,950 $\times \frac{10}{100}$ = ₹ 495

12.

    (b) Issued Capital

    Explanation:

    Types of share capital to be written under head Share Capital in order in the balance sheet is as follows:

    i. Authorized Capital
    ii. Issued Capital
    iii. Subscribed Capital
    iv. Subscribed and fully paid-up capital
    v. Subscribed and not fully paid-up capital

13.

    (c) Promoters

    Explanation:

    Promoters

14.

    (d) 41,000

Explanation:

A’s share = 45,000

Deficiency to be born by A = 4,000

A's share of Profit after meeting deficiency will be: 45000 - 4000 = 41,000

15. **(a)** 5 : 4 : 1

Explanation:

C brings 30,000 as goodwill so his share will be 1/10 which is given by A only as goodwill credited to A only.

A 's new share = 3/5 -1/10 = 5/10

B' share = 2/5 x 2/2 = 4/10 (Same as earlier)

OR

(b) Old Share - New Share

Explanation:

as old share is higher in sacrifice

16.

(d) Realisation Account

Explanation:

Realisation Account

17. **IN THE BOOKS OF BHARTI AND SASHI**

JOURNAL

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
2023					
March 31	Investment Fluctuation Fund A/c	Dr.		20,000	
	To Investments A/c				10,000
	To Bharti’s Capital A/c				6,000
	To Sashi’s Capital A/c				4,000
	(Being depreciation in the value of investment provided for and excess amount distributed)				

March 31	Sashi's Capital A/c ($24,000 \times \frac{1}{10}$)	Dr.		2,400	
	To Bharti's Capital A/c ($24,000 \times \frac{1}{10}$)				2,400
	(Being adjustment for goodwill due to change in profit-sharing ratio)				
March 31	Sashi's Capital A/c ($23,400 \times \frac{1}{10}$)	Dr.		2,340	
	To Bharti's Capital A/c ($23,400 \times \frac{1}{10}$)				2,340
	(Being adjustment for general reserve not distributed)				

Working Notes:

Calculation of Change in Profit Sharing Ratio

Particulars	Bharti	Sashi
Old Ratio	$\frac{3}{5}$	$\frac{2}{5}$
New Ratio	$\frac{1}{2}$	$\frac{1}{2}$
Gain/Sacrifice	$(\frac{3}{5} - \frac{1}{2}) = \frac{1}{10}$ (Sacrifice)	$(\frac{2}{5} - \frac{1}{2}) = (-\frac{1}{10})$ (Gain)

18. **PROFIT AND LOSS APPROPRIATION ACCOUNT**

for the year ended 31st March, 2023

Dr.					**Cr.**
Particulars		**₹**	**Particulars**		**₹**
To Interest on Capital A/c			By Profit & Loss A/c **(Net Profit)**	4,00,000	
Yogesh's Current A/c	60,000		Less: Rent	36,000	3,64,000
Raju's Current A/c	40,000	1,00,000	By Interest on drawings		
To Salary			Yogesh Current A/c	1,300	
Yogesh's Current A/c		24,000	Raju's Current A/c	1,300	2,600
To Commission					
Raju's Current A/c		18,200			

To Profit transferred to:					
Yogesh's Current A/c	1,34,640				
Raju's Current A/c	89,760	2,24,400			
		3,66,600			**3,66,600**

W.N.:

i. Interest on Drawings: $60,000 \times \frac{4}{100} \times \frac{6.5}{12}$ = ₹1,300

ii. Commission = 5% on ₹3,64,000 = ₹18,200.

OR

PROFIT AND LOSS APPROPRIATION A/C

for the year ended 31st March, 2023

Dr.				**Cr.**
Particulars		**₹**	**Particulars**	**₹**
To Ravi's Commission (₹ 4,40,000 $\times \frac{10}{100}$)		44,000	By Profit & Loss Account	4,40,000
To Rahul's Commission (₹ 3,96,000$\times \frac{10}{110}$)		36,000		
To Profit transferred to Capital Account				
Ravi's Capital A/c	1,80,000			
Rahul's Capital A/c	1,80,000	3,60,000		
		4,40,000		**4,40,000**

Working Notes:

i. **Calculation of profit before charging any commission:-**

Ravi's Commission @ 10% on the net profits before charging any commission = 44,000

∴ Total Profit before charging any commission = ₹ 44,000 $\times \frac{100}{10}$= ₹ 4,40,000

ii. **Calculation of Rahul's commission:-**

Profit after charging Ravi's Commission = ₹ 3,96,000 (₹ 4,40,000 - ₹ 44,000)

Commission of Rahul = ₹ 3,96,000 $\times \frac{10}{110}$ = ₹ 36,000

19.

Purchase Consideration:	₹
(i) 5,000 Equity Shares @ ₹13	65,000

(ii) 1,000 Debentures @ ₹ 90	90,000
(iii) Promissory Note	48,000
	2,03,000

Journal of Z Ltd.

(i)	Machinery A/c	Dr.	2,03,000	
	To K Ltd			2,03,000
	(Machinery purchased from K Ltd.)			
(ii)	K Ltd	Dr.	65,000	
	To Equity Share Capital A/c			50,000
	To Securities Premium A/c			15,000
	(Part payment made by issue of 5,000 equity shares of ₹ 10 each at ₹ 13)			
(iii)	K Ltd A/c	Dr.	90,000	
	Discount on Issue of Debentures A/c	Dr.	10,000	
	To 8% Debentures A/c			1,00,000
	(Part payment made by issue of ₹ 1,00,000 debentures at 10% discount)			
(iv)	K Ltd.	Dr.	48,000	
	To Bills Payable A/c			48,000
	(Balance payment made by giving promissory note)			
(v)	Securities Premium A/c	Dr.	10,000	
	To Discount on Issue of Debentures A/c			10,000
	(Discount on issue of debentures written off)			

OR

JOURNAL OF A LTD.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)

	Share Capital A/c	Dr.		6,000	
	Securities Premium A/c	Dr.		1,200	
	To Forfeited Shares A/c				1,440
	To Shares Allotment A/c				2,760
	To Shares First and Final Call A/c (600 shares forfeited for non-payment of allotment and call money) (WN1)				3,000
	Bank A/c	Dr.		1,800	
	Forfeited Shares A/c	Dr.		200	
	To Share Capital A/c (200 forfeited shares reissued as fully paid-up for ₹ 9 per share)				2,000
	Forfeited Shares A/c	Dr.		280	
	To Capital Reserve A/c (Transfer of gain on reissue to Capital Reserve) (WN 2)				280

Working Notes:

1.	**Calculation of the amount due but not paid as allotment:**	**₹**
	(a) Total No. of shares applied	720
	(b) Total money paid on application (720 × ₹ 2)	1,440
	(c) Excess application money [₹ 1,440 - (600 × ₹ 2)]	240
	(d) Total amount due on allotment (600 × ₹ 5)	3,000
	(e) Amount due but not paid on allotment (₹ 3,000 - ₹ 240)	2,760
2.	**Amount transferred to Capital Reserve:**	
	Amount forfeited on 600 shares	1,440
	∴ Amount forfeited on 200 shares ($\frac{₹1,440}{600}$ × 200)	480
	Less: Discount allowed on 200 shares reissued	(200)
	Gain on reissue to be transferred to Capital Reserve	**280**

20. STEP 1;

Calculation of total weighted profit

Year	Profit (Rs.)	Weights	Weights Profit
(A)	**(B)**	**(C)**	**(D) = (B X C)**
	Rs.		**Rs.**
2011	45,000	1	45,000
2012	50,000	2	1,00,000
2013	52,000	3	1,56,000
2014	65,000	4	2,60,000
2015	85,000	5	4,25,400
	Total	**15**	**9,86,400**

STEP 2;

Weighted Average Profit = $\frac{\text{Total weighted profit}}{\text{Total of weights}}$

$= \frac{9,86,400}{15}$ = Rs. 65,760

STEP 3;

Goodwill = Weighted Average Profit **x** No. of years purchase

= 65760 x 2 **= Rs.1,31,520**

21. **Extract of Balance Sheet**

as at...

Particulars	Note No.	Amt (₹)
I. EQUITY AND LIABILITIES :		
Shareholders' Funds :		
(a) Share Capital	1	22,00,000
(b) Reserves and Surplus	2	2,20,000
		24,20,000
II. ASSETS		
Current Assets		
Cash and Cash Equivalents	3	24,20,000
		24,20,000

Notes to Accounts

Particulars	Amt (₹)
(1) Share Capital	
Authorised Capital :	
25,000 Shares of ₹200 each	50,00,000
Issued Capital :	
12,000 Shares of ₹200 each	24,00,000
Subscribed Capital :	
Subscribed and Fully Paid-up	
11,000 Shares of Rs. 200	22,00,000
(2) Reserves and Surplus :	
Securities Premium Reserve	2,20,000
(3) Cash and Cash Equivalents :	
Cash at Bank	24,20,000

22. **JOURNAL**

Date	Particulars		Dr. (₹)	Cr. (₹)
(i)	Gaurav's Capital A/c	Dr.	3,00,000	
	To Realisation A/c			3,00,000
	(Being machinery taken over by partner)			
	No entry for Stock taken by Creditor			
(ii)	Bank A/c	Dr.	3,92,000	
	To Realisation A/c			3,92,000
	(Being Land and Building sold)			
	Realisation A/c	Dr.	76,000	
	To Bank A/c			76,000
	(Being payment made to creditors)			
	Vaibhav's Capital A/c	Dr.	17,000	
	To Realisation A/c			17,000
	(Being assets taken over by partner)			

	Realisation A/c	Dr.	3,21,000	
	To Bank A/c			3,21,000
	(Being bank loan paid along with interest ₹ 21,000)			

23. **In the Books of Saniya Ltd.**

CASH BOOK

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Equity Shares Application A/c (45,000 × ₹ 6)	2,70,000	By Equity Shares Application A/c (9,000 shares x ₹ 6)	54,000
To Equity Shares Allotment A/c (WN 1)	23,520	By Balance c/d	4,21,320
To Equity Shares First Call A/c (WN 2) (28,500 shares × ₹ 3)	85,500		
To Equity Shares Second and Final Call A/c (WN 2) (28,500 shares × ₹ 3)	85,500		
To Equity Share Capital A/c (1,200 shares × ₹ 9)	10,800		
	4,75,320		**4,75,320**

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Equity Shares Application A/c	Dr.		2,16,000	
	To Equity Share Capital A/c (30,000 × ₹ 5)				1,50,000
	To Securities Premium A/c (30,000 × ₹ 1)				30,000
	To Equity Shares Allotment A/c (6,000 × ₹ 6) (Application money adjusted)				36,000
	Equity Shares Allotment A/c (30,000 × ₹ 2)	Dr.		60,000	
	To Equity Share Capital A/c (30,000 × ₹ 1)				30,000
	To Securities Premium A/c (30,000 × ₹ 1) (Allotment money due on 30,000 shares)				30,000
	Equity Share Capital A/c (600 × ₹ 6)	Dr.		3,600	

	Securities Premium A/c (WN 5)	Dr.		480	
	To Equity Shares Allotment A/c [WN 1 (b)]				480
	To Forfeited Shares A/c (600 shares of Harish forfeited for non-payment of allotment money)				3,600
	Equity Shares First Call A/c (29,400 × ₹ 3)	Dr.		88,200	
	To Equity Share Capital A/c (29,400 × ₹ 2)				58,800
	To Securities Premium A/c (29,400 × ₹ 1) (First call money due on 29,400 shares)				29,400
	Equity Shares Second and Final Call A/c (29,400 × ₹ 3)	Dr.		88,200	
	To Equity Share Capital A/c (29,400 × ₹ 2)				58,800
	To Securities Premium A/c (29,400 × ₹ 1) (Second and final call due on 29,400 shares)				29,400
	Equity Share Capital A/c (900 × ₹ 10)	Dr.		9,000	
	Securities Premium A/c (900 × ₹ 2)	Dr.		1,800	
	To Equity Shares First Call A/c (900 × ₹ 3)				2,700
	To Equity Shares Second and Final Call A/c (900 × ₹ 3)				2,700
	To Forfeited Shares A/c (900 shares of Manoj forfeited for non-payment of both the calls)				5,400
	Forfeited Shares A/c (1,200 × ₹ 1)	Dr.		1,200	
	To Equity Share Capital A/c (Discount on reissue adjusted against the credit balance of Forfeited Shares Account)				1,200
	Forfeited Shares A/c	Dr.		6,000	
	To Capital Reserve A/c (WN 3) (Gain (profit) on reissue transferred to Capital Reserve)				6,000

BALANCE SHEET OF SANIYA LTD. as at ...

Particulars	Note No.	₹

I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	2,98,800

Notes to Accounts

Particulars	₹
1. Share Capital	
Authorised Capital	
...Equity Shares of ₹ 10 each	...
Issued Capital	
30,000 Equity Shares of ₹ 10 each	3,00,000
Subscribed Capital	
Subscribed and Fully Paid-up	
29,700 Equity Shares of ₹ 10 each	2,97,000
Forfeited Shares A/c	1,800
	2,98,800

Working Notes:

1.

(a) Excess amount received from Harish on application:	
600 shares were allotted to Harish	
Therefore, he must have applied for $= \frac{36,000}{30,000} \times 600 = 720$ share	
Excess application money received from Harish:	
(720 shares - 600 shares) × ₹ 6 = 120 Shares × ₹ 6 = ₹ 720.	
(b) Amount due but not paid by Harish on allotment:	**₹**
600 shares × ₹ 2	1,200
Less: Excess application money adjusted on allotment [₹ 600 as a part of Share Capital (600 × ₹ 1) and balance ₹ 120 as a part of securities Premium]	720
Amount due but not paid by Harish	480
(c) Amount received on allotment:	

Total amount due on allotment (30,000 × ₹ 2)	60,000
Less: Excess application money adjusted (6,000 × ₹ 6)	(36,000)
	24,000
Less: Amount due but not paid by Harish [WN 1(b)]	(480)
Net amount received on allotment	**23,520**

2. Manoj applied for 1,080 shares.

   Therefore, he must have been allotted $= \frac{30{,}000}{36{,}000} \times 1,080 = 900$ shares

   He has not paid first and second and final call money, as such

   a. First call money will be received on 29,400 shares - 900 shares as Manoj = 28,500 shares.

   b. Second and final call money will be received on 29,400 shares - 900 shares of Manoj = 28,500 shares

3. Amount Transferred to Capital Reserve:

1,200 shares have been reissued which include 900 shares of Manoj and the balance 300 of Harish.	**₹**
(a) Amount forfeited in respect of Manoj's shares	5,400
(a) Amount forfeited in respect of Harish's shares $\left(₹3,600 \times \frac{300}{600}\right)$	1,800
	7,200
Less: Loss on reissue of 1,200 shares @ ₹ 1 each	(1,200)
Gain on reissue to be transferred to Capital Reserve	6,000

4. Balance in Forfeited Shares Account:

Profit on 600 shares of Harish	3,600
Therefore, the balance of Forfeited Shares A/c on 300 unissued shares $\left(\frac{₹3{,}600}{600} \times 300\right)$	1,800

   It should be noted that forfeited amount of shares not yet reissued will be shown in the Balance Sheet as a part of Capital.

5. Securities premium on 600 shares allotted to Harish = 600 × ₹ 1 = ₹ 600, out of this ₹ 120 is already received as surplus application money. Balance of ₹ 480 has not been received by the company. Therefore, at the time of forfeiture, Securities Premium Account will be debited by ₹ 480 to cancel it, because Securities Premium Account was credited at the time of allotment. This should also be considered at the time of forfeiture of Manoj's shares.

OR

Working Note 1.

Category	No. of Shares Applied	No. of shares Allotted	Excess amount received on Application	Amount to be received On Allotment	Amount to be adjusted on allotment	Amount Refunded
I.	1,50,000	1,20,000	30,000 Shares × 6 = 60,000	1,20,000 shares × 5 = 6,00,000	60,000	Nil
TOTAL	**1,50,000**	**1,20,000**			**60,000**	**Nil**

Working Note 2.

Monu:

No. of shares Applied = 3,000 shares

No. of shares Allotted = 3,000 shares × $\frac{\text{1,50,00 share}}{\text{1,20,000 share}}$ = 2,400 shares

Excess amount on share application received = (3,000 - 2,400) 600 shares × ₹ 2 = ₹ 1,200

Amount to be received on Allotment = 2,400 shares × ₹ 5 = ₹ 12,000

Outstanding on allotment = ₹ 12,000 - ₹ 1,200 = ₹ 10,800

Manav:

No. of shares Allotted = 2,400 shares

No. of shares Applied = 2,400 shares × $\frac{\text{1,50,00 share}}{\text{1,20,000 share}}$ = 3,000 shares

Amount due on 1st and Final Call = 2400 shares × ₹ 5 = ₹ 12,000

Working Note 3.

Amount transfer to Capital Reserve = 18,000 - 4,800 = ₹ 3,200

In The Books Of Anmol India Ltd.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
1.	Bank A/c	Dr.		3,00,000	
	To Equity Share Application A/c **(Being Amount Received on application of share @ 2 per share on 1,50,000 shares)**				3,00,000
2.	Equity Share Application A/c	Dr.		3,00,000	

	To Equity Share Capital A/c				2,40,000
	To Equity shares Allotment A/c **(Being amount transfer to capital a/c and adjustment of pro-rata made)**				60,000
3.	Equity Share Allotment A/c	Dr.		6,00,0000	
	To Equity share Capital A/c				3,60,000
	To Security Premium Reserve A/c **(Being Amount on allotment Due on 1,60,000 shares @ 6 each including ₹ 3 as premium)**				2,40,000
4.	Bank A/c	Dr.		5,29,200	
	To Equity Share Allotment A/c (6,00,000 - 60,000 - 10,800) **(Being amount received on Allotment)**				5,29,200
5.	Equity Share First & Final call A/c	Dr.		6,00,000	
	To Equity share Capital A/c **(Being amount Due on First & Final Call Recorded)**				6,00,000
6.	Bank A/c	Dr.		5,76,000	
	To Equity Share First & Final call A/c (6,00,000 - 12,000 - 12,000) **(Being Amount received on First and Final calls)**				5,76,000
7.	Equity Share Capital A/c	Dr.		48,000	
	Security Premium Reserve A/c	Dr.		4,800	
	To Equity Share Forfeited A/c				18,000
	To Equity Share Allotment A/c				10,800
	To Equity Share First & Final call A/c **(Being shares forfeited on which amount of call not received)**				24,000
8.	Bank A/c	Dr.		43,200	
	Equity Share Forfeited A/c			4,800	

	To Equity Share Capital A/c **(Being shares Forfeited on which amount of call not received)**				48,000
9.	Equity Share Forfeited A/c	Dr.		13,200	
	To Capital Reserve A/c **(Being amount of share forfeited transfer to Capital Reserve transfer A/c)**				13,200

24.

Dr		**Revaluation Account**		**Cr**
Particulars		**Amt(Rs)**	**Particulars**	**Amt(Rs**
To Profit Transferred to Capital A/cs			By Building A/c	1,00,000
Mohan	84,000		By Stock A/c	40,000
Mahesh	56,000	1,40,000		
		1,40,000		1,40,000

Dr	**Partners' Capital Account Profit**						**Cr**
Particulars	**Mohan (Rs)**	**Mahesh (Rs)**	**Nusrat (Rs)**	**Particulars**	**Mohan (Rs)**	**Mahesh (Rs)**	**Nusrat (Rs)**
To Balance c/d	3,92,000	2,08,000	1,20,000	By Balance b/d	1,00,000	80,000	__
				By Revaluation A/c (Profit)	84,000	56,000	__
				By General Reserve A/c	96,000	64,000	__
				By Workmen's Compensation Fund A/c	12,000	8,000	
				'By Premium for Goodwill lA/c	1,00,000		
				By Cash A/c	__	__	1,20,000
	3,92,000	2,08,000	1,20,000		3,92,000	2,08,000	1,,20,000

Balance Sheet

as at 1st April, 2012

Liabilities		Amt (Rs)	Assets		Amt (Rs)
Creditors		2,10,000	Building	2,80,000	
Liabilities for Workmen's Compensation Fund		2,30,000	(+) Appreciation	1,00,000	3,80,000
Capital A/cs			Stock	1,20,000	
			(+) Appreciation	40,000	1,60,000
Mohan	3,92,000		Machinery		1,00,000
Mahesh	2,08,000		Debtors		1,60,000
Nusrat	1,20,000	7,20,000	Cash in Hand		3,60,000
		11,60,000			11,60,000

Working Note

Calculation of Sacrificing Ratio

Sacrificing Ratio = Old Share - New Share

Mohan = $\frac{3}{5} - \frac{2}{5} = \frac{3-2}{5} = \frac{1}{5}$; Mahesh = $\frac{2}{5} - \frac{2}{5} = \frac{2-2}{5} =$ Nil

Here, the entire sacrifice has been made by Mohan.

so the full premium for goodwill will be received by Mohan.

Cash Account

Particulars	Amt(Rs)	Particulars	Amt(Rs)
To Balance b/d	1,40,000	By Balance c/d	3,60,000
To Premium for Goodwill A/c	1,00,000		
To Nusrat's Capital A/c	1,20,000		
	3,60,000		3,60,000

Calculation of Cash Brought in by Nusrat as her Capital

Adjusted capital of Mohan	3,92,000
Adjusted capital of Mahesh	2,08,000
Total adjusted capital	Rs 6,00,000

Nusrat's capital should be equal to 20% of the combined adjusted capital of Mohan and Mahesh i.e. $6,00,000 \times 20\%$ =Rs 1,20,000

OR

Revaluation Account

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

Capital Accounts

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

Balance Sheet
as at 31st March 2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		45,000	Cash at bank		42,000
Employees Provident Fund		13,000	Debtors	60,000	
Bakul's Loan		2,52,000	Less: Provision for Doubtful Debts	(9,000)	51,000
Capital Accounts:			Stock		80,000
Akul	1,00,000		Furniture		87,000
Chandan	50,000	1,50,000	Plant and Machinery		2,00,000
		4,60,000			**4,60,000**

Total capital of Akul and Chandan after Bakul's retirement:-
= ₹ 92,000 + ₹ 58,000
= ₹ 1,50,000
distributed in new ratio after Bakul retirement in 2 : 1.

25. **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 Capital A/c	90,000		60,000	By balance b/d	3,00,000	2,00,000	1,00,000
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
Gita	3,00,000		Current A/c's of partner		
Garv	2,00,000	5,00,000	Gita	42,000	
			Garv	1,28,000	1,70,000
			Cash		84,000
			(50,000 + 34,000)		
		9,90,000			9,90,000

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.

Dawar 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.

Novelty 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)				
	Debenture Application and Allotment A/c	Dr.		95,000	
	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.

(d) Assessing the Earning Capacity or profitability

Explanation:

Assessing the Earning Capacity or profitability

OR

(b) Contingent Liabilities

Explanation:

Contingent Liabilities

28.

(c) 3,50,000

Explanation:

Let the Current Assets acquired on credit = X

10,00,000 + X / 2,50,000 + X = 1.8 / 1

X = 6,87,500

29. **(a)** A, B, C, D

Explanation:

A, B, C, D

OR

(b) Bonus shares issued

Explanation:

Issue of bonus shares will not affect the preparation of cash flow statement as in this transaction no cash involved. There is no cash inflow or outflow of cash.

30.

(b) Less Rs. 32,000 in investing activities

Explanation:

Increase in the value of copyrights means the company has purchased copyrights (Non-Current Assets). So Less Rs. 32,000 in investing activities. Increase or decrease in the value of non-current assets is shown under-investing activity.

31. The two items shown under the head 'other current Liabilities are

i. Call in Advance

ii. Outstanding Expense

The two items shown under the head 'other current assets' are

i. Accrued Income

ii. Prepaid expenses

32. Total Assets = 19,50,000

Current Liabilities = Total Debts - Long term debts

= 19,50,000 - 15,00,000

= 4,50,000

Working capital = Current Assets - Current Liabilities

9,00,000 = Current Assets - 4,50,000

Current Assets = 13,50,000

Current Ratio = $\frac{13,50,000}{4,50,000}$ = 3 : 1

33. **COMMON-SIZE STATEMENT OF PROFIT AND LOSS**

for the year ended 31st March, 2022 and 2023

	Particulars	**Note No.**	**Absolute Amounts**		**Percentage of Revenue from Operations (Net Sales)**	
			31st March, 2022 (₹)	**31st March, 2023 (₹)**	**31st March, 2022 (%)**	**31st March, 2023 (%)**
I.	Revenue from Operations (Net Sales)		10,00,000	12,50,000	100.00	100.00
II.	**Expenses**					
	(a) Purchases of Stock-in-Trade		7,20,000	8,70,000	72.00	69.60
	(b) Change in Inventories of Stock-in-Trade		30,000	(20,000)	3.00	(1.60)
	(c) Depreciation and Amortisation Expenses		20,000	30,000	2.00	2.40
	(d) Other Expenses		30,000	50,000	3.00	4.00
	Total Expenses		8,00,000	9,30,000	80.00	74.40
III.	**Profit before Tax (I - II)**		2,00,000	3,20,000	20.00	25.60
IV.	Income Tax		60,000	96,000	6.00	7.68
V.	**Profit after Tax (III - IV)**		1,40,000	2,24,000	14.00	17.92

Revenue from operations is taken as 100% and all other percentages are calculated on a revenue basis.

OR

Common Size Statement of Profit & Loss

Particulars	Note No.	Absolute Amount		Percentage of Revenue from Operation	
		31st March, 2021	31st March, 2022	31st March, 2021 (%)	31st March, 2022 (%)
I. Revenue from Operations		**10,00,000**	**20,00,000**	**100**	**100**
II. Other Income		5,00,000	5,00,000	50	25
III. Total Revenue (I + II)		**15,00,000**	**25,00,000**	**150**	**125**
IV. Expenses		7,00,000	10,00,000	70	50
V. Profit before tax (III - IV)		8,00,000	15,00,000	80	75
VI. Income Tax (50%)		4,00,000	7,50,000	40	37.5
VII. Profit after tax (V - VI)		**4,00,000**	**7,50,000**	**40**	**37.5**

34. **CASH FLOW FROM OPERATING ACTIVITIES**

Particulars		**₹**
Net Profit before Tax and Extraordinary Items (WN 1)		10,000
Add: Non-Cash Expenses		
Depreciation on Machinery (WN 3)	11,000	
Goodwill Amortised	10,000	21,000
Less: Non-Operating Incomes		31,000
Gain (Profit) on Sale of Machinery (WN 2)		4,000
Operating Profit before Working Capital Changes		27,000
Add: Decrease in Current Assets:		
Trade Receivables (Sundry Debtors)		5,000
		32,000

Less: Decrease in Current Liabilities		
Outstanding Expenses		(2,000)
Cash Flow from Operating Activities		**30,000**

W.N:

i.

Calculation of Net Profit before Tax and Extraordinary Items:	₹
Net Profit for the year (₹ 35,000 - ₹ 30,000)	5,000
Add: Transfer to General Reserve	5,000
Net Profit before Tax and Extraordinary Items	**10,000**

ii. **MACHINERY ACCOUNT**

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	20,000	By Bank A/c	18,000
To profit and loss A/c (Balancing Figure)	4,000	By Provision for Depreciation A/c (Depreciation on Sold Plant, i.e., ₹ 20,000 - ₹ 14,000)	6,000
	24,000		24,000

iii. **PROVISION FOR DEPRECIATION ON MACHINERY ACCOUNT**

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Machinery A/c	6,000	By Balance b/d	30,000
To Balance b/d	35,000	By Depreciation A/c (Statement of Profit and Loss) (Bal. Fig.)	11,000
	41,000		**41,000**

iv. Accumulated depreciation on the machinery sold is adjusted by debiting to provision for depreciation on machinery account and crediting it on machinery account.