Class XII Session 2025-26
Subject - Accountancy
Sample Question Paper - 5

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. P and Q were partners sharing profit and losses in the ratio of 2 : 1. Their capitals were ₹ 12,00,000 and ₹ 8,00,000 respectively. They were allowed interest on capital @ 6% p.a. and interest on drawings was to be charged @ 10% p.a. Their drawings during the year were P - ₹ 2,40,000 and Q - ₹ 1,60,000. Q's share of net divisible profit as per Profit and Loss Appropriation Account amounted to ₹ 1,60,000. Net Profit of the firm before any appropriation was: **[1]**

   a) ₹ 3,80,000 b) ₹ 4,00,000

   c) ₹ 5,60,000 d) ₹ 5,80,000

   OR

   Calculate interest on drawings of Mr. B @ 9% p.a. on 31st March 2021. if A & B has started a business on 1st July 2020 and During the Last 7 months Mr. B withdrew ₹ 1000 at the Beginning of each month.

   a) 263 b) 210

   c) 158 d) 265

2. **Assertion (A):** The interest on drawings omitted is shown on the credit side of the Profit and Loss Adjustment Account. **[1]**

   Reason (R): Profit and Loss Adjustment Account is prepared when there is an omission of items.

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

c) A is true but R is false.
d) A is false but R is true.

3. Forfeiture of shares results in the reduction of: **[1]**

a) Subscribed Capital
b) Reserve Capital
c) Authorised Capital
d) Fixed Assets

OR

X Ltd. forfeited 500 shares of ₹ 10 each, ₹ 7 called up, for non-payment of first call of ₹ 3 per share. 300 of these shares were reissued at ₹ 6 per share as fully paid up.
Amount to be transferred to capital reserve will be:

a) Nil
b) 600
c) 1800
d) 800

4. In case of one person company maximum paid up capital should not exceed: **[1]**

a) 200 Lakhs
b) 50 lakhs
c) 1 crore
d) 100 Lakhs

OR

Debenture Application Account is in the nature of

a) Real Account
b) Asset account
c) Nominal Account
d) Personal Account

5. If at the time of admission, the revaluation A/c shows a profit, it should be credited to: **[1]**

a) Old partners' capital accounts in the new profit sharing ratio.
b) All partners' capital accounts in the new profit sharing ratio.
c) Old partners' capital account in the old profit sharing ratio.
d) Old partners capital accounts in the sacrificing ratio.

6. Verma Brothers earn a profit of Rs. 90,000 with a capital of Rs. 4,00,000. The normal rate of return in the business is 15%. Use Capitalization of super profit method to value the goodwill. **[1]**

a) Rs.150000
b) Rs. 2,25,000
c) Rs.250000
d) Rs.2,00,000

7. Why a partnership firm needs partnership deed? **[1]**

a) All of these
b) It acts as a proof in any dispute
c) It regulates rights of partners
d) It represents duties and liabilities of partners

8. At the time of retirement of a partner, profit on revaluation is credited to: **[1]**

a) Capital Accounts of the remaining partners in their old profit-sharing ratio.
b) Capital Accounts of all partners in the old profit-sharing ratio.
c) Capital Account of retiring partner
d) Capital Accounts of the remaining partners in their new profit-sharing ratio.

OR

A, B and C are partners. C expired on 18th December, 2023 and as per the agreement, surviving partners A and B directed the accountant to prepare financial statements as on 18th December, 2023 and accordingly the share of profit of C (deceased partner) was calculated as ₹ 12,00,000. Which account will be debited to transfer C's share of profit?

a) Profit and Loss Appropriation Account
b) Profit and Loss Account
c) Partner's capital account
d) Profit and Loss Suspense Account

9. According to Indian Partnership Act 1932 Dissolution of firm means: **[1]**

a) End of the personal relationship among the partners
b) Dissolution of Partnership between all the partners
c) Change in the ratio of partners
d) Dissolution of partnership between the main partners

10. A newly admitted partner acquires the right to: **[1]**

a) Share in Previous losses and profits
b) Both (share in the future profits) and (share in the assets of the firm)
c) share in the future profits
d) share in the assets of the firm

OR

Profit or loss on revaluation of assets and reassessment of liabilities is transferred to partners' capital accounts in their:

a) Gaining Ratio
b) Old Profit Sharing Ratio
c) Equal Ratio
d) Capital Ratio

11. Dan, Elf and Furhan were partners in a firm sharing profits in the ratio of 5 : 3 : 2. With effect from 1st April, 2023, they decided to change their profit sharing ratio to 2 : 3 : 5. There existed a General Reserve of ₹ 90,000 on the date of change in profit sharing ratio. The partners decided not to distribute General Reserve. **[1]**

The necessary adjustment entry to show the effect of the above will be:

	Date	Particulars		Dr. Amount (₹)	Cr. Amount (₹)
(A)		Dan's Capital A/c	Dr.	27,000	
		To Furhan's Capital A/c			27,000
(B)		Dan's Capital A/c	Dr.	90,000	
		To Furhan's Capital A/c			90,000
(C)		Furhan's Capital A/c	Dr.	27,000	
		To Dan's Capital A/c			27,000
(D)		Furhan's Capital A/c	Dr.	90,000	
		To Dan's Capital A/c			90,000

a) Option (C)
b) Option (D)
c) Option (B)
d) Option (A)

12. Nargis Ltd. purchased assets of ₹ 8,00,000 and took over liabilities of ₹ 2,00,000 from Gauri Ltd. The payment was made by issue of 8% Debentures of ₹ 100 each at a premium of 20%. Number of debentures issued will be: **[1]**

a) 6,00,000 b) 6,000

c) 5,000 d) 50,000

13. On 1st April 2022, Sunrise Limited issued 5,000, 8% debentures of ₹ 100 each at a discount of 5%. What will be the total amount of interest for the year ending 31st March 2023? **[1]**

a) ₹ 25,000 b) ₹ 38,000

c) ₹ 42,000 d) ₹ 40,000

14. Sunbeam Limited issued 4,000, 6% Debentures of ₹ 100 each at ₹ 95 per debenture. 6% Debentures account will be credited by: **[1]**

a) ₹ 3,80,000 b) ₹ 20,000

c) ₹ 4,40,000 d) ₹ 4,00,000

15. At the time of firm's dissolution, if realised value of intangible asset is not given, the realised value will be taken as **[1]**

a) Realised value b) Nil

c) Book value d) Market value

16. A and B partners in a firm sharing profits and losses in the ratio of 3 : 1. With effect from 1st April 2023, they agreed to share profits in the ratio of 2 : 1. Due to the change in profit sharing ratio, B's gain or sacrifice will be: **[1]**

a) Gain $\frac{1}{3}$ b) Sacrifice $\frac{1}{12}$

c) Gain $\frac{1}{12}$ d) Sacrifice $\frac{1}{3}$

17. What is Revaluation Account? How it is differ from Profit & Loss Appropriation A/c? **[3]**

OR

A and B are partners in a firm. Their profit sharing ratio is 5 : 3. They admit C into a partnership for $\frac{1}{4}$th share. As between themselves, A and B decide to share profits equally in the future. C brings in ₹ 1,20,000 as his capital and ₹ 60,000 as premium. Calculate the sacrificing ratio and record the necessary journal entries on the assumption that the amount of premium brought in by C is retained in the business.

18. State any two situations when dissolution of a partnership firm takes place on Court's orders. **[3]**

19. Rahul Ltd. acquired assets of ₹ 20 lakhs and took over creditors of ₹ 2 lakhs from Raj Enterprises. Rahul Ltd. issued 8% Debentures of ₹ 100 each at a discount of 10% as purchase consideration. **[3]**
Record necessary Journal entries in the books of Rahul Ltd.

20. Give two characteristics of Goodwill. **[3]**

21. Suraj Ltd. issued shares of ₹ 50 each at a premium of 20% payable as follows: **[4]**
On Application **-** ₹ 15
On Allotment **-** ₹ 25 (including premium)
On First & Final Call **-** ₹ 20
Lalit, who applied for 2,500 shares and to whom 1,000 shares were allotted on prorata basis, did not pay allotment and first & final call and his shares were forfeited.
Pass entry for forfeiture of shares.

22. Sonu and Rajat started a partnership firm on April 1, 2022. They contributed ₹ 8,00,000 and ₹ 6,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3 : 2. **[4]**
The partnership deed provided that Sonu was to be paid a salary of ₹ 20,000 per month and Rajat a commission

of 5% on turnover. It also provided that interest on capital be allowed @ 8% p.a. Sonu withdrew ₹ 20,000 on 1st December, 2022 and Rajat withdrew ₹ 5,000 at the end of each month. Interest on drawings was charged @ 6% p.a. The net profit as per Profit and Loss Account for the year ended 31st March, 2023 was ₹ 4,89,950. The turnover of the firm for the year ended 31st March, 2023 amounted to ₹ 20,00,000. Pass necessary journal entries for the above transactions in the books of Sonu and Rajat.

23. Give journal entries for forfeiture and re-issue of shares: **[6]**

i. A Ltd. forfeited 1,000 shares of ₹ 10 each, ₹ 7 called up, issued at a premium of 20% (to be paid at the time of allotment) for non-payment of a first call of ₹ 2 per share. Out of these, 600 shares were re-issued as ₹ 7 paid up for ₹ 4 per share.

ii. B Ltd. forfeited 1,000 shares of ₹ 10 each, ₹ 7 called up, issued at a premium of 20% (to be paid at the time of allotment) for non-payment of allotment money of ₹ 4 per share (including premium) and first call of ₹ 2 per share. Out of these, 600 shares were re-issued as fully paid in such a way that ₹ 900 were transferred to capital reserve.

24. P, Q and R were partners sharing profits and losses in the ratio of 5 : 3 : 2 respectively. As at 31st March, 2023 the Balance Sheet of the firm stood as follows: **[6]**

Liabilities		**₹**	**Assets**	**₹**
Sundry Creditors		5,300	Fixed Assets	25,000
Expenses Outstanding		700	Stock	11,000
Reserve		3,000	Book Debts	9,000
Capitals:			Cash at Bank	2,000
P	20,000			
Q	10,000			
R	8,000	38,000		
		47,000		**47,000**

On this date Q decided to retire and for this purpose:

i. Goodwill was valued at ₹ 19,000;

ii. Fixed assets were valued at ₹ 30,000;

iii. Stock was considered as worth ₹ 10,000.

Q was to be paid through cash, brought in by P and R, in such a way as to make their capitals proportionate to their new profit sharing ratio which was to be P $\frac{3}{5}$ and R $\frac{2}{5}$.

Record these matters in the journal of the firm and prepare the resultant Balance Sheet.

25. The following is the Balance Sheet of A and B as at 31st March, 2022 who share profits in the ratio of 2 : 1. **[6]**

Liabilities		**₹**	**Assets**		**₹**
Bank Overdraft		15,000	Sundry Debtors	40,000	
Reserve Fund		12,000	Less: Provision for doubtful debt	(3,600)	36,400
Sundry Creditors		20,000	Stock		20,000
Capitals:	A	40,000	Building		25,000

	B	30,000	Patents		2,000
			Machinery		33,600
		1,17,000			**1,17,000**

They admitted C into partnership on 1st April, 2022. New profit sharing ratio is agreed as $\frac{3}{6}:\frac{2}{6}:\frac{1}{6}$. C brings in proportionate capital after the following adjustments:

1. C brings in ₹ 10,000 in cash as his share of Goodwill.
2. Provision for doubtful debts is to be reduced by ₹ 2,000.
3. There is an old typewriter valued ₹ 2,600. It does not appear in the books of the firm. It is now to be recorded.
4. Patents are valueless.
5. 2% discount is to be received from creditors.

Prepare Revaluation A/c, Capital A/c's and the opening Balance Sheet.

OR

The balance sheet of PQ & R as 31st Dec.2012 was as follows:

Liabilities	**Amount (Rs.)**	**Assets**	**Amount (Rs.)**
Bill Payable	20,000	Cash at Bank	1,58,000
Employees Provident Fund	50,000	Bills Receivable	8,000
Workmen compensation reserve	90,00	Stock	90,000
Loan	1,71,000	Sundry Debtors	1,60,000
Capitals Accounts:		Furniture	20,000
P 2,27,500		Plant & Machinery	65,000
Q 1,52,500		Building	3,00,000
R 1,20,000	5,00,000	Advertisement Suspense A/c	30,000
	8,31,000 =======	.	8,31,000 ========

The profit ratio was 3:2:1 R died on 30th April 2013. The partnership deed provides that :

a. Goodwill is to be calculate on the basis of 3 years purchase of preceding 5 years average profits. The profits were 2012. Rs. 2,40,000, 2011 Rs. 1,60,000, 2010 Rs. 2,00,000 2009 Rs. 1,00,000 and 2008. Rs. 50,000.
b. Deceased partner should be given share of profits upto the date of death on the basis of previous your profits.
c. The assets have been revalued as under Stock Rs. 1,00,000 Debtors Rs. 3,50,000. A bill for Rs. 6000 was found worthless.
d. A sum of Rs. 72,333 was paid immediately to R's executor & balance is paid in two equal installments (annual) with interest of 10% p.a. on outstanding amount. 1st installment was paid on 30th April 2014.

Prepare Revaluation account & R's Executor account till it is finally settled. Accounts are closed on 31st December each year.

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

Vinay, Tripti and Hemant were partners in a partnership firm sharing profits and losses in their capital ratio, i.e., 1 : 2 : 3. On 31st March 2020, they decided to dissolve the partnership firm. The following information is given to you on the dissolution of the firm:

The firm had total assets of ₹ 12,00,000 that realized ₹ 10,80,000. The creditors were settled at 90% by paying them ₹ 54,000. There was an unrecorded asset in the books of the firm which was taken by Vibhuti for ₹ 12,000. Realisation expenses amounted to ₹ 2,000 and were paid by Tiwari on behalf of the firm. There was general reserve in the books of the company of ₹ 21,000. The capitals of the partners were in the proportion of their profit sharing ratio. Their balance sheet also showed a cash balance of ₹ 81,000.

(a) What was the capital of Tripti before the dissolution of the firm?

a) ₹ 2,00,000
b) ₹ 8,00,000
c) ₹ 6,00,000
d) ₹ 4,00,000

(b) What was the loss on realization?

a) ₹ 2,00,000
b) ₹ 1,47,000
c) ₹ 1,16,000
d) ₹ 1,37,000

(c) _________ account will be debited for the treatment of unrecorded asset given in case study.

a) Hemant's Capital
b) Vinay's Captial
c) Tripti's Capital
d) Tripti's Capital and Hemant's Capital

(d) What will be the final amount to be paid to Hemant?

a) ₹ 6,08,500
b) ₹ 6,05,000
c) ₹ 5,52,500
d) ₹ 52,000

(e) Which account is credited while recording entry for realisation expenses.

a) cash
b) realisation account
c) no entry
d) partner's capital account

OR

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

Nidiya Limited was incorporated on 1st April 2017 with registered office in Mumbai. The capital clause of memorandum of Association reflected a registered capital of 8,00,000 equity shares of ₹ 10 each and 1,00,000 preference shares of ₹ 50 each. Since some large investments were required for building and machinery the company in consultation with vendors, Ms. VPS Enterprises, issued 1,00,000 equity shares and 20,000 preference shares at par to them in full consideration of assets acquired. Besides this the company issued 2,00,000 equity shares for cash at par payable as ₹ 3 on application, 2 on allotment, 3 on first call and 2 on second call. Till date second call has not yet been made and all the shareholders have paid except Mr. Ajay who did not pay allotment and calls on his 300 shares and Mr. Vipul who did not pay first call on his 200 shares. Shares of Mr. Ajay were then forfeited and out of them 100 shares were reissued at ₹ 12 per share.

(a) Shares issue to vendors of building and machinery, Ms. VPS Enterprises, would be classified as:

a. Preferential Allotment
b. Employee Stock Option Plan
c. Issue for consideration other than cash
d. Right Issue of Shares

a) Option (b) b) Option (c)

c) Option (d) d) Option (a)

(b) How many equity shares of the company have been subscribed?

i. 3,00,000
ii. 2,99,500
iii. 2,99,800
iv. None of these

a) Option (d) b) Option (a)

c) Option (c) d) Option (b)

(c) What is the amount of security premium reflected in the balance sheet at the end of the year?

i. ₹ 200
ii. ₹ 600
iii. ₹ 400
iv. ₹ 1,000

a) Option (b) b) Option (d)

c) Option (a) d) Option (c)

(d) What amount of share forfeiture would be reflected in the balance sheet?

i. ₹ 600
ii. ₹ 900
iii. ₹ 200
iv. ₹ 300

a) Option (c) b) Option (b)

c) Option (a) d) Option (d)

(e) Amount transfer to capital reserve-

a) Rs.700 b) Rs.300

c) Rs.900 d) Rs.100

Part B :- Analysis of Financial Statements

27. Indicate the item which appears as Short-term Provision: **[1]**

a) Employees' Provident Fund b) Liability

c) Provision for Expenses d) Interest Accrued but not Due

28. Non-Current Assets ₹ 5,00,000; Current Assets ₹ 3,00,000; Equity Share Capital ₹ 4,00,000. Reserve ₹ 2,00,000; Long-term Debts ₹ 40,000. Proprietary Ratio will be: **[1]**

a) 80% b) 75%

c) 125% d) 133%

OR

A transaction involving a decrease in both Current Ratio and Quick Ratio is

a) Sale of Stock-in-Trade at loss. b) Purchase of Stock-in-Trade on credit.

c) Cash payment of a Current Liability. d) Sale of Non-current Asset for cash.

29. Which of the following transactions will result into flow of cash? **[1]**

a) Withdrew cash from bank ₹ 54,000.

b) Sold machinery of book value of ₹ 50,000 at a gain of ₹ 10,000.

c) Deposited ₹ 40,000 into bank.

d) Sold short-term marketable securities for ₹ 25,000 at par.

OR

Dividend received by other than financial enterprise is shown in Cash Flow Statement under

a) Investing Activities

b) General Activities

c) Financing Activities

d) Operating Activities

30. While preparing Cash Flow Statement, **interest paid on debentures** will be considered as **[1]**

a) Investing Activity

b) Operating Activity

c) Financing Activity

d) Both Operating and Financing Activity

31. Prepare Comparative Statement of Profit and Loss from the following Statement of Profit and Loss of Retro capital: **[3]**

Particulars	**Note No.**	**31st March, 2023 (₹)**	**31st March, 2022 (₹)**
I. Income			
Revenue from Operations (Net Sales)		3,50,000	3,00,000
II. Expenses			
Purchases of Stock-in-Trade		2,10,000	1,80,000
Change in Inventories of Stock-in-Trade		15,000	20,000
Employees Benefit Expenses		17,500	15,000
Other Expenses		7,500	5,000
Total		2,50,000	2,20,000
III. Profit before Tax (I- II)		1,00,000	80,000
IV. Less: Tax		(30,000)	(24,000)
V. Profit after tax (III - IV)		70,000	56,000

OR

What are the objectives of preparing Comparative Statement of Profit and Loss?

32. Compute Cost of Materials Consumed from the following: **[3]**

		₹
Opening Inventory	Materials	5,50,000
	Finished Goods	2,50,000
Materials Purchased		22,50,000

Closing Inventory	Materials	4,50,000
	Finished Goods	1,50,000

33. Following is the Balance Sheet of Suraj Ltd. as at 31st March, 2023: **[4]**

	Particulars	**Note No.**	**₹**
I.	**EQUITY AND LIABILITIES:**		
1.	**Shareholder's Funds**		
	(a) Share Capital		7,00,000
	(b) Reserves and Surplus		1,40,000
2.	**Non-Current Liabilities**		
	Long-term Borrowings		3,00,000
	Long-term Provisions		60,000
3.	**Current Liabilities**		2,00,000
	TOTAL		14,00,000
II.	**ASSETS**		
1.	**Non-Current Assets**		9,00,000
2.	**Current Assets**		
	(a) Trade Receivables		4,00,000
	(b) Cash and Cash Equivalents		1,00,000
	TOTAL		14,00,000

Calculate Debt to Capital Employed Ratio.

OR

From the following information, calculate any two of the following ratios

i. Debt-equity ratio
ii. Working capital turnover ratio
iii. Return on investment

Information Equity share capital Rs. 10,00,000, general reserve Rs. 1,00,000, balance of statement of profit and loss after interest and tax Rs. 3,00,000, 12% debentures Rs. 4,00,000, creditors Rs. 3,00,000, land and buildings Rs. 13,00,000, furniture Rs. 3,00,000, debtors Rs. 2,90,000, cash Rs. 1,10,000.

Revenue from operations i.e. sales for the year ended 31st March, 2011 was Rs. 30,00,000. Tax paid is 50%.

34. The Balance Sheets of X Ltd. as at 31st March 2023 and 31st March 2022 were as follows: **[6]**

Particulars	**Note No.**	**31.3.2023 (₹)**	**31.3.2022 (₹)**
I. EQUITY AND LIABILITIES:			
(1) Shareholder's Funds:			
(a) Share Capital		14,00,000	12,00,000
(b) Reserve and Surplus	1	7,40,000	5,80,000

(2) Current Liabilities:			
(a) Trade Payables		2,72,000	2,10,000
TOTAL		24,12,000	19,90,000
II. ASSETS:			
(1) Non-Current Assets:			
(a) Property, Plant and Equipment and Intangible Assets:			
(i) Plant and Equipment (Plant & Machinery)		12,00,000	8,00,000
(2) Current Assets:			
{a) Inventory		3,10,000	2,00,000
(b) Trade Receivables		5,80,000	5,00,000
(c) Cash & Cash Equivalents		3,22,000	4,90,000
TOTAL		24,12,000	19,90,000

Notes:

1.

Reserve & Surplus:	**31.3.2023 (₹)**	**31.3.2022 (₹)**
General Reserve	4,50,000	4,00,000
Profit & Loss Balance	2,90,000	1,80,000
	7,40,000	5,80,000

Additional Information:-

i.

Contingent Liabilities:	**31.3.2023 (₹)**	**31.3.2022 (₹)**
proposed Dividend	72,000	60,000

ii. Depreciation charged during the year on Plant & Machinery amounted to ₹ 80,000.

iii. Machinery costing ₹ 80,000 (book value ₹ 30,000) was sold at a loss of 40% on book value.

Prepare Cash Flow Statement.

Solutions

Part A:- Accounting for Partnership Firms and Companies

1.

(d) ₹ 5,80,000

Explanation:

160000x3+120000-20000 = ₹ 5,80,000

OR

(b) 210

Explanation:

7000 x 9% x 4/12 = 210

2.

(b) Both A and R are true but R is not the correct explanation of A.

Explanation:

The interest on drawings omitted is either shown on the credit side of Profit and Loss Adjustment account or statement or a necessary journal entry can be passed.

3. **(a)** Subscribed Capital

Explanation:

Subscribed Capital

OR

(a) Nil

Explanation:

Amount of forfeiture

= 500 shares $\times$ (7 - 3)

= 500 $\times$ 4

= 2,000

Amount of forfeiture on 300 shares

= $\frac{2,000}{500} \times 300$

= 1,200

Amount used in Reissue of share

= 300 $\times$ (100 - 6)

= 300 $\times$ 4

= 1,200

Amount of Capital Reserve

= 1,200 - 1,200

= 0

4.

(b) 50 lakhs

Explanation:

50Lakhs

OR

(d) Personal Account

Explanation:
Personal Account

5.
(c) Old partners' capital account in the old profit sharing ratio.
Explanation:
Old partners' capital account in the old profit sharing ratio. as it is earned in their old ratio

6.
(d) Rs.2,00,000
Explanation:
Calculation of Goodwill:
1. Average Profit Rs.90,000
2. Normal Profit 4,00,000 $\times$ 15/100 = Rs.60,000
3. Super Profit = 90,000 – 60,000 = Rs.30,000
4. Goodwill = Super Profit $\times$ 100/NRR = 30,000 $\times$ 100/15 = Rs. 2,00,000

7. **(a)** All of these
Explanation:
All of these

8.
(b) Capital Accounts of all partners in the old profit-sharing ratio.
Explanation:
Capital Accounts of all partners in the old profit-sharing ratio.

OR

(a) Profit and Loss Appropriation Account
Explanation:
When a partner dies or retires, the profit is appropriated to them as well in the Profit and loss appropriation account.

9.
(b) Dissolution of Partnership between all the partners
Explanation:
According to the Indian Partnership Act, 1932 dissolution of the firm means dissolution of the partnership between all the partners and end of the business. All accounts will be closed and all assets will be realized and liabilities will be paid off. And business will be Closed Down.

10.
(b) Both (share in the future profits) and (share in the assets of the firm)
Explanation:
Both (share in the future profits) and (share in the assets of the firm) as he is a partner now

OR

(b) Old Profit Sharing Ratio
Explanation:
Old Profit Sharing Ratio as it is earned in their old ratio

11. **(a)** Option (C)
Explanation:
Option (C)

12.

(c) 5,000

Explanation:

600000/120 = 5,000

13.

(d) ₹ 40,000

Explanation:

Interest on debenture = (5,000 $\times$ 100) $\times$ 8% = ₹ 40,000

14.

(d) ₹ 4,00,000

Explanation:

₹ 4,00,000 (4000x100)

15.

(b) Nil

Explanation:

Nil

16.

(c) Gain $\frac{1}{12}$

Explanation:

Gain $\frac{1}{12}$

17. Revaluation account is a nominal account which is prepared to record the change of assets and reassessment of liabilities. The profit or loss calculated through this account is transferred to the partners' capital/current account in their old profit sharing ratio while Profit and Loss Appropriation Account is prepared for the division of profit among the partners.
Revaluation account is prepared whenever there is change in profit sharing ratio between the partners due to any reason e.g. Between existing partners, Due to Admission of a new partner, Due to retirement / death of a partner, amalgamation of two partnership firms etc. to record profit or loss on revaluation. Main concept being whatever happened before change in ratio; belongs to partners in the old ratio and after change in the new ratio. Profit and Loss Appropriation Account on the other hand is prepared every year to distribute profit as per the terms of partnership deed.

OR

JOURNAL

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		1,80,000	
	To C's Capital A/c				1,20,000
	To Premium for Goodwill A/c				60,000
	(The amount of goodwill/premium brought in cash)				
	Premium for Goodwill A/c	Dr.		60,000	
	To A's Capital A/c				60,000
	(Full amount of goodwill/premium transferred to A's Capital A/c, as he alone has sacrificed)				

Calculation of new profit sharing ratio: C takes $\frac{1}{4}$th share out of 1.

Thus, the remaining profit is $\frac{3}{4}$; is divided equally between A and B.

A's new share = $\frac{3}{4} \times \frac{1}{2} = \frac{3}{8}$

B's new share = $\frac{3}{4} \times \frac{1}{2} = \frac{3}{8}$

The sacrifice made by A = $\frac{5}{8} - \frac{3}{8} = \frac{2}{8}$

Sacrifice made by B = $\frac{3}{8} - \frac{3}{8} = 0$

Hence, A alone has sacrificed and as such he alone will be entitled to the full amount of goodwill premium brought in by C.

18. Two cases when a firm is dissolved on the court's order are-
    i. If a partner becomes of unsound mind.
    ii. If the partners are incapable of performing their duties.

19. **Books of Rahul Ltd.**

Journal Entries

Date	Particulars		L.F.	Debit Amount (₹)	Credit Amount (₹)
	Assets A/c	Dr.		20,00,000	
	To Creditors A/c				2,00,000
	To Raj Enterprises A/c (purchased assets of the book value of ₹ 20,00,000 and took over the liabilities of ₹ 2,00,000 from Raj Enterprises at a price of ₹ 18,00,000)				18,00,000
	Raj Enterprises A/c	Dr.		18,00,000	
	Discount on Issue of Debentures A/c (20,000 debentures $\times$ 10)	Dr.		2,00,000	
	To 8% Debentures A/c (20,000 $\times$ 100) (20,000 debentures of ₹ 100 each issued to Raj Enterprises at a discount of 10% in satisfaction of purchases consideration)				20,00,000

Number of Debentures to be issued = ₹ $\frac{18,00,000}{100-10}$ = 20,000 Debentures

20. Features of goodwill:
    i. Goodwill is an intangible asset, which means that it cannot be seen or felt.
    ii. Goodwill cannot be separated from the business and therefore cannot be realised separately without disposing of the business as a whole.

21. **Suraj Ltd.**

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.		50,000	
	Securities Premium Reserve A/c	Dr.		2,500*	
	To Share Allotment A/c				2,500
	To Share First & Final Call A/c				20,000
	To Share Forfeiture A/c (Forfeiture of 1,000 shares)				30,000

Working Note:

i. Excess application money received from Lalit:
2,500 shares - 1,000 shares = 1,500 shares $\times$ ₹ 15 = 22,500

ii.

Amount due from Lalit on Allotment:	
1,000 shares $\times$ ₹ 25	25,000
(Out of this amount 1,000 $\times$ ₹ 15 = ₹ 15,000 is for capital portion and 1,000 $\times$ ₹ 10 = ₹ 10,000 is for premium portion)	
Less: Excess amount received on Application	22,500
(Out of this excess amount, ₹ 15,000 will be utilized for capital portion and the balance of ₹ 7,500 will be utilized	

for a premium portion)	
Amount not paid on Allotment	2,500

*Premium due was ₹ 10,000 out of which ₹ 7,500 has been adjusted out of excess application money. Hence, premium not received is ₹ 2,500.

22.

JOURNAL ENTRY

Date	Particulars		Dr. (₹)	Cr. (₹)
(i)	Profit and Loss A/c	Dr.	4,89,950	
	To profit and Loss Appropriation A/c (Profit transferred from Profit & Loss Account to Profit & Loss Appropriation Account)			4,89,950
(ii)	Partner's Salary A/c	Dr.	2,40,000	
	To Sonu's Capital A/c (Salary credited to Sonu's Capital Account)			2,40,000
(iii)	Profit & Loss Appropriation A/c	Dr.	2,40,000	
	To Partner's Salary A/c (Salary transferred to Profit & Loss Appropriation Account			2,40,000
(iv)	Profit and Loss Appropriation A/c	Dr.	1,00,000	
	To Rajat's Capital A/c (Being commission credited to partner)			1,00,000
(v)	Profit and Loss Appropriation A/c	Dr.	1,00,000	
	To Rajat's Capital A/c (Commission transferred to Profit & Loss Appropriation Account)			1,00,000
(vi)	Interest on Capital A/c	Dr.	1,12,000	
	To Sonu's Capital A/c			64,000
	To Rajat's Capital A/c			48,000
(vii)	Sonu's Capital A/c	Dr.	400	
	Rajat's Capital A/c	Dr.	1,650	
	To interest on drawing A/c (Interest on drawings charged) (Note 1)			2,050
(ix)	Interest on Drawings A/c	Dr.	2,050	
	To Profit & Loss Appropriation A/c (Interest on drawings transferred to Profit & Loss Appropriation Account)			2,050
(x)	Profit & Loss Appropriation A/c	Dr	40,000	
	To Sonu's Capital A/c			24,000
	To Rajat's Capital A/c (Profit credited to Partners' Capital Accounts) (Note 2)			16,000

Notes:

1. Calculation of Interest on Drawings:
   Interest on Sonu's Drawings = ₹ 20,000 $\times \frac{6}{100} \times \frac{4}{12}$ = ₹ 400
   Total Drawings of Rajat = ₹ 5,000 $\times$ 12 = ₹ 60,000 Interest on Rajat's Drawings = ₹ 60,000 $\times \frac{6}{100} \times \frac{5.5}{12}$ = ₹ 1,650.
2. Calculation of Distributable Profit from Profit & Loss Appropriation Account: = ₹ 4,89,950 + ₹ 2,050 - ₹ 2,40,000 - ₹ 1,00,000 - ₹1,12,000 = ₹ 40,000

23. i.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)

	Share Capital A/c	Dr.		7,000	
	To Share First Call A/c				2,000
	To Share Forfeiture A/c (Forfeiture of 1,000 shares)				5,000
	Bank A/c	Dr.		2,400	
	Share Forfeiture A/c	Dr.		1,800	
	To Share Capital A/c (Re-issue of 600 shares @ ₹ 4 each)				4,200
	Share Forfeiture A/c[1]	Dr.		1,200	
	To Capital Reserve A/c (Gain on 600 re-issued shares transferred to Capital Reserve)				1,200

Note: (1)

	₹	₹
As Forfeited amount on 1,000 shares	5,000	
Therefore, Forfeited amount on 600 shares	₹$\frac{5,000}{1,000} \times 600$	3,000
Less: Loss on re-issue		(1,800)
Transferred to Capital Reserve		**1,200**

ii.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c	Dr.		7,000	
	Securities Premium A/c	Dr.		2,000	
	To Share Allotment A/c				4,000
	To Share First Call A/c				2,000
	To Share Forfeiture A/c (Forfeiture of 1,000 shares)				3,000
	Bank A/c[2]	Dr.		5,100	
	Share Forfeiture A/c	Dr.		900	
	To Share Capital A/c (Re-issue of 600 shares @ ₹ 8.50 each)				6,000
	Share Forfeiture A/c	Dr.		900	
	To Capital Reserve A/c (Gain on 600 re-issued shares transferred to Capital Reserve)				900

Note: (2)

	₹	₹
As Forfeited amount on 1,000 shares	3,000	
Therefore, Forfeited amount on 600 shares	₹$\frac{3,000}{1,000} \times 600$	1,800
Less: Transferred to Capital Reserve		(900)
Loss on Re-issue		900

Per Share loss on re-issue = $\frac{₹ 900}{600}$ = ₹ 1.50 per share.

Hence, shares are re-issued at 10 - ₹ 1.50 = ₹ 8.50 per share.

24. **IN THE BOOKS OF THE FIRM**

JOURNAL ENTRIES

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2023 March 31	Reserve A/c	Dr.		3,000	
	To P's Capital A/c				1,500
	To Q's Capital A/c				900
	To R's Capital A/c (Transfer of reserve among old partners in old profit sharing ratio)				600
	Fixed Asset A/c	Dr.		5,000	
	To Revaluation A/c (Increase in the value of fixed assets recorded through revaluation account)				5,000
	Revaluation A/c	Dr.		1,000	
	To Stock A/c (Decrease in the value of the stock recorded through revaluation account)				1,000
	Revaluation A/c	Dr.		4,000	
	To P's Capital A/c				2,000
	To Q's Capital A/c				1,200
	To R's Capital A/c (Transfer of profit on revaluation among old partners in old profit sharing ratio)				800
	P's Capital A/c	Dr.		1,900	
	R's Capital A/c	Dr.		3,800	
	To Q's Capital A/c (Q's share of goodwill debited to continuing partners in the gaining ratio 1 : 2)				5,700
	Bank A/c	Dr.		17,800	
	To P's Capital A/c				5,400
	To R's Capital A/c (Amount brought in by P and R to raise their capitals to profit sharing ratio)				12,400
	Q's Capital A/c	Dr.		17,800	
	To Bank (Payment made to Q)				17,800

PARTNERS CAPITAL ACCOUNTS

Dr.							Cr.
Particulars	**P (₹)**	**Q (₹)**	**R (₹)**	**Particulars**	**P (₹)**	**Q (₹)**	**R (₹)**
To Q's Capital A/c	1,900		3,800	By Balance b/d	20,000	10,000	8,000
To Balance c/d	21,600	17,800	5,600	By Reserve A/c	1,500	900	600
				By Revaluation A/c	2,000	1,200	800
				By P's Capital A/c		1,900	

				By R's Capital A/c		3,800	
	23,500	**17,800**	**9,400**		**23,500**	**17,800**	**9,400**
To Bank A/c		17,800		By Balance b/d	21,600	17,800	5,600
To Balance c/d	27,000		18,000	By Bank A/c	5,400		12,400
	27,000	**17,800**	**18,000**		**27,000**	**17,800**	**18,000**

BALANCE SHEET OF THE FIRM (After Q's Retirement)

as at 31st March, 2023

Liabilities		**₹**	**Assets**	**₹**
Sundry Creditors		5,300	Cash at Bank	2,000
Expense Outstanding		700	Book Debts	9,000
Capital Account Balances:			Stock	10,000
P	27,000		Fixed Assets	30,000
R	18,000	45,000		
		51,000		**51,000**

W.N.:

i. P Gains $= \frac{3}{5} - \frac{5}{10} = \frac{6-5}{10} = \frac{1}{10}$

R Gains $= \frac{2}{5} - \frac{2}{10} = \frac{4-2}{10} = \frac{2}{10}$

Thus, Gaining Ratio = 1 : 2

ii. Total Capital of the new firm = ₹ 21,600 + ₹ 17,800 + ₹ 5,600 = ₹ 45,000

P's Capital in the new firm = ₹ $45,000 \times \frac{3}{5}$ = ₹ 27,000

R's Capital in the new firm = ₹ $45,000 \times \frac{2}{5}$ = ₹ 18,000

Cash brought in by P = ₹ 27,000 - ₹ 21,600 = ₹ 5,400

Cash brought in by R = ₹ 18,000 - ₹ 5,600 = ₹ 12,400

25. **REVALUATION ACCOUNT**

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Patents	2,000	By Provision for Doubtful Debts	2,000
To Revaluation Profit transferred to :		By Typewriter	2,600
A’s Capital A/c	2,000	By Provision for Discount on Creditors	400
B’s Capital A/c	1,000		
	5,000		**5,000**

CAPITAL ACCOUNTS

Dr.							**Cr.**
Particulars	**A**	**B**	**C**	**Particulars**	**A**	**B**	**C**
	₹	**₹**	**₹**		**₹**	**₹**	**₹**
To Balance c/d	60,000	35,000		By Balance b/d	40,000	30,000	
				By Reserve Fund	8,000	4,000	
				By Revaluation	2,000	1,000	
				By Premium for goodwill A/c	10,000		
	60,000	**35,000**			**60,000**	**35,000**	
To Balance c/d	60,000	35,000	19,000	By Bal. b/d	60,000	35,000	

				By Bank			19,000(2)
	60,000	**35,000**	**19,000**		**60,000**	**35,000**	**19,000**

OPENING BALANCE SHEET

as at 1st April, 2022

Liabilities		₹	Assets		₹
Sundry Creditors	20,000		Bank (10,000+19,000-15,000)		14,000
Less: Provision	400	19,600	Sundry Debtors	40,000	
Capitals:			Less: Provision for doubtful debts	(1,600)	38,400
A		60,000	Stock		20,000
B		35,000	Building		25,000
C		19,000	Machinery		33,600
			Typewriter		2,600
		1,33,600			**1,33,600**

working note :

1. Sacrifice Ratio = Old Ratio - New Ratio

Sacrifice by A = $\frac{2}{3}-\frac{3}{6}=\frac{1}{6}$

Sacrifice by B = $\frac{1}{3}-\frac{2}{6}=0$

2. C's Capital is not given in the question. He will bring in capital proportionate to his share of profits. C is given 1/6th share of profits, balance 5/6th share is shared by A and B. Total capital of A and B after all adjustments is ₹ 60,000 + ₹ 35,000 = ₹ 95,000.

Thus for $\frac{5}{6}$th share of profits the Capital = ₹ 95,000

Then the total Capital of the Firm = ₹ 95,000 $\times \frac{6}{5}$ = ₹ 1,14,000

C's Capital for $\frac{1}{6}$th share of profits = ₹ 1,14,000 $\times \frac{1}{6}$ = ₹ 19,000

OR

Revaluation Account

Particulars	**Amount (Rs.)**	**Particulars**	**Amount (Rs.)**
To provision for Doubtful debts	10,000	By Stock	10,000
To Furniture	5,000	By Building	50,000
To Plant & Machinery	15,000		
To Bill Receivable	6,000		
To Profits transferred to			
P's capital A/c 12,000			
Q's capital A/c 8,000			
R's capital A/c 4,000	24,000		
	60,000 ======		60,000 =======

R's Capital A/c

Date	**Particulars**	**Amount (Rs.)**	**Date**	**Particulars**	**Amount (Rs.)**
30.4.13	To Advertisement Suspense A/c $\left(30,000 \times \frac{1}{6}\right)$	5,000	1.1.13	By Balance b/d	1,20,000
	To R's Executor A/c	2,22,333		By workmen Compensation reserve	15,000

				By Revaluation A/c	4,000
				By P's Capital A/c (goodwill)	45,000
				By Q's capital A/c (goodwill)	30,000
				By P&L Suspense A/c	13,333
		2,27,333 =======			2,27,333 ======

R's Executor Account

Date	Particulars	Amount (Rs.)	Date	Particulars	Amount (Rs.)
3.4.13	To Bank A/c	72,333	30.4.13	By R's capital A/c	2,22,333
31.12.13	To Balance c/d	1,60,000	31.12.13	By interest A/c $\left(10\% \text{on} \, 1,50,000 \times \frac{8}{12}\right)$	10,000
		2,32,333 =======			2,32,333 =======
30.4.14	To Bank A/c 75,000 + 15,000	90,000	1.1.14	By Balance b/d	1,60,000
31.12.14	To Balance c/d	80,000	30.4.14	By interest A/c $\left(\frac{10}{100} \times 1,50,000 \times \frac{4}{12}\right)$ 5000	10,000
		1,70,000 =======			1,70,000 =======
30.4.15	To Bank A/c 75,000 +7,500	82,500	1.1.15	By Balance b/d	80,000
			30.4.15	By interest A/c $\left(\frac{10}{100} \times 75,000 \times 4\right)$	2,500
		82,500 ======			82,500 =======

On the death of a partner, the accounting treatment regarding goodwill, revaluation of assets and reassessment of liabilities, accumulated reserves and undistributed profit are similar to that of the retirement of a partner, When the partner dies the amount payable to him/her is paid to his/her legal representatives. The representatives are entitled to the followings : (a) The amount standing to the credit to the capital account of the deceased partner (b) Interest on capital, if provided in the partnership deed upto the date of death: (c) Share of goodwill of the firm; (d) Share of undistributed profit or reserves; (e) Share of profit on the revaluation of assets and liabilities; (f) Share of profit upto the date of death; (g) Share of Joint Life Policy.

Working Note:

Average Profit = 2,40,000 + 1,60,000 + 2,00,000 + 1,00,000 + 50,000 = Rs. 1,50,000 Goodwill = $RS.1,50,000 \times 3$ = Rs. 4,50,000

R's share = $4,50,000 \times \frac{1}{6} Rs.75,000$

Contribution by P&Q in ratio 3:2

P's share = $\frac{3}{5} \times 75000$ = 45000 Q's share $\frac{2}{5} \times 75,000$ Rs. 30,000

R's share of profits = $2,40,000 \times \frac{4}{12} \times \frac{1}{6}$ = Rs. 13,333

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

Vinay, Tripti and Hemant were partners in a partnership firm sharing profits and losses in their capital ratio, i.e., 1 : 2 : 3. On 31st March 2020, they decided to dissolve the partnership firm. The following information is given to you on the dissolution of the firm:

The firm had total assets of ₹ 12,00,000 that realized ₹ 10,80,000. The creditors were settled at 90% by paying them ₹ 54,000. There was an unrecorded asset in the books of the firm which was taken by Vibhuti for ₹ 12,000. Realisation expenses amounted to ₹ 2,000 and were paid by Tiwari on behalf of the firm. There was general reserve in the books of the company of ₹ 21,000. The capitals of the partners were in the proportion of their profit sharing ratio. Their balance sheet also showed a cash balance of ₹ 81,000.

(i) **(d)** ₹ 4,00,000

Explanation:

In a balance sheet: Total of Assets side = Total of liabilities side

As per the case, total of assets side = ₹ 12,00,000 + ₹ 81,000 = ₹ 12,81,000

Total of Liabilities side = Creditors + General reserve + Capitals of partners (as per the given question)

₹ 12,81,000 = ₹ 60,000 + ₹ 21,000 + Capital of partners

Capitals of partners = ₹ 12,81,000 - ₹ 81,000

= ₹ 12,00,000

Capital of Tiwari = 12,00,000 $\times \frac{2}{6}$ = ₹ 4,00,000

(ii) **(c)** ₹ 1,16,000

Explanation:

Realisation Account

Dr.				Cr.
Particulars	**Amount (₹)**	**Particulars**		**Amount (₹)**
To Sundry Assets A/c	12,00,000	By Creditors A/c		60,000
To Cash A/c (Payment to creditors)	54,000	By Cash A/c (Assets sold)		10,80,000
To Tripti's Capital A/c		To Partner's Capital A/c		
(Realisation exp.)	2,000	Vinay	19,333	
		Tripti	38,667	
		Hemant	58,000	1,16,000
	12,56,000			12,56,000

(iii) **(b)** Vinay's Captial

Explanation:

Vinay's Captial

(iv) **(c)** ₹ 5,52,500

Explanation:

Amount paid to Happu = Capital + Share in General Reserve - Loss on Realization

= ₹ 6,00,000 + ₹ 10,500 - ₹ 58,000

= ₹ 5,52,500

(v) **(d)** partner's capital account

Explanation:

Partner's capital account is credited while recording entry for realisation expenses.

OR

Read the text carefully and answer the questions:

Nidiya Limited was incorporated on 1st April 2017 with registered office in Mumbai. The capital clause of memorandum of Association reflected a registered capital of 8,00,000 equity shares of ₹ 10 each and 1,00,000 preference shares of ₹ 50 each. Since some large investments were required for building and machinery the company in consultation with vendors, Ms. VPS Enterprises, issued 1,00,000 equity shares and 20,000 preference shares at par to them in full consideration of assets acquired. Besides this the company issued 2,00,000 equity shares for cash at par payable as ₹ 3 on application, 2 on allotment, 3 on first call and 2 on second call. Till date second call has not yet been made and all the shareholders have paid except Mr. Ajay who did not pay allotment and calls on his 300 shares and Mr. Vipul who did not pay first call on his 200 shares. Shares of Mr. Ajay were then forfeited and out of them 100 shares were reissued at ₹ 12 per share.

(i) **(b)** Option (c)

Explanation:

Option (c)

(ii) **(c)** Option (c)

Explanation:

No. of shares forfeited at the end of the year: 200

(iii) **(d)** Option (c)

Explanation:

Called-up amount = ₹ 8 per share

Re-issue amount = ₹ 12 per share

Premium = ₹ 4 per share

Number of shares re-issued = 100

Security premium reflected in the balance sheet at the end of the year = 100 × ₹ 4 = ₹ 400

(iv) **(c)** Option (a)

Explanation:

No. of shares forfeited at the end of the year: 200

Amount of share forfeiture to be reflected in the balance sheet: 200 × ₹3 = ₹ 600

(v) **(b)** Rs.300

Explanation:

Rs.300

Part B :- Analysis of Financial Statements

27.

(c) Provision for Expenses

Explanation:

Provision for Expenses appears as Short-term Provision.

28.

(b) 75%

Explanation:

Proprietary Ratio = Shareholders' Fund / Total Assets

Shareholders' Fund = 4,00,000 + 2,00,000 = 6,00,000

Total Assets = Non current Assets + Current Assets = 5,00,000 + 3,00,000 = 8,00,000

Proprietary Ratio = 6,00,000 / 8,00,000 = 0.75:1 or 75 %

OR

(b) Purchase of Stock-in-Trade on credit.

Explanation:

Due to purchase of stock in trade on credit, the current assets will increase and simultaneously current liabilities will increase, however, it will result in a decrease in current ratio, whereas, there will be no change in Current assets and therefore due to increase in current liabilities, the liquid ratio will decrease.

29.

(b) Sold machinery of book value of ₹ 50,000 at a gain of ₹ 10,000.

Explanation:

Sold machinery of book value of ₹ 50,000 at a gain of ₹ 10,000.

OR

(a) Investing Activities

Explanation:

Investing Activities. dividend received by other than financial company will be on its investment in shares. hence considered as investing activity

30.

(c) Financing Activity

Explanation:

Financing Activity

31. **Comparative Income Statement of Retro Capital**
for the year ended March 31, 2022 and 2023

Particulars	**2022 (₹)**	**2023 (₹)**	**Absolute Change (₹)**	**Percentage Change (%)**
I. Revenue from Operations	3,00,000	3,50,000	50,000	16.67%
II. Expenses				
a. Purchase of Stock-in-Trade	1,80,000	2,10,000	30,000	16.67%
b. Changes in Inventories of Stock-in-Trade	20,000	15,000	(5,000)	(25.00)%
c. Employees Benefit-cost	15,000	17,500	2,500	16.67%
d. Other Expenses	5,000	7,500	2,500	50.00%
Total of expenses (II)	2,20,000	2,50,000	30,000	13.67%
III. Profit before Income Tax **(I-II)**	80,000	1,00,000	20,000	25.00%
IV. Less: Income Tax	24,000	30,000	6,000	25.00%
V. Profit after Income Tax	56,000	70,000	14,000	25.00%

OR

The objectives of preparing Comparative Statement of Profit and Loss are as follows:-

i. To facilitate comparison of various items of income and expenditure for two or more years.
ii. To analyse the increase or decrease in the income and expenditure in terms of rupee and also in percentage from one year to another.
iii. To analyse the increase or decrease in the profits of the enterprise.
iv. To help in forecasting the profitability of the business concern.

32. Cost of Materials Consumed = Opening Inventory of Materials + Purchases of Materials - Closing Inventory of Materials
= ₹ 5,50,000 + ₹ 22,50,000 - ₹ 4,50,000 = ₹ 23,50,000.
Note: Opening Inventory of Finished Goods, i.e., ₹ 2,50,000 and Closing Inventory of Finished Goods, i.e., ₹ 1,50,000 will not be considered to compute Cost of Materials Consumed as these are considered to calculate Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade.

33. Debt (long term Debt) = 3,00,000 + 60,000 = 3,60,000
Capital employed = 7,00,000 + 1,40,000 + 3,00,000 + 60,000 = 12,00,000
Debt to Capital employed ratio = $\frac{Debt}{Capital\ employed} = \frac{3{,}60{,}000}{12{,}00{,}000}$ = 0.3 : 1

OR

1 .Debt Equity Ratio = debt / equity
= 400000/1400000 = 0.286
Working note 1 :- Long-term debts = 12% debentures = 4,00,000
Working note 2:-
Shareholders' Funds = Equity Share Capital + General Reserve + Balance of Statement of Profit and Loss
= 10,00,000 + 1,00,000 + 3,00,000 = Rs. 14,00,000
2. **Working Capital Turnover Ratio**
= Net sales/ working capital = 300000/100000 = 30 times
Working notes :- Working Capital = Current Assets - Current Liabilities = 4,00,000 - 3,00,000 = Rs. 1,00,000
Current Assets = Cash + Debtors = 1,10,000 + 2,90,000 = Rs. 4,00,000
Current liabilities = Creditors = Rs. 3,00,000
3. **Return on Investment** = profit before interest and tax / capital employed = (648000/1800000)× 100 =36
Profit before Tax $= \frac{\text{Profit after Tax}}{100 - \text{ Tax Rate}} \times 100$ = (300000 / 100 - 500) × 100 = Rs. 6,00,000
Working notes: Profit before interest and Tax = 6,00,000 + 48,000 (Interest on debentures) = Rs. 6,48,000
Capital Employed = Equity Share Capital + General Reserve + Balance m Statement of Profit and Loss +12% Debentures
= 10,00,000 + 1,00,000 + 3,00,000 + 4,00,000
= Rs. 18,00,000

34.

Cash Flows from Operating Activities
for the year ended 31st March, 2023

Particulars	Details	Amount (₹)
A. Cash flows from Operating Activities:		
Net profit before Tax:		2,20,000
Adjustments for non-cash and non-operating items:		
Depreciation on Machinery	80,000	
Loss on sale of Machinery	12,000	92,000
Operating profit before working capital changes		**3,12,000**
Add: Increase in Current Liabilities:		
Trade Payables	62,000	62,000
		3,74,000
Less: Increase in Current Assets:		
Trade Receivables	80,000	
Inventory	1,10,000	(1,90,000)
Net cash from Operating Activities		**1,84,000**
B. Cash Flow from Investing Activities:		
Purchase of Machinery	(5,10,000)	
Sale of Machinery	18,000	(4,92,000)
Net cash from Investing Activities		**(4,92,000)**
C. Cash Flow from Financing Activities:		
Issue of Share Capital	2,00,000	
Payment of Proposed Dividend	(60,000)	1,40,000
Net cash from Financing Activities		**1,40,000**
Net Increase in cash and cash equivalents 1,84,000 + (4,92,000) + 1,40,000		(1,68,000)
Add: Cash and Cash equivalents in the beginning of the period		4,90,000
Cash and Cash equivalents at the end of the period		**3,22,000**

Working Note:-

Calculation of Net Profit before Tax:

Profit and Loss Balance	₹ 2,90,000
Less: Profit and Loss Balance	₹ 1,80,000
	₹ 1,10,000
Add: Transfer to General Reserve	₹ 50,000
Proposed Dividend for Previous year	₹ 60,000
	₹ 2,20,000