Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - **1**

Time Allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. /1This 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. Shrikant and Ajay were partners in a firm sharing profits and losses in the ratio of 5 : 3. Shrikant withdrew ₹ 10,000 in the beginning of each quarter during the year ended 31st March, 2023. Interest on Shrikant's drawings @ 6% p.a for the year ended 31st March, 2023 will be: **[1]**

   a) ₹ 900 b) ₹ 2,400

   c) ₹ 1,200 d) ₹ 1,500

   OR

   Where will you record interest on drawings?

   a) Credit side of profit and loss account b) Debit side of profit and loss appropriation account

   c) Credit side of profit and loss appropriation account d) Debit side of capital/current account only

2. **Assertion (A):** The maximum number of partners in a partnership firm is 50. **[1]**
   Reason (R): By virtue of the Companies Act 2013, the Central Government is empowered to prescribe maximum number of partners in a firm. The Central Government has prescribed the maximum number of partners in a firm to be 50.

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. Discount allowed on re-issue of forfeited shares is debited to: **[1]**

a) Statement o f Profit & Loss

b) Share forfeiture A/c

c) General Reserve A/c

d) Share Capital A/c

OR

A company may issue the shares:

a) by public subscription of shares

b) All of these

c) for consideration other than cash

d) by private placement of shares

4. Rajat Ltd. has issued 10,000 Equity Shares of ₹ 10 each and it has called the total nominal (face) value. It has received the total amount, except the final call of ₹ 3 on 500 Equity Shares. These 500 Equity Shares will be shown as **[1]**

a) Issued share capital.

b) Paid up share capital

c) Subscribed and fully paid-up.

d) Subscribed but not fully paid-up.

OR

VX Ltd. issued $30,000, 8\%$ debentures of ₹ 100 each at a discount of 10% redeemable at a certain rate of premium. On issue of these debentures, 'Loss on issue of debentures account' was debited with $₹4,50,000$. The amount of premium on redemption of debentures was _____.

a) ₹ $1,50,000$

b) ₹ $4,50,000$

c) ₹ 30,000

d) ₹ $3,00,000$

5. A, B, C, D are in partnership sharing profits and losses in the ratio of 9 : 6 : 5 : 5. E joins the partnership for 20% share. A, B, C and D would in future share profits among themselves as $\frac{3}{10} : \frac{4}{10} : \frac{2}{10} : \frac{1}{10}$. The new profit sharing ratio will be: **[1]**

a) 6 : 8 : 4 : 2 : 5

b) 3 : 4 : 2 : 1 : 5

c) 9 : 6 : 5 : 5 : 5

d) 8 : 6 : 4 : 2 : 5

6. Value of goodwill of a firm at 3 times of super profits is ₹ 54,000. Average profits of the firm are ₹ 60,000 (after an abnormal loss of ₹ 8,000). Normal rate of return is 10%. Capital invested in the firm will be: **[1]**

a) ₹ 8,60,000

b) ₹ 4,20,000

c) ₹ 3,40,000

d) ₹ 5,00,000

7. Amit, Sumit and Kiara are partners sharing profits and losses in the ratio 2 : 2 : 1. Sumit is entitled to a commission of 15% on the net profit after charging such commission. The net profit before charging commission is ₹ 9,20,000. The amount of commission payable to Sumit will be: **[1]**

a) ₹ 1,38,000

b) ₹ 55,200

c) ₹ 48,000 d) ₹ 1,20,000

8. Unrecorded assets at the time of retirement of a partner are **[1]**

a) Debited to Revaluation Account. b) Credited to Revaluation Account.

c) Credited to Capital Account of the retiring partner only. d) Credited to Partners'Capital Accounts.

OR

Isha, Julie and Kavita were partners in a firm sharing profits and losses in the ratio of $3 : 2 : 1$. The firm closes its books on 31st March every year. On 12th June, 2024, Kavita died. Her share in the profits of the firm from the last Balance Sheet till the date of death was to be calculated on the basis of last year's profit. Last year's profits were ₹ $6,00,000$. Kavita's share of profit till the date of her death was:

a) ₹ 50,000 b) ₹ 40,000

c) ₹ 30,000 d) ₹ 20,000

9. The firm paid realisation expenses of ₹ 10,000 on behalf of Naksh, a partner with whom it was agreed at ₹ 25,000. Realisation Expenses came to ₹ 35,000. Realisation Account will be debited by **[1]**

a) ₹ 10,000 b) ₹ 35,000

c) ₹ 25,000 d) ₹ 70,000

10. On admission of a new partner, increase in the value of assets is debited to: **[1]**

a) Partner's current account b) Assets Account

c) Old Partner's Capital Accounts d) P & L Adjustment Account

OR

A and B are partners sharing profits in the ratio of 3 : 2. They decided to admit Girish as a new partner and new profit sharing ratio is 2 : 2 : 1. Goodwill already appeared in the book is ₹ 50,000. Correct Journal Entry will be:

a)

A's Capital A/c	Dr	30,000	
B's Capital A/c	Dr	20,000	
To Goodwill A/c			50,000

b)

Goodwill A/c	Dr	50,000	
To A's capital A/c			20,000
To B's capital A/c			20,000
To C's Capital A/c			10,000

c)

Goodwill A/c	Dr	50,000	
To A's capital A/c			30,000
To B's capital A/c			20,000

d)

A's Capital A/c	Dr	20,000	
B's Capital A/c	Dr	20,000	
C's Capital A/c	Dr	10,000	
To Goodwill A/c			50,000

11. What should be the amount of compensation if the partners of the firm decide to change their profit share ratio: **[1]**

a) Amount of compensation = value's of firm goodwill × share of profit gained

b) Amount of compensation = Profit of the year × share of profit gained

c) Amount of compensation = value's of firm goodwill × share of profit sacrificed

d) Amount of compensation = value's of firm goodwill × share of loss sacrificed

12. The following journal entry appears in the books of Latvion Ltd.: **[1]**

Date	**Particulars**		**Dr. Amount (₹)**	**Cr. Amount (₹)**
	Bank A/c	Dr.	4, 75, 000	
	Loss on issue of debentures A/c	Dr.	75,000	
	To 12% Debentures A/c			5, 00, 000
	To Premium on Redemption of Debentures A/c			50,000

The discount on issue of debentures is:

a) 95%

b) 5%

c) 10%

d) 15%

13. **A** Limited purchased the assets from **B** Limited for ₹ 5,40,000. **A** Limited issued 10% debentures of ₹ 100 each at 20% premium against the payment. The number of debentures received by **B** Limited will be: **[1]**

a) 45,000

b) 4,500

c) 5,400

d) 6,000

14. On liquidation of company, principal amount of debentures is returned: **[1]**

a) After Equity Capital

b) First of All

c) Before Equity Capital

d) Last of All

15. Mehak and Ritika decided to dissolve their partnership firm. Their books showed Goodwill of ₹ 5,000. How will the Goodwill Account be closed on the dissolution of the firm? **[1]**

a) By transferring ₹ 5,000 to the credit side of the Partners' Capital Accounts

b) By transferring ₹ 5,000 to the credit side of the Realisation Account

c) By transferring ₹ 5,000 to the debit side of the Realisation Account

d) By transferring ₹ 5,000 to the debit side of the Partners' Capital Accounts

16. Which of the following statement is not correct? **[1]**

i. Change in profit sharing ratio leads to dissolution of partnership and not the firm.

ii. Sacrificed Share = Old Share - New Share

iii. Gain Share = New Share - Old Share

iv. Self-generated goodwill is shown in the assets side of Balance Sheet

a) Option (i) b) Option (iii)

c) Option (ii) d) Option (iv)

17. Nishu, Rishu and Kishu were partners in a firm sharing profits and losses in the ratio of $8 : 7 : 5$. They decided to share future profits and losses in the ratio of $5 : 8 : 7$ with effect from 1st April , 2024. Their Balance Sheet as at 31st March, 2024 showed: **[3]**

i. General Reserve ₹ $10,00,000$.

ii. Debit Balance of ₹ $2,00,000$ in Profit and Loss Account.

Goodwill of the firm was valued at ₹ $20,00,000$ and revaluation of assets and liabilities resulted in a profit of ₹ $7,00,000$. The partners did not want to distribute the General Reserve and the balance of Profit and Loss Account. They also decided that revalued values of assets and liabilities were not to be recorded in the books.

Pass a single adjustment entry to give effect to the above. Show your workings clearly.

OR

A and B are partners in a firm sharing profits in the ratio of 3 : 2. C is admitted into the firm for $\frac{1}{4}$ share in profits. The total capital of the firm is agreed upon as ₹ 2,00,000 and C is to bring in cash equivalent to $\frac{1}{4}$ of this amount as his capital. The capitals of other partners are also to be adjusted in the ratio of their respective share in profits. The capitals of A and B after all adjustments are ₹ 60,000 and ₹ 45,000 respectively.

Calculate the new capitals of A and B and pass necessary journal entries.

18. Complete the missing figure in the following accounts: **[3]**

In the Books of Fox and Wolf

Realisation Account

Dr.					**Cr.**
Particulars		**Rs.**	**Particulars**		**Rs.**
To Sundry Assets(Transfer)			By Sundry Liabilities(Transfer):		
Stock A/c	18,000		Creditors A/c	88,500	
Debtors A/c	42,000		Bills Payable A/c	23,000	

Furniture A/c	12,000		Ms. Wolf's Loan A/c	40,000	1,51,500
Machinery A/c	1,06,500	1,78,500	By Bank A/c(Assets Realised):		
To Bank A/c(Liabilities Paid):			Stock	10,500	
Bills Payable	23,000		Debtors	--	
Creditors -			Machinery	88,500	--
Ms. Wolf's Loan	38,500		By Fox's Capital A/c(Furniture Taken Over)		7,500
Claim for Damages	2,000	--	By Bank A/c(Recovery of Bad Debts)		1,800
To Bank A/c(Expenses)		2,100	By Loss on Realisation:		
			Fox's Capital A/c	--	
			Wolf's Capital A/c	--	
		3,30,830			3,30,830

Partner's Capital Account

Dr.					**Cr.**
Particulars	**Fox(Rs)**	**Wolf(Rs)**	**Particulars**	**Fox(Rs)**	**Wolf(Rs)**
To Profit and Loss A/c	11,250	11,250	By Balance b/d	--	--
To Realisation A/c(Furniture Taken Over)	--		By Bank A/c	10,390	8,890
To Realisation A/c(Loss)	21,640	21,640			
	40,390	32,890		40,390	32,890

Bank Account

Dr.			**Cr.**
Particulars	**Rs**	**Particulars**	**Rs**
To Balance b/d	4,500	By Realisation A/c(Liabilities Paid)	1,50,230
To Realisation A/c(Assets Realised)	1,26,750	By Realisation A/c(Expenses)	--
Recovery of Bad Debts	1,800		
To Fox's Capital A/c(Cash Brought in)	--		

To Wolf's Capital A/c(Cash Brought in)	--		
	1,52,330		1,52,330

19. On 1st April, 2024, Varsha Ltd. purchased from Rama Ltd., furniture at ₹ 12,00,000 and machinery at ₹ 20,00,000. It also took over its liabilities amounting to ₹ 3,00,000. The purchase consideration of ₹ 35,00,000 was paid by issuing a bank draft of ₹ 2,00,000 and the balance by issue of 11% Debentures of ₹ 100 each, at a premium of 10%. **[3]**

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

20. Anu, Manu, Sonu and Rohan were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 1 : 2. With effect from 1st April, 2023, they decided to share profits and losses in the ratio of 2 : 4 : 1 : 3. Their Balance Sheet showed General Reserve of ₹ 90,000. The goodwill of the firm was valued at ₹ 4,50,000. **[3]**

Pass necessary journal entries for the above on account of change in the profit sharing ratio. Show your working clearly.

21. AD Deli Ltd. invited applications for 20,000 Equity Shares of ₹ 10 each at the issue price of ₹ 10. The amount payable along with application is ₹ 10. The issue was fully subscribed. Pass Journal entries for the above transactions and also prepare Balance Sheet of the Company. **[4]**

22. Harry and Garry are partners in a firm. They have not entered into Partnership Deed but had agreed on following: **[4]**

i. Salary will be paid to Harry @ ₹10,000 per month.
ii. Garry will get commission @ 10% of Net Profit.
iii. Interest will be allowed on capitals @ 10% p.a.
iv. Interest will be charged on drawings @ 10% p.a.
v. Partner cannot be admitted without the consent of both the partners.

How will be the following disputes resolved?

a. Garry demands to be paid salary as Harry is being paid because his commission is lower.
b. Harry demands that his sherry be admitted as partner for 25% share to be given out of his share of profits to which Garry disagrees.

23. On January 1, 2015, the Director of X Ltd. issued for public subscription 50,000 equity shares of ₹ 10 each at ₹ 12 per share payable as to ₹ 5 on application (including premium), ₹ 4 on allotment and the balance on call on May 01, 2015. **[6]**

The lists were closed on February 10, 2015 by which date applications for 70,000 shares were received. Of the cash received ₹ 40,000 was returned and ₹.60,000 was applied to the amount due on allotment, the balance of which was paid on February 16, 2015.

All the shareholders paid the call due on May 01, 2015 with the exception of an allottee of 500 shares.

These shares were forfeited on September 29, 2015 and reissued us fully paid at ₹ 8

per share on November 01, 2015. The company, as a matter of policy, does not maintain a calls-in-arrears account.

Give journal entries to record these share capital transactions in the books of X. Ltd.

OR

Vipro Ltd., on 1st May, 2023 issued 40,000; 10% Debentures of ₹ 100 each, payable ₹ 20 on application and balance amount on allotment. Applications were received for the issued debentures and allotment was made to all the applicants. The amount was received on due dates.

Pass the Journal entries for issue of Debentures and prepare the Balance Sheet.

24. Giriija, Yatin and Zubin were partners sharing profits in the ratio 5 : 3 : 2. Zubin died on 1st August, 2015. Amount due to Zubin's executor after all adjustments was ₹ 90,300. The executor was paid ₹ 10,300 in cash immediately and the balance in two equal annual instalments with interest @ 6% p.a. starting from 31st March, 2017. Accounts are closed on 31st March each year. **[6]**

Prepare Zubin's Executors Account till he is finally paid.

25. Hitesh and Rakesh are partners sharing profits in the ratio of 3 : 2. Their Balance sheet as at 31st March 2022 was as follows : **[6]**

Liabilities		**₹**	**Assets**		**₹**
Creditors		66,000	Cash at Bank		87,000
General Reserve		9,000	Debtors	42,000	
Investment Fluctuation Fund		5,000	Less: Provision for doubtful debts	7,000	35,000
Capitals:			Investments (market price 19,000)		21,000
Hitesh	1,19,000		Buildings		98,000
Rakesh	1,12,000	2,31,000	Plant & Machinery		70,000
		3,11,000			**3,11,000**

Narendra was admitted on 1st April, 2022 for $\frac{1}{6}$th share on the following terms :

i. Narendra will bring ₹ 56,000 as his share of capital.

ii. Goodwill of the firm is valued at ₹ 84,000 and Narendra will bring his share of goodwill in cash.

iii. Plant and Machinery be appreciated by 20%.

iv. All debtors are good.

v. There is a liability of ₹ 9,800 included in Creditors that is not likely to arise.

vi. Capital of Hitesh and Rakesh will be adjusted on the basis of Narendra's capital and any excess or deficiency will be made by withdrawing or bringing in cash by the concerned partner.

Prepare the Revaluation Account, the Partners' Capital Accounts and the Balance Sheet of the firm after the above adjustments.

OR

Radha and Neha were partners. The partnership deed provides:

i. That the accounts be balanced on 31st December each year.

ii. The profits be divided as follows:

Radha one-half, Neha one-third and carried to Reserve account one-sixth.

iii. That in the event of death of a partner, her executor will be entitled to the following:

a. The capital to her credit at the date of death.

b. Her proportion of profit to date of death based on the average profits of the last three completed years.

c. Her share of goodwill based on three year's purchase of the average profits for the three preceding completed years.

On 31st December, 2022 the Trial Balance was as under:

Particulars	**Dr. (₹)**	**Cr. (₹)**
Radha's Capital		90,000
Neha's Capital		60,000
Reserves		30,000
Bills Receivables	50,000	
Investments	40,000	
Cash	1,10,000	
Creditors		20,000
	2,00,000	2,00,000

The profits for the three years were: 2020 - ₹ 4,200; 2021 - ₹ 3,900 and 2022 - ₹4,500. Neha died on 31st May, 2023. Draw up the deceased Partner's Capital A/c and Executor's A/c.

26. **[6]**

i. i. At what rate interest on Calls-in-Advance may be paid by a Company according to Table F of Schedule I of the Companies Act, 2013? **[6]**

ii. X Ltd. was formed with a capital of ₹ 10,00,000 divided into shares of ₹ 10 each. It offered 90% shares for subscription. 40% payable on application, 25% payable on allotment and the balance on final call. The applicants paid ₹ 3,60,000 on application and ₹ 1,69,000 on allotment. Final call had not yet been made. Calculate:

a. Authorised Capital,

b. Issued Capital,

c. Subscribed Capital,

d. Called-up Capital,

e. Paid-up Capital,

f. Calls-in-Arrears

iii. On what conditions can forfeited shares be reissued?

iv. Kalyan Ltd. issued 50,000 equity shares of ₹ 10 each. The amount was payable as follows:

On application	₹ 3 per share
On allotment	₹ 2 per share
On first and final call	The Balance

Applications for 45,000 shares were received and shares were allotted to all the applicants, Neha, to whom 500 shares were allotted, paid her entire share money at the time of allotment, whereas Gaurav did not pay the first and final call on his 300 shares. What was the amount received at the time of making the first and final call?

v. At the time of forfeiture of shares, with what amount the Forfeited Share Account is credited?

vi. What is the maximum amount of a Call according to Table **F** of Schedule I?

Part B :- Analysis of Financial Statements

27. Compute cost of material consumed from following: **[1]**

Opening inventory = ₹ 5,00,000

Materials purchased = ₹ 40,00,000

Closing inventory = ₹ 6,00,000

a) ₹ 39,00,000 b) ₹ 40,00,000

c) ₹ 38,00,000 d) ₹ 41,00,000

28. Working Capital 30,000; current ratio 3 : 1 Current liabilities will be: **[1]**

a) 15,000 b) 30,000

c) 7,500 d) 22,500

OR

Ratios that are calculated for measuring the efficiency of operations of business based on effective utilisation of resources are called:

a) Activity Ratios b) Liquidity Ratios

c) Solvency Ratios d) Profitability Ratios

29. X Ltd. purchased furniture for ₹ 20,00,000 paying 60% by issue of equity shares of ₹ 10 each and the balance by a cheque. This transaction will result in: **[1]**

a) Cash used in investing activities ₹ 8,00,000.

b) Cash generated from financing activities ₹ 12,00,000.

c) Cash used in investing activities ₹

d) Increase in cash and cash

20,00,000. equivalents ₹ 8,00,000.

OR

Pick the odd one:

a) Marketable Securities b) Non-current Investments

c) Cash at bank d) Cash in hand

30. Increase or decrease in the Bank balance is _____. **[1]**

a) Financing Activity b) Investing Activity

c) Operating Activity d) Cash and Cash Equivalents

31. Prepare a Comparative Statement of Profit & Loss of from the following: **[3]**

Particulars	**31st March, 2023**	**31st March, 2022**
	₹	**₹**
Revenue from Operations	12,50,000	10,00,000
Cost of Materials Consumed	7,20,000	6,00,000
Other Expenses	38,000	40,000

Interest on investments @ ₹ 50,000 each year.

OR

What is the Common Size Statement of Profit & Loss? What are its objectives?

32. Under what headings will you show the following items in the Financial Statements of a Company: **[3]**

i. Authorised Capital
ii. Share Forfeiture Account
iii. Capital Reserve
iv. Secured Debentures issued by the Company
v. Provision for Tax
vi. Advances recoverable in cash within the operating cycle.

33. **[4]**

i. From the following, calculate 'Trade receivables turnover ratio'.

Total revenue from operations for the year	₹ 8,40,000
Cash revenue from operations	40% of credit revenue from operations
Closing trade receivables	₹ 2,00,000
Excess of closing trade receivables over opening trade receivables	₹ 80,000

ii. From the following information calculate 'Interest coverage ratio'

Profit after interest and tax	₹ 4,97,000
Rate of income tax	30%
12% debentures	₹ 6,00,000

OR

Cash Revenue from Operations (Cash Sales) ₹ 2,00,000

Credit Revenue from Operations (Credit Sales) ₹ 4,00,000

Gross Profit ₹ 1,00,000

Inventory Turnover Ratio 5 Times

Calculate the value of Opening and Closing Inventory in each of the following alternative cases:

Case I If closing inventory was ₹ 80,000 in excess of opening inventory.

Case II If closing inventory was 3 times that in the beginning.

Case III If closing inventory was 3 times more than that in the beginning.

Case IV If opening inventory was $\frac{1}{3}$rd of inventory at the end.

34. Following is the Balance Sheet of Bharat Gas Ltd. as at 31.3.2023: **[6]**

Balance Sheet of Bharat Gas Ltd.

as at 31.3.2023

Particulars	**Note No.**	**31.3.2023 (₹)**	**31.3.2022 (₹)**
I Equity and Liabilities:			
1. Shareholders' funds			
(a) Share capital		14,00,000	10,00,000
(b) Reserves and Surplus	1	5,00,000	4,00,000
2. Non-current Liabilities			
Long term borrowings		5,00,000	1,40,000
3. Current liabilities			
(a) Trade payables		1,00,000	60,000
(b) Short term provisions	2	80,000	60,000
Total		**25,80,000**	**16,60,000**
II Assets:			
1. Non-current Assets			
(Property, plant and equipment and intangible assets)			
(i) Tangible assets	3	16,00,000	9,00,000
(ii) Intangible assets	4	1,40,000	2,00,000
2. Current Assets			
(a) Inventories		2,50,000	2,00,000
(b) Trade receivables		5,00,000	3,00,000
(c) Cash and cash equivalents		90,000	60,000

Total		**25,80,000**	**16,60,000**

Notes to Accounts:

Note No.	**Particulars**	**31.3.2023 (₹)**	**31.3.2022 (₹)**
1.	Reserves and Surplus: Balance in Statement of Profit and Loss	5,00,000	4,00,000
		5,00,000	4,00,000
2.	Short term provisions: Provision for Taxation	80,000	60,000
		80,000	60,000
3.	Tangible Assets: (Property, plant and equipment)		
	Machinery	18,50,000	10,00,000
	Less: Accumulated Depreciation	(2,50,000)	(1,00,000)
		16,00,000	9,00,000
4.	Intangible Assets : Goodwill	1,40,000	2,00,000
		1,40,000	2,00,000

Adjustments: During the year a machine costing ₹ $3,00,000$ on which accumulated depreciation was ₹ 45,000 was sold for ₹ $1,35,000$.

Calculate 'Cash flows from Operating Activities'.

Solution

Part A:- Accounting for Partnership Firms and Companies

1. **(d)** ₹ 1,500
Explanation:
₹ 1,500

OR

(c) Credit side of profit and loss appropriation account
Explanation:
Credit side of profit and loss appropriation account

2. **(a)** Both A and R are true and R is the correct explanation of A.
Explanation:
Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of assertion (A).

3. **(b)** Share forfeiture A/c
Explanation:
Share forfeiture A/c

OR

(b) All of these
Explanation:
All of these

4. **(d)** Subscribed but not fully paid-up.
Explanation:
Subscribed but not fully paid-up.

OR

(a) ₹ $1,50,000$
Explanation:
₹ 1,50,000

5. **(a)** 6 : 8 : 4 : 2 : 5
Explanation:

Let the total share be 1
E's share = 20% or $\frac{1}{5}$
Remaining share = 1 - $\frac{1}{5} = \frac{4}{5}$
A :- $\frac{4}{5} \times \frac{3}{10} = \frac{12}{50}$
B :- $\frac{4}{5} \times \frac{4}{10} = \frac{16}{50}$
C :- $\frac{4}{5} \times \frac{2}{10} = \frac{8}{50}$
D :- $\frac{4}{5} \times \frac{1}{10} = \frac{4}{50}$
E :- $\frac{1}{5} \times \frac{10}{10} = \frac{10}{50}$
New profit sharing ratio = 12 : 16 : 8 : 4 : 10 or 6 : 8 : 4 : 2 : 5

6.

(d) ₹ 5,00,000
Explanation:
Super Profit = $\frac{₹54,000}{3}$ = ₹ 18,000
Actual Average Profit = ₹ 60,000 + Abnormal Loss ₹ 8,000
= ₹ 68,000
Normal Profit = Actual Average Profit - Super Profit
= ₹ 68,000 - ₹ 18,000 = ₹ 50,000
Capital Invested = 50,000 $\times \frac{100}{10}$ = ₹ 5,00,000

7.

(d) ₹ 1,20,000
Explanation:
₹ 1,20,000 (920000x15/115)

8.

(b) Credited to Revaluation Account.
Explanation:
Credited to Revaluation Account.

OR

(d) ₹ 20,000
Explanation:
₹ 20,000

9.

(c) ₹ 25,000
Explanation:
Partner agreed that bear expense ₹ 25,000

10.

(b) Assets Account
Explanation:
On admission of a new partner, increase in the value of assets is debited to Assets account and shown in the balance sheet and the revaluation account. It is credited to the Revaluation account and P/L adjustment and old partners capital account are not used for asset and liability revaluation.

OR

(a)

A's Capital A/c	Dr	30,000	
B's Capital A/c	Dr	20,000	
To Goodwill A/c			50,000

Explanation:

A's Capital A/c	Dr	30,000	
B's Capital A/c	Dr	20,000	
To Goodwill A/c			50,000

11.

(c) Amount of compensation = value's of firm goodwill × share of profit sacrificed

Explanation:

Due to change in the profit sharing ratio among the partners, the share of one or more partner may increase and consequently share of one or more partner may decrease. therefore, gaining partner should compensate for sacrificing partner by paying goodwill to him. amount of goodwill of the firm will be paid to the sacrificing partner, which will be called as compensation, to the extent of share in profit sacrificed by him.

Journal entry

Gaining partner's capital A/c ... Dr.

To Sacrificing partner's capital A/c

12.

(b) 5%

Explanation:

5%

13.

(b) 4,500

Explanation:

4,500

14.

(c) Before Equity Capital

Explanation:

Before Equity Capital

15.

(c) By transferring ₹ 5,000 to the debit side of the Realisation Account

Explanation:

By transferring ₹ 5,000 to the debit side of the Realisation Account

16.

(d) Option (iv)

Explanation:

only purchased goodwill will be shown in books

17. **JOURNAL**

Date	Particulars		L.F.	Dr. Amount (₹)	Cr. Amount (₹)
2024 April 1	Rishu's Capital A/c Dr.	Dr.		1,75,000	
	Kishu's Capital A/c	Dr.		3,50,000	
	To Nishu's Capital A/c				5,25,000
	(adjustment entry due to change in profit sharing ratio)				

Working Notes

Old Ratio = Nishu : Rishu : Kishu = 8:7:5

New Ratio = Nishu : Rishu : Kishu = 5:8:7

Sacrificing Share = Old Share - New Share

Nishu's Sacrificing Share $= 8/20 - 5/20 = 3/20$ (sacrifice)

Rishu's Sacrificing Share $= 7/20 - 8/20 = -1/20$ (gain)

Kishu's Sacrificing Share $= 5/20 - 7/20 = -2/20$ (gain)

Particulars	₹
General Reserve	10,00,000
Debit Balance of Profit and Loss Account	$(2,00,000)$
Goodwill of the firm	$20,00,000$
Revaluation Profit	$7,00,000$
Total	$35,00,000$

Nishu Sacrifices $= 3/20 \times 35,00,000 = ₹5,25,000$, Rishu Gains $= 1/20 \times 35,00,000 = ₹1,75,000$ marks Kishu Gains $= 2/20 \times 35,00,000 = ₹3,50,000$.

OR

New share of partner's

A :- $\frac{3}{5} - \frac{1}{4} \times \frac{3}{5} = \frac{3}{5} - \frac{3}{20} = \frac{12-3}{20} = \frac{9}{20}$

B :- $\frac{2}{5} - \frac{1}{4} \times \frac{2}{5} = \frac{2}{5} - \frac{2}{20} = \frac{8-2}{20} = \frac{6}{20}$

Calculation of new capitals:

Total capital of the new firm = ₹ 2,00,000

A's new capital = $\frac{9}{20}$ of ₹ 2,00,000

= ₹ 90,000

B's new capital = $\frac{6}{20}$ of ₹ 2,00,000

₹ 60,000

Books of A and B

JOURNAL

Date	Particulars		L.F	Amount (₹)	Amount (₹)
	(i) Bank/Cash A/c	Dr.		50,000	
	To C's Capital A/c (Cash brought in by C as his share of capital)				50,000
	(ii) Bank/Cash A/c	Dr.		30,000	
	To A's Capital A/c (Cash brought in by A for capital adjustment)				30,000

	(iii) Bank A/c/Cash A/c	Dr.		15,000	
	To B's Capital A/c (Cash brought in by B for capital adjustment)				15,000

18.

In the Books of Fox and Wolf

Realisation Account

Dr.					**Cr.**
Particulars		**Rs**	**Particulars**		**Rs**
To Sundry Assets(Transfer)			By Sundry Liabilities(Transfer):		
Stock A/c	18,000		Creditors A/c	88,500	
Debtors A/c	42,000		Bills Payable A/c	23,000	
Furniture A/c	12,000		Ms. Wolf's Loan A/c	40,000	1,51,500
Machinery A/c	1,06,500	1,78,500	By Bank A/c(Assets Realised):		
To Bank A/c(Liabilities Paid):			Stock	10,500	
Bills Payable	23,000		Debtors(working note no 2)	27,750	
Creditors(working note 1)	86,730		Machinery	88,500	1,26,750
Ms. Wolf's Loan	38,500		By Fox's Capital A/c(Furniture Taken Over)		7,500
Claim for Damages	2,000	1,50,230	By Bank A/c(Recovery of Bad Debts)		1,800
To Bank A/c(Expenses)		2,100	By Loss on Realisation:		
			Fox's Capital A/c(given in capital a/c dr side)	21,640	
			Wolf's Capital A/c(given in capital a/c dr side)	21,640	43,280
		3,30,830			3,30,830

Partner's Capital Account

Dr.					**Cr.**
Particulars	**Fox(Rs)**	**Wolf(Rs)**	**Particulars**	**Fox(Rs)**	**Wolf(Rs)**
To Profit and Loss A/c	11,250	11,250	By Balance b/d(subtracting 40,390 - 10,390 & 32,890- 8,890)	30,000	24,000
To Realisation A/c(Furniture Taken Over given in realistion)	7,500		By Bank A/c	10,390	8,890
To Realisation A/c(Loss)	21,640	21,640			
	40,390	32,890		40,390	32,890

Bank Account

Dr.			**Cr.**
Particulars	**Rs**	**Particulars**	**Rs**

To Balance b/d	4,500	By Realisation A/c(Liabilities Paid)	1,50,230
To Realisation A/c(Assets Realised)	1,26,750	By Realisation A/c(Expenses)	2,100
Recovery of Bad Debts	1,800		
	1,28,550		
To Fox's Capital A/c(Cash Brought in balancing figure of capital a/c)	10,390		
To Wolf's Capital A/c(Cash Brought in balancing figure of capital a/c)	8,890		
	1,52,330		1,52,330

Working notes:

1. Total liabilities paid in the bank a/c = 1,50,230 - (23,000+38,500+2000) = 86,730(amonut of creditors in reliastion)
2. Total assets sold in the bank a/c = 1,26,750 - (10,500+88,500) = 27,750(amonut of debtor in reliastion)

19. **In the books of Varsha Ltd.**

Journal

Date	Particulars		L.F.	Amount (₹)	Cr. Amount(₹)
2024	Furniture A/c	Dr.		12,00,000	
April	Machinery A/c	Dr.		20,00,000	
1	Goodwill A/c	Dr.		6,00,000	
	To Sundry Liabilities A/c				3,00,000
	To Rama Ltd.				35,00,000
	(Assets acquired and liabilities taken over from Rama Ltd.)				
"	Rama Ltd.	Dr.		35,00,000	
	To Bank A/c				2,00,000
	To 11% Debentures A/c				30,00,000
	To Securities Premium A/c				3,00,000
	(Purchase consideration settled by issuing a bank draft & 30,000 11% debentures at a premium of 4%)				

Note:- If the examinee has passed separate entries for issue of bank draft and debentures, full credit to be given.

Working Note:

No. of debentures issued = (Purchase Consideration)/ Issue Price

$= 33,00,000/110 = 30,000$ debentures

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

Journal

Date	Particulars		L.F.	Dr. Amount ₹	Cr. Amount ₹
2023 April 1	General Reserve A/c	Dr.		90,000	

	To Anu's Capital A/c				15,000
	To Manu's Capital A/c				30,000
	To Sonu's Capital A/c				15,000
	To Rohan's Capital A/c				30,000
	(Distribution of General Reserve in old profit-sharing ratio)				
2023 April 1	Anu's Capital A/c	Dr.		15,000	
	Manu's Capital A/c	Dr.		30,000	
	To Sonu's Capital A/c				30,000
	To Rohan's Capital A/c				15,000
	(Adjustment for Goodwill on account of change in profit sharing ratio)				

Working notes:

Calculation of gain/ sacrifice

Gaining Share = New share - Old share

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

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

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

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

21. **In the Books of AD Deli Ltd.**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
Date of Receipt	Bank A/c	Dr.		2,00,000	
	To Equity Shares Application and Allotment A/c (Note) (Application money received on 20,000 Equity Shares of ₹ 10 each)				2,00,000
Date of Allotment	Equity Shares Application and Allotment A/c	Dr.		2,00,000	
	To Equity Share Capital A/c (Shares application money transferred to Equity Share Capital Account)				2,00,000

Note: As the issue price is payable in lump sum, i.e., in one instalment, the entry is passed through **Equity Shares Application and Allotment Account**.

BALANCE SHEET as at ...

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	2,00,000
Total		**2,00,000**
II. ASSETS		

Current Assets		
Cash and Cash Equivalents	2	2,00,000
Total		**2,00,000**

Notes to Accounts

1. Share Capital	**₹**
Authorised Capital	
... Equity Shares of ₹ 10 each	...
Issued Capital	
20,000 Equity Shares of ₹ 10 each	2,00,000
Subscribed Capital	
Subscribed and Fully Paid-up	
20,000 Equity Shares of ₹ 10 each	2,00,000
2. Cash and Cash Equivalents	
Cash at Bank	2,00,000

Note: Complete Balance Sheet has been given for understanding. In the syllabus, presentation of Share Capital only is prescribed.

22. Partnership agreement may be written or oral. Therefore, the terms agreed orally between Harry and Garry is a valid agreement.
    a. The demand of Garry to be paid salary as is paid to Harry is not valid in view of agreement of payment of commission.
    b. Harry's demand to admit Sherry into a partnership is also not valid as both the partners had agreed to admit a new partner with the consent of both the partners.

23. **Book of X. Ltd.**
Journal

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
Feb.10	Bank A/c	Dr.		3,50,000	
	To Equity Share Application A/c				3,50,000
	(Amount received on application for 70,000 shares @ ₹ 5 per share Including Premium)				
Feb.16	Equity Share Application A/c	Dr.		2,50,000	
	To Equity Share Capital A/c				1,50,000
	To Securities Premium Reserve A/c				1,00,000
	(Transfer of application money on 50,000 shares to share capital and premium accounts consequent upon allotment)				
Feb.16	Equity Share Application A/c	Dr.		1,00,000	
	To Bank A/c				40,000
	To Equity Share Allotment A/c				60,000
	(Excess application money credited to share allotment and money refunded on rejected application)				
Feb.16	Equity Share Allotment A/c	Dr.		2,00,000	
	To Equity Share Capital A/c				2,00,000
	(Amount due on allotment of 50,000) Shares @ ₹ 4 per share)				

Feb.16	Bank A/c	Dr.		1,40,000	
	To Equity Share Allotment A/c				1,40,000
	(Money received on allotment)				
May 1	Equity Share First and Final Call A/c	Dr.		1,50,000	
	To Equity Share Capital A/c				1,50,000
	(First call money due)				
May 1	Bank A/c	Dr.		1,48,500	
	To Equity Share First and Final Call A/c				1,48,500
	(Money received on first call)				
Sep. 29	Equity Share Capital A/c	Dr.		5,000	
	To Shares Forfeiture A/c				3,500
	To Equity Share First and Final Call A/c				1,500
	(Forfieted of 500 shares for non-payment of call)				
Nov. 1	Bank A/c	Dr.		4,000	
	Shares Forfeiture A/c	Dr.		1,000	
	To Equity Share Capital A/c				5,000
	(Reissue of 500 forfeited shares as fully paid at ₹ 8 per share)				
Nov. 1	Shares Forfeiture A/c	Dr.		2,500	
	To Capital Reserve				2,500
	(Profit on reissue of Forfeited Shares Accounts transferred to capital reserve)				

OR

JOURNAL OF VIPRO LTD.

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		8,00,000	
	To Debentures Application A/c (Application money received on 40,000; 10% Debentures @ ₹ 20 per debenture)				8,00,000
	Debentures Application A/c	Dr.		8,00,000	
	To 10% Debentures A/c (Allotment of 40,000; 10% Debentures of ₹ 100 each)				8,00,000
	Debentures Allotment A/c	Dr.		32,00,000	
	To 10% Debentures A/c (Allotment money due on 40,000; 10% Debentures @ ₹ 80 per debenture)				32,00,000
	Bank A/c	Dr.		32,00,000	
	To Debentures Allotment A/c (Amount received against allotment)				32,00,000

BALANCE SHEET OF VIPRO LTD. as at... (Extract)

Particulars	Note No.	₹
1. EQUITY AND LIABILITIES		
Non-Current Liabilities		
Long-term Borrowings	1	40,00,000
Total		40,00,000
II. ASSETS		
Current Assets		
Cash and Cash Equivalents	2	40,00,000
Total		**40,00,000**

Notes to Accounts

1. Long-term Borrowings	**Note No.**	**₹**
40,000; 10% Debentures off ₹ 100 each		40,00,000
2. Cash and Cash Equivalents		
Cash at Bank		40,00,000

Note: Debentures are shown as Long-term Borrowings being redeemable after 12 months from the date of Balance Sheet. The period of Operating Cycle is not given hence, it is taken to be period of 12 months.

24. **Zubin's Executor's Loan A/c**

Date	Particular	(₹)	Date	Particulars	(₹)
1.8.15	To Bank A/c	10,300	1.8.15	By Zubin's Capital A/c	90,300
31.3.16	To Balanced c/d	83,200	31.3.16	By Interest	3,200
		93,500			**93,500**
31.3.17	To Bank A/c	48,000	1.4.16	By Balance b/d	83,200
31.3.17	To Balance c/d	40,000	31.3.17	By Interest	4,800
		88,000			**88,000**
31.3.18	To Bank A/c	42,400	1.4.17	By Balance b/d	40,000
			31.3.18	By Interest	2,400
		42,400			**42,400**

25. **REVALUATION ACCOUNT**

Dr.				**Cr.**
Particulars		**₹**	**Particulars**	**₹**
To Profit transferred to :			By Plant and Machinery A/c	14,000
Hitesh's Capital A/c	18,480		By Provision for Doubtful Debts A/c[(1)]	7,000
Rakesh's Capital A/c	12,320		By Sundry Creditors A/c	9,800
		30,800		
		30,800		**30,800**

CAPITAL ACCOUNTS

Dr.							**Cr.**
Particulars	**Hitesh**	**Rakesh**	**Narendra**	**Particulars**	**Hitesh**	**Rakesh**	**Narendra**
	₹	₹	₹		₹	₹	₹

To Balance c/d	1,53,080	1,34,720	56,000	By Balance b/d	1,19,000	1,12,000	
				By General Reserve A/c	5,400	3,600	
				By Investment Fluctuation Fund A/c	1,800	1,200	
				By Revaluation A/c	18,480	12,320	
				By Bank A/c			56,000
				By Premium for Goodwill A/c	8,400	5,600	
	1,53,080	**1,34,720**	**56,000**		**1,53,080**	**1,34,720**	**56,000**
				By Balance b/d	1,53,080	1,34,720	56,000
To Bank A/c		22,720					
(Balancing figure)							
To Balance c/d	1,68,000	1,12,000	56,000	By Bank A/c (Balancing figure)	14,920		
	1,68,000	**1,34,720**	**56,000**		**1,68,000**	**1,34,720**	**56,000**

BALANCE SHEET OF THE NEW FIRM

as at 1st April, 2022

Liabilities		**₹**	**Assets**	**₹**
Creditors		56,200	Cash at Bank	1,49,200
Capitals :			Debtors	42,000
Hitesh	1,68,000		Investments	19,000
Rakesh	1,12,000		Buildings	98,000
Narendra	56,000	3,36,000	Plant & Machinery	84,000
		3,92,200		**3,92,200**

Notes :

i. All debtors are good means Provision for Doubtful Debts is not required and hence it will be credited to Revaluation Account.

ii. Following entry will be recorded for Investments:

Investment Fluctuation Fund A/c	Dr.	5,000	
To Investments A/c			2,000
To Hitesh's Capital A/c			1,800
To Rakesh's Capital A/c			1,200

iii. Narendra's Share = $\frac{1}{6}$; Remaining Share = 1 - $\frac{1}{6}$ = $\frac{5}{6}$

Hitesh's Share = $\frac{3}{5}$ of $\frac{5}{6}$ = $\frac{3}{6}$

Rakesh's Share = $\frac{2}{5}$ of $\frac{5}{6}$ = $\frac{2}{6}$

Narendra's Share = $\frac{1}{6}$

Narendra's Capital is ₹ 56,000 and his share of profit is $\frac{1}{6}$

Based on Narendra's Capital, the total capital of the firm will be :

$56,000 \times \frac{6}{1}$ = ₹ 3,36,000

Hitesh's Capital in the new firm = $3,36,000 \times \frac{3}{6}$ = ₹ 1,68,000

Rakesh's Capital in the new firm = $3,36,000 \times \frac{2}{6}$ = ₹ 1,12,000

Hitesh will bring in ₹ 1,68,000 - ₹ 1,53,080 = ₹ 14,920

Rakesh will withdraw ₹ 1,34,720 - ₹ 1,12,000 = ₹ 22,720

iv. Bank Balance = ₹ 87,000 + ₹ 56,000 + ₹ 14,000 + ₹ 14,920 - ₹ 22,720 = ₹ 1,49,200

OR

Neha's Capital A/c

Particulars	₹	Particulars	₹
To Neha's Executor's A/c	77,320	By Balance b/d	60,000
		By Reserves	12,000
		By Profit and loss Suspense A/c	280
		By Radha's Capital A/c (Goodwill)	5,040
	77,320		77,320

Neha's Executor's A/c

Particulars	₹	Particulars	₹
To Cash/Bank	77,320	By Neha's Executor's A/c	77,320
	77,320		77,320

Working Note:

1. Old Ratio of X and Y = $\frac{1}{2} : \frac{1}{3}$ = 3 : 2
2. Neha's share in Reserves = $30,000 \times \frac{2}{5}$ = ₹ 12,000
3. Calculation of Neha's share of Profit

   Average Profit = $\frac{4,200+3,900+4,500}{3} = \frac{12,600}{3}$ = ₹ 4,200

   Share in Profit = $4,200 \times \frac{2}{12} \times \frac{2}{5}$ = ₹ 280
4. Share in Goodwill

   Average Profit = ₹ 4,200

   Goodwill = Average Profit × No.of years of Purchase

   = 4,200 × 3

   = ₹ 12,600

   Neha's share in Goodwill = $12,600 \times \frac{2}{5}$ = ₹ 5,040

26. (a) i. As per Table F of Schedule, I of the Companies Act, 2013, the Company may pay a maximum of 12% p.a. interest from the date of receipt of Calls in advance to the due date of the Call.

ii. Calculation of various Capitals:

a. Authorised Capital = ₹ 10,00,000.

b. Issued Capital = ₹ 9,00,000 (i.e., 90% of ₹ 10,00,000).

c. Subscribed Capital = ₹ 9,00,000.

d. Called-up Capital = ₹ 5,85,000 (i.e., 65% of ₹ 9,00,000).

e. Paid-up Capital = ₹ 5,29,000 (i.e., ₹ 3,60,000 + ₹ 1,69,000).

f. Calls-in Arrears = ₹ 56,000 (i.e., ₹ 5,85,000 - ₹ 5,29,000).

iii. Forfeited Shares become the property of the company and the company can reissue them at par, at premium or at discount. However, discount cannot exceed the amount forfeited.

iv. Calculation of amount received at the time of making first and final call.
Amount due at the time of first and final call

(45,000 - 500) × 5	2,22,500
Less: Calls-in-arrears (300 × 5)	(1,500)
	₹ 2,21,000

Alternatively, Calculation of amount received at the time of making first and final call can be calculated as follows:

Amount due at the time of first and final call @ 5 per share on 45,000 shares	2,25,000
Less: Advance received in respect of Ist Call at the time of allotment	2,500
	2,22,500
Less: Calls-in-arrears (300 × 5)	(1500)
Amount received with Ist call	2,21,000

v. Forfeited Shares become the property of the company and the company can reissue them at par, at premium or at discount. However, discount cannot exceed the amount forfeited.

vi. The rules of table 'F' of Schedule I of the Companies Act, 2013 shall extend in the absence of the Articles of Association. The (₹) to be called up shall not exceed 25% of the complete quantity of the problem, either on application or on allotment or on any one call.

Part B :- Analysis of Financial Statements

27. **(a)** ₹ 39,00,000
Explanation:
Cost of Material Consumed

Opening Inventory	5,00,000
(+) Purchase	40,00,000
	45,00,000
(-) Closing Inventory	(6,00,000)
	₹ 39,00,000

28. **(a)** 15,000
Explanation:
Current Asset/Current Liabilities = 3/1
Current Asset = 3 Current Liabilities
Current Asset – Current Liabilities = 30,000
3 Current Liabilities – Current Liabilities = 30,000
2 Current Liabilities = 30,000
Current Liabilities = 15,000

OR

(a) Activity Ratios
Explanation:
Activity Ratios

29. **(a)** Cash used in investing activities ₹ 8,00,000.
Explanation:
Cash used in investing activities ₹ 8,00,000. The Payment made by issuing equity shares will result in no cash flow. so will not be part of cash flow statement

OR

(b) Non-current Investments

Explanation:

Non-current investments is odd as it is the only one which is not a cash and a cash equivalent.

30.

(d) Cash and Cash Equivalents

Explanation:

An increase or decrease in bank balance represents a change in **cash**, and bank balance is classified under **cash and cash equivalents**, not under operating, investing, or financing activities

Why it is **not** Operating Activity

- **Operating, Investing, and Financing activities** explain the **sources and uses of cash**.
- The **bank balance itself** represents **cash on hand**, not an activity.

When the question says **"increase or decrease in bank balance"**, it is referring to **what is changing**, not **why it changed**.

31. **Comparative Statement of Profit and Loss of Renew Ltd.**
As on 31st March 2022 and 2023

Particulars	Note No.	31st March 2022	31st March 2023	Absolute Change	Percentage Change (%)
		₹	₹		
I.Revenue from Operations		10,00,000	12,50,000	2,50,000	25.00
II.Other Incomes		50,000	50,000	-	-
III.Total Revenue (I + II)		10,50,000	13,00,000	2,50,000	23.81
IV. Expenses:					
Cost of Materials Consumed		6,00,000	7,20,000	1,20,000	20.00
Other Expenses		40,000	38,000	(2,000)	(5.00)
V.Total Expenses		6,40,000	7,58,000	1,18,000	18.44
VI.Profit after tax (III-V)		4,10,000	5,42,000	1,32,000	32.20

OR

A Common size Statement of Profit and Loss statement or income statement is a statement in which the figure of revenue from operations is assumed to be equal to 100 and all other figures are expressed as a percentage of revenue from operations.

The objective of the Common Size Statement of Profit and loss:-

i. To establish a relationship between individual items of statement of profit and loss and revenue from operations.
ii. To analyse change in individual items of statement of profit and loss in relationship to revenue from operations.

32.

S. No.	Items	Heading
i.	Authorised Capital	Shareholder's Funds under Share Capital to be shown only in the Notes to Accounts

ii.	Share Forfeiture Account	Shareholder's Funds; Added to 'Subscribed Capital'
iii.	Capital Reserve	Shareholder's Funds under Reserves and Surplus
iv.	Secured Debentures	Non-Current Liabilities under Long-term Borrowings
v.	Provision for Tax	Current Liabilities under 'Short-term Provisions'
vi.	Advances recoverable in cash within the operating cycle.	current assets under short term loans and advances.

33. i. Trade Receivables Turnover Ratio $= \frac{\text{Credit Revenue from Operations *}}{\text{Average Trade Receivables *}} = \frac{6,00,000}{1,60,000}$ = 3.75 times

Working Notes:

1.Calculation of Credit Revenue from Operations:

Let, credit revenue from operations be x

Cash revenue from operations be = 40% of x = $\frac{4x}{10}$

x + $\frac{4x}{10}$ = ₹ 8,40,000

10x + 4x = ₹ 84,00,000

14x = ₹ 84,00,000

Credit revenue from operations x = ₹ 6,00,000

2. Average Trade Receivables $= \frac{\text{Opening Trade Receivables} + \text{Closing Trade Receivables}}{2}$ = $\frac{1,20,000 + 2,00,000}{2}$ = ₹ 1,60,000

ii. Interest Coverage Ratio $= \frac{\text{Net Profit before Interest and Tax}}{\text{Interest on Long-term Borrowings}} = \frac{7,82,000}{72,000}$ = 10.86 times

Working Notes:

1. Interest on Debentures = 12% of ₹ 6,00,000 = ₹ 72,000

2. Calculation of Net Profit before Interest and Tax:

Profit after Interest and Tax	₹ 4,97,000
Rate of Tax	30%

Step 1: Let profit after Interest and before Tax be x.

It means, Tax = 30% of x

x - 30% of x = ₹ 4,97,000

70% of x = ₹ 4,97,000

x = ₹ 4,97,000 $\times \frac{100}{70}$ = ₹ 7,10,000

Step 2: Calculate 'Profit before Interest and Tax':

Profit before Interest and Tax = Profit after Interest and before Tax + Interest

= ₹ 7,10,000 + ₹ 72,000 = ₹ 7,82,000

OR

Cost of Revenue from Operations = Cash Revenue from Operation + Credit Revenue from Operations - Gross Profit

= 2,00,000 + 4,00,000 - 1,00,000 = ₹ 5,00,000

Inventory Turnover Ratio = $\frac{Cost\ of\ Revenue\ from\ Operations}{Average\ Inventory}$

5 (Given) $= \frac{₹5,00,000}{\text{Average Inventory}}$

$\therefore$ Average Inventory = $\frac{₹5,00,000}{5}$ = ₹ 1,00,000

Calculation of opening and closing inventory in various cases:-

Case I Opening Inventory = $₹1,00,000 - \frac{1}{2}$ of ₹ 80,000 = 60,000

Closing Inventory = $₹1,00,000 + \frac{1}{2}$ of ₹ 80,000 = 1,40,000

Case II Opening Inventory + Closing Inventory = Average Inventory × 2

= 1,00,000 × 2 = ₹ 2,00,000

Since Closing Inventory was 3 times than that in the beginning, ratio between Opening Inventory and Closing Inventory will be 1 : 3

∴ Opening Inventory = $₹2,00,000 \times \frac{1}{4}$ = ₹ 50,000

Closing Inventory = $₹2,00,000 \times \frac{3}{4}$ = ₹ 1,50,000

Case III Since Closing Inventory was 3 times more than that in the beginning, ratio between Opening Inventory and Closing Inventory will be 1 : 4.

∴ Opening Inventory = $₹2,00,000 \times \frac{1}{5}$ = ₹ 40,000

Closing Inventory = $₹2,00,000 \times \frac{4}{5}$ = ₹ 1,60,000

Case IV Since Opening Inventory was $\frac{1}{3}$rd of Closing Inventory, ratio between Opening Inventory' and Closing Inventory will be 1 : 3

∴ Opening Inventory = $₹2,00,000 \times \frac{1}{4}$ = ₹ 50,000

Closing Inventory = $₹2,00,000 \times \frac{3}{4}$ = ₹ 1,50,000

34. **Cash flow from Operating Activities**

Particulars	Amount (₹)	Amount (₹)
Net Profit before Tax & Extraordinary Items	1,80,000	
Adjustment for Non-cash and Non-operating Items:		
Add: Goodwill written off	60,000	
Add: Depreciation	1,95,000	
Add: Loss on sale of Machinery	1,20,000	
Operating Profit before Working Capital Changes	5,55,000	
Add: Decrease in Current Assets / Increase in Current Liabilities		
Increase in Trade Payables	40,000	
Less: Increase in Current Assets / Decrease in Current Liabilities		
Increase in Inventories	(50,000)	
Increase in Trade Receivables	(2,00,000)	
Cash Generated from Operations	3,45,000	
Less: Tax Paid	(60,000)	
Net Cash Flow from Operating Activities		**2,85,000**

Calculation of Net Profit before Tax and Extraordinary items:

Net Profit for the year	₹ 1,00,000
Provision for tax	₹ 80,000
Net Profit before Tax and Extraordinary items=	₹ 1,80,000

Working Notes:-

Particulars	₹	Particulars	₹
To Machinery A/c	45,000	By balance b/d	1,00,000
To balance c/d	2,50,000	By Depreciation A/c	1,95,000
	2,95,000		2,95,000