Class XII Session 2026-27
Subject - Accountancy
Sample Question Paper - **3**

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. A, B and C are partners sharing profits in the ratio of 4 : 3 : 2. A is given a guarantee that his share of profits will not be less than ₹ 1,25,000 p.a. Profit at the end of the year is ₹ 2,70,000. Deficiency if any, would be borne by B and C equally. **[1]**

   B's share of profit after meeting deficiency (if any) will be:

   a) 87,500 b) 92,500

   c) 87,000 d) 90,000

   OR

   The partnership deed should be prepared as per the provisions of which of the following Acts?

   a) The Cooperative Societies Act b) The Indian Stamp Act

   c) The Companies Act, 2013 d) The Indian Partnership Act, 1932

2. **Assertion (A):** Partners are principals but not the agents of other partners. **[1]**

   Reason (R): Partners are principals as well as agents of other partners.

   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. Raman Ltd. forfeited 500 shares of 10 each for non-payment of final call of 2 per share. Out of the forfeited shares, 300 shares were re-issued at 12 per share fully paid-up. The amount that was transferred to Capital Reserve Account was: **[1]**

a) ₹ 4,000 b) ₹ 2,400

c) ₹ 5,000 d) ₹ 3,000

OR

Pandey Ltd. offered 10,000 shares to the public @ 10 each. Applications were received for 15,000 shares. Directors decided to allot shares to all the applicants. This allotment is called:

a) Reserve Capital b) Pro - rata Allotment

c) Under - Subscription d) Uncalled Capital

4. X Ltd. forfeited 1000 shares of ₹ 10 each fully called up for non payment of final call of ₹ 2 per share. All these shares were reissued in such a way that amount transferable to capital reserve will be 6000. Reissue Price of these share will be: **[1]**

a) 10 b) 2

c) 6 d) 8

OR

Debentures are considered as _____ equity.

a) External b) External and Internal

c) Only external d) Internal

5. In case of fixed capitals, undistributed profits, general reserves, etc., are transferred to **[1]**

a) Revaluation Account b) Partners' Capital Accounts

c) Profit and Loss Adjustment Account d) Partners' Current Accounts

6. Intangible Assets (Goodwill) has been defined in: **[1]**

a) AS-26 b) AS-20

c) AS-21 d) AS-16

7. X and Y are partners sharing profits in the ratio of 3 : 2. **[1]**

Loan given by the X to the firm on 1st July 2020	1,00,000
Loan given by the firm to Y on 1st October 2020	50,000

Partnership deed provides interest on loan to Y @10% p.a. but silent on interest on Loan by X. Profit for the year ended 31st March 2021 was ₹ 8,000. Profit/loss shared by the partners:

a) Profit to X ₹ 3,000 and Y ₹ 2,000 b) Profit to X ₹ 1,800 and Y ₹ 1,200

c) Profit to X ₹ 600 and Y ₹ 400 d) Profit to X ₹ 3,600 and Y ₹ 2,400

8. Which factors shows the effect of the retirement of a partner from the firm? **[1]**

A. The combined share of remaining partners increases by the amount of retiring partner share.

B. The combined share of remaining partners has no effect on the capital.

C. The combined share of remaining partners decreases by share of retiring partner.

a) (B)

b) (C)

c) All of these

d) (A)

OR

When a Partner died he will not be able to take his due amount then, will the due amount of deceased be paid and if yes to whom it is paid?

a) His Executor

b) Sacrificing partner

c) Remaining Partners

d) Not payable to anyone

9. On dissolution of firm, which item is debited to the realisation account? **[1]**

a) Balance of reserve fund

b) Realisation expenses paid by partner

c) Amount of unrecorded asset

d) Creditor's balance shown in the Balance Sheet

10. Partners A, B and C share the profits of a business in the ratio of 3 : 2 : 1 respectively. They admit D who brings in ₹ 60,000 for his share of goodwill. A, B, C and D decide to share the profits respectively in the ratio of 5 : 3 : 2 : 2. Credit will be given to: **[1]**

a) A ₹ 30,000; B ₹ 20,000; C ₹ 10,000

b) A ₹ 6,000; B ₹ 6,000

c) A ₹ 30,000; B ₹ 30,000

d) A ₹ 30,000; B ₹ 18,000; C ₹ 12,000

OR

Arun, Bashir and Joseph were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. They admitted Daksh as a new partner who acquired his share entirely from Arun. If Arun sacrificed $\frac{1}{5}^{th}$ from his share to Daksh, Daksh's share in the profits of the firm will be:

a) $\frac{3}{10}$

b) $\frac{1}{10}$

c) $\frac{2}{5}$

d) $\frac{1}{5}$

11. X, Y and Z are sharing profits and losses in the ratio of 5 : 3 : 2. They have decided to share future profits in the ratio of 2 : 3 : 5. At the time of reconstitution of partnership firm there was Investment Fluctuation Reserve ₹ 4,000 and Short term Investment ₹ 20,000 (Market value ₹ 19,000). How much amount of reserve is to be credited to Z? **[1]**

a) ₹ 600

b) ₹ 1,000

c) ₹ 1,500

d) ₹ 900

12. While passing the entry for a refund of money if the applications are rejected. Which account should be credited: **[1]**

a) Bank A/c

b) Securities Premium A/c

c) Debenture Application A/c

d) Debenture Allotment A/c

13. Shine Ltd. issued 10,000, 6% Debentures of ₹ 100 each at a premium of ₹ 10. It will credit 6% Debentures Account by **[1]**

a) ₹ 8,00,000

b) ₹ 9,00,000

c) ₹ 11,00,000

d) ₹ 10,00,000

14. 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

15. At the time of dissolution of a firm, Creditors are ₹ 70,000; Partners' capital is ₹ 1,20,000; Cash Balance is ₹ 10,000. Other assets realised ₹ 1,50,000. Profit/Loss in the realisation account will be: **[1]**

a) ₹ 80,000 (Profit)

b) ₹ 40,000 (Loss)

c) ₹ 30,000 (Loss)

d) ₹ 60,000 (Loss)

16. Avya, Divya and Kavya were equal partners. They decided to change the profit sharing ratio to 4 : 3 : 2. For this purpose the goodwill of the firm was valued at ₹ 90,000. **[1]**

The journal entry for the treatment of goodwill on change in profit sharing ratio will be:

	Particulars		**L.F.**	**Debit Amount (₹)**	**Credit Amount (₹)**
(a)	Kavya's Capital A/c	Dr.		10,000	
	To Avya's Capital A/c				10,000
(b)	Divya's Capital A/c	Dr.		10,000	
	To Avya's Capital A/c				10,000
(c)	Avya's Capital A/c	Dr.		90,000	
	To Kavya's Capital A/c				90,000
(d)	Avya's Capital A/c	Dr.		10,000	
	To Kavya's Capital A/c				10,000

a) Option (d)

b) Option (b)

c) Option (a)

d) Option (c)

17. Give any two features of non-purchased goodwill. **[3]**

OR

A and B are partners sharing profits and losses in the ratio of 3 : 2. They admit C into the firm for $\frac{1}{4}$th share in profits which he takes $\frac{1}{6}$th from A and $\frac{1}{12}$th from B. C bring

₹18,000 as goodwill out of his share of ₹30,000. No goodwill account appears in the books of the firm. Pass the necessary journal entries to record this arrangement.

18. L and M were partners in a firm sharing profits in the ratio of 2 : 3. On 28th February, 2023 the firm was dissolved. After transferring assets (other than cash) and outsiders' liabilities to Realisation Account you are given the following information: **[3]**

    i. A creditor for ₹ 1,40,000 accepted building valued at ₹ 1,80,000 and paid to the firm ₹ 40,000.

    ii. A second creditor for ₹ 30,000 accepted machinery valued at ₹ 28,000 in full settlement of his claim.

    iii. A third creditor amounting to ₹ 70,000 accepted ₹ 30,000 in cash and investments of the book value of ₹ 45,000 in full settlement of his claim.

    iv. Loss on dissolution was ₹ 4,000.

    Pass necessary Journal entries for the above transactions in the books of the firm assuming that all payments were made by cheque.

19. Sony Ltd. took over assets of ₹ 6,00,000 and liabilities of ₹ 40,000 of Holy Ltd. for ₹ 6,30,000. Sony Ltd. issued 10% Debentures of ₹ 100 each at 10% discount to Holy Ltd. as consideration. It has balance of ₹ 1,00,000 in Capital Reserve. **[3]**

    Pass the necessary Journal entries to record the above transactions in the books of Sony Ltd.

20. P, Q and R are partners sharing profits equally. They decided that in future R will get $\frac{1}{5}$th share in profits. On the day of change, firm's goodwill is valued at ₹ 3,00,000. Make the necessary journal entry. **[3]**

21. The Directors of a Company forfeited 200 shares of Rs. 10 each issued at a premium of Rs. 3 per share, for the non-payment of the first call money of Rs. 3 per share. The final call of Rs. 2 per share has not been made. Half of the forfeited shares were reissued at Rs. 1,000 fully paid. Record-Journal entries for the forfeiture and reissue of shares. **[4]**

22. Rahul, Ravi and Mohit are partners sharing profits and losses equally. Rahul and Mohit have given loan to the firm on 1st October, 2022 of ₹1,00,000 and ₹1,50,000 respectively. It is agreed that interest @ 9% p.a. will be paid on loan. Books of account of the firm are closed on 31st March every year. **[4]**

    Interest on loan is yet to be paid as on 31st March, 2023. Pass Journal entries in the books of account of the firm and prepare loan accounts of the partners.

23. What do you mean by the term **share**? Discuss the type of shares, which can be issued under the Companies Act, 2013 as amended to date. **[6]**

24. Kunal, Karan and Neha were partners in a firm sharing profits in the ratio of 3 : 1 : 1. **[6]**

    On 1st April, 2023 their balance sheet was as follows:

Balance Sheet

as on 1st April, 2023

Liabilities		**Amount** (₹)	**Assets**		**Amount** (₹)

Creditors		1,20,000	Cash		70,000
Bills Payable		1,80,000	Debtors	2,00,000	
General Reserve		1,20,000	(-) Provision for doubtful debt	(10,000)	1,90,000
Capital A/cs:			Stock		2,20,000
Kunal	3,00,000		Furniture		1,20,000
Karan	2,80,000		Building		3,00,000
Neha	3,00,000	8,80,000	Land		4,00,000
		13,00,000			**13,00,000**

On the above date, Neha retired and the following was agreed:

i. Goodwill of the firm was valued at ₹ 40,000.

ii. Land was to be appreciated by 30% and building was to be depreciated by ₹ 1,00,000.

iii. Value of furniture was to be reduced by ₹ 20,000.

iv. Bad debts reserve is to be increased to ₹ 15,000.

v. 10% of the amount payable to Neha was paid in cash and the balance was transferred to her loan account.

vi. Capitals of Kunal and Karan will be in proportion to their new profit sharing ratio. The surplus/deficit, if any in their capital accounts will be adjusted through current accounts.

Prepare Revaluation Account, Partner's capital accounts and Balance sheet of Kunal and Karan after Neha's retirement.

25. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. Their balance sheet as at 1st April, 2022 was as follows: **[6]**

BALANCE SHEET

Liabilities		**₹**	**Assets**	**₹**
Sundry Creditors		15,000	Plant	30,000
Capital Accounts :			Patents	10,000
A	30,000		Stock	20,000
B	25,000	55,000	Debtors	18,000
General Reserve		10,000	Cash	2,000
		80,000		80,000

C is admitted as partner on the above date on the following terms :

i. He will pay ₹ 10,000 as goodwill for one-fourth share in the profits of the firm.

ii. The assets are to be valued as under :

Plant at ₹ 32,000; Stock at ₹ 18,000; Debtors at book figure less a provision of 5 per cent for Bad Debts.

iii. It was found that the creditors included a sum of ₹ 1,400 which was not to be paid. But it was also found that there was a liability for compensation to workers amounting to ₹ 2,000.

iv. C was to introduce ₹ 20,000 as capital and the capitals of other partners were to be adjusted in the new profit sharing ratio. For this purpose, current accounts were to be opened.

Give Journal entries to record the above and Balance Sheet after C's admission. (Ledger accounts are not required)

OR

Ratan, Singh and Sharma were partners in a firm sharing profits and losses in the ratio of $2:2:1$. Their Balance Sheet on 31st March, 2024 was as follows:

Balance Sheet of Ratan, Singh and Sharma as at

31st March, 2024

Liabilities		**Amount (₹)**	**Assets**		**Amount (₹)**
Creditors		90,000	Bank		65,000
Outstanding Wages		10,000	Stock		1,50,000
General Reserve		3,00,000	Debtors	90,000	
Capitals :			Less : Provision for Doubtful Debts	5,000	85,000
Ratan	3,60,000		Plant and Machinery		2,50,000
Singh	2,40,000		Land and Building		4,50,000
Sharma	1,00,000	7,00,000	Profit and Loss A/c		1,00,000
		11,00,000			11,00,000

On 1st April, 2024 Sharma retired from the firm on the following terms:

i. Plant and Machinery is revalued at ₹ $2,00,000$.

ii. Land and Building was to be appreciated by ₹ 49,500 and provision for bad debts will be maintained at 5% of the debtors.

iii. Sharma's share in the goodwill of the firm was valued at ₹ 60,000 and the retiring partner's share was adjusted through the capital accounts of remaining partners.

iv. Sharma was paid in cash brought by Ratan and Singh in such a way so as to make their capitals proportionate to their new profit sharing ratio.

Prepare Revaluation Account and Partners' Capital Accounts.

26. Hindustan Ltd. was registered with a capital of ₹ 1,00,00,000 in equity shares of ₹ 100 each. It issued a prospectus inviting applications for 20,000 shares at 40% premium payable as follows: **[6]**

On Application ₹ 50 (including ₹ 10 premium);

On Allotment ₹ 40 (including ₹ 10 premium);

On First Call ₹ 30 (including ₹ 10 premium); and

On Second and Final Call ₹ 20 (including ₹ 10 premium).

Shares were subscribed and amount due was received. Pass the necessary Journal entries and also show **Share Capital** in the Balance Sheet of the Company.

OR

Silver Ltd. made an issue of 10,000 shares of ₹ 10 each payable ₹ 3 on Application, ₹ 3 on Allotment, ₹ 2 on First Call and ₹ 2 on Second Call. All the amounts were received, except the following:

X Who holds 100 shares has paid Application, Allotment and First Call.

Y Who holds 200 shares has paid Application and Allotment.

Z Who holds 300 shares has paid only Application money.

The Company forfeited the shares of defaulting shareholders and re-issued 200 of the above shares at a discount of 2%, credited as fully paid. Prepare Cash Book and Forfeited Shares A/c.

Part B :- Analysis of Financial Statements

27. Interest earned on bank deposits by a company engaged in manufacturing electronic appliances is shown in the statement of profit and loss as: **[1]**

a) Only revenue from operation

b) Both Revenue from operations and Other Incomes

c) Other Incomes

d) Revenue from operations

28. Debt to equity ratio measures _____ of the business. **[1]**

a) short-term financial position

b) long-term financial position

c) activity

d) profitability

OR

INVENTORY TURNOVER RATIO is also called as

a) Creditor's turnover ratio

b) Working capital turnover ratio

c) Debtor turnover ratio

d) Stock turnover ratio

29. What will be the effect of transaction 'Payment of employee benefit expenses' on the cash flow statement? **[1]**

a) Outflow from operating activities.

b) No effect on cash flow.

c) Outflow from investing activities.

d) Outflow from financing activities.

OR

Which of the following transactions would result in inflow of cash and cash equivalents:

a) Provided depreciation on fixed assets ₹ 11,000

b) Furniture costing ₹ 80,000 sold for ₹ 75,000

c) Issue of bonus shares ₹ 5,00,000

d) Payment to trade payables ₹ 15,000

30. Cash Flow Statement is prepared in accordance with: **[1]**

a) The Companies Act, 2013

b) Accounting Standard 26

c) Accounting Standard 3 d) The Companies Act, 1956

31. Take a few imaginary figures and prepare a Common Size Statement of Profit & Loss for two years. **[3]**

OR

Following particulars are obtained from the books of India Ltd.:

	31.3.2022 (₹)	**31.3.2023 (₹)**
Revenue from Operations	16,00,000	20,00,000
Employee Benefit Expenses	8,00,000	10,00,000
Other Expenses	-	1,00,000
Income Tax	50%	50%

You are required to prepare a Comparative Statement of Profit & Loss.

32. State under which major headings the following items will be presented in the balance sheet of a company as per Schedule III Part I of the Companies Act, 2013. **[3]**

i. Long-term borrowings
ii. Trade payables
iii. Provision for tax
iv. Securities premium reserve
v. Patents
vi. Accrued incomes
vii. Current investment

33. From the following information calculate Inventory Turnover Ratio: **[4]**

Stock in the beginning ₹ 40,000
Stock at the end ₹ 20,000 more than in the beginning
Credit purchases ₹ 2,20,000
Revenue from operations ₹ 4,80,000

OR

The motto of 'Pharma Ltd' a company engaged in the manufacturing of low-cost generic medicines, is 'Healthy India'. Its management and employees are hardworking, honest and motivated. The net profit of the company doubled during the year ended 31st March, 2014. Encouraged by its performance, the company decided to pay bonus to all employees at double the rate than last year.

Following is the comparative statement of profit and loss of the company for the years ended on 31st March, 2013 and 2014.

Pharma Ltd Comparative Statement of Profit and Loss					
Particulars	**Note No.**	**2012-13 (Rs.)**	**2013-14 (Rs.)**	**Absolute Change (Rs.)**	**% Change**
Revenue from Operations		20,00,000	30,00,000	10,00,000	50
(-) Employees Benefit		(12,00,000)	(14,00,000)	(2,00,000)	(16.67)

Expenses					
Profit before Tax		8,00,000	16,00,000	8,00,000	100
(-) Tax @ 25%		(2,00,000)	(4,00,000)	(2,00,000)	(100)
Profit after Tax		6,00,000	12,00,000	6,00,000	100

i. Calculate net profit ratio for the years ending 31st March, 2013 and 2014.

ii. Identify any two values which 'Pharma Ltd' is trying to propagate.

34. Read the following hypothetical text and answer the given questions on this basis: **[6]**

Shobha started a small enterprise selling hand-knitted sweaters under **Skill India Scheme**. As the business grew, the revenue started increasing. On 1st April 2020, she decided to form **Shobha Ltd**. along with twelve other like-minded persons. The Balance Sheet of Shobha Ltd. as at 31st March, 2022, is given below.

From the figures given in the Balance Sheet and additional information, calculate **Cash Flows from Investing Activities** and **Cash Flows from Financing Activities.**

Balance Sheet of SHOBHA Ltd. as at 31st March, 2022

Particulars	**Note No.**	**31.3.2022 (₹)**	**31.3.2021 (₹)**
I - Equity and Liabilities:			
1. Shareholders' Funds			
(a) Equity Share Capital		8,00,000	6,00,000
(b) Reserves and Surplus	1	2,00,000	50,000
2. Non-Current Liabilities			
Long-term Borrowings	2	4,00,000	3,00,000
3. Current Liabilities			
(a) Trade Payables		40,000	45,000
(b) Bank Overdraft		1,00,000	85,000
(c) Short-term Provisions	3	30,000	20,000
Total		**15,70,000**	**11,00,000**
II - Assets:			
1. Non-Current Assets			
Fixed Assets			
(i) Tangible Assets	4	6,00,000	5,00,000
(ii) Intangible Assets	5		50,000
2. Current Assets			
(a) Inventories		5,00,000	4,00,000

(b) Trade Receivables		4,00,000	90,000
(c) Cash and Cash Equivalents		70,000	60,000
Total		**15,70,000**	**11,00,000**

Notes to Accounts:

Note No.	**Particulars**	**31.3.2022 (₹)**	**31.3.2021 (₹)**
1	Reserve and Surplus		
	Surplus i.e. Balance in Statement of Profit and Loss	2,00,000	50,000
		2,00,000	**50,000**
2	Long-term Borrowings		
	10% Debentures	4,00,000	3,00,000
		4,00,000	**3,00,000**
3	Short-term Provisions		
	Provision for tax	30,000	20,000
		30,000	**20,000**
4	Tangible Assets		
	Machinery	7,00,000	6,50,000
	Less: Accumulated Depreciation	(1,00,000)	(1,50,000)
		6,00,000	**5,00,000**
5	Intangible Assets		
	Goodwill	____	50,000

Additional Information:

i. A piece of machinery costing ₹ 1,60,000 was sold at a loss of ₹ 20,000. Depreciation charged during the year amounted to ₹ 40,000.

ii. ₹ 1,00,000, 10% debentures were issued on 31.3.2022.

Solution

Part A:- Accounting for Partnership Firms and Companies

1. **(a)** 87,500
Explanation:
Share of profit of A, B and C
A = 270000 x 4/9 = Rs. 120000
B = 2,70,000 x 3/9 = Rs.90,000
C = 2,70,000 x 2/9 = Rs. 60,000
A is guaranteed Rs. 1,25,000
There is a deficiency of Rs. 5000 which is to be born equally by B and C I.e Rs. 2,500 each.
so B's share of profit after meeting the deficiency = 90,000 - 2500 = 87,500

OR

(d) The Indian Partnership Act, 1932
Explanation:
The **Indian Partnership Act, 1932** provides the foundational legal framework for the formation, operation, and dissolution of partnership firms in India. While a written partnership deed is not mandatory, if partners choose to have one, it must align with the definitions and legal principles established by this Act. Specifically, the Act defines the rights, duties, and liabilities of partners and serves as the default set of rules (governing matters like profit sharing and interest on capital) if the deed is silent on certain terms.

2.
(d) A is false but R is true.
Explanation:
A is false but R is true.
Explanation : Business of the partnership can be carried on by all the partners or by any of them acting for all the partners. In other words, partners are agents as well as the principals. As an agent, he represents other partners and thereby, binds them through his acts. As a principal, he is bound by the act of other partners.

3.
(b) ₹ 2,400
Explanation:
₹ 2,400

OR

(b) Pro - rata Allotment
Explanation:
In case of oversubscription excess amount adjust with allotment is called pro rata allotment

4.

(d) 8

Explanation:

Amount of forfeiture = 1,000 share $\times$ 8 = ₹ 8,000

Amount of forfeiture used in reissue = 8,000 - 6,000 = 2,000

Reissue price = $\frac{10,000-2,000}{1,000}$ = ₹ 8

OR

(a) External

Explanation:

As the debenture holders do not become the owners of the company when they purchase debentures, they are considered to be external equity.

5.

(d) Partners' Current Accounts

Explanation:

Partners' Current Accounts

6. **(a)** AS-26

Explanation:

AS-26 issued by ICAI deals with intangible assets like goodwill

7.

(d) Profit to X ₹ 3,600 and Y ₹ 2,400

Explanation:

Loan by the firm to Y = 50,000 X 10% X 6/12 = 2,500

loan given by X to firm = 1,00,000 X 6/100 X 9/12 = 4,500

Profit = 8,000 + 2,500 - 4,500

= 6,000

Divide in 3:2

8.

(d) (A)

Explanation:

The main effect of the retirement of a partner is that the combined share of remaining partners increases due to the reason that the remaining partner gets the share given by the retiring partner.

OR

(a) His Executor

Explanation:

In case of death of a partner, the amount due to him will be paid to his legal heirs or his executors as suggested by partner itself. Executors are the legal heirs or the family/relatives.

9.

(b) Realisation expenses paid by partner

Explanation:

Realisation expenses paid by partner

10.

(c) A ₹ 30,000; B ₹ 30,000

Explanation:

Sacrificing ratio = old ratio - new ratio

A : $\frac{3}{6} - \frac{5}{12} = \frac{6-5}{12} = \frac{1}{12}$

B : $\frac{2}{6} - \frac{3}{12} = \frac{4-3}{12} = \frac{1}{12}$

C : $\frac{1}{6} - \frac{2}{12} = \frac{2-2}{12} = 0$

A's share = 60,000 $\times \frac{1}{2}$ = ₹ 30,000

B's share = 60,000 $\times \frac{1}{2}$ = ₹ 30,000

OR

(d) $\frac{1}{5}$

Explanation:

$\frac{1}{5}$

11. **(a)** ₹ 600

Explanation:

(4,000 -1,000) x 2/10 = 600

12. **(a)** Bank A/c

Explanation:

When a company reject excess debenture applications received and paid back their money, in such a case bank account should be credited with the amount to be refunded to the applicants.

Entry will be:

Debenture App. & Allot. A/c ... Dr

Discount of Issue of Debenture A/c ... Dr

To % Debenture A/c

To Security Premium A/c

To Bank A/c (Refund of money)

13. **(d)** ₹ 10,00,000

Explanation:

₹ 10,00,000

14. **(c)** 5,000

Explanation:

600000/120 = 5,000

15. **(c)** ₹ 30,000 (Loss)

Explanation:

₹ 30,000 (Loss)

16. **(a)** Option (d)

Explanation:

Avya's Gain = $\frac{4}{9} - \frac{1}{3} = \frac{4}{9} - \frac{3}{9} = \frac{1}{9}$

Kavya's Sacrifice = $\frac{1}{3} - \frac{2}{9} = \frac{3}{9} - \frac{2}{9} = \frac{1}{9}$

Thus the sacrificing value of goodwill is $\frac{1}{9}$ $\times$ ₹ 90,000 = ₹ 10,000

which will be transferred from Avya (Gaining Partner) to Avya (Sacrificing Partner)

The sacrificing value of goodwill is ₹ 10,000.

17. Non-purchased goodwill refers to the goodwill that arises due to factors other than an acquisition or purchase of a business. Here are two features of non-purchased goodwill:
    i. **Self-generated:** Non-purchased goodwill is internally generated by a business through its own efforts, operations, and reputation. It is a result of the company's brand recognition, customer loyalty, strong customer relationships, skilled workforce, superior product quality, efficient management, or other factors that contribute to its positive reputation in the market.
    ii. **Not recognized on the balance sheet:** Unlike purchased goodwill, which is recognized as an intangible asset on a company's balance sheet after an acquisition, non-purchased goodwill is not typically recorded as a separate asset. This is because it does not involve a specific monetary value or a transaction between parties. Instead, non-purchased goodwill is often considered as an unidentifiable and unmeasurable asset that adds value to the business but cannot be quantified or separately valued.

OR

Journal

Date	**Particulars**		**L.F.**	**Dr.(₹)**	**Cr.(₹)**
1.	Cash A/c	Dr.		18,000	
	To Premium for Goodwill A/c				18,000
	(Being the amount brought in by C as his share of goodwill)				
2.	Premium for Goodwill A/c	Dr.		18,000	
	C's Capital A/c(30,000 - 18,000)	Dr.		12,000	
	To A's Capital A/c				20,000
	To B's Capital A/c				10,000
	(Being the goodwill credited to the sacrificing partners in their sacrificing ratio i.e., 2 :1)				

C's share of Goodwill is ₹30,000. However, he brought only ₹18,000 premium in the form of cash. For the balance goodwill (₹30,000 - ₹18,000 = ₹12,000), his capital a/c is to be debited by ₹12,000.

18. **JOURNAL**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
(i)	Bank A/c	Dr.		40,000	
	To Realisation A/c				40,000
	(amount received from a creditor after adjusting value of building ₹ 1,80,000 against his dues)				
(ii)	No entry				
(iii)	Realisation A/c	Dr.		30,000	
	To Bank A/c				30,000
	(amount paid to a creditor being the balance after taking over investments)				
(iv)	L's Capital A/c	Dr.		1,600	
	M's Capital A/c	Dr.		2,400	
	To Realisation A/c				4,000
	(loss on realisation debited to Capital Accounts of the partners				

	in their profit-sharing ratio, i.e., 2 : 3)					

19. **JOURNAL OF SONY LTD.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c	Dr.		6,00,000	
	Goodwill A/c (Balancing Figure)	Dr.		70,000	
	To Sundry Liabilities A/c				40,000
	To Holy Ltd. (Assets and liabilities took over of Holy Ltd.)				6,30,000
	Holy Ltd.	Dr.		6,30,000	
	Discount on Issue of Debentures A/c	Dr.		70,000	
	To 10% Debentures A/c (7,000, i.e., ₹ 6,30,000 + ₹ 90,10% Debentures of ₹ 100 each issued at ₹ 90 each in full satisfaction)				7,00,000
	Statement of Profit and Loss (Finance Cost)	Dr.		70,000	
	To Discount on Issue of Debentures A/c (Discount on Issue of Debentures written off)				70,000

Notes:

1. Discount on Issue of Debentures is written off in the year debentures are allotted.
2. Discount on Issue of Debentures is written off from Statement of Profit & Loss, since Capital Reserve cannot be used for writing off the Discount on Issue of Debentures.

20. Old Ratio of P, Q and R = $\frac{1}{3} : \frac{1}{3} : \frac{1}{3}$

New Ratio of P, Q and R = $\frac{2}{5} : \frac{2}{5} : \frac{1}{5}$

Sacrifice or Gain:

P = $\frac{1}{3} - \frac{2}{5} = \frac{5-6}{15} = \frac{1}{15}$ (Gain)

Q = $\frac{1}{3} - \frac{2}{5} = \frac{5-6}{15} = \frac{1}{15}$ (Gain)

R = $\frac{1}{3} - \frac{1}{5} = \frac{5-3}{15} = \frac{2}{15}$ (Sacrifice)

In the books of Firm

JOURNAL

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	P's Capital A/c (1/15 of 3,00,000) Dr.		20,000	
	Q's Capital A/c (1/15 of 3,00,000) Dr.		20,000	
	To R's Capital A/c (2/15 of 3,00,000) (Being R compensated by P and Q for the sacrifice made by him)			40,000

21. **Journal Entries**

Date	Particulars		L.F.	Dr. (Rs.)	Cr. (Rs.)
	Equity Share Capital A/c (200 × Rs 8)	Dr.		1,600	
	To Equity Share First Call A/c (200 × Rs 3)				600
	To Forfeited Shares A/c (200 × Rs 5) Being the forfeiture of 200 equity shares of Rs 10 each, Rs 8 per				1,000

	share called-up for non-payment of first call money of Rs. 3 per share)				
	Bank A/c	Dr.		1,000	
	To Equity Share Capital A/c				1,000
	(Being the reissue of 100 equity shares of rs 1000 fully paid)				
	Forfeited Shares A/c	Dr.		500	
	To Capital Reserve A/c (Being the gain (profit) on the reissue of 100 shares transferred to capital reserve)				500

Note : - Calculation of amount of General Reserve = Total Amount forfeited * no of shares re issued/No of shares forfeited
= 1000*100/200 = 500

22. **In the Books of Rahul, Ravi and Mohit**

Journal

Date	Particulars		L.F.	Dr.(₹)	Cr.(₹)
2022, Oct, 1	Bank A/c	Dr.		2,50,000	
	To Loan by Rahul A/c				1,00,000
	To Loan by Mohit A/c				1,50,000
	(Loan from partners Rahul and Mohit)				
2023, March 31	Interest on Partner's Loan A/c	Dr.		11,250	
	To Loan by Rahul A/c				4,500
	To Loan by Mohit A/c				6,750
	(interest on Partner's Loan Account provided @ 9% p.a.)				
March 31	Profit and Loss A/c	Dr.		11,250	
	To Interest on Partner's Loan A/c				11,250
	(Interest on Loan by Partners Account transferred to Profit & Loss Account)				

LOAN BY RAHUL ACCOUNT

Dr.					Cr.
Date	**Particular**	**₹**	**Date**	**Particular**	**₹**
2023 March 31	To Balance c/d	1,04,500	2022 Oct 1	By Bank A/c	1,00,000
			2023, March 31	By Interest on partner's Loan A/c	4,500
		1,04,500			1,04,500
			2023 April 1	By Balance b/d	1,04,500

LOAN BY MOHIT ACCOUNT

Dr.					Cr.
Date	**Particulars**	**₹**	**Date**	**particular**	**₹**
2023 March 31	To Balance c/d	1,56,750	2022 Oct 1	By Bank A/c	1,50,000

			2023 March 31	By Interest on Partner's Loan A/c	6,750
		1,56,750			**1,56,750**
			2023 April 1	By Balance b/d	1,56,750

23. The total capital of a company is divided into equal units of small denomination termed as shares. The ownership of these shares is easily transferable, from one person to other, subject to certain conditions. The person who is contributing in the capital in the form of shares is known as shareholder. The ownership of a shareholder is limited to the value of the shares held by him/her.

Types of Shares

As per the Section 44 of the Company Act of 2013, there are two types of shares- Preference Shares and Equity Shares (also known as Ordinary Shares)

I. **Preference Shares:** Section 43 of the Company Act,2013 defines Preference Shares to be featured by the following rights:
   a. Preference Shares entitle its holder the right to receive dividend at a fixed rate or fixed amount.
   b. Preference Shares entitle its holder the preferential right to receive repayment of capital invested by them before their equity counterparts at the time of winding up of the company.

II. **Equity Shares:** Equity Shareholders have a voting right and control the affairs of a company. As per Section 43 of Companies Act 2013; equity share is a share that is not a preference share. It does not possess any preferential right of payment of dividend or repayment of capital. The rate of dividend is not fixed on equity shares and varies from year to year, depending upon the amount of profit available for distribution after paying dividend to the preference shareholders.

24. **Revaluation Account**

Particulars	Amount (₹)	Particulars		Amount (₹)
To Building A/c	1,00,000	By Land A/c		1,20,000
To Furniture A/c	20,000	By Loss transferred to Capital:		
To Provision for Bad Debts A/c	5,000	Kunal	3,000	
		Karan	1,000	
		Neha	1,000	5,000
	1,25,000			**1,25,000**

Partner's Capital Account

Particulars	Kunal (₹)	Karan (₹)	Neha (₹)	Particulars	Kunal (₹)	Karan (₹)	Neha (₹)
To Neha's Capital A/c	6,000	2,000		By Balance b/d	3,00,000	2,80,000	3,00,000
To Revaluation A/c (Loss)	3,000	1,000	1,000	By General Reserve A/c	72,000	24,000	24,000
To Cash A/c			33,100	By Kunal's Capital A/c			6,000
To Neha's Loan A/c			2,97,900	By Karan's Capital A/c			2,000
To Karan's Current A/c		1,35,000		By Kunal's Current	1,35,000		

(Balancing figure)				A/c(Balancing figure)			
To Balance c/d	4,98,000	1,66,000					
	5,07,000	**3,04,000**	**3,32,000**		**5,07,000**	**3,04,000**	**3,32,000**

BALANCE SHEET

Liabilities		**(₹)**	**Assets**		**(₹)**
Bills Payable		1,80,000	Land (4,00,000 + 1,20,000)		5,20,000
Creditors		1,20,000	Building (3,00,000 - 1,00,000)		2,00,000
Neha's Loan A/c		2,97,900	Furniture (1,20,000 - 20,000)		1,00,000
Karan's Current A/c		1,35,000	Stock		2,20,000
Capital A/cs:			Cash		36,900
Kunal	4,98,000		Debtors	2,00,000	
Karan	1,66,000	6,64,000	(-) Provision for Doubtful Debts	(15,000)	1,85,000
			Kunal's Current A/c		1,35,000
		13,96,900			**13,96,900**

Working Notes:-

A partner ceases to be a partner on his retirement or death and as such, the amount of claim of the retiring partner or the deceased partner has to be settled by the firm. The problems that arise at the time of retirement of a partner from the firm are:

i. Ascertainment of new profit sharing ratio,
ii. Ascertainment of gaining ratio,
iii. Treatment of goodwill,
iv. Adjustment for revaluation of assets and liabilities,
v. Adjustment in respect of unrecorded assets and liabilities,
vi. Adjustment in respect of accumulated profits/losses,
vii. Methods of payment to a retiring partner.

Firm's goodwill = ₹ 40,000

Neha's Share of goodwill = 40,000 $\times \frac{1}{5}$ = ₹ 8,000, to be contributed by Kunal and Karan in gaining ratio i.e., 3 : 1; Kunal = 8,000 $\times \frac{3}{4}$ = ₹ 6,000, Karan = 8,000 $\times \frac{1}{4}$ = ₹ 2,000

Adjustment of Capital

Adjustment Capital of Kunal = ₹ 3,63,000
Adjustment Capital of Karan = ₹ 3,01,000
Total capital = 6,64,000
New profit sharing ratio = 3 : 1
New capital of Kunal = 6,64,000 $\times \frac{3}{4}$ = ₹ 4,98,000
New capital of Kunal = 6,64,000 $\times \frac{1}{4}$ = ₹ 1,66,000

25. **In the books of the firm**

Journal Entries

Date	**Particulars**		**L.F.**	**Amount Dr.**	**Amount Cr.**
2022					
April 01	General Reserve A/c	Dr.		10,000	
	To A's Capital A/c				6,000
	To B's Capital A/c				4,000

	(Being general reserve transfer to old partner's capital account in old profit sharing ratio)				
	Plant A/c	Dr.		2,000	
	Sundry Creditors A/c	Dr.		1,400	
	To Revaluation A/c				3,400
	(Being increase in value of plant and decrease in creditors recorded through revaluation account)				
	Revaluation A/c	Dr.		4,900	
	To Stock A/c				2,000
	To Provision for Doubtful Debts A/c				900
	To Workmen Compensation A/c				2,000
	(Being decrease in assets and provision for liability for workmen compensation recorded through revaluation account)				
	A's Capital A/c	Dr.		900	
	B's Capital A/c	Dr.		600	
	To Revaluation A/c				1,500
	(Being loss on revaluation transfer to old partner's capital account in old profit sharing ratio)				
	Cash A/c	Dr.		30,000	
	To C's Capital A/c				20,000
	To Premium for Goodwill A/c				10,000
	(Being amount of capital and goodwill brought in by C in cash)				
	Premium for Goodwill A/c	Dr.		10,000	
	To A's Capital A/c				6,000
	To B's Capital A/c				4,000
	(Being goodwill credited to old partners in old profit sharing ratio)				
	A's Capital A/c	Dr.		5,100	
	To A's Current A/c				5,100
	(Being A's excess capital credited to his current account)				
	B's Capital A/c	Dr.		8,400	
	To B's Current A/c				8,400
	(Being B's excess capital credited to his current account)				

Balance Sheet

Dr.					**Cr.**
Liabilities		**Amount**	**Assets**		**Amount**

Creditors		13,600	Cash		32,000
Liability for workmen compensation claim		2,000	Stock		18,000
Current A/c:			Patents		10,000
A's	5,100		Debtors	18,000	
B's	8,400	13,500	Less: Provision for Doubtful Debts	900	17,100
Capital Account balances:			Plant		32,000
A	36,000				
B	24,000				
C	20,000	80,000			
		1,09,100			**1,09,100**

Working Notes:-

Calculation of New Profit Ratio:-

C's Share = $\frac{1}{4}$

Balance of Profits = 1 - $\frac{1}{4}$ = $\frac{3}{4}$

A's = $\frac{3}{4} \times \frac{3}{5} = \frac{9}{20}$

B's = $\frac{3}{4} \times \frac{2}{5} = \frac{6}{20}$

C's = $\frac{1}{4}$

New Ratio of A, B and C = $\frac{9}{20} : \frac{6}{20} : \frac{1}{4}$

New Ratio of A, B and C = 9 : 6 : 5

Total Capital of new firm = ₹ 20,000 $\times \frac{4}{1}$ = ₹ 80,000

A's Capital = ₹ 80,000 $\times \frac{9}{20}$ = ₹ 36,000

B's Capital = ₹ 80,000 $\times \frac{6}{20}$ = ₹ 24,000

OR

Dr. Revaluation A/c Cr.

In the books of Ratan, Singh and Sharma

Dr.			**Cr.**
Particulars	**Amount(₹)**	**Particulars**	**Amount(₹)**
To Plant and Machinery A/c	50,000	By Land and Building A/c	49,500
		By Provision for bad debts A/c	500
	50,000		**50,000**

Partners' Capital A/c

Dr.							**Cr.**
Particulars	**Ratan (₹)**	**Singh (₹)**	**Sharma (₹)**	**Particulars**	**Ratan (₹)**	**Singh (₹)**	**Sharma (₹)**
To Profit and loss A/c	40,000	40,000	20,000	By Balance b/d	3,60,000	2,40,000	1,00,000
To Sharma's capital A/c	30,000	30,000		By General Reserve A/c	1,20,000	1,20,000	60,000
To Bank/Cash A/c			2,00,000	By Ratan's capital A/c			30,000

To Balance c/d	4,50,000	4,50,000		By Singh's capital A/c			30,000
				By Bank A/c	40,000	1,60,000	
	5,20,000	**5,20,000**	**2,20,000**		**5,20,000**	**5,20,000**	**2,20,000**

26. **In the Books of Hindustan Ltd.**

JOURNAL

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c	Dr.		10,00,000	
	To Equity Shares Application A/c (Application money received on 20,000 shares @ ₹ 50 per share)				10,00,000
	Equity Shares Application A/c	Dr.		10,00,000	
	To Equity Share Capital A/c (20,000 × ₹ 40)				8,00,000
	To Securities Premium A/c (20,000 × ₹ 10) (Application money adjusted)				2,00,000
	Equity Shares Allotment A/c	Dr.		8,00,000	
	To Equity Share Capital A/c (20,000 × ₹ 30)				6,00,000
	To Securities Premium A/c (20,000 × ₹ 10) (Allotment money due on 20,000 shares)				2,00,000
	Bank A/c	Dr.		8,00,000	
	To Equity Shares Allotment A/c (Allotment money received)				8,00,000
	Equity Shares First Call A/c	Dr.		6,00,000	
	To Equity Share Capital A/c (20,000 × ₹ 20)				4,00,000
	To Securities Premium A/c (20,000 × ₹ 10) (First call money due on 20,000 shares)				2,00,000
	Bank A/c	Dr.		6,00,000	
	To Equity Shares First Call A/c (Shares first call amount received on 20,000 shares)				6,00,000
	Equity Shares Second and Final Call A/c	Dr.		4,00,000	
	To Equity Share Capital A/c (20,000 × ₹ 10)				2,00,000
	To Securities Premium A/c (20,000 × ₹ 10) (Second and final call money due on 20,000 shares)				2,00,000
	Bank A/c	Dr.		4,00,000	
	To Equity Shares Second and Final Call A/c (Shares second and final call money received)				4,00,000

BALANCE SHEET OF HINDUSTAN LTD. as at...

Particulars	Note No.	₹
I. EQUITY AND LIABILITIES		

Shareholder's Funds		
Share Capital	1	20,00,000

Note to Accounts

1. Share Capital	**₹**
Authorised Capital	
1,00,000 Equity Shares of ₹ 100 each	1,00,00,000
Issued Capital	
20,000 Equity Shares of ₹ 100 each	20,00,000
Subscribed Capital	
Subscribed and Fully Paid-up	
20,000 Equity Shares of ₹ 100 each	20,00,000

OR

CALCULATION TABLE

Particulars	**Application ₹ 3**	**Allotment ₹ 3**	**First Call ₹ 2**	**Second Call ₹ 2**
X 100 Shares	300	300	200	*200
Y 200 Shares	600	600	*400	*400
Z 300 Shares	900	*900	*600	*600
Amount not Received on 600 Shares	____	*900	*1,000	*1,200
Amount Received on 600 Shares	1,800	900	200	____

*Call not paid

It is clear from the above table that the total amount received on 600 forfeited shares is ₹ 1,800 + ₹ 900 + ₹ 200 = ₹ 2,900. This amount will be transferred to **Share Forfeiture A/c**.

CASH BOOK (Bank Column)

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Share Application A/c (10,000 Shares @ ₹ 3 per share)	30,000	By Balance c/d	98,860
To Share Allotment A/c (10,000 Shares @ ₹ 3 per share - ₹ 900 not received)	29,100		
To Share First Call A/c (10,000 Shares @ ₹ 2 per share - ₹ 1,000 not received)	19,000		
To Share Second & Final Call A/c (10,000 Shares @ ₹ 2 per share - ₹ 1,200 not received)	18,800		
To Share Capital A/c (200 Shares re-issued at ₹ 9.80 per share)	1,960		
	98,860		**98,860**

SHARE FORFEITURE A/C

Dr.			**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Share Capital A/c (Loss on the re-issue of 200 shares at 20 paise per	40	By Share Capital A/c (as per Calculation	2,900

share)		Table)	
To Balance c/d[3]	2,860		
	2,900		**2,900**

BALANCE SHEET OF SILVER LTD.

as at _____

Particulars	Note No.	Current year	Previous year
I. EQUITY AND LIABILITIES:		₹	₹
Shareholder's Funds:			
(a) Share Capital	1	98,860	
II. ASSETS:			
Current Assets:			
Cash and Cash Equivalents	2	98,860	

Notes to Accounts:

	₹	₹
(1) Share Capital:		
Issued: 10,000 shares of ₹ 10 each	1,00,000	
Subscribed and Fully Paid Capital:		
9,600 Shares of ₹ 10 each	96,000	
Share Forfeiture A/c	2,860	
	98,860	
(2) Cash and Cash Equivalents:		
Cash at Bank	98,860	

Note (3): In this question no amount of Share Forfeiture A/c will be transferred to Capital Reserve A/c, as it is not known that how many of the 200 shares re-issued belong to Shareholder X, how many belong to Y and how many belong to Z.

Part B :- Analysis of Financial Statements

27.

(c) Other Incomes

Explanation:

Other Incomes as it is not their main income

28.

(b) long-term financial position

Explanation:

long-term financial position

OR

(d) Stock turnover ratio

Explanation:

Inventory turnover ratio is also known as stock turnover ratio. Inventory is wider term whereas stock is a narrow term.

29. **(a)** Outflow from operating activities.
Explanation:
Outflow from Operating Activities

OR

(b) Furniture costing ₹ 80,000 sold for ₹ 75,000
Explanation:
Furniture costing ₹ 80,000 sold for ₹ 75,000

30.

(c) Accounting Standard 3
Explanation:
Accounting Standard 3

31. **Common Size Balance Sheet of PWN Ltd.**
as at 31.3.2018 and 31.3.2019

Particulars	Note No.	Absolute Amounts		Percentage of Balance Sheet Total	
		2018 ₹	2019 ₹	2018 %	2019 %
I. EQUITY AND LIABILITIES:					
(1) Shareholder's Funds					
(a) Share Capital		18,00,000	18,00,000	45	40
(b) Reserves & Surplus		4,00,000	5,40,000	10	12
(2) Non-Current Liabilities		14,00,000	14,40,000	35	32
(3) Current Liabilities		4,00,000	7,20,000	10	16
Total		**40,00,000**	**45,00,000**	**100**	**100**
II. Assets					
(1) Non-Current Assets		28,00,000	30,60,00	70	68
(2) Current Assets		12,00,000	14,40,000	30	32
Total		**40,00,000**	**45,00,000**	**100**	**100**

Percentages are calculated on the basis of total of balance sheet.

OR

Comparative Statement
Profit and Loss

Date	Particulars	Note No.	31st March 2022	31st March 2023	Absolute Change	Percentage Change
			A	B	(C = B - A)	(D = $\frac{C}{A} \times 100$)
I.	Revenue form operation		16,00,000	20,00,000	4,00,000	25
II.	Less: Expenses					
	Employee benefit expense		8,00,000	10,00,000	2,00,000	25

	Other Expenses		-	1,00,000	1,00,000	-
	Total Expenses		8,00,000	11,00,000	3,00,000	37.5
III.	Profit & Loss before tax (I - II)		8,00,000	9,00,000	1,00,000	12.50
IV.	Less: Tax		4,00,000	4,50,000	50,000	12.50
V.	Profit & Loss after tax		4,00,000	4,50,000	50,000	12.50

32. The following items are arranged as per schedule 3 of the company's act,2013 under the given major headings.

Sl. No	**Items**	**Major Headings**
(i)	Long-term Borrowings	Non-current Liabilities(long term borrowings)
(ii)	Trade Payables	Current Liabilities (current liabilities)
(iii)	Provision for Tax	Current Liabilities (other current liabilities)
(iv)	Securities Premium Reserve	Shareholder's Funds (share capital)
(v)	Patents	Non-current Assets (intangible assets)
(vi)	Accrued Incomes	Current Assets.(other current assets)
(vii)	Current Investment	Current Assets(investments)

33. Inventory Turnover Ratio(ITR) = $\frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$

Average = $\frac{\text{opening inventory} + \text{closing inventory}}{2}$

Average Inventory = $\frac{40,000 + 60,000}{2}$ = ₹ 50,000

Cost of Revenue from operations = opening stock + purchases - closing stock

= 40,000 + 2,20,000 - 60,000 = ₹ 2,00,000

ITR = $\frac{2,00,000}{50,000}$ = 4 Times

OR

i. Net Profit Ratio for the Year ending 31st March, 2013

$$= \frac{\text{Profit After Tax}}{\text{Revenue from Operations}} \times 100 = \frac{6,00,000}{20,00,000} \times 100 = 30\%$$

Net profit ratio for the Year ending 31st March, 2014

$$= \frac{\text{Profit After Tax}}{\text{Revenue from Operations}} \times 100 = \frac{12,00,000}{30,00,000} \times 100 = 40\%$$

ii. The two values which Pharma Ltd is trying to propagate are

a. Equality

b. Responsibility towards the employees and society

34. **Machinery A/c**

Dr.			**Cr.**
Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Balance b/d	6,50,000	By Accumulated Depreciation A/c	90,000
To Bank A/c (purchase)	2,10,000	By Bank A/c (sale)	50,000
		By Statement of P/L (loss)	20,000
		By Balance c/d	7,00,000

	8,60,000		**8,60,000**

Accumulated Depreciation on Machinery A/c

Dr.			**Cr.**
Particulars	**Amount (₹)**	**Particulars**	**Amount (₹)**
To Machinery A/c	90,000	By Balance b/d	1,50,000
To Balance c/d	1,00,000	By Depreciation A/c	40,000
	1,90,000		**1,90,000**

Cash Flow from Investing Activities

Particulars	**Amount (₹)**
Purchase of Machinery	(2,10,000)
Sale of Machinery	50,000
Net cash used in investing activities	(1,60,000)

Cash Flow from Financing Activities

Particulars	**Amount (₹)**
Issue of Equity share capital	2,00,000
Issue of 10% Debentures	1,00,000
Interest Paid on 10% Debentures	(30,000)
Bank Overdraft taken	15,000
Net cash generated from financing activities	**2,85,000**