SAMPLE QUESTION PAPER - 4

SUBJECT- ACCOUNTANCY (055)

CLASS XII (2024-25)

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

General Instructions:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. **Part - A is compulsory for all candidates**.
4. Part - B has two options i.e. **(i) Analysis of Financial Statements and (ii) Computerised Accounting**. Students must attempt only one of the given options.
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31and 32 carries 3 marks each.
7. Questions from 21 ,22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of **one mark**, 2 questions of **three marks**, 1 question of **four marks** and 2 questions of **six marks**.

Part A:- Accounting for Partnership Firms and Companies

1. S, B and J were partners in a firm. T was admitted as a new partner in the partnership firm for $\frac{1}{5}^{th}$ share of profits. **[1]**
Sacrificing ratio of S, B and J:

a) 3 : 2 : 1 b) 1 : 1 : 1

c) 2 : 2 : 1 d) 2 : 1 : 1

2. **Assertion (A):** Each partner is a principal as well as an agent for all the other partners. **[1]**
Reason (R): As per the definition of Partnership Act, partnership business may be carried on by all the partners or any of them acting for all.

a) Both Assertion (A) and Reason (R) are correct, but Reason (R)

b) Both Assertion (A) and Reason (R) are correct and Reason (R) is is **not** the correct explanation of Assertion (A).

the correct explanation of Assertion (A).

c) Assertion (A) is correct, but Reason (R) is incorrect.

d) Assertion (A) is incorrect, but Reason (R) is correct.

3. When shares are forfeited, Share Capital Account is debited with: **[1]**

a) called-up value of shares

b) nominal value of shares

c) paid-up value of shares

d) market value of shares

OR

Naman Ltd. issued 10,000, 7% Debentures of ₹ 100 each at a discount of ₹ 4. It has a balance in Securities Premium Reserve of ₹ 25,000. It will write off Discount on Issue of Debentures as

a) ₹ 40,000 from Statement of Profit & Loss.

b) ₹ 15,000 from Securities Premium and ₹ 25,000 from Statement of Profit & Loss (Finance Cost).

c) ₹ 25,000 from Securities Premium and ₹ 15,000 from Statement of Profit & Loss (Finance Cost)

d) ₹ 40,000 from Securities Premium.

4. What is gaining ratio: **[1]**

a) In which profit sharing ratio of gaining partners increase

b) In which profit sharing ratio of gaining partners decrease

c) In which profit sharing ratio of sacrificing partners increase

d) In which profit sharing ratio of sacrificing partners decrease

OR

Veena and Yuvansh are partners. Veena withdrew ₹ 50,000 and Yuvansh withdrew ₹ 40,000 during the year for their personal use. There was a loss of ₹ 2,500 during the year.

As per the partnership deed interest on drawings is to be charged @ 10% p.a
Veena's share of Profit/Loss.

a) Veena's Share of Profit ₹ 3,500
b) Veena's Share of Profit ₹ 3,250
c) Veena's Share of Loss ₹ 3,500
d) Veena's Share of Profit ₹ 1,000

5. A and B are partners in a partnership firm without any agreement. A has withdrawn ₹ 50,000 out of his Capital as drawings. Interest on drawings may be charged from A by the firm: **[1]**

a) @5% Per Annum
b) @6% Per Month
c) No interest can be charged
d) @6% Per Annum

6. Issued 4,000, 12% debentures of ₹ 100 each at a premium of 4%, redeemable at a premium of 10%. In such case: **[1]**

a) Premium on Redemption will be credited by ₹ 24,000
b) Loss on Issue will be debited by ₹ 40,000
c) Loss on Issue will be debited by ₹ 24,000
d) Loss on Issue will be debited by ₹ 56,000

OR

When debentures are issued as secondary securities it is called

a) Issue for consideration other than cash
b) Issued at premium
c) Issue as collateral securities
d) Issued at a discount

7. **Assertion (A):** Shares cannot be allotted unless minimum subscription is received. **[1]**
Reason (R): SEBI has prescribed that a company issuing shares to public cannot allot shares unless it receives subscription of 90% of the shares issued.

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

8. How to calculate the share of the goodwill of Retiring or deceased partner? **[1]**

a) Value of the firm's goodwill × outgoing partner's share of profit

b) Value of the firm's goodwill × Sacrificing partner's share

c) Value of the firm's goodwill × new partner's profit share

d) Value of the firm's goodwill × Gainer partner's share

OR

X, Y and Z started a business in partnership on 1st October 2020. The profit sharing ratio was decided among the partners 2 : 1 : 1. Z was guaranteed a profit of ₹ 28,000 p.a. Deficiency amount (if any) will be borne by X and Y in the ratio of 3 : 2. The firm earned profit for the year ending 31st March 2021 ₹ 20,000.
How much deficiency is borne by X and Y?

a) X ₹ 13,800 and Y ₹ 9,200

b) X ₹ 5,400 and Y ₹ 3,600

c) X ₹ 10,800 and Y ₹ 7,200

d) X ₹ 12,000 and Y ₹ 6,000

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

A, B and C are partners in a firm sharing profits and losses in the ratio of 2:2:1. Their capitals(Fixed) are ₹ 1,00,000, ₹ 80,000 and ₹ 70,000 respectively. For the year 2018-19, interest on capital was to be credited to them @ 9% p.a. instead of 12%.

9. What was the net amount should be credited to partner B?

a) ₹ 2,400

b) ₹1,200

c) ₹ 1,500

d) ₹ 1,800

10. What was the net amount should be credited to partner C?

a) ₹ 2,100

b) ₹ 1,700

c) ₹ 2,000

d) ₹ 1,800

11. X and Y are partners in the ratio of 3 : 2. Their capitals are ₹ 2,00,000 and ₹ 1,00,000 respectively. Interest on capitals is allowed @ 8% p.a. Firm earned a profit of ₹ 15,000 for the year ended 31st March 2023. As per partnership agreement, interest on capital is treated a charge on profits. Interest on Capital will be: **[1]**

a) X ₹ 10,000; Y ₹ 5,000

b) X ₹ 9,000; Y ₹ 6,000

c) X ₹ 16,000; Y ₹ 8,000

d) No Interest will be allowed

12. X Ltd. forfeited 2,000 shares of ₹10 each (which were issued at par) held by Naveen for non-payment of allotment money of ₹4 per share. The called-up value per share was ₹ 9. On forfeiture, the amount debited to Share Capital Account will be **[1]**

a) ₹ 18,000

b) ₹ 2,000

c) ₹ 8,000

d) ₹ 10,000

13. Elpis Ltd. Is registered with authorised capital of ₹ 10,00,000 divided into 1,00,000 Equity share of ₹ 10 each. Out of which 80,000 shares are offered to the public and applications were received for 75,000 shares only. Company called ₹ 8 per share till now. **[1]**

(a) Authorised share capital	(i) 8,00,000
(b) Issued share capital	(ii) 6,00,000
(c) Subscribed share capital	(iii) 10,00,000
(d) Called up capital	(iv) 7,50,000

a) (a) - (iii), (b) - (iv), (c) - (i), (d) - (ii)

b) (a) - (ii), (b) - (iii), (c) - (i), (d) - (iv)

c) (a) - (iii), (b) - (i), (c) - (iv), (d) - (ii)

d) (a) - (ii), (b) - (iii), (c) - (iv), (d) - (i)

14. What is the nature of rent paid to a partner? **[1]**

a) Nominal Account

b) Representative Person’s Personal Account

c) Artificial Personal Account

d) Real Account

15. The incoming partner cannot acquire his share of profits: **[1]**

a) From one or more partners (not from all partners)

b) From the old partners in their old profit sharing ratio

c) From the old partners in their new profit sharing ratio

d) From the old partners in some agreed ratio

OR

Mehak and Chehak were partners with capitals of ₹ 40,000 each. They admitted Aadi as a new partner for $\frac{1}{5}$ share in the profits of the firm. Aadi brought ₹ 80,000 as his capital. On Aadi's admission, the Profit and Loss Account of the firm showed a debit balance of ₹ 10,000. Value of goodwill of the firm on Aadi's admission will be:

a) ₹ 2,40,000

b) ₹ 4,00,000

c) ₹ 2,30,000

d) ₹ 2,50,000

16. At the time of dissolution, Loan to Partner is **[1]**

a) received from the partner.

b) transferred to Partner's Capital Account.

c) transferred to Realisation Account.

d) transferred to Partner's Current Account.

17. P, Q and R are partners sharing profits equally. They decided that in future R will get $\frac{1}{7}$ share in profits. On the day of change, firm's Goodwill is valued at ₹ 42,000. Give Journal Entries arising on account of change in profit sharing ratio. **[3]**
[Hint: New Ratios $\frac{3}{7}$: $\frac{3}{7}$: $\frac{1}{7}$. P and Q gain $\frac{2}{21}$ each and R sacrifices $\frac{4}{21}$]

18. C and D are partners in a business and their capitals at the end of the year were ₹ 7,00,000 and ₹ 6,00,000 respectively. Calculate their opening capitals from the following information: **[3]**

a. Drawings of C and D for the year were ₹ 75,000 and ₹ 50,000 respectively.

b. D introduced capital of ₹ 1,00,000 during the year.

c. Interest on capital credited to the Capital Accounts of C and D were ₹ 15,000 and ₹ 10,000 respectively.

d. Interest on drawings debited to the Capital Accounts of C and D were ₹ 7,500 and ₹ 5,000 respectively.

e. Share of loss debited to Capital Account of each Partner was ₹ 20,000

OR

Ananya, Bhavi and Chandni were partners in a firm with capitals of ₹ 3,00,000, ₹ 2,00,000 and ₹ 1,00,000 respectively.

According to the provisions of the partnership deed:

i. Ananya and Chandni were each entitled to a monthly salary of ₹ 1,500.

ii. Bhavi was entitled to a salary of ₹ 4,000 per annum.

The profit for the year ended 31st March, 2022, ₹ 80,000 was divided between the partners in their profit sharing ratio of 3 : 3 : 2 without providing for the above adjustments.

Pass the necessary adjustment entry to rectify the above omissions in the books of the firm. Show your working notes clearly.

19. X Ltd. has 4,000 12% debentures of ₹100 each on 1st April 2018. According to the terms of issue interest on debentures is payable half-yearly on 30th September and 31st March and the rate of tax deducted at source is 10%. Pass necessary journal entries for interest on debentures for the year 2018-19. **[3]**

OR

Complete the following journal entries:

Journal Entries in the books of Sundram Ltd.

Date	**Particulars**		**L.F.**	**Dr.(Rs.)**	**Cr.(Rs.)**
	Furniture A/c	Dr.		3,00,000	
	To Ravindram Ltd. (Being furniture purchased)				3,00,000
	....	Dr.		----	
	.... (Being a part payment made to Ravindram Ltd. by an issue of a promissory note of Rs. 1,00,000)				----
	....	Dr.		----	
	....				----
	.... (Being the balance of payment made by issue of				----

Date	Particulars		L.F.	Dr.(Rs.)	Cr.(Rs.)
	16,000 equity shares of Rs. 10 each at a premium of 25%)				

20. Average profit of Sharma & Co. is ₹ 50,000 per year. Average capital employed in the business is ₹ 3,00,000. If the normal rate of return on capital employed is 10%, calculate goodwill of the firm by: **[3]**

i. Super Profit Method at three years' purchase; and

ii. Capitalisation of Super Profit Method.

21. Neha Fabrics Ltd. invited applications for issuing 5,00,000 shares of ₹ 10 each at a premium of ₹ 4 per share. The amounts were payable as follows: **[4]**
On Application and Allotment ₹ 8 per share.
On First & Final Call - Balance (including premium of ₹ 4)
Applications were received for 6,50,000 shares and allotment was made as follows:

i. To applicants for 1,40,000 shares - 100% shares.

ii. To applicants for 60,000 shares - Nil

iii. Balance of the applicants were allotted shares on pro-rata basis.

Excess money received with applications was adjusted towards sums due on first and final call. Kavita, who belonged to category (i) and was allotted 6,000 shares and Hitesh, who belonged to category (ii) and who had applied for 5,000 shares failed to pay the first and final call money. Their shares were forfeited. 60% of forfeited shares of Kavita and Hitesh were re-issued at a discount of ₹ 1 per share fully paid-up.
Pass necessary journal entries for the above transactions in the books of the company.

22. Anju, Manju and Sanju sharing profit in the ratio of 3 : 1 : 1 decided to dissolve their firm. On March 31, 2014 their position was as follows: **[4]**

Balance Sheet Anju, Manju and Sanju
as on March 31, 2017

Liabilities	Amount ₹	Assets	Amount ₹
Creditors	60,000	Cash at Bank	55,000
Loan	15,000	Stock	83,000
Capitals:		Furniture	12,000

Anju	2,75,000		Debtors	2,42,000	
Manju	1,10,000		Less: Provision for doubtful debts	12,000	2,30,000
Sanju	1,00,000	4,85,000	Buildings		2,00,000
Manju's loan		20,000			
		5,80,000			**5,80,000**

It is agreed that:

i. Anju takes over the Furniture at ₹ 10,000 and Debtors amounting to ₹ 2,00,000 at ₹ 1,85,000. Anju also agrees to pay the creditors,

ii. Manju is to take over Stock at book value and Buildings at book value less 10%,

iii. Sanju is to take over remaining Debtors at 80% of book value and responsibility for the discharge of the loan,

iv. The expenses of dissolution amounted to ₹ 2,200.

Prepare Realisation Account, Bank Account, and Capital Accounts of the partners.

23. Meson Ltd. was registered with a capital of ₹ 4,00,000 in shares of ₹ 100 each. It issued 2,000 of such shares payable ₹ 25 per share on application; ₹ 25 on allotment; ₹ 20 on first call; and the balance as and when required. **[6]**

All moneys payable on application and allotments were duly received; but when the first call of ₹ 20 per share was made, one shareholder holding 100 shares failed to pay the amount due and another shareholder holding 200 shares paid them in full. Record these transactions in the journal of the Company.

OR

Petromax Ltd. issued 50,000 shares of Rs. 10 each at a premium of Rs. 2 per share payable as Rs 3 on an application, Rs 5 including premium on an allotment and the balance in equal installments over two calls. Applications were received for 92,000 shares and the allotment was done as under:

A. Applicants of 40,000 shares - Allotted 30,000 Shares

B. Applicants of 40,000 shares - Allotted 20,000 Shares

C. Applicants of 12,000 shares - Nil

Suresh, who had applied for 2,000 shares (Category A) did not pay any money other than application money.

Chander, who was allotted 800 shares (Category B) paid the call money due along with allotment.

All other allottees paid their dues as per schedule. Pass necessary Journal entries in the books of Petromax Ltd. to record the above.

24. X and Y are partners sharing profits in the ratio of 2 : 1. Their Balance Sheet as at 31st March, 2023 was: **[6]**

Liabilities		₹	Assets	₹
Sundry Creditors		25,000	Cash/Bank	5,000
General Reserve		18,000	Sundry Debtors	15,000
Capital A/cs:			Stock	10,000
X	75,000		Investments	8,000
Y	62,000	1,37,000	Printer	5,000
			Fixed Assets	1,37,000
		1,80,000		**1,80,000**

They admit Z into partnership on 1st April, 2023 on the following terms:

i. Z brings in ₹ 40,000 as his capital and he is given $\frac{1}{4}$th share in profits.

ii. Z brings in ₹ 15,000 for goodwill, half of which is withdrawn by old partners.

iii. Investments are valued at ₹ 10,000. X takes over Investments at this value.

iv. Printer is to be reduced (depreciated) by 20% and Fixed Assets by 10%.

v. An unrecorded stock on 31st March, 2023 is ₹ 1,000.

vi. By bringing in or withdrawing cash, the Capitals of X and Y are to be made proportionate to that of Z on their profit-sharing basis.

Pass Journal entries, prepare Revaluation Account, Capital Accounts and new Balance Sheet of the firm.

OR

L, M and N were partners in a firm sharing profits in the ratio of 2 : 1 : 1. On 1st April, 2013 their balance sheet was as follows:

Balance Sheet

as at 1st April, 2013

Liabilities	Amount (Rs)	Assets	Amount (Rs)
General Reserve	4,40,000	Land	8,00,000
Workmen's Compensation Fund	3,60,000	Building	6,00,000
Creditors	2,40,000	Furniture	2,40,000
Capital A/cs		Debtors 4,00,000	
L 6,00,000		(-) Provision for Doubtful Debts 20,000	3,80,000
M 4,80,000		Stock	4,40,000
N 4,80,000	15,60,000	Cash	1,40,000
	26,00,000 ========		26,00,000 =======

On the above date, N retired. The following were agreed:

i. Goodwill of the firm was valued at Rs 6,00,000.

ii. Land was to be appreciated by 40% and building was to be depreciated by Rs 1,00,000.

iii. Furniture was to be depreciated by Rs 30,000.

iv. The liabilities for workmen's compensation fund was determined at Rs 1,60,000.

v. Amount payable to N was transferred to his loan account.

vi. Capitals of L and M were to be adjusted in their new profit sharing ratio and for this purpose current accounts of the partners will be opened.

Prepare revaluation account, partner's capital accounts and the balance sheet of the new firm.

25. X, Y, and Z were partners sharing profits in the ratio 3: 2: 1. On 31st March 2008, their Balance Sheet stood as under : **[6]**

Liabilities		**Amt(Rs.)**	**Assets**	**Amt(Rs.)**
Capitals:			Cash at Bank	70,000
X	75,000		Investments	50,000

Liabilities		Amt(Rs.)	Assets	Amt(Rs.)
Y	70,000		Patents	15,000
Z	50,000	1,95,000	Stock	25,000
Creditors		72,000	Debtors	20,000
General Reserve		24,000	Buildings	75,000
			Machinery	36,000
		2,91,000		2,91,000

Z died on May 31st, 2008. It was agreed that

a. Goodwill was valued at 3 years' purchase of the average profits of the last five years, which were 2003: Rs. 40,000; 2004: Rs. 40,000; 2005: Rs. 30,000; 2006: Rs. 40,000 and 2007: Rs. 50,000.

b. Machinery was valued at Rs. 70,000, Patents at Rs. 20,000 and Buildings at Rs. 66,000.

c. For the purpose of calculating Z's share of profits until the date of death, it was agreed that the same be calculated based on the average profits for the last 2 years.

d. The executor of the deceased partner is to be paid the entire amount due by means of a cheque.

Prepare Z's Capital Accounts to be rendered to the executor and also a journal entry for the settlement of the amount due to Z's executor.

26. On 1st June, 2022, Y Ltd. issued 6,000, 12% Debentures of ₹ 100 each at par redeemable at a premium of 7% at the end of third year. **[6]**
Pass the Journal entries for issue of Debentures and writing off Loss on Issue of Debentures. Also prepare Loss on Issue of Debentures Account.

Part B :- Analysis of Financial Statements

27. When bad position of the business is tried to be depicted as good, it is known as: **[1]**

a) Personal Bias b) All of these

c) Price Level Changes d) Window Dressing

OR

Financial Statements are prepared on certain basic assumptions (pre-requisites) known as ________

a) Postulates

b) Basis of Accounting

c) Provisions of Companies Act, 2013

d) Accounting Standards

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

a) 15,000

b) 30,000

c) 22,500

d) 7,500

29. Paid ₹ 5,00,000 to acquire shares in Neligare Industries and received a dividend of ₹ 30,000 after acquisition. This transaction will result in: **[1]**

a) Cash outflow from financing activities ₹ 4,70,000

b) Cash outflow from investing activities ₹ 4,70,000

c) Cash inflow from investing activities ₹ 4,70,000

d) Cash inflow from financing activities ₹ 4,70,000

OR

GSC Ltd. purchased machinery of ₹ 10,00,000 issuing a cheque of ₹ 2,50,000 and 10% Debentures of ₹ 7,50,000. In the Cash Flow Statement, the transaction will be shown as:

i. Outflow under Investing Activity ₹ 10,00,000, inflow under Financing Activity as Receipt for Debentures ₹ 7,50,000.

ii. Outflow under Investing Activity ₹ 2,50,000.

iii. Inflow of ₹ 7,50,000 as Financing Activity.

iv. None of these.

a) only ii

b) i and ii

c) iv and i

d) iii and iv

30. Under which type of activity will you classify the sale of shares of another company while preparing cash flow statement? **[1]**

a) Financing Activity

b) Investing and Financing

c) Operating Activity

d) Investing Activity

31. Identify the major heads and sub-heads under which the following items will be shown in the Balance Sheet of a company as per Schedule III of Companies Act, 2013: **[3]**

i. Patents

ii. Patents being developed by the Company

iii. Current Maturities of Long term Debts

iv. Computer and related equipment

v. Goods acquired for trading

vi. 10% Debentures

vii. Debentures with maturity period in current financial period.

32. From the following particulars determine the Closing Debtors:- **[3]**

	₹
Total Revenue from Operations	24,00,000
Cash Revenue from Operations	4,60,000
Revenue from Operations Returns (out of credit revenue from operations)	20,000
Trade Receivables Turnover Ratio	6 Times
Opening Debtors	2,50,000
Opening B/R	14,000
Closing B/R	12,000

33. Following information is related to Harsh Ltd. **[4]**

		(₹ in Lakhs)
Particulars	**31.3.2023 ₹**	**31.3.2022 ₹**
Equity Share Capital	16.00	16.00
Preference Share Capital	2.00	2.00
Reserves and Surplus	5.40	4.00

Non-Current Liabilities	14.40	14.00
Current Liabilities	7.20	4.00
Non-Current Assets		
Property, Plant and Equipment and Intangible Assets	30.60	28.00
Current Assets	14.40	12.00

You are required to prepare a Common Size Balance Sheet.

OR

From the following particulars obtained from the books of Mark Ltd., prepare a Comparative Statement of Profit and Loss:

Particulars	**Note No.**	**2017-18 (₹)**	**2016-17 (₹)**
Revenue from operations		50,00,000	40,00,000
Purchase of stock-in trade		40,00,000	30,00,000
Changes in inventory		10,00,000	8,00,000
Other expenses		5,00,000	4,00,000
Other incomes		2,50,000	2,00,000

34. From the following Balance Sheets of XYL limited, prepare Cash Flow Statement: **[6]**

Particulars	**Note No.**	**31.3.2023 (₹)**	**31.3.2022 (₹)**
I. EQUITY AND LIABILITIES:			
(1) Shareholder's Funds:			
{a) Share Capital		5,00,000	4,50,000
(b) Reserve and Surplus	1	1,18,000	70,000
(2) Current Liabilities			
(a) Trade Payables		1,49,000	1,17,000
(b) Short term Provisions (Provision for Tax)		50,000	40,000
TOTAL		**8,17,000**	**6,77,000**

II. ASSETS:			
(1) Non-Current Assets:			
(a) Property , Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	2	3,70,000	2,80,000
(ii) Intangible Assets	3	90,000	1,15,000
(2) Current Assets:			
(a) Inventory		1,09,000	77,000
(b) Trade Receivables		2,30,000	1,80,000
(c) Cash & Cash Equivalents		18,000	25,000
TOTAL		**8,17,000**	**6,77,000**

Notes:

	31.3.2023 (₹)	31.3.2022 (₹)
(1) Reserve & Surplus:		
General Reserve	70,000	40,000
Profit & Loss Balance	48,000	30,000
	1,18,000	**70,000**
(2) Property, Plant and Equipment:		
Land and Building	1,70,000	2,00,000
Plant	2,00,000	80,000
	3,70,000	**2,80,000**
(3) Intangible Assets:		
Goodwill	90,000	1,15,000

Additional Information:

a.

Contingent Liability	31.3.2023	31.3.2022
Proposed Dividend (₹)	50,000	42,000

b. Depreciation of ₹ 10,000 and ₹ 20,000 has been charged on plant, land and buildings respectively.

c. An interim dividend of ₹ 20,000 has been paid.

d. Income tax of ₹ 35,000 has been paid.

e. Rent Received during the year ₹ 10,000.

SOLUTION

SAMPLE QUESTION PAPER - 4

SUBJECT- ACCOUNTANCY (055)

CLASS XII (2024-25)

Part A:- Accounting for Partnership Firms and Companies

1.

(b) 1 : 1 : 1

Explanation:

When old ratio is given and incoming partner's new share is given then old ratio is the sacrificing ratio.

2.

(b) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

Explanation:

Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).

3. **(a)** called-up value of shares

Explanation:

The company debits the Share Capital Account with the amount called-up up to the date of forfeiture on shares. It credits the Shares Allotment Amount or Shares Call Account with amount called-up on forfeited shares but due from the shareholders.

OR

(c) ₹ 25,000 from Securities Premium and ₹ 15,000 from Statement of Profit & Loss (Finance Cost)

Explanation:

₹ 25,000 from Securities Premium and ₹ 15,000 from Statement of Profit & Loss (Finance Cost).

4. **(a)** In which profit sharing ratio of gaining partners increase

Explanation:

Gaining Ratio is calculated at the time of admission or retirement or death of a partner. It is the excess of the new ratio over the old ratio of old partners except for a retired or deceased partner. The formula for gaining ratio:

Gaining Ratio = New Ratio - Old ratio

OR

(d) Veena's Share of Profit ₹ 1,000

Explanation:

Interest on Drawings:

Veena = 50,000 X 10/100 X 6/12 = 2,500

Yuvansh = 40,000 X 10/100 X 6/12 = 2,000

Profit= Interest on drawings - loss

= 4,500 - 2,500 = 2,000

Profit would be distributed equally. So Veena's share of profit = 1,000

5.

(c) No interest can be charged

Explanation:

No interest can be charged

6.

(b) Loss on Issue will be debited by ₹ 40,000

Explanation:

Loss on Issue will be debited by ₹ 40,000

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

Loss on issue of debenture = ₹ 40,000

OR

(c) Issue as collateral securities

Explanation:

Issue as collateral securities

7. **(a)** Both A and R are true and R is the correct explanation of A.

Explanation:

Both A and R are true and R is the correct explanation of A.

8. **(a)** Value of the firm's goodwill $\times$ outgoing partner's share of profit

Explanation:

At the time of retirement, the share of goodwill is calculated for the retired or deceased partner as follows: Value of the firm's goodwill $\times$ His Share of profit

OR

(b) X ₹ 5,400 and Y ₹ 3,600

Explanation:

Share of profit comes to Rs.9000 which is divine in the ratio 3:2 between X and Y.

9. **(a)** ₹ 2,400

Explanation:

₹ 2,400

10. **(a)** ₹ 2,100

Explanation:

₹ 2,100

11.

(c) X ₹ 16,000; Y ₹ 8,000

Explanation:

200000x8%=16000

100000x8%=8000

12. **(a)** ₹ 18,000

Explanation:

The company debits a certain amount to the share capital at the time of forfeiture of shares which is always the called up value. And the called-up value is that amount which any company demands from its shareholders periodically every year.

The share capital is debited because the called up amount which the company was expecting from was shareholders has not been deposited and thus they have to reduce the capital balance by debiting share capital account.

Share capital amount can be calculated as under:

Share Capital Amount = Called up value per share × No. of shares Substitute values in the above equation

Share Capital Amount = ₹ 9 × 2000 shares = ₹ 18,000

The amount debited to share capital is ₹ 18,000.

13.

(c) (a) - (iii), (b) - (i), (c) - (iv), (d) - (ii)

Explanation:

(a) - (iii), (b) - (i), (c) - (iv), (d) - (ii)

14. **(a)** Nominal Account

Explanation:

Rent paid to a partner is an expense for the business. All expenses and losses are considered as Nominal account. Rent paid to the partner is a charge against the profit and it will be paid whether there is profit or loss in the business. Rent paid to the partner is expenses hence charged from P& L A/c.

15.

(c) From the old partners in their new profit sharing ratio

Explanation:

A new partner can acquire his share of profits from the old partners in their old profit sharing ratio or from one partner or from the old partners equally. But he cannot acquire his share of profit from the old partners in the new profit sharing ratio because the new profit sharing ratio is fixed only after the admission of the new partner. New partner only can get his share from only old partner or partners.

OR

(d) ₹ 2,50,000

Explanation:

₹ 2,50,000

Total capital of the firm on the basis of new partner capital = $\frac{80,000}{\frac{1}{5}}$ = 4,00,000

Total capital of all partner = 40,000 + 40,000 + 80,000 - 10,000 = 1,50,000

Goodwill = 4,00,000 - 1,50,000 = 2,50,000

16. **(a)** received from the partner.

Explanation:

received from the partner.

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

New Ratio of P, Q and R = $\frac{3}{7} : \frac{3}{7} : \frac{1}{7}$

Sacrifice or Gain:

$P = \frac{1}{3} - \frac{3}{7} = \frac{7-9}{21} = \frac{2}{21}$ (Gain)

$Q = \frac{1}{3} - \frac{3}{7} = \frac{7-9}{21} = \frac{2}{21}$ (Gain)

$R = \frac{1}{3} - \frac{1}{7} = \frac{7-3}{21} = \frac{4}{21}$ (Sacrifice)

In the books of ....

Journal

Date	Particular		L.F.	Dr. (₹)	Cr. (₹)
April 1	P's Capital A/c (2/21 of 42,000)	Dr.		4,000	
	Q's Capital A/c (2/21 of 42,000)	Dr.		4,000	
	To R's Capital A/c (4/21 of 42,000) (R compensated by P and Q for the sacrifice made by him)(Refer working Note)				8,000

18. **CALCULATION OF OPENING CAPITAL**

Particulars		C (₹)		D (₹)
Capitals at the end		7,00,000		6,00,000
Add: Drawings during the year		75,000		50,000
Interest on Drawings		7,500		5,000
Share of Loss for the year		20,000		20,000
		8,02,500		6,75,000
Less: Capital Introduced during the year	...		1,00,000	
Interest on Capital	15,000	(15,000)	10,000	(1,10,000)
Capitals in the beginning		7,87,500		5,65,000

OR

Books of Ananya, Bhavi and Chandni

Journal

Date	Particulars	L.F	Amount (₹)	Amount (₹)

2022 March 31	Bhavi's Capital A/c	Dr.		11,000	
	To Ananya's Capital A/c				3,000
	To Chandani's Capital A/c (Adjustment entry passed for omission of salary to partners)				8,000

Table Showing Adjustments

Particulars	Ananya (₹)	Bhavi (₹)	Chandni (₹)	Firm (₹)
Salary to be credited	18,000	4,000	18,000	40,000
₹ 40,000 to be debited in 3 : 3 : 2	15,000	15,000	10,000	40,000
Difference	3,000	11,000	8,000	
	Cr.	Dr.	Cr.	

19. **X Ltd.**

Journal

Date	Particulars	L.F.	(₹)	(₹)
2018 Sep 30	Debenture Interest Account ... Dr.		24,000	
	To Debenture holders Account			21,600
	To TDS Payable Account			2,400
	(Being Debenture Interest due to debenture holders, TDS deducted @10%)			
"	Debenture holders A/c ... Dr.		21,600	
	TDS Payable A/c ... Dr.		2,400	
	To Bank A/c			24,000
	(Being Payment made to Debenture holders and tax deposited)			
2019 Mar 31	Debenture Interest A/c ... Dr.		24,000	
	To Debenture holders A/c			21,600
	To TDS Payable A/c			2,400
	(Being Debenture Interest due to debenture holders, TDS @10%)			
"	Debenture holders A/c ... Dr.		21,600	
	TDS Payable A/c ... Dr.		2,400	
	To Bank A/c			24,000

	(Being Payment made to Debenture holders and tax deposited)			
"	Statement of Profit and Loss ... Dr.		48,000	
	To Debenture Interest A/c			48,000
	(Being Debenture Interest account transferred to Statement of Profit and Loss)			

OR

In the books of Sundram Ltd.

Journal Entries

Date	Particulars		L.F.	Dr.(Rs.)	Cr.(Rs.)
	Furniture A/c	Dr.		3,00,000	
	To Ravindram Ltd. (Being furniture purchased)				3,00,000
	Ravindram Ltd.	Dr.		1,00,000	
	To Bills Payable A/c (Being a part payment made by an issue of a promissory note of Rs. 1,00,000)				1,00,000
	Ravindram Ltd.	Dr.		2,00,000	
	To Equity Share Capital A/c				1,60,000
	To Securities Premium Reserve A/c (Being the balance of payment made by issue of 16,000 equity shares of Rs. 10 each at a premium of 25%)				40,000

Calculation Of Amount Of Security Premium Reserve = 16,000* 10* 25% = 40,000

It is noted that securities premium account is shown in the balance sheet under the head reserve and surplus.

20. i. Goodwill = Super Profit $\times$ No. of Years of Purchase

$= 20{,}000 \times 3 =$ ₹ 60,000

ii. Goodwill = Super Profit $\times \frac{100}{\text{Normal Rate of Return}}$

$= 20{,}000 \times \frac{100}{10} =$ ₹ 2,00,000

Working Notes:

Average Profit = ₹ 50,000 (given)

Normal Profit = Capital Employed $\times \frac{\text{Normal Rate of Return}}{100}$

$= 3{,}00{,}000 \times \frac{10}{100} =$ ₹ 30,000

Super Profit = Average Profit - Normal Profit

Super Profit= 50,000 - 30,000 = ₹ 20,000.

21.

	Applied	Allotted
Category (I)	1,40,000	1,40,000
Category (II)	60,000	0
Category (III)	4,50,000	3,60,000
Total	6,50,000	5,00,000

Working Note of Category (III)

i. Excess money Received on Application & Allotment

= 4,50,000 shares - 3,60,000 shares

= 90,000 share × ₹ 8

= ₹ 7,20,000

Entire excess of ₹ 7,20,000 will be Adjusted on first & final call

ii. Number of share allotted to Hitesh

= $5{,}000 \times \frac{3{,}60{,}000}{4{,}50{,}000}$

= 4,000 shares

Excess money received on application and allotment

= (5,000 share - 4,000 shares) × ₹ 8

= ₹ 8,000

Entire excess of ₹ 8,000 will Adjusted on first & final call

Amount not received on first & final call

= (4,000 share × ₹ 6) - ₹ 8,000

= ₹ 24,000 - ₹ 8,000

Not received = ₹ 16,000

Journal Entry

Particulars		L.F.	Amount (Dr.)	Amount (Cr.)
Bank A/c	Dr.		52,00,000	
To Share Application & Allotment				52,00,000
(Amount received on Application & Allotment)				
Share Application & Allotment A/c	Dr.		52,00,000	
To Share Capital A/c				40,00,000
To Share first & final call A/c				7,20,000
To Bank (6,000 × ₹ 8)				4,80,000
(Amount transferred to share capital)				
Share first & final call A/c	Dr.		30,00,000	
To Share Capital				10,00,000

To Security Premium				20,00,000
(Share first & final call made)				
Bank A/c	Dr.		22,28,000	
To Share first & final call A/c				22,28,000
(Amount received on first & final call)				
Share Capital A/c	Dr.		60,000	
Security Premium A/c	Dr.		24,000	
To Share forfeiture				48,000
To Share first & final call				36,000
(Kavita Share forfeited)				
Share Capital A/c	Dr.		40,000	
Security Premium A/c	Dr.		16,000	
To Share forfeiture				40,000
To Share first & final Call				16,000
(Hitesh share forfeited)				
Bank A/c	Dr.		54,000	
Share forfeiture a/c	Dr.		6,000	
To Share Capital (6,000 × 10)				60,000
(Share reissued at discount)				
Share forfeiture A/c	Dr.		46,800	
To Capital Reserve				46,800
(Amount transfer to Capital Reserve)				

Amount Received on First & Final Call:

Particulars	Amount (₹)
Share first & final call	30,00,000
Less: Excess amount adjusted	(7,20,000)
Less: Amount of Kavita (6,000 × 6)	(36,000)
Less: Amount of Hitesh	(16,000)
Net amount received	22,28,000

Amount of forfeiture on 6,000 share

$= \frac{48,000+40,000}{6,000+4,000} \times 6,000$

= ₹ 52,800

Amount transferred to capital reserve

= ₹ 52,800 - ₹ 6,000

= ₹ 46,800

22. **Books of Anju, Manju and Sanju**

Realisation Account

Dr.				**Cr.**
Particulars	**Amount ₹**	**Particulars**		**Amount ₹**
Stock	83,000	Provision for doubtful debts		12,000
Furniture	12,000	Creditors		60,000
Debtors	2,42,000	Loan		15,000
Debtors	2,00,000	Anju's capital:		
Anju capital (creditors)	60,000	Furniture	10,000	
Sanju capital (loan)	15,000	Debtors	1,85,000	1,95,000
Bank (realisation expenses)	2,200	Manju's capital:		
		Stock	83,000	
		Buildings	1,80,000	2,63,000
		Sanju's capital: (remaining debtors less 20% of book value)		33,600
		Loss transferred to:		
		Anju's capital	21,360	
		Manju's capital	7,120	
		Sanju's capital	7,120	35,600
	6,14,200			**6,14,200**

Partners Capital Accounts

Dr.											**Cr.**
Date	**Particulars**	**J.F.**	**Anju ₹**	**Manju ₹**	**Sanju ₹**	**Date**	**Particulars**	**J.F.**	**Anju ₹**	**Manju ₹**	**Sanju ₹**

	Realisation (assets)		1,95,000	2,63,000	33,600		Balance b/d		2,75,000	1,10,000	1,10,000
	Realisation (loss)		21,360	7,120	7,120		Realisation (creditors)		60,000	-	-
	Bank		1,18,640	-	74,280		Realisation		-	-	15,000
							Manju loan (loan)		-	20,000	
							Bank		-	1,40,120	-
			3,35,000	**2,70,120**	**1,15,000**				**3,35,000**	**2,70,120**	**1,15,000**

Alternatively, Manju's loan may be first paid through bank account then the amount payable by Manju on account of debit balance in her capital account. ₹1,60,120 can be corrected form her.

Bank Account

Dr.					**Cr.**
Date 2017	**Particulars**	**Amount ₹**	**Date 2017**	**Particulars**	**Amount ₹**
	Balance b/d	55,000		Realisation (expenses)	2,200
	Manju's capital	1,40,120		Anju's capital	1,18,640
				Sanju's capital	74,280
		1,95,120			**1,95,120**

23. **JOURNAL**

Date	**Particulars**		**L.F.**	**Dr. (₹)**	**Cr. (₹)**
	Bank A/c	Dr.		50,000	
	To Share Application A/c (Application money received)				50,000
	Share Application A/c	Dr.		50,000	
	To Share Capital A/c (Application money transferred to Share Capital A/c)				50,000
	Share Allotment A/c	Dr.		50,000	
	To Share Capital A/c (Allotment due)				50,000
	Bank A/c	Dr.		50,000	
	To Share Allotment A/c (Allotment money received)				50,000

	Share First Call A/c	Dr.		40,000	
	To Share Capital A/c (First call due on 2,000 shares @ ₹ 20 per share)				40,000
	Bank A/c	Dr.		44,000	
	To Share First Call A/c				38,000
	To Calls in Advance A/c (200 × ₹ 30)				6,000
	Alternatively*				
	Bank A/c	Dr.		44,000	
	Calls in Arrears A/c (100 × ₹ 20)	Dr.		2,000	
	To Share First Call A/c				40,000
	To Calls in Advance A/c (200 × ₹ 30) (First Call received on 1,900 shares @ ₹ 20 per share; plus second call received in advance on 200 shares @ ₹ 30 per share)				6,000

*Alternative entry debiting Calls in Arrears A/c can be passed in all the questions.

BALANCE SHEET OF MESON LTD.

as at ________

Particulars	**Note No.**	**Current year**	**Previous year**
I. EQUITY AND LIABILITIES:		**₹**	**₹**
Shareholder's Funds:			
(a) Share Capital	1	1,38,000	
Current Liabilities:			
Other Current Liabilities	2	6,000	
		1,44,000	
II. ASSETS:			
Current Assets:			
Cash and Cash Equivalents	3	1,44,000	

Notes to Accounts:

		₹	**₹**
(1) Share Capital			
Authorised:		4,00,000	
4,000 shares of ₹ 100 each			

Issued:			
2,000 shares of ₹ 100 each		2,00,000	
Subscribed but not Fully Paid Capital:			
2,000 shares of ₹ 100 each ₹ 70 called up	1,40,000		
Less: Calls in arrears	(2,000)	1,38,000	
(2) Other Current Liabilities:			
Calls in Advance		6,000	
(3) Cash and Cash Equivalents:			
Cash at Bank		1,44,000	

Hint: In this question second call is not made by the directors, hence the entries are to be passed upto first call only.

OR

Books of Petromax Ltd.

Journal Entries

Date	Particulars		L.F.	Dr.(Rs.)	Cr.(Rs.)
	Bank A/c	Dr.		2,76,000	
	To Share Application A/c (Being the application money received on 92,000 shares @ Rs 3 per share)				2,76,000
	Share Application A/c	Dr.		2,76,000	
	To Share capital A/c (50,000 × Rs. 3)				1,50,000
	To Bank A/c (12,000 × Rs. 3)				36,000
	To Share Allotment A/c (30,000 × Rs. 3) (Being the share application money adjusted)				90,000
	Share Allotment A/c (50,000 × Rs. 5)	Dr.		2,50,000	
	To Share Capital A/c (50,000 × Rs. 3)				1,50,000
	To Securities Premium Reserve A/c (50,000 × Rs. 2) (Being the allotment money due on 50,000 shares)				1,00,000
	Bank A/c (W.N. 4)	Dr.		1,57,200	
	Calls-in-Arrears A/c	Dr.		6,000	
	To Share Allotment A/c				1,60,000
	To Calls-in-Advance A/c (Being the allotment money received except for 1,500 shares of				3,200

Date	Particulars		L.F.	Dr.(Rs.)	Cr.(Rs.)
	Suresh and call money is also received in advance for 800 shares)				
	Share First Call A/c (50,000 × Rs. 2)	Dr.		1,00,000	
	To Share Capital A/c (Being the first call money due on 50,000 shares)				1,00,000
	Bank A/c	Dr.		95,400	
	Calls-in-Advance A/c (800 × Rs. 2)	Dr.		1,600	
	Calls-in-Arrears A/c (1,500 × Rs. 2)	Dr.		3,000	
	To Share First Call A/c (Being the first call money received except for 1,500 shares and calls-in-advance adjusted towards 800 shares on first call money)				1,00,000
	Share Final Call A/c	Dr.		1,00,000	
	To Share Capital A/c (Being the final call money due on 50,000 shares)				1,00,000
	Bank A/c	Dr.		95,400	
	Calls-in-Advance A/c	Dr.		1,600	
	Calls-in-Arrears A/c	Dr.		3,000	
	To Share Final Call A/c (Being the final call money received except for 1,500 shares and calls-in-advance adjusted towards 800 shares)				1,00,000

Working Notes:

1. Money due from Suresh on Allotment:
   i. Number of shares allotted to Suresh = 30,000/40,000 × 2,000 = 1,500 Shares.
   ii. Application money paid by Suresh = 2,000 × Rs 3 = Rs 6,000.
   iii. Application money required = 1,500 × Rs 3 = Rs 4,500.
   iv. Excess application money adjusted on allottment = [(ii) Rs. 6,000 — (iii) Rs. 4,500] = Rs. 1,500.
   v.

Money due from Suresh on allotment = 1,500 × Rs 5	7,500
Less : Excess application money adjusted (iv)	1,500
Money due from Suresh on allotment	6,000

2.

Calculation of Money received on Allotment:	
Total amount due on allotment	2,50,000
Less : Excess application money adjusted	90,000
	1,60,000

Calculation of Money received on Allotment:	
Less : Money not paid by Suresh (WN 1)	6,000
Money received on Allotment:	1,54,000

3. Calls-in-Advance in case of 800 shares = 800 × Rs. 4 = Rs 3,200
4. Total Money received at the Time of Allotment
   = Rs. 1,54,000 (Note 2) + Rs. 3,200 (Note 3) = Rs. 1,57,200
5. The Companies Act 2013 (Sec 52(1)) requires that the amount of premium received on securities to be credited to Securities Premium Account. Securities Premium is a capital receipt which is shown under the head Reserve & Surplus on the liability side of the balance sheet.
6. If a shareholder defaults in payment of the call amount due on allotment or on any calls according to the terms, the amount not received against the amount called is Calls in arrears. The unpaid amount may or may not be transferred to Calls in arrears account. Company can charge interest on calls in arrears as per mentioned in articles of association or 6% as per Table F(if articles are silent). The Directors have right to wave the interest.

24.

In the books of the firm

Journal Entries

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
2023 Apr-01	Revaluation A/c	Dr.		14,700	
	To Typewriter A/c				1,000
	To Fixed Assets A/c (Decrease in value of typewriter and fixed assets transferred to Revaluation Account)				13,700
Apr-01	Unrecorded stock A/c	Dr.		1,000	
	Investment A/c	Dr.		2,000	
	To Revaluation A/c (Increase in Unrecorded stock and investment transferred to Revaluation Account)				3,000
Apr-01	X's Capital A/c	Dr.		7,800	
	Y's Capital A/c	Dr.		3,900	
	To Revaluation A/c (Revaluation loss transferred to old partners X and Y's Capital Account in their old profit sharing ratio)				11,700

Apr-01	Reserve Fund A/c	Dr.		18,000	
	To X's Capital A/c				12,000
	To Y's Capital A/c (Reserve Fund distributed among old partners in old profit sharing ratio)				6,000
Apr-01	Cash A/c	Dr.		55,000	
	To Z's Capital A/c				40,000
	To Premium for Goodwill A/c (Z brought capital and share of goodwill)				15,000
Apr-01	Premium for Goodwill A/c	Dr.		15,000	
	To X's Capital A/c				10,000
	To Y's Capital A/c (Premium for Goodwill distributed between X and Y in their sacrificing ratio i.e 2 : 1)				5,000
Apr-01	X's Capital A/c	Dr.		5,000	
	Y's Capital A/c	Dr.		2,500	
	To Cash (Half of the Premium for Goodwill withdrawn by X and Y)				7,500
Apr-01	X's Capital A/c	Dr.		10,000	
	To Investments A/c (X took over the Investment)				10,000
Apr-01	Cash A/c	Dr.		5,800	
	To X's Capital A/c (X' brought cash to make up deficiency in capital)				5,800
Apr-01	Y's Capital A/c	Dr.		26,600	
	To Cash A/c (Y withdrew excess capital after all adjustments)				26,600

Cash/Bank Account

Dr.			**Cr.**
Particulars	**(₹)**	**Particulars**	**(₹)**
To Balance b/d	5,000	By X's Capital A/c	5,000
To Z's Capital A/c	40,000	By Y's Capital A/c	2,500

To Premium for Goodwill A/c	15,000	By Y's Capital A/c	26,600
To X's Capital A/c	5,800	By Balance c/d	31,700
	65,800		**65,800**

Revaluation Account

Dr.			Cr.
Particulars	**(₹)**	**Particulars**	**(₹)**
To Printer A/c (5,000 × 20%)	1,000	By Investment A/c	2,000
To Fixed Assets A/c (1,37,000 × 10%)	13,700	By Unrecorded stock A/c	1,000
		By Revaluation Loss transferred to:	
		X Capital A/c	7,800
		Y Capital A/c	3,900
	14,700		**14,700**

Partners' Capital Accounts

Dr.							Cr.
Particulars	**X**	**Y**	**Z**	**Particulars**	**X**	**Y**	**Z**
To Revaluation A/c	7,800	3,900		By Balance b/d	75,000	62,000	
To Investment A/c	10,000			By Reserve Fund A/c	12,000	6,000	
To Cash A/c	5,000	2,500		By Cash A/c			40,000
To Balance c/d	74,200	66,600	40,000	By Premium for Goodwill A/c	10,000	5,000	
	97,000	**73,000**	**40,000**		**97,000**	**73,000**	**40,000**
To Cash A/c		26,600		By Balance b/d	74,200	66,600	40,000
To Balance c/d	80,000	40,000	40,000	By Cash A/c	5,800		
	80,000	**66,600**	**40,000**		**80,000**	**66,600**	**40,000**

Balance Sheet

as on March 31, 2023 after Z's admission

Liabilities		**(₹)**	**Assets**	**(₹)**
Sundry Creditors		25,000	Cash (5,000+40,000+15,000+5,800-26,600 -5,000-2,500)	31,700
Capital Account balances:			Sundry Debtors	15,000
X	80,000		Stock (10,000+1,000)	11,000
Y	40,000		Printer (₹ 5,000 – ₹ 1,000)	4,000
Z	40,000	1,60,000	Fixed Assets (₹ 1,37,000 - ₹ 13,700)	1,23,300

	<u>1,85,000</u>		<u>1,85,000</u>

Working Notes: 1 Sacrificing Ratio

Old ratio X : Y = 2 : 1

Sacrificing Ratio = 2 : 1

Working Notes: 2 Distribution of Revaluation Loss

Revaluation loss transferred to X's Capital = 11,700 $\times \frac{2}{3}$ = ₹ 7,800

Revaluation loss transferred to Y's Capital = 11,700 $\times \frac{1}{3}$ = ₹ 3,900

Working Notes: 3 Distribution of Premium for Goodwill

X will get = 15,000 $\times \frac{2}{3}$ = ₹ 10,000

Y will get = 15,000 $\times \frac{1}{3}$ = ₹ 5,000

Working Notes: 4

Total Capital of the firm on the basis of Z's share = 40,000 $\times \frac{4}{1}$ = ₹ 1,60,000

Total Capital of the firm	1,60,000
Less: Z's Capital	<u>40,000</u>
Combined Capital of X and Y	<u>1,20,000</u>

X's share of Capital = 1,20,000 $\times \frac{2}{3}$ = ₹ 80,000

Y's share of Capital = 1,20,000 $\times \frac{1}{3}$ = ₹ 40,000

OR

Revaluation Account

Particulars	**Amount (Rs)**	**Particulars**	**Amount (Rs)**
To Building A/c	1,00,000	By Land A/c	3,20,000
To Furniture A/c	30,000		
To Profit transferred to Capital A/cs			
L 95,000			
M 47,500			
N 47,500	1,90,000		
	3,20,000 =======		3,20,000 =======

Partners' Capital Accounts

Particulars	**L Amount (Rs)**	**M Amount (Rs)**	**N Amount (Rs)**	**Particulars**	**L Amount (Rs)**	**M Amount (Rs)**	**N Amount (Rs)**
To N's Capital A/c	1,00,000	50,000		By Balance b/d	6,00,000	4,80,000	4,80,000

To N's Loan A/c			8,37,500	By General Reserve	2,20,000	1,10,000	1,10,000
To M's Current A/c (?)		1,20,000		By Revaluation A/c (Profit)	95,000	47,500	47,500
To Balance c/d	10,35,000	5,17,500		By L's Capital A/c			1,00,000
			-	By M's Capital A/c			50,000
				By Workmen's Compensation Fund A/c	1,00,000	50,000	50,000
				By L's Current A/c(Balancing figure)	1,20,000		
	11,35,000	6,87,500	8,37,500		11,35,000 =========	6,87,500 =======	8,37,500 =======

Balance Sheet

as at 1st April, 2013

Liabilties	**Amount (Rs)**	**Assets**	**Amount (Rs)**
Capital A/cs		Land 8,00,000	
L 10,35,000		(+) Appreciation 3,20,000	11,20,000
M 5,17,500	15,52,500	Building 6,00,000	
Liabilities for Workmen Compensation Fund	1,60,000	(-) Depreciation 1,00,000	5,00,000
Creditors	2,40,000	Furniture 2,40,000	
L's Current Account	1,20,000	(-) Depreciation 30,000	2,10,000
N's Loan Account		Debtors 4,00,000	
		(-) Provision for Doubtful Debts 20,000	3,80,000
		Stock	4,40,000
		M's Current A/c	1,20,000
		Cash	1,40,000
	29,10,000 =========		29,10,000 =========

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 d5ceased partner has to be settled by the firm. The problems that arise at the time of retirement of a partner from the firm are:

(1) Ascertainment of new profit sharing ratio,

(2) Ascertainment of gaining ratio,

(3) Treatment of goodwill,

(4) Adjustment for revaluation of assets and liabilities,

(5) Adjustment in respect of unrecorded assets and liabilities,

(6) Adjustment in respect of accumulated profits/losses,

(7) Methods of payment to retiring partner.

i. Finn’s goodwill = Rs 6,00,000

N’s share of goodwill = 6,00,000 $\times \frac{1}{4}$= 1,50,000 to be contributed by L and M in gaining ratio i.e.,2 :1;

L = 1,50,000 $\times \frac{2}{3}$=Rs 1,00,000; M =1,50,000 $\times \frac{2}{3}$= Rs 50,000

ii. **Calculation of Proportionated Capital**

L’s capital after all adjustment = 9,15,000

M’s capital after all adjustment = 6,37,500

Total capital of new firm = Rs 15,52,500

L’s new capital = 15,52,500 $\times \frac{2}{3}$= Rs 10,35,000

M’s new capital = 15,52,500 $\times \frac{1}{3}$= Rs 5,17,500

25. **Z's Capital Account**

Dr.			**Cr.**
Particulars	**Amt(Rs)**	**Particulars**	**Amt(Rs)**
To Z's Executor's A/c	80,250	By Balance b/d	50,000
		By General reserve(24,000 x 1/6)	4,000
		By Revaluation A/c(30,000 x 1/6 working notes)	5,000
		By X's Capital A/c (20,000 x 3/5)	12,000
		By Y's Capital A/c (20,000 x 2/5)	8,000
		By P and L Suspense A/c (working notes X)	1,250
	80,250		80,250

Journal

Date	**Particulars**		**L.F.**	**Dr. (Rs)**	**Cr. (Rs)**
2008 March 31	Z's Capital A/c	Dr.		80,250	
	To Z's Executor's A/c (Being the amount due to Z transferred to Z’s Executor’s A/c				80,250

Date	Particulars		L.F.	Dr. (Rs)	Cr. (Rs)
	on Z's death)				
	Z's Executor A/c	Dr.		80,250	
	To Bank A/c (Being executor's A/c Settled)				80,250

Working Notes:

i. **Revaluation Account**

Dr.				Cr.
Particulars		**Amt(Rs)**	**Particulars**	**Amt(Rs)**
To Building A/c		9,000	By Machinery A/c	34,000
To Profit transferred to Capital A/cs:			By Patents A/c	3,300
X (30,000 x 3/6)	15,000			
Y (30,000 x 2/6)	10,000			
Z (30,000 x 1/6)	5,000	30,000		
		39,000		39,000

ii. Goodwill = 3 x average profit

iii. Average Profit = Total profit / number of years

iv. Total profit = $40,000 + 40,000 + 30,000 + 40,000 + Rs. 50,000 = 2,00,000$.

v. Number of years = 5

vi. So Average Profit = 2,00,000 / 5 = 40,000

vii. Goodwill = 2 x average profit i.e 40000 X 3 = Rs. 1,20,000

Z's share of Goodwill = 1,20,000 $\times \frac{1}{6}$ = Rs. 20,000

viii. Z's share in profit = Average profit $\times \frac{1}{6} \times \frac{2}{12}$

ix. Average profit = 50,000 + 40000 / 2 = 45,000

x. Z's share in profit = Rs. 45,000 $\times \frac{1}{6} \times \frac{2}{12}$ = Rs. 1,250

26. **JOURNAL OF Y LTD.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
2022 June 1	Bank A/c	Dr.		6,00,000	
	To Debentures Application and Allotment A/c (Application money received for 6,000; 12% Debentures)				6,00,000
	Debentures Application and Allotment A/c	Dr.		6,00,000	
	Loss on Issue of Debentures A/c	Dr.		42,000	

	To 12% Debentures A/c				6,00,000
	To Premium on Redemption of Debentures A/c (Debentures allotted and premium payable on redemption accounted)				42,000
2023 March 31	Statement of Profit & Loss (Finance Cost)	Dr.		42,000	
	To Loss on Issue of Debentures A/c (Loss on Issue of Debentures written off)				42,000

Notes:

1. Loss on Issue of Debentures is written off in the year debentures are allotted.
2. Loss on Issue of Debentures is written off from Statement of Profit & Loss because the company does not have balance in Securities Premium.

Dr.	LOSS ON ISSUE OF 12% DEBENTURES ACCOUNT				Cr.
Date	**Particulars**	**₹**	**Date**	**Particulars**	**₹**
2022 June 1	To Premium on Redemption of Debentures A/c	42,000	2023 March 31	By Statement of Profit & Loss (Finance Cost)	42,000
		42,000			**42,000**

Part B :- Analysis of Financial Statements

27.

(d) Window Dressing

Explanation:

Window Dressing

OR

(a) Postulates

Explanation:

Postulates

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

29.

(b) Cash outflow from investing activities ₹ 4,70,000

Explanation:

To classify this transaction based on cash flow activities:

i. **Acquisition of shares** is considered an **investing activity** because it involves the purchase of financial assets (shares). This results in a **cash outflow** of ₹ 5,00,000.

ii. **Dividend received** is considered **cash inflow from operating activities** (not related to the acquisition). However, in the context of this specific question, we need to look at the net cash impact of the share acquisition transaction itself, which is ₹ 5,00,000 minus ₹ 30,000 = ₹ 4,70,000.

Thus, the correct answer is **cash outflow from investing activities ₹ 4,70,000**, because the net cash used in the acquisition of shares is an investment-related transaction.

Correct answer: Cash outflow from investing activities ₹ 4,70,000.

OR

(a) only ii

Explanation:

debentures issued against purchase of machinery is non cash transaction

30.

(d) Investing Activity

Explanation:

Sale of shares of other company are part of investment which is now sold by the company. It is sale of investment, so it will take place in investing activity.

31.

S.no.	**Items**	**Headings**	**Sub-headings**
(i)	Patents	Non Current Assets	Property, Plant and Equipment and Intangible Assets - Intangible Assets
(ii)	Patents being developed by the Company.	Non Current Assets	Property, Plant and Equipment and ; Intangible Assets - Intangible; Assets under development.
(iii)	Current Maturities of Long term Debts.	Current Liabilities	Short-term Borrowings
(iv)	Computer and related equipment.	Non-Current Assets	Property, Plant and Equipment and Intangible Assets - Property, Plant and Equipment
(v)	Goods acquired for trading	Current Assets	Inventories
(vi)	10% Debentures	Non Current Liabilities	Long-term Borrowings
(vii)	Debentures with maturity period in current financial period	Current Liabilities	Other Current Liabilities

32. Net Credit Revenue from operations = Total Revenue from operations – Cash revenue from operations - Sales Return

= 24,00,000 – 4,60,000 – 20,000 = 19,20,000

Trade Receivables Turnover Ratio = Net Credit Revenue from operations / Average Trade Receivables

6 = 19,20,000 / Average Trade Receivables

Average Trade Receivables = 19,20,000 / 6 = 3,20,000

(Opening Debtors + Closing Debtors + Opening B/R + Closing B/R) / 2 = Average Trade Receivables

(2,50,000 + Closing Debtors + 14,000 + 12,000) / 2 = 3,20,000

Closing Debtors = 6,40,000 – 2,76,000 = 3,64,000

33. **HARSH LTD.**

COMMON SIZE BALANCE SHEET

as at 31.3.2022 and 31.3.2023

					(₹ in Lakhs)
Particulars	**Note No.**	**Absolute Amounts**		**Percentage of Balance Sheet Total**	
		2022 ₹	**2023 ₹**	**2022 %**	**2023 %**
I. EQUITY AND LIABILITIES:					
(1) Shareholder's Funds					
(a) Share Capital	1	18.00	18.00	45(i)	40(iv)
(b) Reserves & Surplus		4.00	5.40	10(ii)	12(v)
(2) Non-Current Liabilities		14.00	14.40	35(iii)	32(vi)
(3) Current Liabilities		4.00	7.20	10	16
		40.00	**45.00**	**100**	**100**
II. ASSETS:					
(1) Non-Current Assets					
Property, Plant and Equipment and Intangible Assets		28.00	30.60	70	68
(2) Current Assets		12.00	14.40	30	32
		40.00	**45.00**	**100**	**100**

Working Notes:

i.

Share Capital:	**2022**	**2023**
Equity Share Capital	16.00	16.00
Preference Share Capital	2.00	2.00

	18.00	18.00

ii. All percentages will be calculated on the basis of total of Balance Sheet.

Hence, in 2022 percentages will be based on ₹ 40 Lakhs.

in 2023 percentages will be based on ₹ 45 Lakhs.

Thus,

i. $\frac{18}{40} \times 100 = 45\%$

ii. $\frac{4}{40} \times 100 = 10\%$

iii. $\frac{14}{40} \times 100 = 35\%$

iv. $\frac{18}{45} \times 100 = 40\%$

v. $\frac{5.40}{45} \times 100 = 12\%$

vi. $\frac{14.40}{45} \times 100 = 32\%$ and so on.

OR

Mark Ltd.

COMPARATIVE STATEMENT OF PROFIT & LOSS

for the years ended 31st March 2018 and 31st March 2019

	Particulars	**Note No.**	**2017-18**	**2018-19**	**Absolute Change (Increase or Decrease)**	**Percentage Change (Increase or Decrease)**
	1		**2**	**3**	**4**	**5**
			A	**B**	**B - A = C**	$\frac{C}{A} \times$ **100 = D**
			₹	**₹**	**₹**	**%**
I.	Revenue from operations		40,00,000	50,00,000	10,00,000	25
II.	Add: Other income		2,00,000	2,50,000	50,000	25
III.	Total Income		42,00,000	52,50,000	10,50,000	25
IV.	Less: Expenses					
	Purchase of stock in trade		30,00,000	40,00,000	10,00,000	33.33
	Changes in inventory		8,00,000	10,00,000	2,00,000	25
	Other Expenses		4,00,000	5,00,000	1,00,000	25
	Total Expenses		42,00,000	55,00,000	13,00,000	30.95
	Profit Before Tax		____	(2,50,000)	(2,50,000)	____

34. **CASH FLOW STATEMENT OF XYL LIMITED**

for the year ended 31st March 2023

Particulars		₹	₹
A. Cash Flows from Operating Activities:		1,55,000	
Profit before Tax (Working Note 1)			
Adjustments for non-cash and non-operating items:			
Add: Depreciation on Plant	10,000		
Depreciation on Land and Building	20,000		
Goodwill written off	25,000	55,000	
		2,10,000	
Less: Rent Received		10,000	
Operating profit before working capital changes		2,00,000	
Add: Increase in Current Liabilities:			
Trade Payables		32,000	
		2,32,000	
Less: Increase in Current Assets:			
Inventory	32,000		
Trade Receivables	50,000	(82,000)	
Cash generated from operating activities		1,50,000	
Less: Income Tax paid		(35,000)	
Net Cash from operating activities			1,15,000
B. Cash Flows from Investing Activities:			
Sale of Land and Building(2)		10,000	
Purchase of Plant(3)		(1,30,000)	
Rent Received		10,000	
Net Cash used in investing activities			(1,10,000)
C. Cash Flows from Financing Activities:			
Issue of share capital		50,000	
Payment of proposed dividend (for 2022)		(42,000)	
Interim dividend paid		(20,000)	
Net Cash used in financing activities			(12,000)
Net Decrease in cash and cash equivalents			(7,000)
Add: Cash and cash equivalents in the beginning of the period			25,000

Cash and cash equivalents at the end of the period		18,000

Working Notes:

1. **Profit before Tax:**

	₹
Profit & Loss Balance on 31st March, 2023	48,000
Less: Profit & Loss Balance on 31st March, 2022	30,000
	18,000
Add: Proposed Dividend for 2022	42,000
Interim Dividend paid	20,000
Transfer to General Reserve	30,000
Provision for Taxation(4)	45,000
	1,55,000

There will be no effect of proposed dividend of 2023.

2.

Dr.	**LAND AND BUILDING ACCOUNT**		**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	2,00,000	By Depreciation A/c	20,000
		By Bank A/c (Balancing figure, being sale)	10,000
		By Balance c/d (Given)	1,70,000
	2,00,000		**2,00,000**

3.

Dr.	**PLANT ACCOUNT**		**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Balance b/d	80,000	By Depreciation A/c (Given)	10,000
To Bank A/c (Balancing figure being purchase)	1,30,000	By Balance c/d (Given)	2,00,000
	2,10,000		**2,10,000**

4.

Dr.	**PROVISION FOR TAX ACCOUNT**		**Cr.**
Particulars	**₹**	**Particulars**	**₹**
To Bank A/c (Payment made) (Given)	35,000	By Balance b/d (Given)	40,000
To Balance c/d (Given)	50,000	By Statement of P & L (Balancing figure, being provision made in 2023)	45,000
	85,000		**85,000**

5. Rent received is deducted from Profits because it is related to investment in property. It will be shown as inflow of cash under Investing Activity.