SAMPLE QUESTION PAPER—2025 (Solved)

(Issued by Central Board of Secondary Education, New Delhi)

CLASS — 12th (CBSE)
ACCOUNTANCY

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, 31** and **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)

Q. 1. Anthony a partner was being guaranteed that his share of profits will not be less than ₹ 60,000 p.a. Deficiency, if any was to be borne by other partners Amar and Akbar equally. For the year ended 31st March, 2024 the firm incurred loss of ₹ 1,80,000. What amount will be debited to Amar's Capital Account in total at the end of the year ?

(A) ₹ 60,000 **(B)** ₹ 1,20,000
(C) ₹ 90,000 **(D)** ₹ 80,000.

Ans. (B) ₹ 1,20,000

Q. 2. Assertion : Partner's current accounts are opened when their capital are fluctuating. 1

Reasoning : In case of Fixed capitals all the transactions other than Capital are done through Current account of the partner.

(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.

Ans. (D) (A) is false but R is true.

Q. 3. Forfeiture of shares leads to reduction of .... Capital. 1

(A) Authorised **(B)** Issued
(C) Subscribed **(D)** Called up.

Ans. (C) Subscribed.

Or

Moon ltd. issued 40,000, 10% debentures of ₹ 100 each at certain rate of discount and were to be redeemed at 20% premium. Exiting balance of securities premium before issuing of these debentures was ₹ 12,00,000 and after writing off loss on issue of debentures, the balance in Securities Premium was ₹ 2,00,000. At what rate of discount these debentures were issued ?

(A) 10% **(B)** 5%
(C) 25% **(D)** 15%.

Ans. (B) 5%.

Hint. Securities Premium Balance = 12,00,000
Balance Left = – 12,00,000
Securities Premium used = 10,00,000

Securities Premium used for premium on Redeemtion of Debenture 40,00,000 × 20% = ₹ 8,00,000

Discount on Issue of Debenture = 10,00,000
– 8,00,000
2,00,000

% of Discount on Issue of Debenture = $\frac{₹\,2,00,000}{₹\,40,00,000} \times 100 = 5\%$

Q. 4. At the time of admission of new partner Vasu, Old partners Paresh and Prabhav had debtors of ₹ 6,20,000 and a provision for doubtful debts (PDD) of ₹ 20,000 in their books. As per terms of admission, assets were revalued, and it was found that debtors worth ₹ 15,000 had turned bad and hence should be written off. Which journal entry reflects the correct accounting treatment of the above situation ?

(A) Bad Debts A/c Dr.		15,000	
To Debtors A/c			15,000
Prov for D. debts A/c Dr.		15,000	
To Bad Debts A/c			15,000
(B) Bad Debts A/c Dr.		15,000	
To Debtors A/c			15,000
Revaluation A/c		15,000	
To Prov for doubt debts A/c			15,000
(C) Revaluation A/c Dr.		15,000	
To Debtors A/c			15,000
(D) Bad Debts A/c Dr.		15,000	
To Revaluation A/c			15,000

Ans. (A)

Bad Debts A/c Dr.		15,000	
To Debtors A/c			15,000
Prov. for Doubtful Debts A/c Dr.		15,000	
To Bad Debts A/c			15,000

Or

Ram and Shyam were partners sharing profits and losses in the ratio of 3 : 2. Their balance sheet shows building at ₹ 1,60,000. They admitted Mohan as a new partner for 1/4th share. In additional information it is given that building is undervalued by 20%. The share of loss/gain of revaluation of Shyam is .... & current value of building shown in new balance sheet is ....

(A) Gain ₹ 12,800, Value ₹ 1,92,000
(B) Loss ₹ 12,800, Value ₹ 1,28,000
(C) Gain ₹ 16,000, Value ₹ 2,00,000
(D) Gain ₹ 40,000, Value ₹ 2,00,000

Ans. (C) Gain ₹ 16,000, Value ₹ 2,00,000.

Hint : Building at Full value = $\frac{₹\,1,60,000}{80} \times 100$ = ₹ 2,00,000

Gain on Revaluation = ₹ 2,00,000 – ₹ 1,60,000 = ₹ 40,000

Shyam's Share = ₹ 40,000 × $\frac{2}{5}$ = ₹ 16,000

Q. 5. The profit earned by a firm after retaining ₹ 15,000 to its reserve was ₹ 75,000. The firm had total tangible assets worth ₹ 10,00,000 and outside liabilities ₹ 3,00,000. The value of the goodwill as per capitalization of average profit method was valued as ₹ 50,000. Determine the rate of Normal Rate of Return. **1**

(A) 10% **(B)** 5%

(C) 12% **(D)** 8%.

Ans. (C) 12%.

Hint :

$$\text{Goodwill} = \text{Capitalised value} - \text{Capital employed}$$
$$₹\ 50{,}000 = \text{Capitalised value} - 5\ (₹\ 10{,}00{,}000 - ₹\ 3{,}00{,}000)$$
$$\text{CV} = 7{,}50{,}000$$
$$\text{Capitalised Value} = \frac{\text{Average Normal Profit}}{\text{Normal Rate}} \times 100$$
$$₹\ 7{,}50{,}000 = \frac{(₹\ 75{,}000 + ₹\ 15{,}000)}{\text{Normal Rate}} \times 100$$
$$\text{Normal Rate} = \frac{₹\ 90{,}000}{₹\ 7{,}50{,}000} \times 100 = 12\%$$

Q. 6. Mohit had applied for 900 shares, and was allotted in the ratio 3 : 2. He had paid application money of ₹ 3 per share and couldn't pay allotment money of ₹ 5 per share. First and Final call of ₹ 2 per share was not yet made by the company. His shares were forfeited. The following entry will be passed. **1**

Share Capital A/c Dr.	**X**
To Share Forfeited A/c	**Y**
To Share Allotment A/c	**Z**

Here X, Y and Z are :

(A) ₹ 6,000; ₹ 2,700; ₹ 3,300 **(B)** ₹ 4,800; ₹ 2,700; ₹ 2,100

(C) ₹ 4,800; ₹ 1,800; ₹ 3,000 **(D)** ₹ 6,000; ₹ 1,800; ₹ 4,200.

Ans. (B) ₹ 4,800; ₹ 2,700; ₹ 2,100

Hint :

$$\text{Allotted Share} = \frac{₹\ 900}{3} \times 2 = ₹\ 600$$
$$\text{Called up Capital} = ₹\ 600 \times 8 = ₹\ 4{,}800$$
$$\text{Calls in Arrear on Allotment} = ₹\ 600 \times 5 = ₹\ 3{,}000$$
$$-\ \text{Allotment} = ₹ - 900$$
$$= ₹\ 2{,}100$$

Forfeited Amount ₹ 4,800 – ₹ 2,100 = ₹ 2,700

Or

A company forfeited 6,000 shares of ₹ 10 each, on which only application money of ₹ 3 has been paid. 4,000 of these shares were re-issued at ₹ 12 per share as fully paid up. Amount of Capital Reserve will be ....

(A) ₹ 18,000 **(B)** ₹ 12,000

(C) ₹ 30,000 **(D)** ₹ 24,000.

Ans. (B) ₹ 12,000.

Hint :

Amount Forfeited = 4,000 share @ ₹ 3 = 12,000

Discount on Reissue = NIL

Capital Reserve = 12,000

Q. 7. On 1st April, 2019 a company took a loan of ₹ 80,00,000 on security of land and building. This loan was further secured by issue of 40,000, 12% Debentures of ₹ 100 each as collateral security. On 31st March, 2024 the company defaulted on repayment of the principal amount of this loan

consequently on 1st April, 2024 the land and building were taken over and sold by the bank for ₹ 70,00,000. For the balance amount debentures were sold in the market on 1st May 2024. From which date would the interest on debentures become payable by the company ? **1**

(A) 1st April, 2019 **(B)** 31st March, 2024

(C) 1st April, 2024 **(D)** 1st May, 2024.

Ans. (D) 1st May, 2024.

Q. 8. Rama, a partner took over Machinery of ₹ 50,000 in full settlement of her Loan of ₹ 60,000. Machinery was already transferred to Realisation Account. **1**

How it will effect the Realisation Account ?

(A) Realisation Account will becredited by ₹ 60,000

(B) Realisation Account will be credited by ₹ 10,000

(C) Realisation Account will be credited by ₹ 50,000

(D) No effect on Realisation Account

Ans. (A) Realisation Account will be credited by ₹ 60,000

Or

Dada, Yuvi and Viru were partners sharing profits and losses in the ratio 3 : 2 : 1. Their books showed Workmen Compensation Reserve of ₹ 1,00,000. Workmen claim amounted to ₹ 60,000. How it will affect the books of Accounts at the time of dissolution of firm ?

(A) Only ₹ 40,000 will be distributed amongst partner's capital account.

(B) ₹ 1,00,000 will be credited to Realisation Account and ₹ 60,000 will be paid off.

(C) ₹ 60,000 will be credited to Realisation Account and will be even paid off. Balance ₹ 40,000 will be distributed amongst partners.

(D) Only ₹ 60,000 will be credited to Realisation Account and will be even paid off.

Ans. (C) ₹ 60,000 will be credited to Realisation Account and will be even paid off. Balance ₹ 40,000 will be distributed amongst partners

Q. 9. Ikka, Dukka and Teeka were partners sharing profits and losses in the ratio of 2 : 2 : 1. Their fixed Capital balances were ₹ 5,00,000; ₹ 4,00,000 and ₹ 3,00,000 respectively. For the year ended March 31, 2024 profits of ₹ 84,000 were distributed without providing for Interest on Capital @ 10% p.a. as per the partnership deed. **1**

While passing an adjustment entry, which of the following is correct ?

(A) Teeka will be debited by ₹ 4,200 **(B)** Teeka will be credited by ₹ 4,200

(C) Teeka will be credited by ₹ 6,000 **(D)** Teeka will be debited by ₹ 6,000.

Ans. (B) Teeka will be credited by ₹ 4,200

Hint :

	Ikka	Dukka	Teeka
Interest on Capital	50,000	40,000	30,000

Total Interest on Capital = 1,20,000

Insufficient profit are ₹ 84,000

So Available profit of ₹ 84,000 will be divided in 5 : 4 : 3 ratio

Correct Distribution		Ikka		Dukka		Teeka
84,000 → 5 : 4 : 3	Cr.	35,000		28,000		21,000
Wrong 84,000 → 2 : 2 : 1	Dr.	33,600		33,600		16,800
	Cr.	1,400	Dr.	5,600	Cr.	4,200

Tikka will be credited by ₹ 4,200

Q. 10. At the time of dissolution Machinery appears at ₹ 10,00,000 and accumulated depreciation for the machinery appears at ₹ 6,00,000 in the balance sheet of a firm. This machine is taken over by a creditor of ₹ 5,40,000 at 5% below the net value. The balance amount of the creditor was paid through bank. By what amount should the bank account be credited for this transaction ? **1**

(A) ₹ 60,000 **(B)** ₹ 1,60,000
(C) ₹ 5,40,000 **(D)** ₹ 4,00,000.

Ans. (B) ₹ 1,60,000

Hint :

Machine at Re-saleable value	=10,00,000
Depreciation	– 6,00,000
	4,00,000
5% Discount	– 20,000
At value taken by Creditor	3,80,000
	5,40,000
Amount to be paid by Creditor	– 3,80,000
	1,60,000

Q. 11. Rahul, Samarth and Ayaan were partners sharing profits and losses in the ratio of 5 : 4 : 3. Ayaan's fixed Capital balance as on March 31, 2024 was ₹ 2,70,000. Which of the following items would have affected this Capital balance. 1

(A) Profit/Loss for the year
(B) Additional Capital introduced
(C) Reduction in Capital due to Capital Adjustment
(D) Both (B) and (C).

Ans. (D) Both (B) and (C).

Q. 12. Shares issued as sweat equity can be 1

(*i*) Issued at par.
(*ii*) issued at discount.
(*iii*) Issued at a premium

Which of the following is correct ?

(A) Only (*i*) is correct **(B)** Both (*i*) and (*iii*) are correct
(C) All are correct **(D)** Only (*ii*) is correct.

Ans. (C) All are correct.

Q. 13. 2,000 shares allotted to Ms. Regal, on which ₹ 80 each called up and ₹ 50 paid were forfeited and reissued for ₹ 70 each as ₹ 90 paid up. Amount transferred to capital reserve A/c is 1

(A) ₹ 1,00,000 **(B)** ₹ 60,000
(C) ₹ 40,000 **(D)** ₹ 20,000.

Ans. (B) ₹ 60,000.

Hint :

Amount for Forfeited	= 2,000 × 50 =	1,00,000
Discount on Re-issue 2,000 × 20 (90 – 70)	=	– 40,000
Capital Reserve	=	60,000

Q. 14. Joey, Sam and Tex were partners sharing profits and losses in the ratio 5 : 3 : 2. W.e.f. 01 April, 2024 they decided to share future profits and losses in the ratio 2 : 1 : 1. for which of the following balances Tex will be credited at the time of reconstitution of firm, if the firm decided to continue with available accumulated profits and losses balances. 1

(A) General Reserve ₹ 2,00,000 and Profit and Loss (Dr.) ₹ 1,20,000
(B) General Reserve ₹ 2,00,000 and Profit and Loss (Cr.) ₹ 2,50,000.
(C) Deferred Revenue Expenditure of ₹ 50,000 and Profit and Loss (Cr.) ₹ 80,000
(D) Deferred Revenue Expenditure ₹ 50,000 and Profit and Loss (Dr.) ₹ 80,000.

Ans. (D) Deferred Revenue Expenditure ₹ 50,000 and Profit and Loss (Dr.) ₹ 80,000.

Hint : Sacrificing/Gaining Ratio.

O – N

$$\text{Joey} = \frac{5}{10} - \frac{2}{4} = \frac{10-10}{20} = \frac{0}{20} = 0$$

$$\text{Sam} = \frac{3}{10} - \frac{1}{4} = \frac{6-5}{20} = \frac{1}{20}$$

$$\text{Tex} = \frac{2}{10} - \frac{1}{4} = \frac{4-5}{20} = \frac{-1}{20}\ (\text{Cr})$$

Gaining partner will be credited in case of Loss only so option (D) is correct.

Q. 15. Rohit, Virat and Shikhar were partners sharing profits and losses in the ratio 3 : 1 : 1. Their Capital balance as on March 31, 2004 was ₹ 3,00,000; ₹ 2,70,000 and ₹ 2,50,000 respectively. On the same date, they admitted Hardik as a new partner for 20% share. Hardik was to bring ₹ 80,000 for his share of goodwill and 1/5 of the combined capital of all the partners of new firm. What will be the total amount brought in by Hardik on his admission as a new partner ? **1**

(A) ₹ 2,25,000 **(B)** ₹ 1,80,000

(C) ₹ 2,60,000 **(D)** ₹ 3,05,000

Ans. (A) ₹ 2,25,000

Hint :

Present combine capital Amount	3,00,000
	2,70,000
	2,50,000
	8,20,000
Goodwill	80,000
	9,00,000

Hardik share of Capital = 9,00,000 × $\frac{1}{5}$ = 2,25,000

Or

A, B and C were partners sharing profits and losses equally. B died on 31 August, 2023 and total amount transferred to B's executors was ₹ 13,20,000. B's executors were being paid ₹ 1,20,000 immediately and balance was to be paid in four equal semi-annual instalments together with interest @ 10% p.a. Total amount of interest to be credited to B's executors Account for the year ended March 31, 2024 will be ? **1**

(A) ₹ 70,000 **(B)** ₹ 67,500

(C) ₹ 60,000 **(D)** ₹ 77,000.

Ans. (B) ₹ 67,500

Q. 16. String and Kite were partners sharing profits and losses in the ratio 5 : 3. They admitted spinner as a new partner. String sacrificed 1/4 from his share and Kite sacrificed 1/6 of his share. What will be the new ratio ? **1**

(A) 6 : 5 : 5 **(B)** 9 : 5 : 10

(C) 15 : 10 : 7 **(D)** 35 : 21 : 40.

Ans. (A) 6 : 5 : 5.

Hint. String Sacrifice = $\frac{1}{4}$

Kite Sacrifice = $\frac{3}{8}\times\frac{1}{6}=\frac{1}{16}$

String New = $\frac{5}{8}-\frac{1}{4} = \frac{5-2}{8} = \frac{3}{8}$

Kite New = $\frac{3}{8}-\frac{1}{16} = \frac{6-1}{16} = \frac{5}{16}$

Spinner New = $\frac{1}{4}+\frac{1}{16} = \frac{4+1}{16} = \frac{5}{16}$

String	Kite	Spinner
$\frac{3}{8}$	$\frac{5}{16}$	$\frac{5}{16}$
$\frac{6}{16}$	$\frac{5}{16}$	$\frac{5}{16}$
6 : 5 : 5		

Q. 17. Rusting, a partner of a firm under dissolution was to get a remuneration 2% of the total assets realised other than cash and 10% of the amount distributed to the partners. Sundry assets (including Cash ₹ 8,000) realised at ₹ 1,16,000 and sundry liabilities to be paid ₹ 31,340. Calculate Rusting's remuneration and Show your workings dearly. Also pass necessary journal entry for remuneration. **3**

Ans. Assets Realised = 1,16,000 – 8,000 = 1,08,000

$$\text{Commission} = 1{,}08{,}000 \times \frac{2}{100} = 2{,}160$$

Amount available for partners = 1,16,000
– 31,340
84,660

$$\text{Remuneration} = 84{,}660 \times \frac{10}{100} = 8{,}466$$

Commission = 2,160
Total Remuneration = 10,626

Journal

Date	Particulars	Debit (₹)	Credit (₹)
	Realisation A/c Dr. To Rusting's Capital Account (Being remuneration payable to partner)	10,626	 10,626

Q. 18. A, B and C were partners sharing profits, and losses in the ratio of 2 : 2 : 1. C died on 1st July, 2023 on which date the capitals of A, B and C after all necessary adjustments stood at ₹ 74,000, ₹ 6,750 and 42,250 respectively. A and B continued to carry on the business for six months without setling the accounts of C. During the period of six months from 1-7-2023, a profit of ₹ 20,500 is earned using the firm's property. State which of the two options available u/s 37 of the Indian Partnership Act, 1932 should be exercised by executors of C and why ? **3**

Ans. (*i*) Share in the subsequent profits attributable to the use of his balance.

$$= \frac{₹\,42{,}250 \times 20{,}500}{₹\,1{,}80{,}000} = ₹\,4{,}812$$

(*ii*) Interest @ 6% p.a. on the use of his balance $= ₹\,42{,}250 \times \frac{6}{12} \times \frac{6}{100} = ₹\,1{,}267.50$

C should exercise option (*i*) since the amount payable to him under this option is more as compared to the amount payable to him under option (*ii*).

Or

Amit and Kartik are partners sharing profits and losses equally. They decided to admit Saurabh for an equal share in the profits. For this purpose, the goodwill of the firm was to be valued at four years' purchase of super profits.

The Balance Sheet of the firm on Saurabh's admission was as follows :

Liabilities		Amount (₹)	Assets	Amount (₹)
Capital Accounts			**Fixed Assets (Tangible)**	**75,000**
Amit	**90,000**		**Furniture**	**15,000**
Kartik	**50,000**	**1,40,000**	**Stock**	**30,000**
Creditors		**5,000**	**Debtors**	**20,000**
General Reserve		**20,000**	**Cash**	**50,000**
Bills payable		**25,000**		
		1,90,000		**1,90,000**

The normal rate of return is 12% p.a. Average profit of the firm for the last four years was ₹ 30,000. Calculate Saurabh's share of goodwill.

Ans.

Capital of Firm = 1,40,000 + 20,000 (Reserve) = ₹ 1,60,000

Normal Profit = $1,60,000 \times \frac{12}{100}$ = ₹ 19,200

Average Profit = ₹ 30,000

Super Profit = Average Profit – Normal Profit = 30,000 – 19,200 = ₹ 10,800

Goodwill = 4 (Super profit) = 4 (10,800) = ₹ 43,200

Saurabh's share of Goodwill = $\frac{1}{3}$ of 43,200 = ₹ 14,400.

Q. 19. Buddha Limited took over assets of ₹ 40,00,000 and liabilities of ₹ 6,50,000 of Ginny Limited. Buddha Limited issued 30,000, 8% Debenture of ₹ 100 each at 10% discount, to be redeemed at 5% premium among with cheque of ₹ 5,00,000. Pass necessary journal entries in the books of Buddha Ltd. **3**

Ans. **Journal**

Date	Particulars		Debit (₹)	Credit (₹)
	Assets A/c	Dr.	40,00,000	
	To Liabilities A/c			6,50,000
	To Ginny Ltd. A/c			32,00,000
	To Capital Reserve A/c			1,50,000
	(Being Business taken over and capital reserve recorded)			
	Ginny Limited A/c	Dr.	32,00,000	
	Loss on Issue of Debentures A/c	Dr.	4,50,000	
	To 8% Debentures A/c			30,00,000
	To Premium on redemption of Debentures A/c			1,50,000
	To Bank A/c			5,00,000
	(Being purchased consideration discharged)			

Workings = 30,00,000 @ 90% = 27,00,000, Discount = ₹ 3,00,000.

Premium on redemption

30,00,000 × 5% = 1,50,000

Loss on Issue of debentures = Discount + Premium on Redemption

= 3,00,000 + 1,50,000

= 4,50,000

Or

A company forfeited 8,000 shares of ₹ 10 each on which ₹ 8 were called (including ₹ 1 premium) and ₹ 6 was paid (including ₹ 1 premium). Out of these 5,000 shares were re-issued at maximum possible discount. pass necessary journal entries.

Ans. **Journal**

Date	Particulars		Debit (₹)	Credit (₹)
	Share Capital A/c	Dr.	56,000	
	To Shares Forfeited A/c (8,000 × 5)			40,000
	To Calls in Arrears A/c			16,000
	(Being Shares forfeited)			
	Bank A/c	Dr.	10,000	
	Shares Forteited A/c (5,000 × 5)	Dr.	25,000	
	To Share Capital A/c			35,000
	(Being 5,000 shares reissued at discount of maximum ₹ 5 per share)			

Q. 20. Bat, Cat and Rat were partners sharing profits and losses in the ratio 5 : 3 : 2. Cat retired and on that date there was a balance of Investment of ₹ 4,00,000 and Investment Fluctuation Reserve of ₹ 1,00,000 was appearing in the balance sheet. **3**

Pass necessary journal entries for Investment Fluctuation reserve in the following cases.

(*i*) Market Value of Investments was ₹ 4,80,000.

(*ii*) Market Value of Investments was ₹ 3,80,000

(*iii*) Market Value of Investments was ₹ 2,90,000.

Ans. **Journal**

Date	Particulars		Debit (₹)	Credit (₹)
(*i*)	Investment Fluctuation Reserve A/c	Dr.	1,00,000	
	To Bat's Capital A/c			50,000
	To Cat's Capital A/c			30,000
	To Rat's Capital A/c			20,000
	(Being Invest. Fluctuation Reserve distributed)			
	Investment A/c	Dr.	80,000	
	To Revaluation A/c			80,000
	(Being Increase in investment recorded)			
	Revaluation A/c	Dr.	80,000	
	To Bat's Capital A/c			40,000
	To Cat's Capital A/c			24,000
	To Rat's Capital A/c			16,000
	(Being Gain on revaluation transferred to partners capital A/c)			
(*ii*)	Investment Fluctuation Reserve A/c	Dr.	1,00,000	
	To Bat's Capital A/c			40,000
	To Cat's Capital A/c			24,000
	To Rat's Capital A/c			16,000
	To Investment A/c			20,000
	(Being decrease in investment recorded and balance invest. Fluctuation Reserve distributed)			
(*iii*)	Investment Fluctuation Reserve A/c	Dr.	1,00,000	
	Revaluation A/c	Dr.	10,000	
	To Investment A/c			1,10,000
	(Being decrease in investment recorded)			
	Bat's Capital A/c	Dr.	5,000	
	Cat's Capital A/c	Dr.	3,000	
	Rat's Capital A/c	Dr.	2,000	
	To Revaluation A/c			10,000
	(Being Loss on revaluation distributed among the partners)			

Q. 21. A company forfeited certain number of shares of Face Value ₹ 10 each, for non-payment of final call money of ₹ 4. These shares were reissued at a discount of ₹ 5 and amount of ₹ 4,500 was transferred to capital Reserve account. Pass the necessary journal entries to show the above transactions and prepare Share forfeited account. **4**

Ans. **Journal**

Date	Particulars	Debit	Credit
	Share Capital A/c (4,500 × 10) Dr.	45,000	
	To Forfeited Shares A/c (4,500 × 6)		27,000
	To Share Final Call A/c (4,500 × 4)		18,000
	(Being 4,500 shares forfeited)		
	Bank A/c (4,500 × 5) Dr.	22,500	
	Forfeited Shares A/c Dr.	22,500	
	To Share Capital A/c (4,500 × 10)		45,000
	(Being 4,500 shares reissued)		
	Forfeited Share A/c Dr.	4,500	
	To Capital Reserve A/c		4,500
	(Being balance of share forfeiture transferred to Capital reserve) (27,000 – 22,500)		

Dr. **Share Forfeited A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Share Capital A/c	22,500	By Share Capital	27,000
To Capital Reserve A/c	4,500		
	27,000		27,000

Q. 22. X, Y and Z were partners sharing profits and losses equally. Y died on 1st October, 2023 and total amount transferred to Y's executors was ₹ 15,60,000. Y's executors were being paid ₹ 3,60,000 immediately and balance was to be paid in four equal quarterly instalments, together with interest @ 6% p.a. pass entries till payment of first two instalments. **4**

Ans. **Journal**

Date	Particulars	Debit (₹)	Credit (₹)
1.10.2023	Y's Capital A/c Dr.	15,60,000	
	To Y's Executors A/c		15,60,000
	(Being balance in capital transferred to executors account)		
1.10.2023	Y's Executors A/c Dr.	3,60,000	
	To Bank A/c		3,60,000
	(Being payment made to the executor)		
31.12.2023	Interest A/c Dr.	18,000	
	To Y's Executor's A/c		18,000
	(Being Interest due) $\left(12,00,000 \times \frac{6}{100} \times \frac{3}{12}\right)$		
31.12.2023	Y's Executors A/c Dr.	3,18,000	
	To Bank A/c		3,18,000
	(Being payment made to the executor) (3,00,000 + 18,000)		
31.03.2024	Interest A/c Dr.	13,500	
	To Y's Executors A/c		13,500
	(Being Interest due) $(9,00,000 \times \frac{6}{100} \times \frac{3}{12})$		
31.03.2024	Y's Executors A/c Dr.	3,13,500	
	To Bank A/c		3,13,500
	(Being payment (3,00,000 + 13,500) made to the executor)		

Q. 23. K.N. Ltd. invited applications for issuing 6,00,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows : On Application and Allotment – ₹ 3 per share; On First Call – ₹ 4 per share; On Second and Final Call – Balance (including premium). The issue was oversubscribed by 1,50,000 shares. Applications for 50,000 shares were rejected and the application money was refunded. Shares were allotted to the remaining applicants as follows :

Category I : Those who had applied for 4,00,000 shares were allotted 3,00,000 shares on pro-rata basis. **6**

Category II : The remaining applicants were allotted the remaining shares.

Excess application money received with applications was adjusted towards sums due on first call. Rakesh to whom 6,000 shares were allotted (out of Category I) Failed to pay the first call money. His shares were forfeited. The forfeited shares were re-issued at ₹ 13 per share fully paid up after the second call, Pass necessary journal entries for the above transactions in the books of K.N. Ltd.

Ans. **Journal**

Date	Particulars		Debit (₹)	Credit (₹)
	Bank A/c	Dr.	22,50,000	
	To Share Application and allotment A/c			22,50,000
	(Being Application and allotment money received for 7,50,000 Share @ ₹ 3 each)			
	Share Application and Allotment A/c	Dr.	22,50,000	
	To Equity Share Capital A/c			18,00,000
	To Share First Call A/c (1,00,000 × 3)			3,00,000
	To Bank A/c (50,000 × 3)			1,50,000
	(Being application and allotment money adjusted and excess refunded)			
	Share 1st Call A/c	Dr.	24,00,000	
	To Equity Share Capital A/c			24,00,000
	(Being call money due)			
	Bank A/c	Dr.	20,82,000	
	Calls In Arrears A/c	Dr.	18,000	
	To Share 1st Call A/c			21,00,000
	(Being call money received except on 6,000 shares)			
	Share Capital A/c	Dr.	42,000	
	To Shares Forfeited A/c			24,000
	To Calls in Arrears			18,000
	(Being 6,000 shares forfeited)			
	Share 2nd Call A/c (5,94,000 × 6)	Dr.	35,64,000	
	To Share Capital A/c			17,82,000
	To Securities Premium A/c			17,82,000
	(Being 2nd Call money due)			
	Bank A/c	Dr.	35,64,000	
	To Share 2nd Call A/c			35,64,000
	(Being 2nd Call money received)			
	Bank A/c	Dr.	78,000	
	To Share Capital A/c (6,000 × 10)			60,000
	To Securities Premium A/c (6,000 × 3)			18,000
	(Being forfeited shares reissued)			
	Shares Forfeited A/c	Dr.	24,000	
	To Capital Reserve A/c			24,000
	(Being balance transferred to capital reserve as no discount on re-issued)			

Working : Default on Ist call $= \frac{6,000}{3} \times 4$

$= (8,000 - 6,000) \times 3$

$= 6,000$ [Excess]

Due $= 6,000 \times 4 = 24,000$

Excess $= -\ 6,000$

Arrear on Ist call $= 18,000$

Or

(*a*) Pass the necessary journal entries for 'Issue of Debenture' for the following :

(*i*) Arman Ltd. issued 750, 12% Debentures of ₹ 100 each at a discount of 10% redeemable at a premium of 5%.

(*ii*) Sohan Ltd. issued 800, 9% Debentures of ₹ 100 each at a premium of 20 per debenture redeemable at a premium of ₹ 10 per Debenture.

(*b*) X Ltd. obtained a loan of ₹ 4,00,000 from IDBI Bank. The company issued 5,000, 9% Debentures of ₹ 100 each as a collateral security for the same. Show how these items will be presented in the Balance Sheet of the company.

Ans. **Journal**

Date	Particulars		Debit (₹)	Credit (₹)
(*a*) (*i*)	Bank A/c	Dr.	67,500	
	To Debenture Application and Allotment A/c			67,500
	(Being Debenture application & Allotment money received)			
	Debenture Application and Allotment A/c	Dr.	67,500	
	Loss on Issue of Debentures A/c (7,500 + 3,750)	Dr.	11,250	
	To 12% Debentures A/c			75,000
	To Premium on-redemption of debentures A/c (750 × 5)			3,750
	(Being Debentures issued at discount redeemable at premium)			
(*a*) (*ii*)	Bank A/c	Dr.	96,000	
	To Debenture Application and Allotment A/c			96,000
	(Being application & Allotment money received)			
	Debenture Application and Allotment A/c	Dr.	96,000	
	Loss on Issue of Debentures A/c	Dr.	8,000	
	To 12% Debentures A/c (800 × 100)			80,000
	To Securities Premium A/c (800 × 20)			16,000
	To Premium on Redemption A/c (800 × 10)			8,000
	(Being Debenture issued at discount redeemable at premium)			

(*b*) **Balance sheet Extract of X Ltd.**

Particulars	Note no.	(₹)
1. Equity & Liabilities		
Non-current liabilities		
Long term borrowings	1	4,00,000

Notes to Accounts :

1. Long term borrowings Loan from IDBI (Secured by issue of 5,000, 9% debentures of ₹ 100 each as collateral security)	4,00,000

Q. 24. Meghna, Mehak and Mandeep were partners in a firm whose Balance Sheet as on 31st March, 2023 was as under : 6

Balance Sheet

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		28,000	Cash	27,000
General Reserve		7,500	Debtors	20,000
Capitals :			Stock	28,000
Meghna :	20,000		Furniture	5,000
Mehak :	14,500			
Mandeep :	10,000	44,500		
		80,000		80,000

Mehak retired on this date under following terms :

(*i*) To reduce stock and furniture by 5% and 10% respectively.

(*ii*) To provide for doubtful debts at 10% on debtors.

(*iii*) Goodwill was valued at ₹ 12,000.

(*iv*) Creditors of ₹ 8,000 were settled at ₹ 7,100.

(*v*) Mehak should be paid off and the entire sum payable to Mehak shall be brought in by Meghna and Mandeep in such a way that their capitals should be in their new profit-sharing ratio and a balance of ₹ 25,000 is maintained in the cash account.

Prepare Revaluation, Account and partner's capital accounts of the new firm.

Ans.

Revaluation A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars		Amount (₹)
To Stock A/c	1,400	By Creditors A/c		900
To Furniture A/c	500	By Loss transferred to Capital A/c		
To Provision for doubtful debts	2,000	Meghna :	1,000	
		Mehak :	1,000	
		Mandeep :	1,000	3,000
	3,900			3,900

Partner Capital Account

Dr. **Cr.**

Particulars	Meghna	Mehak	Mandeep	Particulars	Meghna	Mehak	Mandeep
To Revaluation	1,000	1,000	1,000	By Balance b/d	20,000	14,500	10,000
To Mehak	2,000	–	2,000	By General Reserve	2,500	2,500	2,500
To Cash	–	20,000	–	By Meghna	–	2,000	
To Balance c/d	27,050	–	27,050	By Mandeep	2,000		
				By Cash	7,550	–	17,550
	30,050	21,000	30,050		30,050	21,000	30,050

Mehak Goodwill = $12,000 \times \frac{1}{3} = 4,000$ To be paid equally by Meghna and Mandeep

Or

Varun and Vivek were partners in a firm sharing profits in the ratio of 3 : 2. The balance in their capital and current accounts as on 1st April, 2022 were as under :

Particulars	Varun (₹)	Vivek (₹)
Capital accounts	3,00,000 (Cr.)	2,00,000 (Cr.)
Current accounts	1,00,000 (Cr.)	28,000 (Dr.)

The partnership deed provided that Varun was to be paid a salary of ₹ 5,000 p.m. whereas Vivek was to get a commission of ₹ 30,000 for the year. Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Varun were ₹ 3,000 at the beginning of each quarter while Vivek withdrew ₹ 30,000 on 1st September, 2022. The net profit of the firm for the year, 2022-23, before making the above adjustments was ₹ 1,20,000.

Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

Ans. **Profit & Loss Appropriation A/c**

Of Varun and Vivek For the year ended on March 31,2023

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Partners Current A/c		By Profit & Loss A/c (Net Profit)	1,20,000
Varun :	78,508	By Interest on Drawings	
Vivek :	42,992	Varun :	450
		Vivek :	1,050
	1,21,500		1,21,500

Insufficient profits so expenses distributed as 43 : 23. In the ratio of expenses.

Partner's Capital A/c

Dr. **Cr.**

Particulars	Varun	Vivek	Particulars	Varun	Vivek
To Balance c/d	3,00,000	2,00,000	By Balance b/d	3,00,000	2,00,000
	3,00,000	2,00,000		3,00,000	2,00,000

Partner's Current A/c

Dr. **Cr.**

Particulars	Varun	Vivek	Particulars	Varun	Vivek
To Balance b/d	—	28,000	By Balance b/d	1,00,000	—
To Drawings	12,000	30,000	By Profit and Loss Appropriation A/c	78,508	42,992
To Interest on Drawings	450	1,050	By Balance c/d	—	16,058
To Balance c/d	1,66,058	—			
	1,78,508	59,050		1,78,508	59,050

Q. 25. Sunny and Bobby were partners in a firm sharing profits and losses in the ratio 3 : 2, their balance sheet as at 31st March, 2012. **6**

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		**1,90,000**	**Bank**		**5,000**
Bills Payable		**1,10,000**	**Fixed Deposits**		**70,000**
Employees provident fund		**50,000**	**Stock**		**86,000**
Mrs. Sunny's Loan		**55,000**	**Investments**		**1,04,000**
Bobby's Loan		**85,000**	**Debtors**	**1,77,000**	
Investment Fluctuation Fund		**30,000**	**(-) Provision for D/D**	**12,000**	**1,65,000**
Capitals :			**Other Fixed Assets**		**3,80,000**
Sunny :	**2,20,000**		**Deferred Revenue Expenditure**		**35,000**
Bobby :	**1,20,000**	**3,40,000**	**Sunny's Loan**		**15,000**
		8,60,000			**8,60,000**

The firm was dissolved on 31st March, 2012. The assets were realized and the liabilities were paid as under :

(*a*) Sunny promised to pay off Mrs. Sunny's Loan

(*b*) Bobby took away stock at 20% discount and 80% of the investments at 10% discount.

(*c*) Dharam a debtor of ₹ 60,000 had to pay the amount due 2 months after the date of dissolution. He was allowed a discount of 9% p.a. for making immediate payment.

(*d*) Creditors were paid ₹ 1,75,000 in full settlement of their claim.

(*e*) 90% of Other fixed assets realised ₹ 1,98,000 and remaining were realised at discount of 15%.

(*f*) Balance of investments were sold at 75% value and Fixed Deposits were realised at 110%.

(*g*) There was an old furniture which has been written off completely from the books, Bobby took away the same for ₹ 41,000 against his loan and balance to him was given in cash.

(*h*) Realisation expenses ₹ 20,000 were paid by Sunny and Bobby equally on behalf of the firm.

You are required to prepare Realisation A/c

Ans. **Realisation Account**

Dr. **Cr.**

Particulars		Amount (₹)	Particulars		Amount (₹)
To Fixed Deposits		70,000	By Provision for Doubt. Debts		12,000
To Stock		86,000	By Bills payable		1,10,000
To Investments		1,04,000	By Creditors		1,90,000
To Debtors		1,77,000	By Employees provident fund		50,000
To Other fixed assets		3,80,000	By Mrs. Sunny's Loan		55,000
To Sunny's Capital A/c (Loan repaid)		55,000	By Investment fluctuation fund		30,000
To Bank A/c			By Bank A/c		
Creditors	1,75,000		Debtors	1,76,100	
Bills Payable	1,10,000		Other Fixed assets	2,30,300	
Emp. prov. fund	50,000	3,35,000	Investments	15,600	
To Sunny's Capital A/c – Expense		10,000	Fixed deposits	77,000	4,99,000
			By Bobby's Capital A/c		1,43,680
To Bobby's Capital A/c – Expense		10,000	By Bobby's Loan A/c		41,000
			By Partners Capital A/c – Loss on real. (3 : 2)		
			Bobby	57,792	
			Sunny	38,528	96,320
		12,27,000			12,27,000

Q. 26. **Balance Sheet (Extract)** **6**

Of XYZEE Ltd as at 31.03.2024 (as per schedule-III of Companies Act 2013)

	Note no.	31.03.2023	31.03.2024
I-Equity & Liabilities			
1. Shareholders Funds			
(*a*) Share Capital	**1**	**44,90,000**	**54,90,000**
(*b*) Reserves and Surplus	**2**	**2,00,000**	**3,60,000**

Note no. 1 (For year ending 31.03.2023)		
Share Capital		
(1) Authorised Share Capital		
8,00,000 Equity Shares of ₹ 10 each		**80,00,000**
(2) Issued Share Capital		
4,50,000 Equity Shares of ₹ 10 each		**45,00,000**
(3) Called Up Share Capital		
(*a*) Called Up and Fully paid		
₹ 10 per share on 5,45,000 Equity Shares	**44,50,000**	
(*b*) Called Up and not Fully paid		
₹ 10 per share on 5,000 Equity shares	**50,000**	
Less not paid : ₹ 2 per share on 5,000 Equity shares	**– 10,000**	**44,90,000**

Note no. 1 (For year ending 31.03.2023)		
Share Capital		
(1) Authorised Share Capital		
8,00,000 Equity Shares of ₹ 10 each		**80,00,000**
(2) Issued Share Capital		
5,50,000 Equity Shares of ₹ 10 each		**55,00,000**
(Out of these 40,000 shares were issued to the vendors as consideration for Capital asset purchased)		
(3) Called Up Share Capital		
(*a*) Called Up and Fully paid		
₹ 10 per share on 5,45,000 Equity Shares	**54,50,000**	
(*b*) Called Up and not Fully paid		
₹ 10 per share on 5,000 Equity shares	**50,000**	
Less not paid : ₹ 2 per share on 5,000 Equity shares	**– 10,000**	**54,90,000**

Note no. 2 – Reserves and Surplus		
	31.03.2023	**31.03.2024**
Capital Reserve	**Nil**	**40,000**
Securities Premium	**2,00,000**	**3,20,000**

During the year the company took over the business of Quipa Ltd. with Assets of ₹ 12,00,000 and Liabilities of ₹ 7,30,000. Purchase consideration was paid in cash and by issue of equity shares at par the entire transaction resulted in Capital reserve of ₹ 40,000.

Q. 1. What is the total face value of Shares issued for Cash by the Company during the year 2023-24.

(A) ₹ 10,00,000 **(B)** ₹ 6,00,000
(C) ₹ 9,50,000 **(D)** ₹ 11,20,000.

Ans. (A) ₹ 10,00,000 [54,90,000 – 44,90,000]

Q. 2. Shares issued for cash during the year were issued at .... (assuming they were issued together) ?

(A) ₹ 10 **(B)** ₹ 8
(C) ₹ 12 **(D)** ₹ 11.20.

Ans. (C) ₹ 12 [10 + 2]

Q. 3. On April, 1, 2024, the company forfeited all the defaulting shares. What amount will appear in the Share Forfeiture account at the time of forteiture ?

(A) ₹ 40,000 **(B)** ₹ 50,000
(C) ₹ 10,000 **(D)** ₹ 60,000.

Ans. (A) ₹ 40,000 [50,000 – 10,000 (Calls in Arrear)]

Q. 4. What will be the number of Issued shares, as on April 1, 2024 after the forfeiture of these shares ?

(A) 5,45,000 shares **(B)** 5,50,000 shares
(C) 4,45,000 shares **(D)** 5,05,000 shares.

Ans. (B) 5,50,000 shares [5,45,000 + 5,000]

Q. 5. If 2,000 of the forfeited shares were issued at ₹ 14 per share, what will be the amount of securities premium and Capital reserve respectively as on April 1, 2024 ?

(A) ₹ 3,20,000, ₹ 40,000 **(B)** ₹ 3,28,000, ₹ 56,000
(C) ₹ 3,28,000, ₹ 80,000 **(D)** ₹ 3,20,000, ₹ 80,000.

Ans. (B) ₹ 3,28,000, ₹ 56,000

Workings :

Securities Preminum	3,20,000	Capital Reserve	40,000
Add : Recieved on		Add :	
Re-issue 2,000 × 4	8,000	2,000 × 8 (forfeited)	16,000
	3,28,000		56,000

Q. 6. What will be the amount in the "Called up and Fully paid" subhead after the reissue of these 2000 shares ?

(A) ₹ 54,50,000 **(B)** ₹ 55,00,000
(C) ₹ 54,70,000 **(D)** ₹ 54,80,000

Ans. (C) ₹ 54,70,000 [54,50,000 + 2000 × 10]

PART–B

ANALYSIS OF FINANCIAL STATEMENTS

Q. 27. When an analyst analysis the financial statements of an enterprise over a number of years, the analysis is called .... analysis. 1

(A) Static **(B)** External
(C) Horizontal **(D)** Vertical

Ans. (C) Horizontal.

Or

.... will result in increase in Liquid Ratio without affecting the Current Ratio.

(A) Sale of Stock at cost price
(B) Sale of stock at loss
(C) Sale of stock at profit
(D) Sale of investments at cost.

Ans. (A) Sale of Stock at cost price.

Q. 28. As on 31.02.2024 the following information of Bartan Manufacturing Ltd. is available 1

Net profit ratio	**40%**
Operating profit ratio	**50%**

On 1st April, 2024 it was came to notice that the accountant had omitted recording the interest received on investment of ₹ 2,00,000 for the financial year 2023-24. The required rectification was done. What will be the effect of the same on Net Profit and operating profit ratio ?

(A) Net Profit ratio will increase and Operating Profit ratio will decrease
(B) Both Net Profit ratio and Operating Profit ratio will increase
(C) Net Profit ratio will increase and Operating Profit ratio will have no change
(D) Net Profit ratio will remain same and Operating Profit ratio will increase

Ans. (C) Net Profit ratio will increase and Operating Profit ratio will have no change.

Hint : The Non-operating Profit will affect Net Profit Ratio and not on operating profit Ratio.

Q. 29. While computing cash from operating activities, which of the following item(s) will be added to the net profit ? **1**

(*i*) Decrease in value of inventory
(*ii*) Increase in share capital
(*iii*) Increase in the value of trade receivables
(*iv*) Increase in the amount of outstanding expenses

(A) Only (*i*) **(B)** Only (*i*) and (*ii*)
(C) Only (*i*) and (*iii*) **(D)** Only (*i*) and (*iv*)

Ans. (D) Only (*i*) and (*iv*)

Or

Which of the following statements is incorrect ?

(A) Investments in shares are excluded from cash equivalents unless they are in substantial cash equivalents.

(B) Short-term marketable-securities which can be readily converted into cash are treated as cash equivalents

(C) In case of a financial enterprise, interest, received and dividend received are classified as operating activities while dividend paid and interest paid are financing activities

(D) Dividend tax, i.e., tax paid on dividend should be classified as financing activity along with dividend paid.

Ans. (A) Investments in shares are excluded from cash equivalents unless they are in substantial cash equivalents.

30. Statement–I : 'Shree Ltd' was carrying on a business of packaging in Delhi and earned good profits in the past years. The company wanted to expand its business and required additional funds. To meet its requirements the company issued equity shares of ₹ 30,00,000. It purchased a computerized machine of ₹ 20,00,000. During the current year the Net Profit of the company was ₹ 15,00,000. Cash flows from operating, investing and financing activities from the above transactions will be ₹ 15,00,000 : (₹ 20,00,000); ₹ 30,00,000 respectively. **1**

Statement–II : The patents of X Ltd. increased from ₹ 3,00,000 in 2021-22 to ₹ 3,50,000 in 2022-23. It will be taken as purchase of Patents of 50,000 and will be shown under cash outflow from Investing Activities.

(A) Both the statements are true **(B)** Both the statements are false.
(C) Only Statement-I is true **(D)** Only Statement-II is true.

Ans. (A) Both the statements are true.

Q. 31. Find the heads and sub-heads under which the following items will appear in the balance sheet of a company as per Schedule III, Part I of Companies Act, 2013 ? **3**

(*a*) Furniture and Fixture
(*b*) Advance paid to contractor for building under construction
(*c*) Accrued Income
(*d*) Loans repayable on demand to Bank
(*e*) Employees earned leaves payable on retirement
(*f*) Employees earned leaves encash able

Ans.

Items	**Heading**	**Sub-Heading**
Furniture and Fixture	Non-Current Assets	Property, Plant & Equipment
Advance paid to contractor for building under construction	Non-Current Assets	Long-Term Loans & Advances
Accrued Income	Current Assets	Other Current Assets
Loans repayable on demand to Bank	Current Liabilities	Short Term Borrowings
Employees earned leaves payable on retirement	Non-Current Liabilities	Long Term Provisions
Employees earned leaves encashable	Current Liabilities	Short Term Provisions

Q. 32. Complete the Comparative Statement of Profit and Loss : **3**

Particulars	**2022-23**	**2023-24**	**Absolute change**	**% change**
Revenue from Operations	**16,00,000**	**20,00,000**	**?**	**?**
Less : Employees Benefit Expenses	**8,00,000**	**?**	**?**	**25%**
Less : Other Expenses	**2,00,000**	**?**	**(1,00,000)**	**?**
Profit before tax	**6,00,000**	**?**	**?**	**50%**
Tax @ 30%	**?**	**?**	**90,000**	**?**
Profit after tax	**4,20,000**	**?**	**2,10,000**	**?**

Ans. **Comparative Income Statement**

Particulars	**2022-23**	**2023-24**	**Absolute change**	**% change**
Revenue from Operations	16,00,000	20,00,000	4,00,000	25%
Less : Employees Benefit Expenses	8,00,000	10,00,00	2,00,000	25%
Less: Other Expenses	2,00,000	1,00,000	(1,00,000)	(50%)
Profit before tax	6,00,000	9,00,000	3,00,000	50%
Tax @ 30%	1,80,000	2,70,000	90,000	50%
Profit after tax	4,20,000	6,30,000	2,10,000	50%

Working Note :

Revenue From Operations (RFO) = 4,00,000 $\dfrac{\text{Inc/Dec.}}{\dfrac{4,00,000}{16,00,000}} \times 100$ = 25%

Employees benefit Expenses $\dfrac{8,00,000 \times 25}{100}$ = 2,00,000 Absolute change

Profit before Tax $= \dfrac{6,00,000}{100} \times 50 = 3,00,000$

Tax @ 30% = 6,00,000 × 30% = 1,80,000

9,00,000 × 30% = 2,70,000

Q. 33. Calculate Gross Profit Ratio from the following informations : **3**

Revenue from Operations ₹ 10,00,000; Purchases ₹ 3,60,000; Carriage Inwards ₹ 50,000; Employee benefit Expenses ₹ 1,00,000 (including Wages of ₹ 60,000); Opening Inventory ₹ 60,000 and Average Inventory ₹ 80,000.

Ans. Gross Profit Ratio $= \dfrac{\text{Gross Profit}}{\text{RFO}} \times 100$

Average Inventory $= \dfrac{\text{Opening Inventory + Closing Inventory}}{2}$

₹ 80,000 $= \dfrac{₹\ 60,000 + x}{2}$

x = ₹ 1,60,000 – ₹ 60,000 = ₹ 1,00,000

Closing Iniventory = ₹ 1,00,000

Cost of RFO = Opening Inventory + Perchases + Direct Expenses – Closing Inventory

= ₹ 60,000 + ₹ 3,60,000 + ₹ 50,000 + ₹ 60,000 – ₹ 10,000

= ₹ 4,30,000

GP = RFO – Cost of RFO

= ₹ 10,00,000 – ₹ 4,30,000

= ₹ 5,70,000

$$\text{Rate} = \frac{₹\ 5,70,000}{₹\ 10,00,000} \times 100 = 57\%$$

Or

Profit after tax amounted to ₹ 6,00,000 and tax rate was 20%. If earnings before interest and tax was ₹ 10,00,000 and Nominal Value of Debentures amounted to ₹ 25,00,000 (assuming the only debt of the company), determine the rate of interest on debentures.

Ans. Net Profit before Interest and Tex = Profit after Tax + Tax + Interest

$$\text{Profit before Tax} = \frac{6,00,000}{100-20} \times 100 \Rightarrow \frac{6,00,000}{80} \times 100$$

= ₹ 7,50,000

Interest = ₹ 10,00,000 – ₹ 7,50,000

= ₹ 2,50,000

$$\text{Rate of Interest} = \frac{\text{Interest}}{\text{Debenture}} \times 100$$

$$= \frac{2,50,000}{25,00,000} \times 100$$

= 10%.

Q. 34. (*a*) From the following information, calculate Cash flow from Operating Activities : 6

Particulars	31 March, 2023	31 March 2024
Surplus i.e. Balance in Statement of Profit and Loss	6,00,000	5,00,000
Provision for Tax	1,00,000	1,20,000
Trade Receivables	2,00,000	2,40,000
Trade Payables	1,50,000	2,00,000
Goodwill	2,00,000	1,50,000.

Additional Informations :

Proposed Dividend for the year ended March 31, 2023 and March 31, 2024 was ₹ 1,50,000 and ₹ 1,80,000 respectively.

Ans. (*a*) Cash Flow From Operating Activities

Particulars	Details (₹)	Amount (₹)
Profit Earned during the year	(1,00,000)	
Add : Proposed dividend of previous year	1,50,000	
Provision for tax for current year	1,20,000	
Profit before tax and extraordinary items	1,70,000	
Non-operating and Non Cash Items :		
Add : Goodwill amortised	50,000	
Operating profit before tax and changes in working capital	2,20,000	
Add : Increase in trade payable	50,000	
Less : Increase in trade receivables	(40,000)	
Cash generated from operations	2,30,000	
Less : Income tax paid	1,00,00	
Cash flow from operating activities		1,30,000

(*b*) From the following information calculate the Cash from investing Activities

Particulars	31 March 2023	31 March 2024
Machinery (Cost)	**20,00,000**	**28,00,000**
Accumulated Depreciation	**4,00,000**	**6,50,000**

Additional Informations :

(*i*) Machinery costing ₹ 50,000 (Book Value ₹ 40,000) was lost by fire and insurance claim of ₹ 32,000 was received.

(*ii*) Depreciation charged during the year was ₹ 3,50,000.

(*iii*) A part of Machinery costing ₹ 2,50,000 was sold at a loss of ₹ 20,000.

Ans.

Dr. Accumulated Depreciation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c (prev. dep on machine damaged)	10,000	By Balance b/d	4,00,000
To Machinery A/c (prev. dep on machine sold)	90,000	By Depreciation A/c (Charged during the year)	3,50,000
To Balance c/d		6,50,000	
	7,50,000		7,50,000

Dr. Machinery A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	20,00,000	By Accumulated Depreciation A/c	10,000
To Bank A/c (Balancing figure)	11,00,000	By Insurance Company A/c	32,000
		By loss by fire A/c	8,000
		By Bank A/c	1,40,000
		By Loss on Sale A/c	20,000
		By Accumulated Depreciation A/c	90,000
		By Balance c/d	28,00,000
	31,00,000		31,00,000

Investing Activities :

Sale of Machinery	1,40,000
Claim received from Insurance Company	32,000
Machinery Purchased	(11,00,000)
Cash Outflow from Investing Activities	9,28,000

Holy Faith New Style Sample Paper–1 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

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, 31** and **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)

Q. 1. No interest is to be charged on drawings from the partners in case of ....

(*a*) no interest clause in deed

(*b*) absence of deed

(*c*) Both (*a*) and (*b*)

(*d*) an oral agreement between partners including interest clause 1

Ans. (*c*) Both (*a*) and (*b*)

Q. 2. A and B are equal partners with capital of ₹ 2,00,000 and ₹ 1,00,000. As per deed, they are allowed an interest @ 10% on capital. During the year, the firm earned a profit of ₹ 15,000. Interest on capital allowed to A and B will be :

(*a*) ₹ 20,000 and ₹ 10,000 (*b*) ₹ 10,000 and ₹ 5,000

(*c*) ₹ 8,000 and ₹ 4,000 (*d*) ₹ 12,000 and ₹ 6,000. 1

Ans. (*b*) ₹ 10,000 and ₹ 5,000.

Q. 3. Ranchi Ltd. issued fully paid shares of ₹ 5,00,000 in purchase consideration of net assets of ₹ 4,70,000. The balance of ₹ 30,000 will be .... to .... account.

(*a*) debited, goodwill (*b*) debited, capital reserve

(*c*) credited, capital reserve (*d*) credited, general reserve. 1

Ans. (*a*) debited, goodwill.

Or

Maya Ltd. took over assets of ₹ 12,00,000 and liabilities of ₹ 4,00,000 of Shubh Ltd. for an agreed purchase consideration of ₹ 9,00,000. The amount was payable by issue of 11% debentures of ₹ 100 each at 10% discount. The number of debentures issued will be :

(*a*) 9,000 (*b*) 10,000

(*c*) 8,000 (*d*) 11,000.

Ans. (*b*) 10,000.

Q. 4. Naveen and Punit are partners in a firm sharing profits and losses in the ratio of 2 : 3. Loveleen was admitted as a new partner for $\frac{1}{5}$th share in the profits of the firm. Loveleen acquires her share from Naveen and Punit in the ratio of 1 : 2. The new profit sharing ratio will be :

(*a*) 4 : 8 : 3 (*b*) 7 : 5 : 3 (*c*) 8 : 4 : 3 (*d*) 5 : 7 : 3 1

Ans. (*d*) 5 : 7 : 3

Or

Which of the following is correct in relation to admission of a new partner ?

(*a*) On admission of a new partner, old firm is dissolved.

(*b*) On admission of a new partner , old partnership is dissolved.

(*c*) On admission of a new partner, both old partnership and firm are dissolved.

(*d*) On admission of a new partner, neither partnership nor firm is dissolved.

Ans. (*b*) On admission of a new partner , old partnership is dissolved.

Q. 5. A firm has assets worth ₹ 7,00,000 and liabilities of ₹ 2,00,000. It had earned profit amounted to ₹ 62,000 during 2022-23. If rate of return is 10%, the goodwill of the firm based on capitalisation method will be :

(*a*) ₹ 50,000 (*b*) ₹ 6,200

(*c*) ₹ 1,20,000 (*d*) ₹ 70,000. 1

Ans. (*c*) ₹ 1,20,000.

Q. 6. A share of ₹10 each issued at ₹ 4 premium out of which ₹ 7 (including ₹ 1 premium) was called up and paid up. The uncalled capital will be ....

(*a*) ₹ 7 per share (*b*) ₹ 4 per share (*c*) ₹ 8 per share (*d*) ₹ 3 per share. 1

Ans. (*b*) ₹ 4 per share.

Or

If the purchase consideration is less than the amount of net assets taken over which account will be credited for the difference amount ?

(*a*) Goodwill account (*b*) Vendor's account (*c*) Capital reserve account (*d*) Asset account.

Ans. (*c*) Capital reserve account.

Q. 7. Which of the following statement is incorrect :

(*a*) Interest on Debentures is a charge and not an appropriation

(*b*) Debentures can be issued at discount.

(*c*) Debentures do not have voting rights.

(*d*) Debentures cannot be converted into shares. 1

Ans. (*d*) Debentures cannot be converted into shares.

Q. 8. If creditors amounting ₹ 4,000 accepted Furniture of book value of ₹ 5,000 during dissolution of firm, entry passed will be :

(*a*) No entry (*b*) Dr. Cash A/c and Cr. Realisation A/c ₹ 1,000

(*c*) Dr. Realisation A/c and Cr. Cash A/c ₹ 1,000 (*d*) Dr. Creditors A/c and Cr.Realisation A/c ₹ 1,000. 1

Ans. (*b*) Dr. Cash A/c and Cr. Realisation A/c ₹ 1,000

Or

X, Y and Z are partners sharing profits in the ratio of 5 : 3 : 2 :. They have admitted M into the partnership for $\frac{1}{6}$th share. An extract of their balance sheet on 1st April, 2022 is as follows.

Liabilities	**Amt (₹)**	**Assets**	**Amt (₹)**
Investment Fluctuation Fund	27,000	Investment (cost)	3,00,000

If the market value of investments is ₹ 2,90,000, then the investment fluctuation fund will be shown in the Balance-Sheet of the firm after admission without closing it :

(*a*) ₹ 27,000 (*b*) ₹ 20,000 (*c*) ₹ 10,000 (*d*) ₹ 17,000.

Ans. (*d*) ₹ 17,000.

Q. 9. Sharma and Verma are partners in a firm sharing profits in the ratio of 3 : 2. Their fixed capitals are :

Sharma ₹ 2,00,000 and Verma ₹ 3,00,000. After the accounts for the year are prepared it is discovered that interest on capital @ 10% p.a. as provided in the partnership agreement has not been credited in the capital accounts of partners before distribution of profits. Sharma's account will be :

(*a*) debited by ₹ 10,000 (*b*) Credited by ₹ 10,000

(*c*) debited by ₹ 30,000 (*d*) Credited by ₹ 30,000. 1

Ans. (a) debited by ₹ 10,000.

Q. 10. During the course of dissolution of a firm, debtors appear at ₹ 60,000 and provision for doubtful debts at ₹ 2,500. If Debtors amounting to ₹ 10,000 proved bad and remaining debtors realised at 90% the amount credited to realisation A/c will be :

(*a*) ₹ 45,000 (*b*) ₹ 42,750

(*c*) ₹ 54,000 (*d*) ₹ 42,850. 1

Ans. (*a*) ₹ 45,000.

Q. 11. On which side interest on partners drawings will be recorded when their capitals are fixed ?

(*a*) Dr. Side of Capital A/c(*b*) Cr. Side of Capital A/c

(*c*) Dr. Side of Current A/c (*d*) Cr. Side of Capital A/c. 1

Ans. (*c*) Dr. Side of Current A/c.

Q. 12. Arshi Ltd. forfeited 1,000 shares of ₹ 10 each issued at 20% premium (₹ 8 called up) on which application of ₹ 2 each and allotment of ₹ 5 each (including premium) has been received. Out of these, 700 shares were re-issued for ₹ 6 per share (₹ 8 paid up). What is the amount transferred to capital reserve ?

(*a*) ₹ 700 (*b*) ₹ 1,400 (*c*) ₹ 2,100 (*d*) ₹ 3,500. 1

Ans. (*c*) ₹ 2,100.

Q. 13. Ben Ltd. purchased a machinery from Zen Ltd. for ₹ 2,25,000. Ben Ltd. immediately paid ₹ 45,000 by bank draft and a balance by issue of preference shares of ₹ 100 each at 20% premium for the purchase consideration of machinery. Number of preference shares issued will be :

(*a*) 1,500 (*b*) 15,000

(*c*) 1,800 (*d*) 18,000. 1

Ans. (*a*) 1,500.

Q. 14. White, Black and Brown were partners in a firm sharing profits in the ratio of 1 : 2 : 2. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April 2022. Their balance sheet as on that date showed a balance of ₹ 25,000 in deferred revenue expenditure account. The amount to be debited to the capital accounts of White, Black and Brown for writing off deferred revenue expenditure will be :

(*a*) ₹ 5100, ₹ 10,200, ₹ 10,200 (*b*) ₹ 1500, ₹ 3000, ₹ 3000

(*c*) ₹ 1500, ₹ 1500, ₹ 1500 (*d*) ₹ 5,000, ₹ 10,000, ₹ 10,000. 1

Ans. (*d*) ₹ 5,000, ₹ 10,000, ₹ 10,000.

Q. 15. Ganga and Jamuna are partners in a firm having a capital of ₹ 54,000 and ₹ 36,000. They admitted Ravi for 1/3rd share in the profits. Ravi brought proportionate amount of capital. The capital brought in by Ravi would be :

(*a*) ₹ 90,000 (*b*) ₹ 45,000 (*c*) ₹ 5,400 (*d*) ₹ 3,600. 1

Ans. (*b*) ₹ 45,000.

Or

Pinky and Roopa are partners sharing profit in ratio of 3 : 2 respectively. Qumar was admit-

ted for $\frac{1}{5}$th share of profit Machinery (Book value of ₹ 80,000) would be appreciated by 10% and building (Book ₹ value ₹ 2,00,000) would be depreciated by 20% Unrecorded debtors of ₹ 1,250 would be brought into books now and a creditor amounting to ₹ 2,750 died and need not pay anything on this account. What will be profit/loss on revaluation ?

(*a*) Loss ₹ 28,000 (*b*) Profit ₹ 28,000 (*c*) Loss ₹ 40,000 (*d*) Profit ₹ 40,000

Ans. (*a*) Loss ₹ 28,000

Q. 16. Assertion (A) : Revaluation account is prepared at the time of admission of a partner.

Reason (R) : It is required to adjust the values of assets and liabilities at the time of admission of a partner, so that the true financial position of the firm is reflected.

(A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

(B) Both Assertion (A) and Reason (R) are true, and Reason (R) is a correct explanation of Assertion (A).

(C) Both Assertion (A) and Reason (R) are false.

(D) Assertion (A) is true but Reason (R) is false. 1

Ans. (A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

Q. 17. The firm of Manjit, Surjit and Jagjit was dissolved on 31 March, 2023. It was agreed that Surjit will take care of the dissolution related activities and will get 10% of the value of assets realised. Surjit agreed to bear the realisation expenses. Assets realised at ₹ 10,00,750 and realisation expenses were ₹ 90,000 which were paid from the firm cash. ₹ 4,50,000 were paid to the creditors in full settlement of their claim. Pass necessary Journal Entry for the above transaction in the books of the firm. 3

Ans.

Date	Particulars	L.F.	Dr.	Cr.
2022	Bank A/c Dr.		10,00,750	
31 March	To Realisation A/c			10,00,750
(a)	(Being Assets realised)			
(b)	Realisation A/c Dr.		1,00,075	
	To Surjit's capital A/c			1,00,075
	(Being 10% of assets realised paid as remuneration to Surjit)			
(c)	Surjit's Capital A/c Dr.		90,000	
	To Bank A/c			90,000
	(Being Realisation expense paid on behalf of Surjit)			
(d)	Realisation A/c Dr.		4,50,000	
	To Bank A/c			4,50,000
	(Being Creditors were paid in full settlement)			

Q. 18. X, Y and Z were partners in a firm sharing profits in 3 : 2 : 1. The firm closes its books on 31st March every year. Y died on 12.6.2002. On Y's death, the goodwill of the firm was valued at ₹ 60,000. His share of profit of the firm the time of his death was to be calculated on the basis of previous years profit which was ₹ 1,50,000. Calculate Y's share in the profit of the firm. Pass necessary Journal Entries for treatment of goodwill and Y's share of profit at the time of death. 3

Ans.

Date	Particulars	L.F.	Dr.	Cr.
June 12	Profit & Loss Suspense A/c. Dr.		10,000	
	To Y's Capital's A/c			10,000
	(For Y's share of profit till death)			
	X's Capital A/c Dr.		15,000	
	Z's Capital A/c Dr.		5,000	
	To Y's Capital A/c			20,000
	(For Y's Share of goodwill adjusted between X and Z in 3 : 1)			

Working Note :

(1) Y's Share of profit $= ₹\ 1{,}50{,}000 \times \frac{73}{365} \times \frac{2}{6} = ₹\ 10{,}000$

(2) Y's Share of goodwill $= ₹\ 60{,}000 \times \frac{2}{6} = ₹\ 20{,}000.$

Or

On 1st April 2022, an existing firm has assets of ₹ 10,00,000 including cash of ₹ 20,000. Its creditors amounted to ₹ 50,000 on that date. The partners capital accounts showed a balance of ₹ 1,50,000. If the normal rate of return is 15% and the goodwill of the firm is valued at ₹ 1,80,000 at 3 years purchase of super profit, find the average profits of the firm.

Ans. Capital Employed :- Assets - liabilities

$= ₹\ 10{,}00{,}000 = ₹\ 50{,}000$

$= ₹\ 9{,}50{,}000$

Normal Profit :- Capital Employed $\times \frac{\text{Rate}}{100}$

$= ₹9{,}50{,}000 \times \frac{15}{100}$

$= ₹1{,}42{,}500$

Goodwill : Super Profit × No. of years purchase

$1{,}80{,}000 = \text{Super Profit} \times 3$

$\frac{1{,}80{,}000}{3} = \text{Super Profit}$

Super Profit = ₹ 60,000

Super Profit = Average Profit – Normal Profit

60,000 = Average Profit – 1,42,500

60,000 + 1,42,500 = Average Profit

Average Profit = ₹ 2,02,500

Q. 19. Sonia Ltd. forfeited 500 shares of ₹ 100 each issued at 10% premium ₹ 90 called up, on which the shareholders did not pay ₹ 30 per share on allotment (including premium) and first call of ₹ 20 per share. Out of these, 300 shares were re-issued for ₹ 80 per shares, fully paid up. Pass neessary Journal entries for forfeiture and reissue of shares. **3**

Ans.

JOURNAL

Date	Particulars		L.F.	Dr.	Cr.
	Share Capital A/c	Dr.		45,000	
	Securities Premium A/c	Dr.		5,000	
	To Share Allotment A/c				15,000
	To Share First call A/c				10,000
	To Share forfeited A/c				25,000
	(Being 500 shares forfeited for non-payment of allotment and first call money)				
	Bank A/c	Dr.		24,000	
	For Share Forfeited A/c	Dr.		3,000	
	To Share capital A/c				27,000
	(Being 300 Forfeited shares reissued @ ₹ 80 per share)				
	Share Forfeited A/c	Dr.		12,000	
	To Capital Reserve A/c				12,000
	(Being profit on reissue of forfeited shares transfer to Capital Reserve)				

Or

UK Ltd. purchased a machinery from NZ machine Ltd. for ₹ 6,90,000. NZ Ltd was paid by accepting a draft of ₹ 90,000 payable after 3 months and the balance by issue of 6% debentures of ₹ 100 each at a discount of 20%. Pass necessary Journal entries per the above transactions in the books of UK Ltd.

Ans. JOURNAL

Date	Particulars		L.F.	Dr.	Cr.
	Machinery A/c	Dr.		6,90,000	
	To NZ Machine Ltd.				6,90,000
	(Being Machinery purchased)				
	NZ Machine Ltd.	Dr.		90,000	
	To Bill payable A/c				90,000
	(Being payment made)				
	NZ Machine Ltd.	Dr.		6,00,000	
	Discount on issue of Debentures A/c	Dr.		1,50,000	
	To 6% Dibentures A/c				7,50,000
	(Being debentures issued to balance.				

Working Note : Number of Debentures = $\dfrac{6,00,000}{80}$ = 7,500 Debentures.

Q. 20. Rekha, Raj and Ramesh were partners sharing profits and losses in the ratio of 5 : 3 : 2. With effect from Ist April 2022, they mutually agreed to share profit and losses in the ratio of 2 : 2 : 1. On that date, there was a workmen's compensation fund of ₹ 90,000 in the books of a firm. It was agreed that :

(1) Goodwill of the firm be valued at ₹ 70,000.

(2) Claim for workmen's compensation amounted to ₹ 40,000.

(3) Profit on revaluation of assets and liabilities ₹ 40,000. Pass necessary Journal Entries for the above transactions in the books of the firm. **3**

Ans. **JOURNAL**

Date	Particulars		L.F.	Dr.	Cr.
2021, 1 April	Raj's Capital A/c	Dr.		7,000	
	To Rekha's Capital A/c				7,000
	(Being Adjustment entry made for goodwill)				
	Workmen's Compensation Fund	–Dr.		90,000	
	To Workmen's Compensation Claim				40,000
	To Rekha's Capital A/c				25,000
	To Raj's Capital A/c				15,000
	To Ramesh's Capital A/c				10,000
	(Being Compensation distributed in old ratio)				
	Revaluation A/c	Dr.		40,000	
	To Rekha's Capital A/c				20,000
	To Raj's Capital A/c				12,000
	To Ramesh's Capital A/c				8,000
	(Being Revalutation profit transferred to partner's capital A/c)				

Q. 21. Company forfeited 100 equity shares of ₹ 10 each, issued at a premium of ₹ 5 per share for non-payment of allotment money of ₹ 7 per share (share including share premium of ₹ 5 per share) and the first and final call of ₹ 5 per share. Application money of ₹ 3 per share has been received). Out of these, 60 equity share were subsequently re-issued at ₹ 14 per share. Give necessary Journal Entries. **4**

Ans. **JOURNAL**

Date	Particulars		L.F.	Dr.	Cr.
	Share capital A/c	Dr.		1000	
	Securities Premium A/c	Dr.		500	
	To Share Allotment A/c				700
	To Share Ist and final call A/c				500
	Share Forfeited A/c				1,300
	(Being 100 Share forfeited)				
	Bank A/c	Dr.		840	
	To Share Capital A/c				600
	To Securities Premium A/c				240
	(Being 60 Share reissued @ ₹ 14 per share)				
	Share Forfeited A/c	Dr.		180	
	To Capital Reserve A/c				180
	(Being profit transferred to capital Reserve A/c)				

Q. 22. X,Y,Z were partners sharing profits in 2 : 2 : 1. Their balance sheet as on 31st March 2022 was as follows—

Balance Sheet as at 31st March, 2022

Liabilities		Amt. (₹)	Assets	Amt.(₹)
Creditors		3,00,000	Fixed Assets	4,50,000
General Reserve		1,50,000	Stock	1,50,000
Capital A/Cs			Debtors	2,00,000
X :	2,00,000		Bank	1,50,000
Y :	2,00,000			
Z :	1, 00,000	5,00,000		
		9,50,000		9,50,000

Y died on 12th June 2022. According to the partnership deed, the legal representative of the deceased partner were entitled to the following.

(*i*) Balance in his capital accounts

(*ii*) Interest on capital @ 12% p.a.

(*iii*) Share of goodwill, Goodwill of the firm on Y's death was valued at ₹ 60,000.

(*iv*) Share in the profits of the firm till the data of his death was calculated on the basis of last year profit. The profit of the firm for the year ended 31st March 2022 was ₹ 5,00,000. Prepare Y's capital account.

Ans. **Y's Capital Account**

Dr. **Cr.**

Date	Particulars	Amt.	Date	Particulars	Amount
	To Y's executor's A/c	3,28,800		By Balance b/d	2,00,000
				By Interest on Capital A/c	4,800
				By X's capital A/c	16,000
				By Z's capital A/c	8,000
				By General Reserve A/c	60,000
				By P/L Suspense A/c	40,000
		3,28,800			3,28,800

Working Notes :

(1) Interest on capital $= 2,00,000 \times \frac{12}{100} \times \frac{73}{365} =$ ₹ 4,800

(2) Share in Goodwill $= 60,000 \times \frac{2}{5} = 24,000$

(3) Share in profit $= 5,00,000 \times \frac{2}{5} \times \frac{73}{365} =$ ₹ 40,000

(4) Share in General Reserve $= 1,50,000 \times \frac{2}{5} =$ ₹ 60,000

Or

X, Y and Z were partners sharing profits and losses equally. Y died on 1st October, 2023 and total amount transferred to Y's executors was ₹ 15,60,000. Y's executor were being paid ₹ 3,60,000 immediately and balance was to be paid in four equal quarterly instalments, together with interest @ 6% p.a. pass entries till payment of first two instalments.

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
1.10.2023	Y's Capital A/c Dr. To Y's Executor's A/c (Being balance in capital transferred to executor account)		15,60,000	15,60,000
1.10.2023	Y's Executor A/c Dr. To Bank A/c (Being pay ment made to executor)		3,60,000	3,60,000
31.12.2023	Interest A/c Dr. To Bank A/c (Being payment made to the executor)		18,000	3,18,000
31.3.2024	Interest A/c Dr. To Y's Executor A/c (Being Interest due)		13,500	13,500
31.03.2024	Y's Executor A/c Dr. To Bank A/c (Being payment made to executor		3,13,500	3,13,500

Q. 23. 'BMW Ltd' invited applications for issuing 80,000 equity shares of ₹ 10 each at a premium of ₹ 10 per share. The amount was payable as follows. On application and Allotment ₹ 10 (including ₹ 5 premium)
On first and final call ₹ 10 (including ₹ 5 premium).
Applications for 1,00,000 shares were received. Applications for 10,000 shares were rejected and application money was refunded. Shares were alloted on pro-rata basis to the remaining applicants.
Excess application money received from applicants to whom shares were alloted on pro-rata basis was adjusted towards sum due to first and final call. All calls were made and were duly received except the first and final call money from Kumar who had applied for 1,800 shares. His shares were forfeited. The forfeited shares were re-issued at ₹ 9 per share as fully paid up. Pass necessary Journal entries for the above transactions in the books of BMW Ltd. 6

Ans. **JOURNAL**

Date	Particulars	L.F.	Dr.	Cr.
	Bank A/c Dr. To Equity Share Application A/c & Allotment A/c (Being application money received. on 1,00,000 shares)		10,00,000	10,00,000
	Equity share Application & Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c To Equity Share first & final call A/c To Bank A/c (Being application money adjusted.)		10,00,000	4,00,000 4,00,000 1,00,000 1,00,000

Date	Particulars	L.F.	Dr.	Cr.
	Equity share first and final call A/c. Dr.		8,00,000	
	To Equity share capital A/c			4,00,000
	To Securities Premium A/c			4,00,000
	(Being amount due on first and final call)			
	Bank A/c Dr.		6,86,000	
	To Equity Share first and final call			6,86,000
	(Being amount Received on first and final call)			
	Equity Share Capital A/c Dr.		16,000	
	Securities Premium A/c		8,000	
	To Equity Share first & final call A/c			10,000
	To Share Forfeited A/c			14,000
	(Being Kumar's share forfeited)			
	Bank A/c Dr.		14,400	
	Share forfeited A/c Dr.			
	To Equity Share Capital A/c		1,600	
	(Being shares revised)			16,000
	Share forfeited A/c Dr.		8,400	
	To Capital Reserve A/c			8,400
	(Being amount transferred to Capital Reserve Account)			

Or

Pass necessary Journal entries for the issue of debentures in the following cases :

(*i*) Issued 50,000, 9% debentures of ₹100 each at par and redeemed at par.
(*ii*) Issued 10,000, 8% debentures of ₹ 100 each at 7% premium redeemed at par
(*iii*) Issued 1,000, 9% debentures of ₹ 100 each at 7% premium redeemed at 8% premium
(*iv*) Issued 500, 9% debentures of ₹ 100 each at 10% discount redeemable at 10% premium.

Ans. **JOURNAL**

Date	Particulars	L.F.	Dr.	Cr.
(i)	Bank A/c Dr.		50,00,000	
	To Debenture Application & Allotment A/c			50,00,000
	(Being Debentures issued 50,000 @ 100 each)			
	Debenture Application and Allotment A/c. Dr.		50,00,000	
	To 9% Debentures A/c			50,00,000
	(Being 9% Debenture redeemed at par)			
(ii)	Bank A/c Dr.		10,70,000	
	To Debenture Application and Allotment A/c			10,70,000
	(Being Debentures issued at 7% Premium).			

Date	Particulars		L.F.	Dr.	Cr.
	Debenture Application and Allotment A/c	Dr.		10,70,000	
	To 8% Debentures A/c				10,00,000
	To Securities Premium A/c				70,000
	(Being Debentures redeemed at par)				
(iii)	Bank A/c	Dr.		1,05,000	
	To Debenture Application and Allotment A/c.				1,05,000
	(Being 1000, 9% Debenture issued at 5% premium)				
	Debenture Application & Allotment A/c	Dr.		1,05,000	
	Loss on issue of Debentures A/c	Dr.		8,000	
	To 9% Debentures A/c				1,00,000
	To Securities Premium A/c				5,000
	To Premium on Redemption of Debenture A/c				8,000
	(Being 1,000 9% debentures redeemed at 8% premium)				
(iv)	Bank A/c	Dr.		45,000	
	To Debenture application & Allotment A/c				45,000
	(Being 500, 9% Debentures issued at 10% discount.)				
	Debenture Application & Allotment A/c	–Dr.		45,000	
	Discount on issue of Debentures A/c	–Dr.		5,000	
	Loss on issue of Debentures A/c	–Dr.		5,000	
	To 9% Debentures A/c				50,000
	To Premium on Redemption of Debentures A/c				5,000
	(Being 9% debentures of 100 each redeemed at 10% premium)				

Q. 24. Aditi, Bhavna and Chetna were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2 On 31st March 2019, their balance sheet was as follows :

Balance Sheet of Aditi, Bhavna and Chetana as at 31st March 2019.

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Capital A/cs			**Plant and Machinery**		**90,000**
Aditi :	**90,000**		**Furniture**		**60,000**
Bhavna :	**60,000**		**Stock**		**30,000**
Chetna :	**40,000**	**1,90,000**	**Debtors**	**60,000**	
Provident Fund		**30,000**	**Provision**	**(5,000)**	
General Reserve		**20,000**	**for Doubtful Debts**		**55,000**
Creditors		**10,000**	**Cash at bank**		**15,000**
		2,50,000			**2,50,000**

Aditi retired on the above date and it was agreed that

(*i*) Debtors of ₹ 5,000 were to be written off as bad debts and a provision of 5% on Debtors for bad and doubtful debts was to be created.

(*ii*) Goodwill of the firm on Aditi's retirement was valued at ₹ 1,00,000 and Aditi's share of the same will be adjusted by debiting the capital accounts of Bhavna and Chetna.

(*iii*) Stock was revalued at ₹ 36,000

(*iv*) Furniture was under valued by ₹ 9,000

(*v*) Liability for workmen's compensation of ₹ 2,000 was to be created.

(*vi*) Aditi was to be paid ₹ 20,000 by cheque and the balance was to be transferred to her loan account. Pass necessary Journal entries in the books of the firm on Aditi's retirement. **6**

Ans. **JOURNAL**

Date	Particulars		L.F.	Dr.	Cr.
	General Reserve A/c	Dr.		20,000	
	To Chetna's Capital A/c				10,000
	To Aditi's Capital A/c				6,000
	To Chetna's Capital A/c				4,000
	(Being General Reserved distributed among old partners.)				
	Bad debts A/c	Dr.		5,000	
	To Debtors A/c				5,000
	(Being bad debts written off)				
	Provision for bad debts A/c	Dr.		5,000	
	To Bad debts A/c				5,000
	(Being bad debts met out of provision for bad debts.)				
	Bhavna's Capital A/c.	Dr.		3,000	
	Chetna's Capital A/c	–Dr.		2,000	
	To Aditi's capital A/c				5,000
	(Being Goodwill Adjusted)				
	Stock A/c	-Dr.		6,000	
	Furniture A/c	–Dr.		9,000	
	To Revaluation A/c				15,000
	(Being stock and furniture Revalued)				
	Revaluation A/c	Dr.		2,000	
	To Workmen's compensation claim A/c				2,000
	(Being Liability for Workmen's compensation created)				
	Revaluation A/c	Dr.		10,250	
	To Aditi's Capital A/c				5,125
	To Bhavna's Capital A/c				3,075
	To Chetna's Capital A/c				2,050
	(Being gain on revaluation credited to old partners)				
	Aditi's Capital A/c	Dr.		1,55,125	
	To Bank A/c				20,000
	To Aditi's Loan A/c				1,35,125
	(Being Aditi's paid ₹ 20,000 by cheque and the balance transferred to Loan A/c)				

Or

X and Y decided to start a partnership firm. They contributed capitals of ₹ 2,00,000 and ₹ 1,00,000 in 1st April 2022. A expressed his willingness to admit Z as a partner without Capitals. Y agreed to this. On 1st October 2022, Y granted a loan of ₹ 20,000 to the firm.

The firm of partnership were as follows :

(*i*) X, Y and Z will share profits in the ratio of 2 : 2 : 1.

(*ii*) Interest on Capital @ 6% p.a. Interest on Drawings @ 5%.

(*iii*) X to get a monthly salary of ₹ 3,000 and Y to get salary of ₹ 4,000 per quarter.

(*iv*) 10% of the profits before charging interest on drawings but after making appropriations are to be tranferred to General Reserve.

Due to shortage of Capital, X contributed ₹ 50,000 on 30th September 2022. The profit of the firm for the year ended 31st March 2023. The profit of the firm for the year ended 31st March 2023 was ₹ 3,37,800. Drawings of X and Y were ₹ 50,000 and ₹ 40,000 respectively. Prepare Profit and Loss appropriation account for the year ended 31st March 2023.

Ans. **Profit & Loss Appropriation A/c**

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars	Amt.(₹)
To Interest on Capital		By Net Profit b/d	3,34,200
X 13,500	19,800	By Interest on	
Y 6,300		Drawings	
		X 1,250	2,250
		Y 1,000.	
To Partner's Salary			
X (3,000 × 12) 36,000			
Y (4,000 × 4) 16,000	52,000		
To General Reserve A/c	26,240		
To Profit Transferred to Capital A/c's			
X 95,364			
Y 95,364			
Z 47,682	2,38,410		
	3,36,450		3,36,450

Working Notes :

(1) Calculation of Interest on Capital

A → On (2,00,000) $2,00,000 \times \frac{6}{100} = 12,000$

$50,000 \times \frac{6}{100} \times \frac{6}{12} = 1,500$

Total = 12,000 + 1,500 = ₹ 13,500

B → $1,00,000 \times \frac{6}{100}$ = ₹ 6,000 $20,000 \times \frac{6}{100} \times \frac{3}{12}$ = ₹ 300

Total = 6,000 + 300 = ₹ 6,300

2. Calculation of Interest on Drawing

A = $50,000 \times \frac{5}{100} \times \frac{6}{12}$ = ₹ 1,250

B = $40,000 \ \frac{5}{100} \times \frac{6}{12}$ = ₹ 1,000

3. Transfer to Reserve = 10% (3,34,200 – 19,800 – 52,000)

= ₹ 26,240

4. Interest on 10 am = $1,20,000 \times \frac{6}{100} \times \frac{6}{12}$ = ₹ 3,600.

Q. 25. Parth and Shiv were partners in a firm sharing in the ratio of 3 : 2. The Balance Sheet of the firm on 31st March 2022, was as follows.

Liabilities		Amount (₹)	Assets	Amount (₹)
Sundry creditors		80,000	Bank	1,72,000
Shiva's sister loan		20,000	Debtors	27,000
Capital			Stock	50,000
Parth :	1,75,000		Furniture	2,20,000
Shiv :	1,94,000	3,69,000		
		4,69,000		4,69,000

On the above date, the firm was dissolved. The assets were realised and the Liabilities were paid off as follows :

(*a*) 50% of the furniture was taken by Parth at 20% less than book value. The remaining furniture was sold for ₹ 1,05,000.

(*b*) Debtors realized ₹ 26,000.

(*c*) Stock was taken over by Shiv for ₹ 29,000.

(*d*) Shiv's sister's loan was paid off along with an interest of ₹ 2,000.

(*e*) Expenses on realisation amounted to ₹ 5,000.

Prepare Realisation Account. **6**

Ans.

Realisation Account

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars		Amt. (₹)
To Stock	50,000	By Shiv sistor's loan		20,000
To Debtors	27,000	By Sundry creditors		80,000
To Furniture	2,20,000	By Bank A/c		
To Bank A/c (Creditors)	80,000	Furniture	1,05,000	1,31,000
To Bank A/c	22,000	Debtors	26,000	
(Shiv's Sister's Loan + Interest)		By Parth's capital A/c (Fur.)		88,000
To Bank A/c (Exp.)	5,000	By Shiv's Capital A/c (Stock)		29,000
		By Loss Transferred to Capital A/c		
		Parth :	33,600	
		Shiv :	22,400	56,000
	4,04,000			4,04,000.

Q. 26. Sunita Ltd. was formed on 1st April 2018 with an authorised Capital of ₹ 12,00,000 divided into equity share of ₹ 10 each. It issued 30,000 shares on 1 April in consideration of Business purchased for ₹ 3,60,000 share and on 1 April, 2019 it issued another 60,000 shares to be paid in two instalments of ₹ 5 each. The company received applications for 70,000 shares pro-rata allotment was made to all. A shareholder of 3,000 shares have not paid the allotment money and his share were forfeited. Answer the questions given with balance sheet extract.

Balance Sheet (Extract) as at

Particulars	Note No.	2020	2019
I. Equity & Liabilities			
—Share Capital	1	5,87,500	3,00,000
—Reserve & Surplus	2	60,000	60,000
		6,47,500	3,60,000

Answer the following

(*a*) What was the amount forfeited by company in 2019-20 ?

(*i*) 17,500 (*ii*) 15,000 (*iii*) 27,500 (*iv*) 30,000. 1

(*b*) What was the value of sundry Assets purchased ?

(*i*) ₹3,00,000 (*ii*) ₹3,60,000 (*iii*) ₹6,00,000 (*iv*) None of these. 1

(*c*) What was the amount of Calls in Arrear of forfeited shares ?

(*i*) 12,500 (*ii*) 17,500 (*iii*) 15,000 (*iv*) 30,000. 1

(*d*) How many shares were applied by the holder of 3,000 shares ?

(*i*) 3,000 (*ii*) 4,000 (*iii*) 3,500 (*iv*) 4,200. 1

(*e*) What is the authorised Capital of the company in shares ?

(*i*) 12,00,000 (*ii*) 3,00,000 (*iii*) 1,20,000 (*iv*) 60,000. 1

(*f*) What is the subscribed Capital of the company in 2018-19 (In shares) ?

(*i*) 3,00,000 (*ii*) 30,000 (*iii*) 60,000 (*iv*) 1,20,000. 1

Ans. (*a*) (*i*)

Applied	Allotted
70,000	60,000
x	3000

$$x = \frac{70,000 \times 300}{60,000} = 3500 \text{ (Applications)}$$

Amount paid on. application = 3500 × 5 : 17,500 (*i*)

(*b*) (*ii*) ₹3,60,000

(*c*) (*i*) Calls in arrears 3000 × 5 = 15000

Less advance on application (17,500 – 15000)

= 2500

Remaining 15,000 – 2500 = ₹12,500

(*d*) (*iii*) 3500

(*e*) (*ii*) ₹3,00,000

(*f*) (*iii*) 30000 (*ii*)

PART—B

(Analysis of Financial Statement)

Q. 27. .... is included in current assets while preparing balance sheet as per revised schedule III but excluded from current assets while calculating current ratio.

(*a*) Debtors (*b*) Cash and Cash equivalent

(*c*) Loose tools and stores and spares (*d*) Prepaid expenses. 1

Ans. (*c*) Loose tools and stores and spares

Or

Assertion (A) : A high debt equity ratio is risky.

Reason (R) : It may put the firm into difficulty to pay long term debts.

(A) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A)

(B) Both Assertion (A) and Reason (R) are true, and Reason (R) is a correct explanation of Assertion (A).

(C) Both Assertion (A) and Reason (R) are false.

(D) Assertion (A) is true but Reason (R) is false.

Ans. (D) Assertion (A) is true but Reason (R) is false.

Q. 28. Current ratio of Madhur Ltd. is 3 : 2. Accountant wants to maintain it as 2 : 1. Following options are available.

(*i*) He can repay bill payable

(*ii*) He can purchase goods on credit

(*iii*) He can take short term loan.

Codes :

(*a*) Only (*i*) is correct (*b*) Only (*ii*) is correct

(*c*) Only (*i*) and (*iii*) are correct (*d*) Only (*ii*) and (*iii*) are correct. 1

Ans. (a) Only (i) is correct.

Q. 29. Bhaskar Ltd. made an operating profit of ₹ 1,85,500 after charging depreciation of ₹ 31,200. During that year, trade payable increased by ₹ 26,600 and inventory increased by ₹ 40,300. There was no change to trade receivables. Assuming that no other factors affected it what would be the cash generated from operations ?

(*a*) ₹ 2,03,000 (*b*) ₹ 2,30,400

(*c*) ₹ 2,25,800 (*d*) ₹ 2,43,300. 1

Ans. (a) ₹ 2,03,000

Or

Which of the following will result in flow of cash ?

(*a*) Cash withdrawn from the bank ₹ 60,000

(*b*) ₹ 1,00,000, 10% debentures issued to vendors of machinery.

(*c*) ₹ 20,000 received from debtors

(*d*) Cheques of ₹ 20,000 deposited in the bank.

Ans. (*c*) ₹ 20,000 received from debtors

Q. 30. From the following informations what is the inflow of cash by sale of office equipments :

	31st March 2022(₹)	31st March 2021 (₹)
Office equipment	**2,00,000**	**3,00,000**

Additional Informations :

Depreciation for the year 2021-22 was ₹ 40,000

Purchase of office equipment purchased during the year ₹ 30,000

Part of office equipment sold at a profit of ₹ 12,000

(*a*) ₹ 1,00,000 (*b*) ₹ 1,02,000 (*c*) ₹ 90,000 (*d*) ₹ 1,12,000 1

Ans. (*b*) ₹ 1,02,000.

Q. 31. Classify the following items under major heads and sub heads in the balance sheet of a company as per schedule III of the companies Act 2013. 3

1. **Loose tools**
2. **Investment in debentures**
3. **Capital reserve**
4. **Call in arrears**
5. **Unpaid dividend**
6. **Prepaid insurance.**

Ans.

Particulars	Heads	Sub-Heads
1. Loose tools	Current Assets	Inventories
2. Investment in Debentures	Non-Current Assets	Non-Current Investments.
3. Capital Reserve	Shareholders Funds	Reserve Surplus
4. Call-in-arrears	Shareholder's fund	Share Capital
5. Unpaid dividend	Current liabilities	Other current liabilities
6. Prepaid Insurance	Current Assets	Other Current Assets

Q. 32. (*i*) Y Ltd. has a current ratio of 3 : 1 and quick ratio of 2 : 1. The excess of current assets over quick assets are ₹ 24,000. Calculate current assets and current liabilities. 3

(*ii*) From the following information calculate

Total assets to debt ratio	**Amount (₹)**
Long term borrowings	**3,00,000**
Long term provisions	**1,50,000**
Current liabilities	**75,000**
Non-current assets	**5,40,000**
Current assets	**1,35,000**

Ans. (i)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\frac{3}{1} = \frac{CA}{CL}$$

$$\text{C.A.} = 3 \text{ C.L.}$$

$$\text{Q.R.} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$\frac{2}{1} = \frac{\text{Q.A.}}{\text{C.L.}}$$

$$2 \text{ C.L.} = 3 \text{ C.L.} - 24{,}000 \text{ (Inventories)}$$

$$\text{Current liabilities} = ₹\ 24{,}000$$

$$\text{Current Assets} = 3 \times 24{,}000 = ₹\ 72{,}000$$

(ii)

$$\text{Total Assets to Debt Ratio} = \frac{\text{Total Assets}}{\text{Debt}}$$

$$\text{Total Assets} = \text{Non-Current Assets} + \text{Current Assets}$$

$$= 5{,}40{,}000 + 1{,}35{,}000 = 6{,}75{,}000.$$

$$\text{Debt} = \text{long term Borrowings} + \text{Long term Provisions}$$

$$= 3{,}00{,}000 + 1{,}50{,}000 = ₹\ 4{,}50{,}000$$

$$\text{Total Assets Debt Ratio} = \frac{6{,}75{,}000}{4{,}50{,}000} = 1.5 : 1$$

Q. 33. Prepare a comparative statement of profit and loss from the following : **4**

Particulars	**31st March 2020**	**31st March 2019**
Revenue from Operations	**25,00,000**	**20,00,000**
Cost of Material Consumed	**13,00,000**	**10,00,000**
Other Expenses	**1,20,000**	**Nil**
Tax rate	**50%**	**50%**

Ans. **Comparative Statement of Profit & Loss**

	Particulars	**31st March, 2019**	**31 March 2020**	**Absolute Change**	**% Change**
I.	Revenue from operations	20,00,000	25,00,000	5,00,000	25
II.	Total Revenue	20,00,000	25,00,000	5,00,000	25
III.	Expenses				
	Cost of material consumed	10,00,000	13,00,000	3,00,000	30
		–			
	Other Expenses	–	1,20,000	1,20,000	–
	Total Expesses	10,00,000	14,20,000	4,20,000	42
IV.	Profit before Tax.	10,00,000	10,80,000	80,000	8
	(–) Tax (50%)	(5,00,000)	(5,40,000)	(40,000)	(8)
V.	Profit After Tax	5,00,000	5,40,000	40,000	8.

Q. 34. (*a*) Prepare cash flow from operating activities on the basis of information given in the balance sheet of Belga Ltd. as on 31st March.

Particulars	Note No.	31st March 2020	31st March 2019
I. Equity and Liabilities			
1. Sharholder's Funds			
(*a*) Share Capital		2,50,000	2,00,000
(*b*) Reserve and Surplus.	1	70,000	50,000
2. Non-current Liabilities			
Long term Borrowings	2	80,000	1,00,000
3. Current Liabilities			
(*a*) Trade Payables	3	1,60,000	60,000
(*b*) Other Current Liabilities	4	20,000	25,000
Total		5,80,000	4,35,000
II. Assets			
1. Non- Current Assets			
(*a*) Fixed Assets			
(*i*) Tangible Assets	5	2,00,000	1,50,000
(*ii*) Intangible Assets	6	2,000	10,000
(*b*) Long term and Advances		1,30,000	1,00,000
2. Current Assets			
(*a*) Inventories		90,000	70,000
(*b*) Trade Receivables		60,000	40,000
(*c*) Cash and Cash Equivalents		98,000	65,000
Total		5,80,000	4,35,000

Notes To Accounts

Note No	Particulars	31st March 2020	31st March 2019
1.	Reserves and Surplus		
	General Reserve	70,000	50,000
2.	Long term Borrowings		
	12% Debentures	80,000	1,00,000
3.	Trade Payables		
	Creditors	60,000	40,000
	Bill Payable	1,00,000	20,000
		1,60,000	60,000
4.	Other Current Liabilities		
	Outstanding Expenses	20,000	25,000
5.	Tangible Fixed Assets :		
	Machinery	2,60,000	2,00,000
	(–) Provision for Depreciation	(60,000)	(50,000)
		2,00,000	1,50,000
6.	Intangible fixed Assets :		
	Goodwill	2,000	10,000

Additional Informations :

(*i*) **During the year a piece of machinery with a book value of ₹ 30,000, provision for depreciation on it ₹ 10,000 was sold at a loss of 50% on book value.**

(*ii*) Debentures were redeemed On 31st March 2020 **6**

(*b*) Calculate cash flows from Investing Activities from the following information :

Particulars	**2021**	**2022**
Land	**16,00,000**	**6,00,000**
10% Long term Investment	**2,50,000**	**4,00,000**
Plant & machinery	**3,00,000**	**2,00,000**
Goodwill	**80,000**	**15,000**

Additional Informations :

A machine casting ₹ 40,000 (depreciation provided ₹ 12,000) was sold for ₹ 35,000. Depreciation charged during the year was ₹ 60,000.

Ans. (a) **Cash flow from Operating Activities**

	Particulars		**Amount**
	Net Profit		20,000
	Adjustments		
(+)	Loss on sale of Machinery	15,000	
	Depreciation on Machinery	20,000	
	Goodwill written off	8,000	
	Interest on Debentures	12,000	55,000
	Operating Profit before Change in Working Capital		75,000
(+)	Decrease in Current Assets and Increase in Current Liabilities		
	Creditors	20,000	
	Bill Payable	80,000	1,00,000
(–)	Increase in current Assets / Decrease in Current liabilities		
	Out standing expenses	(5,000)	
	Inventories	(20,000)	(45,000)
	Trade Receivable	(20,000)	
	Net Cash from Operating Activities		1,30,000

(b) Cash Flow from Investing Activities

Particulars	
Cash Parchase of Land	(10,00,000)
Sale of Long term Investments	1,50,000
Interest on Long term Investment	40,000
Purchase of Plant and Machinery	1,88,000
Sale of Plant and Machinery	(65,000)
Net Cash used in Investing Activities	(10,28,000)

Holy Faith New Style Sample Paper–2 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

Time allowed : 3 Hours **Maximum Marks : 80**

General Instructions : Same as in Holy Faith New Style Sample Paper—1

PART—A

(Accounting for Partnership Firms and Companies)

Q. 1. At the time of dissolution of a partnership firm, there exists an office equipment worth ₹ 68,000 in the books of the firm and its realised value is not given. In this situation the realised value of office equipment will be :

(*a*) Nil (*b*) ₹ 68,000 (*c*) market value (*d*) fair value. 1

Ans. (*b*) ₹ 68,000.

Q. 2. V, Y and G are partners in the ratio of 5 : 3 : 2. If Y's share of profit at the end of the year amounted ₹ 1,50,000, what will be V's share of profits ?

(*a*) ₹ 5,00,000 (*b*) ₹ 1,50,000 (*c*) ₹ 3,00,000 (*d*) ₹ 2,50,000. 1

Ans. (*d*) ₹ 2,50,000.

Q. 3. Lalit Ltd. forfeited 100 shares of ₹ 10 each issued at a premium of 20%, but non-payment of first call of ₹ 3 per share and final call of ₹ 1 per share. The minimum price per share at which these shares can be re-issued will be :

(*a*) ₹ 4 (*b*) ₹ 6 (*c*) ₹ 8 (*d*) ₹ 10. 1

Ans. (*a*) ₹ 4

Or

Premier Auto Ltd. purchased assets of the value of ₹ 3,60,000 from Anand Ltd. and made the payment of purchase consideration by issuing 11% debentures of ₹ 100 each at a discount of 10%. The number of debentures issued by Premier Auto Ltd. were :

(*a*) 3,600 (*b*) 36,000 (*c*) 40,000 (*d*) 4,000.

Ans. (*d*) 4,000.

Q. 4. A and B are partners in a firm sharing profits in the ratio of 5 : 3. They admitted Q as a new partner. The new profit sharing ratio will be 4 : 3 : 2. The firm's goodwill on Q's admission was valued at ₹ 1,26,000 but Q could not bring any amount of goodwill in cash. Credit will be given to :

(*a*) A ₹ 17,500, B ₹ 10,500 (*b*) A ₹ 16,000, B ₹ 12,000

(*c*) A ₹ 22,750, B ₹ 5,250 (*d*) A ₹ 1,02,375, B ₹ 23,625. 1

Ans. (*c*) A ₹ 22,750, B ₹ 5,250.

Q. 5. P,Q,R who were sharing profits and losses in the ratio of 4 : 3 : 2 decided to share the future profit and losses in the ratio of 2 : 3 : 4 with effect from 1st April 2023. An extract of their Balance Sheet as on 31st March, 2024 is :

Liabilities	Amt.(₹)	Assets	Amt. (₹)
Workmen Compensation Reserve	65,000		

At the time of reconstitution, a certain amount of claim on workmen compensation was determined for which B's share of loss amounted to ₹ 5,000. The claim for workmen compensation would be :

(*a*) ₹ 15,000 (*b*) ₹ 70,000 (*c*) ₹ 50,000 (*d*) ₹ 80,000. 1

Ans. (*d*) ₹ 80,000.

Q. 6. Sumona Ltd. issued 40,000, 10% debentures of ₹ 100 each at a certain rate of discount and were to be redeemed at par. Securities premium of ₹ 1,50,000 and current year profit of ₹50,000 were used to write off discount on issue of Debentures. What is the rate of issue per debenture ?

(*a*) 5 % (*b*) 10 % (*c*) 95% (*d*) 6 % . 1

Ans. (*a*) 5 %

Q. 7. Average profit of a business over the last five years was ₹ 60,000. The normal rate of return on capital invested in such a business is estimated at 10% p.a. The net capital invested in the business is ₹ 5,00,000. Amount of goodwill, if it is based on 3 years purchase of last 5 years. Super profit will be :

(*a*) ₹ 10,000 (*b*) ₹ 1,80,000

(*c*) ₹ 30,000 (*d*) ₹ 1,50,000. 1

Ans. (*a*) ₹ 10,000

Q. 8. Out of the following which one is not a mode of dissolution by 'order of court'.

(*a*) A partner becomes a person of unsound mind.

(*b*) A partner is found guilty of misconduct.

(*c*) The business of firm cannot be carried one except at a loss.

(*d*) When business of the firm becomes unlawful. 1

Ans. (*c*) The business of firm cannot be carried one except at a loss.

Or

On the basis of following data, final payment to a partners on firm dissolution will be made. Debit balance of Capital account ₹14,000; share of his profit on realisation ₹43,000. Firm assets taken over by him for ₹17,000.

(*a*) ₹ 31,000 (*b*) ₹ 29,000 (*c*) ₹ 12,000 (*d*) ₹ 60,000.

Ans. (*c*) ₹ 12,000

Q. 9. Which of the following is transferred to partner's Capital Account ?

(*a*) Land and Building (*b*) Loan

(*c*) General Reserve (*d*) Creditors. 1

Ans. (*c*) General Reserve

Q. 10. Debtors and B/R amounting to ₹ 40,000 were falling due for payment after 2 months during dissolution of firm but they were realised immediately at a discount of 12% p.a. the entry passed will be :

(*a*) Dr.Bank A/c & Cr. Realisation A/c ₹ 39,200 (*b*) Dr.Bank A/c & Cr. Realisation A/c ₹ 40,000

(*c*) Dr. Realisation A/c & Cr. Bank A/c ₹ 40,000 (*d*) Dr. Realisation A/c & Cr. Bank A/c ₹ 39,200. 1

Ans. (*a*) Dr.Bank A/c & Cr. Realisation A/c ₹ 39,200

Q. 11. A and B are partners in a partnership firm without any agreement. A has given a loan of ₹ 50,000 to the firm. At the end of the year loss was incurred in the business. Following interest may be paid to A by the firm :

(*a*) 5% p.a. (*b*) 6% p.a.

(*c*) 10% p.a.

(*d*) As there is loss in the business, interest cannot be paid.

Ans. (*b*) 6% p.a.

Q. 12. Sanjana and Monika are partners sharing profits in 3 : 2.They admitted Kritika on 1st April 2023. Following balances appear on the date of admission :

General reserve ₹ 20,000, provision for doubtful debts ₹ 3,000, Debtors ₹ 80,000. It was decided to transfer 20% of the amount of general reserve to provision for doubtful debts. The amount of General Reserve credited to the account of Sanjana and Monika will be :

(*a*) ₹ 9,600 & ₹ 6,400 (*b*) ₹ 10,800 & ₹ 7,200 (*c*) ₹ 12,000 & ₹ 28,000 (*d*) ₹ 8,000 & ₹ 8,000. 1

Ans. (*a*) ₹ 9,600 & ₹ 6,400

Or

P, Q and J are partners in a firm sharing profit/loss in the ratio of 5 : 6 : 9. On 31st March 2019, J died. Accounts are closed on 31st December every year.The sales for the year 2018 was ₹ 1,00,000 and profits were ₹ 80,000. The sales for the period from 1st January 2019 to 31st 2019 were ₹ 2,50,000. The share of deceased partner in the current year's profit on the basis of sales is :

(*a*) ₹ 20,000 (*b*) ₹ 80,000 (*c*) ₹ 30,000 (*d*) ₹ 90,000.

Ans. (*d*) ₹ 90,000.

Q. 13. Shah Ltd. issued 50,000 shares of ₹ 100 each at a premium of 20% payable as ₹ 30 on application (including premium ₹ 10), ₹ 40 on allotment (excluding premium ₹ 10) and ₹ 20 on first ₹ 20 on second & final call. Applications were received for all 50,000 shares. Radhika, a shareholder holding 500 shares paid both the calls alongwith allotment. The total amount received on allotment is :

(*a*) ₹ 20,20,000 (*b*) ₹ 25,20,000 (*c*) ₹ 25,00,000 (*d*) ₹ 24,02,000. 1

Ans. (*b*) ₹ 25,20,000

Or

On forfeiture, profit on re-issue of shares is transferred to :

(*a*) general reserve (*b*) capital reserve (*c*) reserve capital (*d*) None of these.

Ans. (*b*) capital reserve

Q. 14. Partners are not entitled to get .... if partnership deed is oral.

(*a*) Interest on loan (*b*) Profit on revaluation

(*c*) Interest on Capital (*d*) Share in goodwill. 1

Ans. (*c*) Interest on Capital

Q. 15. Bala and Nura are partners in a firm sharing profits in the ratio of 3 : 2. They admit Saumya as a partner for 1/4th share in the profits. Saumya acquires his share from Bala and Nura in the ratio of 2 : 1. The new profit sharing ratio will be :

(*a*) 2 : 1 : 4 (*b*) 19 : 26 : 15

(*c*) 3 : 2 : 4 (*d*) 26 : 19 : 15. 1

Ans. (*d*) 26 : 19 : 15.

Or

A and B are partners in a firm sharing profits and losses in the ratio of 2 : 3. C is admitted for 1/5th share in the profits of the firm. If C gets it wholly from A, the new profit sharing ratio after 'C' s admission will be :

(*a*) 1 : 3 : 3 (*b*) 3 : 1 : 1

(*c*) 2 : 2 : 1 (*d*) 1 : 3 : 1.

Ans. (*d*) 1 : 3 : 1.

Q. 16. Ana, Sunaina and Kiana are partners sharing profits and asses in the ratio of 2 : 2 : 1. Sunaina is entitled to a commission of 15% on the net profit after charging such commission. The net Profit before charging commission is ₹ 9,20,000. The amount of commission payable to Sunaina will be :

(*a*) ₹ 1,20,000 (*b*) ₹ 1,38,000

(*c*) ₹ 48,000 (*d*) ₹ 55,200. 1

Ans. (*a*) ₹ 1,20,000.

Q. 17. Kamal and Ajit are partners in a firm sharing profits as 3 : 2. They decided to dissolve their firm on 31st March 2024.

Balance Sheet of Kamal and Ajit as at 31st March, 2024

Liabilities		Amount(₹)	Assets	Amount (₹)
Capital			Machinery	70,000
Kamal	90,000		Investment	50,000
Ajit	80,000	1,70,000	Stock	22,000
Sundry Creditors		60,000	Sundry Debtors	1,03,000
Bills Payable		20,000	Cash at Bank	5,000
		2,50,000		2,50,000

The assets and liabilities were dispossed off as follows :
(*a*) Machinery were given to creditors in full settlement of their account and stock were given to bills payable in full settlement.
(*b*) Investments were taken over by Kamal at book value. Sundry debtors of book value ₹ 50,000 took over by Ajit at 10% less and remaining debtors realised ₹ 51,000.
(*c*) Realisation expenses amounted to ₹ 2,000. Prepare Realisation Account of the firm. 3

Ans.

Realisation A/c

Dr. **Cr.**

Particulars	Amount	Particulars		Amount
To Machinery A/c	70,000	By Bills Payable A/c		80,000
To Investment A/c	50,000	By Sundry Creditors A/c		60,000
To Stock A/c	22,000	By Kamal's Capital A/c (Investment)		50,000
To Sundry Debtors A/c	1,03,000	By Ajit's Capital A/c (Debtors)		45,000
To Bank A/c (Realisation Expenses)	2000	By Bank A/c (Debtors)		51,000
		By Loss transferred to		
		Kamal :	12,600	
		Ajit :	8,400	21,000
	2,47,000			2,47,000

Q. 18. Divam, Navi and Vashu were partners sharing profits and losses in 3 : 2 : 1. Navi died on 30th June 2017. Her share of profit for the intervening period was based on the sales during that period, which were ₹ 6,00,000. The rate of profit during the past four years had been 10% on sales. The firm closes its books on 31st March every year. Calculate Navi's share of profit. 3

Ans. Sales from Ist April 2017 to 30th June 2017 = ₹ 6,00,000

Profit on sales = 6,00,000 × 10% = ₹ 60,000

Navi's share of profit $= 60{,}000 \times \frac{2}{6} =$ ₹ 20,000.

Or

A firm's average profit are ₹ 7,00,00. It includes an abnormal profit of ₹ 5000, capital invested is ₹ 5,50,000 and normal rate of return is 10%. Calculate goodwill at four times the super profit.

(*i*) Calculation of Actual Average Profit

Average Profit	70,000
Less : Abnormal (Profit)	(5,000)
Actual Average Profit	65,000.

(*ii*) $\text{Normal Profit} = \text{Capital Invested} \times \frac{\text{Normal Rate of Return}}{100}$

$5{,}50{,}000 \times \frac{10}{100} =$ ₹ 55,000

(*iii*) Super Profit = Actual Average Profit – Normal Profit

65,000 – 55,000 = ₹ 10,000

(*iv*) Goodwill = Super Profit × No. of year purchase

= ₹ 10,000 × 4 = ₹ 40,000.

Q. 19. ABC Ltd.purchased a machinery from V Ltd. and the purchase consideration was paid as follows :

(*a*) By issuing 5,000 11% debentures of ₹ 100 each at a discount of 10%.

(*b*) Balance by giving a promissory note of ₹ 1,82,000 after 3 months.

Pass necessary journal entries for the purchase of machinery and payment to V Ltd. in the books of accounts of ABC Ltd. 3

Ans. **ABC Ltd.**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
	Machinery A/c	Dr.		6,32,000	
	To V Ltd A/c				6,32,000
	(Being the purchase of machinery from V Ltd.)				
	V Ltd. A/c	Dr.		4,50,000	
	Discount on issue of debentures A/c	Dr.		50,000	
	To 8% Debentures A/c				5,00,000
	(Being 1,000 8% debentures of ₹ 100 each issued at 10% discount)				
	V Ltd.	Dr.		1,82,000	
	To Bills Payable A/c				1,82,000
	(Being balance payment made by giving three months promissory note.)				

Q. 20. Meena, Rekha and Nisha were partners in a firm sharing profits in the ratio of 5 : 3 : 2. From 1st April 2023, they decided to share profits equally. On that date there was a balance of ₹ 3,60,000 in General Reserve and a debit balance of ₹ 1,80,000 in the Profit and Loss account. Pass single adjustment Journal entry for the above on account of change in the profit sharing ratio. **3**

Ans.

Date	Particulars		Dr. (₹)	Cr. (₹)
	Rekha's Capital A/c	Dr.	6,000	
	Nisha's Capital A/c	Dr.	24,000	
	To Meena's Capital A/c			30,000
	(Being adjusment entry passed)			

Working Note : Calculation of gaining and sacrificing ratio.

Meena : $\frac{5}{10} - \frac{1}{3} = \frac{5}{30}$ (Sacrifice) Meena $1,80,000 \times \frac{5}{30} = 30,000$

Rekha : $\frac{3}{10} - \frac{1}{30} = \frac{1}{30}$ (Gain) Rekha $1,80,000 \times \frac{5}{30} = 6000$

Nisha : $\frac{2}{30} - \frac{1}{30} = \frac{-4}{30}$ (Gain) Nisha $1,80,000 \times \frac{4}{30} = 24000$

Q. 21. X Ltd. has offered 50,000 equity shares of ₹ 100 each at a premium of ₹ 20 payable. Application ₹ 50 Allotment ₹ 40 (including premium) and balance on first and final call.
The bank account of the company has received ₹ 35,00,000 on account of share application money. X Ltd. decided to allot shares to all applicants on pro-rata basis. The balance in calls-in-arrears account at the time of allotment and first and final call amounted to ₹ 1,00,000 and ₹ 1,50,000. These shares were forfeited and re-issued at ₹ 90 per share as fully paid. Journalise. **4**

Ans.

Journal

S. No.	Particulars		L.F.	Debit (₹)	Credit (₹)
1.	Bank A/c	Dr.		35,00,000	
	To Equity Share Application A/c				35,00,000
	(Being application money received)				
2.	Equity Share Application A/c	Dr.		35,00,000	
	To Equity Share Capital A/c				25,00,000
	To Equity Share Allotment A/c				10,00,000
	(Being Share Allotted and excess money adjusted)				
3.	Equity Share Allotment A/c	Dr.		20,00,000	
	To Equity Share Capital A/c				10,00,000
	To Securities Premium Reserve				10,00,000
	(Being Share Allotment money due)				
4.	Bank A/c	Dr.		9,00,000	
	Calls in arrear A/c	Dr.		1,00,000	
	To Equity Share Allotment A/c				10,00,000
5.	Equity Share First and Final Calls A/c	Dr.		15,00,000	
	To Equity Share Capital A/c				15,00,000
	(Being first and final call money due)				

S. No.	Particulars	L. F.	Debit (₹)	Credit (₹)
6.	Bank A/c Dr. Calls in arrears A/c Dr. To Equity Share first & final call A/c (Being first and final call money received except for 5,000 shares)		13,50,000 1,50,000	 15,00,000
7.	Equity Share Capital A/c Dr. Securities Premium Reserve A/c Dr. To Share forfeited A/c To Calls in arrears A/c (Being 5,000 Shares forfeited)		5,00,000 1,00,000	 3,50,000 2,50,000
8.	Bank A/c Dr. Shares forfeited A/c Dr. To Share Capital A/c (Being forfeited Shares reasied)		4,50,000 50,000	 5,00,000
9.	Share forfeited A/c Dr. To Capital Reserve A/c (Being Share forfeited money transferred to Capital Reserve)		3,00,000	 3,00,000

Q. 22. Mehak, Sonu and Tania were partners in a firm sharing profits in the ratio of 5 : 3 : 2. The firm closes its books on 31st March every year. Mehak died on 31st March 2019. Her executor is entitled to :

(*i*) Her Capital ₹ 4,00,000 and her share of goodwill. Goodwill of the firm was valued at ₹ 96,000.

(*ii*) Her share of profit till the date of her death which will be calculated on the basis of average profit of last three years.

(*iii*) Average profits of last three years were ₹ 78,000.

(*iv*) Interest on capital @ 6% p.a.

(*v*) Her drawings till the date of death were ₹ 21,000. Prepare Mehak's Capital account to be rendered to her executors. 4

Ans.

Mehak's Capital A/c

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars	Amt. (₹)
To Drawings A/c	21,000	By balance b/d	4,00,000
To Mehak's Executor's A/c	4,48,000	By Sonu's Capital A/c	28,800
		By Tania's Capital A/c	19,200
		By Profit and Loss suspense A/c $\left(78,000\times\frac{5}{10}\times\frac{4}{12}\right)$	13,000
		By Interest on Capital A/c $\left(4,00,000\times\frac{6}{100}\times\frac{4}{12}\right)$	8,000
	4,69,000		4,69,000

Or

X, Y and Z were partners sharing profits and losses equally. Y died on 1st October, 2023 and total amount transferred to Y's executors was ₹ 15,60,000. Y's executors were being paid

₹ 3,60,000 immediately and balance was to be paid in four equal quarterly instalments, together with interest @ 6% p.a. Pass entries till payment of first two instalments.

Ans.

Journal

S. No.	Particulars	L.F.	Debit (₹)	Credit (₹)
1.10.2023	Y's Capital A/c Dr. To Y's Executor A/c (Being balance in capital transferred to executors account)		15,60,000	 15,60,000
1.10.2023	Y's Executor A/c Dr. To Bank A/c (Being Payment made to executor)		3,60,000	 3,60,000
31.12.2023	Interest A/c Dr. To Y's Executor's A/c (Being Interest due)		18,000	 18,000
31.12.2023	Y's Executor A/c Dr. To Bank A/c (Being payment made to the executor)		3,18,000	 3,18,000
31.03.2024	Interest A/c Dr. To Y's Executor A/c (Being Interest due)		13,500	 13,500
31.03.2024	Y's Executor A/c Dr. To Bank A/c (Being payment made to the executor)		3,13,500	 3,13,500

Q. 23. Zika Ltd. issued a prospectus inviting applications for 5,00,000 equity shares of ₹ 10 each issued at a premium of 10% payable as :

₹ 3 on Application ₹ 5 on Allotment (including premium) and ₹ 3 on call.

Applications were received for 6,60,000 shares. Allotment was made as follows :

(*a*) Applicants of 4,00,000 shares were alloted in full.

(*b*) Applicants of 2,00,000 shares were alloted 50% on pro-rata basis.

(*c*) Applicants of 60,000 shares were issued letters of regret.

Shareholder to whom 500 shares were alloted under category (*a*) paid full amount on shares alloted to him alongwith allotment money. Another shareholder to whom 1,000 shares were alloted under category (*b*) failed to pay allotment. His shares were immediately forfeited. These shares were then reisre-issued at ₹ 14 per share as ₹ 7 paid up. Call has not yet been made. Journalise. **6**

Ans.

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Bank A/c Dr. To Equity Share Application A/c (Being application money received)		19,80,000	 19,80,000
	Equity Share Application A/c Dr. To Equity Share Capital A/c To Equity Share Allotment A/c To Bank A/c (Being Share allotted and Balance refunded)		19,80,000	 15,00,000 3,00,000 1,80,000

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being allotment money is due)		25,00,000	 20,00,000 5,00,000
	Bank A/c Dr. Calls in arrear A/c Dr. To Equity Share Allotment A/c To Calls in advance A/c (Being Allotment Money Received)		21,99,500 2,000	 22,00,000 1,500
	Equity Share Capital A/c Dr. Securities premium A/c Dr. To Share forfeited A/c To Calls in arrears A/c (Being 100 Shares forfeited)		7,000 1,000	 6,000 2,000
	Bank A/c Dr. To Share Capital A/c To Securities Premium Reserve (Being forfeited Shared are reissued)		14,000	 7,000 7,000
	Share forfeited A/c Dr. To Capital Reserve (Being Share forfeited money transferred to Capitals reserve)		6,000	 6,000

Or

On 1st April, 2023 Vish Ltd. was formed with an authorised capital of ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. On 1st April 2024 it acquired the running business of its competitor with following assets and liabilities.

Land ₹ 4,50,000, Debtors ₹ 1,00,000, Furniture ₹ 90,000, Creditors ₹ 1,80,000. The purchase consideration decided ₹ 6,00,000 which was paid by issuing a cheque of 1,25,000 and balance in form of 8% debentures of ₹ 100 each at a discount of 5%. On the same date the company issued 1,000, 8% debentures of ₹ 100 each as collateral security to Punjab National Bank who had advanced a Loan of ₹ 1,50,000. The company had already a balance in Securities Premium Reserve A/c of ₹ 20,000.

On the basis of the above information, answer the following.

(*i*) Compute the number of 8% debentures issued to the vendor.

(*ii*) Pass Journal entry to write off the discount on issue of debentures.

(*iii*) How much interest will be paid on debentures issued as collateral security ?

Ans. (*i*) No. of debentures issued $= \dfrac{₹\ 4,75,000}{₹\ 95} =$ 5,000 debentures

(*ii*) **Journal**

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
	Securities Premium A/c Dr. Statement of Profit and Loss A/c Dr. To Discount on issue of debentures A/c (Being discount on issue of debenture written off)		20,000 5,000	 25,000

(iii) No interest will be allowed on debentures issued as collateral security.

Q. 24. Adi, Bob and Kiara were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. Their capitals were ₹ 5,00,000, ₹ 4,00,000 and ₹ 2,00,000. The partnership deed provide the following :

(*a*) Interest on capital @ 10% per annum. (*b*) Interest on drawings @ 6% per annum.

(*c*) Interest on partner's loan to the firm @ 9% p.a. during the year. Adi had withdrawn ₹ 60,000 and Bob ₹ 50,000. On Ist September 2023, Kiara had given a loan of ₹ 40,000 to the firm. Pass Journalentries in the books of the firm for the following transactions for the year ended 31st March 2024.

(*i*) Allowing interest on Bob's Capital. (*ii*) Charging interest on Adi's drawings.

(*iii*) Providing interest on Kiara's Loan to the firm. **6**

Ans. **Journal**

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	Interest on Capital A/c	Dr.		40,000	
	To Bob's capital A/c				40,000
	(Being interest is allowed on Capital)				
	Adi's capital A/c	Dr.		1,800	
	To Interest on drawings A/c				1,800
	(Being interest is charged on drawings)				
	Interest on Kiara's Loan A/c.	Dr.		2,100	
	To Kiara's Loan A/c				2,100
	(Being interest is allowed on Loan)				
	Profit and Loss Appropration A/c	Dr.		40,000	
	To Interest on Capital A/c				40,000
	(Being interest is transferred)			40,000	
	Interest on Drawings A/c	Dr.			
	To Profit and Loss Appropriation A/c			1,800	
	(Being interest is transferred)				1,800
	Profit and Loss A/c	Dr.		2,100	
	To Interest on Kiara's Loan A/c				2,100
	(Being interest is transferred)				

Or

Gini, Bini and Mini were in partnership sharing profits and losses in the ratio of 5 : 2 : 2. Their Balance sheet as at 31st March 2021 was as follows :

Balance Sheet as at 31st March, 2021

Liabilities		Amount (₹)	Assets		Amount (₹)
Sundry Creditors		56,500	Cash		1,17,300
Bank Overdraft		61,500	Debtors :	38,000	
Workmen's Compensation		32,000	Less : Provision for Doubtful Debt :	(2300)	35,700
Reserve			Inventories		1,34,000
Capitals :			Machinery		1,00,000
Gini :	4,60,000		Furniture		1,80,000
Bini :	3,00,000		Building		5,70,000
Mini :	2,90,000	10,50,000	Goodwill		63,000
		12,00,000			12,00,000

On 31st March, 2021, Gini retired from the firm. All the partners agreed to revalue the Assets and Liabilities on the following basis :

(*i*) Bad debts amounted to ₹ 5,000. A Provision for doubtful debts was to be maintained at 10% on debtors.

(*ii*) Partners have decided to write off existing goodwill.

(*iii*) Goodwill of the firm was valued at ₹ 54,000 and to be adjusted into the capital accounts of Bini and Mini who will share profits in future in the ratio of 5 : 4.

(*iv*) The assets and liabilities valued as : Inventories ₹ 1,30,000, Machinery ₹ 82,000, Furniture ₹ 1,95,000 and Building ₹ 6,00,000.

(*v*) Liability of ₹ 23,000 is to be created on account of claim for workmen compensation.

(*vi*) There was an unrecorded investment in shares of ₹ 25,000. It was decided to pay off Gini by giving her unrecorded investment in full settlement of her part payment of ₹ 28,000 and remaining amount after two months.

Prepare revaluation account and partner's capital accounts as on 31st March, 2021.

Ans.

Revaluation A/c

Dr. **Cr.**

Particulars		Amount (₹)	Particulars (₹)	Amount (₹)
To Debtors A/c	5,000		By Furniture A/c	15,000
+ Bad debt provision			By Building A/c	30,000
$(38{,}000 - 5{,}000) \times \frac{10}{100} - 2{,}300)$	1,000	6,000	By unrecorded	28000
To Inventories A/c		4,000	Investment A/c	
To Machinery A/c		18,000		
To Profit transferred to Capital A/cs				
Gini	25,000			
Bini	10,000			
Mini	10,000	45,000		
		73,000		73,000

Partners Capital Account

Dr. **Cr.**

Particulars	Gini	Bini	Mini	Particulars	Gini	Bini	Mini
To Investment A/c	28,000	–	–	By bal b/d	4,60,000	3,00,000	2,90,000
To Goodwill A/c	35,000	14,000	14,000	By workmen's			
To Goodwill A/c	–	18,000	12,000	Compensation	4,500	2,000	2,000
To Bank A/c	4,31,500			Reserve A/c			
To Balance c/d	–	2,70,000	2,66,000	By Goodwill A/c	30,000	–	–
	4,94,500	3,02,000	2,92,000		4,94,500	3,02,000	2,92,000

Q. 25. Pass the necessary journal entries for the following transactions on dissolution of the partnership firm of Tona and Sona. **6**

(*i*) An unrecorded asset of ₹ 2,000 and cash ₹ 3,000 was paid for liability of 26,000 in full settlement.

(*ii*) 100 shares of ₹ 10 each have been taken over by partners at market value of ₹ 20 per

share in their profit sharing ratio of 3 : 2.

(*iii*) Stock of ₹ 30,000 was taken over by a creditors of ₹ 40,000 at a discount of 30% in full settlement.

(*iv*) Expenses on realisation ₹ 4,000 were to be borne by Sona. Sona used the firm's cash for paying these expenses.

(*v*) Bank Loan of ₹ 3,00,000 was paid along with interest of ₹ 21,000.

(*vi*) The firm had stock of ₹ 80,000. Tona took over 50% of the stock at a discount of 20% while the remaining stock was sold off at a profit of 30% on cost.

Ans. **Journal**

S.No.	Particulars	L.F.	Debit (₹)	Credit (₹)
1.	Realisation A/c Dr.		3,000	
	To Cash A/c			3,000
	(Being amount paid for settlement of liability)			
2.	Tona's Capital A/c Dr.		1,200	
	Sona's Capital A/c Dr.		800	
	To Realisation A/c			2,000
	(Being investments taken over by partners)			
3.	No Entry			
4.	Sona's Capital A/c Dr.		4,000	
	To Cash A/c			4,000
	(Being realisation expenses to be borne by Sona, paid by firm)			
5.	Realisation A/c Dr.		3,21,000	
	To Bank A/c			3,21,000
	(Being Bank Loan paid alongwith interest)			
6.	Tona's Capital A/c Dr.		32,000	
	Bank A/c Dr.		52,000	
	To Realisation A/c			84,000
	(Being stock taken over by Tona, remaining sold at a profit			

26. Good Luck Ltd.

Balance Sheet (Extract)

as at....

Particulars	Note No.	2023	2024
Equity & Liabilities			
–Share holders funds			
–Share capital	1	400000	493500

Notes to Accounts

Note No 1

Particulars	Note No.	2023	2024
Share Capital			
–Authorised capital			
1,00,000 Equity share of ₹ 10 each		10,00,000	10,000,00
Issued Captial			
40000 ₹ 9.5 & ₹ 10 each		4,00,000	5,00,000
50,000 Equity share of ₹ 10 each			
Subscribed Capital			
–Subscribed & Fully paid up			
40,000 share of ₹ 10 each		4,00,000	
48,500 share of ₹ 10 each	4,85,000		
Subscribed but not fully paid up			
1500 Equity share of (₹ 10) 15,000			
Less : calls in Arrears 6,500	8,500	......	4,93,500
		4,00,000	4,93,500

During 2023-24 Good Luck Ltd issued 10,000 shares of ₹ 10 each payable as ₹ 3 on application, ₹ 2 on Allotment, ₹ 2 on first call & Balance on final call. Applications were received on. 12,000 shares & pro-rata allotment was made to all. An applicant of 1200 share failed to pay two calls and another

share holder holding 500 shares did not pay final call. Give answer of the following questions.

(1) How much amount the company received on application money ?

(*a*) ₹ 30000 (*b*) ₹ 36000 (*c*) ₹ 24000 (*d*) None of these. 1

(2) How many share holders did not pay the first call ?

(*a*) 1000 share (*b*) 1200 share (*c*) 500 share (*d*) 1700 share. 1

(3) How many share holder did not pay the Final call ?

(*a*) 1500 share (*b*) 1700 share (*c*) 500 share (*d*) None of these. 1

(4) What is the total amount received by the company from issue of share during 2023-24 ?

(*a*) ₹485000 (*b*) ₹400000 (*c*) ₹93500 (*d*) ₹100000. 2

(5) What is the amount of final call on each share :

(*a*) ₹ 3 (*b*) ₹ 2 (*c*) ₹ 5 (*d*) ₹ 1 1

Ans. 1. 12,000 applications

(*b*) 12000 × 3 = ₹. 36,000

2. 1200 shares

12 12000

2 × 10,000

$$\frac{1200 \times 10,000}{12000} = 1000$$

(*a*) 1000 Shares

3. (*a*) 1500 shares

4. (*c*) ₹ 93500

5. (*i*) Rs. 3 App = 3

Allol = 2

First = 2

2nd and final = Balance

10

PART—B

(Analysis of Financial Statement)

Q. 27. Royal Ltd. has a proprietery Ratio of 25%. To maintain this ratio at 30%, management may.

(*a*) Increase equity (*b*) Reduce debt

(*c*) Either *a* or *b* (*d*) Increase Current Assets.1

Ans. (c) Either a and b

Or

A Company should be disclose all the information in :

(*a*) statement (*b*) annual Report (*c*) account book (*d*) None of these.

Ans. (b) annual report.

Q. 28. From the following information find out the inflow of cash by sale of office equipment.

	31st March 2022	31st March 2021
Office equipment	**₹ 2,00,000**	**₹ 3,00,000**

Additional information :

Depreciation for the year 2021-22 was ₹ 40,000, Office equipment purchased during the year ₹ 30,000 a part of office equipment sold at a gain of ₹ 12,000.

(*a*) ₹ 1,00,000 (*b*) ₹ 1,02,000 (*c*) ₹ 90,000 (*d*) ₹ 1,12,000. 1

Ans. (*b*) ₹ 1,02,000

Or

What will be the effect of issue of Bonus shares on cash flow statement ?

(*a*) No effect (*b*) Inflow in financing activity

(*c*) Inflow in operating activity (*d*) Inflow in investing activity

Ans. (*a*) No effect.

Q. 29. Match the following :

Column A	**Column B**
(*i*) Proceeds from public deposits	**(A) Cash and Cash equivalent**
(*ii*) Furniture sold at a loss	**(B) Not recorded in cash flow statement.**
(*iii*) Purchase of machinery by issue of debentures	**(C) Investing activities**
	(D) Financing activities.

(*a*) (*i*) (A), (*ii*) (C), (*iii*) (D). (*b*) (*i*) (D), (*ii*) (C), (*iii*) (B).

(*c*) (*i*) (B), (*ii*) (C), (*iii*) (A). (*d*) (*i*) (D), (*ii*) (A), (*iii*) (C). 1

Ans. (*b*) (*i*) (D), (*ii*) (C), (*iii*) (B)

Q. 30. A Company's revenue from operations is ₹ 20,00,000. Cost of revenue from operations is ₹ 14,00,000, closing inventories ₹ 50,000 and indirect expenses are ₹ 2,00,000. The gross profit ratio on the basis of given information is :

(*a*) 40% (*b*) 25% (*c*) 30% (*d*) 35%. 1

Ans. (c) 30%.

Q. 31. Under which major head/sub-head will the following items be presented in the balance sheet of a company as per schedule-III Part-I of the Companies Act, 2013. 3

(*i*) Capital advances.
(*ii*) Income received in advance.
(*iii*) Capital work in progress.
(*iv*) Motor Vehicles
(*v*) Stores and spare parts
(*vi*) 9% Debentures.

Ans.

S. No.	Items	Major Heads	Sub-Heads
(*i*)	Capital Advances	Non-current Assets	Long term Loans and advances
(*ii*)	Income received in advance	Current liabilities	Other current liabilities
(*iii*)	Capital Work in Progress	Non-current assets	Fixed Assets
(*iv*)	Motor vehicle	Non-current assets	Fixed Assets-Tangible assets
(*v*)	Stores and spare parts	Current assets	Inventories
(*vi*)	9% debentures	Non-current liabilities	Long-term borrowings.

Q. 32. From the following information, prepare a Comparative Statement of Profit and Loss of S Ltd. for the year ended 31st March, 2024. 3

Particulars	31st March 2024	31st March 2023
Revenue from Operations	20,00,000	10,00,000
Cost of Material Consumed	15,00,000	6,00,000
Other Expenses	1,80,000	60,000
Tax	1,28,000	1,02,000

Ans. **Comparative statement of Profit and Loss for the year ended 31st March, 2015**

	Particulars	31st March, 2023 (₹)	31st March 2024 (₹)	Absolute Change (Increase or Decrease)	Percentage Change %
I.	Revenue from Operationis	10,00,000	20,00,000	10,00,000	100
II.	Expenses				
	(a) Cost of material Consumed	6,00,000	15,00,000	9,00,000	150
	(b) Other Expenses	60,000	1,80,000	1,20,000	200
	Total Expenses	6,60,000	16,80,000	10,20,000	154.54
III.	Profit before Tax (I–II)	3,40,000	3,20,000	(20,000)	(5.88)
	–Tax	(1,02,000)	1,28,000	(26,000)	(25.49)
IV.	Profit after tax	2,38,000	1,92,000	(46,000)	19.32

Q. 33. (*i*) A Company has a liquid ratio of 1.5 and current ratio of 2 and inventory turnover ratio 6 times. It has total current assets of ₹ 8,00,000. Find out annual sales if goods are sold at 25% profit on cost.

(*ii*) Calculate debt to Capital Employed Ratio from the following information. 4

Shareholders funds	**₹ 15,00,000**
8% Debentures	**₹ 7,50,000**
Current Liabilities	**₹ 2,50,000**
Non-current Assets	**₹ 17,50,000**
Current Assets	**₹ 7,50,000**

Ans. (*i*) $$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$2 = \frac{8,00,000}{\text{Current Liabilities}}$$

So, Current liabilities = ₹ 4,00,000

$$\text{Liquid Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

$$1.5 = \frac{\text{Liquid Assets}}{4,00,000}$$

So Liquid Assets = ₹ 6,00,000

Inventory = Current Assets – Liquid Assets

Inventory = 8,00,000 – 6,00,000

Inventory = ₹ 2,00,000.

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

Cost of revenue from operations = ₹ 12,00,000

Gross Profit = 25% of Cost i.e. ₹ 3,00,000

Revenue from operations = Cost of Revenue from Operations + Gross Profit

= 12,00,000 + 3,00,000 = 15,00,000

(*ii*) $$\text{Debt to capital employed rate} = \frac{\text{Debt}}{\text{Capital emmployed}}$$

$$= \frac{7,50,000}{7,50,000 + 15,00,000}$$

$$= \frac{7,50,000}{22,50,000}$$

$$= \text{Debt to Capital Employed} = \frac{1}{3} = 0.33 : 1.$$

Q. 34. (*a*) From the following Balance Sheet of G Industries Ltd. as on 31st March 2022 and 31st March 2021. Prepare a 'Cash Flow statement. 6

Particulars		**Note No.**	**31 March 2022 (₹)**	**31 March 2021 (₹)**
I. Equity and Liabilities				
1. Shareholders Funds :				
(*a*) Share Capital			**2,00,000**	**1,50,000**
(*b*) Reserves and Surplus		1	**50,000**	**70,000**
2. Current Liabilities				
Trade Payables			**25,000**	**70,000**
	Total		**2,75,000**	**2,90,000**

Particulars	Note No.	31 March 2022 (₹)	31 March 2021 (₹)
II. Assets.			
1. Non-current Assets :			
Property, Plant and Equipment and Intangible Assets	**2**		
(*a*) Property-Plant and Equipments Tangible Assets	**80,000**	**1,05,000**	
(*b*) Intangible Assets		**60,000**	**70,000**
Current Assets :			
(*a*) Inventories		**75,000**	**90,000**
(*b*) Cash and Cash equivalents		**40,000**	**10,000**
(c) Other current assets	**3**	**20,000**	**15,000**
Total		**2,75,000**	**2,90,000**

Notes to Accounts :

Particulars	31st March 2022 (₹)	31st March 2021 (₹)
1. Reserves and Surplus		
Surplus *i.e.* Balance in Statement of Profit and Loss	(50,000)	(30,000)
General Reserve	1,00,000	1,00,000
	50,000	70,000
2. Tangible Assets		
Machinery	90,000	1,10,000
Less : Accumulated Depreciation	(10,000)	(5,000)
	80,000	1,05,000
3. Other Current Assets		
Prepaid Insurance	20,000	15,000

Additional Informations :

(a) A machinery costing ₹ 20,000 (Accumulated depreciation ₹ 7,000) is sold for ₹ 10,000.

(b) During the year, a patent was purchased for ₹ 50,000.

Ans.

Cash flow statement of G Industries Ltd. for the year ended 31st march, 2022

Particulars	Details (₹)	Amount (₹)
A. Cash flows from operating activities		
Net Profit before Tax and extra ordinary Items	(20,000)	
Adjustments for non cash and non-operating items		
Add : Loss on sale of fixed assets	3,000	
Depreciation on fixed tangible assets	12,000	
Operating profit before change in working capital	(5,000)	
Add : Increase in inventory	15,000	
Less : Decrease in prepaid expenses	(5,000)	
Decrease in Trade Payables	(45,000)	
Cash used in operating activities	(40,000)	(40,000)
B. Cash flow from investing activities		
Sale of fixed angible assets	10,000	
Purchase of Intangble assets	(50,000)	
Sale of intangible assets	60,000	
Net cash used in investing activities	20,000	20,000
C. Cash flow from financing activities		
proceeds from issue of share capital	50,000	
Net cash from financing activities	50,000	50,000
Net increase in cash and cash equivalents		30,000
Add : Cash and cash equivalents at the begining		10,000
Cash and cash equivalents at the end		40,000

Property, Plant and Equipments Tangible Assets A/c

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars	Amt (₹)
To Balance b/d	1,10,000	By Accumulated Depreciation A/c	7,000
		By Bank A/c (Sales)	10,000
		By Statement of Profit and Loss	3,000
		By Balance c/d	90,000
	1,10,000		1,10,000

Accumulated Depreciation

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars	Amt. (₹)
To Fixed Assets A/c	7,000	By Balance b/d	5,000
To Balance c/d	10,000	By Statement of Profit and Loss	12,000
	17,000		17,000

Intangible Assets A/c

Dr. **Cr.**

Particulars	Amt.(₹)	Particulars	Amt. (₹)
To balanced b/d	70,000	By Bank A/c. (Sales)	
		(Balancing figure)	60,000
To Bank A/c (Purchase)	50,000	By Balance c/d	60,000
	1,20,000		1,20,000

Or

From the following information calculate cash flows from investing activities.

Particulars	2020-21 (₹)	2021-22 (₹)
Machine at cost	**5,00,000**	**9,00,000**
Accumulated		
Depreciation	**3,00,000**	**4,50,000**
Equity share capital	**28,00,000**	**35,00,000**
Bank Loan	**12,50,000**	**7,50,000**

Particulars	Amount (₹)
Purchase of Machinery	(6,00,000)
Sale of Machinery	2,50,000
Net cash used in Investing activities	3,50,000

Machinery A/c

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars	Amt. (₹)
To balance b/d	5,00,000	By Bank (Sale of	2,50,000
To profit and loss		Machinery	
(Profit Sale of Machinery)	1,50,000	(100,000 + 1,50,000)	
To Bank (Bal. Fig)		By depreciation	
		Transfer from	
(Purchase of	6,00,000	Acc. Depreciation	1,00,000
Machinery)		By Balance c/d	900,000
	12,50,000		12,50,000

Accumulated Depreciation A/c

Dr. **Cr.**

Particulars	**Amt. (₹)**	**Particulars**	**Amt. (₹)**
To depreciation on Machine sold (Bal. fig.)	1,00,000	By balance b/d	3,00,000
To balance c/d	4,50,000	By Profit & Loss (Depreciation for the year)	2,50,000
	5,50,000		5,50,000

Holy Faith New Style Sample Paper–3 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

Time allowed : 3 Hours **Maximum Marks : 80**

General Instructions : Same as in Holy Faith New Style Sample Paper—1

PART—A

(Accounting for Partnership Firms and Companies)

1. Salary paid to the manager will be shown in :

(*a*) Profit and Loss appropriation account (*b*) Profit and Loss account

(*c*) Partners Capital account (*d*) Partners Current account. 1

Ans. (*b*) Profit and Loss account.

2. P and Q are partners in the ratio 2 : 1. Their capital are ₹ 2,00,000 and ₹ 1,00,000 respectively. Interest on capital is allowed @ 7% p.a. Firm earned a profit ₹ 15,000 for the year ended 31st March, 2020. Interest on capital will be :

(*a*) no interest will be allowed (*b*) ₹ 14,000, ₹ 7,000

(*c*) ₹ 10,000, ₹ 5,000 (*d*) None of these. 1

Ans. (*c*) ₹ 10,000, ₹ 5,000.

3. What will be the correct sequence of the following events ?

(*i*) Forfeiture of shares (*ii*) Default of calls

(*iii*) Re-issue of shares (*iv*) Amount transferred to capital reserve.

(*a*) (*i*), (*iv*), (*ii*) and (*iii*) (*b*) (*ii*), (*iv*), (*i*) and (*iii*) (*c*) (*ii*), (*i*), (*iii*) and (*iv*) (*d*) (*iii*), (*iv*), (*i*) and (*ii*). 1

Ans. (*c*) (*ii*), (*i*), (*iii*) and (*iv*)

Or

Rishi Ltd. invited applications for issuing 1,000 equity shares of ₹ 100 each at premium of 20%. The whole amount was payable on application. The issue was fully subscribed. Amount Received on application will be :

(*a*) ₹ 1,00,000 (*b*) ₹ 1,20,000

(*c*) ₹ 80,000 (*d*) ₹ 1,10,000.

Ans. (*b*) ₹ 1,20,000.

4. Rohan, Rajat, Rahul were sharing profit in the ratio of 3 : 2 : 1. They decided to share future profits in the ratio of 5 : 4 : 1 with effect from 1st April, 2022. After the revaluation of assets and reassessment of liabilities revaluation account showed a profit of ₹ 18,000. The amount to be credited in the capital account of Rajat is :

(*a*) ₹ 9,000 (*b*) ₹ 3,000 (*c*) ₹ 6,000 (*d*) ₹ 7,200. 1

Ans. (*c*) ₹ 6,000.

5. Kareena, Krishma and Tabu were partners in a firm sharing profits in the ratio 3 : 2 : 1. On 31st March 2023, Tabu died. Accounts closed on 31st December every year. The sales for the year 2022 was ₹ 9,00,000 and the profits were ₹ 90,000. The sales for the period from 1st January, 2023 to 31st March, 2023 were ₹ 2,40,000. The share of deceased partner in the current year profits on the basis of sales is :

(*a*) ₹ 4,000 (*b*) ₹ 24,000 (*c*) ₹ 12,000 (*d*) ₹ 8,000. 1

Ans. (*a*) ₹ 4,000

6. **A and B were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2023, C was admitted into partnership for $\frac{1}{5}$th share in profit. He pays ₹ 70,000 as goodwill. The ratio of partners A, B and C in the new firm would be 2 : 2 : 1. Goodwill will be credited to :**

(*a*) only A ₹ 70,000 (*b*) only B ₹ 70,000
(*c*) A ₹ 35,000, B ₹ 35,000 (*d*) A ₹ 42,000, B ₹ 28,000. 1

Ans. (*a*) only A ₹ 70,000

Or

Tove Ltd. issued 8,000, 11% debentures of 100 each at a premium of 5%. The total amount of interest on Debentures for one year will be :

(*a*) ₹ 80,000 (*b*) ₹ 92,400 (*c*) ₹ 88,000 (*d*) ₹ 8,80.

Ans. (*c*) ₹ 88,000.

7. **X and Y are partners. Following information is available for the admission of a new partner Z. Average profit ₹ 5,00,000; Normal Profit = ₹ 3,00,000; Number of years purchased = 3 years. Goodwill of the firm (by super profit method) will be :**

(*a*) ₹ 2,00,000 (*b*) ₹ 15,00,000 (*c*) ₹ 6,00,000 (*d*) ₹ 3,00,000. 1

Ans. (*c*) ₹ 6,00,000.

8. **Ram Gopal Ltd. purchased machinery of ₹ 5,20,000 from Krishna Ltd. The payment was made by issue of 4,000 equity shares of ₹ 100 each at a premium 20% and balance by issuing a cheque. The amount of cheque issued in favour of Krishna Ltd. ?**

(*a*) ₹ 40,000 (*b*) ₹ 1,20,000 (*c*) ₹ 50,000 (*d*) ₹ 80,000. 1

Ans. (*a*) ₹ 40,000.

9. **Which of the following is transferred to partner's Capital Account ?**

(*a*) Land and Building (*b*) Loan
(*c*) General Reserve (*d*) Creditors. 1

Ans. (*c*) General Reserve.

10. **A and B are sharing profit in the ratio of 3 : 2. They admit C into partnership for 1/5th share. New profit sharing ratio among the partners decided 5 : 3 : 2 .**

B's Capital Account was credited with ₹ 5,000 for premium for goodwill.

Premium for goodwill brought in by C :

(*a*) 10,000 (*b*) 20,000
(*c*) 30,000 (*d*) 40,000. 1

Ans. (*a*) 10,000.

11. **Shankar Prasad Ltd. forfeited 600 shares of ₹ 10 each, issued at a premium of ₹ 1 for non-payment of the final call of ₹ 2 each. Out of these, 400 shares were re-issued at ₹ 12 per share. How much amount would be transferred to capital reserve ?**

(*a*) ₹ 1,200 (*b*) ₹ 4,800 (*c*) ₹ 3,200 (*d*) ₹ 1,600. 1

Ans. (*c*) ₹ 3,200.

Or

P and Q are partners in a firm which develops software for industries, P's minor son R is a computer wizard can be admitted in the partnership firm ?

(*a*) No, he cannot be admitted (*b*) Yes, if P agree
(*c*) Yes if Q agree (*d*) Yes, if both P and Q agree.

Ans. (*d*) Yes, if both P and Q agree.

12. There are two partners in a firm X and Y. Z is admitted into the firm for $\frac{1}{3}$rd share of profit with guaranteed profit of ₹ 1,800 p.a. The firm's total profit is ₹ 4,200. If X is stood as guarantor of guaranteed profit to Z. How much profit would be given to X.

(*a*) ₹ 1,500 (*b*) ₹ 2,000 (*c*) ₹ 1,800 (*d*) ₹ 1,000. 1

Ans. (*d*) ₹ 1,000.

13. There was an unrecorded asset of ₹ 12,000 which was taken over by a partner at ₹ 9,830. Realisation account credited by :

(*a*) ₹ 9,830 (*b*) ₹ 12,000 (*c*) ₹ 2,170 (*d*) ₹ 21,830. 1

Ans. (*a*) ₹ 9,830

Or

A and B are partners sharing profits in the ratio of 3 : 2. They decided to admit C as a new partner and profit sharing ratio become 3 : 2 : 3 (brought 45,000 as his capital). Partners capitals are fixed, their capitals are :

A 45,000 and B 10,000. C's Share of goodwill will be :

(*a*) 10,000 (*b*) 28,125 (*c*) 20,000 (*d*) 7,500.

Ans. (*c*) 20,000.

14. Ram and Lakhan are partners in the ratio of 3 : 2. Their fixed capital were ₹ 3,00,000 and ₹ 4,00,000 respectively. After the closure of accounts for the year it was observed that the interest on capital which was agreed to be provided at 5% p.a. was erroneously provided at 10% p.a. By what amount will Ram account be affected if partner's decide to pass an adjustment entry for the same ?

(*a*) Ram's current A/c will be debited by ₹ 15,000

(*b*) Ram's current A/c will be credited by ₹ 6,000

(*c*) Ram's current A/c will be credited by ₹ 35,000

(*d*) Ram's current A/c will be debited by ₹ 20,000. 1

Ans. (*b*) Ram's current A/c will be credited by ₹ 6,000.

15. Shubham limited issued 6,000 debentures of ₹ 100 each in lieu of the consideration of a building costing ₹ 7,20,000 debenture will be issued at :

(*a*) 20% discount (*b*) 20% premium (*c*) 10% discount (*d*) 10% premium. 1

Ans. (*b*) 20% premium

Or

Reserve capital is not a part of :

(*a*) Authorised Capital (*b*) Subscribed Capital

(*c*) Issued Capital (*d*) Unsubscribed Capital.

Ans. (*d*) Unsubscribed Capital.

16. At the time of dissolution of the firm, if goodwill appears in the balance sheet, it is transferred to ....

(*a*) Realisation A/c (*b*) Revaluation A/c (*c*) Capital A/c (*d*) No treatment. 1

Ans. (*a*) Realisation A/c.

17. P,Q,R were partners in a firm sharing profits and losses in the ratio 5 : 3 : 2. They agreed to dissolved their partnership firm on 31st March 2023. P was deputed to realise the assets and pay the liabilities. He is entitled at a commission of ₹ 1,200 for his service. The balance sheet of the firms as on this date was : 3

Liabilities		Amt.	Assets		Amt.
Capital A/C's			Plant and Machinery		30,000
P :	37,550		Stock		5,500
Q :	13,450	51,000	Investments		15,000
Investment Fluctuation Reserve		4500	Debtors	7,100	
Bills Payable		3700	Less : Provision		
Creditors		10,000	for Doubtful Debts	(450)	6,650
			Cash		5,600
			C's Capital A/c		6,450
		69,200			69,200

P took over investment for ₹ 12,500. Stock and debtors realised ₹ 11,500. Plant and machinery were sold to Z for ₹ 22,500 for cash. Unrecorded assets realised ₹ 1500. Realisation expenses paid amounted ₹ 800. Pass necessary journal entries.

Ans. **Journal**

Date	Particulars		L.F.	Debit (₹) Amount	Credit (₹) Amount
2023 31st March (*i*)	Realisation A/c	Dr.		57,600	
	To Plant & Machinery A/c				30,000
	To Stock A/c				5,500
	To Investment A/c				15,000
	To Debtors A/c				7,100
	(Being Assets transferred to realisation A/c)				
(*ii*)	Creditors A/c	Dr.		10,000	
	Bills Payable A/c	Dr.		3,700	
	I.F.R. A/c	Dr.		4,500	
	Provision for Doutful debts A/c	Dr.		450	
	To Realisation A/c				18,650
	(Being liabilities are transferred to Realisation A/c)				
(*iii*)	P's Capital A/c	Dr.		12,500	
	To Realisation A/c				12,500
	(Being investment taken over by partners)				
(*iv*)	Cash A/c	Dr.		34,000	
	To Realisation A/c				34,000
	(Being assets, debtors, stock and Plant and Machinery realised and sold)				
(*v*)	Realisation A/c	Dr.		14,500	
	To Cash A/c				14,500
	(Being liabilities ₹ 13,700 and expenses ₹ 800 paid] [13,700 + 800]				

Date	Particulars	L.F.	Debit (₹) Amount	Credit (₹) Amount
(*vi*)	Realisation A/c Dr.		1,200	
	To P's Capital A/c			1,200
	(Being commission paid to P)			
(*vii*)	P's Capital A/c		3,325	
	Q's Capital A/c		1,995	
	R's Capital A/c		1,330	
	To Realisation A/c			6,650
	(Being Loss transferred partners Capitals]			

18. A and B are partners in a firm sharing profits and losses in the ratio of 2 : 1. They decided to admit Z as a new partner for $\frac{1}{4}$th share on 1.4.23. For this purpose goodwill of the firm is to be valued on the basis of two years purchase of the average profit for the last 3 years. The profits of the firm for the last three years were : 2021 : 40,000, 2022 : 19,000 2023 : 70,000 ending 31 march

Additional Information :

(*a*) On Ist April 2022, a machine was purchased for ₹ 80,000 which was wrongly debited to repair A/c. Depreciation to be charged on machinery was 10% p.a. on original cost.

(*b*) Closing stock as on 31st March 2023 was undervalued by ₹ 20,000. Calculate goodwill of the firm. 3

Ans.

Year	Profit	Adjustment	Adjustable profit
2021	40,000	–	40,000
2022	19,000	–	19,000
2023	(70,000)	+ 80,000 Car purchased – 8,000 Depreciation + 2,000 Under valuation of stock	22,000
			81,000

$$\text{Average profit} = \frac{81,000}{3} = 27,000$$

$$\text{Goodwill} = 27,000 \times 2$$

$$= ₹\ 54,000.$$

Or

Ram, Ghanshyam and Vrinda were partners sharing profit in the ratio of 4 : 3 : 1. The firm closes its books on 31st March every year. On Ist Feb. 2015 Ghanshyam died and it was decided that the new profit sharing ratio between Ram and Vrinda will be equal.

The partnership deed provided for the following on the death of a partner.

(*a*) His share of goodwill be calculated on the basis of half of the profits credited to his account during the previous four completed years.

2010-11 ₹ 1,20,000; 2011-12 ₹ 80,000; 2012-13 ₹ 40,000 and 2013-14 ₹ 80,000.

(*b*) His share of profit in the year of his death was to be computed on the basis of average profits of past two years.

Pass necessary Journal Entries relating to goodwill and profit to be transferred to Ghanshyam Capital Account.

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
	Vrindra's Capital A/c Dr. To Ghanshyam's Capital A/c (Being Ghanshyam Share's goodwill adjusted by debiting gaining partner).		60,000	 60,000
	Vrinda's Capital A/c Dr. To Ghanshyam's Capital A/c (Being Ghanshyam's Share of profit by debiting gaining partner)		18,750	 18,750

Working Note

Ram's Share $= \frac{1}{2} - \frac{4}{8} =$ NIL Total Profit = 3,20,000

Vrinda's Share $= \frac{1}{2} - \frac{1}{8}$ Firm's Goodwill $= 3,20,000 \times \frac{3}{8}$

= ₹ 1,20,000

$= \frac{4-1}{8} = \frac{3}{8}$ (gain) Ghanshyam Goodwill $= 1,20,000 \times \frac{1}{2}$

= ₹ 60,000

Ghanshyam Profit $= 50,000 \times \frac{3}{8}$

18,750

Average Profit of Past of two year $= \frac{40,000 + 80,000}{2}$

= ₹ 60,000

Profit for 10 month $60,000 \times \frac{10}{12} = 50,000.$

19. Fill in the blanks in the following case : 3

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c Dr. __________ Dr. To Sundry Creditors A/c To ______________ (Being business of Bhatia and Co. purchased for a consideration of ₹ 20,00,000)		18,00,000 __________	 2,00,000 __________
	______________ Dr. ______________ Dr. To 8% debentures A/c (Being paid to Bhatia and Co. by issue of .... 8% debentures of ₹ 150 each at a discount of ₹ 50 per debenture)		20,00,000 __________	 __________

Ans. **Journal Entries**

Date	Particulars		L.F.	Dr.	Cr.
	Sundry Assets A/c	Dr.		18,00,000	
	Goodwill A/c	Dr.		4,00,000	
	To Sundry Creditors A/c				2,00,000
	To Bhatia & Co.				20,00,000
	(Being business of Bhatia & Co. purchased for a consideration of ₹ 20,00,000)				
	Bhatia & Co.	Dr.		20,00,000	
	Discount on issue on debentures A/c	Dr.		10,00,000	
	To 8% Debentures A/c				30,00,000
	(Being paid to Bhatia & Co. by issue of 20,000, 8% debentures of ₹ 150 each at a discount of ₹ 50 per debenture)				

20. G, S and K sharing profits and losses in the ratio of 4 : 3 : 2 decide to share future profits and losses in the ratio of 2 : 3 : 4 with effect from 1st April 2023, An extract of their Balance Sheet as at 31.3.23.

Liabilities	(₹)	Assets	(₹)
Investment Fluctuation Reserve	**18,000**	**Investments (at cost)**	**2,00,000**

Show the accounting treatment under the following :

1. When Market Value of investment is ₹ 20,0000.

2. When Market Value of investment is ₹ 1,73,000.

3. When there is no information. 3

Ans. **Journal**

Date	Particulars		L.F.	Dr.	Cr.
(*i*)	Investment Fluctuation Reserve A/c	Dr.		18,000	
	To G's Capital A/c				8,000
	To S's Capital A/c				6,000
	To K's Capital A/c				4,000
	(Transfer of excess IFR to partners Capital Account.)				
(*ii*)	Investment fluctuation Reserve A/c Dr.			18,000	
	Revaluation Account A/c	Dr.		9,000	
	To Investment A/c				27,000
	(2,00,000 – 1,73,000)				
	(Fall in value of investment adjusted)				
	G's Capital A/c	Dr.		4,000	
	S's Capital A/c	Dr.		3,000	
	K's Capital A/c	Dr.		2,000	
	To Revaluation A/c				9,000
	(Being loss on revaluation transferred to partners capital account in their old profit sharing ratio)				
(*iii*)	Investment Fluctuation Reserve A/c	Dr.		18,000	
	To G's capital A/c				8000
	To S's Capital A/c				6,000
	To K's Capital A/c				4,000
	(Transfer of excess IFR to partners Capital Account)				

Or

A and B are in partnership firm sharing profits and losses in 3 : 1. They admitted R as new partner. R pays premium of ₹ 15,000 for $\frac{1}{3}$rd share of profit. Now profit share between A and B is equal. Journalise.

Ans. A : B

Old Share 3 : 1, New Share 1 : 1

Let Total Share $= 1$

$$\text{C's Share} = \frac{1}{3}$$

$$\text{Remaining} = 1 - \frac{1}{3} = \frac{2}{3}$$

$$\text{A's New Share} = \frac{2}{3} \times \frac{1}{2} = \frac{1}{3}$$

$$\text{B's New Share} = \frac{2}{3} \times \frac{1}{2} = \frac{1}{3}$$

$$\text{C's New Share} = \frac{1}{3}$$

1 : 1 : 1 New Profit Sharing Ratio

$$\text{A's Sacrifice/gain} = \frac{3}{4} - \frac{1}{3} = \frac{5}{12} \text{ (Sacrifice)}$$

$$\text{B's Sacrifice/gain} = \frac{1}{4} - \frac{1}{3} = \left(\frac{-1}{12}\right) \text{ gain}$$

Journal

Date	Particulars		L.F.	Dr.	Cr.
	Cash A/c	Dr.		15,000	
	To Premium for goodwill A/c				15,000
	(Being goodwill brought by new partner)				
	Premium for goodwill A/c	Dr.		15,000	
	B's Capital A/c	Dr.		3,750	
	To A's Capital A/c				18,750
	(Being Premium for goodwill adjusted)				

21. **Sagar Ltd. had an authorised capital of ₹ 40,00,000 divided into equity share of ₹ 40 each. The company invited applications for issuing ₹ 70,000 shares. Applications for 68,000 shares were received. All calls were made and were duly received except the final call of ₹ 10 per share on 5,000 shares. These shares were forfeited.**

(*i*) Present the share capital in the balance sheet of the company as per company schedule III of companies act, 2013.

(*ii*) Also prepare notes to accounts. **4**

Ans.

Balance Sheet as at ....

Particulars	Note No.	Amount (in ₹)
I. Equity and Liabilities		
1. Share holder's Funds		
(*a*) Share Capital	1	26,70,000

Notes to Accounts :

Particulars		Amount (in ₹)
1. Share Capital		
Authorised Capital		
1,00,000 Equity Share of ₹ 240 each		40,00,000
Issued Capital		
70,000 Equity Share of ₹ 40 each		28,00,000
Subscribed and Fully paid up		
63,000 Shares of ₹ 40 each	25,20,000	
+ Share forfeited A/c (5,000 Share ₹ 30)	1,50,000	
		26,70,000

Or

A company forfeited certain number of shares of face value ₹ 10 each, for non-payment of final call money of ₹ 4. These shares were reissued at a discount of ₹ 5 and amount of ₹ 4,500 was transferred to Capital Reserve account. Pass the necessary journal entries to show the above transactions and prepare Share forfeited account.

Ans.

Date	Particulars	L.F.	Dr.	Cr.
(*i*)	Share Capital A/c Dr.		45,000	
	(4,500 × 10)			
	To Share final Call A/c			18,000
	(4,500 × 4)			
	To Share forfeited A/c			27,000
	(Being 4,500 Shares forfeited)			
(*ii*)	Bank A/c Dr.		22,500	
	Share forfeited A/c Dr.		22,500	
	To Share Capital A/c			45,000
	(Being forfeited Share reissued)			
(*iii*)	Share forfeited A/c Dr.		4,500	
	To Capital Reserve			4,500
	(Being Balance of Share forfeited transferred to Capital Reserve)			

Share Forfeited A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Share Capital A/c	22,500	By Share Capital A/c	27,000
To Capital Reserve	4,500		
	27,000		27,000

22. The Balance Sheet of X, Y and Z as at 31st March, 2023 was :

Liabilities		Amt. (₹)	Assets	Amt. (₹)
Bills Payable		**2,000**	**Bank**	**5,800**
EPF		**5,000**	**Bill Receivable**	**800**
Workmen Compensation Reserve		**6,000**	**Stock**	**9,000**
General Reserve		**6,000**	**Sundry Debtors**	**16,000**
Loan		**7,100**	**Furniture**	**2,000**
Capital X :	**22,750**		**Plant and Machinery**	**6,500**
Y :	**15,250**		**Building**	**30,000**
Z :	**12,000**	**50,000**	**Advertisement Suspense A/c**	**6,000**
		76,100		**76,100**

The profit sharing ratio was 3 : 2 : 1. Z died on 31st July 2023. The partnership deed provide that :

(*a*) Goodwill is to be calculated on the basis of three years purchase of the five years profit. Profit : 2023 → 24,000, 2022; ₹ 16,000, 2021 → ₹ 20,000, 2020 → ₹ 10,000 and 2019 → ₹ 5,000.

(*b*) The deceased partner to be given share of profit till the date of death on the basis of profit for the previous year.

(*c*) The assets have been revalued as stock ₹ 10,000, debtors ₹ 15,000, furniture ₹ 1,500, plant and machinery ₹ 5,000, building ₹ 35,000. A bill receivable for ₹ 600 was found worthless.

(*d*) A sum of ₹ 12,233 was paid immidiately to Z's executor and the balance to be paid in two equal annual instalments together with interest @ 10% p.a. on the amount outstanding.

Prepare Z's executor account. **4**

Ans. **Revaluation A/c**

Dr. **Cr.**

Particulars		Amount (₹)	Particulars	Amount (₹)
To Debtors A/c		1,000	By Stock A/c	1,000
To Furniture A/c		500	By Building A/c	5,000
To Plant & Machinery A/c		1,500	(35,000 – 30,000)	
To Bills receivable A/c		600		
To Gain on revaluation A/c transferred to				
X's Capital A/c :	1,200	2,400		
Y's Capital A/c :	800			
Z's Capital A/c :	400			
		6,000		6,000

Z's Capital Account

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Advertisement Suspense A/c $\left(6{,}000\times\frac{1}{6}\right)$	1,000	By Balance b/d	12,000
		By Revaluation A/c Profit	400
To Z's executor's A/c	22,233	By Workmen Compensation Reserve $\left(6{,}000\times\frac{1}{6}\right)$	1,000
		By General Reserve $\left(6{,}000\times\frac{1}{6}\right)$	1,000
		By P&L suspense A/c $\left(\frac{24{,}000}{12}\times 4\times\frac{1}{6}\right)$	1,333
		By Share of goodwill	7,500
	23,233		23,233

Z's Executor's Account

Dr. **Cr.**

Date	Particulars	Amt.	Date	Particular's	Amount
2023 July 31	To Bank A/c	12,233	2023 July 31	By Z's Capital A/c	22,233
2024	To Balance c/d	10,000			
31st, March		22,233	2024		22,233
2025 March	To Bank [5,000 + 1,000]	6,000	1st April 2025	By balance b/d	10,000
March 33 2025	To Balance c/d	5,000	31st March	By Interest (10,000 × 10%)	1,000
		11,000			11,000
2026 31st March	To Bank A/c [5,000 + 500]	5,500	2025 1 April	By balance. b/d Balance	5,000
			2026 31st March	By Interest (5,000 × 10%)	500
		5,500			5,500

23. S, G and K were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 31st March 2020, their balance sheet was as follows : **6**

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	**60,000**	**Bank**	**1,40,000**
EPF	**40,000**	**Sundry Debtors**	**1,60,000**
Profit and Loss A/c	**1,00,000**	**Stock**	**2,40,000**

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital		Investment	2,00,000
S : 3,00,000		Fixed Assets	3,60,000
G : 2,50,000			
K : 3,50,000	9,00,000		
	11,00,000		11,00,000

On the above date, S retire

(*i*) Fixed assets will be reduced to ₹ 2,90,000

(*ii*) A provision on 5% on debtors for bad and doubtful debts will be created.

(*iii*) Stock was to be valued at ₹ 2,18,000. S took over the stock at this value.

(*iv*) Goodwill of the firm at time of S retirement was valued ₹ 8,00,000. 'S' share of goodwill was treated by debiting G and K Capital's accounts.

(*v*) S was paid cash brought by G and K in such a way that their capital accounts become in profit sharing ratio and a balance of ₹ 58,000 was left in the bank.

(*vi*) G and K will share the future profit in the ratio 2 : 3.

Prepare Revaluation account, Partner's Capital A/c's and the Balanced Sheet of the reconsituted firm.

Ans.

Revaluation A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To fixed Assets	70,000	By loss on revaluation	
To Provision for D/D	8,000	transferred to	
To Stock	22,000	S's Capital A/c 50,000	
		G's Capital A/c 30,000	
		K's Capital A/c 20,000	
			1,00,000
	1,00,000		1,00,000

Partner's Capital A/c

Dr. Cr.

Particulars	S	G	K	Particulars	S	G	K
To Revaluation (Loss)	50,000	30,000	20,000	By Balance b/d	3,00,000	2,50,000	3,50,000
To S's Capital A/c		80,000	3,20,000	By P&L A/c	50,000	30,000	20,000
To Stock A/c	2,18,000			By G's Capital A/c	80,000		
To Bank	4,82,000			By K's Capital A/c	3,20,000		
To Balance c/d	–	2,40,000	3,60,000	By Bank A/c [Bal. fig.]	—	70,000	3,30,000
	7,50,000	3,50,000	7,00,000		7,50,000	3,50,000	7,00,000

Balance Sheet
as at 31st March 2020

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	60,000	Bank	58,000
EPF	40,000	Sundry Debtors 1,60,000	
Capital A/cs		Less : Provision 8,000	1,52,000
G 2,40,000			
K 3,60,000	6,00,000	Investments	2,00,000
		Fixed Assets	2,90,000
	7,00,000		7,00,000

Working Note :

G's gain = $\frac{2}{5}-\frac{3}{10} = \frac{1}{10}$

K's gain = $\frac{3}{5}-\frac{2}{10} = \frac{4}{10}$

S's Share of goodwill $= \frac{5}{10}\times 8{,}00{,}000$

= Rs. 4,00,000

Rs. 4,00,000 contributed by G and K in gaining ratio 1 : 4.

Or

P and Q share profit in the ratio 3 : 1. Their balance sheet as at 31st March 2024 was as under :

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Outstanding Expenses	**5,000**	**Cash**	**7,800**
Sundry Creditors	**36,000**	**Sundry Debtors**	**24,000**
Provision for Doubtful Debts	**800**	**Stock**	**5,000**
Capital		**Fixed Assets**	**80,000**
P	**68,000**	**Goodwill**	**8,000**
Q	**31,000**	**Profit and Loss A/c**	**16,000**
	1,40,800		**1,40,800**

On 1st April, 2024, Z is admitted into partnership :

(*i*) **Fixed assets are overvalued by 25%.**

(*ii*) **Provision for doubtful debts should be remain at 5% on debtors.**

(*iii*) **The new profit sharing ratio will be 5 : 3 : 2.**

(*iv*) **Z will pay ₹ 20,000 as capital and the capital of old partners will be adjusted on the basis of new partners capital and his share in the business, actual cash to be brought in or withdrawn by old partners.**

(*v*) **Goodwill of the firm is valued at ₹ 20,000.**

Prepare Revaluation Account, Partner's Capital A/c's and Balance Sheet of the new firm.

Ans. **Revaluation A/c**

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Fixed Assets To Provision for doubtful debits (1,200 – 800)	16,000 400	By loss on revaluation transferred to : P's Capital A/c 12,300 Q's Capital A/c 4,100	16,400
	16,400		16,400

Partners Capital A/c

Dr. **Cr.**

Particulars	P	Q	Z	Particulars	P	Q	Z
To Loss on Revaluation A/c	12,300	4,100	–	By Balance b/d	68,000	3,10,00	
To Goodwill	6,000	2,000		By Premium for good will	4,000		
To Profit and Loss A/c	12,000	4,000		By Q's Capital	2,000		
To Z's Capital		2,000		By Cash			20,000
To bal. c/d	50,000	30,000	20,000	By Cash (Bal. Fig.)	6,300	11,100	
	80,300	42,100	20,000		80,300	42,100	20,000.

Balance Sheet

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital P 50,000 Q 30,000 Z 20,000	1,00,000	Sundry Debtor 24,000 Less : Provision 1,200	22,800
		Stock	5,000
Outstanding Expenses	5,000	Fixed Assets	64,000
Sundry creditors	36,000	Cash [7,800 + 4,000 + 20,000 6,300 + 1,400]	49,200
	1,41,000		1,41,000

Working Note :

	P	:	Q
Old Share	3	:	1
New Share	5	:	3

P's gain's/sacrifice = Old Share – New Share

$$= \frac{3}{4} - \frac{5}{10}, \ \frac{15-10}{20} = \frac{5}{20} \text{ (sacrifice)}$$

$$\text{Q's gain/sacrifice} = \frac{1}{4} - \frac{3}{10}, \ \frac{5-6}{20} = \frac{-1}{20} \text{ (gain)}$$

Q. 24. Rolly and Dolly were partners sharing profits and losses equally. On 31st March 2022, the Balance Sheet of the firm was as follows :

Liabilities	(₹)	Assets		(₹)
Capital : Rolly	30,000	Bank		25,000
Dolly	18,000	Debtors :	42,000	
		(–) Provision :	6,000	36,000
Sundry Creditors	60,000	Stock		12,000
Rolly's Loan	15,000	Investment		18,000
General Reserve	15,000	Plant and Machinery		39,000
Investment	2,000	Patents		5,000
Fluctuation Reserve		Dolly's Loan		2,000
		Prepaid Expenses		3,000
	1,40,000			1,40,000

Their firm was dissolved on the above date :

(*i*) **The Creditors were paid off by giving them the Plant and Machinery at a discount of 10% and the balance in cash.**

(*ii*) **Rolly's Loan was paid with interest of ₹ 500.**

(*iii*) **Debtors realised 10% less of the amount due from them.**

(*iv*) **Stock was taken over by Rolly at ₹ 7,000 and Investment realised at 80% of the book value.**

(*v*) **Realisation expenses ₹ 600 paid by Dolly.**

You are prepared Realisation Account, Partner's Capital and Bank Account. **6**

Ans. **Realisation Account**

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Debtors A/c	42,000	By Sundry Creditors	60,000
To Stock A/c	12,000	By Provision for doubtful debts	6,000
To Investment A/c	18,000	By Investment	2,000
To Plant and Machinery	39,000	Fluctuation Reserve	
To Patents A/c	5,000		
To Prepaid Expenses	3,000	By Bank A/c	
		– Debtors 37,800	
To Bank Account		– Investment 14,400	52,200
–Creditors 60,000			
– 35,100	24,900		
To Rolly's Loan A/c – Interest	500	By Rolly's Capital A/c – Stock	7,000
To Dolly's Capital A/c	600	By loss on Realisation transferred to	17,800
		Rolly's Capital A/c 8,900	
		Dolly's Capital A/c 89,00	
	1,45,000		1,45,000

Partners Capital A/c

Dr. **Cr.**

Particulars	**Rolly**	**Dolly**	**Particulars**	**Rolly**	**Dolly**
To Realisation A/c – Stock	7,000		By Balance b/d	30,000	18,000
To Realisation A/c			By General Reserve	7,500	7,500
– Loss	8,900	8,900	By Realisation Expenses	–	600
To Bank A/c – Final Payment	21,600	17,200			
	37,500	26,100		37,500	26,100

Bank A/c

Dr. **Cr.**

Particulars	**Amt. (₹)**	**Particulars**	**Amt. (₹)**
To balance b/d	25,000	By Rolly Loan 15,000 500	15,500
To Realisation A/c Assets Realised	52,200	By Realisation A/c Liabilities Paid	24,900
To Dolly's loan	2,000	By Rolly's Capital A/c	21,600
		By Dolly's Capital A/c	17,200
	79,200		79,200

25. Zedge Limited invited applications for issuing 5,00,000 equity shares of ₹ 10 each at a premium of ₹ 10 each payable with final call. Amount as per share was payable as follows :

On application ₹ 2, on allotment ₹ 3, on first call ₹ 2, on second and final call – Balance. Applications for 8,00,000 shares were received. Applications for 50,000 shares were rejected and the application money was refunded. Allotment was made to the remaining applications as follows :

	No. of shares applied	**No. of shares allotted**
I	**2,00,000**	**1,50,000**
II	**5,50,000**	**3,50,000**

Excess application money received on applications were adjusted towards sums due on allotment. Balance, if any was adjusted towards future calls. Rmakant, a shareholder belonging to category I to whom 1,500 shares were allotted paid his entire share money with allotment. Manoj belonging to category II who had applied for 11,000 shares failed to pay final call. Manoj's shares forfeited after the final call. The shares forfeited were re-issued at ₹ 10 per share as fully paid up. Pass necessary Journal entries for above transactions in the books of Zedge Ltd. **6**

Ans.

Zedge Ltd.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(*i*)	Bank A/c	Dr.		16,00,000	
	To Equity Share Application A/c				16,00,000
	(Application money received)				
(*ii*)	Equity Share Application A/c	Dr.		16,00,000	
	To Equity Share Capital A/c				10,00,000
	To Equity Share Allotment A/c				5,00,000
	To Bank A/c				1,00,000
	(Being application money transferred)				
(*iii*)	Equity Share Allotment A/c	Dr.		15,00,000	
	To Equity Share Capital A/c				15,00,000
	(Being Allotment money due on 5,00,000 equity Shares @ ₹ 3 each				
(*iv*)	Bank A/c	Dr.		10,22,500	
	To Equilty Share Allotement A/c				10,00,000
	To Calls in Advance A/c [1,500 × 15]				22,500
	(Being Allotment money received along with calls in advance on 1,500 Shares)				
(*v*)	Equity Share First Call A/c	Dr.		10,00,000	
	To Equity Share Capital A/c				10,00,000
	(Being First call money due on 5,00,000 equity Shares @ ₹ 2 each)				
(*vi*)	Bank A/c	Dr.		9,97,000	
	Calls in Advance A/c (1,500 × 2)	Dr.		3,000	
	To Equity Share first Call A/c				10,00,000
	[Being first call received]				
(*vii*)	Equity Share final Call A/c	Dr.		65,00,000	
	To Equity Share Capital A/c				15,00,000
	To Securities Premium A/c				50,00,000
	(Being call money due on 5,00,000 equity share @ 13 each including premium of ₹ 10 each)				
(*viii*)	Bank A/c	Dr.		63,89,500	
	Calls in Advance A/c	Dr.		19,500	
	Calls in Arrears A/c	Dr.		91,000	
	To Equity Share final Call A/c				
	(Being first Call received)				
(*ix*)	Equity Share Capital A/c	Dr.		70,000	
	Securities Premium A/c	Dr.		70,000	
	To Calls in Arrears A/c				91,000
	To Share forfeited A/c				49,000
	(Being Manoj's Shares forfeited)				

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(*x*)	Bank A/c Dr. To Equity Share Capital A/c (Being 7,000 Shares reissued)		70,000	 70,000
(*xi*)	Share forfeited A/c Dr. To Capital Reserve A/c (Being gain on reissue Share transferred to Capital Reserve)		49,000	 49,000

Working Note :

Shares alloted to Manoj

$= \frac{3,50,000}{5,50,000} \times 1,000$ 7,000

26. Balance Sheet (Extract) as at ....

Particulars	Note No.	2024	2023
I. Equity & Liabilities **—Shareholders Funds** **—Share Capital**	**1**	**74,00,000**	**50,00,000**

Notes to Accounts

Note No. 1

Share Capital

Particulars		2024	2023
1. Share Capital			
—Authorised Capital			
1,00,000 shares of ₹ 100 each		**1,00,00,000**	**1,00,00,000**
—Issued Capital			
—50,000 share of ₹ 100 each		**—**	**50,00,000**
—75,000 shars of ₹ 100 each		**75,00,000**	
		75,00,000	**50,00,000**
—Subscribed Capital			
—Subscribed and Fully paid up			
50,000 shares of ₹ 100 each			**50,00,000**
72,000 shares of ₹ 100 each 72,00,000			
Subscribed but not fully paid up			
2,000 shares of ₹ 100 each 2,00,000			
Less : Calls in Arrear (Final call)—	**20,000**		
Forfeited Shares (1,000 shares)	**1,80,000**	**20,000**	**74,00,000**
		74,00,000	**50,00,000**

(In 2023-24) The company has issued 75,000 shares of ₹ 100 each. The application was several for 75,000 shares payable ₹ 20 on Application, ₹ 30 on Allotment, ₹ 30 on First Call and balance on Final Call.

Answer the following :

(*a*) On the Forfeited shares in 2023-24. How much amount is paid by shareholder on each share ?

(*i*) ₹ 50 (*ii*) ₹ 30 (*iii*) ₹ 20 (*iv*) ₹ 80. 1

(*b*) What is the amount of calls in Arrear for each share ?

(*i*) ₹ 20 (*ii*) ₹ 30 (*iii*) ₹ 10 (*iv*) ₹ 80. 1

(*c*) How many shareholders have not paid Final Call ?

(*i*) 2,000 shares (*ii*) 20,000 shares (*iii*) 1,000 shares (*iv*) 10,000 shares. 1

(*d*) At what maximum discount the forfeited shares can be reissued ?

(*i*) ₹ 10 (*ii*) ₹ 20 (*iii*) ₹ 30 (*iv*) ₹ 40. 1

(*e*) How many shares will issued by the company 2023-24 ?

(*i*) 22,000 shares (*ii*) 23,000 shares (*iii*) 24,000 shares (*iv*) 25,000 shares. 1

(*f*) What was the total amount received by the company by issue of fresh shares in 2023-24 ?

(*i*) 22,00,000 (*ii*) 24,00,000 (*iii*) 23,80,000 (*iv*) None of these. 1

Ans. (*a*) (*iii*) Amount paid by shareholder on each share = ₹ 20

$$\frac{\text{Share Forfeited Amount}}{\text{No. of Shares}} = \frac{20,000}{1,000} = 20$$

(*b*) (*i*) Amount of calls in arrears for each share = ₹ 20
(*c*) (*iii*) Shareholders did not paid final call = 1000 shares.
(*d*) (*ii*) Maximum discount the forefeited shares can be reissued = ₹ 20
(*e*) (*iv*) No. of shares issued by company 2023-24 = 25000 shares.
(*f*) (*ii*) Total amount received by the company by issue of fresh shares in 2023-24 ₹24,00,000.

PART—B

(Analysis of Financial Statements)

27. Which of the following is a device of comparative statements ?

(*i*) Comparison expressed in terms of absolute data.

(*ii*) Comparison expressed in terms of %.

(*iii*) Comparison expressed in terms of ratios.

(*a*) (*i*) and (*ii*) (*b*) (*i*) and (*iii*) (*c*) Only (*iii*) (*d*) (*i*), (*ii*) and (*iii*). 1

Ans. (d) (i), (ii) and(iii)

Or

Cost of Revenue from operations :

(*a*) Revenue from operations – Net Profit (*b*) Revenue from operations – Gross Profit

(*c*) Revenue from operations – Closing inventory (*d*) Purchases-Closing Inventory.

Ans. (*b*) Revenue from Operations–Gross Profit.

28. If capital employed is ₹ 8,00,000, total debt is ₹ 5,00,000 current liabilities is ₹ 2,00,000 then, Debt Equity Ratio is :

(*a*) 2 : 5 (*b*) 3 : 5 (*c*) 5 : 8 (*d*) None of these. 1

Ans. (*b*) 3 : 5.

29. Shyam Sunder Ltd. is a financing Company. Under which of the following activity will the amount of Interest paid on loan be shown : **1**

On paid on loan be shown :

(*a*) Investing activity (*b*) Financing activity

(*c*) Both Financing and Operating activity (*d*) Operating activity.

Ans. (*b*) Financing activity

Or

Paid ₹ 4,00,000 to acquire shares in R.V. Ltd. and received a dividend of ₹ 40,000 after acquisition. These transactions will result in :

(*a*) Cash used in investing activities ₹ 4,00,000

(*b*) Cash generated from fiancing activities ₹ 4,40,000

(*c*) Cash used in investing activities ₹ 3,60,000

(*d*) Cash generated from fiancing activities ₹ 3,60,000.

Ans. (*c*) Cash used in investing activities ₹ 3,60,000

30. Cash from operating activities will decrease due to :

(*a*) increase in current Assets (*b*) decrease in current Assets

(*c*) Both (*a*) and (*b*) (*d*) Neither (*a*) nor (*b*).

Ans. (*a*) Increase in current Assets.

31. State under which major headings and sub headings will the following items be presented in the Balance Sheet of a company as per Schedule III Part I of the companies act, 2013. **3**

(*i*) Prepaid expenses **(*ii*) Investment in debentures**

(*iii*) Calls-in-arrears **(*iv*) Unpaid dividend**

(*v*) Capital Reserve **(*vi*) Capital work-in progress**

Ans.

Sr. No.	**item**	**MajorHeding**	**Sub-Heading**
(*i*)	Prepaid expenses	Current Assets	Other Current Assets
(*ii*)	Investment in Debentures,	Non-Current Assets	Non-Current Investments
(*iii*)	Calls in arrears	Shareholder's Fund	Share Capital Subscribed Capital
(*iv*)	Unpaid dividend	Current Liabilities	Other Current Liabilities
(*v*)	Capital reserve	Shareholder's Funds	Reserve and Surplus
(*vi*)	Capital Work in Progress	Non-Current Assets	Fixed Assets

32. From the following information, calculate gross profit and inventory turnover ratio. **3**

Revenue from operations	**₹ 2,00,000**
Purchases	**₹ 1,69,000**
Opening inventory	**₹ 35,500**
Closing inventory	**₹ 44,500**

Particulars	**Amount (in ₹)**
Revenue from Operations	**15,00,000**
Purchase of " Stock in Trade"	**2,50,000**
Opening Inventory	**80,000**
Closing Inventory	**1,55,000**
Employee Benefit expenses	**6,00,000**
Other Income	**3,00,000**
10% Debentures	**6,00,000**
Depreciation on Tangible Assets	**75,000**
Amartisation of Intangible Assets	**15,000**
Tax Rate	**20%**

Ans.

Common size statement of Profit and Loss

for the year ended Mar. 31, 2023

	Particulars	**Amount (₹)**	**As % of Revenue from Operatives**
I.	Revenue from Operations	15,00,000	100%
II.	Other income	3,00,000	20%
III.	Total Revenue (I + II)	18,00,000	120%
IV.	Expenses :		
	(*a*) Purchase of Stock in Trade	2,50,000	16.67%
	(*b*) Change in Inventory	(75,000)	(5%)
	(*c*) Employee Benefit Expenses	6,00,000	40%
	(*d*) Finance Cost	60,000	4%
	(*e*) Depreciation and Amortisation	90,000	6%
	Total Expenses	9,25,000	61.67%
(V)	Profit Before Tax (III–IV)	8,75,000	58.33%
(VI)	Less : Tax	1,75,000	11.67%
(VII)	Profit after Tax	7,00,000	46.67%

33. Prepare common size statement of profit and loss the following information of Amateur Ltd. for the year ended March, 31, 2023. **4**

Ans. (a) Cost of Revenue from operations = Opening inventory + purchases – Closing inventory

₹ 35,500 + ₹ 1,69,000 – ₹ 44,500

= ₹ 1,60,000

Gross profit = ₹ 2,00,000 – ₹ 1,60,000 = ₹ 40,000

$$\text{Gross profit ratio} = \frac{\text{Gross profit}}{\text{Revenue from operations}} \times 100$$

$$= \frac{40,\cancel{000}}{2,\cancel{00},\cancel{000}} \times 1\cancel{00} = \mathbf{20\%}$$

(*b*) Purchase of goods costing ₹ 20,000 will not change the ratio.

34. (*a*) You are required to prepare cash flow from operating activities for the year ended 31.3.2023 from the following balance sheet.

Balance of Prayag Ltd.

Particulars	Note No.	31.3.2023	31.3.2022
I. Equity and Liabilities :			
1. Shareholder Funds			
(*a*) Share Capital		14,00,000	10,00,000
(*b*) Reserve and Surplus		5,00,000	4,00,000
2. Non-current Liabilities			
Long term Borrowings (10% Debentures)		5,00,000	1,40,000
3. Current Liabilities			
(*a*) Short term Borrowings (Bank overdraft)		20,000	30,000
(*b*) Trade Payable		1,00,000	60,000
(*c*) Short Term Provisions		60,000	30,000
Total		25,80,000	16,60,000
II. Assets :			
(1) Non-Current assets			
Property, plant and Equipment and Intangible Assets			
(*i*) Property, Plant and Equipment		16,00,000	9,00,000
(*ii*) Intangible Assets		1,40,000	2,00,000
(2) Current Assets			
(*a*) Inventory		2,50,000	2,00,000
(*b*) Trade Receivable		5,00,000	3,00,000
(*c*) Cash and Bank Balances (Cash at bank)		90,000	60,000
Total		25,80,000	16,60,000
Notes to Accounts			
1. Short term Provisions :		60,000	30,000
Provision for Taxation			
2. Property, Plant and Equipment :			
Plant and Machinery		17,60,000	10,00,000
Less accumulated Depreciation		(1,60,000)	(1,00,000)
Total		16,00,000	9,00,000

Additional Informations :

(*i*) A part of the machine, costing ₹ 50,000, accumulated depreciation thereon being ₹ 20,000 was sold for ₹ 18,000.

(*ii*) Tax paid ₹ 20,000

(*iii*) Interest paid on debentures ₹ 50,000. 6

(*b*) From the following information of Nova Ltd. Calculate the Cash flow from investing activities :

Particulars	31.03.2019	31.03.2018
Machinery (at cost)	**5,00,000**	**3,00,000**
Accumulated Depreciation on		
Machinery	**1,00,000**	**80,000**
Goodwill	**1,50,000**	**1,00,000**
Land	**70,000**	**1,00,000**

Additional Informations :

During the year a machine costing ₹ 50,000 on which the accumulated depreciation was ₹ 35,000 was sold for ₹ 12,000.

Ans.

Cash Flow Statement

Particulars	(Details) ₹	(Amount) ₹
A. Cash Flow from Operating Activities		
Net Profit after tax	1,00,000	
Add : Provision for tax	50,000	
Net profit after tax		1,50,000
Add : Non operating/non cash expenses		
Goodwill written off	60,000	
Depreciation on Plant & Machinery	80,000	
Loss on Sale of Plant & Machinery	12,000	
interest on Debentures	50,000	2,02,000
Net operating profit before working capital changes	2,02,000	352000
Add : Trade Payables	40,000	
Less : Inventory	(50,000)	
Less : Trade Receivables	(2,00,000)	(2,10,000)
Cash Flow from operating activities before tax		1,42,000
Less :Tax paid		(20,000)
Cash Flow from Operating Activities		1,22,000

Or

From the following particulars, calculate cash flow from financing activities.

Particulars	31.3.2023	31.3.2022
Equity Share Capital	**8,00,000**	**6,00,000**
12% Preference Share Capital	**—**	**2,00,000**
14% Debentures	**1,00,000**	**—**

Additional Informations :

(*i*) Equity shares were issued at a premium of 15%.

(*ii*) 12% preference shares were redeemed at a premium of 5%.

(*iii*) 14% debentures were issued at a discount of 1%.

(*iv*) Dividend paid on old preference shares ₹ 24,000.

(*v*) Interest paid on Debentures ₹ 14,000.

(*vi*) Understanding commission on equity shares ₹ 10,000.

(*vii*) Proposed dividend on equity shares for the year ended 31.3.2023 ₹ 1,20,000 and 31.3.2022 ₹ 90,000.

Ans.

	Particulars	**(₹) Amount**
(*i*)	Issue of Equity Shares Capital	
	[2,00,000 + 30,000 (Securities premium)–	
	10,000 (underwriting commission)	2,20,000
(*ii*)	Redemption of Preference Shares	(2,10,000)
	(2,00,000 + 10,000 (Premium on Redemption)	
(*iii*)	Issue of Debentures (₹ 1,00,000 – 1,000) discount)	99,000
(*iv*)	Proposed dividend on Equity Shares for the	
	year ended 31st March, 2022	(90,000)
(*v*)	Dividend on Preference Shares	(24,000)
(*vi*)	Interest paid on Debentures	(14,000)
	Net Cash used in Financing Activities	(19,000)

Holy Faith New Style Sample Paper–4 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

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

General Instructions : Same as in Holy Faith New Style Sample Paper—1

PART—A

(Accounting for Partnership Firms and Companies)

1. Paper and Pen are partners. Paper draws a fixed amount at the beginning of every month. Interest on drawings is charged @ 6% p.a. At the end of the year 31st March, 2022 interest on Paper's drawings amounts to ₹ 1,560.

Monthly drawing of Paper were :

(*a*) ₹ 8,000 (*b*) ₹ 60,000 (*c*) ₹ 7,000 (*d*) ₹ 4,000.

Ans. (*d*) ₹ 4,000.

2. Assertion (A) : Transfer to reserves is shown in profit and loss appropriation A/c.
Reason (R) : Reserves are charge against the profits.

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

Ans. Assertion (A) is false but Reason (R) is true.

3. Reserve capital is also known as ....

(*a*) capital reserve (*b*) subscribed and fully paid up capital
(*c*) subscribed but not fully paid up capital (*d*) issued capital.

Ans. (*c*) subscribed but not fully paid up capital

Or

Beena Ltd. purchased land and Building from Deepa Ltd. for the book value of ₹ 20,00,000. The consideration was paid by issuing of 12% debentures of ₹ 100 each at a discount of 20%. The debentures account is credited with :

(*a*) ₹ 20,00,000 (*b*) ₹ 26,00,000 (*c*) ₹ 25,00,000 (*d*) ₹ 14,00,000.

Ans. (*c*) ₹ 25,00,000

4. Mamta and Seema were partners in a firm sharing profits in the ratio of 3 : 2. Their capitals were ₹ 1,60,000 and ₹ 1,00,000 respectively. They admitted Suresh on 1st April 2023 as a new partner for 1/5th share in the future profits. Suresh brought ₹ 1,20,000 as his capital. Calculate the value of goodwill of the firm.

(*a*) ₹ 2,20,000 (*b*) ₹ 44,000 (*c*) ₹ 2,60,000 (*d*) ₹ 3,80,000.

Ans. (*a*) ₹ 2,20,000

Or

Disha and Divya are partners in a firm sharing profits in the ratio of 4 : 1. They admitted Devansh as a partner with 1/4 th share in the profit of the firm. At the same time, the investment fluctuation reserve shows a credit balance of ₹ 40,000 and investment (Market value ₹ 1,80,000) appears at ₹ 1,90,000. Give Journal entry to distribute the investment fluctuation reserve.

(*a*) Dr. Investment Fluctuation Reserve A/c ₹ 40,000 Cr. Disha capital A/c ₹ 32,000 and Cr. Divya capital A/c ₹ 4000.
(*b*) Dr. Investment Fluctuation Reserve A/c ₹ 40,000, Cr. Investment A/c ₹ 10,000, Disha capital A/c ₹ 24,000, Divya capital A/c ₹ 6,000.
(*c*) Dr. Investment A/c ₹ 10,000, Cr. Disha capital A/c ₹ 8,000, Divya Capital A/c ₹ 2,000.
(*d*) Investment Fluctuation Reserve A/c ₹ 40,000, Cr. Disha capital A/c ₹ 20,000. Divya capital ₹ 20,000.

Ans. Dr. investment fluctuation reserve A/c ₹ 40,000, Cr. Investment A/c ₹ 10,000, Disha capital A/c ₹ 24,000, Divya capital A/c ₹ 6,000.

5. The average capital employed in a business is ₹ 3,00,000 and average net profit earned is ₹ 42,000. The normal rate of return on capital employed is 10%. The goodwill of the firm based on 3 year's purchase of super profit will be :

(*a*) ₹ 36,000 (*b*) ₹ 30,000 (*c*) ₹ 4,200 (*d*) ₹ 12,000.

Ans. (*a*) ₹ 36,000

6. When share were forfeited share capital account is debited by :

(*a*) Forfeited amount (*b*) Called up amount on shares
(*c*) Paid up amount on shares (*d*) Amount of capital reserve.

Ans. (*b*) Called up amount on shares

Or

X Ltd. purchased a machinery from Y Ltd. and issued 540 shares of ₹ 25 each at a premium of 10% for purchase consideration. The book value of machinery in the books of X Ltd will be :

(*a*) ₹ 14, 850 (*b*) ₹ 13, 500 (*c*) ₹ 15, 120 (*d*) ₹ 14,380.

Ans. (*a*) ₹ 14, 850

7. 15% debentures are issued as collateral security against a bank loan. Interest on these debentures will be paid at :

(*a*) 6% p.a (*b*) market rate of interest
(*c*) 15% p.a. (*d*) no interest will be paid.

Ans. (*d*) no interest will be paid.

8. On dissolution of a firm, a partners capital account balance was ₹ 63,000, creditors account balance was ₹ 12,000 and profit and loss account debit balance was ₹ 6,000. Profit on realisation of assets was ₹ 7,800. Total amount realises from assets was :

(*a*) ₹ 81,000 (*b*) ₹ 76,800 (*c*) ₹ 70,800 (*d*) ₹ 60,000.

Ans. (*b*) ₹ 76,800

Or

A firm has stock of ₹ 1,60,000. 'X' took over 50% of the stock at a discount of 20%. Remaining stock was sold off at a profit of 30% on cost. Realisation account is to be credited with

(*a*) ₹ 64,000 (*b*) ₹ 1,04,000 (*c*) ₹ 1,68,000 (*d*) ₹ 50,000.

Ans. (*c*) ₹ 1,68,000

9. X, Y and Z are partners in a firm sharing profits in the ratio of 2 : 2 : 1. Z is given a guaranted minimum profit of ₹ 20,000 every year. If profit of the firm during 2019-2020 is ₹ 80,000 partners will get :

(*a*) ₹ 32,000 ; ₹ 32,000 ; ₹ 16,000 (*b*) ₹ 30,000 ; ₹ 30,000 ; ₹ 20,000
(*c*) ₹ 35,000 ; ₹ 25,000 ; ₹ 20,000 (*d*) ₹ 30,000 ; ₹ 30,000 ; ₹ 30,000.

Ans. (*b*) ₹ 30,000 ; ₹ 30,000 ; ₹ 20,000

10. Debtors and B/R amounting to ₹ 40,000 were falling due for payment after 2 months during dissolution of firm but they were realised immediately at a discount of 12% p.a. the entry passed will be :

(*a*) Dr.Bank A/c & Cr. Realisation A/c ₹ 39,200 (*b*) Dr.Bank A/c & Cr. Realisation A/c ₹ 40,000
(*c*) Dr. Realisation A/c & Cr. Bank A/c ₹ 40,000 (*d*) Dr. Realisation A/c & Cr. Bank A/c ₹ 39,200.

Ans. (*a*) Dr.Bank A/c & Cr. Realisation A/c ₹ 39,200

11. Vishnu, a partner withdrew ₹ 4,000 at the end of each quarter and interest on drawings was calculated as ₹ 360 at the end of accounting year 31st March, 2022. What is the rate of interest on drawings charged.

(*a*) ₹ 6% p.a (*b*) ₹ 8% p.a (*c*) ₹ 10% p.a (*d*) ₹ 12% p.a.

Ans. (*a*) ₹ 6% p.a

12. If a share of ₹ 10 on which ₹ 8 has been paid up in forfeited it can be re-issued at the minimum price of ....

(*a*) ₹ 10 per share (*b*) ₹ 8 per share (*c*) ₹ 5 per share (*d*) ₹ 2 per share.

Ans. (*d*) ₹ 2 per share.

13. **When shares offered to public are completely subscribed it is ....**
(*a*) full subscription of shares (*b*) under subscription of shares
(*c*) no subscription of shares (*d*) None of the above.

Ans. (*a*) full subscription of shares

14. **On reconstitution of a firm any deferred revenue expenditure appearing in the Balance sheet is :**
(*a*) debited to partner's capital A/c in old ratio (*b*) credited to partner's capital A/c in old ratio
(*c*) realised in Cash (*d*) debited to revaluation A/c.

Ans. (*b*) credited to partner's capital A/c in old ratio

15. **Which of the following are correct ?**
(*i*) The liability of a partner for acts of the firm is unlimited.
(*ii*) Private assets of a partner can also be used for paying the debts of the firm.
(*iii*) Each partner is liable jointly with all other partners and also severally to the third parties for all the acts of the firm done, while he is a partner.
(*iv*) The liability of a partner is limited to the extent of his capital contribution.
(*a*) Only (*iii*) (*b*) (*i*) and (*ii*) (*c*) (*i*), (*ii*) and (*iii*) (*d*)(*i*), (*ii*), (*iii*) and (*iv*).

Ans. (*c*) (*i*), (*ii*) and (*iii*)

Or

A, B and C are partners in a business sharing profits in the ratio of 2 : 2 : 1. C dies on 31-03-2023. The profits for the final year 2023-2024 is ₹ 1,28,000. The share of deceased partners in the profits for the year will be :
(*a*) ₹ 25,600 (*b*) ₹ 19,200 (*c*) ₹ 12,800 (*d*) ₹ 6,400.

Ans. (*a*) ₹ 25,600

16. **Pinky and Roopa are partners sharing profits in the ratios of 7 : 3. Qumar is admitted for 1/4th th share. He brought ₹ 2,50,000 as capital. The capital of remaining partners is to be made proportionate to profit sharing ratio on the basis of Qumar's capital. Pinky and Roopa capital will be :**
(*a*) ₹ 7,00,000 and ₹ 3,00,000 (*b*) ₹ 5, 25,000 and ₹ 2,25,000
(*c*) ₹ 6,00,000 and ₹ 3, 50,000 (*d*) ₹ 7,50,000 and ₹ 3, 50,000.

Ans. (*b*) ₹ 5, 25,000 and ₹ 2,25,000

17. **Ram and Shyam were partners in a firm sharing profits and losses equally. On 31 March 2022, their firm was dissolved. On the date of dissolution their Balance Sheet showed a stock of ₹ 60,000 and creditors of ₹ 70,000. Ram stock over 40% of stock @ 20% discount. 30% of total stock was taken over by creditors of ₹ 20,000 in full settlement. Remaining stock was sold for cash at a profit at a profit of 25%. Pass necessary Journal Entries.**

Ans.

Date	Particulars	L.F.	Dr.	Cr.
(i)	Ram's Capital A/c Dr. To Realisation A/c (Being 40% of ₹ 60,000 stock taken over by Ram at 20% discount)		19,200	19,200
(ii)	No ENTRY			
(iii)	Cash A/c Dr. To Realisation A/c (Being ₹ 18,000 Stock sold per Cash @ 25% profit)		22,500	22,500

18. **Ajay, Bhawna and Shreya were partners sharing profits in the ratio of 2 : 2 : 1 on 1st July 2022, Shreya died. The books of accounts are closed on March 31 every year. Sales for the year 2021-22 is ₹ 5,00,000 and that from 1st April to 30th June 2022 were ₹ 1,40,000. The rate of**

profit during the past 3 years has been 10% on sales. Since Shreya's legal representative was her only son, who is specially abled, it was decided that the profit for the purpose of settling Shreya's account is to be calculated as 20% on sales. **3**

Ans.

Journal

Date	Particulars	L.F.	Dr.	Cr.
	Profit & Loss Suspense A/c Dr. To Shreya's Capital A/c (Being Shreyas' Share of profit till her death credited to her Account)		5,600	 5,600

Working Note :

$$\text{Share of profit } = 1,40,000 \times \frac{20}{100} \times \frac{1}{5} = ₹\ 5,600$$

Or

A partnership firm earned net profits during the last three years as follows : 2019-20; ₹ 1,90,000, 2020-21; ₹ 2,20,000 and 2021-22; ₹ 2,50,000. The capital employed in the firm throughout the above mentioned period has been ₹ 4,00,000. Having regard to the risk involved 15% is considered to be a fair return on the capital. The remuneration of all the partners during this period is estimated to be ₹ 1,00,000 per annum. Calculate the value of goodwill on the basis of 2 year's purchase of super profit.

Ans.

$$\text{Average Profit } = \frac{1,90,000 + 2,20,000 + 2,50,000}{3} = \frac{6,60,000}{3} = ₹\ 2,20,000$$

$$= 2,20,000 - 1,00,000 \text{ (Remuneration)}$$

$$\text{Normal Profit } = \text{Capital Employed} \times \frac{\text{Rate}}{100},\ 4,00,000 \times \frac{15}{100} = ₹\ 6,00,000$$

$$\text{Super Profit } = \text{Average Profit} - \text{Normal Profit}$$

$$= 1,20,000 - 60,000 = ₹60,000$$

$$\text{Goodwill } = \text{Super Profit} \times \text{No. of years purchase}$$

$$= 60,000 \times 2$$

$$= ₹1,20,00$$

19. 600 equity shares of ₹ 10 each issued a premium of 20% to Ram were forfeited for the non-payment of allotment money ₹ 5 per share including ₹ 2 premium and first and final call ₹ 3. Give journal entry for forfeiture of shares.

Ans.

Journal

Date	Particulars	L.F.	Dr.	Cr.
	Equity Share Capital A/c Dr. Securities premium A/c Dr. To Equity Share Allotment A/c To Equity Share final Call A/c To Share Forfeited A/c (For 600 Shares of Ram forfeited due to non-payment of allotment and call money)		6,000 1,200	 3,000 1,800 2,400

Or

Bob Ltd. bought the business of Tom Ltd. on 1st April 2022 consisting of Sundry Assets of ₹ 5,60,000 and Creditors of ₹ 1,00,000. On 3rd April 2022, ₹ 1,00,000 was paid in cash and per the balance, 6% debentures were issued at a premium of 20% on 5th April. Pass necessary Journal Entries in the books of Bob Ltd.

Ans.

Date	Particulars	L.F.	Dr.	Cr.
	Sundry Assets A/c Dr. To Creditors A/c To Bob Ltd. (Being Assets purchased)		5,60,000	 1,00,000 4,60,000
	Bob Ltd. –Dr. To Cash A/c (Being Cash paid to Bob Ltd.)		1,00,000	 1,00,000
	Bob Ltd. A/c Dr. To 6% Debentures A/c To Securities premium A/c (Being Debentures issued to balance 3,60,000 ÷ 120 = 3,000 debentures)		3,60,000	 3,00,000 60,000

20. X, Y and Z were partners in a firm sharing profits in the ratio of 3 : 2 : 1. Z retired and new profit sharing ratio between X and Y was 1 : 2. On Z's retirement, the goodwill of the firm was valued at ₹ 30,000. Pass the necessary Journal entries for the treatment of goodwill.

Ans. Journal

Date	Particulars	L.F.	Dr.	Cr.
	Y's Capital A/c Dr. To X's Capital A/c To Z's Capital A/c		10,000	 5,000 5,000

Gaining Profit :

$$X = \frac{1}{3} - \frac{3}{6} = \frac{2-3}{6} = -\frac{1}{6} \text{ (Sacrifice)}$$

$$Y = \frac{2}{3} - \frac{2}{6} = \frac{4-2}{6} = \frac{2}{6} \text{ (gain)}$$

$$\text{X's Share} = 30{,}000 \times \frac{1}{6} = 5{,}000 \quad \text{Y's Share} = 30{,}000 \times \frac{2}{6} = ₹\ 10{,}000$$

$$\text{Z's Share} = ₹\ 30{,}000 \times \frac{1}{6} = ₹\ 5{,}000$$

21. Chavi Ltd. purchased machinery from Alpha Ltd. It was agreed that the purchase consideration will be paid by issuing 10,000 equity share of ₹ 10 each at a premium of 10% and a bank draft of ₹ 50,000. Pass necessary journal entries in the books of Chavi Ltd. for the above transactions.

Ans.

Journal

Date	Particulars	L.F.	Dr.	Cr.
	Machinery A/c Dr. To Share Capital A/c To Securities premium A/c To Bank A/c (Being machinery purchased from Alpha Ltd. by issuing Shares)		1,60,000	 1,00,000 10,000 50,000

22. Girija, Sirija and Shreya were partners sharing profits in the ratio of 5 : 3 : 2. Shreya died on 1st August, 2015. Amount due to Shreya's executor after all adjustments was ₹ 90,300. The executor was paid ₹ 10,300 in cash immediately and the balance in two equal annual installments with interest @ 6% p.a. starting from 31st March 2017. Accounts are closed on 31st March every year. Prepare Shreya's Executors Account till he is fully paid.

Ans.

Date	Particulars	Amt.	Date	Particulars	Amount
2015 1 Aug	To Bank A/c	10,300	2015 1 Aug	By Shreya's Capital A/c	90,300
31 Mar. 2016	To Balance c/d	83,200	1 Mar. 2016	By Interest A/c	3,200
		93,500			93,500
2017	To Balance A/c	48,192	2016 1 April	By Balance b/d	83,200
31 Mar.	(40,000 + 3,200 + 4,992) To Balance c/d	40,000	2017 2017 31 Mar	By Interest A/c	4,992
		88192			88192
2018 31 March	To Bank A/c	42,400	2017 1 April 2018	By Balance b/d	40,000 40,000
			31 Mar.	By Interest A/c	2,400
		42,400			42,400

Or

X, Y and Z were partners sharing profits and losses equally. Y died on 1st October, 2023 and total amount transferred to Y's executors was ₹ 15,60,000. Y's executors were being paid ₹ 3,60,000 immediately and balance was to be paid in four equal quarterly instalments, together with interest @ 6% p.a. pass entries till payment of first two instalments.

Ans.

Date	Particulars	L.F.	Dr.	Cr.
1.10.23	Y's Capital A/c –Dr. To Y's Executor's A/c (Being balance in Capital transferred to executor A/c)		15,60,000	15,60,000
1.10.23	Y's Executors A/c Dr. To Bank A/c (Being payments made to executor)		3,60,000	3,60,000
31.12.13	Interest A/c Dr. To Y's Executor's A/c (Being Interest due)		18,000	18,000
31.12.23	Y's Executor A/c Dr. To Bank A/c (Being payment made to the executor)		3,18,000	3,18,000
31.3.24	Interest A/c Dr. To Y's Executors A/c (Being Interest due)		13,500	13,500
31.3.24	Y's Executors A/c Dr. To Bank A/c (Being payment made to execution)		3,13,500	3,13,500

23. LF Ltd. invited applications for 1,00,000 equity shares of ₹ 10 each. The shares were issued at a premium of ₹ 5 per share. The amount was payable as follows.
On application and allotment ₹ 8 per share (including premium ₹ 3)
Balance on the first and final call.
The allotment was made to the applicants on the following basis :
(*i*) Applicants for 80,000 shares were alloted 60,000 shares.
(*ii*) Applicants for 60,000 shares were alloted 40,000 shares.
(*iii*) Applicants for 10,000 shares were alloted NIL X, who belonged to the first category and was alloted 300 shares, failed to pay the final call money. Y who belonged to the second category andwas alloted 200 shares also failed to pay the first call money. Their shares were forfeited. The forfeited shares were re-issued @ ₹ 12 per share fully paid up. Pass the necessary Journal entries in books of company.

Ans.

Journal

Date	Particulars		L.F.	Dr.	Cr.
	Bank A/c	Dr.		12,00,000	
	To Share Application & Allotment A/c				12,00,000
	(Being application and Allotment money received)				
	Equity Share Application and Allotment A/c	Dr.		12,00,000	
	To Equity Share Capital A/c				5,00,000
	To Securities premium A/c				3,00,000
	To Call-in-advance				3,20,000
	To Bank A/c				80,000
	(Being Share Application and Allotment money Adjusted)				
	Equity Share first and final Call A/c	Dr.		7,00,000	
	To Equity Share Capital A/c				5,00,000
	To Securities premium A/c				2,00,000
	(Being Share first and final call money due)				
	Bank A/c	Dr.		3,78,100	
	To Share first and final call A/c				3,78,100
	(Being Share first & final call adjusted)				
	Share Capital A/c	Dr.		5,000	
	Securities premium A/c	Dr.		1,000	
	To Share first and final call				1,900
	To forfeited share A/c				4,100
	(Being 500 Share forfeited for non-payment of call money)				
	Bank A/c	Dr.		6,000	
	To Share Capital A/c				5,000
	To Securities Premium A/c				1,000
	(Revenue of Share a and ₹ per Share)				
	Forfeited Share A/c	–Dr.		4,100	
	To Capital Reserve A/c				4,100
	(For the balance transferred to capital Reserve)				

Or

N Ltd. issued 10,000, 8% debentures of ₹ 100 each at a premium of 10% on 01.04.2016. It purchased sundry assets of the value of ₹ 2,50,000 and took over the liabilities of ₹ 60,000 and issued 8% debentures at a discount of 5% to the vendor. On the same date it took loan from the bank for ₹ 1,00,000 and issued 8% debentures as collateral securities. Record the relevant Journal entries in the books of N Ltd and prepare the extract of balance sheet on 31-03-2017. Ignore interest.

Ans.

Journal

Date	Particulars		L.F.	Dr.	Cr.
1 April	Bank A/c	Dr.		11,00,000	
	To Debenture Application & Allotment A/c				11,00,000
	(For Application money received on 10,000, 8%				
	Debentures @ 100 each with 10% premium)				
	Debenture Application and Allotment A/c	Dr.		11,00,000	
	To 8% Debentures A/c				10,00,000
	To Securities premium A/c				1,00,000
	(Being application money accepted)				
	Sundry Assets A/c	Dr.		2,50,000	
	To Sundry Liabilities A/c				60,000
	To Vendor A/c				1,90,000
	(For Assets and liabilities taken over)				
	Vendor A/c	Dr.		1,90,000	
	Discount on issue of			10,000	
	8% Debentures A/c				2,00,000
	To 8% Debentures A/c				
	(Being 2,000 debentures at 5% discount)				
	Bank A/c	Dr.		1,00,000	
	To Bank loan A/c				1,00,000
	(For Loan taken from bank)				
	Debenture suspense A/c	Dr.		1,00,000	
	To 8% Debentures A/c				1,00,000
	(For 10,000, 8% Debentures of ₹ 100 each				
	issued at collateral security)				

24. Ashwani, Bhawna and Charu were partners in a firm sharing profits in the ratio of 2 : 2 : 1 On 31st March 2020 their balance sheet was as follows.

Balance Sheet of Ashwani, Bhawna and Charu as on 31st March 2019.

Liabilities		Amt.	Assets		Amt.
Creditors		**45,000**	**Cash at Bank**		**42,000**
Employee Provident Fund		**13,000**	**Debtors**	**60,000**	
General Reserve		**20,000**	**(–) Provision**	**(2000)**	
			for Doubtful Debts		**58,000**
Capitals			**Stock**		**80,000**
Ashwani :	**1,60,000**		**Furniture**		**90,000**
Bhawna :	**12,000**		**Plant and Machinery**		**1,80, 000**
Charu :	**92,000**	**3,72,000**			
		4,50,000			**4,50,000**

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

(*i*) Plant and machinery was under valued by 10%

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

(*iii*) Furniture was to be decreased to ₹ 87,000.

(*iv*) Goodwill of the firm was valued at ₹ 3,00,000 and Bhawna's share was to be adjusted through the capital account of Ashwani and Charu.

(*v*) Capital of the new firm was to be in the new profit ratio of the continuing partners by paying Bhawna.

Prepare Revaluation Account, Partner's Capital Accounts and Balance Sheet.

Ans.

Revaluation A/c

Dr. **Cr.**

Particulars	**Amt. (₹)**	**Particulars**	**Amt. (₹)**
To Provision for Doubtfull Debts	7,000	By Plant and Machinery A/c	20,000
To Furniture A/c	3,000		
To Profit transferred Ashwani 4,000 Bhawna 4,000 Charru 2,000	10,000		
	20,000		20,000

Partner's Capital A/c

Dr. **Cr.**

Particulars	**Ashwani**	**Bhawna**	**Charu**	**Particulars**	**Ashwani**	**Bhawna**	**Charu**
To Bhawna's Capital A/c	80,000		40,000	By Balance b/d	1,60,000	1,20,000	92,000
				By Revaluation A/c	4,000	4,000	2,000
To Charu's Current A/c			8,000	By General Reserve A/c	8,000	8,000	4,000
To Bhawna's loan A/c		2,52,000		By Ashwani's Capital A/c		80,000	
				By Charu's Capital		40,000	
To Balance c/d	1,00,000		50,000	By Ashwani's Current A/c	8,000		
	1,80,000	2,52,000	98,000		1,80,000	2,52,000	98,000

Balance Sheet

Liabilities	**Amt. (₹)**	**Assets**	**Amt. (₹)**
Charu's Current A/c	8,000	Cash at Bank	42,000
Sundry Creditors	45,000	Ashwani's Current A/c	8,000
Employee's providend fund	13,000	Debtors (60,000)	
Bhawna's loan A/c	2,52,000	(–) Provision (9,000)	51,000
Capitals		**Stock**	80,000
Ashwani 1,00,000		Furniture	87,000
Charu 50,000	1,50,000	Plant & Machinery	2,00,000
	4,68,000		4,68,000

25. Give the necessary Journal entries for the following transactions on dissolution of the firm of Komal and Tanisha on 31st March, 2023 after the various assets (other then cash) and the third party liabilities have been transferred to realisation account. They shared profits and losses in the ratio of 2 :1.

(*i*) Komal agreed to pay her husband's loan of ₹ 45,000.

(*ii*) Creditors of ₹ 20,000, accepted plant valued at ₹ 18,000 in full settlement of this claim.

(*iii*) Komal was get remuneration of ₹ 10,000 for completing the dissolution process. She also agreed to bear all realisation expenses. Realisation expenses of ₹ 8,000 were paid by her from the firms cash.

(*iv*) Tanisha was taken over furniture at ₹ 12,000, Debtors amounted to ₹ 8,000 at ₹ 6,000.

(*v*) Land & Building was sold for ₹ 3,00,000 through a broker who charged 2% commission.

(*vi*) Amit an old customer whose account for ₹ 60,000 was written off as Bad debt in the previous year paid 90%.

Ans.

Journal

Date	Particulars	L.F.	Dr.	Cr.
(i)	Realisation A/c Dr. To Komal's Capital A/c (For the loan of Komal's husband is taken over by Komal)		45,000	45,000
(ii)	No Entry			
(iii)	Realisation A/c Dr. To Komal's Capital A/c (For remuneration payable to Ram for dissolution process)		10,000	10,000
	Komal's Capital A/c –Dr. To Bank A/c (For Komal used firm's Cash for payment of expenses)		8,000	8,000
(iv)	Tanisha's Capital A/c Dr. To Realisation A/c (For furniture and debtors over by Tanisha)		18,000	18,000
(v)	Bank A/c Dr. To Realisation A/c (Being Amount realised from land & Building after deducted commission)		2,94,00	2,94,000
(vi)	Bank A/c Dr. To Realisation A/c (Being Amount recovered from Debtors earlier written off)		54,000	54,000

26. **Balance Sheet (Extract)**

Particulars	Note No.	2024	2023
Equity & Liabilities			
– Share capital	1	15,00,000	10,00,000
– Reserve & Surplus	2	1,00,000	40,000
		16,00,000	10,40,000

Notes to Accounts
Note No-

Share Capital	2024	2023
– Authorised Capital 2,00,000 share of ₹ 10 each	20,00,000	20,00,000
– Issued Capital		
– 1,00,000 share of ₹ 10 each	....	10,00,000
– 1,50,000 share of ₹ 10 each	15,00,000	...
	15,00,000	10,00,000
– Subscribed Capital		
– Subscribed & fully paid up		
– 1,00,000 share of ₹ 10 each	....	10,00,000
– 1,50,000 share of ₹ 10 each	15,00,000	....
	15,00,000	1,00,000
– Note No 2 Reserve Surplus	**2024**	**2023**
– Capital Reserve	1,00,000	...
– Securities Premium	....	40,000
	10,000	40,000

During the year ending 31 March 2024 company purchased a Machine costing ₹ 6,00,000 for ₹ 50,0000 share Sham issued to vendor.

Answer the following questions :

(*a*) What was the total amount received by company from issue of share for the year ending 31 march 2023 (Assuming first year of the company) ?

(*i*) ₹15,00,000 (*ii*) ₹ 10,00,000 (*iii*) ₹ 10,40,000 (*iv*) ₹ 11,00000.

(*b*) What is the value of total shares issued of vendor ?

(*i*) 6,00,000 (*ii*) 5,00,000 (*iii*) 1,00,000 (*iv*) 50,000.

(*c*) What was the amount of securities premium recieved per share in 2022-23 ?

(*i*) ₹ 1 each (*ii*) 50 paise (*iii*) 40 paise (*iv*) ₹ 2 each.

(*d*) What was the number of Equity share issued for consideration other than cash ?

(*i*) 50,000 shares (*ii*) 40,000 shares (*iii*) 1,50,000 shares (*iv*) 1,00,000 shares.

(*e*) What was the face value of each share issued for consideration other than cash ?

(*i*) ₹ 10 (*ii*) ₹ 12 (*iii*) ₹ 100 (*iv*) None of these.

(*f*) What was the cash Received by company by issue of share in 2023-24 ?

(*i*) 5,00,000 (*ii*) 10,00,000 (*iii*) 6,00,000 (*iv*) None of these.

Ans. (*a*) (*iii*) ₹ 10,40,000 (*b*) (*ii*) 5,00,000 (*c*) (*iii*) 40 paise $\frac{40,000}{1,00,000} = 0.4$ (*d*) (*i*) 50,000 shares $\frac{5,00,000}{10} = 50,000$ (*e*) (*i*) ₹ 10 (*f*) (*i*) 5,00,000

PART—B

(Analysis of Financial Statements)

27. Which of the following is not a component of other income ?

(*a*) Dividend income (*b*) Interest income

(*c*) Proceeds from sale of scrap (*d*) Gain on sale of investment

Ans. (*c*) Proceeds from sale of scrap.

Or

A firm's current ratio is 1.75 : 1. If current liabilities are ₹ 80,000, then its working capital will be :

(*a*) ₹ 1,20,000 (*b*) ₹ 1, 60,000 (*c*) ₹ 60,000 (*d*) ₹ 2,80,000.

Ans. (*c*) ₹ 60,000.

28. Statement I : Sale of fixed Assets is an Investing Activity

Statement II : Payment of dividend is an operating activity.

(*a*) Both the statements are true (*b*) Both the statements are false

(*c*) Only statements-I is true (*d*) Only statements-II is true.

Ans. (*a*) Both the statements are true.

29. Issue of equity shares is shown under .... in cash flow statement.

(*a*) Operating activities (*b*) Investing activities

(*c*) Financing activities (*d*) None of these.

Ans. (*c*) Financing activities

Or

What will be the effect of cash withdrawn from bank for office use in cash flow statement ?

(*a*) Outflow of cash (*b*) Inflow of cash (*c*) No flow of cash (*d*) None of these.

Ans. (*c*) No flow of cash

30. Sunrise Ltd. provides you the following information :

Particulars	**31–3–2018**	**31–3–2017**
Plant	50,000	40,000

Additional Informations :

(*i*) Plant costing ₹ 25,000 (Accumulated depreciation ₹ 8,000) was sold for ₹ 12,000

(*ii*) Depreciation on plant charged during the year was ₹ 25,000

Calculate cash flow from investing activities.

(*a*) ₹ 40,000 (*b*) ₹ 12,000 (*c*) ₹ 64,000 (*d*) ₹ 52,000.

Ans. (*a*) ₹ 40,000.

31. Under which major sub-heading and main-heading will be in the balance sheet of the company as per schedule III of the companies act, 2013.

1. Capital redemption reserve

2. Short term provisions

3. Brand

4. Balance of the Statement of profit and loss

5. Prepaid rent

6. Accrued interest.

Ans.

1.	Capital	Head	Sub Head
	Redemption Reserve	Shareholder's funds	Reserve and Surplus
2.	Short term Provision	Current Liabilities	Provision
3.	Brand	Non-current Assets	Fixed Assets
4.	Balance of statement of P&L	Shareholder's fund	Reserve & Surplus
5.	Prepaid Rent	Current Assets	Other Current Assets
6.	Accured interest	Current Assets	Other Current Assets.

32. Prepare a common size statement of profit and loss with following information :

Particulars	2017–18	2016–17
Revenue from Operations	6,00,000	8,00,000
Indirect Expenses	25% of gross profit	25% of gross profit
Cost of Revenue from Operations	4,28,000	7,28,000
Other Income	10,000	12,000
Income Tax	30%	30%

Ans.

Common Size Statement of Profit & Loss

	Particulars	2016 – 17	2017–18	(2016-17)	% (2016-17)
(i)	Revenue from Operations	8,00,000	6,00,000	100	100
(ii)	Other Incomes	12,000	10,000	1.50	1.67
(iii)	Total Revenue	8,12,000	6,10,000	101.50	101.67
(iv)	Expenses				
	Cost of goods sold	7,28,000	4,28,000	91	71.33
	Oher Expenses	18,000	43,000	2.25	7.17
	Total Expenses	7,46,000	4,71,000	93.25	78.50
(v)	Profit before Tax	66,000	1,39,000	8.25	23.17
	(–) Tax	(19,800)	(41,700)	2.47	6.95
(vi)	Profit After Tax	46,200	97,300	5.78	16.22

33. (*a*) A business has a current ratio of 3 : 1 and quick ratio of 1.2 : 1. If the working capital is ₹ 80,000. Calculate the total current assets and value of inventories

(*b*) From the given information, calculate inventory turnover ratio. Revenue from operations ₹ 2,00,000. Gross profit 25% on cost. Inventory at the beginning is 1/3rd of the inventory at the end which was 30% of revenue from operations.

Ans. (a)

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} = \frac{3}{1}$$

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

$$1,80,000 = 3x - x = 2x$$

$$x = 90,000 = \text{Current liabilities}$$

$$\text{Current Assets} = 90,000 \times 3 = ₹\ 2,70,000$$

$$\text{Quick Ratio} = 1.2 ; 1$$

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current liabilities}} = \frac{1.2}{1} = \frac{\text{Quick Assets}}{90,000}$$

$$\text{Quick Assets} = 90,000 \times 1.2 = ₹\ 1,08,000$$

$$\text{Quick Assets} = \text{Current Assets} - \text{Inventories}$$

$$1,08,000 = 2,70,000 - \text{Inventories}$$

$$\text{Investories} = ₹\ 1,62,000$$

(b) Revenue from operations (sales) = 2,00,000.

$$\text{Let the cost be} = x$$

$$\text{Gross profit} = 25\% \text{ of } x = \frac{25}{100}x = \frac{1}{4}x$$

$$\text{Cost of goods sold} = \text{Sales} - \text{Gross Profit}$$

$$x = -2,00,000 - \frac{x}{4}$$

$$x + \frac{x}{4} = 2,00,000$$

$$\frac{5x}{4} = 2,00,000$$

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

$$\text{Closing Inventory} = 30\% \text{ of sales}$$

$$= 2,00,000 \times \frac{30}{100} = ₹\ 60,000$$

$$\text{Opening Inventory} = \frac{1}{3} \text{ of Closing Inventory}$$

$$= \frac{1}{3} \times 60,000 = ₹\ 20,000.$$

$$\text{Average Inventory} = \frac{\text{Opening stock + Closing stock}}{2}$$

$$= \frac{20,000 + 60,000}{2} = ₹\ 40,000$$

$$\text{Inventory Turn over Ratio} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

$$= \frac{1,60,000}{40,000} = \textbf{4 times.}$$

34. Prepare a cash flow from operating and financial activities the following balance sheet of XYZ Ltd.

Operating and Financing Activities

Particulars	Note No.	31st March, 2023	31st March, 2022
1. Equity and Liabilities			
1. Sharholder's Funds			
(*a*) Share Capital		**4,50,000**	**4,50,000**
(*b*) Reserve and Surplus	1	**3,78,000**	**3,56,000**
2. Non-current Liabilities			
(*a*) Long term Borrowings		**2,70,000**	—
3. Current Liabilities			
(*a*) Trade Payables		**1,34,000**	**1,68,000**
(*b*) Short term Provision– Provision for Tax		**10,000**	**75,000**
Total		**12,42,000**	**10,49,000**
1. Assets :			
1. Non- Current Assets :			
(*a*) Fixed Assets (Tangible)		**3,20,000**	**9,00,000**
(*b*) Non-current Investments		**60,000**	**50,000**
2. Current assets :			
(*a*) Current Investments		**17,000**	**19,000**
(*b*) Inventories		**2,10,000**	**2,40,000**
(*c*) Trade Receivables		**4,55,000**	**2,10,000**
(*d*) Cash and Cash Equivalents		**1,80,000**	**1,30,000**
Total		**12,42,000**	**10,49,000**

Notes To Accounts

Particulars	31st, March, 2023	31st March, 2022
1. Reserve and Surplus		
General Reserve	**3,10,000**	**3,00,000**
Surplus *i.e.* Balance in Statement of Profit and Loss	**68,000**	**56,000**

Additional Informations :

1. **Investments costing ₹ 8,000 were sold during the year for ₹ 8,500.**
2. **Provision for Tax made during the year was ₹ 9,000**
3. **During the year of the fixed assets costing ₹10,000 was sold for ₹ 12,000 and the gain was included in the statement of profit and loss.**
4. **Interim dividend paid during the year amounted to ₹ 40,000.** **6**

Ans.

(a) **Cash flow operating Activities**

	Particulars	Details (₹)	Amount (₹)
	A Cash flow from operating Activities		
	Net Profit before Tax		71,000
	Add : Non-cash expenses Depreciation	70,000	
(–)	Non operating Income		
	Profit on Sale of Investment	(500)	
	Profit on Sale of fixed Assets	(2,000)	
	Net profit before working capital changes		1,38,500
(+)	Decrease in Current Assets Inventories		30,000
(–)	Increase in current Assets/Decrease in Current Liabilities		
	Rent	(2,45,000)	
	Trade payable	(34,000)	1,10,500
(–)	Income Tax		(74,000)
	Net Cash used in Operating Activities		(1,84,500)

(b) **Cash flow from Financing Activities**

Particulars	Amount (₹)
Issue of Equity Share Capital (2,00,000 + 30,000)	2,30,000
Redemption of preference sphere (2,00,000 + 10,000)	(2,10,000)
Issue of 14% Debentures	1,00,000
Interest Dividend on Equity Shares (15% on ₹ 6,00,000)	(90,000)
Interest paid on Debentures (14% on ₹ 2,00,000)	(28,000)
Dividend paid on preference Share (18% on 4,00,000)	(72,000)
Net cash used in Financing Activities	(70,000)

Holy Faith New Style Sample Paper–5 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

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

General Instructions : Same as in Holy Faith New Style Sample Paper—1.

PART—A

(Accounting for Partnership Firms and Companies)

Q. 1. A, B and C are partners sharing profits in the ratio of their capitals. On 1st April, 2020 their capital balances are A ₹ 3,00,000; B ₹ 2,00,000 and C ₹ 50,000 respectively. C was guaranteed a minimum profit of ₹ 50,000. The firm incurred a loss of ₹ 5,50,000 for the year ended 31st March, 2021. How much deficiency is borne by A and B ?

(*a*) A ₹ 50,000 and B ₹ 50,000 (*b*) A ₹ 40,000 and B ₹ 60,000

(*c*) A ₹ 30,000 and B ₹ 20,000 (*d*) A ₹ 60,000 and B ₹ 40,000. 1

Ans. (*d*) A ₹ 60,000 and B ₹ 40,000.

Q. 2. Assertion (A) : Ram Gopal, a partner in a firm with four partners has capital of ₹ 50,000 each in for last six months of the financial year without any agreement. He claims an interest on capital of 5% despite the firm being in loss for the year.

Reason (R) : In the absence of any agreement in the Partnership deed, provisions of Indian Partnership Act 1932 would not apply.

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

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

(*c*) Assertion (A) is true, but Reason (R) is false.

(*d*) Assertion (A) is false but Reason (R) is true. 1

Ans. (*d*) Assertion (A) is false but Reason (R) is true.

Q. 3. 600 shares of ₹ 10 each issued at a premium of 20%, were forfeited for non-payment of ₹ 5 per share on allotment (including premium) and ₹ 2 per share on first and final call. Share allotment account will be credited with :

(*a*) ₹ 3,000 (*b*) ₹ 1,800 (*c*) ₹ 1,200 (*d*) ₹ 6,000 1

Ans. (*a*) ₹ 3,000

Or

Vinod Ltd. issued 10,500, 9% debentures of ₹ 100 each at premium of 5% redeemable at 10% premium. How much amount of loss is to be written off against statement of profit and loss ?

(*a*) ₹ 1,05,000 (*b*) ₹ 52,500 (*c*) NIL (*d*) ₹ 1,57,500.

Ans. (*b*) ₹ 52,500

Q. 4. Raj and Shiv are partners in a firm having capitals of ₹ 54,000 and ₹ 36,000 respectively. They admitted Raman for 1/3rd share in the profits. Raman brought proportionate amount of capital. The capital brought in by Raman would be :

(*a*) ₹ 90,000 (*b*) ₹ 45,000 (*c*) ₹ 54,000 (*d*) ₹ 36,000. 1

Ans. (*b*) ₹ 45,000

Or

X,Y are partners. On 31st March 2021, the firm shows the value of total assets ₹ 5,40,000 and outside liabilities ₹ 100000. Z was admitted for 1/4th share in the profits of the firm. Z brings ₹ 20,0000 as his capital. He will also bring cash for his share of premium for goodwill.

Impact on Y's Capital Account for premium for goodwill :

(*a*) Credit with ₹ 45,000 (*b*) Credit with ₹ 20,000

(*c*) Credit with ₹ 40,000 (*d*) Credit with ₹ 10,000.

Ans. (*b*) Credit with ₹ 20,000

Q. 5. The net profit for the last 3 years were : 2018-19 ₹ 15,0000; 2019-20 ₹ 15,0000; 2020-21 ₹ 1,50,000. There was an abnormal loss of ₹ 30,000 in 2019-20 and closing stock is to be under valued at ₹ 10,000 in 2018-19 but it is correctly brought forward in 2020-21. Adjusted average profit will be :

(*a*) ₹1,60,000 (*b*) ₹19,333 (*c*) ₹1,66,667 (*d*) ₹1,56,667 1

Ans. (*a*) ₹1,60,000

Q. 6. Discount allowed on reissue of forfeited share is debited to :

(*a*) Discount on issue of share (*b*) Share Forfeited A/c

(*c*) Profit & Loss A/c (*d*) General Reserve. 1

Ans. (*b*) Share forfeited A/c

Or

2000 shares of ₹ 10 each issued at premium of ₹ per share, were forfeited for non-payment of ₹ 2 per share on final call.

Share capital Account will be Debited with (at the time of forfeiture) :

(*a*) 4,000 (*b*) 6,000 (*c*) 20,000 (*d*) 24,000.

Ans. (*c*) 20,000

Q. 7. P Ltd. purchased a running business from S Ltd. for a sum of ₹ 30,00,000 payable 40% by a cheque and 30% by the issue of fully paid equity shares of ₹ 100 each at a premium of 20% and the balance by way of issue of 12% debentures of ₹ 100 each at a discount of 20%. Number of debentures to be issued by P Ltd.............

(*a*) 9,000 (*b*) 7,500 (*c*) 11,250 (*d*) 30,000. 1

Ans. (*c*) 11,250

Q. 8. If total assets are ₹ 12,0000 external liabilities are ₹ 70,000; Amount realised from sale of asset 95,000 and realisation expense is 5,000, the gain or loss on realisation will be :

(*a*) Realisation Gain 40,000 (*b*) Realisation Gain 30,000

(*c*) Realisation Loss 40,000 (*d*) Realisation Loss 30,000. 1

Ans. (*d*) Realisation Loss 30,000.

Q. 9. Sachin, Sourav and Sehwag are partners carrying out Textile business. Sachin withdrew ₹ 24,000 in the beginning of each quarter. Sourav withdrew goods amounting to ₹ 48,000 to distribute it for donation and Sehwag withdrew ₹ 50,000 from his capital account. The partnership deed provides for interest on drawings @ 10% p.a.The interest on drawings charged from Sachin, Sourav, Sehwag at the end of the year will be :

(*a*) Sachin ₹ 9,600, Sourav ₹ 4,800, Sehwag ₹ 5,000 (*b*) Sachin ₹ 4,800, Sourav ₹ 2,400 Sehwag ₹ 5,000

(*c*) Sachin ₹ 6,000, Sourav ₹ 2,400, Sehwag ₹ NIL (*d*) Sachin ₹ 6,000, Sourav ₹ NIL, Sehwag ₹ NIL. 1

Ans. (*d*) Sachin ₹ 6,000, Sourav ₹ NIL, Sehwag ₹ NIL.

Q. 10. On dissolution of a firm, a partner's capital account has a credit balance of ₹ 42,000. His share of profit in realisation account is ₹ 9,000. He has paid firms realisation expenses ₹ 3,000. He will finally get a payment of :

(*a*) ₹ 39,000 (*b*) ₹ 42,000 (*c*) ₹ 54,000 (*d*) ₹ 48,000. 1

Ans. (*c*) ₹ 54,000

Q. 11. A and B are partners in a partnership firm without any agreement. A has given a loan of ₹ 50,000 to the firm. At the end of the year loss was incurred in the business. Following interest may be paid to A by the firm :

(*a*) 5% p.a. (*b*) 6% p.a.

(*c*) 10% p.a.

(*d*) As there is loss in the business, interest cannot be paid. 1

Ans. (*b*) 6% p.a.

Q. 12. Radha Limited purchased machinery for ₹ 30,00,000 from Sandhya Limited. Half of the amount was paid by accepting a 'Bill of exchange' drawn by Sandhya Limited payable after 3 months. The balance was paid by issue of equity shares of ₹ 10 each at a premium of 25%. How many shares are to be issued ?

(*a*) 1,00,000 Shares (*b*) 1,20,000 Shares (*c*) 1,50,000 Shares (*d*) 1,80,000 Shares. 1

Ans. (*b*) 1,20,000 Shares

Q. 13. Rakhi Limited invited applications for 2,00,000 of its equity shares of ₹ 10 each on the following terms :

- **Payable an application ₹ 5 per share**
- **Payable an allotment ₹ 3 per share**
- **Payable an first and final call ₹ 2 per share.**

Application for 2,50,000 shares were received. It was decided

- **to refuse allotment to the applications for 10,000 shares ;**
- **to allot in full to applications for 40,000 shares;**
- **to allot the balance of the available shares pro-rata among the other applications; and excess applications money is to be utilised on allotment. Ram who applied for 2,000 shares, did not pay the amount due on allotment.**

Match the following :

1. No. of shares allotted to Ram	**A**	**2,00,000**
2. Allotment money adjusted on application	**B**	**50,000**
3. Amount refunded on application	**C**	**3,97,200**
4. Net allotment money received	**D**	**1,600**

(*a*) 1–B, 2–C, 3–D, 4–A. **(*b*) 1–D, 2–B, 3–A, 4–C.**

(*c*) 1–C, 2–A, 3–D, 4–B. **(*d*) 1–D, 2–A, 3–B, 4–C.** 1

Ans. (*d*) 1–D, 2–A, 3–B, 4–C.

Q. 14. P,Q and R were partners sharing profits in the ratio 5 : 3 : 2. They decided to share future profits in the ratio of 2 : 3 : 5. What will be the accounting treatment of workmen compensation reserve appearing in the balance sheet on that date when no other information is available for the same ?

(*a*) Distributed among partners in their capital ratio

(*b*) Distributed among partners in their new profit sharing ratio.

(*c*) Distributed among partners in old profit sharing ratio.

(*d*) Carried forward to new Balance Sheet. 1

Ans. (*c*) Distributed among partners in old profit sharing ratio.

Or

P,Q and R sharing profits in the ratio of 2 : 1 : 1 have fixed capital of ₹ 4,00,000. ₹ 3,00,000 and ₹ 2,00,000 respectively. After closing the accounts for the year ending 31st March, 2023 it was discovered that interest on capital was provided @ 6% instead of 8% p.a. In the adjustment entry :

(*a*) Cr. P ₹ 1,000, Dr. Q ₹ 1,500 and Cr. R ₹ 500 (*b*) Dr. P ₹ 500, Cr. Q ₹ 1,500 and Dr. R ₹ 1,000

(*c*) Cr. P ₹ 500, Dr. Q ₹ 1,500 and Cr. R ₹ 1,000 (*d*) Dr. P ₹ 1,000, Cr. Q ₹ 1,500 and Dr. R ₹ 500.

Ans. (*d*) Dr. P ₹ 1,000, Cr. Q ₹ 1,500 and Dr. R ₹ 500.

Q. 15. Disha and Abha were partners in a firm. Farad was admitted a new partner for 1/5th share in the profits of the firm. Farad brought proportionate capital. Capital's of Disha and Abha after all Adjustment were ₹ 64,000 and ₹ 46,000 respectively. Capital brought by Farad was :

(*a*) ₹ 22,000 (*b*) ₹ 27,500 (*c*) ₹ 55,000 (*d*) ₹ 28,000. 1

Ans. (*b*) ₹ 27,500

Or

A, B and C are partners. C expired on 18th December 2019 and as per agreement surving partners A and b directed the accountant to prepare financial statement on 18th December, 2019 and accordingly the share of profits of 'C' was calculated as ₹ 12,00,000. Which account will be debited to tranfer C's share of profit.

(*a*) Profit and Loss Suspense Account (*b*) Profit and Loss Appropriation A/c

(*c*) Profit and Loss Account (*d*) None of these.

Ans. (*b*) Profit and Loss Appropriation A/c

Q. 16. String and Kite were partners sharing profits and losses in the ratio 5 : 3. They admitted spinner as a new partner. String sacrificed 1/4th from his share and Kite sacrificed 1/6th of his share. What will be the new ratio ?

(*a*) 6 : 5 : 5 (*b*) 9 : 5 : 10 (*c*) 15 : 10 : 7 (*d*) 35 : 21 : 40. 1

Ans. (*a*) 6 : 5 : 5

Q. 17. Give Journal Entries in the following cases for the settlement of loan by payment at the time of Dissolution of Partnership firm.

Case I : Loan by Vinod ₹ 90,000 and Balance in his capital Account (Credit) ₹ 40,000.

Case II : Loan by Rishi is ₹ 70,000 and Balance in his capital Account (Debit) ₹ 50,000.

Case III : Loan by Yuvraj ₹ 55,000 and Balance in his capital Account (Debit) ₹ 70,000. 3

Ans.

Journal

Date	Particulars		L.F.	Dr.	Cr.
Case I	Loan by Vinod	Dr.		90,000	
	To Bank Account				90,000
	[Being loan repaid)				
Case II	Loan by Rishi	Dr.		70,000	
	To Rishi's Capital A/c				50,000
	To Bank A/c				20,000
	(Being loan settled)				
Case III	Loan by Yuvraj	Dr.		55,000	
	Bank A/c	Dr.		15,000	
	To Yuvraj's Capital A/c				70,000
	(Being loan settled).				

Q. 18. Average profit earned ₹ 50,0000 which included undervaluation of stock of ₹ 40,000 on an average basis. Capital invested in the business is ₹ 18,00,000 and normal rate of return is 8%. Calculate Goodwill on the basis of 3 years purchase of years super profit. 3

Ans. Average profit = ₹ 5,00,000

Add + Undervaluation of stock ₹ 40,000

Adjusted Average profit $\boxed{₹\ 5,40,000}$

Normal profit $= \text{Capital employed} \times \dfrac{\text{Normal of Rate of return}}{100}$

$= 18,00,0\cancel{00} \times \dfrac{8}{1\cancel{00}}$

$= \boxed{₹\ 1,44,000}$

Super profit = 5,40,000 – 1,44,000
= ₹ 3,96,000
Goodwill = ₹ 3,96,000 × 3
= ₹ 11,88,000

Or

Saif, Shahrukh and Salman are partners in a firm sharing profit and losses in the ratio 2 : 3 : 5. Salman died on 30th June, 2023. As per partnership deed, Salman's executors are entitled for his share of profit till the date of death on the basis of sales turnover. Sales for the year ending 31st March, 2023 was ₹ 25,00,000 and the profit for the year was ₹ 5,00,000. Sales show a negative trend of 10% every year and percentage of profit is increased by 10% every year. Pass Journal entries for share of profit of Salman.

Ans.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2023 June, 30	Profit and Loss Suspense A/c Dr. To Salman's Capital A/c (Being Salman's Share of profit allowed till the date of his death).		84,375	84,375

Working Note :

$$\% \text{ of Profit } = \frac{₹\,5,00,000}{₹\,25,00,000} \times 100 = 20\%$$

Estimated sales for the year ending 31-3-2024 = ₹ 25,00,000 × 90%
= ₹ 22,50,000

Estimate sales till June, 30, 2023 $= 22,50,000 \times \frac{3}{12}$
= ₹ 5,62,500

Estimated profit % = 20 + 10 = 30%

Profit till 30 June, 2023 $= ₹\,5,62,500 \times \frac{30}{100}$
= ₹ 1,68,750

Salman's Share in profit till 30th June, 2023 $= 1,68,750 \times \frac{5}{10}$
= ₹ 84,375

Q. 19. Aniket Limited 50,000, 10% debentures of ₹ 10 each at 5% discount to Bihari Ltd. from whom assets ₹ 40,0000 and liabilities ₹ 50,0000 was taken over. Pass journal entries in the books of Aniket Ltd. **3**

Ans.

Journal

In the Books of Aniket Ltd.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sundry Assets A/c Dr.		4,00,000	
	Goodwill A/c Dr.		12,50,000	
	To Sundry Liabilities A/c			5,00,000
	To Bihari Ltd.			47,50,000
	(Being business of Bihari Ltd. purchased)			
	Bihari Ltd. Dr.		47,50,000	
	Discount on issue of debentures A/c Dr.		2,50,000	
	To 10% Debentures A/c			
	(Being debentures are issued at 5% Discount to Bihari Ltd.)			50,00,000

Or

GT Ltd. made the first call of ₹ 5 per share on its 50,000 equity shares on 1.9.2023. Rekha a shareholder holding 1,500 shares paid the second and final amount alongwith the first call money. The final call amount was ₹ 3 per share. Pass necessary journal entries for first call and second and final call using the 'Call in advance'.

Ans.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Share first call A/c	Dr.		2,50,000	
	To Share Capital A/c				2,50,000
	(For first call money due)				
(ii)	Bank A/c	Dr.		2,54,500	
	To Share First call A/c				2,50,000
	To Calls in Advance A/c				4,500
	(For first call money received)				
(iii)	Share Second and Final Call A/c	Dr.		1,50,000	
	To Share Capital A/c				1,50,000
	(For second and final call money due)				
(iv)	Bank A/c	Dr.		1,45,500	
	Calls in Advance A/c	Dr.		4,500	
	To Share second and final call A/c				1,50,000
	(For second and final call money received)				

Q. 20. E,F and G are partners in a firm sharing profit in the ratio 3 : 2 : 4. G died on 30th June, 2023 and his share of profit till the date of his death was to be calculated on the basis of average profit for the last 4 years.

Years	**(₹)**
2019-20	**45,000**
2020-21	**55,000**
2021-22	**65,000**
2022-23	**75,000**

Calculate G's share of profit upto the date of death. Pass necessary Journal Entries.

Case I : E and F decided not to change their future ratio

Case II : E and F decided to share future profits in the ratio 3 : 2. **3**

Ans. **Journal**

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
Case 1	Profit and Loss suspense a/c	Dr.		7,500	
	To G's Capital A/c				7,500
	(Being Share of profit of decreased partner transferred to profit and loss suspense A/c)				
Case 2	E's Capital A/c	Dr.		6,000	
	F's Capital A/c	Dr.		1,500	
	To G's Capital A/c				7,500
	(Being Share of deceased partner adjusted through capitals of gaining partners)				

Q. 21. X Ltd., forfeited 400 shares of ₹ 100 each, issued at a premium of ₹ 5 per share (paid at the time of allotment) for non-payment of a first call of ₹ 20 per share. The second and final call of ₹ 20 has not yet been called out of these, 100 shares were re-issued on fully paid up for ₹ 110 per share. Journalise. **4**

Ans.

Journal

Date	Particulars		L.F.	Dr. (₹)	Cr. (₹)
(i)	Share Capital A/c	Dr.		32,000	
	(400 × 80)				
	To Share first call A/c				8,000
	(400 × 20)				24,000
	To Share forfeited A/c (400 × 60)				
	(Being Share forfeited)				
(ii)	Bank A/c (100 × 110)	Dr.		11,000	
	(100 × 100) To Share Capital A/c				10,000
	To Securities Premium A/c				1,000
	(100 × 10)				
	(Being Share reissued at premium)				
(iii)	Share forfeited A/c	Dr.		6,000	
	To Capital Reserve A/c				6,000
	(Being Share forfeited amount. transfered to Capital Reserve)				
	$\left[\frac{24,000}{400} \times 100 = 6,000\right]$				

Q. 22. M,S. and R were partners sharing profit in the ratio of 2 : 2 : 1.On 31st March 2023, their Balance Sheet was as follows :

Liabilities		(₹)	Assets	(₹)
Creditors		**6,00,000**	**Fixed Assets**	**14,00,000**
Contigency Reserve		**2,00,000**	**Stock**	**4,00,000**
Capitals :			**Debtors**	**3,00,000**
M :	**8,00,000**		**Cash at Bank**	**7,00,000**
S :	**7,00,000**			
R :	**5,00,000**	**2,00,0000**		
		28,00,000		**28,00,000**

S died on 15th June 2023. According to partnership deed, his executors were entitled to :

(*a*) Balance in his Capital Account

(*b*) His share of goodwill will be calculated on the basis of thrice the average of past 4 years profit.

(*c*) His share in profits up to date of death on the basis of average profits of last two years.

(*d*) Interest on Capital @ 12% p.a. upto date of death.

The firm's profit for the last four years were :

2019-20	**₹ 1,20,000**
2020-21	**₹ 2,00,000**
2021-22	**₹ 2,60,000**
2022-23	**₹ 2,20,000.**

S's executors were paid the amount immediately. Prepare S's Capital account to be presented to his executors. **4**

Ans.

S's Capital A/c

Dr. **Cr.**

Particulars	Amt. (₹)	Particulars	Amt. (₹)
To S's Executor's A/c		By Balance b/d	7,00,000
Balancing figure	10,57,500	By M's Capital A/c	1,60,000
		By R's Capital A/c	80,000
		By Profit and loss Suspense A/c	20,000
		By Contingency Reserve A/c	80,000
		By P&L Suspense A/c	
		(Interest in Capital)	17500
		$\left(7,00,000 \times \frac{12}{100} \times \frac{2.5}{12}\right)$	
	10,57,500		10,57,500

Working Note : Calculation Share of Goodwill

$$\text{Average profit} = \frac{1,20,000 + 2,00,000 + 2,60,000 + 2,20,000}{4}$$

$$= \frac{8,00,000}{2} = ₹\ 2,00,000$$

$$\text{Goodwill} = 2,00,000 \times 3 = ₹\ 6,00,000$$

$$\text{S's Share in Goodwill} = ₹\ 6,00,000 \times \frac{2}{5}$$

$$= ₹\ 2,40,000$$

Calculation of S's Share of profit till the date of death

$$\text{Average profit of last two years} = \frac{2,60,000 + 2,20,000}{2}$$

$$= ₹\ 2,40,000$$

$$\text{S's Share of profit} = 2,40,000 \times \frac{2.5}{12} \times \frac{2}{5}$$

$$= ₹\ 20,000.$$

Q. 23. X Ltd. invited applications for issuing 80,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. The following amount was payable as follows : **6**

- **On application ₹ 6 (including premium) per share.**
- **On allotment ₹ 3 per share**
- **Balance on first and final call.**

Applications for 90,000 shares were received. Applications for 5,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Overpayment received on application was adjusted towards sums due on allotment. All calls were made and were duly received except allotment and final call on 1,600 shares alloted to Vijay. These shares were forfeited and the forfeited shares were re-issued for ₹ 18,400 fully paidup. Pass necessary Journal Entries.

Ans.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Share Application A/c (Being amount received on 90,000 Shares @ 6 including premium ₹ 2)		5,40,000	 5,40,000
(ii)	Share Application A/c Dr. To Share Capital To Securities Premium Reserve A/c To Share allotment A/c To Bank (Being Amount received on Application transferred to Share Capital A/c)		5,40,000	 3,20,000 1,60,000 30,000 30,000
(iii)	Share Allotment A/c (80,000 × ₹ 3) Dr. To Share Capital A/c (Amount due on allotment)		2,40,000	 2,40,000
(iv)	Bank A/c Dr. To Share Allotment A/c (Amount received on 78,400 Shares and excess received along with application adjusted)		2,05,800	 2,05,800
(v)	Share First and Final Call A/c Dr. (80,000 × ₹ 3) To Share Capital A/c (Amount due on call @ ₹ 3 per Share)		2,40,000	 2,40,000
(vi)	Bank A/c (78,400 × ₹ 3) Dr. To Share First and Final Call A/c (Amount received on 78,400 Shares)		2,35, 200	 2,35,200
(vii)	Share Capital A/c (1,600 × ₹ 10) Dr. To Share Allotment A/c To Share First and Final Call A/c To Share Forfeiture A/c (1,600 Shares of Vijay forfeited for non payment of Allotment money and first and final call money)		16,000	 4,200 4,800 7,000
(viii)	Bank A/c Dr. To Share Capital A/c To Securities Premium Reserve A/c (1,600 Shares reissued as fully paid up for ₹ 18,400)		18,400	16,000 2,400
(ix)	Share Forfeiture A/c Dr. To Capital Reserve A/c (Transfer of Profit on reissue)		7,000	7,000

Or

Accounts Guru Ltd. issued ₹ 4,00,000, 10% Debentures of ₹ 100 each at par to be redeemed at 10% premium after 5 years. Balance in securities premium was ₹ 40,000. Answer the followings questions on the basis of above information.

(*i*) Find the application money received.
(*ii*) What amount will be debited to 'loss on issue of debentures A/c'
(*iii*) What is the annual obligation in the form of interest on debentures ?
(*iv*) By what amount will statement of profit and loss be debited for writing off loss on issue of debentures.
(*v*) Pass journal entry for writing off loss on issue of debentures.

Ans. (i) Application money received = ₹ 4,00,000
(ii) Amount Debited to loss on issue of debentures A/c = ₹ 40,000
(iii) Interest on debentures = ₹ 40,000
(iv) NIL
(v)

Journal

Date	**Particulars**	**L.F.**	**Dr. (₹)**	**Cr. (₹)**
(i)	Statement of Profit and Loss Dr.		40,000	
	To Interest on Debenture A/c			40,000
	(Being interest on debentures written off)			
(ii)	Securities Premium A/c Dr.		40,000	
	To Loss on issue of Debentures A/c			40,000
	(Being loss on issue on Debentures writen off).			

Q. 24. Soniya, Charu and Samita started a partnership firm on April 1, 2021. They contributed ₹ 5,00,000, ₹ 4,00,000 and ₹ 3,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3 : 2 : 1. The partnership deed provides that Soniya is to be paid a salary of ₹ 10,000 per month and Charu a commission of ₹ 50,000. It also provides that interest on capital be allowed @ 6% p.a. The drawings for the year were Soniya ₹ 60,000, Charu ₹ 40,000 and Samita ₹ 20,000. Interest on drawings was charged at the ratio of 9% p.a. The net amount of profit as per profit and loss account for the year 2021-22 is ₹ 3,56,000.

(*i*) Prepare Profit and Loss Appropriation A/c.
(*ii*) Show Capital accounts of the partners. **6**

Ans.

Profit and Loss Appropriation A/c as on 31st March, 2022

Dr. **Cr.**

Particulars	**Amt. (₹)**	**Particulars**	**Amt. (₹)**
To Interest on Capital		By Profit and Loss A/c	
– Soniya 30,000		–profit	3,56,000
– Charu 24,000			
– Samita 18,000	72,000	By Interest on Drawings	
To Soniya's Salary		–Soniya	
(10,000 × 12)	1,20,000	$60{,}000 \times \frac{9}{100} \times \frac{6}{12} = 2{,}700$	
To Charu's Commission	50,000	– Charu $40{,}000 \times \frac{9}{100} \times \frac{6}{12} = 1{,}800$	5,400
To Profit transferred to :			
– Soniya's Capital A/c 59,700	1,19,400	– Samita	
– Charu's Capital A/c 39,800		$20{,}000 \times \frac{9}{100} \times \frac{6}{12} = 900$	
– Samita's Capital A/c 19,900			
	3,61,400		3,61,400

Partners Capital Account

Dr. Cr.

Particulars	Soniya	Charu	Samita	Particulars	Soniya	Charu	Samita
To Drawings	60,000	40,000	20,000	By Balance b/d	5,00,000	4,00,000	3,00,000
To Interest on Drawings	2,700	1,800	900	By Interest on Capital	3,00,000	24,000	18,000
				By Salaries	1,20,000		
				By Commission		50,000	
To Balance c/d	6,47,000	4,72,000	2,27,900	By Profit and Loss Appropriation A/c	59,700	39,800	19,900
	7,09,700	5,13,800	3,37,900		7,09,700	5,13,800	3,37,900

Or

Varun and Vivek were partners in a firm sharing profits in the ratio of 3 : 2. The balance in their capital and current accounts as on 1st April, 2022 were as under :

Particulars	Varun (₹)	Vivek (₹)
Capital accounts	**3,00,000 (Cr.)**	**2,00,000 (Cr.)**
Current accounts	**1,00,000 (Cr.)**	**28,000 (Dr.)**

The partnership deed provided that Varun was to be paid a salary of ₹ 5,000 p.m. whereas Vivek was to get a commission of ₹ 30,000 for the year. Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Varun were ₹ 3,000 at the beginning of each quarter while Vivek withdrew ₹ 30,000 on 1st September, 2022. The net profit of the firm for the year, 2022-23, before making the above adjustments was ₹ 1,20,000.

Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

Ans.

Profit & Loss Appropriation A/c for the year ended on 31st March, 2023

Dr. Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Partner's current A/c		By Profit & Loss A/c	1,20,000
(42 : 23)		By Interest and drawings	
Varun 78,508	1,21,500	– Varun 450	1,500
Vivek 42,992		– Vivek 1,050	
	1,21,500		1,21,500

Partner's Capital A/c

Dr. Cr.

Particulars	Varun	Vivek	Particulars	Varun	Vivek
To Balance c/d	3,00,000	2,00,000	By Balance b/d	3,00,000	2,00,000
	3,00,000	2,00,000		3,00,000	2,00,000

Partner's Current A/c

Dr. Cr.

Particulars	Varun	Vivek	Particulars	Varun	Vivek
To Balance b/d	–	28,000	By Balance b/d	1,00,000	–
To Drawings	12,000	30,000	By P&L Appropriation A/c	78,508	42,992
To Interest on drawings	450	1,050	By Balance c/d	16,058	
To Balance c/d	1,66,058				16,058
	1,78,508	59,050		1,78,508	59,050

Q. 25. Jatin and Sahil were partners sharing profits and losses in the ratio of 3 : 2. Their Balance sheet as on 31st March, 2024 was a follows : **6**

Balance sheet as at 31st March, 2024.

Liabilities	(₹)	Assests	(₹)
Creditors	14,80,000	Bank	14,05,000
General Reserve	1,35,000	Stock	10,75,000
Capitals :		Debtors Less : 12,15,000	
		(–) Provision for	
Jatin 13,25,000		doubtful Debts 5000	
Sahil 21,15,000	34,40,000		12,10,000
		Fixed Assets	13,65,000
	50,55,000		50,55,000

The firm was dissolved on the same day.

(*i*) Debtors realised at 5% Less.

(*ii*) Stock realised at ₹ 12,70,000

(*iii*) Fixed assets realised at ₹ 14,20,000

(*iv*) Realisation expenses were ₹ 25,000.

Prepare Realisation Account and Partner's Capital, A/cs

Ans.

Realisation A/c

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Stock A/c	10,75,000	By Provision for	5,000
To Debtors A/c	12,15,000	Dobtful Debts A/c	
To Fixed Assets A/c	13,65,000		
		By Creditors	14,80,000
To Bank A/c			
–Creditors	14,80,000	By Bank A/c :	
To Bank (Realisation Exp.)	25,000	Debtors 11,54,250	
To Profit transferred to :		Stock 12,70,000	
Jatin's Capital A/c 1,01,550		Fixed Assets 14,20,000	38,44,250
Sahil's Capital A/c 67,700	1,69,250		
	53,29,250		53,29,250

Partner's Capital A/c

Dr. **Cr.**

Particulars	Jatin	Sahil	Particulars	Jatin	Sahil
To Bank A/c	15,07,550	22,36,700	By Balance b/d	13,05,000	21,15,000
			By General Reserve	81,000	54,000
			By Realisation A/c (Profit)	1,01,550	67,700
	15,07,550	22,36,700		15,07,550	22,36,700

Q. 26. Good Luck Ltd.

Balance Sheet (Extract)

as at....

Particulars	Note No.	2023	2024
Equity & Liabilities			
–Share holders funds			
–Share capital	**1**	**4,00,000**	**4,93,500**
Notes to Accounts			
Note No 1			
Particulars		**2023**	**2024**
Share Capital			
–Authorised capital			
1,00,000 Equity share of ₹ 10 each		**10,00,000**	**10,00,000**
Issued Captial			
40000 ₹ 9.5 & ₹ 10 each		**40,00,00**	**5,00,000**
50,000 Equity share of ₹ 10 each			
Subscribed Capital			
–Subscribed & Fully paid up			
40000 share of ₹ 10 each		**4,00,000**	
48500 share of ₹ 10 each	**4,85,000**		
Subscribed but not fully paid up			
1500 Equity share of (₹ 10) 15000			
Less : calls in Arrears 6500	**8,500**	**......**	**4,93,500**
		4,00,000	**4,93,500**

During 2023-24 Good Luck Ltd issued 10,000 shares of ₹ 10 each payable as ₹ 3 on Application, ₹ 2 on Allotment, ₹ 2 on first call & Balance on final call. The applications were received for 12000 shares & pro-rata Allotment was made to all. An applicant of 1200 share failed to pay two calls and another share holder hang 500 share did not pay time final call. Give answer of the following questions.

(1) How much amount the company received or application money ?

(*a*) ₹ 30000 (*b*) ₹ 36000 (*c*) ₹ 24000 (*d*) None of these. 1

Ans. (*b*) ₹ 36000

(2) How many share holders did not pay the first call ?

(*a*) 1000 share (*b*) 1200 share (*c*) 500 share (*d*) 1700 share. 1

Ans. (*a*) 1000 share

(3) How many share holder did not pay the Final call ?

(*a*) 1500 share (*b*) 1700 share (*c*) 500 share (*d*) None of these. 1

Ans. (*a*) 1500 share

(4) What is the total amount received by the company from issue of shares during 2023-24 ?

(*a*) ₹ 485000 (*b*) ₹ 400000 (*c*) ₹ 93500 (*d*) ₹ 100000. 2

Ans. (*c*) 93500

(5) What is the amount of final call on each share ?

(*a*) ₹ 3 (*b*) ₹ 2 (*c*) ₹ 5 (*d*) ₹ 1. 1

Ans. (*a*) ₹ 3

PART—B

(Analysis of Financial Statement)

Q. 27. Which of the following is not the internal user of financial statements ?

(*a*) Creditors (*b*) Shareholders (*c*) Management (*d*) Employees. 1

Ans. (*a*) Creditors

Or

Long term debts ₹ 3,00,000, current liabilities ₹ 2,00,000, long term provisions ₹ 1,00,000, Non-Current assets ₹ 8,00,000, Current assets ₹ 4,00,000. Total assets to debt ratio will be :

(*a*) 1 : 1. (*b*) 2 : 1 (*c*) 3 : 1 (*d*) 4 : 1.

Ans. (*c*) 3 : 1

Q. 28. Profit after tax ₹ 65,000, Provision for tax ₹ 30,000, amount transferred to general reserve ₹ 10,000, Goodwill written off ₹ 3,000.

Profit before tax and extraordinary item will be :

(*a*) ₹ 1,08,000 (*b*) ₹ 95,000 (*c*) ₹ 1,05,000 (*d*) ₹ 75,000. 1

Ans. (*b*) ₹ 95,000

Q. 29. Cash used in operating Activities = 10,000; Cash used in investing Activities = 40,000; Cash flow from Financing Activities = 25,000; Closing cash and Cash equivalent = 20,000; Calculate opening cash and cash equivalents ?

(*a*) ₹ 35,000 (*b*) ₹ 95,000 (*c*) ₹ 45,000 (*d*) ₹ 25,000. 1

Ans. (*c*) ₹ 45,000

Or

Net profit before tax ₹ 5,00,000, Goodwill written off 5,000, Loss on Sale of machinery = 25,000, Debtors (opening) = 10,000; Debtors (Closing) = ₹ 15,000, Cash flow from operating activities.

(*a*) 5,20,000 (*b*) 5,30,000 (*c*) 5,25,000 (*d*) 4,95,000.

Ans. (*c*) 5,25,000

Q. 30. Raj Ltd. had investment of ₹ 1,50,000 as on 31.3.22 and investment of ₹ 2,10,000 as on 31.3.23. During the year, Raj Ltd. sold its 60% of the opening investment at a loss of 15%. Determine cash flow from investing activities.

(*a*) Inflow of ₹ 90,000 (*b*) Inflow ₹ 76,500

(*c*) Outflow of ₹ 73,500 (*d*) Outflow of ₹ 60,500. 1

Ans. (*c*) Outflow of ₹ 73,500.

Q. 31. Under what heads and sub-heads the following items will appear in the balance sheet of a company as per schedule III Part-I of the Companies Act, 2013.

(*i*) Provision for tax **(*ii*) Bills payable**

(*iii*) Public deposits **(*iv*) Securities premium**

(*v*) Provision for employees benefits. **(*vi*) Interest accrued and due on secured loan.** 3

Ans.

	Item	Major Heads	Sub-Heads
(i)	Provision for tax	Current liabilities	Short term provisions
(ii)	Bills Payable	Current Liabilities	Trade Payble
(iii)	Public deposits	Non-current Liabilities	Long Term Barrowings
(iv)	Securities Premium	Shareholder Funds	Reserve and Surplus
(v)	Provision for Employees benefits	Non-current Liabilities	Long-term Provisions
(vi)	Interest accrued and due on secured loan	Current Liabilities	Other Current liabilities

Q. 32. Balance sheet of Red Bell Ltd. as at 31st March, 2023 and 2024 are given below : 4

Prepare Comparative Balance Sheet.

Balance Sheet

	31.3.23	31.3.24
I. Equity and liabilities		
1. Shareholders Fund.		
Share Capital	3,44,000	4,26,000
2. Non-Current Liabilities		
long-term Borrowings	4,38,000	6,96,000
3. Current Liabilities	78,000	2,98,000
Total	8,60,000	14,20,000
II. Assets		
1. Non-Current Assets		
(a) Fixed Assets	4,30,000	5,68,000
(b) Investments	4,000	6,000
2. Current Assets	4,26,000	8,46,000
Total	8,60,000	14,20,000

Ans.

Comparative Balance Sheet

Particulars	**31.3.23**	**31.3.24**	**Absolute Change**	**Percentage %**
I. Equity and Liabilities				
1. Shareholder's Fund				
@ Share Capital	3,44,000	4,26,000	82,000	19.2
2. Non-Current Liabilities				
Long term Borrowings	4,38,000	6,96,000	2,58,000	37.1
3. Current Liabilities	78,000	2,98,000	2,20,000	73.8%
Total	8,60,000	14,20,000	5,60,000	39.4
III. Assets				
1. Non-Current Assets :				
(a) Fixed Assets	4,30,000	5,68,000	1,38,000	24.3
(b) Investment	4,000	6,000	2,000	33.3
2. Current Assets	4,26,000	8,46,000	4,20,000	49.6
	8,60,000	14,20,000	5,60,000	39.4

Or

Profit after tax amounted to ₹ 6,00,000 and tax rate was 20%. If earnings before interest and tax was ₹ 10,00,000 and Nominal Value of Debentures amounted to ₹ 25,00,000 (assuming the only debt of the company), determine the rate of interest on debentures.

Ans. Profit after tax = ₹ 6,00,000 Tax rate 20%

$$\text{Profit before tax} = \frac{6,00,000}{100} \times 80 = ₹\ 7,50,000$$

Interest = 10,00,000 – 7,50,000

= ₹ 2,50,000

$$\text{Interest rate} = \frac{2,50,000 \times 100}{25,00,000}$$

= 10%

Q. 33. Calculate Return investment from the following information.

(*i*) Shareholder's fund 100,000

(*ii*) 10% Debentures 4,00,000

(iii) Long term provisions **50,000**
(iv) Current liabilities **1,40,000**
(v) Fixed assets **4,50,000**
(vi) Non-Current investments **40,000**
(vii) Current assets **2,00,000**
(viii) Profit before tax **1,20,000** **3**

Ans. (a) Profit before Interest and Tax = ₹ 1,20,000 + 40,000
= ₹ 1,60,000

Capital Employed = Non-Current Assets + Working Capital
(4,50,000 + 40,000) + (2,00,000 – 1,40,000)
= 4,90,000 + 60,000
= ₹ 5,50,000

$$\text{Return on investment} = \frac{\text{Profit before interest and Tax}}{\text{Capital Employed}}$$

$$= \frac{₹\,1,60,000}{₹\,5,50,000} \times 100 = 29.09\%.$$

Q. 34. (a) From the following balance sheet of DCX Ltd. and the additional information as at 31st March, 2018.
Prepare cash from operating activities. **6**

Balance Sheet

Particulars	Note No.	31.3.18	31.3.17
I. Equity and liabilities			
1. Shareholder's Funds :			
(a) Share Capital		**30,00,000**	**21,00,000**
(b) Reserve and Surplus	**1**	**4,00,000**	**5,00,000**
2. Non-Current Liabilities			
Long term Borrowings	**2**	**8,00,000**	**5,00,000**
3. Current Liabilities			
(a) Trade Payables		**1,50,000**	**1,00,000**
(b) Short term Provision	**3**	**76,000**	**56,000**
Total		**44,26,000**	**32,56,000**
II. Assets			
1. Non-Current Assets : Property, plant and equipment and Intangible Assets			
(i) Plant and Equipment	**4**	**27,00,000**	**20,00,000**
(ii) Intangible Assets		**8,00,000**	**7,00,000**
2. Current Assets :			
(a) Current Investments		**89,000**	**78,000**
(b) Inventories		**8,00,000**	**4,00,000**
(c) Cash + Cash Equivalent		**37,000**	**78,000**
Total		**44,26,000**	**32,56,000**

Notes to Accounts :

Particulars	31.3.18	31.3.19
1. Reserve and Surplus		
Surplus *i.e.,* Balance in Statement	4,00,000	5,00,000
Profit and Loss	4,00,000	5,00,000
2. Long term Borrowings		
8% Debentures	8,00,000	5,00,000
3. Short term Provision		
Provision for Tax	76,000	56,000
4. Property, Plant and Equipment, Machinery	33,00,000	2,50,000
Less : Accummulated Depreciation	(6,00,000)	(5,00,000)
	27,00,000	20,00,000

Additional Informations :

(*i*) During the year a machinery costing ₹ 8,00,000 on which accumulated depreciation was ₹ 3,20,000 was sold for ₹ 6,40,000.

(*ii*) Debentures were issued on 1st April, 2017.

(*b*) Calculate cash flows from investing Activities from the following information :

Particulars	31.3.2021	31.03.2020
Investments in shares of Vinod Ltd.	18,00,000	8,00,000
12% Long Term Investments	1,50,000	5,00,000
Plant and Machinery	6,00,000	4,00,000
Computer Software	1,20,000	40,000

Additional Informations :

(*i*) 9% dividend was received from Vinod Ltd.

(*ii*) A machine costing ₹ 50,000 (depreciaton provided thereon ₹ 15,000) was sold for ₹ 40,000. Depreciation charged during the year was ₹ 55,000.

Ans.

Cash Flow Statement

Particulars	Details (₹)	Amount (₹)
I. Cash Flow from operating Activities		
Net profit before Tax and Extraordinary items	(24,000)	
Add : Depreciation on Machinery (WN 3)	4,20,000	
Interest on Debentures	64,000	
Less : Gain on sale of Machinery	(1,60,000)	
Operating Profit before working capital changes	3,00,000	
Add : Increase in current liabilities : Trade Payables	50,000	
Less : Increase in Current Assets : Inventories	(4,00,000)	
Cash Generated from Operations	(50,000)	
Less : Tax Paid		
Cash used in Operating Activities	(56,000)	
		(1,06,000)

(b)

Cash Flow from Investing Activities

Particulars	Amount (₹)
Sale of Plant and Machinery	40,000
Purchase of Plant and Machinery	(2,90,000)
Investment in Shares of Vinod Ltd.	(10,00,000)
Dividend received (9% of 8,00,000)	72,000
Sale of long term Investment	350000
Interest received on investment (12% on Rs. 5,00,000)	60,000
Purchased computer software	(80,000)
Net Cash used in investing activities	(8,48,000)

Working Note :

Plant & Machinery A/c

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	4,00,000	By Bank A/c	40,000
To Profit and Loss A/c (–gain on Sale)	5,000	By Depreciation	55,000
To Bank A/c (Purchase of Machinery)	2,90,000	By Balance c/d	6,00,000
	6,95,000		6,95,000

Holy Faith New Style Sample Paper–6 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

Time allowed : 3 Hours **Maximum Marks : 80**

General Instructions : Same as in Holy Faith New Style Sample Paper—1.

PART—A

(Accounting for Partnership Firms and Companies)

Q. 1. Rent paid to a partner is debited in .... account.

(*a*) Profit and loss account (*b*) Profit & Loss appropriation account

(*c*) Revaluation Account (*d*) His capital

Ans. (*a*) Profit and loss account.

2. A and B are partners sharing profits and loss in the ratio of 3 : 2. They decided to dissolve the firm. On the date of dissolution there was an unrecorded asset of ₹ 5,000 which was taken over by B at ₹ 4,000. Journal entry for asset taken over by B.

(*a*) B's Capital A/c Dr. 4,000
To Assets A/c 4,000

(*b*) Asset A/c Dr. 4,000
To B's Capital A/c 4,000

(*c*) B's Capital A/c Dr. 4,000
To Realisation A/c 4,000

(*d*) Asset A/c Dr. 4,000
To Realisation A/c 4,000 1

Ans. (*c*) B's Capital A/c Dr. 4,000
To Realisation A/c 4,000

Or

On dissolution of the firm of R, S, N. N had agreed to bear all realisation expenses for which he was paid ₹ 14,500. Actual expenses on realisation amounted to ₹ 11,000 which were paid by N. The amount to be credited to N's Capital A/c will be :

(*a*) ₹ 11,000 (*b*) ₹ 3,500

(*c*) ₹ 14,500 (*d*) ₹ 25,500.

Ans. (*c*)₹ 14,500

3. Vinod Ltd. purchased a machine from Love Machine Ltd. for ₹ 3,80,000. As per purchase agreement ₹ 20,000 were paid in cash and balance by issue of shares of ₹ 100 each. How many shares are to be issued to Love Machine Ltd. if shares are issued at a premium of 20% ?

(*a*) 4,000 (*b*) 3,000 (*c*) 3,800 (*d*) 3,600. 1

Ans. (*b*) 3,000.

4. P and Q are partners. Q has given a loan of ₹ 40,000 to the firm on 1st July 2023. The Partnership deed is silent upon the interest on loan. Q Claims 10% p.a. interest on his loan. What amount of interest is payable to Q on 31st March 2024 ?

(*a*) ₹ 4,000 (*b*) ₹ 3,000 (*c*) ₹ 2,400 (*d*) ₹ 1,800. 1

Ans. (*d*) ₹ 1,800

Or

'A' has given a guarantee to 'C' for minimum ₹ 10,000 profit. At year end the firm suffered loss and C's share in the loss was ₹ 2,000. Calculate the amount of deficiency to be borne by 'A'.

(*a*) ₹ 2,000 (*b*) ₹ 10,000 (*c*) ₹ 12,000 (*d*) None of these.

Ans. (*c*) ₹ 12,000

5. **Vinay, Sahiba and Rashi are partners sharing profits in the ratio of 4 : 6 : 5. They admitted Gagan as new partner, it is decided that the profit sharing ratio between Sahiba and Gagan will be as it is existing between Vinay and Sahiba. The new profit sharing ratio of the partners will be :**

(*a*) 4 : 6 : 5 : 3 (*b*) 1 : 1 : 1 : 1 (*c*) 2 : 3 : 5 : 3 (*d*) 4 : 6 : 5 : 9. 1

Ans. (*d*) 4 : 6 : 5 : 9.

Or

Vibha, Mona and Sona were partners in a firm sharing profits in the ratio of 4 : 3 : 1. Sona died and her entire share was taken by Vibha. The new profit sharing ratio of Vibha and Mona will be :

(*a*) 1 : 1 (*b*) 5 : 3 (*c*) 3 : 5 (*d*) 5 : 2.

Ans. (*b*) 5 : 3

6. **Following are the factors affecting goodwill except :**

(*a*) Nature of goods (*b*) Location of customers
(*c*) Location of Business (*d*) Technical know how.

Ans. (*b*) Location of customers

7. **Assertion (A) : Vamika, a partner in a firm with two partners had advanced a loan of ₹ 70,000 to the firm for last six months of the financial year without any agreement. She claims an interest on loan of ₹ 4,200 despite the firm being in loss for the year.**

Reason (R) : In the absence of any agreement/provision in the partnership deed, provisions of Indian Partnership Act, 1932 would apply :

(*a*) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
(*b*) Both Assertion (A) and Reason (R) are correct and Reason (R) is not 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. 1

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

8. **If 10,000 shares of ₹ 10 each were forfeited for non-payment of final call money of ₹ 3 per share and only 7,000 of these shares were reissued @ ₹ 11 per share as fully paid up, then what is the minimum amount that company must collect at the time of re-issue of the remaining 3,000 shares.**

(*a*) ₹ 21,000 (*b*) ₹ 9,000
(*c*) ₹ 16,000 (*d*) ₹ 30,000. 1

Ans. (*d*) ₹ 30,000.

9. **Kalki and Kumud were partners sharing profits and losses in the ratio of 5 : 3. On 1st April, 2021, they admitted. Kaushtubh as a new partner and new ratio was decided as 3 : 2 : 1. Goodwill of the firm was valued as ₹ 36,000 Kaushtubh couldn't bring any amount for goodwill. Amount of goodwill share to be credited to Kalki and Kumud Accounts will be :**

(*a*) ₹ 37,500 and ₹ 22,500 (*b*) ₹ 30,000 and ₹ 30,000
(*c*) ₹ 36,000 and ₹ 24,000 (*d*) ₹ 45,000 and ₹ 15,000. 1

Ans. (*d*) ₹ 45,000 and ₹ 15,000.

10. **A and B are partners in a firm. They admit C as a partner with 1/5 th share in the profits of the firm. C brings ₹ 1,50,000 as his share of capital. The value of the total assets of the firm is ₹ 5,50,000 and outside liabilities are valued at ₹ 70,000 on that date. C's share of hidden goodwill will be :**

(*a*) ₹ 2,70,000 (*b*) ₹ 54,000
(*c*) ₹ 1,20,000 (*d*) ₹ 24,000. 1

Ans. (*b*) ₹ 54,000

Or

Divya and Isha are partners in a firm sharing profits and losses in the ratio of 2 : 3. Leela was admitted as a new partner for 1/5th share in the profits of the firm. Leela acquires her share from Divya and Isha in the ratio of 1 : 2. The new profit sharing ratio will be :

(*a*) 4 : 8 : 3 (*b*) 8 : 4 : 3

(*c*) 7 : 5 : 3 (*d*) 5 : 7 : 3.

Ans. (*a*) 4 : 8 : 3

11. **X Ltd. forfeited 1,000 shares of ₹ 10 each for non-payment of final call of ₹ 3 each. After reissue of 600 of these shares, ₹ 3000 were transferred to capital reserve. Shares were reissued for :**

(*a*) ₹ 1200 (*b*) ₹ 4800

(*c*) ₹ 3600 (*d*) ₹ 4000. 1

Ans. (*a*) ₹ 1200

Or

A Ltd. issued 50,000, 6% debentures of ₹ 100 each at a discount of 4% redeemable at a certain rate of premium existing balance in securities premium before issuing these debenture is ₹ 1,50,000. Loss on issue of debentures was immediately written off and ₹ 3,00,000 were charged to statement of Profit and Loss. At what rate of premium these debentures are redeemable ?

(*a*) 3% (*b*) 4%

(*c*) 5% (*d*) 6% .

Ans. (*c*) 5%

12. **A company issued 20,000 equity shares of ₹ 10 each at par payable as under. On application ₹ 3, on allotment ₹ 2, On first call ₹ 4 and on final call ₹ 1 per share. Applications were received for 65,000 shares. Applications for 15,000 shares were rejected and pro-rata allotment was made to the applicants for 50,000 shares. How much amount will be received in cash on first call ? Excess application money is adjusted towards amount due on allotment and calls.**

(*a*) ₹ 80,000 (*b*) ₹ 50,000 (*c*) ₹ 30,000 (*d*) Nil. 1

Ans. (*c*) ₹ 30,000

13. **Shikha Ltd. issued 20,000 7% debentures of ₹ 100 each at a certain rate of discount and were to be redeemed at 5% premium existing balance of securities premium before issuing of these debentures was ₹ 40,000. Loss on issue of debentures was immediately written off and ₹ 1,20,000 were charged to statement of profit and loss. At what rate of discount, these debentures were issued ?**

(*a*) 8% (*b*) 6% (*c*) 5% (*d*) 3%. 1

Ans. (*d*) 3%.

14. **A, B and C were equal partners. They decided to change the profit sharing ratio 4 : 3 : 2. For this purpose the goodwill of the firm was valued at ₹ 4,50,000. The journal entry for the treatment of Goodwill on change in profit sharing ratio will be any one of them :**

Date	Particulars		Dr.	Cr.
(*a*)	C's Capital A/c	Dr.	50,000	
	To A's Capital A/c			50,000
(*b*)	C's Capital A/c	Dr.	4,50,000	
	To A's Capital A/c			4,50,000
(*c*)	A's Capital A/c	Dr.	4,50,000	
	To C's Capital A/c			4,50,000
(*d*)	A's Capital A/c	Dr.	50,000	
	To C's Capital A/c			50,000

1

Ans. (*d*) A's Capital A/c Dr. 50,000
To C's Capital A/c 50,000

15. On dissolution, partner's loan was appearing on the liabilities side at ₹ 60,000. He accepted an unrecorded asset of ₹ 50,000 for ₹ 45,000 and the balance was paid to him in cash. Realisation account will be :

(*a*) debited by ₹ 15,000 (*b*) debited by ₹ 45,000 (*c*) credited by ₹ 45,000 (*d*) credited by ₹ 15,000. 1

Ans. (*c*)credited by ₹ 45,000.

16. X, Y and Z are partners in a firm in 5 : 3 : 2. Z is guaranteed that he will get minimum of ₹ 40,000 as his share of profit every year. Deficiency if any will be borne by X only. The profit during the year was ₹ 1,50,000. How much profit will X get ?

(*a*) ₹ 75,000 (*b*) ₹ 65,000 (*c*) ₹ 40,000 (*d*) ₹ 80,000. 1

Ans. (*b*)₹ 65,000.

17. Charu, Divya and Esha were partners in a firm. Pass journal entries for the following transactions on dissolution of the firm after various assets and external liabilities have been transferred to realisation A/c.

(*i*) An unrecorded asset of ₹ 40,000 was given to an unrecorded creditor of ₹ 60,000 in settlement of his claim of ₹ 45,000 and the balance was paid to him in cash.

(*ii*) A motorbike which was not recorded in the books was taken over by Charu at ₹ 10,000. whereas its expected value was ₹ 15,000.

(*iii*) Creditors to whom the firm owed ₹ 50,000, accepted stock of ₹ 30,000 at a discount of 20% and the balance in cash. 3

Ans. **Journal**

Date	Particulars	F.	Amount (₹)	Amount (₹)
(i)	Realisation A/c Dr.		15,000	
	To Bank A/c			15,000
	(Unrecorded asset given to unrecorded creditor and the balance amount paid in cash)			
(ii)	Charu's Capital A/c Dr.		10,000	
	To Realisation A/c			10,000
	(Unrecorded Motorbike taken over by Charu)			
(iii)	Realisation A/c Dr.		26,000	
	To Bank A/c			26,000
	(Stock Accepted by creditors and the balance amounts paid in cash)			

18. Madhav, Raghav and Purav were partners in a firm showing profits and losses in the ratio of 3 : 1 : 1. Their Balance Sheet at 31st March 2023 was as follow :

Liabilities	Amount (₹)	Assests	Amount (₹)
Creditors	**1,00,000**	**Bank**	**20,000**
General Reserve	**50,000**	**Stock**	**1,10,000**
Capitals		**Investment**	**70,000**
Madhav : 60,000		**Furniture**	**35,000**
Raghav : 1,00,000		**Building**	**1,15,000**
Purav : 40,000	**2,00,000**		
	3,50,000		**3,50,000**

Purav died on 30th september, 2023. According to partnership deed his legal representations are entitiled to the following :

(*i*) Balance in his capital Account

(*ii*) Share of profit upto the date of death to be calculated on the basis of last year's profit.

(*iii*) Share of goodwill calculated on the basis of three years purchase of average profits of last four years.

(*iv*) Interest on capital @12% p.a.

Purav's share of profit was ₹ 3,000 and the average profit of last four year were ₹ 50,000. Purav's drawings upto the date of death were ₹ 10,000. Prepare Capital Account to be rendered to his legal representatives. **3**

Ans. Purav's Capital Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Drawings	10,000	By Balance b/d	40,000
To Purav's Executor's A/c	75,400	By General Reserve	10,000
		By Interest on Capital $\left(40{,}000 \times \frac{12}{100} \times \frac{6}{12}\right)$	2,400
		By Goodwill $\left(50{,}000 \times 3 \times \frac{1}{5}\right)$	30,000
		By Profit and Loss Suspene A/c	3,000
	85,400		85,400

Or

The average profit of a firm is ₹ 1,20,000. The total tangible assets in the firm are ₹ 15,00,000 and outside liabilities are ₹ 4,00,000. The normal rate of return is 10% on capital employed. Calculate goodwill by : Capitalisation of Super Profit.

Ans. Average Profit = ₹ 21,20,000

Assets = ₹ 15,00,000

Liabilities = ₹ 4,00,000

Normal Rate of Return 10%

Normal Profit = ₹ 11,00,000 × $\frac{10}{100}$ = ₹ 1,10,000

Super Profit = Average Profit – Normal Profit

1,20,000 – 1,10,000 = ₹ 10,000

Goodwill = Super Profit × $\frac{100}{10}$

10,000 × $\frac{100}{10}$ = ₹ 1,00,000.

19. **Lilly Ltd. forfeited 100 shares of ₹ 10 each issued at 10% premium (₹ 8 called up) on which a shareholder did not pay ₹ 3 of allotment (including premium) and first call of ₹ 2. Out of these 60 shares were reissued to Ram as fully paid for ₹ 8 per share and 20 shares to Suraj as fully paid up @ ₹ 12 per share at different intervals of time. Prepare share forfeiture account. 3**

Ans. **Share Forfeiture A/c**

Dr. Cr.

Particulars	(₹) Amount	Particulars	(₹) Amount
To Share Capital A/c	120	By Share Capital A/c	400
To Capital Reserve A/c	120		
To Capital Reserve A/c	80		
To Balance c/d	80		
	400		400

Hint :

Date	Particulars		F.	Debit (₹)	Credit (₹)
	Share Capital A/c	Dr.		80	
	Securities Premium A/c	Dr.		100	
	To Share Allotment A/c				300
	To Share First call A/c				200
	To Share Forfeiture A/c				400
	Bank A/c	Dr.		480	
	Share Forfeiture A/c	Dr.		120	
	To Share Capital A/c				600
	Share Forfeiture A/c	Dr.		120	
	To Capital Reserve A/c				120
	(Gain on reissue of 60 Shares @ 2 per Share).				
	Bank A/c	Dr.		240	
	To Share Capital A/c				200
	To Securities Premium A/c				
	(Being forfeited shares reissued @ 12 per share)				40
	Share Forfeiture A/c	Dr.		80	
	To Capital Reserve A/c				80
	(Gain on reissue of 20 Shares @ ₹ 4 per Share)				

Or

'Z.K. Ltd.' issued ₹ 4,00,000, 9% Debentures of ₹ 100 each at a discount of 5% redeemable at a premium of 10%. Pass the necessary Journal Entries for the above transactions in the books of Z.K. Ltd.

Ans. **Journal**

Date	Particulars		F.	Debit (₹)	Credit (₹)
	Bank A/c	Dr.		3,80,000	
	To Debenture Application and Allotment A/c				3,80,000
	(Being Debentures issued at a distance of 5%)				
	Debenture Application and Allotment a/c	Dr.		3,80,000	
	Discount on issue of debentures A/c	Dr.		20,000	
	Loss on issue of debenture A/c	Dr.		40,000	
	To 9% debentures A/c				4,00,000
	To Premium on redemption of debentures A/c				40,000
	(Being debentures redeemed at premium of 10%)				

20. Pass necessary journal entries for forfeiture and re-issue of forfeited shares in the following cases :

Vipin Ltd. forfeited 10,000 shares of ₹ 10 each issued at a premium of ₹ 1 per share, for non-payment of second and finall call of ₹ 2 per share. Out of these 60% of the shares were re-issued at ₹ 7 per share fully paid up. **3**

Ans. **Journal**

Date	Particulars		F.	Amount (₹)	Amount (₹)
(i)	Share Capital A/c	Dr.		1,00,000	
	To Share Forfeiture A/c				80,000
	To Share Second and final call A/c				20,000
	(Being 10,000 Shares forfeited for non-payment of second and final call)				
	Bank A/c	Dr.		42,000	
	Share Forfeiture A/c	Dr.		18,000	
	To Share Capital A/c				60,000
	(Being 6,000 Share forfeited reissued @ 27 fully paid up)				
	Share Forfeiture A/c	Dr.		30,000	
	To Capital Reserve A/c				30,000
	(Being balance of Share forfeiture account transferred to capital reserve accounts.)				

21. Bhavika and Sumitra are partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March 2020 their balance sheet was as under :

Balance Sheet of Bhavika and Sumitra as at 31st March 2020.

Liabilities	(₹)	Assests	(₹)
Sundry Creditors	13,800	Furniture	16,000
General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Fund	20,000	Investment	30,000
		Trade Receivables	18,500
Bhavika's Capital	50,000	Cash in Hand	26,700
Sumitra's Capital	40,000		
	1,47,200		1,47,200

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

(*i*) Investment to be valued at ₹ 20,000

(*ii*) Goodwill of the firm valued at ₹ 24,000

(*iii*) General reserve account not to be closed.

You are required to pass necessary journal entries in the books of the firm show workings. 4

Ans. **Journal**

Date	Particulars	F.	Amount (₹)	Amount (₹)
2020	Investment Fluctuation Fund A/c Dr.		20,000	
March 31	To Investment A/c			10,000
	To Bhavika's Capital A/c			6,000
	To Sumitra's Capital A/c			4,000
	(Being Investment fluctuation fund adjusted against the fluctuations in market value and balance distributed among partners.)			
March 31	Sumitra's Capital A/c Dr.		2,400	
	To Bhavika's Capital A/c			3,400
	(Being adjustment of goodwill made between partners due to change in profit sharing ratio.			
March 31	Sumitra's Capital A/c Dr.		2,340	
	To Bhavika's Capital A/c			2,340
	(Being general restroe adjusted among the partners without writing off)			

Working Note :

Sacrificing Share : Old Ratio – New Ratio

Bhavika's $= \frac{3}{5} - \frac{1}{2} = \frac{1}{10}$ (sacrifice)

Sumitra's $= \frac{2}{5} - \frac{1}{2} = \left(\frac{1}{10}\right)$ (Gain)

22. Sandeep, Maheep and Amandeep were partners in a firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th June, 2020 Maheep died. The partnership deed provided that on the death of a partner his executors will be entitled to the following :

(*i*) Balance in his capital account which amounted to ₹ 15,000 and interest on capital till the date of death amounted to ₹ 5,000.

(*ii*) His share in the profits of the firm till the date of his death amounted to ₹ 20,000.

(*iii*) His share in the goodwill of the firm. The goodwill of the firm on Maheep's death was valued at ₹ 1,50,000.

(*iv*) Loan to Maheep amounted ₹ 20,000.

It was agreed that the amount will be paid to his executor. Calculate the amount to be transferred to Maheep's executor A/c. 4

Ans.

Dr. **Maheep's Capital Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Loan to Maheep A/c	20,000	By Balance b/d	1,15,000
To Maheep's Executor's A/c	1,80,000	By Interest on Capital A/c	5,000
		By Profits & Loss Suspense A/c	20,000
		By Goodwill A/c	60,000
	2,00,000		2,00,000

Maheep's Executor Account

Date	Particulars	JF	Amount (₹)	Date	Particulars	JF	Amount (₹)
31 March 21	To Balance c/d		1,93,500	30 June, 20	By Maheeps Capital A/c		1,80,000
				31 March 21	By Interest A/c (9 Month)		13,500
			1,93,500				1,93,500
30 June 21	To Bank A/c		78,000	1 April 21	By balance b/d		1,93,500
	(1 Instalment)			30 June 21	By Interest A/c		4,500
					(3 months)		
31 March 22	To Balance c/d		1,29,000	31 March, 22	By Interest A/c		9,000
					(9 months)		9,000
			2,07,000				2,07,000
30 June 22	To Bank A/c		72,000	1 April 22	By balance b/d		1,29,000
	(II Instalment)		64,500	30 June 22	By Interest A/c (3 months)		3,000
31 March 23	To Balance c/d			31 March, 23	By Interest A/c (9 months)		4,500
			1,36,500				1,36,500
30 June 23	To Bank A/c		66,000	1 April, 23	By balance b/d		64,500
	(III Instalment)			30 June 23	By Interest A/c (3 months)		1,500
			66,000				66,000

23. **R Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each. The shares were issued at a premium of ₹ 5 per share. The amount was payable as follows :**
On application and allotment, ₹ 8 per share (including premium ₹ 3) On the first and final call-balance including premium)
Applications for 1,50,000 shares were received. Applications for 10,000 shares were rejected and prorata allotment was made to the remaining applicants on the following basis :
(*i*) Applicants for 80,000 shares were allotted 60,000 shares
(*ii*) Applicants for 60,000 shares were allotted 40,000 shares.
Excess amount received on application and allotment was to be adjusted against sum due on call. R, who belonged to the first category and was alloted 300 shares failed to pay the first and final call money. S who belonged to the second category and was allotted 200 shares, also failed to pay the first and final call money. Their shares were forfeited. The forfeited shares were re-issued @ ₹ 12 per share as fully paid up. Pass necessary Cash Book and Journal Entries of the above transactions in the books of the company. **6**

Ans.

Date	Particulars		F.	Amount (₹)	Amount (₹)
	Bank A/c	Dr.		12,00,000	
	To Share Application and Allotment A/c				12,00,000
	(Being Application and allotment money received)				
	Share Application and Allotment A/c	Dr.		12,00,000	
	To Share Capital A/c				5,00,000
	To Securities Premium A/c				3,00,000
	To Bank A/c				3,20,000
	(Being 1,00,000 Shares Alloted excess money refunded)				
	Share First and Final call A/c	Dr.		7,00,000	
	To Share Capital A/c				5,00,000
	To Securities Premium A/c				2,00,000
	(Being first and final call money due)				
	Bank A/c	Dr.		3,78,000	
	Calls in advance A/c	Dr.		3,20,000	
	To Share First and Final Call A/c				6,98,000
	(Being first and final call money received)				
	Share Capital A/c	Dr.		5,000	
	Securities premium A/c	Dr.		1,000	
	To Share Forfeiture A/c				4,100
	To Securities Premium A/c				1,900
	(Being 500 Shares forfeited)				
	Bank A/c	Dr.		6,000	
	To Share Capital A/c				5,000
	To Securities Premium A/c				1,000
	(Being 500 Shares forfeited and revised @ ₹ 12 each fully paid up)				
	Share Forfeiture A/c	Dr.		4,100	
	To Capital Reserve A/c				4,100
	(Being profit on reissue of Shares transferred to Capital Reserve Account)				

Working Notes :

1. Number of Shares applied by R $\left(300 \times \frac{8}{6}\right)$ = 400

Application and Allotment money received ₹

400×8 = 3,200

(–) Application and allotment due (300×8) = (2,400)

Excess = 800

(–) First and final call money due (300×7) = (2,100)

Call in arrears = (1,300)

2. Shares applied by S = $200 \times \frac{6}{4} = 300$

Application and allotment money received = (₹)

(300×8) = 2,400

(–) Application and allotment money due excess = (1,600)

Excess = 800

(–) First and final call money due (200×7) = (1,400)

Call in arrears **600**

24. The capital accounts of Moli and Golu showed balance of ₹ 40,000 and ₹ 20,000 as on 1st April, 2023. They shared profits in the ratio of 3 : 2. They allowed interest on capital @10% p.a. and interest on drawings @ 12% p.a. Golu advanced a loan of ₹ 10,000 to the firm on 1st August 2023. During the year, Moli withdraw ₹ 1,000 per month at the beginning of every month whereas Golu withdraw ₹ 1,000 per month at the end of every month. Profit for the year before the above mentioned adjustment was ₹ 20,950. Calculate interest on drawings, show distribution of profits and prepare partner's capital accounts. **6**

Ans.

Profit and loss Appropriation A/c
for the year ended 31st March, 2024

Dr. **Cr.**

Particulars		Amount (₹)	Particulars		Amount (₹)
To Interest on capital			By Profit and Loss A/c		20,950
Moli	4000		By Interest on Drawings		
Golu	2000	6,000	Moli	780	
			Golu	660	1,440
To Interest on Golu's Loan $\left(10,000 \times \frac{6}{100} \times \frac{8}{12}\right)$		400			
To Profit transferred to :-					
Moli's capital A/c	9,594				
Golu's Capital A/c	6396	15,990			
		22,390			22,390

Partner's Capital Account

Dr. **Cr.**

Particulars	Moli (₹)	Golu (₹)	Particulars	Moli (₹)	Golu (₹)
To Drawings A/c	12,000	12,000	By Balance b/d	40,000	20,000
To Interest on Drawings	780	660	By Interest on Capital	4,000	2,000
			By Profit & Loss Appropriation A/c	9,594	6,396
To Balance C/d	40,814	15,736			
	53,594	28,396		53,594	28,396

Working Notes :-

Calculation of Interest on Drawings :- Total Drawings $\times \dfrac{\text{Rate of Interest}}{100} \times \dfrac{\text{Average Period}}{12}$

$$\text{Moli} = 12{,}000 \times \frac{12}{100} \times \frac{6.5}{12} = ₹780$$

$$\text{Golu} = 12{,}000 \times \frac{12}{100} \times \frac{5.5}{12} = ₹660$$

Or

Hema, Gagan, Namita are partners sharing profits and losses in the ratio 3 : 2 : 1. On 31st March 2022, Namita retires.

The various assets and liabilities of the firm of the date were as follows :

Cash ₹ 10,000, Building ₹ 1,00,000, Plant and Machinery ₹ 40,000, Stock ₹ 20,000, Debtors ₹ 20,000 and Investments ₹ 30,000. The following was agreed upon between the partners on Namita's retirement.

(*i*) Building to be appreciated by 20%

(*ii*) Plant and machinery to be depreciated by 10%

(*iii*) A provision of 5% on debtors to be created for bad and doubtful debts

(*iv*) Stock was to be valued at ₹ 18,000 and investment at ₹ 35,000.

Record the necessary Journal Entries to the above effect and prepare the Revaluation Account.

Ans. Dr. **Revaluation A/c** Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Plant & Machinery A/c	4,000	By Building A/c	20,000
To Stock A/c	2,000	By Investment A/c	5,000
To Provision for Bad debts A/c	1,000		
To Profit transferred to Revaluation of Partners Capital A/c			
Hema : 9,000			
Gagan : 6,000			
Namia : 3,000	18,000		
	25,000		25,000

Journal Entries

Date	Particulars		F.	Dr. (₹)	Cr. (₹)
	Building A/c	Dr.		20,000	
	Investment A/c	Dr.		5,000	
	To Revaluation A/c				25,000
	(Being increase in value of assets)				
	Revaluation A/c	Dr.		7,000	
	To Plant & Machine				4,000
	To Stock A/c				2,000
	To Provision for Bad debts A/c				1,000
	(Being value of depreciation of assets)				
	Revaluation A/c	Dr.		18,000	
	To Hema's Capital A/c				9,000
	To Gagan's Capital A/c				6,000
	To Namita's Capital A/c				3,000
	(Being profit transferred to partners capital A/c in 3 : 2 : 1)				

25 **Mona and Sona were partners in a firm sharing profits in the ratio of 2 : 3 on 31st March 2019 their Balance Sheet was as under :**

Liabilities		Amount (₹)	Assets	Amount (₹)
Capitals :			**Land and Building**	**6,00,000**
			Stock	**2,00,000**
Mona :	**4,00,000**		**Debtors 3,10,000**	
Sona :	**6,00,000**	**10,00,000**	**(–) Provision for Bad debts(10,000)**	**3,00,000**
Employees Provident Fund		**2,00,000**	**Bank**	**3,10,000**
Creditors		**2,10,000**		
		14,10,000		**14,10,000**

The firm was dissolved on 1st April 2019 and the assets and liabilities were settled as follows :

(*a*) Half of the creditors accepted 50% of the stock. Remaining creditors were paid in full.

(*b*) The remaining stock was realised at 90% and debtors realised 80% of their book value.

(*c*) Sona took over the responsibility to realise the assets and discharge the liabilities at a remuneration of ₹ 20,000 and was to bear all realisation expenses. She paid realisation expenses of ₹ 18,000 out of her personal account.

(*d*) Land and building realised ₹ 7,00,000. Prepare Realisation Account. **6**

Ans. **Realisation Account**

Dr. **Cr.**

Particulars		Amount (₹)	Particulars		Amount (₹)
To SundryAssets A/c			By Sundry Liabilities		
Land and Building		6,00,000	Sundry Creditor	2,10,000	
Stock		2,00,000	Provision for Bad Debts	10,000	
Debtors		3,10,000	Employees Provident Fund	2,00,000	4,20,000
To Bank A/c			By Bank A/c		
Creditors	1,05,000		Land and Building	7,00,000	
Employees Provident Fund	2,00,000	3,05,000	Stock	90,000	
To Sona's Capital A/c		20,000	Debtors	2,48,000	10,38,000
To Profit Transferred to					
Mona's Capital A/c		9,200			
Sona's Capital A/c		13,800			
		14,58,000			14,58,000

26.

Particulars	**Note No.**	**2024**	**2023**
1. Equity & Liabilities			
– Shareholders Funds			
– Share Capital	**1**	**9,00,000**	**7,00,000**
Reserve & Surplus			
– Capital Reserve	**2**	**20,000**	**—**

Notes to Accounts

Note No. 1

	2024	**2023**
1. Share Capital		
–Authorised Capital		
– 100000 share of ₹ 10 each	**10,00,000**	**10,00,000**
2. Issued Capital		
Equity shares of ₹ 10 each	**9,00,000**	**7,00,000**
3. Subscribed Capital		
Subscribed & fully paid up		
–70,000 share of ₹ 10 each		**7,00,000**
–90,000 share of ₹ 10 each	**9,00,000**	
	9,00,000	**7,00,000**

Note No 2

	2024	**2023**
Capital Reserve	**20,000**	**—**

The company has forfeited some shares for non-payment & final call of ₹ 6 each & reissued them @ ₹ 10 each fully paid up.

1. What was the total amount received by the company by issue of shares in 2023-24 ?

(*a*) ₹ 2,00,000 (*b*) ₹ 2,20,000

(*c*) ₹ 2,70,000 (*d*) ₹ 3,20,000 2

Ans. (*b*) ₹ 2,20,000

2. How many shares were forfeited ?

(*a*) 10,000 shares (*b*) 1,000 shares

(*c*) 5,000 shares (*d*) 500 shares 1

Ans. (*c*) 5,000 shares

3. What was the amount of call in Arrear in 2023-24 ?

(*a*) ₹ 20,000 (*b*) ₹ 10,000

(*c*) ₹ 50,000 (*d*) ₹ 30,000 1

Ans. (*d*) ₹ 30,000

4. What was the discount on each share at the time of Reissue of forfeited shares ?

(*a*) ₹ 6 (*b*) ₹ 4

(*c*) ₹ 10 (*d*) None of these 1

Ans. (*d*) None of these

5. If company have to create Reserve Capital om 2024 than how many shares can be kept for the same ?

(*a*) 10,000 shares (*b*) 20,000 shares

(*c*) 30,000 shares (*d*) None of these. 1

Ans. (*a*) 10,000 shares

PART—B

(Analysis of Financial Statements)

27. Inventory ₹ 3,00,000 (excluding loose tools ₹ 90,000), trade receivables ₹ 1,10,000, trade payables ₹ 1,80,000 prepaid expenses ₹ 40,000, and Goodwill is ₹ 45,000. Current ratio will be :

(*a*) 2.75 : 1 (*b*) 2.5 : 1 (*c*) 3 : 1 (*d*) 3.25 : 1. 1

Ans. (*b*) 2.5 : 1.

28. If 6% preference share Capital ₹ 2,00,000 were redeem at a premium of 5%, while preparing cash flow statement its effect on cash how will be :

(*a*) Cash used in financing activities ₹ 2,12,000.

(*b*) Cash received from financing activities ₹ 2,12,000.

(*c*) Cash used in financing activities ₹ 2,10,000.

(*d*) Cash used in financing activities ₹ 2,00,000. 1

Ans. (*c*) Cash used in financing activities ₹ 2,10,000.

Or

The balances of accumulated depreciation account of two periods are ₹ 60,000 and ₹ 70,000 respectively. If the accumulated depreciation on a machine sold was ₹ 15,000, what amount of depreciation has been charged against revenue profit ?

(*a*) ₹ 15,000 (*b*) ₹ 25,000 (*c*) ₹ 60,000 (*d*) ₹ 70,000.

Ans. (*b*) ₹ 25,000

29. If a machine whose original cost is ₹ 40,000 having accumulated depreciation ₹ 12,000 was sold for ₹ 34,000, while preparing cash flow statement its effect on cash flow will be :

(*a*) cash flow from financing activities ₹ 34,000.
(*b*) cash flow from financing activities ₹ 6,000.
(*c*) cash flow from investing activities ₹ 34,000.
(*d*) cash flow from investing activities ₹ 6,000. 1

Ans. (*c*) cash flow from investing activities ₹ 34,000.

Or

Which of the following will result in flow of cash ?

(*a*) Cash withdrawn from the bank ₹ 60,000
(*b*) ₹ 1,00,000, 10% debentures issued to vendors of machinery.
(*c*) ₹ 20,000 received from debtors
(*d*) Cheques of ₹ 20,000 deposited in the bank.

Ans. (*c*) ₹ 20,000 received from debtors

30. Common size statements are prepared :

(*a*) in the form of ratios
(*b*) in the form of percentages
(*c*) Both (*a*) and (*b*)
(*d*) None of the above. 1

Ans. (*b*) in the form of percentages.

31. Under which major heading and sub-heading will the following items be shown in the balance sheet of a company as per schedule III Part-I of the companies act 2013.

(*i*) Balance of the statement of profit and loss.(*ii*) Loan of ₹ 1,00,000 payable after 3 years.
(*iii*) Short term deposits payable on demand. (*iv*) Trademarks
(*v*) Provision for Warranties (*vi*) Capital advances. 3

Ans.

S. No.	Items	Headings	Sub-Heading
(i)	Balance in the Statement of Profit and Loss	Shareholders Funds	Reserve and Surplus
(ii)	Loan payable after 3 years	Non-current Liabilities	Long term Borrowings
(iii)	Short-term deposits payable on demand	Current Liabilities	Short-term Borrowings
(iv)	Trade Marks	Non-current Assets Intangible Assets	Property, Plant and Equipments and Intangible Assets
(v)	Provision for Warranties	Non-Current Liabilities	Long term provisions
(vi)	Capital Advances	Non-Current Assets	Long term loans and Advances

32. From the following balance sheet of CC Ltd. Prepare a Comparative Balance Sheet as at 31st March 2023. 4

Particulars	31st March 2023	31st March 2022
I. Equity and Liabilities		
1. Shareholders Funds		
(*a*) Share Capital	**6,00,000**	**3,00,000**
(*b*) Reserve and Surplus	**2,00,000**	**1,00,000**
2. Non-current Liabilities		
Long term Borrowings	**4,00,000**	**2,00,000**
3. Current Liabilities	**3,00,000**	**1,50,000**
	15,00,000	**7,50,000**
II. Assets		
1. Non-current Assets		
Fixed assets	**8,00,000**	**4,00,000**
2. Current Assets	**7,00,000**	**3,50,000**
	15,00,000	**7,50,000**

Ans. Comparative Balance Sheet of CC Ltd. as at 31st March, 2023

	Particulars	Note No.	2022 (₹)	2023 (₹)	Absolute Increase or Decrease	Percentage Increase or Decrease (%)
1.	Equity and Liabilities					
	1.Shareholders funds					
	(a)Share Capital		3,00,000	6,00,000	3,00,000	100
	(b)Reserves and Surplus		1,00,000	2,00,000	1,00,000	100
2.	Non-current Liabilities					
	Long term Borrowings		2,00,000	4,00,000	2,00,000	100
3.	Current Liabilities		1,50,000	3,00,000	1,50,000	100
	Total		7,50,000	15,00,000	7,50,000	100
II.	Assets					
	1.Non-Current Assets					
	Fixed Assets		4,00,000	8,00,000	4,00,000	100
	2.Current Assets		3,50,000	7,00,000	3,50,000	100
	Total		7,50,000	15,00,000	7,50,000	100

Or

Calculate debt to capital employed ratio from the following :

Particulars	(₹)
6% Debentures	**6,00,000**
Provision for employee benefits (Gratuity)	**40,000**
Land and building	**7,70,000**
Plant and machinery	**1,80,000**

Goodwill	**1,50,000.**
Non-current investment	**2,00,000**
(Trade investments)	
Inventory	**5,80,000**
Trade receivables	**3,60,000**
Trade payables	**2,40,000**

Ans. (b)Debt to Capital Employed Ratio = $\frac{\text{Long term debt}}{\text{Capital employed}}$

Long term Debt – 6% Debentures + Provision for Employee Benefits

₹ 6,00,000 + ₹ 40,000 = ₹ 6,40,000

Calculation of capital complоyed following Assets side approach capital employed Non-current Assets + Working Capital Non-current Assets = Land & Building + Plant & Madunery + Goodwill + Non-Current Investments

= ₹ 7,70,000 + ₹ 1,80,000 + ₹ 1,50,000 + ₹ 2,00,000

= ₹ 13,00,000.

Working Capital – Current Assets – Current Liabilities

= Inventory + Trade Receivables – Trade Payables

= ₹ 5,80,000 + ₹ 3,60,000 – ₹ 2,40,000

= ₹ 7,00,000.

Capital Employed = ₹ 13,00,000 + ₹ 7,00,000 = ₹ 20,00,000

Debt to Capital Employed Ratio = $\frac{₹\,6,40,000}{₹\,20,00,000}$ = 0.32 : 1

33. Following information is provided to you

	(₹)
Debentures	**2,00,000**
Trade payables	**70,000**
Short term borrowings	**90,000**
(including bank overdraft of ₹ 40,000)	
Outstanding expenses	**20,000**
Advance tax	**10,000**
Current ratio	**2.5 :1**

Compute the amount of Current Assets. **3**

Ans. (a) Current Liabilities

	₹
Trade Payables	70,000
Short-Term Borrowings	90,000
Outstanding expenses	20,000
	1,80,000

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$2.5 \text{ (Given)} = \frac{\text{Current Assets}}{1,80,000}$$

Current Assets = ₹ 1,80,000 × 2.5 = ₹ 4,50,000.

34. Prepare a Cash flow statement on the basis of the information given in the balance sheet of ABC Ltd. as at 31.3.2023 and 2022. **6**

Balance Sheet

Particulars	Note No.	31-3-2023 (₹)	31-3-2022 (₹)
I. Equity and Liabilities			
1.Shareholder's Funds :			
(*a*) Share Capital		**70,000**	**60,000**
(*b*) Reserve and Surplus		**44,000**	**8,000**
2.Non-current Liabilities			
Long term Borrowings		**50,000**	**50,000**
3.Current Liabilities			
(*a*) Trade Payables		**25000**	**9,000**
Total		**1,89,000**	**1,27,000**

Particulars	Note No.	31-3-2023	31-3-2022
II. Assets			
1. Non-current Assets :			
(*a*) Property, Plant and Equipment and Intangible Assets			
(*i*) Property Plant and Equipment (Machinery)		**98,000**	**84,000**
(*b*) Non-current Investments		**16,000**	**6,000**
2. Current Assets :			
(*a*) Current Investments		**18,000**	**20,000**
(*b*) Inventories		**49,000**	**12,000**
(*c*) Cash and Cash Equivalents		**8,000**	**5,000**
Total		**1,89,000**	**1,27,000**

Notes to Accounts :

	31-3-2023	31-3-2022
Reserve and surplus		
General reserve	**30,000**	**20,000**
Surplus *i.e.* Balance in statement of profit and loss	**14,000**	**(12,000)**
	44,000	**8,000**

Additional informations :

(*i*) Depreciation provided on machinery during the year ₹ 8,000

(*ii*) Interest paid on Debentures ₹ 5,000.

Ans. **Cash Flow Statement for the year ended 31st March, 2023**

Particulars	(₹)	(₹)
A. Cash flows from Operating Activities :		
Net Profit before Tax (Note)	36,000	
Adjustments for non-cash and non-operating items :		
Add : Depreciation on Machinery	8,000	
Interest on long term borrowings (Debentures)	5,000	
Operating profit before working capital changes	49,000	
Add : Increase in current Liabilities Trade Payables	16,000	
	65,000	
Less : Increase in Current Assets Inventories	(37,000)	
Net cash flow from Operating Activities	28,000	28,000
B. Cash flows from Investing Activities		
Purchase of Machinery (Note R)	(22,000)	
Purchase of Non-current Investments	(10,000)	
Net Cash (used) in Investing Activities	32,000	32,000
C. Cash flows from Financing Activities		
Proceeds from issue of Equity Share Capital	10,000	
Interest paid on long term borrowings (Debenture)	(5,000)	
Net cash flow from financing activities	5,000	5,000
Net Increase in Cash and Cash equivalent (A + B + C)		1,000
Add : Cash and Cash equivalents in the beginning (3)		25,000
Cash and Cash equivalents at the end of the year		26,000

Or

From the following particulars, calculate cash flow from financing activities.

	31.3.2023	**31.3.2022**
Equity Share Capital	**8,00,000**	**6,00,000**
12% Preference Share Capital	—	**2,00,000**
14% Debentures	**1,00,000**	—

Additional Informations :

(*i*) Equity shares were issued at a premium of 15%.

(*ii*) 12% preference shares were redeemed at a premium of 5%.

(*iii*) 14% debentures were issued at a discount of 1%.

(*iv*) Dividend paid on old preference shares ₹ 24,000.

(*v*) Interest paid on Debentures ₹ 14,000.

(*vi*) Understanding commission on equity shares ₹ 10,000.

(*vii*) Proposed dividend on equity shares for the year ended 31.3.2023 ₹ 1,20,000 and 31.3.2022 ₹ 90,000.

Ans. **Cash Flows from financing activities**

Particulars	**Amount**
Proceeds from issue of equity Share Capital (₹ 2,00,000 + Securities Premium ₹ 30,000 underwriting commission ₹ 10,000)	2,20,000
Redemption of Preference Shares (₹ 2,00,000 + Premium on Redemption ₹ 10,000)	(2,10,000)
Proceeds from issue of Debentures (₹ 1,00,000 – ₹ 1,000)	99,000
Proposed dividend on Equity Shares for the year ended 31st March, 2022	(90,000)
Dividend paid on Preference Shares	(24,000)
Interest paid on Debentures	(14,000)
Net Cash used in Financing activities	(19,000)

Holy Faith New Style Sample Paper–7 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS—XII

SUBJECT—ACCOUNTANCY

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

General Instructions : Same as in Holy Faith New Style Sample Paper—1.

PART—A

(Accounting for Partnership Firms and Companies)

1. Kamal, Rose and Jasmine are partners in a firm, sharing profits in the ratio of 3 : 2 : 1. If Rose's share of profit at the end of the year amounted to ₹ 2,00,000. What will be Kamal's Share of profit ?

(*a*) ₹ 60,000 (*b*) ₹ 2,50,000 (*c*) ₹ 3,00,000 (*d*) ₹ 1,00,000. 1

Ans. (*c*) ₹ 3,00,000

2. P, Q and R are partners sharing profits in the ratio of 3 : 2 : 1. Their fixed capitals are : P ₹ 1,20,000. Q ₹ 90,000, R ₹ 60,000. For the year 2014-15 interest was credited to them @ 6% p.a. instead of 5% p.a. P's Account will be :

(*a*) Debited by ₹ 150 (*b*) Credited by ₹ 150 (*c*) Debited by ₹ 300 (*d*) Credited by ₹ 300. 1

Ans. (*b*) Credited by ₹ 150

3. Parteek Ltd. took over assets of ₹ 15,00,000 and liabilities of ₹ 7,50,000 from Tarun Ltd. Parteek Ltd. paid the purchase consideration by issuing 10,000, 8% debentures of ₹ 50 each at a premium of 10% and accepting a cheque of ₹ 3,50,000. Purchase consideration was :

(*a*) ₹ 7,50,000 (*b*) ₹ 8,50,000 (*c*) ₹ 9,00,000 (*d*) ₹ 9,50,000. 1

Ans. (*c*) ₹ 9,00,000

Or

X Ltd. forfeited 900 shares of ₹ 10 each on which ₹ 8 per share was called and ₹ 7 per share was paid. The amount with which share capital account debited on the forfeiture of these share was :

(*a*) ₹ 6,300 (*b*) ₹ 7,200 (*c*) ₹ 9,000 (*d*) None of these.

Ans. (*b*) ₹ 7,200.

4. Rajat and Rahul are partners in a firm. They admit Rajan for $\frac{1}{4}$th share. Rajan is to be contribute proportionate to his share in the firm. The capital of Rajat and Rahul after all adjustments is ₹ 36,000 and ₹ 24,000 respectively. What is the Capital contributed by Rajan.

(*a*) ₹ 20,000 (*b*) ₹ 66,000 (*c*) ₹ 28,000 (*d*) ₹ 6,000. 1

Ans. (*a*) ₹ 20,000.

Or

P and Q are partners sharing profit and losses in the ratio 5 : 2. R is admitted for $\frac{1}{3}$th share of profit. He brings ₹ 80,000 for his share of premium which is distributed between P and Q as ₹ 40,000 each. The new profit sharing ratio between P, Q, R will be :

(*a*) 19 : 6 : 12 (*b*) 23 : 5 : 14 (*c*) 1 : 1 : 1 (*d*) 5 : 2 : 1.

Ans. (*b*)23 : 5 : 14.

5. Statement I : In the absense of partnership deed interest on loan of a partner is allowed.
Statement II : Loan given to the firm by a partner is an outside liability.

(*a*) Statement I is correct, Statement II is incorrect.
(*b*) Statement I is incorrect, Statement II is correct.
(*c*) Both statements are correct
(*d*) Both statements are incorrect 1

Ans. (*c*) Both statements are correct.

6. Assertion (A) : Authorised capital is shown in the notes to account on share capital.
Reason (R) : Authorised capital for equity share capital and preference share capital are not shown seperately in the notes to accounts on share capital.

(*a*) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
(*b*) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
(*c*) Assertion (A) is true but Reason (R) is false.
(*d*) Assertion (A) is false but Reason (R) is true. 1

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

Or

X Ltd. issued 75,000 equity shares of ₹ 10 each at a premium of 40%. The whole amount was payable on application. Applications for 1,20,000 shares were received. Amount refunded by the company will be :

(*a*) ₹ 16,80,000 (*b*) ₹ 10,50,000 (*c*) ₹ 4,50,000 (*d*) ₹ 6,30,000

Ans. (*d*) ₹ 6,30,000.

7. Prepectual debentures is other name of :

(*a*) Convertable debenture (*b*) Naked debentures
(*c*) Irredeemable debenture (*d*) Redeemable debentures. 1

Ans. (*b*) Naked debentures.

8. If 10,000 shares of ₹ 10 each were forfeited for non-payment of final call money of ₹ 3 per share and only 7,000 of these shares were reissued @ ₹ 11 per share as fully paid up, then what is the minimum amount that company must collect at the time of re-issue of the remaning 3,000 shares.

(*a*) ₹ 21,000 (*b*) ₹ 9,000 (*c*) ₹ 16,000 (*d*) ₹ 30,000. 1

Ans. (*b*) ₹ 9,000

9. Which of the following is transferred to partner's Capital Account ?

(*a*) Land and Building (*b*) Loan
(*c*) General Reserve (*d*) Creditors. 1

Ans. (*c*) General Reserve.

10. If Creditors of ₹ 18,000 take over stock of ₹ 22,000 in full settlement of their claim. The entry will be :

(*a*) No entry is passed (*b*) Dr. realisaton A/c Cr. Cash A/c ₹ 4,000
(*c*) Dr. cash A/c and Cr. realisation A/c by ₹ 4,000 (*d*) None of these. 1

Ans. (*a*) No entry is passed.

11. A has given guarantee to C for minimum ₹ 10,000 profit. At year end, the firm suffered loss and C's share in the loss was ₹ 2,000. Calculate amount of deficiency to be borne by A :

(*a*) ₹ 2,000 (*b*) ₹ 10,000 (*c*) ₹ 12,000 (*d*) None of these. 1

Ans. (*c*) ₹ 12,000

12. X Ltd. forfeited 500 shares of ₹ 10 each issued at a premium of 20% for non-payment of allotment including premium and first and final call for ₹ 9 per share. 300 of these shares were reissued at ₹ 7 per share as fully paid. Amount transferred to capital Reserve will be :

(*a*) 600 (*b*) NIL (*c*) 2400 (*d*) 1200 1

Ans. (*b*) NIL

13. Assertion (A) : Forfeiture of shares refers to the cancellation or termination of membership of a share- holder by taking away the shares and rights of membership.

Reason (R) : Forfeited shares can be re-issued at a discount.

(*a*) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
(*b*) Both Assertion (A) and Reason (R) are correct and Reason (R) is not 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. 1

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

Or

Securities premium Account can be utilised for

(*a*) To write off the preliminary expenses

(*b*) To pay the dividend to equity share holders

(c) To create general Reserve

(*d*) None of these.

Ans. (*a*)To write off the preliminary expenses.

14. A and B shared profits in the ratio of 3 : 2. With the effect from 1st April 2022, they agreed to share profit equally. Goodwill of the firm was valued at ₹ 60,000. The adjustment entry will be :

(*a*) B's Capital A/c	Dr. 6,000		(*b*) A's Capital A/c	Dr. 6,000	
To A's Capital A/c		6,000	To B's Capital A/c		6,000
(*c*) A's Capital A/c	Dr. 600		(*d*) B's Capital A/c	Dr. 600	
To B's Capital A/c		600	To A's Capital A/c		600

1

Ans. (*a*) B's Capital A/c Dr. 6,000

To A's Capital A/c 6,000

15. A, B and C were partners in a firm sharing profit in the ratio of 4 : 3 : 3. They admitted D into partnership with effect from 1st April 2024. New profit sharing ratio among A, B, C and D will be 3 : 3 : 2 : 2. An extract of their balance sheet as at 31st March, 2024 is : 1

Liabilities		**Assets**	**Amount**
Investment Fluctuation Reserve	**1,00,000**	**Investments (Market value ₹ 1,00,000)**	**1,10,000**

Which is correct accounting treatment of investment fluctuation reserve at the time of D's admission ?

	Particulars	**Dr.**	**Cr.**
(*a*)	**Investment Fluctuation Reserve A/c**	**Dr. 10,000**	
	To Revaluation A/c		**10,000**
(*b*)	**Investment Fluctuation Reserve A/c**	**Dr.1,00,000**	
	To A's Capital A/c		**40,000**
	To B's Capital A/c		**30,000**
	To C's Capital A/c		**30,000**
(*c*)	**Revaluation A/c Dr.**	**10,000**	
	To Investment Fluctuation Reserve A/c		**10,000**
(*d*)	**Investment Fluctuation Reserve A/c Dr.**	**1,00,000**	
	To Investment A/c		**10,000**
	To A's Capital A/c		**36,000**
	To B's Capital A/c		**27,000**
	To C's Capital A/c		**27,000**

Ans.

(*d*)	Investment Fluctuation Reserve A/c Dr.	1,00,000	
	To Investment A/c		10,000
	To A's Capital A/c		36,000
	To B's Capital A/c		27,000
	To C's Capital A/c		27,000

Or

If the remaining partner want to continue the business after death of a partner, a new partnership agreement is :

(*a*) necessary (*b*) not nececssary (*c*) optional (*d*) All of them.

Ans. (*c*) optional.

16. Ram and Sham were partners sharing profits and losses in the ratio 3 : 2. On 1st April 2024, they admitted Hari as a new partner as $\frac{1}{4}$th in the profit. Goodwill of the firm valued at ₹ 72,000. Hari was unable to bring any amount of goodwill. Amount of goodwill share to the credited to accounts of Ram and Sham will be :

(*a*) ₹ 10,800 and ₹ 7,200 (*b*) ₹ 10,000 and ₹ 8,000

(*c*) ₹ 43,200 and ₹ 28,800 (*d*) ₹ 36,000 and ₹ 36,000. 1

Ans. (*a*) ₹ 10,800 and ₹ 7,200.

17. P and Q were partners in a firm sharing profits in the ratio of 3:2. The Balance sheet of the firm on 31st March 2014 was as follows :

Liabilites	**Amt. (₹)**	**Assets**	**Amt. (₹)**
Sundry Creditors	**80,000**	**Bank**	**1,72,000**
Q's sister loan	**20,000**	**Debtors**	**27,000**
Capital		**Stock**	**50,000**
P : 175000		**Furniture**	**2,20,000**
Q : 194000			
	469000		**4,69000.**

On the above date firm was dissolved, The assets are realised and liabilities paid off as follows :

(*a*) 50% of the furniture was taken over by P at 20% less than book value. The remaining furniture was sold for ₹ 1,05,000

(*b*) Debtors realised ₹ 26,000

(c) Stock was taken over by Q for ₹ 29,000.

(*d*) Q's Sister loan was paid off along with on interest 2000.

(e) Realisation expenses ₹ 5,000.

Prepare Realisation account. 3

Ans. **Realisation Account**

Particulars	**Amount**	**Particulars**	**Amount**
To Debtors A/c	27,000	By Sundry. Creditors A/c	80,000
To Stock A/c	50,000	By Q's Sister's Loan	20,000
To Furniture	2,20,000	By P's Capital A/c – Furniture	88,000
To Bank Sundry Creditors	80,000	By Q's Capital A/c	29,000
–Q's Sister loan	2,20,000	–Stock	
To Bank (Realisation expenses)	5,000	By Bank–(Assets Realised)	
		–Furniture	1,05,000
		–Debtors	26,000
		By Loss revaluation	56,000
		P : 33,600	
	4,04,000	Q : 22,400	4,04,000

18. Calculate goodwill of the firm on the basis of 3 years purchase of the average profits of last 5 years. The profit's for last 5 years are :

Year	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**
Profits	**4,00,000**	**5,00,000**	**(60000)**	**1,50,000**	**2,50,000**

Additional Information :

(*i*) On 1st January 2020 fire broke out which resulted into a loss of goods of ₹ 3,00,000. A claim of ₹ 70,000 was received from the Insurance Company.

(*ii*) During the year ended 31st March 2022 the firm received an unexpected tax refund of ₹ 80,000. 3

Ans.

Year	Profit	Adjustment	Normal Profit
2017-18	4,00,000	–	4,00,000
2018-19	5,00,000	–	5,00,000
2019-20	(60,000)	+ 2,30,000 (abnormal loss)	1,50,000
2020-21	1,50,000		
2021-22	2,50,000	Less : 80,000 abnormal loss	1,70,000
			13,90,000

$$\text{Average profit} = \frac{13,90,000}{5} = ₹\ 2,78,000$$

Goodwill = Average profit × No. of years purchase
= 2,78,000 × 3
= ₹ 8,34,000

Or

Mony and Tony were partners sharing profits in the ratio of 4:3:2. Money died after 4 month of last balance sheet. As per partnership deed in the case of death of a partner, his share is to be calculated on the basis of last year profit. Loss for the year was ₹ 1,35,000.
Pass necessary Journal Enteries.

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
	Money's Capital A/c Dr.		15,000	
	To Profit & Loss Suspense A/c			15,000
	(Being Moneys Share of loss adjusted)			

$$\text{Share of profit} = 1,35,000 \times \frac{3}{9} \times \frac{4}{12} = ₹\ 1,500$$

19. Radha Industries Ltd. made the first call of ₹ 2 per share on its 1,00,000 equity shares on 1st March, 2023. Raja, a shareholder, holding 800 shares paid the second and final call amount alongwith first call money. The second and final call amount was ₹ 3 per share. Pass necessary Journal entries for recording the above using calls-in-arrears and call-in-advance account. 3

Ans. **In the books of Radha**

Date	Particulars	L.F.	Debit	Debit
2023	Equity Share first Call A/c Dr.		2,00,000	
	To Equity Share Capital A/c			2,00,000
	(Shares first call due on 1,00,000 Shares at ₹ 2 per Share)			
1 Mar, 2023	Bank A/c Dr.			2,02,400
	To Equity Share First Call A/c			2,00,000
	To Call-in-Advance A/c			2,400
	(Being first call received with call in. advance of 800 Shares at ₹ 3 per Share)			

Or

Shivam Ltd. took over the assets of ₹ 80,00,000 and Liabilities of ₹ 30,00,000 from Sania Ltd. for an agreed purchase consideration of ₹ 65,00,000. The amount was payable by issuing 10% debentures of ₹ 100 each at 25% premium. Pass necessary journal entries.

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
(i)	Assets A/c Dr.		80,00,000	
	Goodwill A/c Dr.		15,00,000	
	To LiabilitiesA/c			30,00,000
	To Sania Ltd.			65,00,000
	(Being purchase of business of Sonia Ltd.			
(ii)	Sonia Ltd. Dr.		65,00,000	
	To 10% Debentures A/c			52,00,000
	To Securities premium A/c			13,00,000
	(Being Purchase Consideration discharged by issue of 12% Debentures.			

20. Radhika, Bani and Chitra were partners in a firm sharing profits and losses in the ratio of 2:3:1 with effect from 1st April 2021 they decided to share future profit and losses in the ratio 3:2:1. On that date,their Balance sheet showed a debit balance of ₹ 24,000 in profit and loss account and a Balance of ₹ 1,44,000 in General Reserve. It was also agreed that
(*i*) The goodwill of the firm be valued at ₹ 180000
(*ii*)The hand (having book value of ₹ 300000) will be valued at ₹ 4,80,000.
Pass necessary Journal Entries. **3**

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
2021	Radhika's Capital A/c Dr.		8,000	
April 1	Bani's Capital A/c Dr.		12,000	
	Chitra's Capital A/c Dr.		4,000	
	To Profit and loss A/c			24,000
	(Being amount of profit debit balance distributed partners			
	General Reserve A/c Dr.		1,44,000	
	To Radhika's Capital A/c			48,000
	To Bani's Capital A/c			72,000
	To Chitra's Capital A/c			24,000
	(Being General Reserve distributed)			
	Radhika's Capital A/c Dr.		30,000	
	To Bani's Capital A/c			3,000
	(Being amount of Goods distribution)			
	Land & Building A/c Dr.		1,80,000	
	To Revaluation A/c			1,80,000
	(Being an asset revalued)			
	Revaluation A/c Dr.		1,80,000	
	To Radhika's Capital A/c			60,000
	To Bania's Capital A/c			90,000
	To Chitra's Capital A/c			30,000
	(Being profit on revaluation)			

21. Gori Ltd. was registered with a capital of ₹ 85,00,000 divided into equity shares of ₹ 100 each. The Company invited applications for issuing 45,000 shares. The amount was payable as ₹ 25 on application, ₹ 35 on allotment and ₹ 25 on first and balance on second call. Applications were received for 42,000 shares and allotment was made to all the applicants. Gagan to whom 3,300 shares were allotted, failed to pay both the calls. His shares were forfeited.
Present the share capital in the balance sheet of the company as per schedule III of the companies Act, 2013. **4**

Ans. **Balance Sheet**

	Particulars		Note No.	Amount
1.	Equity And Liabilities Share holders fund (a) Share Capital		1	40,68,000

Notes to Accounts

Particulars				Amount
1.	Share Capital Authorised Capital 85,000 Equity Shares of ₹ 100 each Issued Capital 45,000 Equity Shares of ₹ 100 each Subscribed Capital Subscribeda fully paid up 38,700 × 100 = Share Forfeited Account			 85,00,000 45,00,000 38,70,000 1,98,000
				40,68,000

22. Following is the Balance Sheet of R, N and S as on 31st 2023. Their Sharing ratio is 2 : 2 : 1

Liabilities		(₹)	Assests	(₹)
Creditors		**24000**	**Bank**	**36000**
Bills Payable		**16,000**	**Stock**	**28000**
General Reserve		**12,000**	**Debtors**	**16,000**
Capital			**Land and Building**	**2,00,000**
R :	**1,20,000**		**Profit and Loss A/c**	**64000**
N :	**1,20,000**			
S :	**52,000**	**2,92,000**		
		344000		**344000**

N died on 30th June, 2023
(*i*) Goodwill of the firm was valued at 2 years purchase of the average profit of the last 5 years. The profit of the year ended 31st March 2023, 31st March 2022, 31st March 2021 and 31st March 2020 ₹ 20,000, ₹ 32,000, ₹ 44,000 and 88,000.
(*ii*) N share of profit or loss till the date of his death was to be calculated on the basis of profit or loss for the year ended 31st March, 2023.
Pass journal entries to transfer net amount to executor's A/c. **4**

Ans. **Journal**

Date	Particulars		L.F.	Dr.	Cr.
(i)	General Reserve A/c	Dr.		4,800	
	To N's Capital A/c				
	(Being General Reserve Credited)				
(ii)	R's Capital A/c	Dr.		12,800	
	S's Capital A/c	Dr.		6,400	19,200
	To N's Capital A/c				
	(Being N's Shares of goodwill)				
(iii)	N's Capital A/c	Dr.		25,600	25,600
	To Profit and Loss A/c				
	(Being Profit & Loss is written off)				
	N's Capital A/c	Dr.		6,400	
	To Proit & Loss Suspense A/c				6400
	(Being N's Share in loss debited to his account)				
	N's Capital A/c	Dr.		1,12,000	
	To N's Executor's A/c				1,12,000
	(Being amount due to N transferred to his executor's A/c)				

23. Rameshwar Ltd. issued ₹ 1,00,000, 8% debentures as follows :

(*i*) Sundry applicants for cash at 90% ₹ 5,50,000
(*ii*) Vendor of machinery for ₹ 2,00,000 in satisfaction of his claim ₹ 2,00,000
(*iii*) Bankers as collateral security for Bank loan worth ₹ 20,00,000 for which principal security is Business Premises worth ₹ 22,50,000 ₹ 2,50,000

The issue (*i*) and (*ii*) are redeemable after 5 years at 10% premium. Pass necessary Journal entries. **6**

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
	Bank A/c Dr. To 8% Debentures Application and Allotment A/c (Being money received on issue of debentures)		4,95,000	 4,95,000
(i)	8% Debentures App. and Allotment A/c Dr. Loss on issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on Red emption of Debentures A/c (Being debentures allotted at 10% discount redeemable at 10% premium)		4,95,000 1,10,000	 5,50,000 55,000
(iii)	Machinery A/c Dr. To Vendor A/c (Being machinery purchased)		2,00,000	 2,00,000
	Vendor's A/c Dr. Loss on issue of Debenture A/c Dr. To 8% Debentures A/c To Premium on Redemption of debentures A/c (Being issue at par redeemable at premium at 10%)		2,00,000 20,000	 2,00,000 20,000
(iii)	Bank A/c Dr. To Bank loan A/c (Being loan taken from Bank)		20,00,000	 20,00,000
	Debenture Suspense A/c Dr. To 8% Debentures A/c (Being 8% debentures issued as collateral security)		2,50,000	 2,50,000

24. (*a*) Charu and Divya are partners in a firm. Charu was to get a commission of 10% on the net profit before charging any commission. However, Divya was to get a commission of 10% on the net profits after charging all commissions. Fill in the missing figures in the following profit and loss appropriation. Account for the year ended 31st March 2022.

Profit and Loss Appropriation Account for the year ended 31st March, 2022

Dr. **Cr.**

Particulars	(₹)	Particulars	
To Charu's Commission	**44,000**	**By Profit and Loss A/c**	—
To Divya's Commission	—		
To Profit Transferred to			
Charu's Capital A/c			
Divya Capital A/c			
	—		—

(*b*) X, Y and Z are partners were sharing profits and losses in the ratio 3 : 2 : 1. X withdrew ₹ 4,000 every month and Y withdrew ₹ 5,000 in the beginning every month. Interest on drawings @ 6% was to be charged as per partnership deed but it was not considered while preparing final accounts. Pass the necessary Adjustment entry to rectify the error. **6**

Ans. Dr. (a) Profit and Loss Appropriation A/c for the year ended 31st March, 2022 Cr.

Particulars	Amount	Particulars	Amount
To Charu's Commission	44,000	By Profit & Loss A/c $\left(44{,}000 \times \frac{100}{10}\right)$	4,40,000
To Divya's Commission $\left(3{,}96{,}000 \times \frac{10}{110}\right)$	36,000		
(4,40,000 – 4,40,000) To Profit transferred to Charu's Capital A/c 1,80,000 Divya's Capital A/c 1,80,000	3,60,000		
	4,40,000		4,40,000

(b) Journal

Date	Particulars	F.	Dr.	Cr.
	Y's Capital A/c Dr.		820	
	To X's Capital A/c			255
	To Z's Capital A/c			565
	(Being adjustment of Interest Drawings)			

Adjustment Table

		X	Y	Z
Interest on drawings	Dr.	1,440	1,950	–
Profit distributed in Ratio (3 : 2 : 1)	Cr.	1,695	1,130	565
		255 (Cr.)	820 (Dr.)	565 (Cr.)

Or

On 1st April 2022. V.J. Ltd. issued ₹ 10,00,000, 9% debentures of ₹ 100 each at a discount of 10%. These debentures were redeemable at a premium of 5% after 4 years. Pass necessary journal entries and prepare 9% debentures account and loss on issue of debenture A/c.

Ans. Journal

Date	Particulars	L.F.	Debit Amount	Credit Amount
2022 April 1	Bank A/c Dr.		900000	
	To Debenture Application & Allotment A/c			900000
	(Being Applications received for 10,000, 9% debentures issued at 10% discount			

Date	Particulars	L.F.	Debit Amount	Credit Amount
April 1	Debentures Applications & Allotment A/c Dr. Loss on Issued of Debentures A/c Dr. To 9% Debentures A/c To Premium on Redemption on Debentures A/c (Being Allotment of 10000 9% Debenture issued at 10% discount redeemable at 5% premium)		900000 1,50,000	 10,00,000 50,000
2023 Mar. 31	Statement of Profit & Loss A/c Dr. To Loss on issue of Debentures A/c (Being loss on issue of Debentures written off)		1,50,000	 1,50,000

Dr. **9% Debentures A/c** **Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023			2022 April 1	By debenture	
Mar. 31	To Balance C/d	10,00,000		Application & Allotment A/c	9,00,000
				By Loss on Issue of Debentures A/c	100000
		10,00,000			10,00,000

Dr. **Loss on Issue of Debentures A/c** **Cr.**

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2022			2023		
April 1	To 9% Debentures A/c	1,00,000	Mar. 31	By Statement of Profit & Loss A/c	1,50,000
	To Premium or Redemption A/c	50,000			
		150,000			1,50,000

25. S and N were partners in a manufacturing firm sharing profits and losses in the ratio 5 : 2. During the current year their factory was shut down for 2 months due to labour strike. After two months the issue between management and labour was not sort out. Finally partners decided to wind up the business. During the course of dissolution, the following was agreed upon :

(*a*) Furniture having book value ₹ 90,000 was given to a creditors of ₹ 1,20,000 at an agreed valuation of 10% less than the book value and balance by cheque

(*b*) N agreed to take over the responsibility of completing dissolution at an agreed remuneration of ₹ 6,000 and to bear all realisation expenses. Actual realisation expenses were ₹ 5,500. N used firm's cash for payment.

(*c*) S had given a loan of ₹ 50,000 to the firm for which he was paid ₹ 47,500 in full settlement.

(*d*) Out of total debtors of ₹ 1,35,000, Sunil a debtors of ₹ 40,000 had to pay the amount due 3 months after the date of dissolution. He was allowed a discount of 5% p.a. for making payment immediately. The remaining debtors were collected in full.

Pass necessary Journal Entries. **6**

Ans. **Journal**

Data	Particulars	L.F.	Dr.	Cr.
(i)	Realisation A/c Dr.		39,000	
	To Bank A/c			39,000
	(Being Cash Balance paid to creditors)			
(ii)	Realisation A/c Dr.		6,000	
	To N's Capital A/c			6,000
	(Being remuneration payable to N for realisation expenses)			
	N's Capital A/c Dr.		5,500	
	To Cash A/c			5,500
	(Being expenses paid by firm on behalf of N)			
(iii)	Suraj's Loan A/c Dr.		50,000	
	To Bank/Cash A/c			47,500
	To Realisation A/c			2,500
	(Being payment of S's loan)			
(iv)	Bank/Cash A/c Dr.		1,34,500	
	To Realisation A/c			1,34,500
	(For Cash collected from debtors)			

26.

Particulars	Note No.	2024	2023
1. Equity and Liabilities			
– Shareholders Funds			
– Share capital	**1**	**8,94,000**	**5,00,000**
Reserve & Surplus			
–Securities Premium	**2**	**80,000**	**......**

Notes to Accounts

Note No—1

		2024	2023
1. Share Capital			
–Authorised Capital of ₹ 10 each		**15,00,000**	**15,00,000**
–Issued Capital			
Share of ₹ 10 each		**10,00,000**	**5,00,000**
–Subscribed capital			
Subscribed & Fully paid up			
50,000 share of ₹ 10 each			**5,00,000**
88,500 share of ₹ 10 each	**8,85,000**		
Subscribed balance fully paid up			
1,500 Equity share of ₹ 10 each	**15000**		
Less : call in Arrears	**–6000**	**8,94,000**	
	9000	**8,94,000**	**5,00,000**

Notes No.2

	2024	2023
Securities Premium	**80,000**	**....**

1. How many shares the company can issue as per Authorised Capital ? **1**

(*a*) 1,00,000 shares (*b*) 1,50,000 shares

(*c*) 2,00,000 shares (*d*) 2,50,000 shares.

Ans. (*b*)1,50,000 shares

2. What is the total amount Received by the company in 2023-24 by Issue of shares ? **2**

(*a*) 4,54,000 (*b*) 8,94,000

(*c*) 3,94,000 (*d*) 4,74,000

Ans. (*b*)8,94,000

3. How many shares company can forfeit in case non-receipt of each in Arrear ? **1**

(*a*) 15,000 shares (*b*) 150 shares

(*c*) 500 shares (*d*) 1,500 shares.

Ans. (*d*)1,500 shares.

4. What will be the forfeited Amount the case of call in Arrear not received ? **1**

(*a*) ₹ 6,000 (*b*) ₹ 15,000

(*c*) ₹ 9,000 (*d*) None of these

Ans. (*c*)₹ 9,000

5. What is value of securities premium for each shares ? **1**

(*a*) ₹ 1 per share (*b*) ₹ 3 per share

(*c*) ₹ 2 per share (*d*) ₹ 5 per share

Ans. (*c*) ₹ 2 per share

PART—B

(Analysis of Financial Statements)

27. Statement of profit and loss shows :

(*a*) Financial position (*b*) Financial performance

(*c*) Assets and liabilities (*d*) All of them. 1

Ans. (*b*) Financial performance

Or

Total Assets ₹ 2,00,000; Total Debts ₹ 1,20,000
Current Liabilities ₹ 30,000.
Calculate total asset to Debt Ratio ?

(*a*) 2:1 (*b*) 3:1

(*c*) 2.22:1 (*d*) None of these

Ans. (*c*) 2.22 : 1

28. The Goodwill of Ram Lal Ltd. decreased from ₹ 7,00,000 to ₹ 5,00,000 in 2023-24. What will be the effect of this while preparing cash flow statement ?

(*a*) No effect (*b*) Outflow in operating activities

(*c*) Outflow in investing activities (*d*) Outflow in financing activities. 1

Ans. (*b*) Outflow in operating activities.

29. A firm has current ratio of 4 :1 and quick ratio of 2 : 1. Assuming inventories are ₹ 1,50,000. Find out total current assts ?

(*a*) ₹ 75,000 (*b*) ₹ 2,00,000 (*c*) ₹ 6,00,000 (*d*) ₹ 3,00,000. 1

Ans. (*d*) ₹ 3,00,000.

30. Rose Ltd. issued 10,000 shares of ₹ 10 each to Marry Ltd. for the purchase of a machinery of the same value. The purchase of machinery will be recorded in :

(*a*) investing activities (*b*) financing activities

(*c*) operating activities (*d*) None of these. 1

Ans. (*a*) investing activities

Or

Interest paid on Bank overdraft is a :

(*a*) Operating activity (*b*) Investing activity

(*c*) Financing activity (*d*) Cash and Cash Equivalent.

Ans. (*c*) Financing activities.

31. Under which major headings and sub-headings will be the following items be shown in a Company's balance sheet as per schedule III, Part-I of the companies Act, 2013.

(*i*) Trade payables (*ii*) Provision for tax
(*iii*) Bank overdraft (*iv*) Unclaimed dividend
(*v*) Loose tools (*vi*) Goodwill. 3

Ans.

Sr. No.	**Items**	**Major Heads**	**Sub-head**
(i)	Trade payable	Current Liabilities	Short term Borrowings
(ii)	Provision for Tax	Current Liabilities	Short term Borrowings
(iii)	Bank overdraft	Current Liabilities	Short-term Borrowings
(iv)	Unclaimed Dividend	Current Liabilities	Other Current Liabilities
(v)	Losse tools	Current Assets	Inventories
(vi)	Goodwill	Non-Current Assets	Property. Plant and Equipment and Intangible assets –Intangible Assets

32. Prepare a common size balance sheet of Z Ltd. from the following information. 4

Particulars	**Note No.**	**31.3.2020**	**31.3.2019**
Equity and Liabilties			
1. Shareholders Fund		**20,00,000**	**10,00,000**
2. Non-Current Liabilities		**20,00,000**	**5,00,000**
3. Current Liabilities		**10,00,000**	**5,00,000**
Total		**50,00,000**	**20,00,000**
II. Assets			
I. Non-current Assets		**30,00,000**	**12,50,000**
II. Current Assets		**20,00,000**	**7,50,000**
Total		**50,00,000**	**20,00,000**

Ans. **Common Size Balance Sheet of Z Ltd.**

Particulars	**Note No.**	**31.3.19**	**31.3.20**	**% 31.3.19**	**% 31.3.20**
I. Equity and Liabilities					
1.Share holder Fund		10,00,000	20,00,000	50	40
2. Non-Current Liabilities		5,00,000	20,00,000	25	40
3. Current Liabilities		5,00,000	10,00,000	25	20
Total		20,00,000	50,00,000	100	100
II. Assets					
1.Non-Current Assets		12,50,000	30,00,000	62.5	60
2.Current Assets		7,50,000	20,00,000	37.5	40
Total		20,00,000	50,00,000	100	100

Or

From the following information. Calculate working Capital Turnover ratio :

	(₹)
Gross profit Ratio	**25%**
Gross profit	**500000**
Share holder's fund	**25,00,000**
Non-current liabilities	**800000**
Non-current Assets	**23,00,000**

Ans. $$\text{Working Capital Turnover Ratio} = \frac{\text{Revenue from Operation}}{\text{Working Capital}}$$

$$\text{Revenue from Operations} = 5,00,000 \times \frac{100}{25} = 20,00,000$$

Total Liab. = Total Assets

Total Liabilities = 25,00,000 + 8,00,000 = 33,00,000

Current Liabilities = NIL

Current Assets = 33,00,000 – 23,00,000 = 10,00,000

Working Capital = 10,00,000 – NIL

= 10,00,000

$$\text{Working Capital Ratio} = \frac{20,00,000}{10,00,000} = 2:1$$

33. Compute debt equity ratio and proprietory ratio from the following :

Paid up share capital	**₹ 5,00,000**
Current assets	**₹ 4,00,000**
Revenue from operations	**10,00,000**
13% debentures	**2,00,000**
Current liabilities	**2,80,000**

Ans. (i) $\text{Debt Equity Ratio} = \frac{\text{Debt}}{\text{Equity}} = \frac{2,00,000}{5,00,000}$

Debt =13% Debentures = 2,00,000

(ii) $\text{Properietory Ratio} = \frac{\text{Shareholder funds}}{\text{Total}}$

$$= \frac{5,00,000}{9,80,000} = 0.51:1.$$

Total Assets = Share Capital + Debentures + Current Liabilities

= 5,00,000 + 2,00,000 + 2,80,000

= 9,80,000.

34. From the following balance sheet of Dreams Coverage Ltd. as at 31st March 2019 and 31st March 2018. Calculate cash flow statement from operating activities and showing your working clearly. **6**

Particulars	Note No.	31-3-2019	31-3-2018
I. Equity and Liabilities		**(₹)**	**(₹)**
1. Shareholder's Fund :			
(*a*) Share Capital		**7,00,000**	**5,00,000**
(*b*) Reserve and Surplus		**3,50,000**	**2,00,000**
2. Non-Current Liabilities			
Long term Borrowings		**50,000**	**100,000**
3. Current Liabilities			
(*a*) Trade Payables		**1,22,000**	**1,05,000**
(b) Short Term Provision (Provision for Tax)		**50,000**	**30,000**
Total		**1,27,2000**	**9,35,000**

II. Assets			
1. Non-current Assets :			
(*a*) Fixed Assets			
(*i*) Tangible Assets	**1**	**5,00,000**	**5,00,000**
(*ii*) Intangible Asets	**2**	**95,000**	**1,00,000**
(*b*) Non-Current Investments		**1,00,000**	**NIL**
2. Current Assets :			
(*a*) Inventory		**1,30,000**	**55,000**
(*b*) Trade Receivable		**1,47,000**	**80,000**
(*c*) Cash and Cash Equivalent		**3,00,000**	**2,00,000**
Total		**12,72,000**	**9,35,000**

Notes to Accounts :

Note	**No.Particulars**	**31-3-19**	**31-3-18**
1.	**Tangible Assets**		
	Machinery	**2,80,000**	**20,0000**
	–Accumulated Depreciation	**(1,00,000)**	**(80,000)**
	+	**1,80,000**	**1,20,000**
	Other Assets	**3,20,000**	**3,80,000**
2.	**Intangible Assets**	**5,00,000**	**5,00,000**
	Goodwill	**95,000**	**1,00,000**

Additional Information

(*i*) Machinery of the book value of ₹ 80,000 (Accumulated depreciation ₹ 20,000) was sold at a loss of ₹ 18,000.

Ans. **Cash Flow From Operating Activities**

Particulars	**₹**	**₹**
Cash flow from Operating Activities		
Net profit before tax (3,50,000 – 2,00,000)	1,50,000	
Add : Provision for Tax	50,000	2,00,000
Add : Non-cash and Non-Operating expenses :		
Depreciation Provided	40,000	
Loss on Sale	18,000	
Goodwill Amortized	5,000	63,000
Operating profit before working capital changes		2,63,000
Add : Increase in current liabilities–Trade Payables	17,000	
Less : Increase in Current Assets :		2,80,000
Inventory	(75,000)	
Trade Receivables	(67,000)	(1,42,000)
Cash Generated from Operations		1,38,000
Less : Tax paid		(30,000)
Cash flow from Operating activities		1,08,000.

Machinery A/c

To balance b/d	2,00,000	By Depreciation	20,000
		By Loss on Sale of Machinery	18,000
		By Bank A/c	42,000
		By balance c/d	2,80,000
	3,60,000		3,60,000

Or

From the following Balance Sheet of Company. Calculate Cash Flow Statement from Operating Activities.

Particulars	Note No.	31.3.2024	31.3.2023
I. Equity and Liabilities			
1. Shareholder's Fund :			
(*a*) Share Capital		**10,00,000**	**10,00,000**
(*b*) Reserve and Surplus		**6,00,000**	**3,00,000**
2. Non-Current Liabilities			
Long term Borrowings	**1**	**8,00,000**	**6,00,000**
3. Current Liabilities			
(*a*) Trade Payables		**3,50,000**	**4,80,000**
(b) Short term Provision (Provision for Tax)	**2**	**4,00,000**	**3,20,000**
Total		**26,50,000**	**22,00,000**

Particulars	Note No.	31.3.2024	31.3.2023
II. Assets			
1. Non-Current Assets :			
(a) Property, Plant and Equipment and Tangible Assets			
(*i*) Property, Plant and Equipment 10,00,000			**14,00,000**
(*b*) Investments		**3,00,000**	**4,00,000**
2. Current Assets :			
(*a*) Inventory		**4,50,000**	**3,00,000**
(*b*) Trade Receivable		**4,00,000**	**3,00,000**
(*c*) Cash and Cash Equivalent		**1,00,000**	**2,00,000**
Total		**26,50,000**	**22,00,000**

Note No.	Particulars	31-3-2024	31-3-2023
1.	**Long-term Borrowings : 6% Debentures**	**8,00,000**	**6,00,000**
2.	**Short-term Borrowings : Provision for Tax**	**4,00,000**	**3,20,000**

Ans.

Cash flow from Operating activities	Amount (₹)
Net Profit befor tax (6,00,000 – 3,00,000) (3,00,000 + 4,00,000)	7,00,000
Add : Non-Cash Expenses	
Interest on debentures	1,80,000
Less :Net Cash operating profit before working capital changes	8,80,000
Add : Decrease in Current Liabilities (Trade Payable)	(1,30,000)
Increase in Inventory	(1,50,000)
Increase in Trade Receivable	(1,00,000)
Cash from Operating activities before tax	5,00,000
Less : Tax paid	3,20,000
Cash flow from Operating activities	1,80,000

Holy Faith New Style Sample Paper–8 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS – 12th

ACCOUNTANCY

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

General Instructions : Same as Holy Faith New Style Sample Paper–1.

PART—A

(Accounting for Partnership Firms and Companies)

Q. 1. X. Y and Z were partners in a firm. As per the partnership deed, interest on drawings is to be charged @ 10% p.a. Y withdrew a fixed amount at the end of every quarter. Interest on drawing amounted to ₹ 9,000. The amount of his drawings per quarter were :

(*a*) ₹ 2,40,000 (*b*) ₹ 1,80,000

(*c*) ₹ 60,000 (*d*) ₹ 80,000. 1

Ans. (*c*) ₹ 60,000

Q. 2. Assertion (A) : In case of partnership firm, appropriation out of profits are debited to profit and loss appropriation account.

Reason (R) : Interest on capital and partners salary are appropriation of profit.

(*a*) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

(*b*) Both Assertion (A) and Reason (R) are true, but Reason (R) is a correct explanation of Assertion (A).

(*c*) Both Assertion (A) and Reason (R) are false.

(*d*) Assertion (A) is false but Reason (R) is true. 1

Ans. (*a*) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

Q. 3. On 1st April 2022, AK Ltd. issued 10,000, 8% debentures of ₹ 100 each at a premium of 3% redeemable at a premium of 5%. In such case :

(*a*) Loss on issue will be debited by ₹ 20,000.

(*b*) Loss on issue will be debited by ₹ 80,000

(*c*) Loss on issue will be debited by ₹ 50,000.

(*d*) Premium on redemption will be credited by ₹ 20,000 1

Ans. (*b*) Loss on issue will be debited by ₹ 80,000

Or

If vendors are issued debentures of ₹ 80,000 in consideration of net assets of ₹ 1,00,000, the balance of ₹ 20,000 will be credited to :

(*a*) Statement of profit and loss

(*b*) Goodwill account

(*c*) General reserve account

(*d*) Capital reserve account.

Ans. (*d*) Capital reserve account.

Q. 4. Chand and Asman are partners in a firm sharing profits in the ratio of 5 : 3 They admitted Tara as a new partner. The new profit sharing ratio will be 4: 3 : 2. The firms goodwill on Tara's admission was valued at ₹ 1,26,000. But Tara could not bring any amount of goodwill in cash. Credit will be given to :

(*a*) ₹ 17,500 and ₹ 10,500 (*b*) ₹ 16,000 and ₹ 12,000 (*c*) ₹ 22,750 and ₹ 5,250 (*d*) ₹ 1,02,315 and ₹ 23,625. 1

Ans. (*c*) ₹ 22,750 and ₹ 5,250

Q. 5. A business earned average profits of ₹ 60,000 during the last three years. The normal rate of return on similar business is 12%. The value of net assets of the business is ₹ 4,00,000. Its goodwill by capitalisation of average profit method will be : 1

(*a*) ₹ 1,00,000 (*b*) ₹ 2,00,000

(*c*) ₹ 4,00,000 (*d*) ₹ 50,000.

Ans. (*a*) ₹ 1,00,000

Or

X and Y are partners in a firm sharing profits in ratio 4 : 3 : Z is admitted for 1/4th share. X and Y decided to share equally in future. If Z brought ₹ 14,000 as premium it will be credited to X and Y as :

(*a*) ₹ 7,000; ₹ 7,000 (*b*) ₹ 11,000; ₹ 3,000

(*c*) ₹ 8,000; ₹ 6,000 (*d*) ₹ 8,000; ₹ 8,000.

Ans. (*b*) ₹ 11,000; ₹ 3,000

Q. 6. A company purchased a building for ₹ 12,00,000 out of which ₹ 2,00,000 were paid in cash. Balance amount was paid by issue of equity shares of ₹ 10 each. at 25% premium. How many shares will be issued by the company ?

(*a*) 1,00,000 shares (*b*) 80,000 shares

(*c*) 1,20,000 shares (*d*) 96,000 shares. 1

Ans. (*b*) 80,000 shares

Or

Balance of share forfeiture account is shown in the balance sheet under the head ....

(*a*) share capital account (*b*) reserve and surplus

(*c*) current liabilities and provisions (*d*) unsecured loan.

Ans. (*a*) share capital account

Q. 7. Interest payable an debentures is :

(*a*) an appropriation of profits of the company

(*b*) a charge against profit of the company

(*c*) Transferred to sinking fund investment account

(*d*) Transferred to general reserve. 1

Ans. (*b*) a charge against profit of the company

Q. 8. All the assets except..........accounts are transferred to realization account during dissolution of firm.

(*a*) Cash/Bank A/c

(*b*) Cash/Bank/ PDL A/c

(*c*) Cash/Bank/Deferred Revenue Expenditure/PDL (Dr.)

(*d*) Cash/Patent A/c 1

Ans. (*c*) Cash/Bank/Deferred Revenue Expenditure/PDL (Dr.)

Or

A and B are partners. On the date of dissolution of firm A's loan was ₹10,000 and Mrs. B's loan ₹ 20,000. Payment will be made first to ....

(*a*) Mrs. B's Loan (*b*) A's Loan

(*c*) To both in Ratio of Loan (*d*) To both in Profit Sharing Ratio of A & B. 1

Ans. (*a*) Mrs. B's Loan

Q. 9. Sarvesh and Shanti were partners in the ratio of 3 : 2 Before profit distribution, Sarvesh is entitled to 5% commission of the net profit (after charging such commission). Before charging commission, firm's profit was ₹ 42,000. Shanti's of profit will be :

(*a*) ₹ 16,000 (*b*) ₹ 24,000

(*c*) ₹ 26,000 (*d*) ₹ 16,400. 1

Ans. (*a*) ₹ 16,000

Q. 10. On dissolution of a firm, its Balance Sheet : Total creditors ₹ 50,000. Total Capital ₹ 48,000. Cash Balance ₹ 3,000. Its assets were realised at 12% less. Loss on realisation will be :

(*a*) ₹ 6,000 (*b*) ₹ 11,760

(*c*) ₹ 11,400 (*d*) ₹ 3,600. 1

Ans. (*c*) ₹ 11,400

Q. 11. X, Y and Z are partners sharing profits in Ratio of 3 : 2 : 1. X has given guarantee to Z that his share of profit will not be less than ₹ 15,000. If firm earned ₹ 60,000 during 2019-2020. X's share of profit will be :

(*a*) ₹ 30,000 (*b*) ₹ 27,000

(*c*) ₹ 25,000 (*d*) ₹ 20,000. 1

Ans. (*c*) ₹ 25,000

Q. 12. On 300 equity shares of ₹ 10, the company called up ₹ 8 but ₹ 6 have been received by the company are forfeited, the forfeited account should be :

(*a*) ₹ 2,400 (*b*) ₹ 1,200

(*c*) ₹ 1,800 (*d*) ₹ 600. 1

Ans. (*c*) ₹ 1,800

Q. 13. A shareholder to whom 9,000 shares of ₹ 10 per share alloted, failed to pay first and final call of ₹ 2 per share. How will it be recorded in the books of company ?

(*a*) ₹ 18,000 will be debited to call-in-arrear account

(*b*) ₹ 18,000 will be debited to share forfeiture account

(*c*) ₹ 18,000 will be credited to call-in-arrear account

(*d*) ₹ 18,000 will be credited to share forfeiture account. 1

Ans. (*c*) ₹ 18,000 will be credited to call-in-arrear account

Q. 14. Anubhav, Anurag and Abhishek were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 6 : 4 : 5 with effect from 1st April 2023. Their balance sheet as on that date showed a balance of ₹ 45,000 in Advertisment suspense account. The amount to be debited respectively to the capital account of Anubhav, Anurag and Abhishek for writing-off the amount in advertisement suspense account will be :

(*a*) ₹ 18,000, ₹ 18,000 and ₹ 9,000 (*b*) ₹ 15,000; ₹ 15,000 and ₹ 15,000

(*c*) ₹ 21,000, ₹ 15,000 and ₹ 9,000 (*d*) ₹ 22,500, ₹ 22, 500 and Nil. 1

Ans. (*a*) ₹ 18,000, ₹ 18,000 and ₹ 9,000

Q. 15. Arun and Vijay were partners in a firm. Ranvijay was admitted as a new partner for 1/5th shares in the profits of the firm. Ranvijay brought proportionate capital. Capitals of Arun and Vijay after all Adjustments were ₹ 64,000 and ₹ 46,000 respectively. Capital brought by Ranvijay was :

(*a*) ₹ 22,000 (*b*) ₹ 27,500

(*c*) ₹ 55,000 (*d*) ₹ 28,000. 1

Ans. (*b*) ₹ 27,500

Or

P and Q are partners sharing profits in the ratio of 3 : 2. R is admitted as partner for 1/4th share. P and Q decided to share profit equally in future. The sacrificing ratio of P and Q will be :

(*a*) 1 : 1 (*b*) 3 : 2

(*c*) 9 : 1 (*d*) 1 : 9. 1

Ans. (*b*) 3 : 2

Or

Q. 16. P, Q and R were partners in a firm sharing profit and losses in the ratio of their capital contribution which were ₹ 6,00,000, ₹ 4,00,000 and ₹ 5,00,000 respectively. Their books are closed on 31st March every year, P dies on 24 August, 2021. Under the partnership deed deceased partners is entitled to his share of profit/loss to the date based on the average profit of preeceding three years. Profits were 2018 ₹ 50,000; 2019 ₹ 1,80,000 (loss) ; 2020

₹ 30,000 and 2021 ₹ 60,000. P's share of profit/loss will be :

(*a*) (₹ 3,2,00) (*b*) (₹ 6,400)
(*c*) (₹ 12,000) (*d*) (₹ 4,800)

Ans. (*d*) (₹ 4,800)

Q. 17. A new partner is admitted in a partnership firm due to :

(*a*) Requirement of more capital
(*b*) Requirement managerial skill
(*c*) Enhancement in goodwill 3
(*d*) All above.

Ans. (*d*) All above.

Q. 18. A, B and C were partners sharing profits in the ratio of 3 : 1 : 1. On 31st March 2022, they dissolve their firm Sundry Assets (₹ 17,000), Stock (₹ 7,800) Loan (₹ 1500). It was agreed that : B is to take over all the stock for ₹ 7,000 and some asset at ₹ 7200 (being 10% less than the book value). C to take our remaining sundry assets at 90% of the book value and assume the responsibility of discharging loan together with accured interest of ₹ 300. 3

Ans. **Journal**

Date	Particulars	L.F.	Dr.	Cr.
2020 March 31	B's Capital A/c Dr.		7,000	
	To Realisation A/c			7,000
	(Being Assets taken over by B at 7,000)			
	B's Capital A/c –Dr.		7,200	
	To Realisation A/c			7,200
	(Being Assets taken over by B)			
	C's Capital A/c –Dr.		8,100	
	To Realisation A/c			8,100
	(Being is took assets at 90%			
	(17,000 × 90% – 8,000)			
	Realisation A/c Dr.		1,800	
	To C's Capital A/c (1,500 + 300)			1,800
	(Being discharge loan along with interest)			

Q. 19. A, B and C are partners in a firm. The firm has a total fixed capital of ₹ 60,000 held equally by all the partners. Under the partnership deed the partners were entitled to :

(*a*) A and B to a salary of ₹ 1800 and ₹ 1600 per month.

(*b*) In the event of death of a partner, Goodwill was to be valued at 2 years' purchase of the average profit of the last 3 years.

(*c*) Profits upto the date of death based on the profits of the previous years.

(*d*) Partners were to be charged interest on drawings at 5% p.a. and allowed interest on capital at 6% p.a. B died on January 1st 2022. His drawings to the date of death were ₹ 2,000 and interest there on was ₹ 60. The profits for the 3 years ended 31 march, 2019, 2020 and 2021 were ₹ 21,200, ₹ 3,200 (Dr.) and ₹ 9,000 respectively. Prepare B's capital account to calculate the amount to be paid to his executers.

Ans. **B's Capital A/c**

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on drawings	60	By Balance b/d	20,000
To Drawings	2,000	By Salary	14,400
To B's executor's A/c	41,490	By Share of Goodwill	6,000
		A's Share : 3000	3,000
		B's Share : 3,000	
		By P&L Suspense A/c – Profit	2,250
		By Interest on Capital	900
	43,550		43,550

Q. 20. Z Ltd, forfeited 800 shares of ₹ 10 each, ₹ 7.50 paid, for non-payment of final call of ₹ 2.50 per share. Out of these, 600 shares were re-issued as fully paid in such a way that ₹ 2,100 were transferred to capital reserve. Pass necessary journal entries. **3**

Ans. **Journal**

Date	Particulars		L.F.	Dr.	Cr.
	Share Capital A/c	Dr.		8,000	
	To Share First Call A/c				2,000
	To Forfeited Share Forfeited A/c				6,000
	(Being Forfeiture of 800 shares)				
	Bank A/c	Dr.		3,600	
	Share Forfeited A/c	Dr.		2,400	
	To Share Capital A/c				6,000
	(Being Reserve of 600 Shares @ ₹ 6 per Share)				
	Share Forfeited A/c	Dr.		2,100	
	To Capital Reserve A/c				2,100
	(Being profit on re-issue transfered to Capital Reserve)				

Or

On 1st April 2022, Ashok Ltd. issued 7,000, 10% debentures of ₹ 500 each at a premium of 5% and redeemable at a premium of 10% after 5 years. According to the term of issue, ₹ 200 was payable on application and balance on allotment. Record necessary journal entries.

Ans. **Journal**

Date	Particulars		L.F.	Dr.	Cr.
	Bank A/c Dr. (7,000 × 200)			14,00,000	
	To Debenture Application A/c				14,00,000
	(Being application money due)				
	Debenture Application A/c	Dr.		14,00,000	
	To 10% Debentures A/c				14,00,000
	(Being Application money received)				
	Debenture Allotment A/c	Dr.		2,27,5000	
	Loss on issue of Debentures A/c	Dr.		70,000	
	To 10% Debenture A/c				21,00,000
	To Securities Premium A/c				1,75,000
	To Premium on Redemption of Debentures A/c				70,000
	(Being Debenture issued at premium & redeemed at 10% premium)				
	Bank A/c	Dr.		2,27,5,000	
	To Debenture Allotment A/c				22,7,5000
	(Being Allotment money received)				

Q. 21. Amir, Bimal and Chetan are partners sharing profits in the ratio of 2 : 3 : 5. The goodwill of the firm has been valued at ₹ 37,500. Amir retired. Bimal and Chetan decided to share profits equally in future. Calculate gain/sacrifice of Bimal and Chetan on Amir's retirement and also pass necessary journal entry for the treatment of goodwill. **4**

Ans. **JOURNAL**

Date	Particulars		L.F.	Dr.	Cr.
	Bimal's Capital A/c	Dr.		7,500	
	To Amir's Capital A/c				7,500
	(Being Amir's Share of Goodwill adjusted with Bimal)				

Working Notes :

$$\text{Bimal Share} = \frac{1}{2} - \frac{3}{10} = \frac{2}{10} \quad \text{Chetan Share} = \frac{1}{2} - \frac{5}{10} = \frac{0}{10}$$

$$\text{Amir Share} = 37{,}500 \times \frac{2}{10} = ₹\ 7{,}500$$

Q. 22. A Limited Company forfeited 300 shares of Mr. X who had applied for 500 shares on account of non-payment of allotment money ₹ 3 + 2 (premium) and first call ₹ 2. Only ₹ 3 per share was received with application. Out of these, 200 shares were re-issued to Mr. Y as fully paid shares for ₹ 8 per share excluding premium. 4

Ans. **Journal**

Date	Particular		L.F.	Dr.	Cr.
	Share Capital A/c	Dr.		2,400	
	Securities premium A/c	Dr.		600	
	To Share First call A/c				600
	To Share Allotment A/c				900
	To Share Forfeited A/c				1,500
	(Being 500 Shares forfeited)				
	Bank A/c	Dr.		1,600	
	Share Forfeited A/c	Dr.		400	
	To Share Capital A/c				2,000
	(Being 200 Share re-issued)				
	Share Forfeited A/c	Dr.		600	
	To Capital Reserve A/c				600
	(Being amount trnsferred to Capital Reserve.				

W.N.

(i) Excess Application Money

500 – 300 Shares = 200 × 3 = 600

Amount due on Allotment	1,500
300 × 5	(–) 600
	900

(2) Amount Transferred to Capital Reserve

Forfeited $\frac{1{,}500}{300} \times 200$	1,000
	(–) 600
Loss in re-issue	400

Or

X, Y and Z were partners sharing profits and losses equally. Y died on 1st October, 2023 and total amount transferred to Y's executors was ₹ 15,60,000. Y's executors were being paid ₹ 3,60,000 immediately and balance was to be paid in four equal quarterly instalments, together with interest @ 6% p.a. pass entries till payment of first two instalments.

Ans. **JOURNAL**

Date	Particulars	L.F.	Dr.	Cr.
1.10.23	Y's Capital A/c Dr. To Y's Executors A/c (Being balance in Capital transfered to executors A/c)		15,60,000	15,60,000
1.10.23	Y's Executor A/c Dr. To Bank A/c (Being payment made to executor)		3,60,000	3,60,000
31.12.23	Interest A/c Dr. To Y's Executor A/c (Being Interest due)		18,000	18,000
31.12.23	Y's Execuor A/c Dr. To Bank A/c (Being payment made to executor)		13,500	13,500
31.3.24	Interest A/c Dr. To Y's Executor A/c (Being Interest due)		13,500	13,500
31.3.24	Y's Executors A/c Dr. To Bank A/c (Being payment made to executor)		3,13,500	3,13,500

Q. 23. The balance sheet of Rahim, Wahid and Javed who were sharing profit in the ratio of 3 : 3 : 4 as on 31st March 2022 was as follows : 6

Liabilities		Amt.	Assets	Amt.
General Reserve		**10,000**	**Cash**	**16,000**
Bill Payable		**5,000**	**Stock**	**44,000**
Loan		**12,000**	**Investment**	**47,000**
Capital			**Land and Building**	**60,000**
Rahim :	**60,000**		**Rahims Loan**	**10,0000**
Wahid :	**50,000**			
Javed :	**40,000**	**1,50,000**		
		1,77,000		**1,77,000**

Rahim died on 30th June 2022. The partnership deed proceed for the following on the death of a partner

(*a*) Goodwill of the firm was valued at 2 years purchase of average profits for the last 3 years.

(*b*) Rahim's share of profit or loss till the date of death was to be calculated on the basis of sales. Sales for the year ended 31st March 2022 amounted to ₹ 4,00,000 and that 1st April to 30th June 2022 to ₹ 1, 50,000. The profit for the year ended 31st March 2022 was ₹ 1,00,000.

(*c*) Interest on capital was to be provided @ 6% p.a.

(*d*) The average profits of the last 3 years were ₹ 42,000. Pass Journal entries

Ans. **Rahim Capital A/c**

Particulars	Amt.	Particulars	Amt.
To Rahim's loan A/c	10,000	By Balance b/d	60,000
To Rahim's Executor A/c	90,350	By General Reserve A/c	3,000
		By Wahid's Capital A/c	10,800
		By Javed's Capital A/c	14,400
		By P&L Suspense A/c	11,250
		By Interest on Capital	900
	1,00,350		1,00,350

W.N.

(1) Share of Goodwill = Average profit × 2 years purchase
= 42,000 × 2 = ₹ 84,000

Rahim's Share = $\frac{3}{10} \times 84{,}000$ = ₹ 25,200

(2) Interest on Capital $60{,}000 \times \frac{6}{100} \times \frac{3}{12} = 900$

(3) Share of profit $\frac{1{,}00{,}000}{4{,}00{,}000} \times 1{,}50{,}000 \times \frac{3}{10}$ = ₹ 11,250

Q. 24. X Ltd. invited applications for issuing 3,00,000 shares of ₹ 10 each at a premium of ₹ 3 per share the amount were payable as follows : 6
On application and allotment ₹ 7 per share
On first and final call—Balance (including premium of ₹ 3)
Applications were received for 4,00,000 and allotment was made as follows :
(*i*) To applicants for 80,000 shares; 80,000 shares
(*ii*) To applicants for 40,000 shares; Nil
(*iii*) Balance of the applicants were allotted shares on pro-rata basis.
Excess money received with applications was adjusted towards sum due on first call.
Amit, who belonged to category (*i*) and was allotted 4,000 shares and Vani, who belonged to category (*iii*) and was allotted 4,400 shares failed to pay the first and final call money. Their shares were forfeited. The forfeited shares were re-issued at ₹ 7 per share fully paid up. Pass neccessary Journal entries for the above transactions in the books of the company.

Ans. **JOURNAL**

Date	Particulars	L.F.	Dr.	Cr.
	Bank A/c Dr.		28,00,000	
	To Share Application Allotment A/c			28,00,000
	(Being application & Allotment money on 4,00,000 Shares)			
	Share Application & Allotment A/c Dr.		28,00,000	
	To Share Capital A/c			21,00,000
	To Share First Call A/c			4,20,000
	To Bank A/c			2,80,000
	(Transfer of application & Allotment money to Share Capital)			
	Share First & final call A/c Dr.		18,00,000	
	To Share Capital A/c			9,00,000
	To Securities Premium A/c		9,00,000	
	(Being call money due on 3,00,000 Shares)			
	Bank A/c Dr.		13,38,000	
	Call in arrears A/c Dr.		42,000	
	To Share First & find Call A/c			13,80,000
	(Being call money Received)			
	Share Capital A/c Dr.		84,000	
	Securities premium A/c Dr.		25,200	
	To Call in Arrears A/c			42,000
	To Share forfeited A/c			67,200
	(Being forfeiture of 8,400 Shares)			
	Bank A/c Dr.		58,800	
	Share forfeited A/c Dr.		25,200	
	To Share Capital A/c			84,000
	(Being reissue of 8,400 Shares at ₹ 7 per Share)			
	Share forfeted A/c Dr.		42,000	
	To Capital Reserve A/c			42,000
	(Being profit on re-issue transfered to Capital Reserve)			

Working Notes :

(i) Share Applied = $\frac{2,80,000}{22,000} \times 4,400$ = 5,600 Shares

Amount Received (Excess) (5,600 – 4,400) × 7	8,400
Amount due on First & All 4,400 × 7	26,400
	8,400

Call-in-arrear 18,000

Or

On 1st April 2022. V.J. Ltd. issued ₹ 10,00,000, 9% debentures of ₹ 100 each at a discount of 10%. These debentures were redeemable at a premium of 5% after 4 years. Pass necessary journal entries and prepare 9% debentures account and loss on issue of debenture A/c.

Ans. **JOURNAL**

Date	Particulars	L.F.	Dr.	Cr.
	Bank A/c Dr. To Debenture Application & Allotment A/c (Being Application received on 10,000 9%-debentures at 10% discount)		9,00,000	9,00,000
	Debenture Application & Allotment –Dr. Loss on issue of Debentures A/c –Dr. To 9% Debentures A/c To Premium on Redemption of Debentures A/c (Being 9% debentures issued at 18% premium and redeem at 5% premium)		9,00,000 1,50,000	10,00,000 9,00,000
	Statement of Profit & Loss A/c Dr. To Loss on Issue of Debentures A/c (Being Loss on issue of debentures written off)		1,50,000	1,50,000

9% Debentures A/c

Dr. **Cr.**

Date	Particulars	Amt.	Date	Particular	Amt.
2019 31 Mar.	To Balance c/d	10,00,000	2018	By Debentures Application and Allotment A/c	9,00,000
				By Loss on issue of Debentures A/c	1,00,000
		10,00,000			10,00,000

Loss on issue of Debentures A/c

Dr. **Cr.**

Date	Particular	Amt.	Date	Particulars	Amt.
2019 31 March	To 9% Debentures A/c To pressurem on Redemption A/c	1,00,000	2019 31 March	By Satement of P&L A/c	1,50,000
		1,50,000			1,50,000

Q. 25. G, N and A were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2, On 31st March 2022 their balance sheet was as under. **6**

Balance Sheet of G, N and A as on 31st March 2022

Liabilities		Amt.	Assets		Amt.
Creditors		55,000	Cash		40,000
General Reserve		30,000	Debtors	45,000	
Capitals			Less Provision	5,000	40,000
G :	1,50,000		Stock		50,000
N :	1,25,000		Machinery		1,50,000
A :	75,000	3,50,000	Patents		3,0,000
			Buildings		1,00,000
			Profit and Loss A/c		25,000
		4,35,000			4,35,000

G retired on the above date and it was agreed that

(*a*) Debtors of ₹ 2,000 will be written off as bad debts and a provision of 5% on debtors for bad and doubtful debts will be maintained.
(*b*) Patents will be completely written off and stock machinery and building will be depreciated by 5%.
(*c*) An unrecorded creditor of ₹ 10,000 will be taken into account.
(*d*) N and A will share the future profits in the ratio of 2 : 3.
(*e*) Goodwill of the firm on G's retirement was valued at ₹ 3,00,000.
Pass necessary journal entries for the above transaction.

Ans. **JOURNAL**

Date	Particulars		L.F.	Dr.	Cr.
	General Reserve A/c	Dr.		30,000	
	To C's Capital A/c				15,000
	To N's Capital A/c				9,000
	To A's Capital A/c				6,000
	(Being General reserve transferred to old partners in old Ratio)				
	G's Capital A/c	Dr.		12,500	
	N's Capital A/c	Dr.		7,500	
	A's Capital A/c	Dr.		5,000	
	To Profit & Loss A/c				25,000
	(Being P&L written off to old partners in old Ratio)				
	N's Capital A/c	Dr.		30,000	
	A's Capital A/c	Dr.		1,20,000	
	To G's Capital A/c				1,50,000
	(Being Goodwill adjusted in gaining Ratio)				
	Revaluation A/c	Dr.		55,000	
	To Patent A/c				30,000
	To Stock A/c				2,500
	To Machinery A/c				7,500
	To Building A/c				5,000
	To Creditors A/c				10,000
	(Being Assets realised)				
	Provision for doubtful debts A/c	Dr.		850	
	To Revaluation A/c				850
	(Being excess provision written back)				
	G's Capital A/c	Dr.		27,075	
	N's Capital A/c	Dr.		16,245	
	A's Capital A/c	Dr.		10,830	
	To Revaluation A/c				54,150
	(Being Loss on Revaluation debited to old partners in old Ratio)				
	C's Capital A/c	Dr.		2,75,425	
	To G's loan A/c				2,75,425
	(Being amount due to G's Capital transferred to loan A/c)				

Or

Ria, Sia and Jia were partners in a firm, sharing profits and loss in the ratio of 2 : 2 : 1. Ria had personally guaranted that in any year. Jia's share of profit after allowing interest on capital to all the partners @ 5% per annum and charging interest on drawings @ 4% p.a. would not be less than ₹ 10,000.
The Capital of the partners on 1st April 2020 were Ria ₹ 80,000. Sia ₹ 50,000 and Jia ₹ 50,000. The net profit for the year ended 31st March 2021, before allowing or charging any interest amount to ₹ 40,600. Ria had withdrawn ₹ 4,000 on 1st April 2020. While Jia withdraw ₹ 5,000 during the year. You are required to prepare Profit and Loss Appropriation Accounts for the year 2020-21.

Ans. Dr. P&L Appropriation a/c Cr.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
To Interest on Capital A/c		By Net Profit	40,000
Ria	4;000		
Sia	2,500	By Interest on	
Jia	1,500	Drawings	
To Share of Profit		Ria 160	260
Ria $\frac{2}{5} \times 32,260$ = 12,904		Jia 100	
Adjustment (3,548)	9,356		
Sia $\frac{2}{5} \times 32,260$ = 6,452			
Adjustment = 3,548	10,000		
	40,260		40,260

Q. 26. Read out the following balance sheet and answers the questions given here under :

Zameer India Ltd.
Balance Sheet [Extract] as at ....

Particulars	Note No.	2024	2023
I. Equity and Liabilities			
—Shareholders Funds			
—Share Capital	**1**	**4,00,000**	**4,97,000**
—Reserve & Surplus	**2**	**50,000**	**1,00,000**

Notes to Accounts
Note No 1

Particulars		2023	2024
Share Capital			
—Authorised Capital			
1,00,000 Equity Shares of ₹ 10 each		**10,00,000**	**10,00,000**
—Issued Capital			
40,000 & 50,000 Equity Share of ₹ 10 each		**4,00,000**	**5,00,000**
Subscribed Capital			
Subscribed & fully paid up (of ₹ 10 each)		**4,00,000**	
49,500 shares of ₹ 10 each	**4,95,000**		
Subscribed but not fully paid up			
500 Equity Shares of ₹ 10 each	**5,000**		
Less calls in Arrear @ 4	**2000**		**4,98,000**

Note No 2

Reserve & Surplus	2023	2024
Securities Premium	50,000	1,00,000

Answer the following

(*a*) What is the paid up value of each share for which calls in Arrear (500 shares) ?
(*i*) ₹ 8 each (*ii*) ₹ 4 each (*iii*) ₹ 6 each (*iv*) ₹ 5 each. 1

Ans. (*iii*) ₹ 6 each

(*b*) What is the value of securities premium for each share issued in the current year ?
(*i*) ₹ 2 (*ii*) ₹ 10 (*iii*) ₹s 5 (*iv*) ₹ 3. 1

Ans. (*i*) ₹ 2

(*c*) What is the total amount paid by shareholder having calls in Arrear for 500 shares. ?
(*i*) ₹ 3,000 (*ii*) ₹ 5,000 (*iii*) ₹ 5,500 (*iv*) ₹ 6,000. 2

Ans. (*i*) ₹ 3,000

(*d*) How many shares the company can issue in future without altering capital clouse.
(*i*) 50,000 shares (*ii*) 40,000 shares (*iii*) 60,000 shares (*iv*) 30,000 shares. 1

Ans. (*i*) 50,000 shares

(*e*) In case of non-receipt of calls in Arrear, how many shares a company can forfeit ?
(*i*) 1,500 shares (*ii*) 50,000 shares (*iii*) 500 shares (*iv*) 50,000 shares. 1

Ans. (*iii*) 500 shares

PART—B

(Analysis of Financial Statements)

Q. 27. Which of the following is not presented under current liabilities in the Balance sheet of the company ?

(*a*) Short term borrowings (*b*) Deferred tax liabilities
(*c*) Short term provisions (*d*) Trade payable. 1

Ans. (*b*) Deferred tax liabilities

Or

Assertion (A) : The biggest draw back of the current ratio is that it is susceptible to withdraw dressing.

Reason (R) : Current ratio of more than 1 : 1 can be improved by an equal decrease in both current and current liabilities. Hence it is liable to be effected by window dressing.

(*a*) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explaination of Assertion (A).
(*b*) Both Assertion (A) and Reason (R) are correct but Reason (R) is not the correct explaination of (R).
(*c*) Both Assertion (A) and Reason (R) are true.
(*d*) Both Assertion (A) and Reason (R) are false.

Ans. (*a*)Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explaination of Assertion (A).

Q. 28. ABC Ltd. is a financial company which provides loan and invest into shares. At the year end, company received ₹ 50,000, Interest on loan. Where will be the amount of interest presented.

(*a*) Activity arising from interest will be shown in investing activity.
(*b*) Activity arising from interest will be shown in financing activity.
(c) Activity arising from interest will be shown in operating activity.
(*d*) None of these

Ans. (c) Activity arising from interest will be shown in operating activity.

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

(*a*) cash used in investing activities ₹ 20,00,000
(*b*) cash generated from financing activities ₹ 12,00,000
(*c*) increase in cash and cash equivalents ₹ 8,00,000
(*d*) cash used in investing activities ₹ 8,00,000. 1

Ans. (*d*) cash used in investing activities ₹ 8,00,000.

Or

The net amount of source or use of cash. When a fixed assets (having book value ₹ 1,20,000). is sold at a loss of ₹ 40,000 in terms of cash flow will be :

(*a*) ₹ 1,20,000 (*b*) ₹ 40,000 (*c*) ₹ 80,000 (*d*) ₹ 1,60,000.

Ans. (*d*) ₹ 1,60,000.

Q. 30. Sunrise Ltd. provides you the following information :

Particulars	31–3–2018	31–3–2017
Plant	50,000	40,000

Additional Informations :

(*i*) Plant costing ₹ 25,000 (Accumulated depreciation ₹ 8,000) was sold for ₹ 12,000

(*ii*) Depreciation on plant charged during the year was ₹ 25,000

Calculate cash flow from investing activities.

(*a*) (40,000) (*b*) (12,000) (*c*) 64,000 (*d*) 52,000. 1

Ans. (*a*) (40,000)

Q. 31. Under which major heading and sub-headings will be the following items be shown in a company's balance sheet as per schedule-III, Part-I.

(1) stores and spares **(2) live stock**

(3) advance to suppliers **(4) debenture due for redemption**

(5) advances from customers **(6) commission received in advance.** 3

Ans.

S.No.	Particulars	Heads	Sub-Heads
(1)	Stores & Spares	Current Assets	Inventories
(2)	Live stock	Fixed Assets	Property Plant Equipment
(3)	Advance to supplier	Current Assets	Other Current Assets
(4)	Debentures due for Redemption	Non-current liabilities	Long term Borrowings
(5)	Advances from Customers	Current Liabilities	Other Current liabilities
(6)	Commission received in Advance	Current liabilities	Other Current liabilities

Q. 32. From the following prepare common size statement of profit and loss : 3

Particulars	31.3.2022	31.3.2021
Revenue from Operations	40,00,000	25,00,000
Purchase of Stock–in–Trade	33,60,000	18,50,000
Change in Inventories	(2,00,000)	1,50,000
Other Expenses	1,20,000	1,00,000
Other Income	1,60,000	50,000

Ans. **Common-size statement of profit & Loss**

Particulars	31.3.2021	31.3.2022	31.3.2021 (%)	31.3.2022 (%)
Revenue from Operation	25,00,000	40,00,000	100.00	100.00
Other Income	50,000	1,60,000	2	4
Total Income (I)	25,50,000	41,60,000	102	104
Expenses				
Stock in Trade	18,50,000	33,60,000	74	84
Change in Inventories	1,50,000	2,00,000	6	5
Other Expenses	1,00,000	1,20,000	4	3
Total Expenses (II)	21,00,000	36,80,000	84	92
Profit Before Tax (I–II)	4,50,000	4,80,000	18	12

Q. 33. Calculate quick ratio, working capital ₹ 2,50,000. Total debts ₹ 4,00,000, long term debts is ₹ 3,20,000, Inventory ₹ 2,00,000, prepaid expenses ₹ 10,000. 4

Ans.

$$\text{Quick Ratio} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$= \frac{1,20,000}{80,000} = 1.5 : 1$$

Current Liabilities = Total Debts – Long term Debts
= ₹ 4,00,000 – ₹ 3,20,000 = ₹ 80,000
Current Assets = Working Capital + Current Liabilities
= ₹ 2,50,000 + ₹ 80,000 = ₹ 3,30,000
Quick Assets = Current Assets – Inventory Prepaid Expenses
= ₹ 3,30,000 – ₹ 2,00,000 – ₹ 10,000 = ₹ 1,20,000.

Or

Long term borrowings ₹ 1,00,000, long term provisions ₹ 50,000, current liabilities ₹ 25,000, Non current assets ₹ 1,80,000, current assets ₹ 45,000. Calculate debt to equity ratio.

Ans.

$$\text{Debt Equity Ratio} = \frac{\text{Long term debts}}{\text{Shareholders fund}} = \frac{15,000}{50,000} = 3$$

Total Assets = Current Assets + Non-Current Assets
= ₹ 1,80,000 + ₹ 45,000 = ₹ 2,25,000
Total Liabilities = Long term Barrowings + Long term provision + Current li abilities
= ₹ 1,00,000 + ₹ 50,000 + ₹ 25,000 = ₹ 1,75,000
Shareholders Funds = Total Assets – Total Liabilities
= ₹ 2,25,000 – ₹ 1,75,000 = ₹ 50,000.

Q. 34. (a) From the following Balance sheet of Y Ltd. You are required to prepare cash flow from Investing activities : 6

Particulars	Note No.	31.3.2022	31.3.2021
I. Equity and liabilities			
1. Shareholder's Funds			
(*a*) Share Capital		**2,00,000**	**2,00,000**
(*b*) Reserve and Surplus		**1,55,000**	**80,000**
2. Current Liabilities			
(*a*) Trade Payables		**1,28,000**	**1,45,000**
(*b*) Short Term Provisions	**1**	**45,000**	**35,000**
Total		**5,28,000**	**4,60,000**
II. Assets :			
1. Non-Current Assets :			
(*a*) Fixed Assets	**2**	**2,00,000**	**1,50,000**
(*b*) Intangible Assets	**3**	**33,000**	**40,000**
2. Current assets :			
(*a*) Current Investments	**4**	**15,000**	**12,000**
(*b*) Inventories		**2,15,000**	**1,80,000**
(*c*) Trade Receivables		**50,000**	**60,000**
(*d*) Cash and Bank		**10,000**	**8,000**
(*e*) Other Current Assets	**5**	**5,000**	**10,000**
Total		**5,28,000**	**4,60,000**

Notes To Accounts

Note No.		31.3.2022	31.3.2021
1.	Short Term : Provision for Tax	45,000	35,000
2.	Tangible Assets : Machinery	2,00,000	1,50,000
3.	Intangible Assets : Goodwill	33,000	40,000
4.	Current Investments : Marketable Securities	15,000	12,000
5.	Other Current Assets : Prepaid Expenses	5,000	10,000

Additional Informations :

1. Machinery whose original cost was ₹ 50,000 was sold for ₹ 10,000 during the year. Accumulated depreciation on this machinery was ₹ 26,000.
2. Depreciation on machinery charged during the year ₹ 20,000
3. An interim dividend was paid during the year @ 10% on equity share capital.

(b) From the following Balance Sheet of BM Ltd. Calculate Cash flow Statement from operating activities.

Particulars	Note No.	31-3-2024 (₹)	31-3-2023 (₹)
I. Equity and Liabilities			
1. Shareholder's Fund :			
(*a*) Share Capital		35,000	30,000
(*b*) Reserve & Surplus	1	22,000	3,500
2. Non-Current Liabilities			
Long term Borrowings	2	25,000	21,000
3. Current Liabilities			
Trade Payables		12,500	8,500
Total		9,45,000	63,000
II. Assets			
1. Non-Current Assets :			
(*a*) Property, Plant and Equipment and intangible Assets			
(*i*) Property, Plant and Equipment	3	41,000	32,000
(*ii*) Intangible Assets	4	8,000	10,000
(*b*) Non-Current Investments :	5	8,000	3,000
2. Current Assets :			
(*a*) Inventory		2,4,500	6,000
(*b*) Cash and cash equivalents		13,000	12,000
Total		94,500	63,000

Notes

Note No.	Particulars	31-3-2024	31-3-2023
1.	Reserve and Surplus		
	General Reserve	15,000	9500
	Profit & Loss Balance	7,000	(6000)
		22,000	3,500
2.	Long term Borrowings		
	10% Debentures	25,000	21,000
3.	Property, Plant and Equipment		
	Machinery	54,000	41,000
	Less : Provision for Depreciation	13,000	9,000
		41,000	32,000
4.	Intangible Assets		
	Goodwill	8,000	10,000
5.	Rate of Interest on Investment is 10% p.a.		

Additional Informations :
Debentures were issued on 31.3.2024
Investments were made on 31.3.2024.

Ans. (a) Cash flow from Investing Activities

Particulars	**Amt.**
Purchased Plant & Machinery	(94,000)
Sale of Plant & Machiery	10,000
Cash used in Investing Activities	84,000

Working Notes :

Dr. **Machinery A/c** **Cr.**

Particulars	**Amt.**	**Particulars**	**Amt.**
To balance b/d	1,50,000	By Bank A/c (Sale)	10,000
		By Profit & Loss A/c	14,000
To Bank A/c	94,000	By Depreciation A/c	20,000
		By Balance c/d	2,00,000
	2,44,000		2,44,000

(b) Cash flow from Operating Activities

Particulars		Amt.
Net Profit After Tax		18,500
Adjustmen of Non-cash & Non-operating items :		
(+) Interest on Debentures (10% of 21,000)	2,100	
Depreciation	4,000	
Goodwill written off	2,000	8,100
		26,600
(–) Interest on Investments		300
Profit before working capital changes		26,300
(+) Increase in current liabilities trade payable		4,000
(–) Increase in current Assets Inventory		(18,500)
Cash flow from operating Activities		11,800

Holy Faith New Style Sample Paper–9 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS — 12th

ACCOUNTANCY

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

General Instructions : Same as in Holy Faith New Style Sample Paper—1.

PART—A

(Accounting for Partnership Firms and Companies)

Q. 1. 'A' has given guarantee to 'C' for minimum ₹ 10,000 profit. At year end, the firm suffered loss and C's share in the loss was 2,000. Calculate amount of deficiency borne by 'A'.

(*a*) ₹ 2,000 (*b*) ₹ 10,000 (*c*) ₹ 12,000 (*d*) None of these. 1

Ans. (*c*) ₹ 12,000

Q. 2. In a firm, 10% of net profit after deducting all adjustments including reserve is transferred to general reserve. The net profit after all adjustments but before transfer to general reserve is ₹ 44,000. Calculate the amount which is to be transferred to reserve.

(*a*) ₹ 2,500 (*b*) ₹ 4,000 (*c*) ₹ 4,400 (*d*) ₹ 2,200. 1

Ans. (*b*) ₹ 4,000

Or

A and B are partners. B draws fixed amount at the end of every quarter. Interest on drawings is charged @ 15% p.a. At the end of the year interest on B's drawings amounted to ₹ 9,000. Drawings of B were :

(*a*) ₹ 24,000 per quarter (*b*) ₹ 40,000 per quarter (*c*) ₹ 30,000 per quarter (*d*) ₹ 80,000 per quarter.

Ans. (*c*) ₹ 30,000 per quarter

Q. 3. 200 equity shares of ₹ 10 each issued at par were forfeited for non-payment of first call of ₹ 3 per share was not yet called. By which amount the share capital will be debited on forfeiture ?

(*a*) ₹ 2,000 (*b*) ₹ 1,600 (*c*) ₹ 1,000 (*d*) ₹ 2,200. 1

Ans.(*b*) ₹ 1,600

Or

Sandhya Ltd. purchased a building for ₹ 5,00,000 payable as 15% in cash and balance by allotment of 9% debentures of ₹ 100 each at a premium of 25%. Number of debentures issued will be :

(*a*) 4250 (*b*) 4000 (*c*) 5000 (*d*) 3400.

Ans. (*b*) 4000

Q. 4. Rent paid to a partner is debited in ....account.

(*a*) Profit and Loss A/c (*b*) Profit and Loss appropriation A/c

(*c*) Revaluation A/c (*d*) His capital. 1

Ans. (*a*) Profit and Loss A/c

Q. 5. Karmvir and Samarvir are partners sharing profits and losses as 2 : 1. Vikram is admitted and profit sharing ratio becomes 4 : 3 : 2. Goodwill is valued at ₹ 94,500. Vikram brings required goodwill in cash. Goodwill amount will be credited to :

(*a*) Karmvir ₹ 14,000 Samarvir ₹ 7,000

(*b*) Karmvir ₹ 12,000 Samarvir ₹ 9,000

(c) Karmvir ₹ 21,000

(d) Karmvir ₹ 94,500. 1

Ans. (a) Karmvir ₹ 14,000 Samarvir ₹ 7,000

Q. 6. Anshika Ltd. issued 2,00,000 7% debentures of ₹ 100 each at a discount of 5% redeemable at a premium of 5%, redeemable at a premium of 5%. Discount on issue premium on redemption were accounted for through 'loss on issue of debentures account'. On issue of debentures, 'loss on issue of Debentures Account' will be :

(a) credited by ₹ 10,00,000 (b) debited by ₹ 10,00,000

(c) debited by ₹ 20,00,000 (d) credited by ₹ 20,00,000. 1

Ans. (b) debited by ₹ 10,00,000

Q. 7. A, B, C and D are partners sharing profits in the ratio of 4 : 3 : 2 : 1. They admit E as a new partner for 1/10th share. It is agreed that C and D will retain their original shares. What will be new profit sharing ratio ?

(a) 4 : 3 : 1 : 1 (b) 24 : 18 : 14 : 7 : 7 (c) 7 : 5 : 4 : 2 : 2 (d) 36 : 27 : 18 : 9 : 10. 1

Ans. (d) 36 : 27 : 18 : 9 : 10.

Or

A and B are partners sharing profits in the ratio of 3 : 2. C is admitted into partnership. A sacrifices. 1/3 rd of his share and B sacrifices 1/10 th from his share in favour of C. New profit sharing ratio will be :

(a) 4 : 3 : 3 (b) 2 : 1 : 1 (c) 3 : 4 : 3 (d) 3 : 3 : 4.

Ans. (a) 4 : 3 : 3.

Q. 8. Statement I : In the absence of partnership deed, interest on loan of a partner is allowed.

Statement II : Loan given to the firm by a partner is an outside liability.

(a) Statement I is correct and statement II is incorrect

(b) Statement I is incorrect and statement II is correct

(c) Both statements I and II are correct

(d) Both statements I and II are incorrect. 1

Ans. (c) Both statements I and II are correct

Q. 9. On dissolution of a firm, sundry creditors amounted to ₹ 1,00,000 out of which ₹ 5,000 were untraceable and creditors of ₹ 20,000 was given an unrecorded computer of ₹ 10,000 in full settlement of his claim and the remaining were paid at 80%. On payment of creditors realisation were paid at 80%. On payment of creditors realisation account will be :

(a) debited by ₹ 68,000 (b) credited by ₹ 68,000

(c) debited by ₹ 60,000 (d) credited by ₹ 60,000. 1

Ans. (c) debited by ₹ 60,000

Or

On dissolution of a firm, out of the proceeds received from the sale of assets .... will be paid first of all.

(a) Partner's Capital (b) Partner's Loan to firm

(c) Partners Additional Capital (d) Outside Creditors.

Ans. (d) Outside Creditors.

Q. 10. Moti Ltd. forfieted 2,000 shares of ₹ 10 each, ₹ 8 called up for non-payment of first call ₹ 2 per share. Out of these 1500 shares were reissued for ₹ 10,500 as ₹ 8 paid up. What is the amount to be transferred to Capital Resereve ?

(a) ₹ 4,500 (b) ₹ 10,500 (c) ₹ 7,500 (d) ₹ 14,500. 1

Ans. (c) ₹ 7,500

Q. 11. Loi, Mia and Nia are partners sharing profits in the ratio of 5 : 3 : 2. They decided to share profits equally with effect from 1st April 2024. On that date, there was a balance of ₹ 2,00,000 in general reserve and a credit balance of ₹ 4,00,000 in the profit and loss account. The journal entry for the above on account of change in profit sharing ratio will be : 1

Journal Entries

S. No.	Particulars		L.F.	Debit Amount	Credit Amount
(*a*)	General Reserve A/c	Dr.		2,00,000	
	To Profit and Loss A/c				2,00,000
(*b*)	Mia's Capital A/c	Dr.		80,000	
	Nia's Capital A/c	Dr.		20,000	
	To Lia's Capital A/c				1,00,000
(*c*)	General Reserve A/c	Dr.		2,00,000	
	Profit and Loss A/c	Dr.		4,00,000	
	To Lia's Capital A/c				2,00,000
	To Mia's Capital A/c				2,00,000
	To Nia's Capital A/c				2,00,000
(*d*)	General Reserve A/c	Dr.		2,00,000	
	Profit and Loss A/c	Dr.		4,00.000	
	To Lia's Capital A/c				3,00,000
	To Mia's Capital A/c				1,80,000
	To Nia's Capital A/c				1,20,000

Ans. (*d*) General Reserve A/c Dr. 2,00,000
Profit and Loss A/c Dr. 4,00.000
To Lia's Capital A/c 3,00,000
To Mia's Capital A/c 1,80,000
To Nia's Capital A/c 1,20,000

Or

A, B and C are partners in 3 : 4 : 2. B wants to retire from firm. The profit on revaluation on that date was ₹ 45,000. New ratio of A and C is 5 : 3. Profit on revaluation will be distributed as :

(*a*) A ₹ 16,000 B ₹ 12,000 C ₹ 8,000
(*b*) A ₹ 15,000 B ₹ 20,000 C ₹ 10,000
(*c*) A ₹ 22,500 B ₹ 13,500
(*d*) A ₹ 23,625 B ₹ 12,375.

Ans. (*b*) A ₹ 15,000 B ₹ 20,000 C ₹ 10,000

Q. 12. A company forfeited 3,000 shares of ₹ 10 each, on which only ₹ 5 per share (including ₹ 1 premium) has been paid. Out of these few shares were reissued at a discount of ₹ 1 per share and ₹ 6,000 were transferred to capital reserve. How many shares were reissued ?

(*a*) 3,000 shares (*b*) 1,000 shares (*c*) 2,000 shares (*d*) 1,500 shares. 1

Ans. (*c*) 2,000 shares

Q. **13. P, Q and R were partners sharing profits in the ratio of their capital contribution which were ₹ 6,00,000, ₹ 4,00,000 and ₹ 5,00,000 respectively. Their books are closed on 31st March every year. P dies on 24th August 2018, under the partnership deed deceased partner is entitled to his share of profits/loss to the death based on the average profits of preceding three years. Profits were 2015 ₹ 50,000, 2016 ₹ 1,20,000 (Loss), 2017 ₹ 30,000, 2018 ₹ 60,000. P's share of profit/ loss will be :**

(*a*) ₹ 3,200 (*b*) ₹ 6,400 (*c*) ₹ 12,000 (*d*) ₹ 4,800. 1

Ans. (*d*) ₹ 4,800.

Q. 14. Joey, Sam and Tex were partners sharing profits and losses in the ratio 5 : 3 : 2. W.e.f. 01 April, 2024 they decided to share future profits and losses in the ratio 2 : 1 : 1. for which of the following balances Tex will be credited at the time of reconstitution of firm, if the firm decided to continue with available accumulated profits and losses balances. 1

(*a*) General Reserve ₹ 2,00,000 and Profit and Loss (Dr.) ₹ 1,20,000

(*b*) General Reserve ₹ 2,00,000 and Profit and Loss (Cr.) ₹ 2,50,000.

(*c*) Deferred Revenue Expenditure of ₹ 50,000 and Profit and Loss (Cr.) ₹ 80,000

(*d*) Deferred Revenue Expenditure ₹ 50,000 and Profit and Loss (Dr.) ₹ 80,000.

Ans. (*d*) Deferred Revenue Expenditure ₹ 50,000 and Profit and Loss (Dr.) ₹ 80,000.

Q. 15. Which of the following is not to be disclosed in the Balance Sheet of a Company ?

(*a*) Authorised Capital (*b*) Issued Capital

(*c*) Reserve Capital (*d*) Subscribed Capital. 1

Ans. (*c*) Reserve Capital

Q. 16. On 1st April 2023, a firm had assets of ₹ 1,00,000 excluding stock of ₹ 20,000. Partners capital accounts showed balance of ₹ 60,000. The current liabilities were ₹ 10,000 and the balance constituted the reserve. If the normal rate of return is 8% and the goodwill of the firm is valued at ₹ 60,000 at four years purchase of super profit, find the average profit of the firm.

(*a*) ₹ 23,800 (*b*) ₹ 62,000 (*c*) ₹ 15,000 (*d*) ₹ 8,800. 1

Ans. (*a*) ₹ 23,800

Q. 17. Sunena, a shareholder holding 500 shares of ₹ 10 each, did not pay the allotment money ₹ 4 per share (including premium of ₹ 2) and the first and final call of ₹ 3. Her share were forfeited after the first and final call. Give journal entry for forfeiture of the shares. 3

Ans.

Journal

Date	Particulars	L.F.	Debit	Credit
	Share Capital A/c Dr.		5,000	
	Securities premium A/c Dr.		1,000	
	To Share Allotment A/c			2,000
	To Share Final first and Final Call A/c			1,500
	To Share Forfeiture A/c			2,500
	(Being forfeiture of 500 shares for non-payment of first and final call)			

Q. 18. T, U, V were partners in a firm sharing profits and losses in the ratio of 2 : 1 : 2. Their firm was incurring huge losses thus it had to be closed.

After transferring assets (other than cash in hand and bank) and third party liabilities to realisation account the following transactions took place.

(*i*) T took away 50% of the stock at book value less 10% for ₹ 90,000 and the remaining stock was sold for ₹ 40,000.

(*ii*) Creditors of ₹ 78,000 took over machinery of ₹ 80,000 in full settlement of their claim.

(*iii*) Loss on dissolution was ₹ 80,000. 3

Ans.

Date	Particulars		L.F.	Debit	Credit
(i)	T's Capital A/c	Dr.		90,000	
	To Realisation A/c				90,000
	(Being 50% stock taken by T)				
(*ii*)	Cash A/c	Dr.		40,000	
	To Realisation A/c				40,000
	(Being remaining stock sold)				
(*iii*)	T's Capital A/c	Dr.		32,000	
	U's Capital A/c	Dr.		16,000	
	V's Capital A/c	Dr.		32,000	
	To Realisation A/c				80,000
	(Being loss Transferred to partner's capital A/c)				

Q. 19. A Business has earned average profit of ₹ 2,00,000 during the last few years and the normal rate of return in similar business is 10%. Find out the value of goodwill by :

(*a*) Capitalisation of super Profit Method.

(*b*) Super Profit Method if the goodwill is valued at 3 years purchaseof super profits. The assets of the business were ₹ 20,00,000 and its external liabilities ₹ 3,60,000. **3**

Ans. Assets – Liabilities ⇒ Capital

20,00,000 – 3,60,000 ⇒ 16,40,000

$$\text{Normal profit} \Rightarrow \text{Capital Complement} \times \frac{\text{Normal Rate of Return}}{100}$$

$$16{,}40{,}000 \times \frac{10}{100} \Rightarrow 1{,}64{,}000$$

Super Profit ⇒ Average Profit – Normal Profit

⇒ 2,00,000 – 1,64,000

⇒ 36,000

(*a*) Capitalisation of Super profit ⇒ Super Profit × $\dfrac{100}{\text{Normal Rate of Return}}$

$$36{,}000 \times \frac{100}{10} = 3{,}60{,}000$$

(*b*) Goodwill ⇒ Super profit × No. of years purchase

36,000 × 30 ⇒ 1,08,000.

Or

Pawan, Prem and Poonam were partners in a firm sharing profits in the ratio of 2 : 1 : 2. Their fixed capitals were ₹ 2,00,000, ₹ 1,50,000 and ₹ 2,00,000 respectively. The firm closes its books on 31st March each year. On 31.3.2023, Prem died.

*** Interest on capital from the first day of the accounting year till the date of his death @ 10% p.a.**

*** His share of goodwill. The goodwill of the firm on Prem's death was valued at ₹ 3,00,000.**

His share of profit. The profit of firm for the year ended 31.3.2023 was ₹ 1,50,000.

Prepare Prem's Capital A/c.

Ans. **Dr.** **Prem's Capital A/c** **Cr.**

Particulars	Amt.	Particulars	Amt.
To Prem's Executor A/c	2,40,000	By Balance b/d	1,50,000
		By Profit and Loss Suspense A/c	30,000
		By Pawan's Capital A/c	30,000
		By Poonam's Capital A/c	30,000
	2,40,000		2,40,000

Q. 20. X, Y and Z were partners sharing profits and losses in the ratio of 5 : 3 : 2. They decided to share future profits and losses in the ratio of 2 : 3 : 5 with effect from 1.4.2024. They decide to record the effect of the following without affecting their book values.

(*i*) Profit and loss A/c ₹ 24,000 General Reserve ₹ 6,000

(*ii*) Advertisement suspense A/c ₹ 12,000

Pass the necessary adjustment entry. **3**

Ans. **Journal**

Date	Particulars	L.F.	Debit	Credit
1 April	Z's Capital A/c Dr.		5,400	
	To X's Capital A/c			5,400
	(Adjustment for General Reserve, Profit and Loss A/c and Advertisement suspense Account is made on change in profit sharing ratio.)			

Q. 21. Man, Ran and Pan were partners in a firm sharing profits and losses in the ratio of 3 : 1 :1. Their balance sheet as at 31st March, 2023 was as follows : **4**

Balance sheet of Man, Ran and Pan as at 31 March, 2023

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		**1,00,000**	**Bank**	**20,000**
General Reserve		**50,000**	**Stock**	**1,10,000**
Capitals			**Investment**	**70,000**
Man :	**60,000**		**Furniture**	**35,000**
Ran :	**1,00,000**		**Building**	**1,15,000**
Pan :	**40,000**	**2,00,000**		
		3,50,000		**3,50,000**

Pan died on 30th september 2023. According to partnership deed, his legal representations are entitled to the following.

(*i*) Balance in his Capital Account.

(*ii*) Share of profit upto the date of death to be calculated on the basis of last year's profit.

(*iii*) Share of goodwill calculated on the basis of three years purchase of average profits of last four years.

(*iv*) Interest on capital @ 12% p.a.

Pan's share of profit was ₹ 3,000 and the average profit of last four years were ₹ 50,000. Pan's drawings upto the date of death were ₹ 10,000. Prepare pan's capital account to be rendered to his legal representatives.

Ans. Dr. **Pan's Capital A/c** Cr.

Particulars	Amt.	Particular	Amt.
To Drawings	10,000	By Balance b/d	40,000
To Pan's Executor A/c	65,400	By Profit and loss suspense A/c	3,000
		By Interest on capital A/c $\left(40{,}000 \times \frac{12}{100} \times \frac{6}{12}\right)$	2,400
		By Man's Capital A/c	22,500
		By Ran's Capital A/c	7,500
	75,400		75,400

Interest on Capital $\Rightarrow 40{,}000 \times \frac{12}{100} \times \frac{6}{12} = 2400$

Goodwill $\Rightarrow 1{,}50{,}000 \times \frac{1}{5} = 30{,}000$

Old Ratio 3 : 1 : 1

New Ratio 3 : 1

G.R. $\Rightarrow \frac{3}{4} - \frac{3}{5} = \frac{15-12}{20} = \frac{3}{20}$

$\frac{1}{4} - \frac{1}{5} = \frac{5-4}{20} = \frac{1}{20}$

Q. 22. Kaur limited invited applications for re-issuing 2,40,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share. The amount was payable as under :
On Application — ₹ 4(per share including premium ₹ 2)
On Allotment — ₹ 4 per share
On first and final call — ₹ 6 per share (including premium ₹ 2). Applications for 3,00,000 shares were received and pro-rata allotment was made to the applicants. Excess application money received on application was adjusted towards sum due an allotment. All calls were made and were duly received except from Rohini, who failed to pay allotment and first and final call on 7500 shares applied by her. 4

Ans.

Date	Particulars	L.F.	Debit	Credit
	Bank A/c Dr.		12,00,000	
	To Share Application A/c			12,00,000
	(Being application money received on 3,00,000 Shares)			
	Share Application A/c Dr.		12,00,000	
	To Share Capital A/c			4,80,000
	To Securities Premium Reserve A/c			4,80,000
	To Call in advance A/c			2,40,000
	(Being amount transferred to Share capital and excess adjusted)			
	Share Allotment A/c Dr.		9,60,000	
	To Share Capital A/c			9,60,000
	(Being allotment due)			
	Bank A/c Dr.		7,02,000	
	Call in Arrears A/c Dr.		18,000	
	Call in advance A/c Dr.		2,40,000	
	To Shares Allotment A/c			9,60,000
	(Being allotment money received except for 6,000 shares)			

Date	Particulars	L.F.	Debit	Credit
	Share First and Final Call Dr.		14,40,000	
	To Share Capital A/c			9,60,000
	To securities Premium A/c			4,80,000
	(Being call money due)			
	Bank A/c Dr.		14,04,000	
	Call in Arrears A/c Dr.		36,000	
	To Share First and Final call A/c			14,40,000
	(Being call money received except on 6,000 Shares)			

Q. 23. On 1st July 2023, Panther Ltd. issued 20,000. 9% debentures of ₹ 100 each at 8% premium and redeemable at a premium of 15% in four equal installments starting from the end of the third year. The balance in securities premium on the date of issue of debenture was ₹ 80,000. Interest on debentures was to be paid on 31st March every year. Pass the journal entries for the year 2023-24. Also prepare loss on issue of debentures account. **6**

Ans.

Journal

Date	**Particulars**	**L.F.**	**Debit**	**Credit**
1 July 2023	Bank A/c Dr.		21,60,000	
	To debenture Application and Allotment A/c			21,60,000
	(Being Application Money received)			
July 1 2023	Debenture Application and Allotment A/c Dr.		21,60,000	
	Loss on issue of debenture A/c Dr.		3,00,000	
	To 9% debenture A/c			20,00,000
	To Securities premium A/c			1,60,000
	To Premium on Redemption of debentures A/c			3,00,000
	(Being debenture issued)			
31 Mar. 2024	Debenture Interest A/c Dr.		1,35,000	
	To debentures holders A/c			1,35,000
	(Being Interest due on debentures)			
Mar 31 2024	Debenture holders A/c Dr.		1,35,000	
	To Bank A/c			1,35,000
	(Being interest paid to debenture holders)			
Mar. 31 2024	Statement of Profit and loss A/c Dr.		1,35,000	
	To debenture Interest A/c			1,35,000
	(Being Interest on debentures charged from statement of P&L)			
31 Mar 2024	Securities Premium A/c Dr.		2,40,000	
	Statement of profit and Loss Dr.		60,000	
	To Loss on issue of debentures A/c			3,00,000
	(Being loss on issue of debenture written off.)			

Dr. **Loss on issue of debenture A/c** **Cr.**

Date	**Particulars**	**Amt.**	**Date**	**Particulars**	**Amt.**
1 July 2023	To Premium on Redemption of debenture A/c	3,00,000	31 Mar. 2024	By Securities Premium A/c	2,40,000
				By Statement of Profit and Loss	60,000
		3,00,000			3,00,000

Or

(*a*) Pass the necessary journal entries for 'Issue of Debenture' for the following :

(*i*) Arman Ltd. issued 750, 12% Debentures of ₹ 100 each at a discount of 10% redeemable at a premium of 5%.

(*ii*) Sohan Ltd. issued 800, 9% Debentures of ₹ 100 each at a premium of 20 per debenture redeemable at a premium of ₹ 10 per Debenture.

(*b*) X Ltd. obtained a loan of ₹ 4,00,000 from IDBI Bank. The company issued 5,000, 9% Debentures of ₹ 100 each as a collateral security for the same. Show how these items will be presented in the Balance Sheet of the company.

Ans. (a) Issue of Debentures

Jaurnal Enteries

Date	Particulars		L.F.	Debit	Credit
A(i)	Bank A/c	Dr.		67,500	
	To Debenture Application and Allotment A/c				67,500
	(Being application received)				
	Debenture Application and Allotment A/c	Dr.		67,500	
	Loss on issue of Debentures A/c	Dr.		11,250	
	To 12% Debenture A/c				75,000
	To Premium redemption of debentures A/c				3,750
	(Being Debenture issued at discount redeemable at premium.)				
A(ii)	Bank A/c	Dr.		96,000	
	To Debentures Application and Allotment A/c				96,000
	(Being Application received)				
	Debenture Application and Allotment A/c	Dr.		96,000	
	Loss on issue of debenture A/c	Dr.		8,000	
	To 12% Debentures A/c				80,000
	To Securities Premium A/c				16,000
	To Premium on Redemption A/c				8,000
	(Being Debentures issued at discount redeemable at premium)				

(b)

Particulars	Note. No.	Amount
1. Equity & Liabilities		
Non current liabilities		
long term Borrowings	1	4,00,000

Notes to Accounts

1. Long term borrowings Loan from IDBI (Securred by issue of 5,000, 9% debentures of Rs. 100 each as collatered security)	4,00,000

Q. 24. A,B and C are partners sharing profits in the ratio of 2 : 1 : 1. Their Balance Sheet as on 31st March 2022 was as under :

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	50,000	Goodwill	30,000
A's Capital	80,000	Land and Building	80,000
B's Capital	80,000	Plant and Machinery	56,000
C's Capital	60,000	Motor Car	54,000
		Debtors	48,000
		Cash	2,000
	2,70,000		2,70,000

The firm was dissolved on that date. The assets realised Goodwill ₹ 20,000, Land & Building ₹ 1,00,000 Plant and Machinery ₹ 50,000, Motor Car ₹ 28,000 and Debtors 50% of the book value. Realisation expenses were ₹ 2,000. Prepare Realisation A/c and Partners Capital A/c. **6**

Ans. Dr. **Realisation A/c** **Cr.**

Particulars	Amt.	Particulars	Amt.
To Goodwill	30,000	By creditors	50,000
To Land and Building	80,000		
To Plant and Machinery	56,000		
To Motar Car	54,000		
To Debtors	48,000	By Cash	
		(Goodwill)	20,000
		(Land and Building)	1,00,000
To Cash (Creditors)	50,000	(Plant and Machinery)	50,000
(Realisation expenses)	2,000	(Motor car)	28,000
		(Debtors)	24,000
		By Loss	
		A = 24,000	
		B = 12,000	48,000
		C = 12,000	
	3,20,000		3,20,000

Dr. **Partner's Capital A/c** **Cr.**

Particulars	A	B	C	Particulars	A	B	C
To Loss	24,000	12,000	12,000	By Balance b/d	80,000	80,000	60,000
To Cash A/c	56,000	68,000	48,000				
	80,000	80,000	60,000		80,000	80,000	60,000

25. Jay, Vijay and Karan were partners of an architect firm sharing profits in the ratio of 2 : 2 : 1. Their partnership deed provide the following.

(*a*) A monthly salary of ₹ 15,000 each to Jay and Vijay.

(*b*) Karan is guaranteed a profit of ₹ 5,00,000 and Jay guaranteed that he will earn an annual fee of ₹ 2,00,000. Any deficiency arising because of guarantee to Karan will be borne by Jay and Vijay in the ratio of 3 : 2. During the year ended 31st March, 2018, Jay earned fee of ₹ 1,75,000 and the profits of the firm amounted to ₹ 15,00,000. Show your working clearly prepare profit and loss appropriation account for the year ended 31st March, 2018. **6**

Ans. **Profit and Loss Appropriation Account**

Dr. **For the year ended 31st March, 2018** **Cr.**

Particulars		Amt.	Particulars	Amt.
To Partner's Salary :			By Profit and Loss A/c	15,00,000
Jay's Capital A/c	1,80,000		(Net Profit)	
Vijay's Capital A/c	1,80,000	3,60,000	By Jay's Capital A/c	
To Profit transferred to :			(₹ 2,00,000 – ₹ 1,75,000)	25,000
Joy's Capital A/c	4,66,000			
Less : Guaranted				
(Profit to Karan)	(1,00,200)	3,05,800	(Deficiency in Guranteed Fees)	
Vijay's Capital A/c	4,66,000			
Less : Guranteed				
(Profit to Karan)	(1,60,800)	3,59,200		
Karan's Capital A/c	2,33,000			
Add : Deficiency met by				
Jay and Vijay	2,67,000	5,00,000		
		15,25,000		15,25,000

26.

Balance Sheet (Extract)
Of XYZEE Ltd as at 31.03.2024 (as per schedule-III of Companies Act 2013)

	Note no.	31.03.2023	31.03.2024
I-Equity & Liabilities			
1. Shareholders Funds			
(*a*) Share Capital	1	44,90,000	54,90,000
(*b*) Reserves and Surplus	2	2,00,000	3,60,000

Note no. 1 (For year ending 31.03.2023)		
Share Capital		
(1) Authorised Share Capital		
8,00,000 Equity Shares of ₹ 10 each		80,00,000
(2) Issued Share Capital		
4,50,000 Equity Shares of ₹ 10 each		45,00,000
(3) Called Up Share Capital		
(*a*) Called Up and Fully paid		
₹ 10 per share on 5,45,000 Equity Shares	44,50,000	
(*b*) Called Up and not Fully paid		
₹ 10 per share on 5,000 Equity shares	50,000	
Less not paid : ₹ 2 per share on 5,000 Equity shares	– 10,000	44,90,000

Note no. 1 (For year ending 31.03.2024)		
Share Capital		
(1) Authorised Share Capital		
8,00,000 Equity Shares of ₹ 10 each		80,00,000
(2) Issued Share Capital		
5,50,000 Equity Shares of ₹ 10 each		55,00,000
(Out of these 40,000 shares were issued to the vendors as consideration for Capital asset purchased)		
(3) Called Up Share Capital		
(*a*) Called Up and Fully paid		
₹ 10 per share on 5,45,000 Equity Shares	54,50,000	
(*b*) Called Up and not Fully paid		
₹ 10 per share on 5,000 Equity shares	50,000	
Less not paid : ₹ 2 per share on 5,000 Equity shares	– 10,000	54,90,000

Note no. 2 – Reserves and Surplus

	31.03.2023	31.03.2024
Capital Reserve	Nil	40,000
Securities Premium	2,00,000	3,20,000

During the year the company took over the business of Quipa Ltd. with Assets of ₹ 12,00,000 and Liabilities of ₹ 7,30,000. Purchase consideration was paid in cash and by issue of equity shares at par the entire transaction resulted in Capital reserve of ₹ 40,000.

1. What is the total face value of Shares issued for Cash by the Company during the year 2023-24.

(*a*) ₹ 10,00,000 (*b*) ₹ 6,00,000

(*c*) ₹ 9,50,000 (*d*) ₹ 11,20,000. 1

Ans. (*a*) ₹ 10,00,000

2. Shares issued for cash during the year were issued at .... (assuming they were issued together) ?

(*a*) ₹ 10 (*b*) ₹ 8

(*c*) ₹ 12 (*d*) ₹ 11.20. 1

Ans. ₹ 12

3. On April, 1, 2024, the company forfeited all the defaulting shares. What amount will appear in the Share Forfeiture account at the time of forteiture ?

(*a*) ₹ 40,000 (*b*) ₹ 50,000

(*c*) ₹ 10,000 (*d*) ₹ 60,000. 1

Ans. (*a*) ₹ 40,000

4. What will be the number of Issued shares, as on April 1, 2024 after the forfeiture of these shares ?

(*a*) 5,45,000 shares (*b*) 5,50,000 shares

(*c*) 4,45,000 shares (*d*) 5,05,000 shares. 1

Ans. (*b*) 5,50,000 shares

5. If 2,000 of the forfeited shares were issued at ₹ 14 per share, what will be the amount of securities premium and Capital reserve respectively as on April 1, 2024 ?

(*a*) ₹ 3,20,000, ₹ 40,000 (*b*) ₹ 3,28,000, ₹ 56,000

(*c*) ₹ 3,28,000, ₹ 80,000 (*d*) ₹ 3,20,000, ₹ 80,000. 1

Ans. (*b*) ₹ 3,28,000, ₹ 56,000

Workings :

Securities Premium	3,20,000	Capital Reserve	40,000
Add : Received on Re-issue 2,000 × 4	8,000	Add : 2,000 × 8 (forfeited)	16,000
	3,28,000		56,000

6. What will be the amount in the "Called up and Fully paid" subhead after the reissue of these 2000 shares ?

(*a*) ₹ 54,50,000 (*b*) ₹ 55,00,000

(*c*) ₹ 54,70,000 (*d*) ₹ 54,80,000. 1

Ans. (*c*) ₹ 54,70,000

PART—B

(Analysis of Financial Statements)

27. Statement I : Commission and Royalty received by a company will be recorded in cash flow statement under operating activity.

Statement II : Payment of Income tax is shown as an operating activity while preparing cash flow statement.

(*a*) Statement I is incorrect and Statement II is incorrect (*b*) Statement I is incorrect and Statement II is correct

(*c*) Both statements are correct (*d*) Both statements are incorrect. 1

Ans. (*c*) Both statements are correct.

Or

How will you treat payment of dividend in a cash flow statement ?

(*a*) Cash flow from operating activities (*b*) Cash flow from investing activities

(*c*) Cash flow from financing activities (*d*) Cash equivalents.

Ans. (*c*) Cash flow from financing activities.

28. Equity share Capital ₹ 20,00,000, Reserve ₹ 5,00,000. Debentures ₹ 10,00,000, current liabilities ₹ 8,00,000. Debt equity ratio will be :

(*a*) 4 : 1 (*b*) 32 : 1 (*c*) 72 : 1 (*d*) 5 : 1. 1

Ans. (*a*) 4 : 1.

29. Patents and copyrights fall under the category of :

(*a*) current assets (*b*) liquid assets (*c*) intangible assets (*d*) None of the above. 1

Ans. (*c*) intangible assets

Or

What will be the effect of cash withdrawn from bank for office use in cash flow statement ?

(*a*) Outflow of cash (*b*) Inflow of cash (*c*) No flow of cash (*d*) None of these.

Ans. (*a*) Outflow of cash.

30. The following information appear in the balance sheet of Honesty Ltd.

Particulars	Note No.	31.3.2024 (₹)	31.3.2023 (₹)
Equity Shares		6,00,000	4,00,000
10% Debentures		11,00,000	15,00,000
Bank Overdraft		40,000	25,000
Creditors		36,000	49,000

Additional Informations :

Debentures were redeemed on 30.9.2023 from the given imformation the cash flow from financing activity is :

(*a*) Inflow of cash ₹ 2,00,000 (*b*) Outflow of cash ₹ 3,30,000

(*c*) Outflow of cash ₹ 3,02,000 (*d*) Outflow of cash ₹ 3,15,000. 1

Ans. (*d*) Outflow of cash ₹ 3,15,000.

31. Under what heads the following items on the equity and liabilities side of the balance sheet of a company will be presented ?

(*i*) Proposed dividend **(*ii*) Public deposits**

(*iii*) Sinking fund **(*iv*) Mortgage loan**

(*v*) Securities premium (*vi*) Debit balance of statement of profit and loss 3

Ans.

Particulars Heads	Sub Head
(*i*) Proposed dividend : Current Liabilities	Short-term Provisions
(*ii*) Public deposits : Non-Current Liabilities	Long-term Borrowings
(*iii*) Sinking fund : Long term Investments	Other Investments
(*iv*) Mortgage Non-Current Liabilities	Long term Borrowings
(*v*) Securities Premium : Reserve and Surplus	Shareholders fund
(*vi*) Debit balance of statement of Profit and Loss : Reserve and surplus.	Shareholders Fund

32. Prepare comparative statement of profit and loss from the given information : 3

Particulars	31st March 2023 (₹)	31st March 2024 (₹)
Revenue from Operations	4,00,000	3,00,000
Other Income	80,000	40,000
Expenses–50% of Revenue from Operations		
Income Tax Rate	40%	40%

Ans. **Comparative Statement of Profit and Loss**

Particulars	31st March, 2023	31st March, 2024	Absolute Change	% age Change
I. Revenue from Operation	4,00,000	3,00,000	(1,00,000)	(25)
II. Other Income	80,000	40,000	(40,000)	(50)
III. Total Revenue (I + II)	4,80,000	3,40,000	(1,40,000)	(29.17)
Less : Expenses	(2,00,000)	(1,50,000)	(50,000	(25)
IV. Profit before Tax Less	2,80,000	1,90,000	(90,000)	(32.14)
Less Tax @ 40%	(1,12,000)	(76,000)	(36,000)	(32 + 4)
V. Profit after Tax	1,68,000	1,14,000	(54,000)	132.14

Or

Complete the Comparative Statement of Profit and Loss :

Particulars	2022-23	2023-24	Absolute change	% change
Revenue from Operations	**16,00,000**	**20,00,000**	**?**	**?**
Less : Employees Benefit Expenses	**8,00,000**	**?**	**?**	**25%**
Less : Other Expenses	**2,00,000**	**?**	**(1,00,000)**	**?**
Profit before tax	**6,00,000**	**?**	**?**	**50%**
Tax @ 30%	**?**	**?**	**90,000**	**?**
Profit after tax	**4,20,000**	**?**	**2,10,000**	**?**

Ans. **Comparative Statement of Profit and Loss**

Particular	2022-23	2023-24	Absolute Change	% age Change
Revenue from operation	16,00,000	20,00,000	4,00,000	25%
Less : Employees benefit Expenses Expenses	8,00,000	10,00,000	2,00,000	25%
Less : Other Expenses	2,00,000	1,00,000	(1,00,000)	50%
Profit before Tax	6,00,000	9,00,000	3,00,000	50%
Tax 30%	(1,80,000)	(2,70,000)	90,000	50%
Profit after Tax	4,20,000	6,30,000	2,10,000	50%

33. (*a*) Calculate debt to equity ratio :
Shareholders Funds = ₹ 2,00,000

Reserves and surplus = ₹ 1,00,000

Total debt = ₹ 4,00,000

Current liabilities = ₹ 1,00,000

(*b*) Y Ltd. has a Current Ratio of 3 : 5 : 1 and quick ratio of 2 : 1. If excess of current assets over quick assets represented by inventory is ₹ 48,000. Calculate current assets and current liabilities.

Ans. (*a*) Total debt = 4,00,000

Shareholder's Equity = Shareholder's fund + Reserve and surplus

Shareholder's Equity = 2,00,000 + 1,00,000

Shareholder's Equity = 3,00,000

$$\text{Debt to Equity Ratio} = \frac{4,00,000}{3,00,000} = 1.33$$

(*b*) Let the current Liabilities be X.
Then, the current assets are $3.5x$
The quick assets are $2x$
The inventory is the current assets minus the quick assets, so $18,000 = 3.5x - 2x$

$x = 16,000$

The current assets are

$3.5x = 3.5 \times 16,000 = 56,000$

Current assets = 56,000 and the current Liabilities are 16,000

34. Calculate cash flow from investing activities from the following information. 6

Particulars	**31.3.2024 (₹)**	**31.3.2023 (₹)**
Investment in Shares	**18,00,000**	**8,00,000**
12% long term Investment	**1,50,000**	**5,00,000**
Plant and Machinery	**6,00,000**	**4,00,000**
Goodwill	**1,20,000**	**40,000**

Additional Informations :

(*i*) 9% Dividend was received.

(*ii*) A machine costing ₹ 50,000 (depreciation provided thereon ₹ 15,000) was sold for ₹ 40,000. Depreciation charged during the year was ₹ 55,000.

Or

From the following Balance Sheet of Jay Ltd. as at 31st March 2017, Prepare Cash Flow Statement. Balance Sheet of Jay Ltd. as at 31.3.2024.

Particulars	**Note No.**	**31-3-2024 (₹)**	**31-3-2023 (₹)**
I. Equity and Liabilities			
1. Shareholders Funds :			
(*a*) Share Capital		**5,00,000**	**5,00,000**
(*b*) Reserve & Surplus	**1**	**1,00,000**	**25,000**
2. Non-Current Liabilities			
Long term Borrowings	**2**	**2,50,000**	**1,50,000**
3. Current Liabilities			
Short-term Borrowings	**3**	**1,50,000**	**1,10,000**
Short-term Provisions	**4**	**1,25,000**	**75,000**
Total		**1125,000**	**8,50,000**

II. Assets

1. Non-Current Assets :			
(a) Fixed Assets			
(*i*) Tangible	5	6,00,000	4,50,000
2. Current Assets :			
(*a*) Trade Receivables		2,75, 000	2,25,000
(*b*) Cash and Cash Equivalents		1,25,000	75,000
(*c*) Short-Term Loans and Advances		2,00,000	1,00,000
Total		11,25,000	8,00,000

Notes to Accounts

Note No.	Particulars	31.3.2024	31.3.2023
1.	Reserve and Surplus Surplus *i.e.* Balance in the statement of Profit & Loss	1,75,000	25,000
		1,75,000	25,000
2.	Long term Borrowings 10% Debentures	2,50,000	1,50,000
		2,50,000	1,50,000
3.	Short term Borrowings Bank Overdraft	1,50,000	1,00,000
		1,50,000	1,00,000
4.	Short term provisions Provision for tax	1,25,000	75,000
		1,25,000	75,000
5.	Tangible Assets	7,37,500	5,25,000
	Machinery	1,37,500	75,000
	Accumulated Deprecition	6,00,000	4,50,000
6.	Continguent Liabilities Proposed Dividend	75,000	50,000

Additional Information

₹ 1,00,000, 10% debentures were issued on 31.3.17.

Ans. Cash flow from Investing Activities

Particulars	Amt.
Sales of Plant and Machinery	40,000
Purchase of Plant and Machinery	(2,90,000)
Investment in Shares of Mibo Ltd.	(10,00,000)
Dividing received from Mibo Ltd. (Note 1) (9% on Rs. 8,00,000)	72,000
Sales of Long term Investment	3,50,000
Interest received on Investments (Note 1) (12% on Rs. 5,00,000)	60,000
Goodwill purchased	(80,000)
Net Cash used in Investing Activities	8,48,000

Or

Cash Flow Statement Balance Sheet of Joy Ltd as at 31.3.24

Particulars	Amt.	Amt.
(A) Cash Flow from operating Activities		
Closing balance of sulplus i.e.		
Statemet of Profit and Loss	1,00,000	
Less : Opening balance of surplus i.e.		
Statement of profit and Loss	(25,000)	
	1,25,000	
	1,25,000	
Add : Provision for Tax made	1,25,000	
Proposed divided paid as on 31st March 2016	50,000	
Net profit before Tax and extra ordinary items	3,00,000	
Add : Deprication charged during the years	62,500	
Interest paid on 10% debenture	15,000	
Net profit before workman C.	3,77,500	
Less : Increase in Trade Receivables	(50,000)	
Net Profit before Tax	3,27,500	
Less : Tax paid during the year	75,000	
Cash flow from operating Activities		2,52,500
(B) Cash flow from Investing Activities		
Purchases of Machinery	(2,12,500)	
Short-term Loan and advances given	(1,00,000)	
Cash used in Investing Activities		(3,12,500)
(C) Cash flow from financing activities		
Proceeds from issue of 10% debenture	1,00,000	
Increase in the bank overdraft	50,000	
Interest paid on debenture	(15,000)	
Proposed dividend paid	50,000	
Cash flow from financing activities		85,000
Net increase in cash and cash equil valent		25,000
Add : Cash and cash Equivalents at the beaning of the year		25,000
Cash and cash Equivalents at the end of the year		50,000

Holy Faith New Style Sample Paper–10 (Solved)

(Based on the Latest Design & Syllabus Issued by CBSE)

CLASS – 12th
ACCOUNTANCY

Time allowed : 3 Hours **Maximum Marks : 80**

General Instructions : Same as Holy Faith New Style Sample Paper–1.

PART—A

(Accounting for Partnership Firms and Companies)

Q. 1. Annu, Banu and Chanu are partners, Chanu has been given a guarantee of minimum profit of ₹8,000 by the firm. Firm suffered a loss of ₹ 5,000 during the year. Capital account of Banu will be .... by ₹ ....

(*a*) Credited ₹ 6,500 (*b*) Debited ₹ 6,500. (c) Credited ₹1,500 (*d*) Debited ₹1,500. 1

Ans. (*b*) Debited ₹ 6,500.

Q.2. Karim, Sanjana and Kajal are partners sharing profits in the ratio of 3 : 2 : 1. Their fixed capitals are Karim ₹ 1, 20,000, Sanjana ₹ 90,000 and Kajal ₹ 60,000 for the year 2023-24, interest was credited to them @ 6% p.a. instead of 5% p.a. Karim's A/c will be :

(*a*) Debited by ₹ 150 (*b*) Credited by ₹ 150 (*c*) Debited by ₹ 300. (*d*) Credited by ₹ 300. 1

Ans. (*a*) Debited by ₹ 150.

Q. 3. Z Ltd. forfeited 120 shares of ₹10 each, ₹ 9 called up issued at a premium of ₹ 4 per share to 'Manmohan' for non-payment of allotment money of ₹ 8 per share including premium. Out of these, 90 shares were re-issued to same as ₹9 called up for ₹12 per share. The amount credited to calls in arrears on forfeiture of shares will be :

(*a*) ₹ 1,080 (*b*) ₹ 960 (*c*) ₹ 480 (*d*) ₹ 1,200. 1

Ans. (*b*) ₹ 960.

Or

Pamella Ltd. over assets of ₹ 15,00,000 and liabilities of ₹ 7,50,000 from Trish Ltd. Pamella Ltd. paid the purchase consideration by issuing 10,000, 8% debentures of ₹ 50 each at a premium of 10% and accepting a cheque of ₹ 3,50,000. Purchase consideration was :

(*a*) ₹ 7,50,000 (*b*) ₹ 8,50,000 (*c*) ₹ 9,00,000 (*d*) ₹ 9,50,000.

Ans. (*c*) ₹ 9,00,000.

Q.4. X and Y are partners sharing profits and losses in the ratio of 3 : 2. Z was admitted for $\frac{1}{5}$th share and for this he brings ₹1,50,000 as capital. If capital are to be proportionate to profit sharing ratio, the respective capitals of the partners will be :

(*a*) ₹ 4,50,000, ₹ 3,00,000 ₹ 1,50,000 (*b*) ₹ 3, 60,000, ₹ 2,40,000, ₹ 1,50,000
(*c*) ₹ 1,50,000, ₹ 1,50,000, ₹1,50,000 (*d*) ₹ 1,50,000, ₹2,00,000, ₹ 4,00,000 1

Ans. (*a*) ₹ 4,50,000, ₹ 3,00,000 ₹ 1,50,000.

Or

X and Y were partners in a firm sharing profits and losses equally. Their capitals were ₹ 2,00,000 and ₹ 30000 respectively. Z was admitted as a new partner for 1/4th share in the profits of the firm. Z brought 2,00,000 as his capital. The goodwill of the firm was :

(*a*) ₹ 1,00,000 (*b*) ₹ 25,000 (*c*) ₹ 2,00,000 (*d*) ₹ 7,00,000.

Ans. (*a*) ₹ 1,00,000.

Q.5. Capital employed by a Partnership firm is ₹ 5,00,000. Its average profit is ₹ 60,000. The normal rate of return is similar type of business is 10%. The amount of super profit is :

(*a*) ₹ 50,000 (*b*) ₹ 10,000 (*c*) ₹ 6,000 (*d*) ₹ 56,000

Ans. (*b*) ₹ 10,000.

Q. 6. The value of net assets taken over from Mannat Ltd. was ₹ 6,80,000 for a purchase consideration of ₹ 6,00,000. The purchase price was paid by issue of shares of ₹ 100 each at par the excess of net assets over the purchase price was paid by issue of shares of ₹ 100 each at par. The excess of net assets over the purchase consideration will be :

(*a*) Credited to goodwill A/c (*b*) Debited to goodwill A/c

(*c*) Credited to capital reserve A/c (*d*) Credited to securities premium A/c. 1

Ans. (*a*) Credited to goodwill A/c.

Or

Rajan Limited forfeited 100 shares of ₹ 10 each issued at a premium of 20% for non-payment of first call of ₹ 3 per share and final call of ₹ 1 per share. The minimum price per share at which these shares can be reissued will be :

(*a*) ₹ 4 (*b*) ₹ 6 (*c*) ₹ 8 (*d*) ₹ 10.

Ans.(*c*) ₹ 8.

Q.7. If vendors are issued debentures of ₹ 80,000 in consideration of net assets of ₹ 1,00,000 the balance of ₹ 20,000 will be credited to :

(*a*) Statement of profit and loss (*b*) Goodwill account

(*c*) General reserve account (*d*) Capital reserve account. 1

Ans. (*d*) Capital reserve account.

Q. 8. An unrecorded asset of ₹ 55,000 was given to an unrecorded creditor of ₹ 50,000 in settlement of his claim of ₹ 40,000 discount. Realisation A/c will be :

(*a*) Debited by ₹ 50,000 (*b*) Debited by ₹ 9,000

(c) Credited by ₹ 1,000 (*d*) Credited by ₹ 9,000 1

Ans. (*a*) Debited by ₹ 50,000.

Or

In which condition a partnership firm is deemed to be dissolved ?

(*a*) On insolvency of a partner (*b*) On the death of partner

(c) On expiry of the period of partnership (*d*) On loss in partnership.

Ans. (*a*) On insolvency of a partner.

Q. 9.The average number of months for which interest on drawings done at the end of each quarter :

(*a*) 3.5 months (*b*) 4.5 months (*c*) 7.5 months (*d*) 6 months.

Ans. (*b*) 4.5 months.

Q. 10. On dissolution of a firm, debtors were ₹ 1,00,000 of these ₹10,000 became bad and the rest realised 60% which account will be debited and by how much amount ?

(*a*) Realisation account by ₹ 50,000 (*b*) Realisation account by ₹ 36,000

(*c*) Bank Account by ₹ 54,000 (*d*) Realisation account by ₹ 54,000 1

Ans. (*c*) Bank Account by ₹ 54,000.

Q. 11. Yuvraj is a partner in a firm Interest on drawings charged by the firm @ 9% p.a. amounts to ₹ 4,500 for the year ended 31st March 2023. How much amount he withdraw from the firm ?

(*a*) ₹ 40, 500 (*b*) ₹ 50,000 (*c*) ₹1,00,000 (*d*) ₹ 81,000 1

Ans. (*c*) ₹1,00,000.

Or

Ashima and Purnima are partners. Ashima draws a fixed amount at the beginning of every month. Interest is charged @ 8% p.a. At the end of the year, interest on Ashima's drawings amounted to ₹ 1,820. Monthly drawings of Ashima was :

(*a*) ₹ 3,400 (*b*) ₹ 3,700 (*c*) ₹ 3,500 (*d*) ₹ 5,000.

Ans. (*c*) ₹ 3,500.

Q. 12. An issued of shares that is not a public issue but offered to a selected group of person is called :

(*a*) Public Offer (*b*) Private placement

(*c*) Initial Public Offer (*d*) Preferential Allotment. 1

Ans. (*b*) Private placement.

Q. 13. A company forfeited 3,000 shares of ₹ 10 each, on which only ₹ 5 per share (Including ₹ 1 premium) has been paid out of these few shares were reissued at a discount of ₹1 per share and ₹ 6,000 were transferred to capital resereve. How many shares were re-issued ?

(*a*) 3,000 shares (*b*) 1,000 shares (*c*) 2,000 shares (*d*) 1, 500 shares. 1

Ans. (*d*) 1, 500 shares.

Q.14. Vinay, Samar and Ravi were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April 2021. Their balance sheet on that date showed a balance of ₹ 90,000 in advertisement suspense account. The amount to be debited to the partners capital accounts at the time of writing-off advertisement suspense account.

(*a*) ₹ 36,000, ₹ 36,000 and ₹ 18,000 (*b*) ₹ 30,000, ₹ 30,000 and ₹ 30,000

(*c*) ₹ 42,000, ₹ 30,000 and ₹ 18,000. (*d*) ₹45,000, ₹ 45,000 and Nil. 1

Ans. (*a*) ₹ 36,000, ₹ 36,000 and ₹ 18,000.

Q. 15. Gauri and Jaanya are partners sharing profits in the ratio of 2 : 1. They admit Sara for 1/5th share in future profits at the time of admission, Gauri's capital was ₹1,02,000 and Jaanya's capital was ₹73,000. Sara brings ₹ 25,000 as her share of goodwill and she agress to contribute proportional capital of the new firm. How much capital will be brought by Sara ?

(*a*) ₹ 43,750 (*b*) ₹ 37,500 (*c*) ₹ 50,000 (*d*) ₹ 40,000. 1

Ans. (*d*) ₹ 40,000.

Q. 16. A and B are Partners sharing profits in the ratio of 2 : 1. They admit C into the partnership for $\frac{1}{4}$th share in profit for which he brings ₹ 20,000 as his share of Capital. Hence the adjusted Capitals of A and B will be :

(*a*) ₹ 40,000 and ₹ 20,000 respectively (*b*) ₹ 32,000 and ₹ 16,000 respectively

(*c*) ₹ 60,000 and ₹ 30,000 respectively (*d*) ₹ 20,000 and ₹ 40,000 respectively. 1

Ans. (*a*) ₹ 40,000 and ₹ 20,000 respectively.

Q. 17. Ram and Shyam were partners in a firm sharing profit and loss in the ratio of 2 : 3 their firm was dissolved and the balance sheet was as follows at the time of dissolution.

Liabilites		(₹)	Assets	(₹)
Creditors		65,000	Goodwill	10,000
			Land	12,000
Bills Payable		35,000	Machinery	65,000
			Stock	25,000
Capitals			Debtors	20,000
Ram :	75,000		Bank	10,000
Shyam :	75,000	1,50,000		
		2,50,000		2,50,000

Ram Paid the creditors at a discount of 15% and Shyam paid Bills payable in full. Assets realised as follows :

Land at 20% less : Machinery at ₹ 35,000, stock at 25% less and Debtors at 12500. Realisation expense ₹ 1750 were paid by Shyam.

Prepare Realisation Account. 3

Ans. **Realisation A/c**

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Goodwill A/c	10,000	By Creditors	65,000
To Land	12,000	By Bills Payable	35,000
To Machinery	65,000		
To Stock	25,000		
To Debtors	20,000	By Bank A/c (Assets realised)	
To Ram's Capital A/c (Creditors)	55,250	Land	9600
		Machinery	35,000
To Shyam's Capital A/c (Bills Payable)	35,000	Stock	18,750
		Debtors	12,500
To Bank A/c (Expenses)	1,750	By loss on realisation	48,150
		Ram : 32,100	
		Shyam : 16,050	
	2,24,000		2,24,000

Q. 18. At the time of reconstitution average profit of a firm during the last few years are ₹ 80,000 and the normal rate of return in a similar business is 10%. If the goodwill of the firm is ₹ 1,00,000 at 4 years purchase of super profit find the average Capital employed ?

Ans. (a) Good will = ₹10,0000

Super profit = $\frac{1,00,000}{4}$ = 25,000

Normal profit = 80,000 – 25,000 = 55,000

Capital Employed = 55,000 × $\frac{100}{10}$ = ₹ 5,50,000

Or

Anil and Kunal were partners in a firm. Their capital were Anil ₹ 4,00,000 and Kunal ₹ 3,00,000. During the year ended 31st March 2023 the firm earned a profit of ₹ 1,50,000. Assuming that the normal rate of return is 15%, Calculate the value of goodwill of the firm by :

(*a*) Capitalisation of Average Profit Method.

(*b*) Super Profit method if the goodwill is valued at 2 year's purchase of Super Profit.

Ans. (*a*) Capital employed = Anil's Capital + Kunal Capital

= 4,00,000 + 3,00,000

= + 50,000 = 7,50,000

Capitalised value of firm = Average profit × $\frac{100}{Rate}$

= 80,000 × $\frac{100}{10}$ = ₹ 8,00,000

Goodwill = 8,00,000 – 7,50,000

= ₹ 50,000.

(b) Capital employed = 7,50,000

Normal profit = 7,50,000 × $\frac{10}{100}$ = 75,000

Super profit = 80,000 – 75,000

= ₹ 5,000

Goodwill = 5,000 × 2 = ₹10,000

Q.19. Lotus Ltd. made the allotment of ₹3 per share on its 40,000 equity shares. Radha a share holder, holding 700 shares paid the First call money alongwith the Allotment money while Sheela another shareholder failed to pay the allotment and First Call money on her 400 shares, The first call amount was ₹ 4 per share. Pass the necessary journal entries for Allotment and First call using the calls-in Arrear Account and calls-in Advance Account. 3

Ans. **Journal**

Date	Particulars		L.F.	Debit	Credit
(*i*)	Share Allotment A/c	Dr.		1,20,000	
	To Share Capital A/c				1,20,000
	(Being share allotment money)				
(*ii*)	Bank A/c	Dr.		1,21,600	
	Calls in Arrears A/c	Dr.		1,200	
	To Share Allotment A/c				
	(700 × 4) To Calls in Advance A/c				1,20,000
	(For receivers money of allotment)				2,800
(*iii*)	Share First Call A/c	Dr.		1,60,000	
	To Share Capital A/c				1,60,000
	(Being first call money due)				
(*iv*)	Bank A/c	Dr.		1,55,600	
	Call in Advance A/c	Dr.		2,800	
	Call in Arrears A/c	Dr.		1,600	
	To Share first call A/c				1,60,000
	(Being call money received)				

Or

On 1st April, 2023 PSPL Ltd. Issued ₹ 50,00,000, 9% debenture of ₹ 100 each at 7% discount redeemable after 3 year at a premium of 6%. It has a balance in securities premium of ₹ 2,40,000 and General Reserve of ₹ 1,90,000. Show Loss on Issue of Debentures Account.

Ans. **Loss on Issue of Debentures**

Dr. **Cr.**

Date	Particulars	Amount	Date	Particulars	Amount
2022 April 1	To 9% debentures	3,50,000	2023 Mar. 31	By Securities Premium	2,40,000
April 1	To Premium Redemption of Debenture A/c	3,00,000	Mar. 31	By Statement of Profit & Loss A/c (Bal. Fig.)	4,10,000
		6,50,000			6,50,000

Q. 20. X, Y and Z were partners in a firm sharing profits and losses in the ratio 3 : 2 : 1. Their capital were ₹ 90,000, ₹ 80,000 and ₹ 60,000 respectively. Z retired on 1st April 2024. Goodwill of the firm was valued at ₹ 60,000. Profit on revaluation was ₹ 18,000.
After all adjustments, Z was paid his dues with the amount brought in by A and C in a manner that their capitals are in proportion to their New profit sharing ratio of 3 : 2. Prepare partnerscapital Accounts. 3

Ans. **Partner's Capital A/c**

Dr. **Cr.**

Particulars	X	Y	Z	Particulars	X	Y	Z
				By Balance b/d	90,000	80,000	60,000
To CashA/c		12,000		By Revaluation A/c	9,000	6,000	3,000
To balance A/c	1,11,000	74,000	63,000	By Cash A/c	12,000		
	1,11,000	86,000	63,000		1,11,000	86,000	63,000

Capital proportion = 99,000 + 86,000 = 1,85,000
1,85,000 in 3 : 2 = × = 11,10,000. Y Rs. 74,000
Gaining Ratio = 3 : 2.

Q. 21. Vinod Ltd. purchased Furniture of ₹ 15,00,000 From Y Ltd. and paid 20% of the amount by accepting a bill of exchange in favour of Satish Ltd. The remaining amount was paid by issuing equity shares of ₹ 100 each at a premium of 25% to Satish Ltd.
Pass necessary Journal Entries. 4

Ans.

Date	Particulars		LF	Amt. Dr.	Amt. Cr.
(*i*)	Furniture Account	Dr		15,00,000	
	To Satish Ltd. A/c				15,00,000
	(Being furniture purchased from y Ltd.)				
(ii)	Satish Ltd. A/c	Dr.		3,00,000	
	To Bills Payable A/c				3,00,000
	(Being accepting a bill of charge)				
(iii)	Satish Ltd.			12,00,000	
	To Share Capital A/c				9,60,000
	To Securities premium A/c				2,40,000
	Being Shares issue at premium)				

Q. 22. P, Q, and R were partners sharing profit & Loss in the ratio 5 : 3 : 2. A died on 30th June. 2024. Entry for treatment of goodwill after his death was passed as follows : 4

Date	Particulars		Dr. (₹)	Cr. (₹)
	B's Capital A/c	Dr.	1,80,000	
	C's Capital A/c	Dr.	1,20,000	
	To A's Capital A/c			3,00,000
	(Entry for goodwill treatment passed at the time of death)			

A's profit till date of death was estimated as ₹ 1,20,000 based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as ₹ 8,40,000 out of which ₹ 2,40,000 was paid immediately by giving him furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30 June, 2025 together with interest rate as specified in section 37 of Indian partnership Act, 1932.

Pass necessary entry for profit, share to be credited to A's Capital and A's executors Account.

Ans. **Journal**

Date	Particulars		LF	Amt. Dr.	Amt. Cr.
2020 June 30	Profit and Loss Suspense A/c	Dr.		1,20,000	
	To A's Capital A/c				1,20,000
	(Being share of profit provided till the date of his death)				

A's Executor's

Dr. **Cr.**

Date	Particulars	LF	Amount	Date	Particulars	Amount
2020	To Furniture A/c		24,0000	2020 June 30,2021	By A's Capital	8,40,000
June 30	To Balance C/d		6,27,000	Mar. 31	By Interest A/c $(600000 \times \frac{6}{100} \times \frac{9}{12})$	27,000
			8,67,000			8,67,000
2021 June 30	To Bank A/c (20,0000+ 27,000+9000)		2,36,000			
2022 Mar. 31	To Balance C/d		4,18,000	2021 Apr. 1	ByBalance b/d	6,27,000
6,27,000				June 30	By Interest A/c $(6,00,000 \times \frac{6}{100} \times \frac{3}{12})$	9,000
				2022 Mar. 31	By Interest $(4,00,000 \times \frac{6}{100} \times \frac{9}{12})$	18,000
			6,54,000			6,54,000
2022 June 30	To Bank A/c (20,0000+ 18,000+6000)		2,24,000	2022 April 1	By Balance b/d	4,18,000
				June 30	By Interest A/c $(40,0000 \times \frac{6}{100} \times \frac{3}{12})$	6000
2023 Mar. 31	To Balance C/d		2,09,000	2023 Mar. 31	By Interest A/c $\left(2,00,000 \times \frac{6}{100} \times \frac{9}{12}\right)$	9,000
			4,33,000			4,33,000
2023 June 30	To Bank A/c (2,00,000 + 9,000 +3,000)		2,12,000	April.1	By Balance b/d	2,09,000
				June 30	By Interest A/c $\left(2,00,000 \times \frac{6}{100} \times \frac{9}{12}\right)$	3,000
			2,12,000			2,12,000

Q. 23. ATUL Ltd. was registered with an authorised capital of 2,00,000 equity shares of ₹ 100 each. The company offer 60,000 shares for public subscription at 25%. The share was payable as ₹40 on application and balance on allotment with premium. Public had applied for 85,000 shares. Pro-rata allotment was made in the ratio of 5 : 4 and remaining applications were sent letters of regret.

Mr. Anuj holding 4000 shares failed to pay allotment money and his shares were forfeited. Out of these 3,000 shares were re-issued at a discount of ₹ 20 per share. Pass necessary entries in the books of ATUL Ltd. **6**

Ans. **Journal Entries**

Date	Paricular		LF	Debit ₹	Credit ₹
1.	Bank A/c	Dr.		34,00,000	
	To Equity share Application A/c				34,00,000
	(Application money received on 85,000 shares)				
2.	Equity share Application A/c	Dr.		34,00,000	
	To Equity share Capital A/c				24,00,000
	To Equity share Allotment A/c				6,00,000
	To Bank A/c				4,00,000
	(Application money transferred to share capital share allotment and refunded)				
3.	Equity share Allotment A/c	Dr.		51,00,000	
	To Equity share Capital A/c				36,00,000
	To Securities Premium A/c				15,00,000
	(Allotment due on 60,000 share with premium)				
4.	Bank A/c	Dr.		42,00,000	
	Calls in Arrears A/c	Dr.		3,00,000	
	To Equity share Allotment A/c				45,00,000
	(Allotment received on 56,000 shares)				
5.	Equity Share Capital A/c	– Dr.		4,00,000	
	Securities Premium A/c	– Dr.		1,00,000	
	To Share forfeitedA/c				2,00,000
	To calls in Arrears A/c				3,00,000
	(4,000 shares forfeited A/c non-payment of allotment money)				
6.	Bank A/c–	Dr.		2,40,000	
	Share Forfeited A/c –	Dr.		60,000	
	To Equity share Capital A/c				3,00,000
	(3,000 share re-issued @ 80 per share)				

Or

Swaraj Ltd. issued ₹ 1,00,000 7% debentures of ₹ 100 each at a discount of 7% redeemable at a premium of 10% in three equal annual instalments. The first redemption of debentures is made at the end of second year. The amount of debentures were payable as ₹ 65 on application and balance on allotment.

All the debentures were applied and allotted in full. **6**

(*i*) Give the necessary Journal entries at the time of issue of debentures.

(*ii*) Prepare Loss on Issue of debentures account.

Journal

Date	Particulars		LF	Dr.	Cr.
(*i*)	BankA/c (10000 × 65) Dr To Debenture Application A/c (Being Application amount received on 10,000 debentures)			6,50,000	6,50,000
(*ii*)	Debenture Application A/c Dr. To 7% Debenture A/c (Being Application money transferred to debentures account)			6,50,000	6,50,000
(*iii*)	Debenture Allotment A/c Dr. Loss on issue of Debenture A/c Dr. (70000 + 100000) (10000 × 35) To 7% Debentures A/c To Premium Redemption of Debentures A/c (Being allotment of debentures issue at discount and redeemable at premium)			28,0000 17,0000	3,50,000 1,00,000
	BankA/c Dr. To Debentures AllotmentA/c (Being allotment money received)			2,80,000	2,80,000

Loss on Issue of debentures

Dr. **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To 7% debentures	70,000	By Statement of Profit and Loss A/c	1,70,000
To Premium on Redemption of debentures A/c	1,00,000		
	1,70,000		1,70,000

Q. 24. A, B and C were partners in a firm sharing profits in the ratio of 3 : 2 : 1 respectively. On March 31st 2023, the balance sheet of the firm stood as follows : 6

Balance Sheet

Liabilities		(₹)	Assets	(₹)
Creditors		13,000	Cash	47,00
Bills Payable		590	Debtors	8,000
Capital A/cs			Stock	11,690
A :	15000		Building	23,000
B :	10000		Profit and Loss A/c	1,200
C :	10,000	35,000		
		48,590		48,590

B Retire on the above mentioned date on the following terms :

(*i*) Building to be appreciated by ₹ 7,000

(*ii*) A provision for doubtful debts to be made @ 5% on debtors

(*iii*) Goodwill of the firm is valued at ₹ 18,000.

(*iv*) ₹ 2,800 was to be paid to Q immediately and the balance in his capital account to be transferred to his loan account carrying interest as per agreement.

(*v*) Remaining partner decided to maintain equal capital balances, by cash for surplus or deficit.

Prepare Revaluation account and Partner's Capital accounts and Balance Sheet.

Ans. **Revaluation A/c**

Dr. **Cr.**

Particulars	**Amt.**	**Particulars**	**Amt.**
To Brovision for Doutful Debts	400	Revaluation A/c	7,000
To Partner's Capital A/c			
A 3,300			
B ~~2,200~~			
C 1,100	6,600		
	7,000		7,000

Partner's Capital A/c

Dr. **Cr.**

Particulars	**A**	**B**	**C**	**Particulars**	**A**	**B**	**C**
To Goodwill	13,500	–	4,500	By Balance b/d	15,000	10,000	10,000
To Profit & Loss A/c	6,00	4,00	2,00	By Revaluation A/c	3,300	2,200,	1,100
To Cash		2,800					
To B's Loan A/c		1,500		By Goodwill A/c	9,000	6,000	3,000
To Balance A/c	13,200	–	9,400				
	27,300	18,200	14,100		27,300	18,200	14,100
To A's Current A/c	1900	–	–	By Balance b/d	13,200	–	9400
To Balance A/c	11,300	–	11,300	By C's current A/c	–	–	1,900
(13,200 + 9,400 = 22,600)							
in (1:1)	13,200	–	11,300		13,200		11,300

Or

Sonu and Rajat started a partnership firm on 1st April 2017 they contributed ₹ 8,00,000 and ₹ 6,00,000 respectively their capital and decided to share profit and losses in the ratio of 3 : 2 The partnership deed provided that Sonu was to be paid a salary of ₹ 20,000 per month and Rajat get a commission of 5% on turnover. It also provided that interest on Capital be allowed @ 8% p.a. Sonu withdrew ₹ 20,000 on 1st December 2017 and Rajat withdrew ₹ 5,000 at the end of each month. Interest on drawing was charged @ 6%. The net profit as per profit and loss a/c for the year ended 31st March 2018 was ₹ 4,89,950. The turnover of the firm for the year ended 31st March, 2018 amounted to ₹ 20,00,000.

Pass necessary jounral Entries for the above in the books of Sonu and Rajat.

Ans.

Date	**Particulars**	**L.F.**	**Dr.**	**Cr.**
2018	Profit and Loss Appropriation A/c		2,40,000	
31st Mar.	To Sonu's Capital A/c			2,40,000
	(Being salary for the year payable to Sonu)			
,,	Profit & Loss Appropriation A/c Dr.		1,00,000	
	To Rajat's Commision A/c			1,00,000
	(Being Commission on turnover@ 5%. to Rajat)			
,,	Profit & Loss Appropriation A/c Dr.		1,12,000	
	To Sonu's Capital A/c			64,000
	To Rajat's Capital A/c			48,000
	(Being Interest on capital paid @ 8% p.a)			
,,	Sonu's Capital A/c Dr.		4,00	
	Rajat's Capital A/c Dr.		1,650	
	To Profit & Loss Appropriation A/c			2,050
	(Being interest on drawings of partners charged @ 6% p.a.			
	Profit & Loss Appropriation A/c Dr.		40,000	
	To Sonu's Capital A/c			24,000
	To Rajat's Capital A/c			16,000
	(Being divisible profit in 3 : 2 distributed)			

Q. 25. Pass necessary Journal entries on the dissolution of a partnership firm in the following cases :

(*i*) Dissolution expenses were ₹ 800.

(*ii*) Dissolution expenses ₹ 800 were paid by Parth, a partner

(*iii*) Geeta a partner was appointed to look after the dissolution work for which she was allowed a remuneration of ₹ 10,000. Geeta agreed to bear the dissolution expenses. Actual dissolution expenses ₹ 9,500 were paid by Geeta.

(*iv*) Janki, a partner agreed to look after the dissolution work for a commission of ₹ 5,000. Janki agreed to bear the dissolution expenses. Actual dissolution expenses ₹ 5,500 were paid by Mohan, another partner on behalf of Janki.

(*v*) A partner Kavita agreed to look after the dissolution process for a commission of ₹ 9,000. She also agreed to bear the dissolution expenses. Kavita took over furniture of ₹ 9,000 for her commission. Furniture had already been transferred to realisation account.

(*vi*) A debtor, Ravinder for ₹ 19,000 agreed to pay the dissolution expenses which were ₹ 18,000 in full settlement of his debt. 6

Ans.

Date	Particulars	F.	Dr.	Cr.
(*i*)	Realisation A/c Dr. To Bank A/c (Being realisation expenses paid)		800	 800
(*ii*)	Realisation A/c Dr. To Parth's Capital A/c (Being realisation expenses paid by Parth)		800	 800
(*iii*)	Realisation A/c Dr. To Geeta's Capital A/c (Being remuneration allowed to Geeta and dissolution expenses paid)		10,000	 10,000
(*iv*)	Realisation A/c Dr. To Janki's Capital A/c (Being remuneration due to Janki)		5,000	 5,000
	Janki's Capital A/c Dr. To Mohan's Capital A/c (Being dissolution expenses paid by Mohan)		5,500	 5,500
(*v*)	Realisation A/c Dr. To Kavita's Capital A/c (Being realisation expenses paid by Kavita)		9,000	 9,000
	Kavita Capital A/c Dr. To Realisation A/c (Being Kavita look over furniture)		9,000	 9,000
(*vi*)	No Entry			

26.

		Note No.	2023	2024	
	Equity & Liabilities				
	—Shareholders Funds				
	—Share Capital	**1**	**22,45,000**	**27,45,000**	
	—Reserve & Surplus		**2**	**1,00,000**	**1,80,000**
	Notes to Accounts				
	Note No. 1 (For the year evolving 31 March 2023)				
	Share Capital				
	—Authorised Share Capital				
	4,00,000 Equity share of ₹ 10 each			**40,00,000**	
	—Issued Share Capital			**(22,50,000)**	**22,50,000**
	2,25,000 Equity Share of ₹ 10 each				
	—Subscribed Share Capital				
	(*a*) Subscribed and Fully paid up				
	2,22,500 Equity Share of ₹ 10		**22,25,000**		
	(*b*) Subscribed and Not Fully paid up				
	2,500 Equity Share of ₹ 10	**25,000**			
	Less Calls in Arrear @ ₹ 2	**— 5,000**	**20,000**	~~**22,45,000**~~	
	Note No. 1 (For the year ending 31 March 2024)				
	Share Capital				
	—Authorised Share Capital				
	4,00,000 Equity Share of ₹ 10 each			**40,00,000**	
	—Issued Share Capital				
	2,75,000 Equity Share of ₹ 10 each			**27,50,000**	
	(Issued to Vendors 20,000 shares of ₹ 10 each for Assets purchased)				
	—Subscribed Share Capital				
	(*a*) Subscribed & fully paid				
	2,72,500 Share of ₹ 10		**27,25,000**		
	—Subscribed and Not fully paid up				
	2,500 shares of ₹ 10 each	**25,000**			
	Less calls in Arrears @ ₹ 2	**– 500**	**20,000**	**27,45,000**	

Note 2 Reserve & Surplus

	2023	2024
Capital Reserve	**—**	**20,000**
Securities Premium	**1,00,000**	**1,60,000**

During the year company took over the business of Y Ltd. with Assets of ₹ 6,00,000 and liabilities of ₹ 3,65,000 by Issue of Equity shares at par. The entire transaction resulted in Capital Reserve of ₹ 20,000.

Answer the following

(*a*) What was the total face value of shares issued by the company during the year 2023-24 ?
(*i*) 5,00,000 (*ii*) 3,00,000 (*iii*) 4,75,000 (*iv*) 5,60,000.

Ans. (*i*) 5,00,000

(*b*) Share issued for Cash during the year were issued at .... (assuming they were issued together).
(*i*) ₹ 10 (*ii*) ₹ 8 (*iii*) ₹ 12 (*iv*) ₹ 11-20.

Ans. (*iii*) ₹ 12

(*c*) On 1 April 2024 the company forfeited all the defaulting shares. What amount will appear in the share forfeiture account at the time of forfeiture ?
(*i*) 20,000 (*ii*) 25,000 (*iii*) 5,000 (*iv*) 30,000.

Ans. (*i*) 20,000

(*d*) What will be the number of Shares reissued, as on 1 April 2024 after the forfeiture ?
(*i*) 2,77,500 (*ii*) 2,75,000 (*iii*) 2,22,500 (*iv*) 2,52,500.
Ans. (*ii*) 2,75,000
(*e*) If 1000 of the forfeited shares were issued at ₹ 14 per shares. What will be the amount of securities premium and capital reserve respectively on April 1, 2024 ?
(*i*) 1,60,000 & 20,000 (*ii*) 1,64,000 & 28,000 (*iii*) 1,64,000 & 40,000 (*iv*) 1,60,000 & 40,000.
Ans.(*ii*) 1,64,000 & 28,000
(*f*) What will be the amount of subscribed & fully paid after the reissue of these 1000 shares ?
(*i*) 27,25,000 (*ii*) 27,50,000 (*iii*) 27,35,000 (*iv*) 27,40,000.
Ans. (*iii*) 27,35,000

PART—B

(Analysis of Financial Statements)

Q. 27. Which analysis is based only on one year's data ?
(*a*) Cash flow statement (*b*) Dividend analysis
(*c*) Vertical analysis (*d*) Horizontal analysis. 1
Ans. (*c*) Vertical analysis.

Or

Long term debts ₹ 3,00,000, current liabilities ₹ 2,00,000, long term provisions ₹ 1,00,000, Non-Current assets ₹ 8,00,000, Current assets ₹ 4,00,000.
Total assets to debt ratio will be :
(*a*) 1 : 1. (*b*) 2 : 1 (*c*) 3 : 1 (*d*) 4 : 1.
Ans.(*c*) 3 : 1.
Q. 28. If debt equity ratio exceeds ...., it indicates risky position.
(*a*) 1 : 1 (*b*) 2 : 1 (*c*) 1 : 2 (*d*) 3 : 1. 1
Ans. (*b*) 2 : 1.
Q. 29. Statement I : Sale of marketable securities will result in no flow of cash.
Statement II : Debentures issued as collateral security will result in inflow of cash.
(*a*) Statement I is correct and statement II is incorrect
(*b*) Statement I is incorrect and statement II is correct
(*c*) Both statements are correct
(*d*) Both statements are in correct.
Ans. (*a*) Statement I is correct and statement II is incorrect 1

Or

How will you classify loans given by finance company ?
(*a*) Cash flow from operating activities (*b*) Cash flow from Investing activities
(*c*) Cash flow from financing activities (*d*) No cash flow.
Ans. (*c*) Cash flow from financing activities.
30. **Balance Sheet**

Equity and liabilities	**31.3.2019**	**31.3.2022**
12% Debentures	2,00,000	1,60,000

Additional Informations :
Interest on debentures is paid on half yearly basis on 30th september and 31st March every year.
Debentures were redeemed on 30 september 2019.
How much amount will be shown in Financing Activity for Cash flow statement prepared on 31st March 2020 ?
(*a*) Outflow ₹ 40,000 (*b*) Inflow ₹ 42,600 (*c*) Outflow ₹ 61,600 (*d*) Outflow ₹ 64,000. 1
Ans. (*b*) Inflow ₹ 42,600.
31. Classify Major heads and sub-heads in the Balance Sheet of a company as per the schedule III of the companies Act 2013. Government securities, Trade mark, Motor vehicles. 3
Ans.

Particulars	**Head**	**Sub-head**
1. Government Securities	Non-current Assets	Non-current Investment
2. Trademark	Non-current Assets	Plant & Equipment
3. Motor Vehicles	Non-current Assets	Property, Plant & Equipment

Q. 32. Following are the Balance Sheet of Shilpa Ltd. You are required to prepare comparative Balance Sheet. **3**

Shilpa Ltd.
Balance Sheet as at 31st March

Particulars	Note No	31.3.2023	31.3.2022
I. Equity And Liabilities			
(1) Shareholder's Funds.			
(*a*) Share Capital		**5,00,000**	**3,00,000**
(*b*) Reserves and Surplus		**1,00,000**	**1,00,000**
(2) Non-Current Liabilities			
Long term Borrowings		**2,40,000**	**80,000**
(3) Current Liabilities			
Trade Payables		**60,000**	**1,20,000**
		9,00,000	**6,00,000**
II. Assets :			
(1) Non-Current Assets			
Property, Plant and Equipments and Intangible Assets		**6,80,000**	**4,00,000**
(2) Current Assets			
(*a*) Trade Receivables		**1,80,000**	**1,50,000**
(*b*) Cash and Cash Equivalents		**40,000**	**50,000**
		9,00,000	**6,00,000**

Ans. **Comparative Balance Sheet**

Particulars	31.3.2022	31.3.2023	Increase or Decrease	% Inc/Dec.
I. Equity and Liabilities				
(1) Share Holders's funds				
(a) Share Capital	3,00,000	5,00,000	2,00,000	66.67
(b) Reserve Surplus	1,00,000	1,00,000	–	–
(2) Non-Current Liabilities				
Long term Borrowings	80,000	2,40,000	1,60,000	2,00
(3) Current Liabilities				
Trade payable	1,20,000	60,000	(60,000)	(50)
Total	6,00,000	9,00,000	3,00,000	50
II. Assets				
(1) Non-Current Assets				
Property, Plant & Eqipment Intangible Assets	4,00,000	6,80,000	2,80,000	70
(2) Current Assets				
(*a*) Trade Receivable	1,50,000	1,80,000	30,000	20
(*b*) Cash & Cash Equivalents	50,000	40,000	(10,000)	(20)
Total	6,00,000	9,00,000	3,00,000	50

Q. 33. Calculate Gross profit ratio:

(a) **Credit Revenue from operations ₹ 2,00,000. Cash Revenue from operations (Being $33\frac{1}{3}\%$ of total revenue from operations) Purchases ₹ 2,25000, Carriage Inwards ₹ 25,000; Excess of closing Inventory over opening Inventory ₹ 10,000.** 4

(b) Calculate total assets to debt ratio.

Shareholder's funds ₹ 32,00,000; Total debts ₹ 24,00,000; Reserve and Surplus ₹ 12,00,000, trade payables ₹ 5,60,000, Bank overdraft ₹ 40,000.

Ans. Gross Profit Ratio $= \frac{\text{Gross Proft}}{\text{Net Sales}} \times 100 = \frac{60,000}{3,00,000} \times 100 = 20\%$

Total Revenue of operation = Cash Revenue + Credit Revenue

$$x = \frac{1}{3}x + 2,00,000$$

$$x - \frac{1}{3}x = 2,00,000$$

$$\frac{2x}{3} = 2,00,000$$

$$x = \frac{3 \times 2,00,000}{2}$$

Revenue from operation = 3,00,000

COGS = Purchases + Carriage Inward– excess of closing Inventory over opening Inventory

= 2,25,000 + 25,000 – 10,000

COGS = 2,40,000

COGS = Sales – GP

2,40,000 = 3,00,000 – GP

GP = 60,000.

(*b*) Total Assets of Debt Ratio $= \frac{\text{Total Assets}}{\text{Debt}}$

Total Debt = Long term Debt + Current liabilities

24,00,000 = Long term Debt + 6,00,000

Long term Debt = 1,80,000

Total Assets = Shareholder's funds + Total Debts

= 32,00,000 + 24,00,000

= 56,00,000.

Total Assets to Debt Ratio $= \frac{56,00,000}{18,00,000} = 3 : 11 : 1.$

Q. 34. (*a*) From the following balance sheet of Surya Ltd. prepare cash flow from financing activities for the year ended 31st March 2023. 6

Particulars	Note No.	31.3.2023	31.3.2022
I. Equity And Liabilities			
1. Shareholder's Funds			
(*a*) Share Capital		4,50,000	3,80,000
(*b*) Reserve and Surplus	1	2,06,000	1,74,000
2. Non-Current Liabilities			
Long term Borrowings	2	75,000	50,000
3. Current Liabilities		50,000	20,000
(*a*) Short term Borrowings	3	50,000	20,000
(*b*) Trade Payables	4	43,000	42,000
Total		8,24,000	6,66,000
II. Assets :			
1. Non- Current Assets :			
(*a*) Property Plant and Equipment and Intangible assets			
(*i*) Property, Plant & Equipment (Machinery)		2,10,000	1,75,000
(*b*) Non-Current Investments		40,000	25,000
2. Current assets :			
(*a*) Inventory		3,00,000	2,80,000
(*b*) Trade Receivables		2,44,000	1,52,000
(*c*) Cash and Bank Balance		30,000	34,000
Total		8,24,000	6,66,000

Notes

			31.3.2022	31.3.2023
1.	Reserve and Surplus			
	General Reserve		1, 40,000	1.00,000
	Profit and Loss Balance		66,000	74,000
			2,06,000	1,74,000
2.	Long term Borrowings			
	10% Public Deposits		75,000	50,000
3.	Short term Borrowings			
	Cash Credit		50,000	20,000
4.	Trade Payables;			
	Sundry Creditors		35,000	28,000
	Bill Payables		8,000	14,000
			43,000	42,000

Additional Informations :

1. A new machinery was purchased for ₹ 50,000 during the year.

2. Non-current Investments costing ₹ 25,000 were sold at a loss of ₹ 3,000 at the end of the year.

3. Rate of Interest on non-current Investment @ 12% p.a.

(*b*) From the following particulars, calculate cash from Investing activities :

Particulars	Opening Balances	Closing Balances
Plants & Machinery (at cost)	**8,00,000**	**7,60,000**
Accumulated Depreciation	**2,70,000**	**3,15,000**
Patents	**3,20,000**	**2,10,000**
Goodwill	**1,50,000**	**1,20,000**

Additional Informations :
During the year :
(*i*) Depreciation charged on Plant and Machinery ₹ 80,000.
(*ii*) A Machine having a book value of ₹ 1,40,000 was sold for ₹ 1,50,000.
(*iii*) Patents having a book value of ₹ 60,000 were sold for ₹ 45,000.

Ans. **Cash flow from financing Activities**

Particulars	Details (₹)	Amt (₹)
Issue of Share Capital	70,000	
Receipt from Public Deposits	25,000	
Interest paid	(5,000)	
Increase in cash credit	30,000	
Cash flow from financing activities		1,20,000

(*b*) Cash flow from investing Activities

Particulars	Details (₹)	Amt (₹)
Sale of Machinery A/c	1,50,000	
Purchase of Machinery A/c	(1,35,000)	
Sale of patents	45,000	
Cash flow from financing activities		60,000

Dr. **Machinery A/c** **Cr**

Particulars	Amt.	Particulars	Amt.
To Balance C/d	8,00,000	By Bank A/c	1,50,000
To Bank A/c	13,5000	By depreception 35,000	
To Profit & Loss A/c	10,000	By Balance c/d	7,60,000
	9,55,000		9,55,000

Dr. **Accumulated Depreciation A/c** **Cr**

Particulars	Amt.	Particulars	Amt.
To Plant Machinery	35,000	By Balance b/d	27,0000
To Balance C/d	3,15,000	By depreciation 80,000	
	3,50,000		3,50,000

Patent A/c

Particulars	Amt.	Particulars	Amt.
By Balance b/d	32,0000	By Bank A/c	45,000
By Bank A/c		By Profit & Loss A/c	15,000
		By Balance c/d	2,10,000
		By Profit & Loss A/c	50,000
	3,20,000		3,20,000