Sample Question Paper-1

(Issued by Board on 31st March, 2023)

ACCOUNTANCY

Class - XII, Session: 2023-24

SOLVED

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. *Question Nos.* ***1 to 16*** *and* ***27 to 30*** *carries* ***1*** *mark each.*
4. *Questions Nos.* ***17 to 20, 31 and 32*** *carries* ***3*** *marks each.*
5. *Questions Nos. from* ***21, 22 and 33*** *carries* ***4*** *marks each*
6. *Questions Nos. from* ***23 to 26 and 34*** *carries* ***6*** *marks each*
7. *There is no overall choice. However, an internal choice has been provided in* ***7*** *questions of* ***one*** *mark,* ***2*** *questions of* ***three*** *marks,* ***1*** *question of* ***four*** *marks and* ***2*** *questions of* ***six*** *marks.*

Part A

(Accounting for Partnership Firms and Companies)

1. A & B are partners sharing profits and losses in the ratio of 3:2. C is admitted for ¼ and for which ₹30,000 and ₹10,000 are credited as a premium for goodwill to A and B respectively. The new profit sharing ratio of A:B:C will be:

(A) 3:2:1 **(B)** 12:8:5

(C) 9:6:5 **(D)** 33:27:20 **[1]**

2. Assertion (A): Batman, a partner in a firm with four partners has advanced a loan of ₹50,000 to the firm for last six months of the financial year without any agreement. He claims an interest on loan of ₹3,000 despite the firm being in loss for the year.

Reasoning (R): In the absence of any agreement / provision in the partnership deed, provisions of Indian Partnership Act, 1932 would apply.

Choose the correct option from the following:

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

(B) Both (A) and (R) are correct, but (R) is not the correct explanation of (A).

(C) A is correct but (R) is incorrect.

(D) A is incorrect but (R) is correct. **[1]**

3. 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 re-issued @₹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]**

OR

On 1st April 2022, Galaxy Ltd. had a balance of ₹8,00,000 in Securities Premium account. During the year company issued 20,000 Equity shares of ₹10 each as bonus shares and used the balance amount to write off Loss on issue of Debenture on account of issue of 2,00,000, 9% Debentures of ₹100 each at a discount of 10% redeemable @ 5% Premium. The amount to be charged to Statement of P&L for the year for Loss on issue of Debentures would be:

(A) ₹30,00,000 (B) ₹22,00,000
(C) ₹24,00,000 (D) ₹20,00,000 **[1]**

4. A, B and C who were sharing profits and losses in the ratio of 4:3:2 decided to share the future profits and losses in the ratio to 2:3:4 with effect from 1st April 2023. An extract of their Balance Sheet as at 31st March 2023 is:

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

OR

A, B and C are in partnership business. A used ₹2,00,000 belonging to the firm without the information to other partners and made a profit of ₹35,000 by using this amount. Which decision should be taken by the firm to rectify this situation?

(A) A need to return only ₹2,00,000 to the firm.
(B) A is required to return ₹35,000 to the firm.
(C) A is required to pay back ₹35,000 only equally to B and C.
(D) A need to return ₹2,35,000 to the firm. **[1]**

5. Interest on Partner's loan is credited to:

(A) Partner's Fixed capital account. (B) Partner's Current account.
(C) Partner's Loan Account. (D) Partner's Drawings Account. **[1]**

6. Alexa Ltd. purchased building from Siri Ltd for ₹8,00,000. The consideration was paid by issue of 6% debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with:

(A) ₹10,40,000 (B) ₹10,00,000
(C) ₹9,60,000 (D) ₹6,40,000 **[1]**

OR

Which of the following statements is incorrect about debentures?

(A) Interest on debentures is an appropriation of profits.
(B) Debenture holders are the creditors of a company.
(C) Debentures can be issued to vendors at discount.
(D) Interest is not paid on Debentures issued as Collateral Security. **[1]**

7. **Assertion (A):** A Company is Registered with an authorised Capital of 5,00,000 Equity Shares of ₹10 each of which 2,00,000 Equity shares were issued and subscribed. All the money had been called up except ₹2 per share which was declared as 'Reserve Capital'. The Share Capital reflected in balance sheet as 'Subscribed and Fully paid up' will be Zero.

Reason (R): Reserve Capital can be called up only at the time of winding up of the company.

Choose the correct option from the following:

(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, but Reason (R) is not the correct explanation of Assertion (A).
(C) Assertion (A) is incorrect, but Reason (R) is correct.
(D) Assertion (A) is correct, but Reason (R) is incorrect. **[1]**

8. G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹5,80,000. G was being paid ₹7,00,000 in full settlement. For giving that additional amount of ₹1,20,000, S was debited for ₹40,000. Determine goodwill of the firm.

(A) ₹1,20,000 (B) ₹80,000
(C) ₹2,40,000 (D) ₹3,60,000 **[1]**

OR

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]**

Read the following hypothetical situation, answer question no. 9 and 10.

Richa and Anmol are partners sharing profits in the ratio of 3:2 with capitals of ₹2,50,000 and ₹1,50,000 respectively. Interest on capital is agreed @ 6% p.a. Anmol is to be allowed an annual salary of ₹12,500. During the year ended 31st March 2023, the profits of the year prior to calculation of interest on capital but after charging Anmol's salary amounted to ₹62,000. A provision of 5% of this profit is to be made in respect of manager's commission.

Following is their Profit & Loss Appropriation Account

Particulars	(₹)	Particulars	(₹)
To Interest on Capital Richa Anmol	 --------- ---------	By Profit & loss account (After manager's commission)	___(2)___
To Anmol's Salary A/c	12,500		
To Profit transferred to: Richa's Capital A/c Anmol's Capital A/c	 __(1)___ -----------		
	-----------		-----------

9. The amount to be reflected in blank (1) will be:

(A) ₹37,200 **(B)** ₹44,700

(C) ₹22,800 **(D)** ₹20,940 **[1]**

10. The amount to be reflected in blank (2) will be:

(A) ₹62,000 **(B)** ₹74,500

(C) ₹71,400 **(D)** ₹70,775 **[1]**

11. In the absence of an agreement, partners are entitled to:

(i) Profit share in capital ratio

(ii) Commission for making additional sale

(iii) Interest on Loan & Advances by them to the firm

(iv) Salary for working extra hours

(v) Interest on Capital

Choose the correct option:

(A) Only (i), (iv) and (v) **(B)** Only (ii) and (iii)

(C) Only (iii) **(D)** Only (i) and (iii) **[1]**

12. Rancho Ltd. took over assets worth ₹20,00,000 from PK Ltd. by paying 30% through bank draft and balance by issue of shares of ₹100 each at a premium of 10%. The entry to be passed by Rancho Ltd for settlement will be:

(A)	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c To Statement of P&L (Being settlement of amount due to vendors)	20,00,000	 12,72,700 1,27,270 6,00,000 30
(B)	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)	20,00,000	 12,72,700 1,27,270 6,00,030
(C)	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To BankA/c (Being settlement of amount due to vendors)	20,00,000	 12,72,700 1,27,300 6,00,000
(D)	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)	20,00,000	 12,73,000 1,27,300 5,99,700

[1]

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 re-issued at a discount of ₹1 per share were and ₹6,000 were transferred to Capital Reserve. How many shares were re-issued?

(A) 3,000 shares **(B)** 1,000 shares
(C) 2,000 shares **(D)** 1,500 shares **[1]**

14. X and Y are partners in a firm with capital of ₹18,000 and ₹20,000. Z brings ₹10,000 for his share of goodwill and he is required to bring proportionate capital for 1/3rd share in profits. The capital contribution of Z will be:

(A) ₹24,000 **(B)** ₹19,000
(C) ₹12,667 **(D)** ₹14,000 **[1]**

15. A and B are partners. B draws a 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 **[1]**

OR

Shyam, Gopal & Arjun are partners carrying on garment business. Shyam withdrew ₹10,000 in the beginning of each quarter. Gopal, withdrew garments amounting to ₹15,000 to distribute it to flood victims, and Arjun withdrew ₹20,000 from his capital account. The partnership deed provides for interest on drawings @ 10% p.a. The interest on drawing charged from Shyam, Gopal & Arjun at the end of the year will be:

(A) Shyam- ₹4,800; Gopal- ₹1,000; Arjun- ₹2,000.
(B) Shyam- ₹4,800; Gopal- ₹1,000; Arjun- ₹2,000.
(C) Shyam- ₹2,500; Gopal- ₹750; Arjun- Nil.
(D) Shyam- ₹4,800; Gopal- Nil; Arjun- Nil.

16. On the day of dissolution of the firm 'Roop Brothers' had partner's capital amounting to ₹1,50,000, external liabilities ₹35,000, Cash balance ₹8,000 and P&L A/c (Dr.) ₹7,000. If realisation expense and loss on realisation amounted to ₹5,000 and ₹25,000 respectively, the amount realised by sale of assets is:

(A) ₹1,64,000 **(B)** ₹1,45,000
(C) ₹1,57,000 **(D)** ₹1,50,000 **[1]**

17. Anshul, Babita and Chander were partners in a firm running a successful business of car accessories. They had agreed to share profits and losses in the ratio of 1/2 : 1/3 : 1/6 respectively. After running business successfully and without any disputes for 10 years, Babita decided to retire due to old age and the Anshul and Chander decided to share future profits and losses in the ratio of 3 : 2. The accountant passed the following journal entry for Babita's share of goodwill and missed some information. Fill in the missing figures in the following Journal entry and calculate the gaining ratio.

Date	Particulars	L.F	Amount Dr. (₹)	Amount Cr. (₹)
	Anshul's Capital A/c Dr. Chander's Capital A/c Dr. To Babita's Capital A/c (Chander's share of Goodwill debited to the amounts of continuing partners in their gaining ratio)		---------- 21,000	 ------------

[1]

18. P, Q and R were partners with fixed capital of ₹40,000, ₹32,000 and ₹24,000.After distributing the profit of ₹48,000 for the year ended 31st March 2022 in their agreed ratio of 3 : 1 : 1. It was observed that:

(1) Interest on capital was provided at 10% p.a. instead of 8% p.a.
(2) Salary of ₹12,000 was credited to P instead of Q.

You are required to pass a single journal entry in the beginning of the next year to rectify the above omissions. **[3]**

OR

Cheese and Slice are equal partners. Their capitals as on April 01, 2022 were ₹50,000 and ₹1,00,000 respectively. After the accounts for the financial year ending March 31, 2023 have been prepared, it is observed that interest on capital @ 6% per annum and salary to Cheese @ ₹5,000 per annum, as provided in the partnership deed has not been credited to the partners' capital accounts before distribution of profits.

You are required to give necessary rectifying entries using P&L adjustment account. **[3]**

19. Pioneer Fitness Ltd. took over the running business of Healthy World Ltd. having assets of ₹10,00,000 and liabilities of ₹1,70,000 by:

(A) Issuing 8,000 8% Debentures of ₹100 each at 5% premium redeemable after 6 years @ ₹110; and

(B) Cheque for ₹50,000.

Pass the Journal entries in the books of Pioneer Fitness Ltd.

OR

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]**

20. Calculate goodwill of a firm on the basis of three years purchases of the Weighted Average Profits of the last four years. The profits of the last four years were:

Years (ending 31st march)	2020	2021	2022	2023
Amount	28,000	27,000	46,900	53,810

(A) On 1st April, 2020 a major plant repair was undertaken for ₹10,000 which was charged to revenue. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% on reducing balance method.

(B) For the purpose of calculating Goodwill the company decided that the years ending 31.03.2020 and 31.03.2021 be weighted as 1 each (being COVID affected) and for year ending 31.03.2022 and 31.03.2023 weights be taken as 2 and 3 respectively. **[3]**

21. Atishyokti Ltd. company was registered with an authorized capital of ₹20,00,000 divided into 2,00,000 Equity Shares of ₹10 each, payable ₹3 on application, ₹6 on allotment (including ₹1 premium) and balance on call. The company offered 80,000 shares for public subscription. All the money has been duly called and received except allotment and call money on 5,000 shares held by Manish and call money on 4,000 shares held by Alok. Manish's shares were forfeited and out of these 3,000 shares were re-issued ₹9 per share as fully paid up. Show share capital in the books of the company. Also prepare notes to accounts. **[4]**

22. Sun and Kiran are partners sharing profits and losses equally. They decided to dissolve their firm. Assets and Liabilities have been transferred to Realisation Account. Pass necessary Journal entries for the following:

(A) All partners are agreed that the process of realisation at the time dissolution will be accomplished by Sun for which he will be paid ₹10,000 along with the amount of expense which amounted to 2% of total value realised from the Assets on dissolution. Some assets were sold for Cash at a cumulative Value of ₹12,00,000 and the remaining were taken over by creditors at a valuation of ₹3,00,000.

(B) Deferred Advertisement Expenditure A/c appeared in the books at ₹28,000.

(C) Out of the Stock of ₹1,20,000; Kiran (a partner) took over 1/3 of the stock at a discount of 25% and 50% of remaining stock was took over by a Creditor of ₹30,000 in full settlement of his claim. Balance amount of stock realized at ₹25,000.

(D) An outstanding bill for repairs and renewal of ₹3,000 was settled through an unrecorded asset which was valued at ₹10,000. Balance being settled in Cash. **[4]**

23. The Directors of Rockstar Ltd. invited applications for 2,00,000 Shares of ₹10 each, issued at 20% premium. Share was payable as ₹5 on application, ₹4 (including premium) on allotment and balance on call. Public had applied for 3,20,000 shares out of which applications for 20,000 shares were rejected and remaining were alloted on pro-rata basis.

Simba, an applicant of 15,000 shares failed to pay allotment and call money. His shares were forfeited and out of these 6,000 shares were reissued at a discount of ₹2 per share. Journalise. **[6]**

OR

Shaktimaan Ltd. invited applications for issuing 1,00,000 Shares of ₹10 each at a premium of ₹2 per share. The amount was payable as ₹4 on application (including premium); ₹5 on Allotment and balance on call. Applications were received shares for 1,80,000 of which Applications for 30,000 shares were rejected and remaining applicants were allotted on pro-rata basis.

Manthan, holding 5,000 shares failed to pay call money and his shares were forfeited. Out of these 2,000 shares were re-issued at premium of ₹3 per share.

Prepare Cash Book and pass necessary entries. **[6]**

24. Rajinder and Vijay were partners in a firm sharing profits in the ratio 3:2. On 31st March 2023 their balance sheet was as follows:

Liabilities		Amount (₹)	Assets		Amount (₹)
Capital A/cs:			Fixed Assets (Tangible)		3,60,000
Rajinder	3,00,000		Goodwill		50,000
Vijay	1,50,000	4,50,000	Investments		40,000
Current A/cs:			Stock		74,000
Rajinder	50,000		Debtors	1,00,000	
Vijay	10,000	60,000	Less: Provision for Doubtful Debts	4,000	96,000
Creditors		75,000	Bank		25,000
General Reserve		60,000			
		6,45,000			**6,45,000**

With an aim to expand business it is decided to admit Ranvijay as a partner on 1st April 2023 on the following terms:

(A) Provision for doubtful debts is to be increased to 6% of debtors.

(B) An outstanding bill for repairs ₹50,000 to be accounted in the books

(C) An unaccounted interest accrued of ₹7,500 be provided for.

(D) Investment were sold at book value.

(E) Half of stock was taken by Rajinder at ₹42,000 and remaining stock was also to be revalued at the same rate.

(F) New profit-sharing ratio of partners will be 5:3:2.

(G) Ranvijay will bring ₹1,00,000 as capital and his share of goodwill which was valued at twice the average profit of the last three years ended 31st March 2023, 2022 and 2021 were ₹1,50,000, ₹1,30,000 and ₹1,70,000 respectively.

Pass necessary journal entries. **[6]**

OR

L, M and N were partners in a firm sharing profit & losses in the ratio of 2:2:3 . On 31st March 2023, their Balance Sheet was as follows:

Liabilities		Amount (₹)	Assets	Amount (₹)
Creditors		80,000	Land and Building	5,00,000
Bank overdraft		22,000	Machinery	2,50,000
Long term debts		2,00,000	Furniture	3,50,000
Capital A/C s:			Investment	1,00,000
L-	6,25,000		Stock	4,00,000
M -	4,00,000		Debtors	2,00,000
N -	5,25,000	15,50,000	Bank	20,000
			Deferred Advertisement Expenditure	70,000
Investments		1,00,000		
Employees provident fund		38,000		
		18,90,000		**18,90,000**

On 31st March 2023, M retired from the firm and remaining partners decided to carry on business. It was decided to revalue assets and liabilities as under :

(A) Land and Building be appreciated by ₹2,40,000 and Machinery be depreciated 10%.

(B) 50% of investments were taken by the retiring partner at book value.

(C) Provision for doubtful debts was to be made at 5% on debtors.

(D) Stock will be valued at market price which is ₹1,00,000 less than the book value.

(E) Goodwill of the firm be valued at ₹5,60,000. L and N decided to share future profits and losses in the ratio of 2:3.

(F) The total capital of the new firm will be ₹32,00,000 which will be in proportion of profit-sharing ratio of L and N.

(G) Gain on revaluation account amounted to ₹1,05,000.

Prepare Partner's Capital accounts and Balance sheet of firm after M's retirement. **[6]**

25. 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:

(A) Balance in his capital account which amounted to ₹1,15,000 and interest on capital till date of death which amounted to ₹5,000.

(B) His share in the profits of the firm till the date of his death amounted to ₹20,000.

(C) His share in the goodwill of the firm. The goodwill of the firm on Maheep's death was valued at ₹1,50,000.

(D) Loan to Maheep amounted ₹20,000.

It was agreed that the amount will be paid to his executor in three equal yearly instalments with interest @10% p.a. The first instalment was to be paid on 30.06.2021.

Calculate the amount to be transferred to Maheep's executors Account and prepare the executor's account till it is finally settled. **[6]**

26. On July 01, 2022, Panther Ltd. issued 20,000, 9% Debentures of ₹100 each at 8% premium and redeemable at a premium of 15% in four equal instalments starting from the end of the third year. The balance in Securities Premium on the date of issue of debentures was ₹80,000. Interest on debentures was to be paid on March 31 every year.

Pass Journal entries for the financial year 2022-23. Also prepare Loss on Issue of Debentures account. **[6]**

Part B

(Analysis of Financial Statements)

27. 'Freedom to Choose of method of depreciation' refers to which limitation of financial statement analysis?

(A) Historical analysis
(B) Qualitative aspect ignored
(C) Not free from bias
(D) Ignore Price level Changes **[1]**

OR

.... 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 Expense **[1]**

28. Debt-Equity Ratio of Dhamaka Ltd is 3 : 1. Which of the following will result in decrease in this ratio?

(A) Issue of Debentures for Cash of ₹2,00,000.

(B) Issue of Debentures of ₹3,00,000 to Vendors from whom Machinery was purchased.

(C) Goods purchased on Credit of ₹1,00,000.

(D) Issue of Equity Shares of ₹2,00,000. **[1]**

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.

Choose the correct option from the following:

(A) Both Statements are correct.

(B) Both Statements are incorrect.

(C) Statement I is correct and Statement II is incorrect.

(D) Statement I is incorrect and Statement I is correct. **[1]**

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

30. Aditya Sunrise Ltd. provides you the following information: **[1]**

Particulars	31.3.2023(₹)	31.3.2022(₹)
10% Bank Loan	Nil	1,00,000

Additional Information:

1. Equity Share Capital raised during the year ₹3,00,000;

2. 10% Bank Loan was repaid on 01.04.2022.

3. Dividend received during the year was ₹20,000.

4. Dividend Proposed for the year 2021-22 was ₹50,000 but only ₹20,000 was approved by the Shareholders.

Find out the cash flow from Financing Activities.

(A) ₹1,50,000 **(B)** ₹2,00,000

(C) ₹1,70,000 **(D)** ₹1,80,000 **[1]**

31. Classify the following items under Major heads and Sub heads (If any) in the balance sheet of a Company as per schedule III of the Companies Act 2013.

i. Loose Tools	ii. Loan repayable on demand
iii. Provision for Retirement benefits	iv. Pre-paid Insurance
v. Capital advances	vi. Shares in Listed Companies

[3]

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

(B) Calculate debt to capital employed ratio from the following information.

Shareholder's funds	₹15,00,000
8% Debenture	₹7,50,000
Current liabilities	₹2,50,000
Non -current Assets	₹17,50,000
Current Assets	₹7,50,000

[3]

33. From the information extracted from the statement of Profit & Loss of Zee Ltd. for the year ended 31st March 2022 and 31st March 2023, prepare a common size statement of profit & loss:

Particulars	**Note No.**	**2022-23 (₹)**	**2021-22 (₹)**
Revenue from operations		8,00,000	10,00,000
Gross Profit		60%	70%
Other Expenses		2,20,000	2,60,000
Tax Rate		50%	50%

[4]

OR

From the following information, prepare comparative statement of Profit & Loss

Particulars	**Note No.**	**2022-23 (₹)**	**2021-22 (₹)**
Revenue from operations		10,00,000	8,00,000
Other Income		2,20,000	1,50,000
Cost of materials consumed		4,00,000	3,00,000
Change in inventories of finished goods and work in progress		2,00,000	1,00,000
Other Expenses(% of cost of Revenue from Operations		15%	10%
Tax Rate		30%	30%

[4]

34. Prepare a Cash Flow Statement from the following Balance Sheets of Arya Ltd.: **[6]**

Particulars	Note No.	31.3.2023 (₹)	31.3.2022 (₹)
I. Equity and Liabilities:			
(1) Shareholders' Funds:			
(a) Share Capital	1	10,00,000	8,00,000
(b) Reserves and Surplus	2	6,40,000	5,40,000
(2) Non-Current Liabilities:			
Long-term Borrowings		1,50,000	1,00,000
(3) Current Liabilities:			
(a) Trade Payables	3	30,000	12,000
(b) Short-term Provisions		30,000	28,000
Total		**18,50,000**	**14,80,000**
II. Assets:			
(1) Non-Current Assets:			
(a) Property, Plant and equipment and intangible assets:			
Property, Plant and Equipment	4	7,75,000	4,90,000
(b) Non-current Investments		90,000	50,000
(2) Current Assets			
(a) Inventory		6,20,000	4,13,000
(b) Trade receivables		3,20,000	4,94,000
(c) Cash & Cash Equivalents		45,000	33,000
		18,50,000	**14,80,000**

Notes to Accounts:

Particulars	31.3.2023	31.3.2022
1. Reserves & Surplus:		
General Reserve	5,00,000	4,30,000
Capital Reserve	60,000	50,000
Surplus ie balance in statement of profit and loss	80,000	60,000
	6,40,000	5,40,000
2. Long-term Borrowings:		
10% Debentures	1,50,000	1,00,000
3. Short-term Provisions:		
Provision for tax	30,000	28,000
4. Tangible Assets:		
Plant and Machinery	7,75,000	4,90,000

Additional Information:

1. Tax provided during the year is ₹17,000.
2. Depreciation charged on plant and Machinery during the year amounted to ₹1,20,000.
3. Non-current Investments costing ₹30,000 were sold for ₹40,000 during the year. Gain on sale of Investments was credited to Capital Reserve.
4. Additional Debentures were issued on 31.03.2023. **[6]**

ANSWERS
Sample Question Paper-1
Marking Scheme- 2023-24 (Issued by Board)
ACCOUNTANCY
Class-XII

Part A

(Accounting for Partnership Firms and Companies)

1. **Option (D) is correct.**

Explanation: Sacrificing ratio of A and B = 3:1

Sacrifice of A = $\frac{3}{4}$ of $\frac{1}{4}$ = $\frac{3}{16}$

Remaining share of = $\frac{3}{5}-\frac{3}{16} = \frac{48-15}{80} = \frac{33}{80}$

Sacrifice of B = $\frac{1}{4}$ of $\frac{1}{4} = \frac{1}{16}$

Remaining share of B = $\frac{2}{5}-\frac{1}{16} = \frac{32-5}{80} = \frac{27}{80}$

New profit & loss sharing ratio of A, B and C

$$= \frac{33}{80} : \frac{27}{80} : \frac{1}{4} = 33 : 27 : 20$$

2. **Option (D) is correct.**

Explanation: Interest on loan = 50,000 × = $\frac{6}{100} \times \frac{6}{12}$ = ₹1,500

3. **Option (B) is correct.**

Explanation: Maximum discount per share during reissue = Amount received during forfeiture = ₹ 7 per share

Minimum price of a share = 10 – 7= ₹ 3 per share

Hence, minimum amount to be collected on re-issue of 3,000 shares = 3,000 × 3 = ₹ 9,000

OR

Option (C) is correct.

Total loss on issue of debentures

10% of 2,00,00,000 + 5% of 2,00,00,000

= ₹20,00,000 + ₹10,00,000 = ₹30,00,000

Amount to be charged to statement of P&L to write off loss on issue of debentures.

30,00,000 – [8,00,000 – 2,00,000] [Already used to issue bonus shares]

= 30,00,000 – 6,00,000 = ₹24,00,000

4. **Option (D) is correct.**

Explanation: B's loss for $\frac{3}{9}$ part = ₹5,000

Total loss of all partners = $5,000 \times \frac{9}{3}$ = ₹15,000

Claim on WCR = 65,000 (WCR) + 15,000 (Loss transferred to revaluation A/c)

= 65,000 + 15,000 = ₹80,000

OR

Option (D) is correct.

5. **Option (C) is correct.**

6. **Option (B) is correct.**

Explanation: No. of debentures issued = $\frac{8,00,000}{80}$ = 10,000 Debentures

6% Debenture account to be credited with–

= 10,000 × 100 = ₹10,00,000

OR

Option (A) is correct.

Interest on debentures is a charge against profit. It means it is paid irrespective whether company earns profit or loss.

7. **Option (A) is correct.**

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

8. **Option (C) is correct.**

Explanation: G's share of goodwill = ₹1,20,000

Firm's Goodwill = $1,20,000 \times \frac{6}{3}$ = ₹2,40,000

OR

Option (B) is correct.

Total amount to be borne by Annu and Banu = ₹8,000 + ₹5,000 = ₹13,000

So Banu's capital A/c to be debited with $13,000 \times \frac{1}{2}$ = ₹6,500

9. **Option (D) is correct.**

Explanation:

Dr. **Profit and Loss Appropriation A/c** **Cr.**

Particulars		Amount (₹)	Particulars	Amount (₹)
Interest on Capital			By P & L A/c	
Richa	15,000		[After manager's commission] 74,500	
Anmol	9,000	24,000	Manager's Commission	
To Anmol's Salary A/c		12,500	$62,000 \times \frac{5}{100}$ = ₹3,100	71,400
To Profit transferred to:				
Richa's Capital	20,940			
Anmol's Capital	13,960	34,900		
		71,400		**71,400**

10. **Option (C) is correct.**

11. **Option (C) is correct.**

12. **Option (B) is correct.**

Explanation:

No. of shares to be issued = $\frac{14,00,000}{110} = 12,727$

Amount to be shown as share capital = 12,727 × 100
= ₹12,72,700

Amount to be paid through draft = 6,00,000 + 30
= ₹6,00,030

[Because shares can be issued only in round off]

13. **Option (C) is correct.**

Explanation: Actual amount of call received on shares = ₹4 Per Share

Discount allowed on reissued shares = ₹1 Per Share

No. of Shares reissued = $\frac{6,000}{4-1} = \frac{6,000}{3}$ = 2,000 Shares

14. **Option (A) is correct.**

Explanation: Total Adjusted capital of A and B

= 18,000 + 20,000 + 10,000

= ₹48,000/- [for $1-\frac{1}{3}=\frac{2}{3}$ part of the total capital]

Total capital of the firm = $48,000\times\frac{3}{2}$ = ₹72,000

Capital contribution of Z = $72,000\times\frac{1}{3}$ = ₹24,000

15. **Option (B) is correct.**

Explanation: Average period for drawing made at the end of each quarter = 4.5 months

Interest on B's drawings = ₹9,000

$$\text{Interest on drawings} = \frac{\text{Amount} \times \text{Rate} \times \text{Averge Period}}{100\times 12}$$

$$9,000 = \frac{\text{Amount} \times 15 \times 4.5}{1200}$$

$$\text{Amount} = \frac{9,000\times 1200}{15\times 4.5} = ₹1,60,000$$

$$\text{Amount drawn at the end of each Quarter} = \frac{1,60,000}{4} = ₹40,000$$

OR

Option (C) is correct.

Explanation: Average period for drawings made at the beginning of each Quarter = 7.5 Months

Interest on Shyam's drawings, $\frac{[10,000\times 4]\times 10\times 7.5}{100\times 12} = ₹2,500$

Interest on Gopal's drawings, $15,000\times\frac{10\times 6}{100\times 12}$ = ₹750

Arjun has withdrawn the part of his capital, hence no interest to be charged to him.

16. **Option (D) is correct.**

Explanation:

Memorandum Balance Sheet

Liabilities	Amount (₹)	Assets	Amount (₹)
Partner's Capital A/c External Liabilities	1,50,000 35,000	Cash A/c P & L A/c Asset [Bal. Fig.]	8,000 7,000 1,70,000
	1,85,000		**1,85,000**

Realised value of Assets:

= Total value of Assets + Realisation Exp. – Loss on Realisation

= 1,70,000 + 5,000 – 25,000

= 1,75,000 – 25,000 = ₹1,50,000

17.

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Anshul's Capital A/c Dr. Chander's Capital A/c Dr. To Babita's Capital A/c (Chander's share of Goodwill debited to the amounts of continuing partners in their gaining ratio)		9,000 21,000	 30,000

Gaining Ratio is 3:7

Detailed Answer:

Old Ratio of Anshul, Babita and Chander,

$$\frac{1}{2}:\frac{1}{3}:\frac{1}{6} = \frac{3:2:1}{6} = 3:2:1$$

$$\text{New Ratio of Anshul and Chander} = 3:2$$

$$\text{Gain/Sacrifice of Anshul} = \frac{3}{5}-\frac{3}{6}=\frac{18-15}{30}=\frac{3}{30}\text{ (Gain)}$$

$$\text{Gain/Sacrifice of Chander} = \frac{2}{5}-\frac{1}{6}=\frac{12-5}{30}=\frac{7}{30}\text{ (Gain)}$$

$$\text{Chander's Share of Goodwill for } \frac{7}{30} \text{ Share} = 21{,}000$$

$$\text{Anshul's Share of Goodwill for } \frac{3}{30} \text{ Share} = \frac{21{,}000\times 3}{7}$$

$$= ₹9{,}000$$

18.

Partners	Interest on Capital Paid (2%) (i)	Salary Paid (wrong credit) (ii)	Payable (iii)	Salary Payable (iv)	Excess / Deficiency
P	800	12,000	1152	–	11,648 (Excess)
Q	640	–	384	12,000	11,744 (Deficiency)
R	480	–	384	–	96 (Excess)

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	P's Current A/c Dr R's Current A/c Dr To Q's Current A/c (Being entry passed for adjustment of interest on capital and salary)		11,648 96	 11,744

OR

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	P&L Adjustment A/c Dr. To Cheese Capital A/c To Slice Capital A/c (Being Interest on capital omitted earlier now provided)		9,000	 3,000 6,000
	P&L Adjustment A/c Dr. To Cheese Capital A/c (Being salary omitted earlier now provided)		5,000	 5,000
	Cheese Capital A/c Dr. Slice Capital A/c Dr. To P&L Adjustment A/c (Being Loss on Adjustment transferred to partners capital)		7,000 7,000	 14,000

19.

Date	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
	Assets A/c	Dr.		10,00,000	
	Goodwill A/c	Dr.		60,000	
	To Liabilities A/c				1,70,000
	To Healthy World Ltd.				8,90,000
	(Being assets and liability taken over)				
	Healthy World Ltd.	Dr.		8,90,000	
	Loss on issue of Debentures A/c	**Dr.**		80,000	
	To 8% Debentures A/c				8,00,000
	To Securities Premium A/c				40,000
	To Premium on redemption A/c				80,000
	To Bank A/c				50,000
	(Being Purchase consideration discharged by issue of Debentures and in Cash)				

OR

Share Forfeiture A/c

Particulars	(₹)	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

20.

Years (ending 31st March)	Adjusted Profit (₹)	Weights	Product (₹)
2020	28,000	1	28,000
2021	36,000	1	36,000
2022	46,000	2	92,000
2023	53,000	3	1,59,000
Total		**7**	**3,15,000**

Adjusted Profits	2020	2021	2022	2023
Given Profits	28,000	27,000	46,900	53,810
Add: Capital Expenditure Charged to Revenue		10,000		
Less: Unprovided Depreciation	–	(1,000)	(900)	(810)
Adjusted Profits	28,000	36,000	46,000	53,000

$$\text{Weighted Average Profit} = \frac{3,15,000}{7}$$

$$= ₹45,000$$

$$\text{Goodwill} = 45,000 \times 3 = ₹1,35,000$$

Notes to Solution

(i) Depreciation of 2021 = 10% of 10,000
= 10,000 × 10/100 = ₹1,000

(ii) Depreciation of 2022 = 10% of 9,000
= 9,000 x 10/100 = ₹900

(iii) Depreciation of 2022 = 10% of 8,100
= ₹810

21. **Balance Sheet (Extract) as at**

Particulars	Note No.	Amount
I. EQUITY AND LIABILITIES		
(1) Shareholder's Funds		
(a) Share Capital	1	7,78,000

Notes to Accounts

Note 1:

Particulars	Details	Amount
1. Share Capital		
Authorised Capital		
2,00,000 Equity shares of ₹10 each		20,00,000
Issued Capital		
80,000 Equity shares of 10 each		8,00,000
Subscribed capital		
Subscribed and fully paid up		7,40,000
74,000 equity shares of 10 each		32,000
Subscribed but not fully paid-up	40,000	
4,000 equity shares of 10 each	(8,000)	
Less: calls in arrears (4,000 × 2)		
Add: Forfeited Shares		6,000
2,000 equity shares@3		7,78,000

22. **Journal**

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(a)	Realisation A/c Dr.		40,000	
	To Sun's Capital A/c			40,000
	(Being Remuneration and expenses payable to Sun)			
(b)	Sun's Capital A/c Dr.		14,000	
	Kiran's Capital A/c Dr.		14,000	
	To Deferred Advertisement Suspense A/c			28,000
	(Being Advertisement Suspense A/c has been debited in partner's capital account in their profit sharing ratio)			
(c)(1)	Kiran's Capital A/c Dr.		30,000	
	To Realisation A/c			30,000
	(Being 1/3 of Stock has been taken over by Kiran at 25% discount)			
(c)(2)	No Entry			
(c)(3)	Bank A/c Dr.		25,000	
	To Realisation A/c			25,000
	(Being Stock Realised)			
(d)	Cash/Bank A/c Dr.		7,000	
	To Realisation A/c			7,000
	(Being amount realised from unrecorded assets after payment of outstanding bill)			

23. **Journal Entries in the Books of Rockstar Ltd.**

Date	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Bank A/c	Dr.		16,00,000	
	To Share Application A/c				16,00,000
	(Being application money received)				
(ii)	Share Application A/c	Dr.		16,00,000	
	To Share Capital A/c				10,00,000
	To Share Allotment A/c				5,00,000
	To Bank A/c				1,00,000
	(Being application money utilised)				
(iii)	Share Allotment A/c	Dr.		8,00,000	
	To Share Capital A/c				4,00,000
	To Securities Premium A/c				4,00,000
	(Being allotment due with premium)				
(iv)	Bank A/c	Dr.		2,85,000	
	Calls in Arrears A/c	Dr.		15,000	
	To Share Allotment A/c				3,00,000
	(Being allotment received except of Simba)				
(v)	Share First and Final Call A/c	Dr.		6,00,000	
	To Share Capital A/c				6,00,000
	(Being call money due)				
(vi)	Bank A/c	Dr.		5,70,000	
	Calls in Arrears A/c	Dr.		30,000	
	To Share First and Final Call A/c				6,00,000
	(Being call money received except of Simba)				
(vii)	Share Capital A/c	Dr.		1,00,000	
	Securities Premium A/c	Dr.		15,000	
	To Share Forfeited A/c				70,000
	To Calls in Arrears A/c				45,000
	(Being Simba's shares forfeited)				
(viii)	Bank A/c	Dr.		48,000	
	Share Forfeited A/c	Dr.		12,000	
	To Share Capital A/c				60,000
	(Being forfeited shares re-issued)				
(ix)	Share Forfeited A/c	Dr.		30,000	
	To Capital Reserve A/c				30,000
	(Being gain on re-issue transferred to Capital Reserve)				

OR

Journal Entries in the Books of Shaktimaan Ltd.

Date	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Share Application A/c	Dr.		6,00,000	
	To Share Capital A/c				2,00,000
	To Securities Premium A/c				2,00,000
	To Share Allotment A/c				2,00,000
	(Being Application money utilised)				
(ii)	Share Allotment A/c	Dr.		5,00,000	
	To Share Capital A/c				5,00,000
	(Being allotment due with premium)				
(iii)	Share First and Final Call A/c	Dr.		3,00,000	
	To Share Capital A/c				3,00,000
	(Being call money due)				

(iv)	Calls in Arrears A/c Dr. To Share First and Final Call A/c (Being call money received except of Simba)		15,000	15,000
(v)	Share Capital A/c Dr. To Share Forfeited A/c To Calls in Arrears A/c (Being Simba's shares forfeited)		50,000	35,000 15,000
(vi)	Share Forfeited A/c Dr. To Capital Reserve A/c (Being gain on re-issue transferred to Capital Reserve)		14,000	14,000

Cash Book (with Bank Column only)

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
(i)	To Share Application A/c		7,20,000	(ii)	By Share Application A/c		1,20,000
(ii)	To Share Allotment A/c		3,00,000	(vi)	By Balance c/d		12,11,000
(iii)	To Share First and Final Call A/c		2,85,000				
(iv)	To Share Capital A/c		20,000				
	To Securities Premium A/c		6,000				
			13,31,000				**13,31,000**

24. **Journal Entries in the Books of Rajinder, Vijay and Ranvijay**

Date	Particulars	L.F.	Amount Dr. (₹)	Amount Cr. (₹)
(i)	Revaluation A/c Dr. To Prov. For Doubtful Debts A/c To Outstanding Bill for Repairs A/c (Being increase in PDD and O/S bill accounted)		52,000	2,000 50,000
(ii)	Accrued Interest A/c Dr. Stock A/c Dr. To Revaluation A/c (Being increase in Stock and Accrued Interest accounted)		7,500 5,000	13,500
(iii)	Rajinder's Current A/c Dr. Vijay's Current A/c Dr. To Revaluation A/c (Being loss on revaluation transferred to partner's current A/c)		23,700 15,800	39,500
(iv)	Bank A/c Dr. To Investment A/c (Being Investment sold at book value)		40,000	40,000
(v)	Rajinder's Current A/c Dr. To Stock A/c (Being stock taken over by Rajinder)		42,000	42,000
(vi)	General Reserve A/c Dr. To Rajinder's Current A/c To Vijay's Current A/c (Being General Reserve distributed)		60,000	36,000 24,000
(vii)	Rajinder's Current A/c Dr. Vijay's Current A/c Dr. To Goodwill A/c (Being Goodwill written off)		30,000 20,000	50,000

(viii)	Bank A/c Dr. To Ranvijay's Capital A/c To Premium for Goodwill A/c (Being new partner brings capital and share of goodwill)	1,60,000	 1,00,000 60,000
(ix)	Premium for Goodwill A/c Dr. To Rajinder's Current A/c To Vijay's Current A/c (Being premium distributed in Sacrificing Ratio)	60,000	 30,000 30,000

OR

Dr. **Partner's Capital A/c** **Cr.**

Particulars	L	M	N	Particulars	L	M	N
To Def. Rev. Exp. A/c	20,000	20,000	30,000	By Balance b/d	6,25,000	4,00,000	5,25,000
To Investments A/c	–	50,000		By Revaluation A/c	30,000	30,000	45,000
To M's Capital A/c	64,000	–	96,000	By L's Capital A/c	–	64,000	–
To M's Loan A/c	–	5,20,000	–	By N's Capital A/c	–	96,000	–
To Balance c/d	12,80,000	–	19,20,000	By Bank A/c	7,09,000	–	14,76,000
	13,64,000	**5,90,000**	**20,46,000**		**13,64,000**	**5,90,000**	**20,46,000**

Balance Sheet of Reconstituted Firm as at March 31,2023

Liabilities		Amount (₹)	Assets		Amount (₹)
Creditors		80,000	Land and Building		7,40,000
Bank overdraft		22,000	Machinery		2,25,000
Long term debts		2,00,000	Furniture		3,50,000
Capital A/C s:			Investments		50,000
L:	12,80,000		Stock		3,00,000
N:	19,20,000	32,00,000	Debtors	2,00,000	
Employees provident fund		38,000	Less: Provision	(10,000)	1,90,000
M's Loan A/c		5,20,000	Bank		22,05,000
		40,60,000			**40,60,000**

25. Maheep dues to be transferred to executors = 1,15,000 + 5,000 + 20,000 + 60,000 – 20,000 = ₹1,80,000

Maheep's Executors Account

Date	Particulars	L.F.	Amount (₹)	Date	Particulars	L.F.	Amount (₹)
31/03/21	To Balance c/d		1,93,500	30/06/20	By Maheep's Cap. A/c		1,80,000
				31/03/21	Interest (9 months)		13,500
			1,93,500				**1,93,500**
30/06/21	To Bank (I Instalment)		78,000	01/04/21	By Balance b/d		1,93,500
31/03/22	To Balance c/d		1,29,000	30/06/21	By Interest (3 months)		4,500
				31/03/22	By Interest (9 months)		9,000
			2,07,000				**2,07,000**
30/06/22	To Bank (II Instalment)		72,000	01/04/22	By Balance b/d		1,29,000
31/03/23	To Balance c/d		64,500	30/06/22	By Interest (3 months)		3,000
				31/03/23	By Interest (9 months)		4,500
			1,36,500				**1,36,500**
30/06/23	To Bank (III Instalment)		66,000	01/04/23	By Balance b/d		64,500
				30/06/23	By Interest (3 months)		1,500
			66,000				**66,000**

26. **Journal Entries in the Books of Panther Ltd.**

Date	Particulars		L.F.	Amount Dr. (₹)	Amount Cr. (₹)
July 1 2022	Bank A/c	Dr.		21,60,000	
	To Debenture Application and Allotment A/c				21,60,000
	(Being Application money received)				
July 1 2022	Debenture Application and Allotment	Dr.		21,60,000	
	Loss on Issue of Debentures A/c	Dr.		3,00,000	
	To 9% Debentures 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 Debentures issued)				
Mar. 31 2022	Debenture Interest A/c	Dr.		1,35,000	
	To Debenture holders A/c				1,35,000
	(Being Interest due on debentures)				
Mar. 31 2022	Debenture holders A/c	Dr.		1,35,000	
	To Bank A/c				1,35,000
	(Being interest paid to debenture holders)				
Mar. 31 2022	Statement of Profit and Loss	Dr.		1,35,000	
	To Debenture Interest A/c				1,35,000
	(Interest on Debentures charged from Statement of Pnl)				
Mar. 31 2022	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
	(Loss on Issue of Debentures written off)				

Loss on Issue of Debentures A/c

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
01 July 2022	To Premium on Redemption of Debentures A/c	3,00,000	31 Mar. 2023	By Securities Premium A/c	2,40,000
				By Statement of Profit and Loss	60,000
		3,00,000			**3,00,000**

Part B

(Analysis of Financial Statements)

27. **Options (C) is correct.**

OR

Options (C) is correct.

28. **Options (D) is correct.**

Explanation: Issue of equity share will increase equity of the company, hence debt-equity ratio will decrease.

29. **Options (C) is correct.**

Explanation: Debentures issued as collateral security will result into no flow of cash.

OR

Options (A) is correct.

Explanation: Issue of Bonus Shares will not include the flow of any cash.

30. **Options (D) is correct.**

Explanation:

Cash flow from Financing Activities

Particulars	Amount (₹)
Proceeds from issue of share capital Bank Loan Paid Dividend paid	3,00,000 (1,00,000) (20,000)
Cash flow from financing activities	1,80,000

31.

S.No.	Item	Heading	Sub-heading
i.	Loose Tools	Current Assets	Inventories
ii.	Loan repayable on demand	Current Liabilities	Short Term Borrowings
iii.	Provision for Retirement benefits	Non-Current Liabilities	Long Term Provisions
iv.	Pre-paid Insurance	Current Assets	Other Current Assets
v.	Capital advances	Non-Current Assets	Long Term Loans and Advances
vi.	Shares in Listed Companies	Non-Current Assets	Non-Current Investments

32. **(a)**

Current Ratio = Current Assets / Current Liabilities

2 = 8,00,000 / Current Liabilities

So, Current Liabilities = ₹4,00,000

Liquid Ratio = Liquid Assets / Current Liabilities

1.5 = Liquid Assets / 4,00,000

So, Liquid Assets = ₹6,00,000

Inventory = Current Assets - Liquid Assets

Inventory = 8,00,000 – 6,00,000 = ₹2,00,000

Inventory Turnover Ratio = Cost of Revenue From Operations / Average Inventory

6 = Cost of Revenue from Operations / 2,00,000

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

Revenue From Operations = ₹15,00,000

(b) Debt to Capital employed ratio = Debt / Capital Employed

Debt to Capital employed ratio = 7,50,000 / (7,50,000 + 15,00,000)

= 7,50,000 / 22,50,000

Debt to Capital employed ratio = 1/3 = 0.33 : 1

33. **Common Size Statement of Profit & Loss**

Particulars	2022-23(₹)	2021-22(₹)	% on revenue from operations (2021-22)	% on revenue from operations (2022-23)
Revenue from operations	8,00,000	10,00,000	100	100
Less : Expenses				
Cost of revenue	3,20,000	3,00,000	40	30
Other Expenses	2,20,000	2,60,000	27.5	26
Total Expenses	5,40,000	5,60,000	67.5	56
Profit Before Tax	2,60,000	4,40,000	32.5	44
Less: Tax	1,30,000	**2,20,000**	16.25	22
Profits after Tax	1,30,000	**2,20,000**	16.25	22

OR

Comparative Statement of Profit & Loss

Particulars	2021-22 (₹)	2022-23 (₹)	Absolute Change (in ₹)	Proportionate Change (in %)
A. Revenue from operations	8,00,000	10,00,000	2,00,000	25
B. Add: Other Income	1,50,000	2,20,000	70,000	46.67
C. Total Revenue (A+B)	9,50,000	12,20,000	2,70,000	28.42
D. Less: Cost of materials consumed	3,00,000	4,00,000	1,00,000	33.33
Change in inventories of finished goods and work in progress	1,00,000	2,00,000	1,00,000	100
Other Expenses	80,000	1,50,000	70,000	87.5
Total Expenses	4,80,000	7,50,000	2,70,000	56.25
E. Profits before Tax (C-D)	4,70,000	4,70,000	–	–
F. Tax Rate	1,41,000	1,41,000	–	–
G. Profits after Tax (E-F)	3,29,000	3,29,000	–	–

34. **Cash Flow Statement for the year ended March 31, 2023**

Particulars	Details	Amount
Cash from Operating Activities		
Profits before Tax and Extraordinary Activities	1,07,000	
Add :- Non-Cash and Non-Operating Expenses	1,20,000	
Depreciation on Plant and Machinery	10,000	
Interest on Debentures		
Cash from Operating Activities before working capital changes	2,37,000	
Increase in Trade Payables	18,000	8,00,000
Decrease in Trade Receivable	1,74,000	
Increase in Inventory	(2,07,000)	
Cash from Operations	2,22,000	
Less: Tax Paid	(15,000)	
Cash from Operating Activities (A)		**2,07,000**
Cash from Investing Activities		
Sale of Investments	40,000	
Purchase of Investments	(70,000)	
Purchase of Plant and Machinery	(4,05,000)	
Cash from Investing Activities (B)		**(4,35,000)**
Cash from Financing Activities		
Issue of Shares	2,00,000	
Issue of Debentures	50,000	
Interest on Debentures	(10,000)	
Cash from Financing Activities (C)		**2,40,000**
Net Cash Flow during the year (A+B+C)		12,000
Add: Opening Cash and Cash Equivalents		33,000
Closing Cash and Cash Equivalents		**45,000**

Working Notes:

Dr. **Plant and Machinery Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	4,90,000	By Depreciation A/c	1,20,000
To Bank (Purchase)	4,05,000	By Balance c/d	7,75,000
	8,95,000		**8,95,000**

Dr. **Investments Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	50,000	By Bank A/c (sale)	40,000
To Gain on Sale (Capital Reserve)	10,000	By Balance c/d	90,000
To Bank (Purchase)	70,000		
	1,30,000		**1,30,000**

Dr. **Provision for Tax Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank (Paid)	15,000	By Balance b/d	28,000
To Balance c/d	30,000	By Statement of Profit and Loss	17,000
	45,000		**45,000**

Net Profits after Tax and Extraordinary Items	=	20,000
+ Transfer to General Reserve	=	70,000
+ Provision for Tax	=	17,000
= Net Profits before Tax and Extraordinary Items	**=**	**1,07,000**