Class XII
Post Mid Term Examination (2025-26)
Accountancy
Set A1 / A2
Marking Scheme

Time Allowed: 3 Hours **Max Marks: 80**

General Instructions:

Read the following instructions carefully and strictly follow them:

1. This marking scheme consists of **22** printed pages and **34** questions.
2. All questions are compulsory.
3. All parts of a question should be attempted at one place.
4. Marks for all questions are indicated against each question.

A1	A2	Solutions	Marks
		Part A: Partnership and Company Accounts	
1	**16**	Sakshi, Kiara and Gunjan were partners in a firm sharing profits and losses in the ratio of 3 : 2 :1. Kiara retired on 1.4.23. After all adjustments, the amount due to Kiara was ₹5,00,000. The payment was to be made in two yearly instalments of ₹2,50,000 each plus interest @10% per annum on the unpaid balance. The amount of first instalment paid on 31.3.2024 will be: a. ₹3,00,000. b. ₹2,75,000. c. ₹5,50,000. d. ₹2,50,000. Ans. a. ₹3,00,000.	**1**
2	**1**	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): **Assertion (A):** Building is a tangible asset. It is shown as realised at book values, if its realised value is not given. **Reason (R):** Patent is an intangible. It is shown as realised at book values, if its realised value is not given. **Alternatives:** In the context of the above statements, which one of the following is correct? 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 false, but Reason (R) is true. d) Assertion (A) is true but Reason (R) is false. Ans. d) Assertion (A) is true but Reason (R) is false.	**1**
3	**2**	Anil, Bimal and Chetan are partners sharing their profits and losses in the ratio of 4:3:2. On 1.7.2013, Chetan retired and on that date, the capitals of Anil, Bimal and Chetan after	**1**

		all necessary adjustments, stood at ₹75,000, ₹65,000 and ₹45,000 respectively. Anil and Bimal continued to carry the business for 6 months without settling Chetan's account. During the period of six months ending 31st December, 2013, a profit of ₹50,000 is earned by the firm. Keeping Chetan's interest in mind, the amount payable to Chetan will be: a. ₹1,350. b. ₹13,362. c. ₹12,162. d. ₹1,362. Ans. c. ₹12,162.	
4	**3**	Samiksha, Arshiya and Divya were partners in a firm sharing profits and losses in the ratio of 5: 3: 2. With effect from 1st April, 2022, they agreed to share future profits and losses in the ratio of 2: 5: 3. Their Balance-Sheet showed a debit balance of ₹50,000 in the Profit and Loss Account and a balance of ₹40,000 in Investment Fluctuation Fund. The market value of an investment is ₹30,000 against the book value of ₹50,000. Partners have decided, not to show revised valued in the Balance-sheet and to pass an adjusting entry for it. Which of the following is the correct treatment of the above? a) Samiksha's Capital A/c. Dr. 9,000 To Arshiya's Capital A/c. 6,000 To Divya's Capital A/c 3,000 b) Arshiya's Capital A/c. Dr. 5,000 To Samiksha's Capital A/c. 2,000 To Divya's Capital A/c. 3,000 c) Arshiya's Capital A/c. Dr. 2,000 Divya's Capital A/c. Dr. 1,000 To Samiksha's Capital A/c 3,000 d) Arshiya's Capital A/c. Dr. 6,000 Divya's Capital A/c. Dr. 3,000 To Samiksha's Capital A/c 9,000 Ans. a) Samiksha's Capital A/c. Dr. 9,000 To Arshiya's Capital A/c. 6,000 To Divya's Capital A/c 3,000	**1**
5	**4**	At the time of dissolution of a firm, creditors are ₹70,000; firm' capital is ₹1,20,000; Cash balance is ₹10,000. Other assets realised at ₹1,50,000. Gain / loss in Realisation Account will be: a. ₹30,000 (Gain). b. ₹40,000 (Gain). c. ₹40,000 (Loss). d. ₹30,000 (Loss). Ans. d. ₹30,000 (Loss).	**1**

6	**5**	While issuing ___________ type of debentures, company doesn't give any undertaking for the repayment of money borrowed by issuing such debentures. a) Zero Coupon Rate Debentures. b) Non-Convertible Debentures. c) Secured Debentures. d) Non-Redeemable Debentures. Ans. d) Non-Redeemable Debentures.	**1**
7	**6**	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? a. 1st April, 2019. b. 31st March, 2024. c. 1st April, 2024. d. 1st May, 2024. Ans. d. 1st May, 2024.	**1**
8	**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 $1/10^{th}$ share. It is agreed that C and D will retain their original shares. What will be new profit-sharing ratio? a. 4:3:2:1:1. b. 24:18:14:7:7. c. 24:14:18:1:1. d. 24:18:20:10:10. Ans. b. 24:18:14:7:7.	**1**
9	**8**	Vihaan and Mann are partners sharing profits and losses in the ratio of 3:2. The firm maintains fluctuating capital accounts and the balance of the same as on 31st March, 2022 is ₹4,00,000 and ₹4,65,000 for Vihaan and Mann respectively. Drawings during the year were ₹65,000 each. As per the partnership-deed, Interest on capital @ 10% p.a. on Opening Capital has been allowed to them. Calculate the opening capital of Vihaan given that the divisible profits during the year 2021-22 was ₹2,25,000. a) ₹3,30,000. b) ₹4,40,000. c) ₹4,00,000. d) ₹3,00,000. Ans. d) ₹3,00,000.	**1**
10	**9**	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): **Assertion (A):** Goodwill is considered as an intangible asset but not a fictitious asset. **Reason (R):** Goodwill can neither be seen and touched nor it can be purchased or sold like any other asset.	**1**

Alternatives: In the context of the above statements, which one of the following is correct?
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 false, but Reason (R) is true.
d) Assertion (A) is true but Reason (R) is false.

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

11 **10** Balance-Sheet as at 31st March, 2023 of Amit and Sumit who share profits equally was: **1**

Liabilities	Amount	Assets	Amount
Capitals:		Goodwill	80,000
Amit 2,00,000		Plant & Machinery	1,50,000
Sumit 2,00,000	4,00,000	Furniture	1,10,000
General Reserve	1,00,000	Computers	1,00,000
Sundry Creditors	90,000	Debtors	1,10,000
Outstanding Expenses	10,000	Stock	90,000
Bank Overdraft	50,000	Cash in Hand	10,000
	6,50,000		6,50,000

Harit is admitted as partner on 1st Aril, 2023 for 1/4th share in profits and losses for which he brings ₹2,00,000 as capital. He is unable to bring his share of goodwill. Calculate Harit's share of goodwill:
a. ₹25,000.
b. ₹35,000.
c. ₹45,000.
d. ₹55,000.

Ans. c. ₹45,000.

12 **11** Newfound Ltd. took over business of Old Land Ltd and paid for it by issue of 30,000, equity shares of ₹100 each at a par along with 6% preference shares of ₹1,00,00,000 at a premium of 5% and a cheque of ₹8,00,000. What was the total agreed purchase consideration payable to Old Land Ltd.: **1**
(a) ₹1,05,00,000.
(b) ₹1,43,00,000.
(c) ₹1,40,00,000.
(d) ₹1,35,00,000.

Ans. (b) ₹1,43,00,000.

13 **12** Dure to change in profit-sharing ratio, Shiv's gain is 1/6, while Om's sacrifice is 1/6. They decide to record the effect of following revaluations without affecting the book values of the assets and liabilities, by passing a single adjustment entry: **1**

	Book Value	**Realised Value**
Building	1,00,000	1,50,000
Machinery	1,50,000	1,40,000
Trade Creditors	50,000	45,000

		Outstanding Rent 45,000 60,000 The necessary adjustment entry will involve: a. Dr. Shiv and Cr Om with ₹10,000. b. Dr. Om and Cr. Shiv with ₹10,000. c. Dr. Shiv and Cr. Om with ₹5,000. d. Dr. Om and Cr. Shiv with ₹9,000. Ans. c. Dr. Shiv and Cr. Om with ₹5,000.	
<u>**14**</u>	<u>**13**</u>	Ganga and Jamuna are partners sharing profits in the ratio of 2:1. They admit Saraswati for 1/5th share in future profits. On the date of admission, Ganga's capital was ₹1,02,000 and Jamuna's capital was ₹73,000. Saraswati brings ₹25,000 as her share of goodwill and she agrees to contribute proportionate capital of the new firm. How much capital will be brought by Saraswati? a) ₹43,750. b) ₹37,500. c) ₹50,000. d) ₹40,000. Ans. c) ₹50,000.	<u>**1**</u>
<u>**15**</u>	<u>**14**</u>	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): <u>**Assertion (A):**</u> Drawings against capital is transferred to partner's current account, if capital is fixed. <u>**Reason (R):**</u> Drawings whether against capital or profit is debited to drawings account. <u>**Alternatives**</u>: In the context of the above statements, which one of the following is correct? 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 true but Reason (R) is false. d. Both Assertion (A) and Reason (R) are false. Ans. d. Both Assertion (A) and Reason (R) are false.	<u>**1**</u>
<u>**16**</u>	<u>**15**</u>	Krishan Ltd has issued capital of 20,00,000 equity shares of ₹10 each. Till date, ₹8 per share have been called up and the entire amount received except calls of ₹4 per share on 800 shares and ₹3 per share from another holder who held 500 shares. What will be amount appearing as 'Subscribed but not fully paid capital' in the balance-sheet of the company? (a) ₹2,00,00,000. (b) ₹1,95,99,000. (c) ₹1,59,95,300. (d) ₹1,99,95,300. Ans. (c) ₹1,59,95,300.	<u>**1**</u>

17 | **20** | A, B and C are partners sharing profits in the ratio of 2:2:1. A retires and after all the adjustments relating to revaluation, goodwill and accumulated profits; the capital account of B showed a credit balance of 1,40,000 and that of C showed 1,00,000. It was decided to adjust the capitals of B and C in their profit-sharing ratio. Calculate the new capitals of the partners and record necessary entry for bringing in or withdrawing cash. | **3**

Ans. Total Capital of B and C after all adjustments = 1,40,000 + 1,00,000 = 2,40,000

This capital should be in profit sharing ratio i.e. 2:1

∴ B's Capital in the new firm should be = 2,40,000 x $\frac{2}{3}$ = 1,60,000

C's Capital in the new firm should be = 2,40,000 x $\frac{1}{3}$ = 80,000

Hence, Cash to be brought in by B = 1,60,000 – ` 1,40,000 = 20,000

Cash to be withdrawn by C = 80,000 – 1,00,000 = 20,000

Journal

Date	Particulars	L.F.	Amount	Amount
	Bank A/c Dr. To B's Capital A/c (Amount brought in by B to raise his capital to profit-sharing ratio)		20,000	 20,000
	C's Capital A/c Dr. To Bank A/c (Amount withdrawn by C to bring his capital to profit-sharing ratio)		20,000	 20,000

18 | **17** | A, B and C were partners in a firm sharing profits in the ratio of 2:2:1. C was guaranteed to be given a profit of ₹50,000 per year. Deficiency, if any, on account shall be borne by A and B in the ratio of 3:2. The net profit of the firm for the year ended 31st March, 2019 was ₹2,00,000.
Prepare Profit and Loss Appropriation Account of A, B and C. | **3**

Ans.

Profit and Loss Appropriation Account

For the year ended 31st March 2019

Particulars	Amount	Particulars	Amount
To Profit transferred to Capital A/cs of		By Profit and Loss A/c	2,00,000
A- 80,000 – 6,000	74,000		
B- 80,000- 4,000	76,000		

C- 40,000 + 6,000+4,000	50,000		
	2,00,000		2,00,000

Working Notes:

A's Share in Profits= $2,00,000 X \frac{2}{5} = 80,000$; B's Share in Profits= $2,00,000 X \frac{2}{5} = 80,000$

C's Share in Profits= $2,00,000 X \frac{1}{5} = 40,000$

C's guaranteed minimum share in the profits = ₹50,000
His actual share in profits = ₹40,000
Deficiency to be borne by A & B in 3:2 ratio = 10,000
A's share in deficiency = ₹6,000
B's share in deficiency = ₹4,000

19 **18** Hemant and Pankaj were partners sharing profits & losses in the ratio of 3:2. The firm was dissolved on March 31, 2024 and the following balances were appearing in the books of the firm: **3**

Hemant's Loan ₹80,000,
Ruby's Loan ₹50,000,
Creditors ₹1,00,000,
Capital Balances after all adjustments: Hemant ₹1,60,000 and Pankaj ₹1,40,000,
Assets of the firm realised at ₹6,00,000.
You are required to show the amounts and order of payments as per section 48 of Indian Partnership Act, 1932 at the time of dissolution of the firm.

Ans. First: - ₹1,00,000 paid to Creditors and ₹50,000 paid to Ruby respectively.
Second:- ₹80,000 paid to Hemant.
Third:- Capital Balances of Hemant and Pankaj ₹1,60,000 and ₹1,40,000 paid to partners along with Surplus of ₹70,000 paid to partners Hemant and Pankaj as ₹42,000 and Rs. ₹28,000 i.e. in profit-sharing ratio.

20 **19** 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: **3**

Liabilities	Amount	Assets	Amount
Capital Accounts:		Furniture	75,000
Amit 90,000		Machinery	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 x 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 = 1/3 of 43,200 = ₹14,400.	
21	**22**	Following is the extract of the Balance-sheet of Vikalp Ltd. as per Schedule-III, Part-I of Companies Act, 2013 as at 31st Match, 2024 along with Notes to accounts:	**4**

Vikalp Ltd. Balance-Sheet as at 31st Match, 2024

Particulars	Note No.	Current Year	Previous year
Equity and Liabilities:			
Shareholders' Funds			
1. Share Capital	1	59,60,000	

Note to accounts:
1. Share capital:
Authorized:

9,00,000 equity shares of ₹10 each		90,00,000
Issued:		
6,00,000 equity shares of ₹10 each		60,00,000
Subscribed:		
Subscribed and fully paid- up		
5,80,000 equity shares of ₹10 each		58,00,000
Subscribed but not fully paid- up		
20,000 equity shares of ₹10 each, fully called up	2,00,000	
Less: Calls-in-arrears		
20,000 equity shares of ₹2 each	(40,000)	1,60,000
		59,60,000

i. The number of shares over which called up was not received were:
a. ₹1,00,000.
b. ₹80,000.
c. ₹3,00,000.
d. ₹20,000.

Ans. d. ₹20,000.

ii. On 1st April, 2024, company forfeited all the shares on which the called up amount was received. On forfeiture, Share Capital Account' will be debited by:
a. ₹1,60,000.
b. ₹40,000.
c. ₹2,00,000.
d. ₹2,40,000.

Ans. a. ₹1,60,000.

iii. If all the forfeited shares are re-issued at Rs.8 per share fully paid up, the amount credited to 'Capital Reserve Account' will be:
a. ₹40,000.
b. ₹1,60,000.
c. ₹2,00,000.
d. ₹1,20,000.

Ans. d. ₹1,20,000.

iv. If the forfeited shares are re-issued at the minimum permissible price, the amount credited to 'Capital Reserve Account' will be:
a. ₹2,00,000.
b. ₹1,60,000.
c. ₹40,000.
d. NIL.

Ans. d. NIL.

Set A2

Following is the extract of the Balance-sheet of Mohan Ltd. as per Schedule-III, Part-I of Companies Act, 2013 as at 31st Match, 2024 along with Notes to accounts:

Vikalp Ltd. Balance-Sheet (extract) as at 31st Match, 2024

Particulars	Note No.	Current Year	Previous year
Equity and Liabilities:			
Shareholders' Funds			
1. Share Capital	1	29,80,000	

Note to accounts:
1. Share capital:
Authorized:

		4,50,000 equity shares of ₹10 each 45,00,000 Issued: 3,00,000 equity shares of ₹10 each 30,00,000 Subscribed: Subscribed and fully paid- up 2,90,000 equity shares of ₹10 each 29,00,000 Subscribed but not fully paid- up 10,000 equity shares of ₹10 each, fully called up 1,00,000 Less: Calls-in-arrears 10,000 equity shares of ₹2 each (20,000) 80,000 **29,80,000** i. The number of shares over which called up was not received were: a. ₹50,000. b. ₹40,000. c. ₹1,50,000. d. ₹10,000. Ans. d. ₹10,000. ii. On 1st April, 2024, company forfeited all the shares on which the called up amount was received. On forfeiture, Share Capital Account' will be debited by: a. ₹80,000. b. ₹20,000. c. ₹1,00,000. d. ₹1,20,000. Ans. a. ₹80,000. iii. If all the forfeited shares are re-issued at Rs.8 per share fully paid up, the amount credited to 'Capital Reserve Account' will be: a. ₹20,000. b. ₹80,000. c. ₹1,00,000. d. ₹60,000. Ans. d. ₹60,000. iv. If the forfeited shares are re-issued at the minimum permissible price, the amount credited to 'Capital Reserve Account' will be: a. ₹1,00,000. b. ₹80,000. c. ₹20,000. d. NIL. Ans. d. NIL.	
22	**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 re-issued at a discount of ₹5 and amount of	**4**

₹4,500 was transferred to Capital Reserve account. Pass the necessary journal entries to show the above transactions and prepare Share forfeited account.
Ans.

Journal

Date	Particulars	L.F.	Dr.	Cr.
	Share capital A/c Dr.		45,000	
	To Forfeited shares A/c			27,000
	To Share final call A/c			18,000
	(Being 4500 shares forfeited)			
	Bank A/c Dr.		22,500	
	Forfeited shares A/c Dr.		22,500	
	To Share Capital A/c			45,000
	(Being 4500 shares re-issued)			
	Forfeited share A/c Dr.		4,500	
	To Capital Reserve A/c			4,500
	(Being balance of share forfeiture transferred to capital reserve)			

Dr. Share Forfeiture A/c Cr.

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

23 **26** Sharma, Verma and Goyal are partners in a firm. On April 1, 2022, the balances in their capital accounts were as follows: **6**

Sharma ₹4,00,000; Verma ₹4,20,000 and Goyal ₹3,70,000.

Firm closes its accounts every year on March 31. Verma died on Sep.30, 2022. In the event of death of any partner, following are the provisions in the partnership-deed:

a. Interest on capital will be credited at the rate of 10% p.a.

b. The deceased partner's legal representative will be paid ₹35,000 for his share of goodwill.

c. Firm had a Reserve Fund of ₹2,00,000. The deceased partner will be paid his share in the Reserve Fund.

d. His share of profit till the date of death will be calculated on the basis of sales. It is also specified that the sales during the year 2021-22 were ₹15,00,000. The sales from April 1, 2022 to Sep. 30, 2022 were ₹3,00,000. The profit of the firm for the year ending March 31, 2022 was ₹3,00,000.

Prepare Verma's Capital Account.

Ans.

		Verma's Capital Account Dr. Cr.	

Verma's Capital Account

Dr. Cr.

Particulars	Amount	Particulars	Amount
To Verma's Executor's Account	5,62,667	By Balance b/d	4,20,000
		By Interest on Capital Account (4,20,000 * 10% * 6 / 12)	21,000
		By Reserve Fund Account (2,00,000 * 1 / 3)	66,667
		By Sharma's Capital Account	17,500
		By Goyal's Capital Account	17,500
		By Profit & Loss Suspense Account	20,000
	5,62,667		5,62,667

Working Note:

a. % of profit on sales = 3,00,00 / 15,00,000 * 100 = 20%.
b. Profit on sales = 20% of ₹3,00,000 = ₹60,000.
c. Verma's share of profit = 60,000 * 1/3 = ₹20,000.

24 **23** (i) Raman Limited purchased a running business from Kamal Traders and it was decided to pay for purchase consideration as ₹3,00,000 by cheque and for the balance, issued 10,000, 9% Debentures of ₹100 each at 20% premium. **6**

The assets and liabilities consisted of the following:

Particulars	Book Value(₹)	Agreed Value(₹)
Plant and Machinery	5,00,000	4,00,000
Buildings	10,00,000	6,00,000
Stock	6,00,000	5,00,000
Sundry Debtors	4,00,000	3,00,000
Sundry Creditors	2,50,000	2,00,000

Record necessary journal entries in the books of Raman Limited.

(ii) On 1st May, 2019, VKR Ltd. issued 10,000, 9% Debentures of ₹100 each at a discount of 10% redeemable at par after five years. All the debentures were subscribed and allotment was made. It has a balance of ₹60,000 in Securities Premium Reserve. Pass the journal entries for issue of debentures and writing off the discount on issue of debentures.

(3 + 3) = 6

Ans.

Journal

In the Books Raman Ltd.

Plant and Machinery A/c Dr. Building A/c Dr. Stock A/c Dr. S. Debtors A/c Dr. To S. Creditors A/c To Capital Reserve A/c To Kamal Traders (Being business purchased)		4,00,000 6,00,000 5,00,000 3,00,000	 2,00,000 1,00,000 15,00,000
Kamal Traders Dr. To Bank A/c To 9% Debentures A/c To Securities Premium Reserve A/c (Being purchase consideration paid.)		15,00,000	 3,00,000 10,00,000 2,00,000

ii.

Journal
In the books of VKR Ltd.

Bank A/c Dr. To Debenture Application & Allotment A/c (Being application money received)		9,00,000	9,00,000
Debenture Application & Allotment A/c Dr. Discount on Issue of Debentures A/c Dr. To 9% Debentures A/c (Being application money transferred to debentures account consequent upon allotment of debentures)		9,00,000 1,00,000	 10,00,000
Securities Premium Reserve A/c Dr. Statement of P/L A/c Dr. To Discount on Issue of Debentures A/c (Being discount on issue of debentures written off.)		60,000 40,000	 1,00,000

25 **24** P and Q were partners in a firm sharing profits in 3:2 ratio. R was admitted as a new partner for 1/4th share in the profits on April 1, 2022. The Balance-Sheet of the firm on March 31,2022 was as follows: **6**

Balance Sheet of P and Q as at March 31, 2022

Liabilities	Amount	Assets	Amount
Creditors	20,000	Cash	20,000
General Reserve	16,000	Debtors	18,000
Capitals:		Stock	20,000
P 96,000		Furniture	12,000

Q 68,000	1,64,000	Machinery Building	40,000 90,000
	2,00,000		2,00,000

The term of agreement on R's admission were as follows:

a) R brought in cash ₹60,000 for his capital and ₹30,000 for his share of goodwill.

b) Building was valued at ₹1,00,000 and Machinery at ₹36,000.

c) The capital of P and Q were to be adjusted on the basis of R's capital by bringing or paying off cash.

Prepare Revaluation Account and Partners' Capital Accounts.

Ans.

Dr. **Revaluation Account** *Cr.*

Particulars	LF	₹	Particulars	LF	₹
To Machinery To Profit Distributed: P 3,600 Q 2,400		4,000 6,000	By Buildings		10,000
		10,000			10,000

Dr. **Partners' Capital Account** *Cr.*

Particulars	P ₹	Q ₹	R ₹	Particulars	P ₹	Q ₹	R ₹
To Cash A/c	19,200	16,800		By Balance b/d	96,000	68,000	
				By General Reserve	9,600	6,400	
To Balance c/d	1,08,000	72,000	60,000	By Cash A/c			60,000
				By Premium for Goodwill	18,000	12,000	
				By Revaluation A/c	3,600	2,400	
	1,27,200	88,800	60,000		1,27,200	88,800	60,000

26 **25** BMY Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each at a premium of ₹10 per share. The amount was payable as follows: **6**

On application – ₹10 per share (including ₹5 premium)

On allotment – The balance

The issue was fully subscribed. A shareholder holding 300 shares paid the full share money with application. Another shareholder holding 200 shares failed to pay the allotment money. His shares were forfeited. Later on, these shares were re-issued for ₹4,000 as fully paid up.

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

Ans.

Journal

In the Books of BMY Ltd.

Date	Particulars	L.F.	Debit	Credit
	Bank A/c Dr. To Equity Share Application A/c		10,03,000	 10,03,000

	(Being application money received with premium from 10,000 applicants)		
	Equity Share Application A/c Dr To Equity Share Capital A/c To Equity Share Allotment A/c To Securities Premium A/c (Being application money transferred to share capital)	10,03,000	 5,00,000 3,000 5,00,000
	Equity Share Allotment A/c Dr. To Equity share Capital A/c To Securities Premium Reserve A/c (Being allotment money due with premium)	10,00,000	 5,00,000 5,00,000
	Bank A/c Dr. To Equity Share Allotment A/c (Being allotment money received) **OR** Bank A/c Dr. Calls in arrears A/c Dr. To Equity Share Allotment A/c (Being allotment money received except on 200 shares and the advance adjusted)	9,95,000 9,95,000 2,000	 9,95,000 9,97,000
	Equity Share capital A/c Dr. Securities Premium Reserve A/c Dr. To Share Forfeited A/c To Equity Share Allotment A/c/ Calls in arrears A/c (Being 200 shares forfeited)	2,000 1,000	 1,000 2,000
	Bank A/c Dr. To Equity Share Capital A/c To Securities Premium Reserve A/c (Being 200 shares reissued for ₹20 per share fully paid up)	4,000	 2,000 2,000
	Share Forfeiture A/c Dr. To Capital Reserve A/c (Being forfeiture balance transferred to capital reserve)	1,000	 1,000

Part B: Analysis of Financial Statements

27	**30**	As on 31.03.2024, the following information of Bartan Manfacturing Ltd. is available: Net profit ratio 40% Operating profit ratio 50% On 1st April, 2024, it 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 ratio 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.	**1**

28	**27**	The transaction 'Capital Gains Tax paid on sale of fixed assets' is classified under which of the following: a. Operating Activity. b. Investing Activity. c. Financing Activity. d. Cash and Cash Equivalents. Ans. b. Investing Activity.	**1**
29	**28**	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): **Assertion (A):** 'Vertical Analysis' is called 'Static Analysis'. **Reason (R):** Vertical Analysis is based on a single year's data. **Alternatives**: In the context of the above statements, which one of the following is correct? 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 false, but Reason (R) is true. d) Assertion (A) is true but Reason (R) is false. Ans. a) Both Assertion (A) and Reason (R) are true but Reason (R) is the correct explanation of Assertion (A).	**1**
30	**29**	While preparing cash flow statement, match the following activities: I. Payment of cash to acquire debenture by an Investing Company — a. Financing activity II. Purchase of goodwill — b. Investing Activity III. Dividend paid by manufacturing company — c. Operating activity i. I-a; II- b; III- c. ii. I-a; II- b; III- a. iii. I-c; II- b; III- a. iv. I-b; II- a; III- c. Ans. iii. I-c; II- b; III- a.	**1**
31	**32**	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) Current maturities of long term debts. (ii) Provision for Warranties. (iii) Advances recoverable in cash within the operation cycle. Ans. (i) Current maturities of long term debts……. Current Liabilities……Short term borrowings (ii) Provision for Warranties……….. Non-Current Liabilities……Long Term Provisions (iii) Advances recoverable in cash within the operation cycle……. Current Assets…….. Short Term Loans and Advances	**3**

32	**31**	Rate of Gross profit on cost of a company is 25%. Its Gross profit is ₹5,00,000. Its Shareholders' Funds are ₹12,00,000; Current liabilities are ₹3,00,000 and Current Assets are ₹10,00,000. Calculate its Working Capital Turnover Ratio. Ans. Working Capital Turnover Ratio = $\frac{Revenue\ from\ Operations}{Working\ Capital}$ $= \frac{₹\ 25,00,000}{₹\ 7,00,000} = 3.57$ times Working Notes: Revenue from Operations = Cost of Revenue from Operations* + Gross Profit = 20,00,000 + 5,00,000 = 25,00,000 *Cost of Revenue from Operations = 5,00,000 x $\frac{100}{25}$ = 20,00,000. 2. Working Capital = Current Assets - Current Liabilities = 10,00,000 - 3,00,000 = 7,00,000.	**3**
33	**33**	Prepare a Comparative Income Statement from the following Information:	**4**

Particulars	2019	2018
Revenue from Operations	25,00,000	20,00,000
Cost of Revenue from Operations	13,00,000	10,00,000
Other Expenses	1,20,000	1,00,000
Interest on Investments	60,000	60,000
Income Tax	50%	50%

Set A2

Prepare a Common-size Income Statement from the following Information:

Particulars	2019	2018
Revenue from Operations	25,00,000	20,00,000
Cost of Revenue from Operations	13,00,000	10,00,000
Other Expenses	1,20,000	1,00,000
Interest on Investments	60,000	60,000
Income Tax	50%	50%

Ans.

Comparative Income Statement

for the year ended on 31st March, 2018 and 2019

Particulars	2018	2019	Absolute Increase or Decrease	% Increase or Decrease
Revenue from Operations	20,00,000	25,00,000	5,00,000	25%
Add: Other Income	60,000	60,000	--	---
Total Income (I)	20,60,000	25,60,000	5,00,000	24.27%
Less: Expenses:				
Cost of Revenue from Operations	10,00,000	13,00,000	3,00,000	30%
Other Expenses	1,00,000	1,20,000	20,000	20%
Total Expenses (II)	11,00,000	14,20,000	3,20,000	29.09%
Net Profit before Tax (I - II)	9,60,000	11,40,000	1,80,000	18.75%
Less: Income Tax @ 50%	4,80,000	5,70,000	90,000	18.75%
Net Profit after Tax	4,80,000	5,70,000	90,000	18.75%

Set A2

Common-size Income Statement

for the year ended on 31st March, 2018 and 2019

Particulars	2018	2019	% 2018	% 2019
Revenue from Operations	20,00,000	25,00,000	100	100
Add: Other Income	60,000	60,000	3	2.4
Total Income (I)	20,60,000	25,60,000	10	102.40
Less: Expenses:				
Cost of Revenue from Operations	10,00,000	13,00,000	50	52
Other Expenses	1,00,000	1,20,000	5	4.8
Total Expenses (II)	11,00,000	14,20,000	55	56.8
Net Profit before Tax (I - II)	9,60,000	11,40,000	48	45.60
Less: Income Tax @ 50%	4,80,000	5,70,000	24	22.80
Net Profit after Tax	4,80,000	5,70,000	24	22.80

34	34	Prepare a Cash Flow Statement from the following Balance Sheet of Shuchi Diamonds Ltd.	6

BALANCE SHEET OF SHUCHI DIAMONDS LTD.

as at 31st March, 2020 and 2021

Particulars	Note no.	31.3.21	31.3.20
I. EQUITY AND LIABILITIES			
1. **Shareholders' Funds**			
(a) Share Capital		40,00,000	34,00,000
(b) Reserves and Surplus	1	6,00,000	8,00,000
2. **Non-Current Liabilities**			
Long-term Borrowings	2	4,00,000	2,00,000
3. **Current Liabilities**			
(a) Trade Payables		1,00,000	2,00,000
(b) Other Current Liabilities	3	1,00,000	80,000
Total		52,00,000	46,80,000
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
Tangible Assets		16,00,000	18,00,000
Intangible Assets	4	12,00,000	10,00,000
(b) Non-current Investments		6,00,000	5,00,000
2. Current Assets			
(a) Inventories		2,00,000	-----
(b) Trade Receivables		6,00,000	5,00,000
(c) Cash and Cash Equivalents		10,00,000	8,80,000
Total		52,00,000	46,80,000

Notes to Accounts

Particulars	**31.3.21**	**31.3.20**
1. **Reserves and Surplus**		
Surplus i.e. Balance in Statement of Profit and Loss	6,00,000	8,00,000
2. **Long Term Borrowings**		
9% Debentures	4,00,000	2,00,000
3. **Other Current Liabilities**		
Outstanding Expenses	1,00,000	80,000
4. **Intangible Assets**		
Goodwill	12,00,000	10,00,000

		<u>Additional Information:</u> a. Depreciation of ₹2,00,000 was provided on Tangible Assets during the year. b. A machine costing ₹50,000 (depreciation provided thereon ₹30,000) was sold for ₹10,000 during the year. c. 9% Debentures have been issued on 1st April, 2020.	

Ans.

Cash Flow Statememnt for the year ended on 31st March, 2021

	Particulars		Amount
A	**Cash Flow from Operating Activities**		
	Net Loss before Tax		(2,00,000)
	Adjustment for Non-Cash and Non-Operating Items:		
	Depreciation	2,00,000	
	Interest on Borrowings (₹4,00,000 x 9/100)	36,000	
	Loss on Sale of Machinery	10,000	2,46,000
	Operating Profit before Working Capital Changes		46,000
	Change in Current Assets and Current Liabilities:		
	Less: Decrease in Trade Payables	(1,00,000)	
	Add: Increase in Outstanding Expenses	20,000	
	Less: Increase in Inventories	(2,00,000)	
	Less: Increase in Trade Receivables	(1,00,000)	(3,80,000)
	Net Cash Used in Operating Activities before Tax		**(3,34,000)**
B	**Cash Flow from Investing Activities**		
	Purchase of Tangible Assets (Note 1)		(20,000)
	Purchase of Non-Current Investments		(1,00,000)
	Sale of Machinery		10,000
	Purchase of Intangible Assets (Goodwill)		(2,00,000)
	Net Cash Used in Investing Activities		**(3,10,000)**
	Cash Flow from Financing Activities		
C	Issue of Share Capital		6,00,000
	Long-term Borrowings		2,00,000
	Payment of Interest on Borrowings		(36,000)
	Net Cash Inflow from Financing Activities		**7,64,000**
	Net Increase in Cash and Cash Equivalents (A + B + C)		**1,20,000**
	Cash and Cash Equivalents in the beginning of Period		8,80,000
	Cash and Cash Equivalents at the end of Period		**10,00,000**

Working note**:**

Dr. Tangible Assets Cr.

Particulars	Amount	Particulars	Amount

	To Balance B/d To Bank A/c (Bal Fig)	18,00,000 20,000	By Depreciation A/c By Bank A/c (Sale) By Statement of Profit and Loss (Loss) (50,000 - 30,000 - 10,000) By Balance c/d	2,00,000 10,000 10,000 16,00,000	
		18,20,000		18,20,000	