Sample Question Paper 03

ACCOUNTANCY 12

Time : 3 Hrs. **Max. 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. **Both parts are compulsory for all candidates.**
4. Question 1 to 16 and 27 to 30 carries **1** mark each.
5. Questions 17 to 20, 31 and 32 carries **3** marks each.
6. Questions from 21, 22 and 33 carries **4** marks each
7. Questions from 23 to 26 and 34 carries **6** marks each.
8. 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. Tia, Pia and Sia are partners sharing profits equally. Tia drew regularly ₹ 2,000 in the beginning of every month for the six months ended 30th September, 2024. Calculate interest on Tia's drawings @ 5% p.a. (1)

(a) ₹ 100 (b) ₹ 600 (c) ₹ 175 (d) ₹ 350

Or A, B and C are partners sharing profits in the ratio of 5 : 3 : 2. They have admitted Z into the partnership for 1/6th share. Investment fluctuation fund appears in the balance sheet at ₹ 13,500 and investment (cost) at ₹ 1,50,000 . If the market value of investments is ₹ 1,45,000, investment fluctuation fund will be shown at ……… in new balance sheet.

(a) ₹ 13,500 (b) Nil (c) ₹ 5,000 (d) ₹ 6,500

2. Ashish and Avnish are partners sharing profits in the ratio of 10 : 2. Ankit is admitted and the new profit sharing ratio is now 10 : 6 : 4. At the date of admission, general reserve appears in the books at ₹ 48,000. Avnish's share in the reserve will be (1)

(a) ₹ 8,000 (b) ₹ 40,000 (c) ₹ 14,400 (d) None of these

Or With context to debit side of partners' current account, pick the odd one out.

(a) Drawings (b) Interest on drawings (c) Salary (d) None of these

3. On the retirement of a partner, reserve should be transferred to the capital account of (1)

(a) remaining partners (b) retiring partner (c) all the partners (d) None of these

4. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. As per partnership deed, Z is to get a minimum amount of ₹ 1,000 as profit. Net profit for the year is ₹ 4,000. Calculate deficiency (if any) to Z. (1)

(a) ₹ 75 (b) ₹ 200 (c) ₹ 150 (d) None of these

Or Asha and Nisha are partners sharing profits in the ratio of 2 : 1. Kashish was admitted for 1/4th share of which 1/8 was gifted by Asha. The remaining was contributed by Nisha. Goodwill of the firm was valued at ₹ 40,000.

How much amount for goodwill will be credited to Nisha's capital account?

(a) ₹ 2,500 (b) ₹ 5,000 (c) ₹ 20,000 (d) ₹ 40,000

5. A, B, C and D were partners sharing profits in the ratio of 1 : 2 : 3 : 4. D retired and his share was acquired by A and B equally. D's share of goodwill was valued at ₹ 48,000. In the journal entry passed for share of goodwill of D, the B's capital will be (1)

(a) debited by ₹ 24,000 (b) debited by ₹ 9,600 (c) credited by ₹ 48,000 (d) credited by ₹ 9,600

6. X, Y and Z are partners sharing profits and losses in the ratio of 1/2: 1/8: 3/8 . Z retire and surrenders 4/9 th of his share in favour of X and the remaining in favour of Y. What will be the new profit sharing ratio? (1)

(a) 1 : 1 (b) 1 : 3 (c) 4 : 5 (d) 2 : 1

7. Which of the following is not correct in relation to right of a partner? (1)

(i) Right to inspect the books of the firm. (ii) Right to take part in the affairs of the company.

(iii) Right to share the profits/losses of the firm. (iv) Right to receive salary at the end of each month.

Codes

(a) (i) and (ii) (b) (i) and (iv) (c) Only (iv) (d) Only (i)

8. At the time of forfeiture of shares, the share capital account is debited with (1)

(a) face value (b) called-up value (c) paid-up value (d) issued value

Or A company invited application for 1,00,000 shares and it received applications for 1,50,000 shares. Application for 30,000 shares were rejected and the remaining were allotted shares on pro rata basis.

How many shares an applicant for 3,000 shares be allotted?

(a) 2,500 (b) 3,600 (c) 4,500 (d) 2,000

9. A and B are partners in a firm sharing profits and losses in the ratio of 3 : 2. An extract of their balance sheet is as follows

Liabilities	Amt (₹)	Assets	Amt (₹)
		Investments	40,000

If half of the investments are taken over by A and B in their profit sharing ratio at ₹ 25,000, what amount of investments will be shown in revised balance sheet? (1)

(a) ₹ 40,000 (b) ₹ 20,000 (c) ₹ 10,000 (d) ₹ 80,000

10. **Assertion** (A) Forfeited shares may be re-issued by the company at a discount also.

Reason (R) Amount of discount on re-issue of forfeited shares cannot exceed the amount forfeited on re-issued shares. (1)

Alternatives

(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

11. At the time of retirement of Mahesh, value of stock is given ₹ 60,000 in the balance sheet of the firm. Pass a journal entry when found stock is undervalued by ₹ 15,000. (1)

(a) Revaluation A/c Dr 15,000
To Stock A/c 15,000

(b) Stock A/c Dr 15,000
To Revaluation A/c 15,000

(c) Stock A/c Dr 45,000
To Revaluation A/c 45,000

(d) Revaluation A/c Dr 45,000
To Stock A/c 45,000

From the given hypothetical situation, answer (Q. Nos. 12 to 14) from the following

Balance Sheet Extract of Namita Ltd.
as at 31st March, 2025

Particulars	Note No.	31st March, 2024 (₹)	31st March, 2025 (₹)
I. **EQUITY AND LIABILITIES**			
1. Shareholders' Funds			
(i) Share Capital	1	31,00,000	35,50,000
(ii) Reserves and Surplus	2	13,00,000	16,00,000

Notes to Accounts for the year ending 31st March, 2024

Particulars	Amt (₹)
1. **Share Capital**	
Authorised Share Capital	
5,00,000 Equity Shares of ₹ 10 each	50,00,000
Issued Share Capital	
3,00,000 Equity Shares of ₹ 10 each	30,00,000
Subscribed Share Capital	
Called-up and Fully Paid	28,00,000
Called-up but not Fully Paid	2,00,000
Forfeited Shares Account	1,00,000
	31,00,000
2. **Reserves and Surplus**	
General Reserve	8,00,000
Surplus in Profit and Loss	5,00,000
	13,00,000

Notes to Accounts for the year ending 31st March, 2025

Particulars	Amt (₹)
1. **Share Capital**	
Authorised Share Capital	
5,00,000 Equity Shares of ₹ 10 each	50,00,000
Issued Share Capital	
3,50,000 Equity Shares of ₹ 10 each	35,00,000
Subscribed Share Capital	
Called-up and Fully Paid	34,00,000
Called-up but not Fully Paid	1,00,000
Forfeited Shares Account	50,000
	35,50,000
2. **Reserves and Surplus**	
General Reserve	9,00,000
Surplus in Profit and Loss	7,00,000
	16,00,000

12. How much share capital was reissued from forfeited shares during the year? (1)

(a) ₹ 50,000 (b) ₹ 1,00,000 (c) ₹ 1,50,000 (d) ₹ 2,50,000

13. Calculate the total increase in issued share capital from 31st March, 2024 to 31st March, 2025. (1)

(a) 5,00,000 (b) 10,00,000 (c) 5,50,000 (d) 35,00,000

14. What could be the reason for this increase as indicated in question (ii)? (1)

(a) Issuing new shares (b) To raise additional funds
(c) To replace forfeited shares (d) All of these

15. Which of the following statements is true about fixed and fluctuating capital account? (1)

(a) Fixed capital account will always have a credit balance.
(b) Current account can have a positive or a negative balance.
(c) Fluctuating capital account can have a positive or negative balance.
(d) All of the above

16. A and B are partners sharing profits and losses in the ratio of 2:1 with capitals of ₹ 1,00,000 and ₹ 80,000 respectively. The interest on capital has been provided to them at 8% instead of 10%. In the rectifying adjustment entry, B will be ………….. . (1)

(a) debited by ₹ 400 (b) credited by ₹ 400 (c) debited by ₹ 1,600 (d) credited by ₹ 1,600

Or Susain and Asman are sharing profits in the ratio of 3 : 2 as partners with capitals of ₹ 90,000 and ₹ 80,000 respectively. Interest on capital was agreed at 10% p.a. Profit for the year ended was ₹ 15,000. How much interest will be credited to Asman?

(a) ₹ 8,000 (b) ₹ 7,059 (c) ₹ 7,065 (d) ₹ 7,500

17. Ajay, Pranav and Vijay are in partnership sharing profits and losses in the ratio of 4 : 3 : 1. Pranav takes retirement on 30th June, 2025. The firm's profits for various years were : 2020 (profits ₹ 1,40,000), 2021 (profits ₹ 80,000), 2022 (profits ₹ 10,000), 2023 (losses ₹ 10,000), 2024 (profits ₹ 40,000) and 2025 (profits ₹ 50,000).

Ajay and Vijay decided to share future profits in the ratio of 3 : 2. Goodwill is to be valued on the basis of 2 years' purchase of average profit of 4 completed years immediately preceding the year of retirement of a partner.

The accountant passed the following journal entry to record Pranav's share of goodwill and missed some information. Fill in the missing figures in the following journal entry and give working notes. (3)

JOURNAL

Date	Particulars	LF	Amt (Dr)	Amt (Cr)
2025				
Jun 30	Ajay's Capital A/c Dr		…	
	Vijay's Capital A/c Dr		…	
	To Pranav's Capital A/c			…
	(Being Pranav's share of goodwill credited to Pranav and debited to Ajay and Vijay in their gaining ratio)			

18. Partners X, Y, Z and W have a partnership firm. The capital contributions are: X ₹ 40,000, Y ₹ 60,000, Z ₹ 80,000 and W ₹ 20,000. The firm earns a profit of ₹ 1,00,000 in the current financial year. Partner X retires from the firm before the accounts are settled and the profit sharing ratio was based on capital contribution. The firm settled the accounts with the retiring partner after three months. The profit earned during these 3 months was ₹ 25,000. What should be done about the retiring partner's share of the profit and their capital contribution under section 37 of the Partnership Act? (3)

Or Josh and Krish are partners sharing profits and losses in the ratio of 3 : 1. Their capitals at the end of the financial year 2024-2025 were ₹ 1,50,000 and ₹ 75,000. During the year 2024-2025, Josh's drawings were ₹ 20,000 and the drawings of Krish were ₹ 5,000. Profit before charging interest on capital for the year was ₹ 16,000 which was duly credited to their accounts. Krish had brought additional capital of ₹ 16,000 on 1st October, 2024. Calculate interest on capital @ 12% per annum for the year 2024-2025.

19. A Ltd. makes an issue of 10,000 shares of ₹ 100 each, payable as follows

On Application and Allotment ₹ 50 On First Call ₹ 25 On Final Call ₹ 25

A shareholder holding 400 shares did not pay the second call and the shares are duly forfeited, 300 shares are re-issued as fully paid at ₹ 80 per share. Show how share capital will be presented in balance sheet of the company.

(3)

20. Ram and Mohan were partners in a firm sharing profits in the ratio of 7 : 5. Their fixed capitals were Ram — ₹ 4,00,000 and Mohan – ₹ 2,80,000. The partnership deed provides for the following

(i) Interest on capital @ 12% p.a.

(ii) Ram's salary ₹ 2,400 per month and Mohan's salary ₹ 2,400 per annum.

The profit for the year ended 31st March, 2025 was ₹ 2,01,600 which was distributed equally without providing for the above. Pass an adjustment entry. (3)

21. Suraj Ltd. had ₹ 10,00,000, 10% debentures outstanding as on 1st April, 2024. During the year, company took a loan of ₹ 2,00,000 for 5 years from Bank of Punjab for which the company placed with the bank, debentures for ₹ 2,50,000 as collateral security. Show how the debentures and bank loan will appear in the company's balance sheet. (4)

22. A, B and C were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Their balance sheet as on 31st March, 2025 was as follows

Balance Sheet
as at 31st March, 2025

Liabilities		Amt (₹)	Assets	Amt (₹)
Capitals A/cs			Plant and Machine	5,00,000
A	3,00,000		Stock	1,00,000
B	2,00,000		Sundry Debtors	60,000
C	1,00,000	6,00,000	Cash at Bank	40,000
General Reserve		50,000		
Creditors		50,000		
		7,00,000		7,00,000

A died on 31st July, 2025. According to deed, the executors of deceased partner are entitled to

(i) Balance in his capital account. (ii) Salary @ ₹ 60,000 p.a.

(iii) Share of goodwill calculated on the basis of twice the average profits of past 3 years.

(iv) His share of profits from the closure of last accounting year till date on the basis of last year's profit less 10%.

(v) A withdrew ₹ 20,000 for personal use.

Profit for last 3 years were ₹ 1,00,000, ₹ 1,50,000 and ₹ 2,00,000 respectively.

Prepare A's capital account to be rendered to his executors. (4)

23. 'XYZ Ltd.' issued 25,000, 10% debentures of ₹ 100 each at 10% premium to the public on 1st April, 2024, which are redeemable after 5 years of issue at a premium of 20%. Pass journal entry for the issue of debentures, for writing-off 'loss on issue of debentures' in the same year of issue and prepare 'loss on issue of debenture account' also. (6)

24. Ritu, Mitu and Shitu are partners with profit sharing ratio of 2 : 2 : 1. Their balance sheet is given below

Balance Sheet
as at 31st December, 2025

Liabilities		Amt (₹)	Assets		Amt (₹)
Creditors		1,00,000	Bank		60,000
Bills Payable		70,000	Debtors	52,000	
Reserve Fund		40,000	(−) Provision for Doubtful Debts	(2,000)	50,000
Workmen Compensation Fund		30,000	Building		2,00,000
Profit and Loss		20,000	Furniture		1,30,000
Provident Fund		20,000	Investment		30,000
Capital A/cs			Prepaid Insurance		10,000
Ritu	80,000		Goodwill		20,000
Mitu	80,000				
Shitu	60,000	2,20,000			
		5,00,000			5,00,000

Additional Information

(i) Chintu comes as a new partner and brings ₹ 66,750 as capital and his share of goodwill in cash.
(ii) New ratio is 3 : 3 : 2 : 2. (iii) Goodwill of the firm is ₹ 50,000.
(iv) Prepaid insurance is no more required.
(v) Provision for doubtful debts is to be increased to ₹ 5,000.
(vi) Investment is valued at ₹ 20,000 and is taken over by Ritu.
(vii) Furniture valued at ₹ 1,00,000. (viii) Building valued at 120%.

Prepare revaluation and partners' capital account. (6)

Or Manish, Nirjhar and Kshitij are partners with ratio of 5 : 3 : 2.

Balance Sheet
as at ...

Liabilities		Amt (₹)	Assets	Amt (₹)
Creditors		1,00,000	Cash in Hand	40,000
Expenses Owing		20,000	Debtors	60,000
Reserve Fund		30,000	Building	1,00,000
Workmen Compensation Fund		10,000	Bills Receivable	40,000
Capital A/cs			Goodwill	20,000
Manish	60,000		Profit and Loss	30,000
Nirjhar	60,000		Patents	30,000
Kshitij	40,000	1,60,000		
		3,20,000		3,20,000

Additional Information

(i) Manish takes retirement.
(ii) New ratio of Nirjhar and Kshitij is 1 : 1 and goodwill of the firm is valued at ₹ 60,000.
(iii) Expenses owing increased by ₹ 10,000.
(iv) Creditors increased to ₹ 1,05,000.
(v) ₹ 10,000 bills receivable dishonoured and are not recoverable.
(vi) Patents are now value less.
(vii) ₹ 20,000 unrecorded investment brought into books.
(viii) ₹ 10,000 paid to Manish in cash and balance is transferred to his loan account.

Prepare revaluation and partners' capital account.

25. Pass the necessary journal entries for the following transactions on dissolution of the firm of Arjun and Vivek after various assets (other than cash) and outside liabilities were transferred to realisation account

(i) Arjun paid creditors ₹ 18,500 in full settlement of their claim of ₹ 20,000.
(ii) Vivek agreed to pay his wife's loan of ₹ 70,000.
(iii) The firm had unrecorded investment of ₹ 2,00,000 which were sold at a loss of 20%.
(iv) Reema, a debtor whose account for ₹ 2,000 was written-off as a bad debt in the previous year, paid 70% of the amount.
(v) The firm had stock of ₹ 1,00,000. Vivek took over the stock at a discount of 10%.
(vi) Expenses of realisation ₹ 400 were paid by Vivek. (6)

Or Sumit Ltd. has been registered with an authorised capital of ₹ 8,00,000 divided into 8,000 shares of ₹ 100 each of which 4,000 shares were offered for public subscription at a premium of ₹ 5 per share payable as under

On application ₹ 10; on allotment ₹ 25 (including premium); on first call ₹ 40 and on final call ₹ 30.

Applications were received for 7,200 shares of which applications for 1,200 shares were rejected outright, the rest of the applications were allotted 4,000 shares on pro-rata basis.

Excess application money was transferred to allotment. All the money were duly received except from Sachin, a holder of 800 shares, who failed to pay allotment and first call money.

His shares were later on forfeited and re-issued to Shyam at ₹ 60 per share, as ₹ 70 paid-up. Final call has not been made. Record necessary journal entries.

26. Sundaram Ltd. issued 50,000 shares of ₹ 10 each at a premium of ₹ 3 per share payable as follows

On application	– ₹ 5
On allotment	– ₹ 4 (including premium)
On first call	– ₹ 2
On second and final call	– Balance

60,000 applications were received out of which 4,000 application were rejected. Pro-rata allotment was made to remaining applicants. Jayant, who was allotted 300 shares failed to pay allotment money. This shares were forfeited on his subsequent failure to pay the first call. Out of the forfeited shares, 500 shares were re-issued as fully paid up for ₹ 5 per share. Final call was not made.

Part B Financial Statement Analysis

27. If gross profit ratio is 25%, inventory turnover ratio is 5 times and average inventory is ₹ 60,000 then what will be the amount of gross profit?

(a) ₹ 1,20,000 (b) ₹ 1,50,000 (c) ₹ 75,000 (d) ₹ 1,00,000

Or Recipes or formulae are shown under which sub-head?

(a) Intangible assets (b) Inventories (c) Trade receivables (d) Tangible assets

28. Gross profit is 20% of the net sales. Calculate the value of net revenue from operation, if cost of revenue from operation ₹ 5,00,000. (1)

(a) ₹ 6,00,000 (b) ₹ 5,00,000 (c) ₹ 6,25,000 (d) ₹ 6,50,000

29. **Assertion** (A) Goods sold on credit does not result in flow of cash and cash Equivalents.

Reason (R) Sale of goods on credit does not involve cash.

Alternatives

(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

30. Which of the following is not an investing cash flow? (1)

(a) Purchase of marketable securities for cash (b) Sale of land for cash
(c) Sale of shares (held as investment) (d) Purchase of equipment for cash

Or Which of the following is/are not example(s) of cash flows from investing activity?

I. Cash revenue from operations – ₹ 50,000 II. Commission received – ₹ 30,000
III. Payment of cash for purchase of fixed assets – ₹ 5,00,000
IV. Dividend paid – ₹ 5,000

Codes

(a) Only I (b) II and III (c) I, II and IV (d) Only III

31. XYZ Ltd. is in the process of preparing its balance sheet as per Schedule III, Part I of the Companies Act, 2013 and provides its true and fair view of the financial position. (3)

(i) Under what head and sub-head will the company show stores and spares and loose tools in its balance sheet?
(ii) What is the accounting treatment of stores and spares and loose tools, when the company will calculate its inventory turnover ratio?
(iii) What is the objective of this analysis?

32. Prepare common size balance sheet from the following balance sheet of M Ltd. as at 31st March 2025. (3)

Balance Sheet
as at 31st March, 2025

Particulars	Note No.	31st March, 2025 (₹)	31st March, 2024 (₹)
I. **EQUITY AND LIABILITIES**			
1. **Shareholders' Funds**			
Share Capital		30,50,000	20,00,000
2. **Non-current Liabilities**			
Long-term Borrowings		2,80,000	6,00,000
3. **Current Liabilities**			
Trade Payables		6,70,000	4,00,000
Total		40,00,000	30,00,000
II. **ASSETS**			
1. **Non-current Assets**			
(i) Property, Plant & Equipment and Intangible Assets			
(a) Property, Plant and Equipment		16,00,000	12,00,000
(b) Intangible Assets		2,00,000	3,00,000
2. **Current Assets**			
(i) Inventories		8,00,000	3,00,000
(ii) Trade Receivables		12,00,000	10,00,000
(iii) Cash and Cash Equivalents		2,00,000	2,00,000
Total		40,00,000	30,00,000

Or Complete the following comparative statement of profit and loss for the year ended 31st March, 2025.

Comparative Statement of Profit and Loss
for the year ended 31st March, 2025

Particulars	31st March, 2024	31st March, 2025	Absolute Change	% Change
I. Revenue from Operations	—	—	1,00,000	—
Other Income	1,00,000	—	—	—
Total Revenue	6,00,000	—	1,20,000	—
II. **Expenses**				
Employee Benefit Expense	1,80,000	—	1,08,000	—
III. Profit before Tax (I-II)	—	—	—	—
IV. (−) tax	—	—	—	—
V. Profit after tax (III-IV)	—	—	—	—

33. (i) From the following information, calculate inventory turnover ratio.
Net sales ₹ 20,000; average inventory ₹ 2,750; gross loss on sales is 10%.

(ii) From the following information, calculate inventory turnover ratio.
Total sales ₹ 11,000; sales return ₹ 1,000, gross profit ₹ 2,500; closing inventory ₹ 3,000; excess of closing inventory over opening inventory ₹ 1,000. (4)

Or

Cash at bank	₹ 50,000
Trade Receivables	₹ 2,50,000
Inventory including	₹ 1,60,000
Loose tools of	₹ 20,000
Advance Tax	₹ 15,000
Working Capital	₹ 2,60,000

34. From the following balance sheet of Vikas Ltd. as on 31st March, 2025 and 2024, prepare a cash flow statement of Vikas Ltd.

Balance Sheet

as at 31st March, 2024 and 2025

Particulars	Note No.	31st March, 2025 (₹)	31st March, 2024 (₹)
I. **EQUITY AND LIABILITIES**			
1. **Shareholders' Funds**			
(i) Share Capital		1,30,000	90,000
(ii) Reserves and Surplus	1	84,000	48,000
2. **Current Liabilities**			
Trade Payables		22,000	17,400
Total		2,36,000	1,55,400
II. **ASSETS**			
1. **Non-current Assets**			
(i) Property, Plant and Equipment and Intangible Assets			
(a) Property, Plant and Equipment		1,66,000	93,400
2. **Current Assets**			
(i) Inventories		26,000	22,000
(ii) Trade Receivables		39,000	36,000
(iii) Cash and Cash Equivalents		5,000	4,000
Total		2,36,000	1,55,400

Notes to Accounts

Particulars	2025 (₹)	2024 (₹)
1. **Reserves and Surplus**		
General Reserve	55,000	30,000
Balance of Statement of Profit and Loss	30,000	20,000
Preliminary Expenses	(1,000)	(2,000)
	84,000	48,000

Additional Information

(i) Depreciation charged on property, plant and equipment for the year 2024-25 was ₹ 20,000.

(ii) Income tax ₹ 5,000 has been paid during the year. (6)

Solutions

1. (*c*) Interest on Tia's Drawings = Total Drawings × Rate of Interest/100 × Average Period/12

$= (2{,}000 \times 6) \times 5/100 \times 3.5/12 = ₹\ 175$

Or (*b*) Difference between cost price and market value of investments is ₹ 5,000 (1,50,000 – 1,45,000). Investment fluctuation fund will be shown at nil in the balance sheet of new firm as balance of ₹ 8,500 (13,500 – 5,000) will be distributed among old partners in old ratio.

2. (*a*) Avnish's share in reserve = 48,000 × 2/12 = ₹ 8,000

Or (*c*) Salary is recorded on debit side of profit and loss appropriation account.

3. (*c*) all the partners

4. (*b*)

Guaranteed share of Z is	=	₹ 1,000
(–) Share in profit (4,000 x 2/10)	=	₹ (800)
Deficiency in Z's share of profit	=	₹ 200

Or (*b*) Nisha's sacrifice $= \frac{1}{4} - \frac{1}{8} = \frac{1}{8}$; So, sacrifice ratio is 1 : 1

Kashish's Goodwill $= 40{,}000 \times \frac{1}{4} = ₹\ 10{,}000$; $\therefore$ Nisha's share $= 10{,}000 \times \frac{1}{2} = ₹\ 5{,}000$

5. (*a*) debited by ₹ 24,000

6. (*d*) 2 : 1

7. (*c*) Only (iv)

8. (*b*) Share capital is debited with called-up value only.

Or (*a*) Shares allotted = 1,00,000/1,20,000 × 3,000 = 2,500 shares

9. (*b*) Investments = 40,000 – 50% of 40,000 (Taken over by partners) = ₹ 20,000

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

11. (*b*)

Stock A/c	Dr	15,000	
To Revaluation A/c			15,000

12. (*a*) The forfeited shares account decreased from ₹ 1,00,000 to ₹ 50,000, indicating that ₹ 50,000 worth of shares were reissued.

13. (*a*) The issued share capital increased from ₹ 30,00,000 to ₹ 35,00,000, an increase of ₹ 5,00,000.

14. (*d*) All of the above

15. (*d*) All of the above

16. (*b*) B is to be credited by ₹ 1,600 for interest at 2% to be given to him. B is to be debited by ₹ 1,200 for his share in loss to firm. So, B will be credited with ₹ 400.

Or Interest on Capital

Susain = 90,000 × 10%	= ₹ 9,000
Asman = 80,000 × 10%	= ₹ 8,000
Total interest	= ₹ 17,000

9 : 8 (Interest on capital ratio)

As interest is greater than available profit hence, profit of ₹ 15,000 will be credited in interest on capital ratio.

Interest credited to Asman $= 15{,}000 \times \frac{8}{17} = ₹\ 7{,}059$

17.

JOURNAL

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
2025 Jun 30	Ajay's Capital A/c (22,500 × 4/15)	Dr		6,000	
	Vijay's Capital A/c (22,500 × 11/15)	Dr		16,500	
	To Pranav's Capital A/c				22,500
	(Being Pranav's share of goodwill credited to Pranav and debited to Ajay and Vijay in their gaining ratio of 4 : 11)				

Working Notes

1. Gaining Ratio = New Share – Old Share

Ajay's gain $= \frac{3}{5} - \frac{4}{8} = \frac{24-20}{40} = \frac{4}{40}$; Vijay's gain $= \frac{2}{5} - \frac{1}{8} = \frac{16-5}{40} = \frac{11}{40}$

Gaining ratio of Ajay and Vijay $= \frac{4}{40} : \frac{11}{40} = 4:11$

2. Average profit of 4 years $= \frac{80{,}000 + 10{,}000 + (10{,}000) + 40{,}000}{4} =$ ₹ 30,000

Firm's goodwill = 30,000 × 2 = ₹ 60,000

Pranav's share of goodwill = 60,000 × 3/8 = ₹ 22,500

18. Under section 37 of the Partnership Act, if a partner's share of profits is unpaid, the outgoing partner or his estate is entitled at the option of himself or his representatives to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of six per cent per annum on the amount of his share in the property of the firm.

Thus , X is entitled to receive either of the following

(i) Interest @ 6% p.a. on the use of his balance $= 40{,}000 \times \frac{6}{100} \times \frac{3}{12} =$ ₹ 600

(ii) Share in the subsequent profits attributable to the use of his balance $= \frac{(40{,}000 \times 25{,}000)}{2{,}00{,}000} =$ ₹ 5,000

Or

Statement Showing Calculation of Capital in the Beginning

Particulars	Josh (₹)	Krish (₹)
Capital at the End	1,50,000	75,000
(+) Drawings During the Year	20,000	5,000
	1,70,000	80,000
(–) Share of Profit (Credited)	(12,000)	(4,000)
	1,58,000	76,000
(–) Additional Capital	—	(16,000)
Capital in the Beginning	1,58,000	60,000

Interest on Josh's Capital $= 1{,}58{,}000 \times \frac{12}{100} =$ ₹ 18,960

Interest on Krish's Capital $= \left(60{,}000 \times \frac{12}{100}\right) + \left(16{,}000 \times \frac{12}{100} \times \frac{6}{12}\right) = 7{,}200 + 960 =$ ₹ 8,160

Value Point

Interest on capital is calculated on opening capital.

19.

Balance sheet

as at …

Particulars	Note No.	Current Year (₹)	Previous Year (₹)
I. **EQUITY AND LIABILITIES**			
1. **Shareholder's Funds**			
Share Capital	1	9,97,500	

Notes to Accounts

Particulars		Amt (₹)	Amt (₹)
Authorised Capital		—	
Issued Capital			
10,000 Shares of ₹ 100 each		10,00,000	
Subscribed Capital			
9,900 Shares of ₹ 100 each Fully Paid	9,90,000		
(+) Share Forfeited Account (WN)	7,500	9,97,500	

Working Note

Amount forfeited on 400 shares is $400 \times 75 =$ ₹ 30,000

Amount to be retained in forfeited shares account for 100 shares not re-issued $= 30{,}000/400 \times 100 =$ ₹ 7,500

20. **JOURNAL**

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
	Mohan's Current A/c (WN)	Dr		15,200	
	To Ram's Current A/c				15,200
	(Being adjustment entry passed)				

Working Note

Adjustment Table

Particulars	Raj (₹)	Moti (₹)
Amount to be Credited		
Interest on Capital	48,000	33,600
Salary	28,800	24,000
Profit Share in 7 : 5 (2,01,600 – 81,600 – 52,800)	39,200	28,000
	1,16,000	85,600
Amount wrongly Credited (2,01,600 in 1 : 1)	1,00,800	1,00,800
	15,200 (Cr)	15,200 (Dr)

21. **Balance Sheet** (Extract)
as at 31st March, 2025

Particulars	Note No.	Current Year (₹)	Previous Year (₹)
1. **EQUITY AND LIABILITIES**		–	–
1. **Non-current Liabilities**			
(i) Long-term Borrowings	1	12,00,000	

Notes to Accounts

Particulars		Amt (₹)
1. **Long-term Borrowings**		–
10% Debentures	12,50,000	
(–) Debenture Suspense	(2,50,000)	10,00,000
Long-term Loan from Bank of Punjab		2,00,000
(Secured by issue of ₹ 2,50,000 debentures as collateral Security)		
		12,00,000

22. Dr **A's Capital Account** Cr

Particulars	Amt (₹)	Particulars	Amt (₹)
To Drawings	20,000	By Balance b/d	3,00,000
To A's Executor's A/c	4,64,000	By General Reserve A/c	20,000
		By Salary (60,000 × 4/12)	20,000
		By Profit and Loss Suspense A/c (WN1)	24,000
		By B's Capital A/c (WN2)	80,000
		By C's Capital A/c	40,000
	4,84,000		4,84,000

Working Notes

1. Calculation of A's Share of Profit $= (2{,}00{,}000 \times 2/5 \times 4/12) - 10\%$ of $(2{,}00{,}000 \times 2/5 \times 4/12) = 26{,}667 - 2{,}667 =$ ₹ 24,000

2. Calculation of A's Share of Goodwill $= \dfrac{1{,}00{,}000 + 1{,}50{,}000 + 2{,}00{,}000}{3} \times 2 =$ ₹ 3,00,000

A's share $= 3{,}00{,}000 \times 2/5 =$ ₹ 1,20,000 (distribute in B and C in 2 : 1 ratio)

23.

JOURNAL

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
2024 Apr 1	Bank A/c	Dr		27,50,000	
	To Debenture Application and Allotment A/c (25,000 × 110)				27,50,000
	(Being the application money received)				
Apr 1	Debenture Application and Allotment A/c	Dr		27,50,000	
	Loss on Issue of Debentures A/c	Dr		5,00,000	
	To 10% Debentures A/c (25,000 × 100)				25,00,000
	To Securities Premium A/c (25,000 × 10)				2,50,000
	To Premium on Redemption of Debentures A/c (25,000 × 20)				5,00,000
	(Being the issue of debentures at 10% premium, redeemable at 20% premium)				
2025 Mar 31	Securities Premium A/c	Dr		2,50,000	
	Statement of Profit and Loss	Dr		2,50,000	
	To Loss on Issue of Debentures A/c				5,00,000
	(Being loss on issue of debentures is written-off from available balance of securities premium reserve and profit and loss account)				

Working Note

Securities premium (By issue of 25,000, 10% debentures of ₹ 100 each at 10% premium) = 25,000 × 10 = ₹ 2,50,000

Loss on issue of debentures = 25,000 × 20 = ₹ 5,00,000

Dr **Loss on Issue of Debentures Account** Cr

Date	Particulars	Amt (₹)	Date	Particulars	Amt (₹)
2024 Apr 1	To Premium on Redemption of Debentures A/c	5,00,000	2025 Mar 31	By Securities Premium A/c	2,50,000
			Mar 31	By Statement of Profit and Loss	2,50,000
		5,00,000			5,00,000

24. Dr **Revaluation Account** Cr

Particulars	Amt (₹)	Particulars		Amt (₹)
To Prepaid Insurance A/c	10,000	By Building A/c		40,000
To Provision for Doubtful Debts A/c	3,000	By Revaluation Loss transferred to		
To Investment A/c	10,000	Ritu's Capital A/c	5,200	
To Furniture A/c	30,000	Mitu's Capital A/c	5,200	
		Shitu's Capital A/c	2,600	13,000
	53,000			53,000

Dr **Partners' Capital Account** Cr

Particulars	Ritu (₹)	Mitu (₹)	Shitu (₹)	Chintu (₹)	Particulars	Ritu (₹)	Mitu (₹)	Shitu (₹)	Chintu (₹)
To Goodwill A/c	8,000	8,000	4,000	—	By Balance b/d	80,000	80,000	60,000	—
To Investment A/c	20,000	—	—	—	By Profit and Loss A/c	8,000	8,000	4,000	—
To Revaluation A/c (Loss)	5,200	5,200	2,600	—	By Workmen Compensation Fund A/c	12,000	12,000	6,000	—
To Balance c/d	87,800	1,07,800	71,400	66,750	By Reserve Fund A/c	16,000	16,000	8,000	—
					By Premium for Goodwill A/c	5,000	5,000	—	—
					By Bank A/c	—	—	—	66,750
	1,21,000	1,21,000	78,000	66,750		1,21,000	1,21,000	78,000	66,750

Working Note

Calculation of Sacrificing Ratio Sacrificing Ratio = Old Share – New Share

$$\text{Ritu} = \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}; \quad \text{Mitu} = \frac{2}{5} - \frac{3}{10} = \frac{4-3}{10} = \frac{1}{10}; \quad \text{Shitu} = \frac{1}{5} - \frac{2}{10} = \frac{2-2}{10} = \frac{0}{10}$$

∴ Sacrificing ratio = Ritu : Mitu = 1 : 1

> **Mistake Alert**
> Students usually forget to write-off goodwill appearing in the balance sheet. Goodwill appearing on the assets side of balance sheet should be written-off.

Or Dr **Revaluation Account** Cr

Particulars	Amt (₹)	Particulars		Amt (₹)
To Bills Receivable A/c	10,000	By Investment A/c (Unrecorded)		20,000
To Patents A/c	30,000	By Revaluation Loss transferred to		
To Expenses Owing A/c	10,000	Manish's Capital A/c	17,500	
To Creditors A/c	5,000	Nirjhar's Capital A/c	10,500	
		Kshitij's Capital A/c	7,000	35,000
	55,000			55,000

Dr **Partners' Capital Account** Cr

Particulars	Manish (₹)	Nirjhar (₹)	Kshitij (₹)	Particulars	Manish (₹)	Nirjhar (₹)	Kshitij (₹)
To Goodwill A/c	10,000	6,000	4,000	By Balance b/d	60,000	60,000	40,000
To Profit and Loss A/c	15,000	9,000	6,000	By Nirjhar's Capital A/c	12,000	—	—
To Manish's Capital A/c	—	12,000	18,000	By Kshitij's Capital A/c	18,000	—	—
To Revaluation A/c (Loss)	17,500	10,500	7,000	By Reserve Fund A/c	15,000	9,000	6,000
To Cash A/c	10,000	—	—	By Workmen Compensation Fund A/c	5,000	3,000	2,000
To Manish's Loan A/c	57,500	—	—				
To Balance c/d	—	34,500	13,000				
	1,10,000	72,000	48,000		1,10,000	72,000	48,000

Working Note

Gaining Ratio = New Share – Old Share

$$\text{Nirjhar} = \frac{1}{2} - \frac{3}{10} = \frac{5-3}{10} = \frac{2}{10}; \quad \text{Kshitij} = \frac{1}{2} - \frac{2}{10} = \frac{5-2}{10} = \frac{3}{10}$$

Gaining ratio = 2 : 3

Manish's share of goodwill = 60,000 × 5/10 = ₹ 30,000, to be borne by Nirjhar and Kshitij in their gaining ratio, i.e. 2 : 3.

25. **JOURNAL**

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
(i)	Realisation A/c	Dr		18,500	
	To Arjun's Capital A/c				18,500
	(Being payment made to creditor by Arjun)				
(ii)	Realisation A/c	Dr		70,000	
	To Vivek's Capital A/c				70,000
	(Being Vivek's wife loan paid by Vivek)				
(iii)	Cash A/c	Dr		1,60,000	
	To Realisation A/c				1,60,000
	(Being unrecorded investment sold at 20% loss)				
(iv)	Cash A/c	Dr		1,400	
	To Realisation A/c				1,400
	(Being bad debts recovered)				

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
(v)	Vivek's Capital A/c	Dr.		90,000	
	To Realisation A/c				90,000
	(Being stock taken over by Vivek)				
(vi)	Realisation A/c	Dr		400	
	To Vivek's Capital A/c				400
	(Being realisation expense paid by Vivek)				

Or

JOURNAL

Date	Particulars		LF	Amt (Dr)	Amt (Cr)
	Bank A/c (7,200 × 10)	Dr		72,000	
	To Share Application A/c				72,000
	(Being application money on 7,200 @ ₹ 10 each received)				
	Share Application A/c	Dr		72,000	
	To Share Capital A/c (4,000 × 10)				40,000
	To Bank A/c (1,200 × 10)				12,000
	To Share Allotment A/c (2,000 × 10)				20,000
	(Being share application money transferred to share capital account on 4,000 shares @ ₹ 10 each on the pro-rata basis)				
	Share Allotment A/c	Dr		1,00,000	
	To Share Capital A/c (4,000 × 20)				80,000
	To Securities Premium A/c (4,000 × 5)				20,000
	(Being share first call money due)				
	Bank A/c	Dr		64,000	
	To Share Allotment A/c				64,000
	(Being share allotment money received with exception of ₹ 16,000)				
	Share First Call A/c	Dr		1,60,000	
	To Share Capital A/c (4,000 × 40)				1,60,000
	(Being share first call money received)				
	Bank A/c (3,200 × 40)	Dr		1,28,000	
	To Share First Call A/c				1,28,000
	(Being share first call money received with the exception of ₹ 32,000)				
	Share Capital A/c (800 × 70)	Dr		56,000	
	Securities Premium A/c (800 × 5)	Dr		4,000	
	To Share Allotment A/c				16,000
	To Share First Call A/c (800 × 40)				32,000
	To Share Forfeiture A/c				12,000
	(Being 800 shares forfeited for the non-payment of allotment and share first call)				
	Bank A/c (800 × 60)	Dr		48,000	
	Share Forfeited A/c (800 × 10)	Dr		8,000	
	To Share Capital A/c (800 × 70)				56,000
	(Being reissued of forfeited shares at ₹ 60 per share ₹ 70 paid-up)				
	Share Forfeited A/c	Dr		4,000	
	To Capital Reserve A/c				4,000
	(Being transfer of share forfeited to capital reserve account)				

Working Notes

1. Number of shares applied by Sachin $= 800 \times \frac{6,000}{4,000} = 1,200$ shares

2. **Calculation of Amount of Calls-in-arrears** **Amt (₹)**

Amount received on application (1,200 × 10)	=	12,000
Amount due on application (800 × 10)	=	(8,000)
Excess amount to be adjusted on allotment	=	4,000

Amount due on allotment (800×25)	=	20,000	
(–) Amount to be adjusted	=	(4,000)	
Calls-in-arrears at allotment		=	16,000

Calls-in-arrears at first call $(800 \times 40) = 32,000$

3. **Calculation of Amount Received at Allotment**

		Amt (₹)
Amount due on allotment $(4,000 \times 25)$	=	1,00,000
(–) Amount received at application to be adjusted	=	(20,000)
	=	80,000
(–) Calls-in-arrears at allotment	=	(16,000)
Amount received at allotment	=	6,400

26. **JOURNAL**

Date	Particulars	LF	Amt (Dr)	Amt (Cr)
	Bank A/c $(60,000 \times 5)$ Dr		3,00,00	
	To Share Application A/c			3,00,000
	(Being application money on 60,000 shares received)			
	Share Application A/c Dr		3,00,000	
	To Share Capital A/c			2,50,000
	To Bank A/c			20,000
	To Share Allotment A/c			30,000
	(Being application money adjusted, refunded to rejected applications)			
	Share Allotment A/c Dr		2,00,000	
	To Share Capital A/c			50,000
	To Securities Premium A/c			1,50,000
	(Being allotment money due)			
	Bank A/c $(2,00,000 - 30,000 - 2,720)$ Dr		1,67,280	
	Calls-in-Arrears A/c Dr		2,720	
	To Share Allotment A/c			1,70,000
	(Being balance of allotment money received except on 800 shares)			
	Share First Call A/c $(50,000 \times 2)$ Dr		1,00,000	
	To Share Capital A/c			1,00,000
	(Being amount due on first call)			
	Bank A/c $[1,00,000 - (800 \times 2)]$ Dr		98,400	
	Calls-in-Arrears A/c Dr		2,400	
	To Share First Call A/c			1,00,000
	(Being first call money, received except on 800 shares)			
	Share Capital A/c (800×8) Dr		6,400	
	Securities Premium A/c Dr		2,400	
	To Calls-in-Arrears A/c			4,320
	To Forfeited Shares A/c			4,480
	(Being 800 shares of Jayant forfeited)			
	Bank A/c (500×5) Dr		2,500	
	Forfeited Shares A/c Dr		2,500	
	To Share Capital A/c			5,000
	(Being 500 shares re-issued at ₹ 5 per share fully paid up)			
	Forfeited Shares A/c $\left[\left(\frac{4480}{800} \times 500\right) - 2500\right]$ Dr		300	
	To Capital Reserve A/c			300
	(Being gain on re-issue of 500 shares transferred to Capital Reserve)			

Working Note

1. Calculation of arrears on allotment by Jayant

- Applied shares by Jayant $= \dfrac{800 \times 56{,}000}{50{,}000} = 8{,}96$ shares
- Excess application money $= (896 - 800) \times 5 =$ ₹ 480
- Allotment money not paid by Jayant $= (800 \times 4) - 480 =$ ₹ 2,720

27. (*d*) ₹ 1,00,000

Inventory turnover ratio is given 5 times hence cost of revenue from operations

= Average inventory × 5 = 60,000 × 5 = ₹ 3,00,000

Amount of gross profit = Cost of revenue from operation $\times \dfrac{1}{3} = 3{,}00{,}000 \times \dfrac{1}{3} =$ ₹ 1,00,000

Or (*a*) Intangible assets

28. (*c*) Let the net revenue from operations be = 100

If gross profit is 20% of net revenue from operation, gross profit = 20

Cost of revenue from operations will be = 80

Now, if cost of revenue from operations is 80, then gross profit is 20

If cost of revenue from operations is 5,00,000, then gross profit $= 5{,}00{,}000 \times \dfrac{20}{80} =$ ₹ 1,25,000

Now, Net Revenue from Operations = Cost of Revenue from Operations + Gross Profit

= 5,00,000 + 1,25,000 = ₹ 6,25,000

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

30. (*a*) Marketable securities are part of cash and cash equivalent *Or* (*c*) I, II and IV

31. (i) Head – Current Assets ; Sub-head – Inventories.

(ii) While calculating inventory turnover ratio, these are not included in inventories.

(iii) Objectives of such analysis are

(a) Assessing the ability of the enterprise to meet its short-term and long-term commitments.

(b) Assessing the earning capacity of the enterprise.

32.

Common Size Balance Sheet

as at 31st March, 2025

Particulars	Note No.	31st March, 2024 (₹)	31st March, 2025 (₹)	% of Balance Sheet Total	
				2024	2025
I. **EQUITY AND LIABILITIES**					
1. **Shareholders' Funds**					
Share Capital		20,00,000	30,50,000	66.7	76.25
2. **Non-current Liabilities**					
Long-term Borrowings		6,00,000	2,80,000	20	7
3. **Current Liabilities**					
Trade Payables		4,00,000	6,70,000	13.33	16.75
Total		30,00,000	40,00,000	100	100
II. **ASSETS**					
1. **Non-current Assets**					
(i) Property; Plant & Equipment and Intangible Assets					
(a) Property, Plant and Equipment		12,00,000	16,00,000	40	40
(b) Intangible Assets		3,00,000	2,00,000	10	5
2. **Current Assets**					
(i) Inventories		3,00,000	8,00,000	10	20
(ii) Trade receivables		10,00,000	12,00,000	33.33	30
(iii) Cash and cash equivalent		2,00,000	2,00,000	6.67	5
Total		30,00,000	40,00,000	100	100

Or

Comparative Statement of Profit and Loss
for the year ended 31st March, 2025

Particulars	31st March, 2024 (₹)	31st March, 2025 (₹)	Absolute Change	% Change
I. Revenue from Operations	5,00,000	6,00,000	1,00,000	20
Other Income	1,00,000	1,20,000	20,000	20
Total Revenue	6,00,000	7,20,000	1,20,000	20
II. **Expenses**				
Employee Benefit Expense	1,80,000	2,88,000	1,08,000	60
III. Profit before Tax (I-II)	4,20,000	4,32,000	12,000	2.85
IV. (−) tax	2,10,000	2,16,000	6,000	2.85
V. Profit after tax (III-IV)	2,10,000	2,16,000	6,000	2.85

33. (i) Inventory Turnover Ratio $= \dfrac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}} = \dfrac{22,000}{2,750} = 8$ times

Working Note

Net Sales = ₹ 20,000

Gross Loss = 10% of 20,000 = ₹ 2,000

Cost of Revenue from Operations = Net Sales + Gross Loss = 20,000 + 2,000 = ₹ 22,000

(ii) Inventory Turnover Ratio $= \dfrac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}} = \dfrac{7,500}{2,500} = 3$ times

Working Notes

1. **Calculation of Inventory**

Opening Inventory = Closing Inventory − Excess of Closing Inventory over Opening Inventory

= 3,000 − 1,000 = ₹ 2,000

Average Inventory = (Opening Inventory + Closing Inventory) ÷ 2 = (2,000 + 3,000) ÷ 2 = ₹ 2,500

2. Cost of Revenue from Operations = Net Sales − Gross Profit = 10,000 − 2,500 = ₹ 7,500

Or Current Ratio

$= \dfrac{\text{Current Assets Excluding Loose Tools}}{\text{Current Liabilities}} = \dfrac{4,55,000}{1,95,000} = 2.33 : 1$

Current Assets = Cash at Bank + Trade Receivables + Inventory − Loose Tools + Advance Tax

= ₹ 50,000 + ₹ 2,50,000 + ₹ 1,60,000 − ₹ 20,000 + ₹ 15,000 = ₹ 4,55,000

Current Liabilities = Current Assets − Working Capital = ₹ 4,55,00 − ₹ 2,60,000 = ₹ 1,95,000

Quick Assets = Cash at Bank + Trade receivables = ₹ 50,000 + ₹ 2,50,000 = ₹ 3,00,000

Quick Ratio $= \dfrac{\text{Quick Assets}}{\text{Current Liabilities}} = \dfrac{3,00,000}{1,45,000} = 1.53 : 1$

34.

Cash Flow Statement
for the year ended 31st March, 2025

Particulars		31st March, 2025 (₹)
I. **Cash Flow from Operating Activities**		
Net Profit before Tax and Extraordinary Items (WN1)		40,000
Adjustments for		
(+) Depreciation	20,000	
Preliminary Expenses Written-off	1,000	21,000
Operating Profit before Working Capital Changes		61,000
(+) Increase in Current Liabilities and Decrease in Current Assets		
Trade Creditors	4,600	
(−) Increase in Current Assets and Decrease in Current Liabilities		
Stock	(4,000)	
Debtors	(3,000)	(2,400)

Particulars		31st March, 2025 (₹)
Cash Flow from Operating Activities before Tax		58,600
(−) Income Tax Paid		(5,000)
Cash Flow from Operating Activities after Tax		53,600
II. **Cash Flow from Investing Activities**		
Purchase of Property, Plant and Equipment (WN2)	(92,600)	
Net Cash Used in Investing Activities		(92,600)
III. **Cash Flow from Financing Activities**		
Issue of Share Capital	40,000	
Cash Flow from Financing Activities		40,000
Net Increase in Cash and Cash Equivalent (I + II + III)		1,000
(+) Cash and Cash Equivalent at the Beginning of the Period		4,000
Cash and Cash Equivalent at the End of the Period		5,000

Working Notes

1. **Calculation of Net Profit before Tax and Extraordinary Items**

	Amt (₹)
Profit as per Balance Sheet (30,000 – 20,000)	10,000
(+) Income Tax Paid	5,000
(+) Transfer to General Reserve	25,000
	40,000

2. Dr **Property, Plant and Equipment Account** Cr

Particulars	Amt (₹)	Particulars	Amt (₹)
To Balance b/d	93,400	By Depreciation A/c	20,000
To Bank A/c (Purchase) (Balancing figure)	92,600	By Balance c/d	1,66,000
	1,86,000		1,86,000

My Reflection & Problem Points

Write down any difficulties, doubts, or mistakes you faced in this paper.

Discuss these points with your teacher and sort them out

Concept (s) I got stuck on ....

....

Question (s) I couldn't complete ....

....

What confused me most ....

....

Time issue faced in ....