

$$\text{Ansh} = ₹ 1,200 \times 12 \times \frac{6}{100} \times \frac{5.5}{12} = ₹ 396$$

$$\text{Pooja} = ₹ 2,500 \times 2 \times \frac{6}{100} \times \frac{3}{12} = ₹ 75$$

OR

Particulars	Amount (₹)	Amount (₹)
Profit for 2020-21		2,00,000
Loss for 2021-22	(50,000)	
Add: Capital expense treated as revenue expense	40,000	
Less: Depreciation on machine	(2,000)	(12,000)
Profit for 2022-23	2,50,000	
Less: Depreciation on Machine	(3,800)	
Less: Overvaluation of Closing stock	(10,000)	2,36,200
<i>Total Profit</i>		4,24,200

$$\text{Actual Average Profits} = \frac{\text{Total Profit}}{\text{No. of Years}} = \frac{₹ 4,24,200}{3} = ₹ 1,41,400$$

$$\text{Value of Goodwill} = \text{Actual Average Profit} \times \text{No. of years' purchase}$$

$$= ₹ 1,41,400 \times 2.5 = ₹ 3,53,500$$

19.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Equity Share Capital A/c Dr. To Calls-in-Arrears A/c To Shares Forfeited A/c (Being adjustment entry for goodwill)		32,000	12,800 19,200
(ii)	Bank A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being 640 shares reissued @ ₹ 22 per share)		14,080	12,800 1,280
(iii)	Shares Forfeited A/c Dr. To Capital Reserve A/c (Being gain on reissue of forfeited shares transferred to capital reserve) [19,200 × (640/1,600) – 0]		7,680	7,680

Working Note:

$$\text{Shares allotted to Monu} = 1,840 \times \frac{40,000}{46,000} = 1,600$$

OR

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Land A/c	Dr.	15,00,000	
	Furniture A/c	Dr.	7,00,000	
	Trade Receivable A/c	Dr.	8,00,000	
	To Loan A/c			6,00,000
	To Jyoti Ltd.			21,00,000
	To Capital Reserve A/c			3,00,000
	(Being business purchased and the balance transferred to capital reserve account)			
(ii)	Jyoti Ltd.	Dr.	21,00,000	
	To Bank A/c			10,50,000
	To 6% Debentures A/c			10,00,000
	To Securities Premium A/c			50,000
	(Being amount paid to vendor by cheque and by issuing debentures)			
	(No. of debentures = ₹ 10,50,000/₹ 52.5 = 20,000 debentures)			

20.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	General Reserve A/c	Dr.	15,000	
	To A's Capital A/c			3,000
	To B's Capital A/c			4,500
	To C's Capital A/c			7,500
	(Being transfer of general reserve to capital accounts of partners in their old ratio)			
(ii)	Investment Fluctuation Reserve A/c	Dr.	85,000	
	Revaluation A/c	Dr.	15,000	
	To Investment A/c			1,00,000
	(Being reduction in value of investment charged from IFR and excess amount transferred to revaluation account)			
(iii)	A's Capital A/c	Dr.	3,000	
	B's Capital A/c	Dr.	4,500	
	C's Capital A/c	Dr.	7,500	
	To Revaluation A/c			15,000
	(Being transfer of loss of revaluation to capital accounts of partners in their old ratio)			

21.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Realisation A/c (Being cash realised from sale of land after deducting 2% broker commission)		3,52,800	3,52,800
(ii)	Realisation A/c Dr. To Bank A/c (Being creditors paid)		39,600	39,600
(iii)	Realisation A/c Dr. To Bank A/c (Being unrecorded liability paid)		4,000	4,000
(iv)	Rocy's Capital A/c Dr. Vista's Capital A/c Dr. To Realisation A/c (Being share of REL Ltd. taken by partners)		45,000 15,000	60,000

22.

Balance Sheet (Extract)

Particulars	Note No.	Amount (₹)
EQUITY and LIABILITIES		
1. Shareholders' Fund		
(a) Share Capital	1	9,97,000

Note No.	Particulars	Amount (₹)
1.	Share Capital:	
	Authorised Capital	
	8,00,000 shares @ ₹ 10 each	80,00,000
	Issued Capital:	
	6,00,000 shares @ ₹ 10 each	60,00,000
	Subscribed Capital:	
	Subscribed but not fully paid-up	
	5,98,800 equity shares of 10 each	59,88,000
	Add: Share Forfeiture A/c (1,200 shares) (1,320 × ₹ 2)	2,640
		<u>59,90,640</u>

23.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Equity Share Application A/c (Being application money received on 40,000 shares @ ₹ 4)		1,60,000	1,60,000
(ii)	Equity Share Application A/c Dr. To Equity Share Capital A/c (40,000 × ₹ 3) To Securities Premium A/c (40,000 × ₹ 1) (Being application money transferred)		1,60,000	1,20,000 40,000

(iii)	Equity Share Allotment A/c Dr. To Equity Share Capital A/c (40,000 × ₹ 4) To Securities Premium A/c (40,000 × ₹ 1) (Being share allotment money due)		2,00,000	1,60,000 40,000
(iv)	Bank A/c Dr. Calls-in-Arrears A/c (250 × ₹ 5) Dr. To Equity Share Allotment A/c To Calls-in-Advance A/c (500 × ₹ 4) (Being allotment money of 5 received except on 250 shares and calls-in-advance of ₹ 4 received on 500 shares)		2,00,750 1,250	2,00,000 2,000
(v)	Equity Share Capital A/c (250 × ₹ 7) Dr. Securities Premium A/c (250 × ₹ 1) Dr. To Calls-in-Arrears A/c To Shares Forfeited A/c (250 × ₹ 3) (Being 250 shares forfeited)		1,750 250	1,250 750
(vi)	Equity Share First Call A/c (39,750 × ₹ 4) Dr. To Equity Share Capital A/c (39,750 × ₹ 3) To Securities Premium A/c (39,750 × ₹ 1) (Being first call money @ ₹ 4 due on 39,750 shares)		1,59,000	1,19,250 39,750
(vii)	Bank A/c Dr. Calls-in-Arrears A/c (150 × ₹ 4) Dr. Calls-in-Advance A/c Dr. To Equity Share First Call A/c (Being first call money of ₹ 4 received except on 150 shares)		1,56,400 600 2,000	1,59,000
(viii)	Equity Share Capital A/c (150 × ₹ 10) Dr. Securities Premium A/c (150 × ₹ 1) Dr. To Calls-in-Arrears A/c To Shares Forfeited A/c 2 (150 × ₹ 7) (Being 150 shares forfeited)		1,500 150	600 1,050
(ix)	Bank A/c (300 × ₹ 7) Dr. Shares Forfeited A/c Dr. To Equity Share Capital A/c (Being 300 forfeited shares reissued @ ₹ 7)		2,100 900	3,000
(x)	Shares Forfeited A/c Dr. To Capital Reserve A/c (Being gain on reissue of forfeited shares transferred to capital reserve)		600	600

Working Notes:

	(₹)
(i) Amount to be received on Allotment (40,000 × ₹ 5)	2,00,000
<i>Less:</i> Money not paid by Rishi on Allotment (250 × ₹ 5)	(1,250)
<i>Add:</i> Advance received from Raj (500 × ₹ 4)	2,000
Amount received on Allotment	2,00,750
(ii) Amount to be received on First Call (39,750 × ₹ 4)	1,59,000
<i>Less:</i> Money not paid by Gupta on First Call (150 × ₹ 4)	(600)
<i>Less:</i> Amount received with Allotment as calls-in-advance (500 × ₹ 4)	(2,000)
Amount received on First Call	1,56,400
(iii) Amount transferred to Capital Reserve = $\left(\frac{₹ 750}{250} \times 150\right) + ₹ 1,050 - ₹ 900 = ₹ 600$	

OR**Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr.		1,90,000	
	To Share Application A/c (Being application money on 95,000 shares @ ₹ 2 received)			1,90,000
(ii)	Share Application A/c Dr.		1,90,000	
	To Equity Share Capital A/c			1,20,000
	To Share Allotment A/c			60,000
	To Bank A/c			10,000
(Being application money transferred to share capital A/c)				
(iii)	Equity Share Allotment A/c Dr.		1,20,000	
	To Equity Share Capital A/c (Being share allotment due @ ₹ 2 on 60,000 shares)			1,20,000
(iv)	Bank A/c Dr.		50,000	
	Calls-in-Arrears A/c Dr.		10,000	
	To Share allotment A/c (Being Allotment money received on 55,000 shares @ ₹ 2)			60,000
(v)	Equity Share First & Final Call A/c Dr.		3,60,000	
	To Equity Share Capital A/c (Being first call due @ ₹ 6 on 60,000 shares)			3,60,000

(vi)	Bank A/c Calls-in-Arrears A/c To Equity Share First and Final Call A/c (Being first and final call received on 53,000 shares)	Dr. Dr.	3,18,000 42,000	3,60,000
(vii)	Share Capital A/c To Calls-in-Arrears A/c To Share Forfeiture A/c (Being 5,000 shares forfeited due to non payment of allotment & call)	Dr.	50,000	40,000 10,000
(viii)	Bank A/c Share Forfeiture A/c To Share Capital A/c	Dr. Dr.	40,000 10,000	50,000

Note: Amount transferred to Capital Reserve = Nil

24.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Provision for Bad Debts A/c Building A/c To Revaluation A/c (For increase in the value of land and decrease in the value of provision for bad debts transferred to revaluation account)	Dr. Dr.	300 10,000	10,300
(ii)	Revaluation A/c To Outstanding Repair Bill' A/c (For unrecorded liability transferred to revaluation account)	Dr.	4,000	4,000
(iii)	Revaluation A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (For profit on revaluation of assets and liabilities transferred to partners' capital accounts in their old ratio)	Dr.	6,300	1,260 1,890 3,150
(iv)	B's Capital A/c C's Capital A/c To A's Capital A/c (For adjustment of goodwill through partners' capital accounts)	Dr. Dr.	3,600 6,000	9,600
(v)	Investment Fluctuation Reserve A/c To Investment A/c To A's Capital A/c To B's Capital A/c To C's Capital A/c (For decrease in the value of investment charged from IFR and balance transferred to partners' capital accounts)	Dr.	10,000	5,000 1,000 1,500 2,500

(vi)	A's Capital A/c To Bank A/c To A's Loan A/c [30,000 + 1,260 + 9,600 + 1,000 - 1,860] (For payment made to A and balance transferred to his loan account)	Dr.	41,860	1,860 40,000
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OR

Dr. Revaluation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Provision for Doubtful Debts	450	By Furniture	5,000
To Profit transferred to Capital A/cs:			
Karan	2,730		
Amit	1,820		
	4,550		
	5,000		5,000

Dr. Partners' Capital A/cs Cr.

Particulars	Karan (₹)	Amit (₹)	Kritika (₹)	Particulars	Karan (₹)	Amit (₹)	Kritika (₹)
To Profit & Loss A/c	15,000	10,000	—	By Balance b/d	40,000	20,000	—
To Balance c/d	48,000	32,000	20,000	By Cash A/c	—	—	20,000
				By Revaluation A/c	2,730	1,820	—
				By Workmen Compensation Fund A/c	—	4,000	—
				By Premium for Goodwill A/c	3,000	2,000	—
				By Cash A/c	11,270	14,180	—
	63,000	42,000	20,000		63,000	42,000	20,000

Balance Sheet

as at 31st March, 2023

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Plant and Machinery	18,000
Karan	48,000	Furniture	45,000
Amit	32,000	Sundry Debtors	9,000
Kritika	20,000	Less: Provision for Doubtful Debts	(450)
Employees Provident Fund	10,000	Cash in Hand	51,950
Sundry Creditors	7,500	(1,500 + 20,000 + 5,000 + 11,270 + 14,180)	
Liability for Workmen Compensation	6,000		
	1,23,500		1,23,500

Working Note:

Kritika's Capital = ₹ 20,000

Firm's Capital on the basis of Kritika's Capital = ₹ 20,000 × $\frac{5}{1}$ = ₹ 1,00,000

Remaining Capital of ₹ 80,000 will be in 3 : 2 i.e. ₹ 48,000 and ₹ 34,000.

25. (i)

Dr.		Priti's Capital A/c		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)		
To Priti's Executor's A/c (Bal. fig.)	1,57,600	By Balance b/d	1,20,000		
		By Kirti's capital A/c (Goodwill)	5,850		
		By Suniti's capital A/c (Goodwill)	5,850		
		By P&L Suspense A/c (Profit)	16,200		
		By Interest on Capital A/c	5,400		
		By Reserve A/c	4,300		
	1,57,600			1,57,600	

(ii) Total amount paid to Priti's executor on 1-1-2024 = Half of Total amount due + Interest on total amount due for one year.

$$= (\text{₹ } 1,57,600 \times 1/2) + (\text{₹ } 1,57,600 \times \frac{8}{100})$$

$$= \text{₹ } 78,800 + \text{₹ } 12,608 = \text{₹ } 91,408$$

Working Notes:

(a) Priti's Profit = ₹ 9,00,000 × 9/12 × 12/100 × 1/5 = ₹ 16,200

(b) Priti's share of goodwill = [₹ 60,000 + ₹ 45,000 - ₹ 30,000 + ₹ 42,000] × 1/5 × 1/2 = ₹ 11,700

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Kirti's Capital A/c	Dr.	5,850	
	Suniti's Capital A/c	Dr.	5,850	
	To Priti's Capital A/c			11,700
	(Being creditors were paid)			

(c) Interest on capital = ₹ 1,20,000 × 6/100 × 9/12 = ₹ 5,400

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
1-4-2022	Bank A/c Dr. To 9% Debenture Application & Allotment A/c (For application money received for 6,000 9% debentures @ 200 each at a discount of 5%)		11,40,000	11,40,000
1-4-2022	9% Debenture Application & Allotment A/c Dr. Discount on Issue of Debentures A/c Dr. To 9% Debentures A/c (For 6,000, 9% debentures of ₹ 200 each at a discount of 5%, redeemable at par)		11,40,000 60,000	12,00,000
31-3-2023	Interest on 9% Debentures A/c Dr. To Debentureholders' A/c (For interest on debentures due)		1,08,000	1,08,000
31-3-2023	Debentureholders' A/c Dr. To Bank A/c (For payment of interest on debentures)		1,08,000	1,08,000
31-3-2023	Statement of Profit & Loss Dr. To Interest on Debentures A/c To Discount on Issue of Debentures A/c (For transfer of yearly interest to Statement of P & L)		1,68,000	1,08,000 60,000
31-3-2024	Interest on 9% Debentures A/c Dr. To Debentureholders' A/c (For interest due on ₹ 8,00,000 @ 9% p.a.)		72,000	72,000
31-3-2024	Debentureholders' Dr. To Bank A/c (For payment of interest on debentures)		72,000	72,000
31-3-2024	Statement of Profit & Loss Dr. To Interest on Debentures A/c (For transfer of yearly interest to statement of P&L)		72,000	72,000
31-3-2025	Interest on 9% Debentures A/c Dr. To Debentureholders' A/c (For interest due on ₹ 2,00,000 @ 9% p.a.)		18,000	18,000
31-3-2025	Debentureholders' A/c Dr. To Bank A/c (For payment of interest on debentures)		18,000	18,000
31-3-2025	Statement of Profit & Loss Dr. To Interest on Debentures A/c (For transfer of yearly interest to statement of P&L)		18,000	18,000

27. (a) Inter-firm comparison

OR

(c) Police officer

28. (b) 5 times [Cost of Revenue from Operations = ₹ 6,00,000 × $\frac{100}{75}$ = ₹ 8,00,000

$$\therefore \text{Inventory Turnover Ratio} = \frac{\text{₹ 8,00,000}}{\text{₹ 1,60,000}} = 5 \text{ times}]$$

29. (a) Both Statements are correct.

OR

(a) ₹ 3,25,000 added in operating activity and ₹ 3,55,000 added in investing activity.

30. (c) Inflow ₹ 21,000

31.

Item	Major Heads	Sub-heads
(i) Premium on redemption of debentures	Non-current Liabilities	Other Long-term Liabilities
(ii) Negative balance in bank account	Current Liabilities	Short-term Borrowings
(iii) Interest on calls in advance	Current Liabilities	Other Current Liabilities
(iv) Bill payable	Current Liabilities	Trade Payable
(v) Public deposits	Non-current Liabilities	Long-term Borrowings
(vi) Share forfeited account	Shareholders' Fund	Share Capital

32. Debts to Capital employed Ratio = $\frac{\text{Long – term Debts}}{\text{Capital Employed}}$

$$= \frac{\text{₹ 25,00,000}}{\text{₹ 50,00,000}} = 0.5 : 1$$

Working Notes:

$$\begin{aligned} \text{Long-term Debts} &= 12\% \text{ Debentures} + 7\% \text{ Loan} \\ &= \text{₹ 20,00,000} + \text{₹ 5,00,000} = \text{₹ 25,00,000} \end{aligned}$$

$$\begin{aligned} \text{Capital Employed} &= \text{Total Assets} - \text{Current Liabilities} \\ &= \text{₹ 60,00,000} - \text{₹ 10,00,000} = \text{₹ 50,00,000} \end{aligned}$$

$$\begin{aligned} \text{Total Assets} &= \text{Non-current Assets} + \text{Current Assets} \\ &= \text{₹ 34,00,000} + \text{₹ 26,00,000} = \text{₹ 60,00,000} \end{aligned}$$

$$\begin{aligned} \text{Current Liabilities} &= \text{Total Debts} - \text{Long-term Debts} \\ &= \text{₹ 35,00,000} - \text{₹ 25,00,000} = \text{₹ 10,00,000} \end{aligned}$$

33.

Common-Size Balance Sheet
as on 31st March, 2022 and 2023

Particulars	Absolute Amount		Total of Balance Sheet	
	31 st March 2022 (₹)	31 st March 2023 (₹)	31 st March 2022 (₹)	31 st March 2023 (₹)
EQUITY AND LIABILITIES:				
Shareholders' Funds:				
Share Capital	7,00,000	12,00,000	70	63.16
Non-Current Liabilities:				
Long-term Borrowings	—	3,20,000	—	16.84
Current Liabilities:				
Trade Payables	2,40,000	2,80,000	24	14.74
Other Current Liabilities	60,000	1,00,000	6	5.26
	10,00,000	19,00,000	100	100
ASSETS:				
Non-Current Assets:				
Fixed Assets (Tangible)	6,40,000	9,00,000	64	47.37
Fixed Assets (Non-Tangible)	2,00,000	3,80,000	20	20
Current Assets:				
Short term Investment	—	3,60,000	—	18.95
Cash and Cash Equivalents	1,60,000	2,60,000	16	13.68
	10,00,000	19,00,000	100	100

OR

Comparative Statement of Profit and Loss
for the year ended 31st March, 2023

Particulars (A)	2021-22 (B)	2022-23 (C)	Absolute Change D = (C-B)	Percentage change E = D/B × 100
I. Revenue from Operations	10,00,000	12,00,000	2,00,000	20
II. Other Income	1,00,000	2,00,000	1,00,000	100
III. Total Revenue (I + II)	11,00,000	14,00,000	3,00,000	27.27
IV. Expenses				
Cost of materials consumed	6,00,000	8,40,000	2,40,000	40
Employees Benefit Expenses	1,20,000	84,000	(36,000)	(30)
Total Expenses	7,20,000	9,24,000	2,04,000	28.33
V. Profit before Tax (III – IV)	3,80,000	4,76,000	96,000	25.26
VI. Tax	1,90,000	2,38,000	48,000	25.26
VII. Profit after Tax (V – VI)	1,90,000	2,38,000	48,000	25.26

34.

Cash Flow Statement of Parul Ltd.
for the year ended 31st March, 2023

Particulars	Amount (₹)	Amount (₹)
A. Cash Flow from Operating Activities		
Net Profit before Tax	1,70,000	
<i>Add:</i> Non-cash and Non-operating expenses:		
Depreciation on Machine	86,000	
Loss on sale of Machine	26,000	
Interest paid on Loan	45,000	
Goodwill amortized	1,54,000	
Operating Profit before Working Capital Changes	4,81,000	
Adjustment for Current Assets and Current Liabilities:		
Increase in Trade Receivables	(76,000)	
Increase in Inventories	(95,000)	
Increase in Other Current Liabilities	5,000	
Decrease in Trade Payable	(95,000)	
Net Cash flow from Operating Activities before tax	2,20,000	
<i>Less:</i> Tax paid	(54,000)	
Net Cash Flow from Operating Activities		1,66,000
B. Cash Flow from Investing Activities		
Sale of Machine	1,46,500	
Net Cash Flow from Investing Activities		(1,46,500)
C. Cash Flow from Financing Activities		
Cash proceeds from bank overdraft	80,000	
Dividend Paid	(55,000)	
Repayment of Loan	(2,50,000)	
Interest paid on Loan	(45,000)	
Net Cash Used in Financing Activities		(2,70,000)
D. Net Increase in Cash and Cash Equivalents (A + B + C)		42,500
E. Add: Opening Balance of Cash and Cash Equivalents (2,19,000+1,27,500)		3,46,500
F. Closing Balance of Cash and Cash Equivalents (1,17,000+2,72,000)		3,89,000

Working Notes:

<i>(i) Calculation of Profit before Tax:</i>	(₹)
Profit/(Loss) as per Statement of Profit & Loss	68,000
Add: Dividend paid	55,000
Add: Provision for Tax (Current year)	47,000
Net Profit before Tax & Extraordinary Items	1,70,000

(ii) Calculation of Sale of Furniture:

Dr.	Machinery Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	12,38,500	By Bank A/c (Sale) (Bal. Fig.)	1,46,500
		By Depreciation A/c	86,000
		By Statement of Profit & Loss (Loss on Sale)	26,000
		By Balance c/d	9,80,000
	12,38,500		12,38,500

Dr.	Provision for Tax Account		Cr.
Particulars	Amount (₹)	Particulars	Amount (₹)
To Cash A/c (Tax paid) (Bal. fig.)	54,000	By Balance b/d	53,000
To Balance c/d	46,000	By Statement of Profit & Loss	47,000
	1,00,000		1,00,000

$$\begin{aligned}
 \text{(iii) Interest on Loan} &= \left(₹ 5,00,000 \times \frac{12}{100} \times \frac{6}{12} \right) + \left(₹ 2,50,000 \times \frac{12}{100} \times \frac{6}{12} \right) \\
 &= ₹ 30,000 + ₹ 15,000 = ₹ 45,000
 \end{aligned}$$