

Solutions to RAC/Set-1

1. (b) ₹ 13,500 [$3,00,000 \times 6\% \times 9/12$]
2. (A) (c) Partner's salary

Or

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

3. (A) (c) ₹ 4,800; ₹ 2,700; ₹ 2,100 respectively

Or

(B) (c)	2,500 Shares ₹
[Amount due on allotment (10,000(s) × ₹ 3)	30,000
Less: Excess application money (2,000(s) × ₹ 2)	<u>(4,000)</u>
	26,000
Less: Amount received as allotment	<u>(18,500)</u>
Calls-in-Arrears	<u>7,500</u>
Shares on which allotment money not received =	$\frac{\text{Amount not received on allotment}}{\text{Allotment money per share}}$
	= $\frac{₹ 7,500}{₹ 3} = 2,500 \text{ shares}$]

4. (b) 19 : 21

[Old ratio P : Q : R = 4 : 3 : 3

Old shares: P = 4/10, Q = 3/10, R = 3/10

R dies. P gets **1/4 of R's share** = $(1/4) \times (3/10) = 3/40$

Balance to Q = $3/10 - 3/40 = 12/40 - 3/40 = 9/40$

P's New share = $4/10 + 3/40 = 16/40 + 3/40 = 19/40$

Q's New share = $3/10 + 9/40 = 12/40 + 9/40 = 21/40$

New ratio P : Q = 19 : 21]

5. (b) ₹ 1,20,000
6. (A) (c) credited, Capital Reserve

Or

(B) (b) 12,000

7. (b) ₹ 37,950
8. (A) (d) ₹ 4,000

Or

(B) (a) 6% p.a.

9. (a) Partner's Loan A/c
10. (b) ₹ 3,60,000; ₹ 2,40,000; ₹ 1,50,000
11. (d) When business of the firm becomes unlawful.
12. (a) ₹ 25,00,000
13. (b) ₹ 5,00,000
14. (c) 2.5%

15. (A) (b) 18 : 10 : 7

Pooja's profit Share = $\frac{1}{5}$ which is entirely sacrificed by Ansh as she has been credited with full goodwill brought in by Pooja.

Ansh's New share = $\frac{5}{7} - \frac{1}{5} = \frac{18}{35}$

Vansh's New Share = $\frac{2}{7} \times \frac{5}{5} = \frac{10}{35}$

Pooja's new share = $\frac{1}{5} \times \frac{7}{7} = \frac{7}{35}$

Pooja Ratio = 18 : 10 : 7

Or

(B) (c) ₹ 2,40,000

Share of Goodwill of L (for $\frac{3}{6}$ share) = ₹ 1,20,000 (₹ 7,00,000 - ₹ 5,80,000)

Thus, Goodwill of the firm = ₹ 1,20,000 $\times \frac{6}{3} = ₹ 2,40,000$

16. (b) A gained $\frac{1}{35}$ th share and B sacrificed $\frac{1}{35}$ th share of profit.

17.

In the Books of P, Q and R
Profit and Loss Appropriation Account

for the year ended 31st March, 2025

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Interest on Capital A/cs:		By Profit and Loss A/c (Net Profit)	1,56,000
P	2,500		
Q	2,500		
R	5,000		
	10,000		
To Salary to R			6,000
To Profit transferred to Current A/cs:			
P (5,000 + 15,000 + 30,000)	50,000		
Q (5,000 + 9,000 + 30,000)	44,000		
R (10,000 + 6,000 + 30,000)	46,000		
	1,40,000		
	1,56,000		1,56,000

18.

Journal of Punit Ltd.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Sundry Assets A/c	Dr.	5,40,000	
	Goodwill A/c	Dr.	1,08,000	
	To Sundry Liabilities A/c			1,20,000
	To Priya Ltd.			5,28,000
	(Being assets acquired and liabilities taken over from Priya Ltd.)			
(ii)	Priya Ltd.	Dr.	5,28,000	
	To Bank A/c			2,64,000
	To 10% Debentures A/c			2,40,000
	To Securities Premium A/c			24,000
	(Being amount of purchase consideration settled through issue of cheque and 2,400, 10% Debentures at a premium of 10%)			

(ii) (a)	Alternatively: Priya Ltd. Dr. To Bank A/c (Being amount of purchase consideration paid by cheque)		2,64,000	2,64,000
(ii) (b)	Priya Ltd. Dr. To 10% Debentures A/c To Securities Premium A/c (Being balance amount of purchase consideration issue settled through issue of 2,400, 10% Debentures at a premium of 10%)		2,64,000	2,40,000 24,000

19.

**In the books of Ishan, Jatin and Kapil
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2025	General Reserve A/c Dr.		40,000	
April 1	Workmen Compensation Reserve A/c Dr. To Claim against Workmen Compensation Reserve A/c To Ishan's Capital A/c To Jatin's Capital A/c To Kapil's Capital A/c (Being reserve distributed in old profit sharing ratio)		13,000	4,000 14,000 21,000 14,000
April 1	Ishan's Capital A/c Dr. Jatin's Capital A/c Dr. Kapil's Capital A/c Dr. To Profit and Loss A/c (Being debit balance of Profit and Loss A/c written off in old ratio)		1,200 1,800 1,200	4,200
April 1	Ishan's Capital A/c Dr. To Jatin's Capital A/c To Kapil's Capital A/c (Being adjustment entry passed for gain on assets revalued, without disturbing assets account)		1,800	1,500 300

Calculation of gain/sacrifice:

Ishan's gain 6/28, Jatin's sacrifice 5/28, Kapil's sacrifice 1/28

20. (A)

**In the book of Rohit and Sameer
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Investment Fluctuation Reserve A/c Dr. To Investment A/c To Rohit's Capital A/c To Sameer's Capital A/c (Being decline in the value of Investment credited to Investment A/c and remaining reserve credited to old partners)		3,00,000	1,80,000 96,000 24,000
(b)	Investment Fluctuation Reserve A/c Dr. To Rohit's Capital A/c To Sameer's Capital A/c (Being reserve credited to old partners)		3,00,000	2,40,000 60,000

(c)	Investment A/c To Revaluation A/c (Being investment value increased)	Dr.	4,20,000	4,20,000
	Revaluation A/c To Rohit's Capital A/c To Sameer's Capital A/c (Being profit on revaluation distributed among partners)	Dr.	4,20,000	3,36,000 84,000
	Investment Fluctuation Reserve A/c To Rohit's Capital A/c To Sameer's Capital A/c (Being reserve credited to old partners)	Dr.	3,00,000	2,40,000 60,000

Or

(B) Capital of Firm = ₹ 1,20,000 + ₹ 15,000 (Workmen Compensation Fund) = ₹ 1,35,000

Normal Profit = ₹ 1,35,000 × 15/100 = ₹ 20,250

Average Profit = ₹ 27,000

Super Profit = Average Profit – Normal Profit

= ₹ 27,000 – ₹ 20,250

= ₹ 6,750

Goodwill = Super Profit × Number of year purchases

= ₹ 6,750 × 3

= ₹ 20,250

Surya share of Goodwill = 1/3 of ₹ 20,250 = ₹ 6,750

21.

Journal of Keith Ltd.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Share Capital A/c To Shares Forfeited A/c To Share Final Call A/c (Being 4,500 shares forfeited)	Dr.	14,000	9,800 4,200
	Bank A/c Shares Forfeited A/c To Share Capital A/c (Being 1,400 shares reissued)	Dr. Dr.	8,400 5,600	14,000
	Shares Forfeited A/c To Capital Reserve A/c (Being balance of share forfeiture transferred to capital reserve)	Dr.	4,200	4,200

Dr.

Share Forfeited Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Share Capital A/c	5,600	By Share Capital A/c	9,800
To Capital Reserve A/c	4,200		
	9,800		9,800

22. Dr.

Umara's Executors' Account

Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2023 August 1	To Bank A/c	10,300	2023 August 1	By Umara's Capital A/c	90,300
2024 March 31	To Balance c/d	83,200	2024 March 31	By Interest A/c	3,200
		93,500			93,500
2025 March 31	To Bank A/c	48,192	2024 April 1	By Balance b/d	83,200
	(40,000 + 3,200 + 4,992)		2025 March 31	By Interest A/c	4,992
March 31	To Balance c/d	40,000			
		88,192			88,192
2026 March 31	To Bank A/c	42,400	2025 April 1	By Balance b/d	40,000
			2026 March 31	By Interest A/c	2,400
		42,400			42,400

23. (A)

Journal of Prime Ltd.

(i)	Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)		Bank A/c Dr. To Debenture Application and Allotment A/c (Being application money received)		36,00,000	36,00,000
(b)		Debenture Application and Allotment A/c Dr. Loss on issue of Debentures A/c (₹4,00,000 + ₹6,00,000) Dr. To 9% Debentures A/c [40,000(D) × ₹100] To Premium on redemption of Debentures A/c (Being debentures issued)		36,00,000 10,00,000	40,00,000 6,00,000

Working Note:

$$\text{Number of Debentures issued} = \frac{\text{₹ } 36,00,000}{\text{₹ } 90} = 40,000 \text{ debentures}$$

(ii) Dr.

Loss on Issue of Debentures Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To 9% Debentures A/c	4,00,000	By Securities Premium A/c	6,40,000
To Premium on Redemption of Debentures A/c	6,00,000	By Statement of Profit and Loss (Bal. fig.)	3,60,000
	10,00,000		10,00,000

(iii)

Journal of Prime Ltd.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2025 March 31	Debenture Interest A/c To Debentureholders' A/c (Being interest due on ₹ 40,00,000)	Dr.	1,80,000	1,80,000
March 31	Debentureholders' A/c To Bank A/c (Being interest on debentures paid)	Dr.	1,80,000	1,80,000
March 31	Statement of Profit and Loss To Debenture Interest A/c (Being debenture interest written off)	Dr.	2,70,000	2,70,000

Working Note:

Calculation of Total Interest to be written off

Interest on 10,000, 9% Debentures for 12 month

$$(\text{₹ } 10,00,000 \times 9\%) = \text{₹ } 90,000$$

Interest on 40,000, 9% Debentures for 6 month

$$(\text{₹ } 40,00,000 \times 9\% \times \frac{6}{12}) = \text{₹ } 1,80,000$$

$$\text{Total Interest to be written off} = \text{₹ } 90,000 + \text{₹ } 1,80,000 = \text{₹ } 2,70,000$$

Or

(B)

Journal of Risha Ltd.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c To Equity Share Application A/c (Being application money received on 2,00,000 shares)	Dr.	8,00,000	8,00,000
(ii)	Equity Share Application A/c To Equity Share Capital A/c To Securities Premium A/c (Being application money transferred to Share Capital Account on allotment)	Dr.	8,00,000	4,00,000 4,00,000
(iii)	Equity Share Allotment A/c To Equity Share Capital A/c To Securities Premium A/c (Being shares allotment money due on 2,00,000 shares)	Dr.	10,00,000	6,00,000 4,00,000
(iv)	Bank A/c Calls-in-Arrear A/c [1,000(s) × ₹ 5] To Equity Share Allotment A/c To Calls-in-Advance A/c [1,500(s) × ₹ 11]	Dr. Dr.	10,11,500 5,000	10,00,000 16,500
	Or			
	Bank A/c To Equity Share Allotment A/c To Calls-in-Advance A/c [1,500(s) × ₹ 11] (Being allotment money received except on 1,000 shares and Calls-in-advance received)	Dr.	10,11,500	9,95,000 16,500

(v)	Equity Share Capital A/c [1,000(s) × ₹ 5]	Dr.	5,000	
	Securities Premium A/c [1,000(s) × ₹ 2]	Dr.	2,000	
	To Forfeited Shares A/c			2,000
	To Calls-in-Advance A/c/Equity Share Allotment A/c			5,000
	(Being 1,000 shares forfeited allotment)			
(vi)	Equity Share First Call A/c	Dr.	9,95,000	
	To Equity Share Capital A/c			3,98,000
	To Securities Premium A/c			5,97,000
	(Being first call money due on 1,99,000 shares)			
(vii)	Bank A/c	Dr.	9,88,600	
	Calls-in-Arrear A/c [500(s) × ₹ 5]	Dr.	2,500	
	Calls-in-Advance A/c [1,500(s) × ₹ 5]	Dr.	7,500	
	To Equity Share First Call A/c			9,95,000
	To Calls-in-Advance A/c [600(s) × ₹ 6]			3,600
	Or			
	Bank A/c	Dr.	9,88,600	
	Calls-in-Advance A/c [1,500(s) × ₹ 5]	Dr.	7,500	
	To Equity Share First Call A/c			9,92,500
	To Calls-in-Arrear A/c [600(s) × ₹ 6]			3,600
	(Being first call money received except on 500 shares and calls-in-advance received earlier adjusted)			
(viii)	Equity Share Capital A/c [500(s) × ₹ 7]	Dr.	3,500	
	Securities Premium A/c [500(s) × ₹ 3]	Dr.	1,500	
	To Forfeited Shares A/c			2,500
	To Calls-in-Arrear A/c/Equity Share First Call A/c			2,500
	(Being 500 shares forfeited after the first call)			
(ix)	Equity Share Second and Final Call A/c	Dr.	11,91,000	
	To Equity Share Capital A/c			5,95,500
	To Securities Premium A/c			5,95,500
	(Being second and final call money due on 1,98,500 shares)			
(x)	Bank A/c	Dr.	11,78,400	
	Calls-in-Advance A/c {[1,500(s) × ₹ 6] + [600(s) × ₹ 6]}	Dr.	12,600	
	To Equity Share Second and Final Call A/c			11,91,000
	(Being Second and final call money received)			

24. (A)

In the Books of Rajesh, Somesh and Yogesh

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Rajesh's Capital A/c	Dr.	3,20,000	
	To Realisation A/c			3,20,000
	(Being stock taken over by Rajesh at a discount of 20%)			
(ii)	Somesh's Capital A/c	Dr.	80,000	
	To Realisation A/c			80,000
	(Being unrecorded furniture taken over by Somesh)			
(iii)	Bank/Cash A/c	Dr.	81,00,000	
	To Realisation A/c			81,00,000
	(Being land and building sold and commission paid to the broker)			

(iv)	Bank/Cash A/c To Realisation A/c (Being recovered at 60% of the bad debts written off earlier)	Dr.	42,000	42,000
(v)	Realisation A/c To Cash/Bank A/c (Being sundry creditors settled at a discount of 10%)	Dr.	2,70,000	2,70,000
(vi)	Realisation A/c To Yogesh's Capital A/c (Being realisation expenses paid by Yogesh)	Dr.	21,000	21,000

Or

(B)

In the Books of Parul, Rajul and Babul

Dr.

Revaluation Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Stock A/c	4,000	By Provision on Debtors A/c	4,000
To Investments A/c	10,000	By Outstanding Expenses A/c	14,000
To Profits transferred to (Bal. fig.):		(₹ 20,000 – ₹ 6,000)	
Parul's Capital A/c	2,400		
Rajul's Capital A/c	1,600		
	18,000		18,000

Dr.

Partners' Capital Accounts

Cr.

Particulars	Parul (₹)	Rajul (₹)	Babul (₹)	Particulars	Parul (₹)	Rajul (₹)	Babul (₹)
To Balance c/d (Bal. fig.)	2,71,400	2,08,600	50,000	By Balance b/d	2,00,000	1,60,000	–
				By Cash A/c	–	–	50,000
				By Premium for Goodwill A/c	3,000	3,000	–
				By General Reserve A/c	24,000	16,000	–
				By Revaluation A/c	2,400	1,600	–
				By Workmen Compensation Fund A/c	42,000	28,000	–
	2,71,400	2,08,600	50,000		2,71,400	2,08,600	50,000
To Rajul's Current A/c	–	33,600	–	By Balance b/d	2,71,400	2,08,600	50,000
To Balance c/d	2,75,000	1,75,000	50,000	By Parul's Current A/c	3,600	–	–
	2,75,000	2,08,600	50,000		2,75,000	2,08,600	50,000

Balance Sheet of the new firm

as at 1st April 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Expenses	6,000	Cash	64,000
Bills Payable	76,000	Debtors	1,20,000
Creditors	70,000	<i>Less: Provision for doubtful</i>	
Rajul's Current A/c	33,600	debts	<u>(16,000)</u>
Capital Accounts:		Stock	76,000
Parul	2,75,000	Investments	70,000
Rajul	1,75,000	Furniture	60,000
Babul	50,000	Machinery	3,08,000
		Parul's Current A/c	3,600
	<u>6,85,600</u>		<u>6,85,600</u>

Working Notes:

Cash balance is ₹ 8,000 + ₹ 50,000 + ₹ 6,000 = ₹ 64,000

Capital of the firm = ₹ 5,00,000

New ratio of Parul, Rajul and Babul is 11 : 7 : 2

Parul's Capital ₹ 2,75,000, Rajul's Capital ₹ 1,75,000, Babul's Capital ₹ 50,000.

25.

In the Books of Zenith Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr. To Equity Share Application and Allotment A/c (Being application money including premium received)		7,50,000	7,50,000
	Equity share Application and Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being shares issued at premium)		7,50,000	5,00,000 2,50,000
	Assets A/c Dr. Goodwill A/c Dr. To Liabilities A/c To Orion Ltd. A/c (Being business taken over and goodwill recorded)		75,00,000 2,50,000	25,00,000 52,50,000
	Orion Ltd. A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being purchase consideration paid to Orion ltd.)		52,50,000	45,00,000 7,50,000

Dr. Equity Share Capital Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance c/d	3,50,00,000	By Balance b/d	3,00,00,000
		By Equity Share Application and Allotment A/c	5,00,000
		By Orion Ltd. A/c	45,00,000
	3,50,00,000		3,50,00,000

Dr. Securities Premium Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance c/d	25,00,000	By Balance b/d	15,00,000
		By Equity Share Application and Allotment A/c	2,50,000
		By Orion Ltd. A/c	7,50,000
	25,00,000		25,00,000

26. In the books of Rupa, Shalu and Trisha

Dr. Revaluation Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	10,500	By Land and Building A/c	8,000
To Outstanding Legal Charges A/c	500	By Creditors A/c	1,000
		By Loss transferred to (Bal Fig.):	
		Rupa	1,000
		Shalu	500
		Trisha	500
	11,000		2,000
			11,000

Dr. Partners' Capital Accounts Cr.

Particulars	Rupa	Shalu	Trisha	Particulars	Rupa	Shalu	Trisha
	(₹)	(₹)	(₹)		(₹)	(₹)	(₹)
To Rajnish's Capital A/c	3,500	–	1,750	By Balance b/d	40,000	30,000	25,000
To Revaluation A/c (Loss)	1,000	500	500	By Profit & Loss A/c	7,500	3,750	3,750
To Bank A/c	–	9,250	–	By Rupa's Capital A/c (Goodwill)	–	3,500	–
To Shalu's Loan A/c (Bal. Fig.)	–	29,250	–	By Trisha's Capital A/c (Goodwill)	–	1,750	–
To Balance c/d	60,000	–	30,000	By Bank A/c (Bal. Fig.)	17,000	–	3,500
	64,500	39,000	32,250		64,500	39,000	32,250

Balance Sheet of Rupa and Trisha
as at 31st March, 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	5,000	Bank	19,250
Outstanding Legal Expenses	500	Stock	14,700
Employee Provident Fund	5,000	Debtors	23,900
Shalu's Loan A/c	29,250	Less: Provision for doubtful debts	(600)
Capitals:		Machinery	24,500
Rupa	60,000	Land and Building	48,000
Trisha	30,000		
	90,000		
	1,29,750		1,29,750

Working Notes:

Dr.	Bank Account	Cr.																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">Amount (₹)</th> <th style="width: 40%;">Particulars</th> <th style="width: 10%;">Amount (₹)</th> </tr> </thead> <tbody> <tr> <td>To Balance b/d</td> <td style="text-align: right;">17,000</td> <td>By Creditors A/c</td> <td style="text-align: right;">9,000</td> </tr> <tr> <td>To Rupa's Capital A/c</td> <td style="text-align: right;">17,000</td> <td>By Shalu's Capital A/c</td> <td style="text-align: right;">9,250</td> </tr> <tr> <td>To Trisha's Capital A/c</td> <td style="text-align: right;">3,500</td> <td>By Balance c/d</td> <td style="text-align: right;">19,250</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">37,500</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">37,500</td> </tr> </tbody> </table>	Particulars	Amount (₹)	Particulars	Amount (₹)	To Balance b/d	17,000	By Creditors A/c	9,000	To Rupa's Capital A/c	17,000	By Shalu's Capital A/c	9,250	To Trisha's Capital A/c	3,500	By Balance c/d	19,250		37,500		37,500	
Particulars	Amount (₹)	Particulars	Amount (₹)																			
To Balance b/d	17,000	By Creditors A/c	9,000																			
To Rupa's Capital A/c	17,000	By Shalu's Capital A/c	9,250																			
To Trisha's Capital A/c	3,500	By Balance c/d	19,250																			
	37,500		37,500																			

Super Profit = ₹ 21,500 – 10% of ₹ 1,10,000

= ₹ 10,500 [Capital employed = ₹ 95,000 + ₹ 15,000 (Profit & Loss (Cr.) A/c)]

Goodwill = 2 × ₹ 10,500 = ₹ 21,000

Shalu's share of Goodwill = 1/4 × ₹ 21,000 = ₹ 5,250

27. (A) (b) 4 times

Or

(B) (d) (A) is incorrect but (R) is correct.

28. (c) Receipt from interest and dividend will result in cash inflow from financing activities.

29. (A) (c) A decrease in public deposits

Or

(B) (d) ₹ 55,000

30. (c) Finance Cost

S. No.	Items	Major Head	Sub-Head
(i)	Debit balance in Statement of Profit and Loss	Shareholders' Funds	Reserves and Surplus (As negative amount)
(ii)	Interest accrued and due on Debentures	Current Liabilities	Other Current Liabilities
(iii)	Capital Advances	Non-Current Assets	Long-term Loans and Advances
(iv)	Computer Software under development	Non-Current Assets	Property, Plant and Equipments and Intangible Assets - Intangible Assets under Development
(v)	Bank Overdraft	Current Liabilities	Short-term Borrowings
(vi)	Interest accrued on investment	Current Assets	Other Current Assets

32. (A)

Comparative Statement of Profit and Loss
for the year ended 31st March, 2024 and 2025

Particulars (A)	Note No. (B)	2023-24 (C)	2024-25 (D)	Absolute Change (₹) E=(D-C)	Percentage change F= E/C × 100
I. Revenue from Operations		4,00,000	6,00,000	2,00,000	50
II. Other Income		1,50,000	2,00,000	50,000	33.33
III. Total Revenue (I+II)		5,50,000	8,00,000	2,50,000	45.45
IV. Less: Expenses					
Cost of materials consumed		2,20,000	2,70,000	50,000	22.72
Employees benefit Expenses		2,00,000	3,50,000	1,50,000	75
Total Expenses		4,20,000	6,20,000	2,00,000	47.62
V. Profit before Tax (III-IV)		1,30,000	1,80,000	50,000	38.46
VI. Less: Tax		52,000	90,000	38,000	73.07
VII. Profit after Tax (V-VI)		78,000	90,000	12,000	15.38

Or

(B)

Common Size Balance Sheet of ZXT Ltd
as at 31.3.2024 and 31.3.2025

Particulars	Note No.	Absolute Amount		% of Total Assets	
		31.3.2024 (₹)	31.3.2025 (₹)	31.3.2024 (%)	31.3.2025 (%)
I. Equity and Liabilities:					
1. Shareholder's Funds					
Share Capital		10,00,000	30,00,000	50	60
2. Non-Current Liabilities					
Long-term Borrowings		8,00,000	16,00,000	40	32
3. Current Liabilities					
Trade Payables		2,00,000	4,00,000	10	8
Total		20,00,000	50,00,000	100	100
II. Assets:					
1. Non-Current Assets					
Property, Plant and Equipment and Intangible Assets		14,00,000	30,00,000	70	60
2. Current Assets					
Inventory		6,00,000	20,00,000	30	40
Total		20,00,000	50,00,000	100	100

33. (A) (i) Let Debt = ₹ 3,00,000, Capital Employed = ₹ 10,00,000

With refund of Tax of ₹ 1,50,000, Profit will increase which will increase capital employed with no change in debt.

$$\text{Then New Ratio} = \frac{\text{₹ } 3,00,000}{\text{₹ } 11,50,000} = 26.08\%$$

It shows ratio is decreased.

(ii) No change as there is no effect on the Debt or Capital Employed.

(iii) The ratio will decline due to decrease in Debentures but Capital Employed remaining same.

(iv) The ratio will improve due to decrease in Capital Employed because of sale of building which is a part of capital employed being a Non-current asset. Debt will remain same.

Or

$$(B) (i) \quad \text{Acid Test Ratio} = \frac{\text{All Current Assets} - \text{Inventory} - \text{Prepaid Expenses}}{\text{Current Liabilities}}$$

$$= \frac{\text{₹ } 1,06,000 - \text{₹ } 37,200 - \text{₹ } 10,000}{\text{₹ } 53,000}$$

$$= \frac{\text{₹ } 58,800}{\text{₹ } 53,000} = 1.11 : 1$$

$$(ii) \quad \text{Working Capital Turnover Ratio} = \frac{\text{Revenue From Operations}}{\text{Working Capital (i.e., CA - CL)}}$$

$$= \frac{\text{₹ } 31,800}{\text{₹ } 1,06,000 - \text{₹ } 53,000} = \frac{\text{₹ } 31,800}{\text{₹ } 53,000} = 0.6 : 1$$

34.

Cash Flow Statement

for the year ended 31st March 2025

	Particulars	Amount (₹)	Amount (₹)
A.	Cash Flows from Operating Activities:		
	Net Profit before tax and Extraordinary items (note 1)	48,000	
	Adjustments for non-cash and non-operating items:		
	<i>Add:</i> Depreciation on Fixed Tangible Assets	4,400	
	Amortization of Goodwill	2,500	
	Interest on Long Term Borrowings	2,500	
	<i>Less:</i> Profit on sale of machinery	(200)	9,200
	Operating profit before working capital changes	57,200	
	<i>Add:</i> Increase in current liabilities and Decrease in current assets		
	Trade Payable	4,000	
	<i>Less:</i> Decrease in current liabilities and Increase in current assets		
	Increase in other current assets	(18,500)	
	Cash flow from operating Activities	42,700	42,700
B.	Cash Flow from Investing Activities:		
	Purchase of Property, Plant and Equipment – Tangible Assets (note 2)	(16,000)	
	Sale of Property, Plant and Equipment – Tangible Assets	2,800	
	Purchase of Investments	(5,000)	
	Net Cash used in Investing Activities	(18,200)	(18,200)

C.	Cash flow from Financing Activities:		
	Proceeds from Issue of Share Capital	5,000	
	Proceeds from Issue of Long Term Borrowings	4,000	
	Interest paid on Long Term Borrowings	(2,500)	
	Interim Dividend paid	(30,000)	
	Net Cash used in Financing Activities	(23,500)	(23,500)
D.	Net increase in cash and cash equivalents (A + B + C)		1,000
	<i>Add:</i> Cash and Cash equivalents at the beginning		
	Current Investments	50,000	
	Cash and Cash Equivalents	2,000	52,000
E.	Cash and Cash equivalents at the end	49,000	
F.	Current Investments	4,000	53,000

Working Notes:

(i) Net profit for the current year ₹ 11,000 – (– ₹ 6,000)	=	₹ 17,000
<i>Add:</i> Transfer to General Reserve	=	₹ 1,000
Interim Dividend Paid	=	₹ 30,000
Net Profit before tax and Extraordinary items	=	<u>₹ 48,000</u>

(ii) **Dr.** **Property, Plant and Equipment (Tangible Assets) Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	32,000	By Depreciation A/c	4,400
To Statement of Profit and Loss	200	By Bank A/c (Sale)	2,800
To Bank A/c (Purchases) (Bal. Fig.)	16,000	By Balance c/d	41,000
	<u>48,200</u>		<u>48,200</u>