

[Pre-Board Paper based on CBSE pattern]

Time Allowed: 3 Hours]

[Maximum Marks: 80

General Instructions:

1. This question paper contains **34** questions. All questions are compulsory.
2. This question paper is divided into two parts, **Part A and B**.
3. **Part-A** is compulsory for all the candidates.
4. **Part-B** has two options *i.e.* (i) Analysis of Financial Statements and (ii) Computerised Accounting.

Students must attempt only one of the given options as per the subject opted.

5. Question Nos. **1 to 16** and **27 to 30** carry **1** mark each.
6. Question Nos. **17 to 20, 31 and 32** carry **3** marks each.
7. Question Nos. **21, 22 and 33** carry **4** marks each.
8. Question Nos. **23 to 26 and 34** carry **6** marks each.
9. 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. Akash, Amit and Anil are partners sharing profits in the ratio of 3 : 2 : 1. They admit Sahil for 1/6th share. It is agreed that Amit would retain his original share. Sacrificing ratio of Akash and Anil will be:

(a) 3 : 2

(b) 2 : 1

(c) 3 : 1

(d) None of these

[Conceptual Application]

2. **Assertion (A):** Interest on partner's loan paid by the firm is a charge against profit and debited to Profit and Loss A/c.

Reason (R): Interest on partner's loan paid by the firm is credited to partner's current A/c when capital is fixed.

- (a) Both (A) and (R) are true, and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
- (c) (A) is true but (R) is false.
- (d) (A) is false but (R) is true.

[Conceptual Application]

3. Rohit had been allotted for 600 shares by GDP Ltd. on pro-rata basis which had issued two shares for every three applied. He had paid application money of ₹ 3 per share and could not pay the allotment money of ₹ 5 per share. First and final call of ₹ 2 per share was not yet made by the company. His shares were forfeited, the following entry will be passed:

Equity Share Capital A/c

Dr.

X

To Share Forfeited A/c

Y

To Equity Share Allotment A/c

Z

Here value of X, Y and Z are:

- (a) ₹ 6,000; ₹ 2,700; ₹ 3,300 respectively (b) ₹ 7,200; ₹ 4,500; ₹ 2,700 respectively
(c) ₹ 4,800; ₹ 2,700; ₹ 2,100 respectively (d) ₹ 7,200; ₹ 2,700; ₹ 4,500 respectively

[Conceptual Application]

Or

Following amounts were payable on issue of shares by a company: ₹ 3 on Application, ₹ 3 on Allotment, ₹ 2 on first call and ₹ 2 on final call. X holding 1000 shares paid only application and allotment money whereas Y holding 800 shares did not pay final call. Amount of calls in arrear will be:

- (a) ₹ 7,600 (b) ₹ 5,600 (c) ₹ 3,600 (d) ₹ 12,400

[NCERT Part II, Page 16-17]

4. A, B and C are partners. Their partnership deed provide for interest on drawings at 8% p.a. B withdrew a fixed amount in the middle of every month and his interest on drawings amounted to ₹ 9,600 at the end of the year. What was the amount of his monthly drawings?

- (a) ₹ 20,000 (b) ₹ 10,000 (c) ₹ 96,000 (d) ₹ 2,40,000

[Conceptual Application]

Or

Ajay, Sahil and Puneet are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. On 1st April 2024 they decided to change their profit sharing ratio to 5 : 3 : 2. On that date debit balance of Profit and Loss A/c ₹ 60,000 appeared in the balance sheet and partner decided to pass an adjusting entry for it.

Which of the under mentioned option reflect correct entry for the above treatment?

- (a) Puneet's Capital A/c will be credited by ₹ 6,000 and Sahil's Capital A/c will be credited by ₹ 6,000.
(b) Sahil's Capital A/c will be debited by ₹ 6,000 and Ajay's Capital A/c will be credited by ₹ 6,000.
(c) Sahil's Capital A/c will be debited by ₹ 6,000 and Puneet's Capital A/c will be credited by ₹ 6,000.
(d) Sahil's Capital A/c will be debited by ₹ 6,000 and Ajay's and Puneet's Capital A/c will be credited by ₹ 4,000 and ₹ 2,000 respectively.

[Conceptual Application]

5. Which of the following is true regarding commission paid to a partner when the firm maintains fluctuating capital accounts?

- (a) Debit Partner's Capital A/c and Credit Profit and Loss Appropriation A/c
(b) Debit Profit and Loss A/c and Credit Partner's Capital A/c
(c) Debit Profit and Loss Appropriation A/c and Credit Partner's Current A/c
(d) Debit Profit and Loss Appropriation A/c and Credit Partner's Capital A/c [Conceptual Application]

6. The company has to get minimum subscription within _____ from the date of issue of the prospectus. When minimum subscription has been received, the directors of the company proceed to make _____ which implies a valid contract between the company and the applicants who now become the allottees and assume the status of shareholders or members.

- (a) 120 days, allotment of shares (b) 130 days, application of shares
(c) 14 days, allotment of shares (d) 15 days, allotment of shares

[NCERT Part II, Page 8]

Or

If vendors are issued debentures of ₹ 1,80,000 in consideration of net assets of ₹ 2,00,000, the balance of ₹ 20,000 will be:

- (a) Debited to Goodwill A/c (b) Debited to Statement of Profit and Loss A/c
(c) Credited to Capital Reserve A/c (d) Credited to Securities Premium A/c

[NCERT Part II, Page 91-92]

7. If average capital employed in a firm is ₹ 7,00,000, average of actual profits is ₹ 1,70,000 and normal rate of return is 10% then value of Goodwill as per capitalization of average profits is:
 (a) ₹ 10,00,000 (b) ₹ 17,00,000 (c) ₹ 70,00,000 (d) ₹ 5,30,000

[NCERT Part I, Page 62-64]

8. Kavita, Naman and Mansi were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 30th September 2025, Kavita died. The partnership deed provided that on the date of death, her share of profit till the date of death was to be calculated on the basis of average profits of last year less ₹ 20,000.

Profits for last 3 years were:

Year Ended	Profit / Loss (₹)
31st March 2023	1,40,000
31st March 2024	(60,000)
31st March 2025	1,60,000

Kavita's share of profit till date of her death was:

- (a) ₹ 15,000 (b) ₹ 20,000 (c) ₹ 40,000 (d) ₹ 25,000

[Conceptual Application]

Or

Payal, Naaz and Rita are partners sharing profits in the ratio of 2 : 2 : 1. As per the partnership agreement, Naaz is guaranteed to get a minimum amount of ₹ 51,000 as his share of profits every year and any deficiency on this amount is to be personally borne by Payal. The net profit for the year ended 31st March 2025 amounted to ₹ 1,20,000. Calculate the amount of deficiency to be borne by Payal.

- (a) ₹ 1,000 (b) ₹ 4,000 (c) ₹ 2,000 (d) ₹ 3,000

[NCERT Part I, Page 26, 27]

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

- (i) Profit share in capital ratio.
 (ii) Commission for making additional sale.
 (iii) Interest on Loan & Advances by them to the firm.
 (iv) Salary for working extra hours.
 (v) Interest on Capital.

Choose the correct option:

- (a) Only (i), (iv) and (v) (b) Only (ii) and (iii)
 (c) Only (iii) (d) Only (i) and (iii)

[NCERT Part I, Page 4]

10. P and Q are partners in a firm sharing profits in the ratio 7 : 3. R is admitted into the firm for 2/5th share of profit which he takes from P and Q in the ratio 2 : 1. The new ratio will be:
 (a) 7 : 3 : 4 (b) 13 : 5 : 12 (c) 11 : 8 : 5 (d) 14 : 5 : 13

[Conceptual Application]

11. On 1st January 2025, a partner advanced a loan of ₹ 2,00,000 to the firm. In the absence of agreement interest on loan on 31st March 2025 will be:

- (a) ₹ 1,500 (b) ₹ 1,200 (c) ₹ 3,000 (d) NIL

[NCERT Part I, Page 4]

From the given hypothetical situation, answer Q.12 – Q.14.

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

- (i) Issuing 8,000, 8% Debentures of ₹ 100 each at 5% premium redeemable after 6 years @ ₹ 110, and
 (ii) Cheque for ₹ 50,000.

12. What is the amount of Purchase Consideration payable by Pioneer Fitness Ltd.?
 (a) ₹ 10,00,000 (b) ₹ 9,90,000 (c) ₹ 8,90,000 (d) ₹ 8,00,000
[NCERT Part II, Page 90-91]
13. What is the amount of Goodwill/Capital Reserve arising on this takeover?
 (a) Capital Reserve ₹ 60,000 (b) Goodwill ₹ 60,000
 (c) Goodwill ₹ 50,000 (d) Capital Reserve ₹ 50,000
[NCERT Part II, Page 90-91]
14. How much amount will be debited to Loss on Issue of Debentures A/c for redemption at a premium?
 (a) ₹ 60,000 (b) ₹ 70,000 (c) ₹ 80,000 (d) ₹ 1,00,000
[NCERT Part II, Page 100-101]
15. There was a balance of ₹ 65,000 in Workmen Compensation Fund appeared in Balance Sheet of P, Q and R. On R's death, there was a Workmen Compensation Claim of ₹ 1,00,000.
 How will you treat this?
 (a) Debit Revaluation A/c ₹ 65,000 (b) Credit Revaluation A/c ₹ 65,000
 (c) Credit Revaluation A/c ₹ 1,00,000 (d) Debit Revaluation A/c ₹ 35,000
[Conceptual Application]

Or

Any change in the relationship of existing partners which result in an end of the existing agreement and entering into a new agreement is called:

- (a) Revaluation of Partnership Firm (b) Reconstitution of Partnership Firm
 (c) Dissolution of Partnership Firm (d) Amalgamation of Partnership Firm
[NCERT Part I, Page 48]
16. What Journal entry will be passed on dissolution of partnership firm, when creditors for ₹ 80,000 accepted furniture of ₹ 70,000 (book value) in full settlement of their claim?
 (a) Realisation A/c Dr. 70,000
 To Cash A/c 70,000
 (b) Cash A/c Dr. 70,000
 To Realisation A/c 70,000
 (c) Realisation A/c Dr. 80,000
 To Cash A/c 80,000
 (d) No journal entry
[NCERT Part I, Page 165]
17. X, Y and Z are partners sharing profits in the ratio of 3 : 3 : 4. On 1st November 2025, X died. According to partnership agreement, deceased partner's share in profit was to be computed on the basis of last year's profit which was ₹ 3,25,000 which includes ₹ 60,000 as gain on sale of machinery and ₹ 15,000 loss of goods by theft.

The accountant passed the following Journal entry for X's share of business profit and missed some information. Fill in the missing figures in the Journal entry if accounts are closed on 31st March every year.

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2025 Nov. 1	 A/c Dr. To X's Capital A/c (Being share of profit credited to X's capital A/c)		.....	.....

[Conceptual Application]

18. Pass necessary journal entries in the books of Z Ltd. for the following transactions:
- Z Ltd. invited applications for issuing 10,000; 9% Debentures of ₹ 100 each at a premium of ₹ 10 per debenture. The full amount was payable on application. Applications were received for 15,000 debentures. Applications for 3,000 debentures were rejected and the application money was refunded. Debentures were allotted to the remaining applicants on a pro-rata basis.
 - The company has a balance of ₹ 1,60,000 in securities premium account. Loss on issue of debentures of ₹ 2,00,000 was written off as per the provisions of the Companies Act 2013.

[Conceptual Application]

19. Piya, Bina and Sona were partners sharing profits in the ratio of 2 : 1 : 1. Piya withdrew ₹ 3,000 every month and Sona withdrew ₹ 4,000 every month. Interest on drawings @ 6% was to be charged as per partnership deed but it was not considered while preparing final accounts.

Showing your working clearly, pass the necessary adjustment entry to rectify the error.

[NCERT Part I, Page 34]

Or

Pass Journal entries to record the following transactions in the books of the firm of Anirudh and Yogesh (maintaining their capital fixed) before distributing the profits earned.

- Interest on Capital: Anirudh – ₹ 15,000
Yogesh – ₹ 10,000
- Interest on Drawings: Anirudh – ₹ 4,000
Yogesh – ₹ 5,000

- Transfer to General Reserve ₹ 20,000

[NCERT Part I, Page 8]

20. Abhijeet, Sandeep and Shrenik were partners with fixed capitals of ₹ 1,50,000, ₹ 1,00,000 and ₹ 50,000 respectively. They shared profits in the ratio of their fixed capitals. Shrenik died on 31st May 2025, whereas the firm closed its books of accounts on 31st March every year. According to their partnership deed, Shrenik's representative would be entitled to get share in the interim profits of the firm on the basis of sales. Sales and profit for the year 2024-25 amounted to ₹ 4,00,000 and ₹ 1,60,000 respectively and sales from 1st April 2025 to 31st May 2025 amounted to ₹ 75,000. The rate of profit to sales remained constant during these two months. You are required to:

- Calculate Shrenik's share in profit.
- Pass Journal entry to record Shrenik's share in profit.

[NCERT Part I, Page 141-142]

21. On 1st April 2025, Commerce Hub Ltd. was formed with an authorized capital of ₹ 45,00,000 divided into 4,50,000 equity shares of ₹ 10 each. The company issued prospectus inviting applications for 3,70,000 equity shares. The company received applications for 3,60,000 equity shares.

During the first year ₹ 8 per share was called. Ravi holding 4,000 shares and Pranavi holding 7,000 shares did not pay the first call of ₹ 2 per share. Pranavi's shares were forfeited after the first call and later on 6,000 of the forfeited shares were reissued at ₹ 6 per share, ₹ 8 called-up.

Show the following:

- 'Share Capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.
- 'Note to Accounts'.

[Conceptual Application]

22. Lalit and Pulkit are partners in a firm. They decided to dissolve their firm. Pass necessary Journal entries for the following after various assets (other than cash and bank) and third party liabilities have been transferred to Realisation A/c:

- The firm had stock of ₹ 80,000. Lalit took over 50% stock at a discount of 20% while remaining stock was sold at a profit of 30% on cost.
- Pulkit's sister loan of ₹ 20,000 was paid off along with interest of ₹ 2,000.
- 1,000 shares of ₹ 100 each have been taken over by partners at market value of ₹ 20 per share in their profit sharing ratio, which is 3 : 2.
- A debtor whose debt of ₹ 80,000 had been written off as bad, paid ₹ 76,000 in full settlement.

[Conceptual Application]

23. On 31st March 2025 the Balance Sheet of P, R and S was as follows:

Balance Sheet of P, R and S

as at 31st March 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Buildings	40,000
P 60,000		Machinery	60,000
R 50,000		Patents	12,000
S 30,000	1,40,000	Stock	20,000
Reserve	20,000	Cash	42,000
Creditors	14,000		
	1,74,000		1,74,000

They were sharing Profit and Loss in ratio 5 : 3 : 2.

S died on 1st October 2025. It was agreed between his executors and the remaining partners that:

- (i) Goodwill be valued at 2 years' purchase of the average profits of the previous five years which were: 2020-21: ₹ 30,000; 2021-22 ₹ 26,000; 2022-23 ₹ 24,000; 2023-24 ₹ 30,000 and 2024-25 ₹ 40,000.
- (ii) Patents be valued at ₹ 16,000; Machinery at ₹ 56,000; Buildings at ₹ 60,000.
- (iii) Profit for the year 2025-26 be taken as having been accrued at the same rate as that in the previous year.
- (iv) Interest on capital be provided at 10% p.a.
- (v) A sum of ₹ 15,500 was paid to his executors immediately.

Prepare Revaluation Account, S's Capital Account and S's Executors' Account.

[NCERT Part I, Page 142-144]

Or

Santa and Banta are partners in a firm sharing profits in the ratio of 3 : 2. Their Balance Sheet on March 31, 2025 was as follows:

Balance Sheet

as at March 31, 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Sundry Creditors	80,000	Cash	42,000
Bills Payable	38,000	Debtors	1,32,000
General Reserve	50,000	Less: Provision for	
Capitals:		Doubtful Debts	(2,000)
Santa 1,60,000		Stock	1,46,000
Banta 1,40,000	3,00,000	Plant and Machinery	1,50,000
	4,68,000		4,68,000

On the above date Panta was admitted as a new partner for 1/5th share in the profits of the firm on the following terms:

- (i) Panta brought proportionate capital. He also brought his share of goodwill premium of ₹ 80,000 in cash.
- (ii) 10% of the general reserve was to be transferred to provision for doubtful debts.
- (iii) Claim on account of workmen's compensation amounted to ₹ 40,000.
- (iv) Stock was overvalued by ₹ 16,000.
- (v) Santa, Banta and Panta will share the future profits in the ratio of 5 : 3 : 2.

Prepare Revaluation Account and Partners' Capital Accounts.

[Conceptual Application]

24. Aman Paints Ltd. invited applications for issuing 1,60,000 equity shares of ₹ 10 each at a premium of ₹ 3 per share. The amount was payable as follows:

On Application	–	₹ 6 per share (including premium ₹ 1);
On Allotment	–	₹ 3 per share (including premium ₹ 1); and
On First and Final Call	–	Balance

Applications for 1,80,000 shares were received. Applications for 10,000 shares were rejected and pro-rata allotment was made to the remaining applicants. Over payment received on application was adjusted towards sum due on allotment. All calls were made and were duly received except allotment and final call from Aditya who was allotted 3,200 shares. His shares were forfeited. Half of the forfeited shares were reissued for ₹ 43,000 as fully paid up. **[Conceptual Application]**

Or

- (a) Dravid Ltd. invited application for issuing 3,000, 11% Debentures of ₹ 100 each at a discount of 6%. The full amount was payable on application. Applications were received for 3,600 debentures. Applications for 600 debentures were rejected and the application money was refunded. Debentures were allotted to the remaining applicants. **[NCERT Part II, Page 86]**
Pass the necessary Journal entries for the above transactions in the books of Dravid Ltd.
- (b) On 1st April 2025, T Ltd. issued 6,000 12% debentures of ₹ 100 each at par redeemable at a premium of 7%. The debentures were to be redeemed at the end of third year. Prepare Loss on Issue of Debentures Account. **[NCERT Part II, Page 99]**
- (c) ABC Ltd. took over assets of ₹ 1,60,000 and liabilities of ₹ 15,000 from XYZ Ltd. for purchase consideration of ₹ 1,35,000 to be paid by issue of 10% Debentures of ₹ 100 each at 10% discount redeemable at 5% premium. Pass Journal entries. **[NCERT Part II, Page 91-92]**
- 25 Give the necessary journal entries for the following transactions on dissolution of the firm of Anita and Ravi on 31st March, 2025 after the various assets (other than cash) and the third party liabilities have been transferred to Realisation Account. They shared profits and losses in the ratio of 3 : 2.
- (i) Ravi was to get remuneration of ₹ 23,000 for completing the dissolution process. He also agreed to get a remuneration expenses. Realisation expenses of ₹ 10,000 were paid by Ravi from the firm's cash.
- (ii) Amitesh, and old costumer whose account for ₹ 60,000 was written off as bad debt in the previous year, paid 90%.
- (iii) Creditors of ₹ 40,000, accepted furniture valued at ₹ 38,000 in full settlement of their claim.
- (iv) Land and Building was sold for ₹ 3,00,000 through a broker who charged 2% commission.
- (v) There were 500 shares of ₹ 40 each in Vision Ltd., acquired at a cost of ₹ 22,000 and had been written off completely from the books. These shares are now valued at ₹ 50 each and divided among the partners in their profit sharing ratio.
- (vi) Profit on realisation was ₹ 45,000. Furniture had already been transferred to Realisation Account. **[Conceptual Application]**

26.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Equity Share Capital A/c	Dr.	.....	
	Securities Premium A/c	Dr.	.....	
	To Calls-in-Arrears A/c			.....
	To .....			.....
	(For 13,000 equity shares of ₹ 50 each issued at a premium of ₹ 8 per share forfeited for the non-payment of allotment money (including premium) of ₹ 23 and first and final call of ₹ 20 per share were not made)			

.....	Dr.	.....	.....
To .....			.....
To .....			.....
(For the forfeited shares reissued at ₹ 55 per share fully paid up)			
Share Forfeited A/c	Dr.	.....	
To Capital Reserve A/c			.....
(For profit on forfeited shares transferred to capital reserve)			

Answer the following questions on the basis of information given above.

- How much amount will be credited to share Forfeited Account at the time of forfeiture of 13,000 shares?
 (a) ₹ 1,95,000 (b) ₹ 2,99,000 (c) ₹ 3,90,000 (d) ₹ 1,04,000
- How much amount will be credited to Calls-in-Arrear at the time of forfeiture of 13,000 shares?
 (a) ₹ 3,90,000 (b) ₹ 1,04,000 (c) ₹ 2,99,000 (d) ₹ 1,95,000
- At the time of forfeiture of shares what amount will be debited to Equity Share Capital Account?
 (a) ₹ 1,95,000 (b) ₹ 3,90,000 (c) ₹ 1,04,000 (d) ₹ 2,99,000
- How much amount is received at the time of reissue of forfeited shares?
 (a) ₹ 6,50,000 (b) ₹ 65,000 (c) ₹ 3,90,000 (d) ₹ 7,15,000
- How much amount will be credited to Securities Premium Account at the time of reissue of forfeited share?
 (a) ₹ 65,000 (b) ₹ 6,50,000 (c) ₹ 1,95,000 (d) ₹ 3,90,000
- How much amount will be transferred to Capital Reserve Account?
 (a) ₹ 1,65,000 (b) ₹ 6,50,000 (c) ₹ 1,04,000 (d) ₹ 1,95,000

[Conceptual Application]

PART – B

Analysis of Financial Statement

27. When analysis is made on the basis of published statements, reports and information it is known as
 (a) Horizontal Analysis (b) External Analysis
 (c) Vertical Analysis (d) None of above

[Conceptual Application]

Or

If the different financial data is analyzed and compared over a period of time it is called

- Intra-firm Analysis
- Inter-firm Analysis
- Trade Analysis
- None of above

[Conceptual Application]

28. **Assertion (A):** Interest Coverage Ratio assesses the ability of a company to meet its interest obligations.

Reason (R): It is computed as Profit before Interest and Tax ÷ Interest.

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

[Conceptual Application]

29. Which of the following activities are operating activities for the purpose of preparing 'Cash flow statement'?

- Dividend and interest received on securities
 - Payment of employee benefit expenses
 - Cash receipts from royalties and fees
 - Issue of shares against purchase of machinery
- (i), (ii) and (iii)
 - (ii), (iii) and (iv)
 - (i), (ii) and (iv)
 - (ii) and (iii)

[NCERT Part II, Page 244, 246]

Or

Match the following and suggest the correct codes:

List I	List II
A. Buy back of shares	(i) Operating activity
B. Interest on long-term investment	(ii) Financing activity
C. Cash payment to suppliers	(iii) Business activity
D. Purchase and sale of goods	(iv) Investing activity

(a) A – (i), B – (ii), C – (iii), D – (iv)

(b) A – (ii), B – (iii), C – (iv), D – (i)

(c) A – (ii), B – (iv), C – (i), D – (iii)

(d) A – (i), B – (iii), C – (iv), D – (ii)

30. Paid ₹ 7,00,000 to acquire shares in K.L. Ltd. and received a dividend of 20,000 after acquisition. These transactions will result in:

- (a) Cash used in Investing Activities ₹ 7,00,000.
 (b) Cash generated from Financing Activities ₹ 7,20,000.
 (c) Cash generated from Financing Activities ₹ 6,80,000.
 (d) Cash used in Investing Activities ₹ 6,80,000.

[Conceptual Application]

31. Under which heads and sub-heads the following items will appear in the Balance Sheet of Company as per Schedule III, Part-I of the Companies Act, 2013:

- (i) Loose tools
 (ii) Calls-in-Advance
 (iii) Capital Reserve
 (iv) Licenses and Franchise
 (v) Work-in-Progress
 (vi) Balance in Statement of Profit and Loss

[NCERT Part II, Page 158-159]

32. Prepare a Common-Size Statement of Profit and Loss from the following information:

Particulars	For the year ending 31-3-2025	For the year ending 31-3-2024
Revenue from Operations	₹ 2,00,000	₹ 2,60,000
Cost of Material Consumed	₹ 1,60,000	₹ 1,68,000
Other Expenses	₹ 24,000	₹ 18,000
Income Tax @ 50%		

[NCERT Part II, Page 183-184]

Or

From the following information, prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2023 and 2024:

Particulars	2024-2025	2023-2024
Revenue from Operations	₹ 50,00,000	₹ 40,00,000
Employee benefit expenses	₹ 7,50,000	₹ 5,00,000
Other Expenses	₹ 27,50,000	₹ 20,00,000
Tax Rate 50%		

[NCERT Part II, Page 177]

33. (a) ABC Ltd has a Current Ratio of 3.5 : 1 and Quick Ratio of 2 : 1. If excess of Current Assets over Quick Assets represented by Inventory is ₹ 24,000, calculate Current Assets and Current Liabilities. **[NCERT Part II, Page 202]**

- (b) From the following information, calculate Inventory Turnover Ratio:

Revenue from Operations: ₹ 4,00,000

Average Inventory: ₹ 55,000

The rate of Gross Loss on Revenue from Operations was 10%

[Conceptual Application]

Or

The proprietary ratio of M. Ltd. is 0.80 : 1. State with reasons whether the following transactions will increase, decrease or not change the proprietary ratio:

- Obtained a loan from bank ₹ 2,00,000 payable after five years.
- Purchased machinery for cash ₹ 75,000.
- Redeemed 5% redeemable preference shares ₹ 1,00,000.
- Issued equity shares to the vendors of machinery purchased for ₹ 4,00,000.

[Conceptual Application]

34. Following is the Balance Sheets of ATPL Ltd. as at 31st March 2025:

Balance Sheet
as at 31st March 2025

Particulars	Note No.	31 st March 2025 (₹)	31 st March 2024 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds:			
(a) Share Capital		15,00,000	14,00,000
(b) Reserves and Surplus	1	2,50,000	1,10,000
2. Non-Current Liabilities:			
(a) Long-term Borrowings		2,00,000	1,25,000
3. Current Liabilities:			
(a) Short-term Borrowings	2	12,000	10,000
(b) Trade Payables		15,000	83,000
(c) Short-term Provisions	3	18,000	11,000
Total		19,95,000	17,39,000
II. ASSETS			
1. Non-Current Assets:			
Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment	4	18,60,000	16,10,000
(ii) Intangible Assets	5	50,000	30,000
2. Current Assets:			
(a) Current Investments		8,000	5,000
(b) Inventories		37,000	59,000
(c) Trade Receivables		26,000	23,000
(d) Cash and Cash Equivalents		14,000	12,000
Total		19,95,000	17,39,000

Notes to Accounts:

Note No.	Particulars	31 st March 2025 (₹)	31 st March 2024 (₹)
1.	Reserves and Surplus: Surplus (balance in Statement of Profit and Loss)	2,50,000	1,10,000
2.	Short-term Borrowings: Bank Overdraft	12,000	10,000
3.	Short-term Provisions: Provision for Tax	18,000	11,000
4.	Property, Plant and Equipment: Machinery	20,00,000	17,00,000
	Accumulated Depreciation	(1,40,000)	(90,000)
		18,60,000	16,10,000
5.	Intangible Assets: Patents	50,000	30,000

Additional Information:

(i) Tax paid during the year amounted to ₹ 16,000.

(ii) Machine with a net book value of ₹ 10,000 (Accumulated Depreciation ₹ 40,000) was sold for ₹ 2,000.

Prepare Cash Flow Statement.

[NCERT Part II, Page 258-259, 268-270]

SOLUTIONS

1. (c) 3 : 1
2. (c) (A) is true but (R) is false.
3. (c) ₹ 4,800; ₹ 2,700; ₹ 2,100 respectively

Or

(b) ₹ 5,600 [1000(s) × ₹ 4 + 800(s) × ₹ 2]

4. (a) ₹ 20,000

Or

(b) Sahil's Capital A/c will be debited by ₹ 6,000 and Ajay's Capital A/c will be credited by ₹ 6,000.

5. (d) Debit Profit and Loss Appropriation A/c and Credit Partner's Capital A/c
6. (a) 120 days, allotment of shares

Or

(c) Credited to Capital Reserve A/c

7. (a) ₹ 10,00,000
8. (a) ₹ 15,000

Or

(d) ₹ 3,000

9. (c) Only (iii)
10. (b) 13 : 5 : 12
11. (c) ₹ 3,000
12. (c) ₹ 8,90,000
13. (b) Goodwill ₹ 60,000
14. (c) ₹ 80,000
15. (d) Debit Revaluation A/c ₹ 35,000

Or

(b) Reconstitution of Partnership Firm

16. (d) No journal entry
- 17.

In the Books of X, Y and Z Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2025 Nov. 1	Profit and Loss Suspense A/c Dr. To X's Capital A/c (Being share of profit credited to X's capital A/c)		49,000	49,000

Working Notes:

Last year's adjusted profit = ₹ 3,25,000 – ₹ 60,000 + ₹ 15,000 = ₹ 2,80,000

X's share of profit till his death = ₹ 2,80,000 × $\frac{7}{12}$ × $\frac{3}{10}$ = ₹ 49,000

18.

In the books of Z Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Bank A/c Dr. To Debentures Application and Allotment A/c (Being debenture application and allotment money received)		16,50,000	16,50,000
	Debentures Application and Allotment A/c Dr. To 9% Debentures A/c To Securities Premium A/c To Bank A/c (Being debentures issued)		16,50,000	10,00,000 1,00,000 5,50,000
(b)	Securities Premium A/c Dr. Statement of Profit and Loss Dr. To Loss on Issue of Debentures A/c (Being loss on issue of debentures written off first by securities premium then by statement of profit and loss)		1,60,000 40,000	2,00,000

19.

In the Books of Piya, Bina and Sona

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Sona's Capital A/c Dr. To Bina's Capital A/c To Piya's Capital A/c (Being rectify entry passed for missing interest on drawings)		1,620	1,260 360

Working Notes:

$$\text{Interest on Drawings of Piya} = ₹ 3,000 \times 12 \times \frac{6}{100} = ₹ 2,160$$

$$\text{Interest on Drawings of Sona} = ₹ 4,000 \times 12 \times \frac{6}{100} = ₹ 2,880$$

(As per annum suffix is not given, time period is ignored.)

Table of Adjustment

Particulars	Piya (₹)	Bina (₹)	Sona (₹)	Total (₹)
Amount to be debited for interest on drawings	(2,160)	—	(2,880)	(5,040)
Amount to be credited	2,520	1,260	1,260	5,040
	Cr. 360	Cr. 1,260	Dr. 1,620	—

Or
In the books of Anirudh And Yogesh
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i) (a)	Interest on Capital A/c Dr. To Anirudh's Current A/c To Yogesh's Current A/c (Being interest on capital allowed)		25,000	15,000 10,000
(b)	Profit and Loss Appropriation A/c Dr. To Interest on Capital A/c (Being interest on capital transferred to Profit and Loss Appropriation A/c)		25,000	25,000
(ii) (a)	Anirudh's Current A/c Dr. Yogesh's Current A/c Dr. To Interest on Drawings A/c (Being interest on drawings charged)		4,000 5,000	9,000
(b)	Interest on Drawings A/c Dr. To Profit and Loss Appropriation A/c (Being interest on drawings transferred to Profit and Loss Appropriation A/c)		9,000	9,000
(iii)	Profit and Loss Appropriation A/c Dr. To General Reserve A/c (Being a part of profit transferred to general reserve)		20,000	20,000

20. (a) Ratio of Profit to Sales = $\frac{₹ 1,60,000}{₹ 4,00,000} \times 100 = 40\%$

Profit up to the date of death = $₹ 75,000 \times \frac{40}{100} = ₹ 30,000$

Shrenik's Share of Profit = $₹ 30,000 \times \frac{1}{6} = ₹ 5,000$

Alternative:

Shrenik's Share of Profit = $\frac{₹ 1,60,000}{₹ 4,00,000} \times ₹ 75,000 \times \frac{1}{6} = ₹ 5,000$

(b) **In the Books of Abhijeet, Sandeep and Shrenik**
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
2025 May, 31	Profit and Loss Suspense A/c Dr. To Shrenik's Current A/c (Being Shrenik's share in profit transferred to his current account)		5,000	5,000

21. **Balance Sheet of Commerce Hub Ltd.**

Particulars	Note No.	Amount (₹)
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	1	28,70,000

Notes to Accounts:

Note No.	Particulars	Amount (₹)
1	Share Capital	
	Authorised Share Capital:	
	4,50,000 Equity Shares of ₹ 10 each	45,00,000
	Issued Share Capital:	
	3,70,000 Equity Shares of ₹ 10 each	37,00,000
	Subscribed Share Capital:	
	Subscribed but not fully paid-up:	
	3,59,000 Equity Shares of ₹ 10 each, ₹ 8 called up	28,72,000
	(3,60,000 – 7,000 (Forfeited) + 6,000 (Reissued))	
	<i>Less:</i> Calls-in-Arrears (4,000 shares of Ravi @ ₹ 2)	(8,000)
	<i>Add:</i> Share Forfeited (1,000 shares of Pranavi @ ₹ 6)	6,000
		28,70,000

22. **In the Books of Lalit and Pulkit
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(a)	Lalit's Capital A/c Dr. Bank / Cash A/c Dr. To Realisation A/c (Being part of stock taken over by Lalit and remaining sold at profit)		32,000 52,000	84,000
(b)	Realisation A/c Dr. To Cash/Bank A/c (Being Pulkit's Sister's loan paid off)		22,000	22,000
(c)	Lalit's Capital A/c Dr. Pulkit's Capital A/c Dr. To Realisation A/c (Being 100 shares taken by partners)		12,000 8,000	20,000
(d)	Bank A/c Dr. To Realisation A/c (Being ₹ 76,000 received from debtor which was written off)		76,000	76,000

23. **In the Books of P, R, and S**

Dr.		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	4,000	By Patents A/c	4,000
To Profit distributed to:		By Buildings A/c	20,000
P	10,000		
R	6,000		
S	4,000		
	20,000		
	24,000		24,000

Dr. S's Capital Account			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2025 Oct. 1	To S's Executor's A/c (Bal. Fig.)	55,500	2025 Apr. 1	By Balance b/d	30,000
			Oct. 1	By Reserve A/c	4,000
			Oct. 1	By P's Capital A/c	7,500
			Oct. 1	(Goodwill)	
			Oct. 1	By R's Capital A/c	4,500
			Oct. 1	(Goodwill)	
				By Revaluation A/c	4,000
			Oct. 1	By Profit and Loss Suspense A/c	4,000
				By Interest on Capital A/c	1,500
		55,500			55,500

Dr. S's Executors' Account			Cr.		
Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2025 Oct. 1	To Bank A/c	15,500	2025 Oct. 1	By S's Capital A/c	55,500
Oct. 1	To Bal c/d	40,000			
		55,500			55,500

Working Notes:

$$\text{Average Profit} = \frac{(\text{₹ } 30,000 + \text{₹ } 26,000 + \text{₹ } 24,000 + \text{₹ } 30,000 + \text{₹ } 40,000)}{5} = \text{₹ } 30,000$$

$$\text{Goodwill} = \text{₹ } 30,000 \times 2 = \text{₹ } 60,000$$

$$\text{S's Share of Goodwill} = \text{₹ } 60,000 \times \frac{2}{10} = \text{₹ } 12,000$$

$$\text{S's Share of Profit for 6 months} = \text{₹ } 40,000 \times \frac{6}{12} \times \frac{2}{12} = \text{₹ } 4,000$$

$$\text{Interest on S's Capital} = \text{₹ } 30,000 \times \frac{10}{100} \times \frac{6}{12} = \text{₹ } 1,500$$

Or

In the Books of Santa, Banta and Panta

Dr. Revaluation Account			Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)	
To Stock A/c	16,000	By Loss transferred to:		
To Claim for Workmen Compensation A/c	40,000	Santa	33,600	
	56,000	Banta	22,400	56,000
				56,000

Dr. Partners' Capital Accounts Cr.

Particulars	Santa (₹)	Banta (₹)	Panta (₹)	Particulars	Santa (₹)	Banta (₹)	Panta (₹)
To Revaluation A/c (Loss)	33,600	22,400	–	By Balance b/d	1,60,000	1,40,000	–
To Balance c/d (Bal. Fig.)	1,93,400	1,75,600	–	By General Reserve A/c	27,000	18,000	–
				By Premium for Goodwill A/c	40,000	40,000	–
	2,27,000	1,98,000	–		2,27,000	1,98,000	–
To Balance c/d	1,93,400	1,75,600	92,250	By Balance b/d	1,93,400	1,75,600	–
				By Cash A/c (Bal. Fig.)	–	–	92,250
	1,93,400	1,75,600	92,250		1,93,400	1,75,600	92,250

Working Note:

$$\begin{aligned} \text{Amount brought by Panta} &= (\text{₹ } 1,93,400 + \text{₹ } 1,75,600) \times \frac{5}{4} \times \frac{1}{5} \\ &= \text{₹ } 3,69,000 \times \frac{5}{4} \times \frac{1}{5} = \text{₹ } 92,250 \end{aligned}$$

24.

**In the Books of Aman Paints Ltd.
Journal**

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c Dr. To Equity Share Application A/c (Being application money received)		10,80,000	10,80,000
(ii)	Equity Share Application A/c Dr. To Equity Share Capital A/c To Securities Premium A/c To Equity Share Allotment A/c To Bank A/c (Being application money transferred)		10,80,000	8,00,000 1,60,000 60,000 60,000
(iii)	Equity Share Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being allotment money due)		4,80,000	3,20,000 1,60,000
(iv)	Bank A/c [₹ 4,80,000 – ₹ 60,000 (Advance) – ₹ 8,400 (WN)] Dr. To Equity Share Allotment A/c (Being allotment money received)		4,11,600	4,11,600
(v)	Equity Share First Call A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Being first call money due)		6,40,000	4,80,000 1,60,000

(vi)	Bank A/c [1,56,800(s) × ₹ 4] To Equity Share First Call A/c (Being first call money received)	Dr.	6,27,200	6,27,200
(vii)	Equity Share Capital A/c [3,200(s) × ₹ 10] Securities Premium A/c [3,200(s) × ₹ 2] To Equity Share Allotment A/c (WN) To Equity Share First Call A/c [3200(s) × ₹ 4] To Equity Share Forfeiture A/c [3400(s) × ₹ 6 – 3,200(s) × ₹ 1] (Being 3,200 shares forfeited)	Dr. Dr.	32,000 6,400	8,400 12,800 17,200
(viii)	Bank A/c To Equity Share Capital A/c To Securities Premium A/c (Being 1,600 shares reissued)	Dr.	43,000	16,000 27,000
(ix)	Equity Share Forfeiture A/c [₹ 17200 ÷ 2] To Capital Reserve A/c (Being profit on reissue transferred to capital reserve)	Dr.	8,600	8,600

Working Notes:

$$\text{Shares Applied by Aditya} = \frac{1,70,000}{1,60,000} \times 3,200 = 3,400 \text{ shares}$$

Amount unpaid by Aditya on Allotment:

Particulars	Amount (₹)
Application money received (3,400(s) × ₹ 6)	20,400
Less: Transferred to Share Capital (3,200(s) × ₹ 6)	(19,200)
Excess money received on Application	1,200
Allotment money due (3,200(s) × ₹ 3)	9,600
Less: Adjustment of excess money	(1,200)
Allotment amount unpaid by Aditya	8,400

Or

(a) **In the books of Dravid Ltd.**
Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Bank A/c To Debentures Application and Allotment A/c (Being application amount received on 3,600 debentures)	Dr.	3,38,400	3,38,400
(ii)	Debentures Application and Allotment A/c Discount on Issue of Debentures A/c To 11% Debentures A/c To Bank A/c (Being application money adjusted)	Dr. Dr.	3,38,400 18,000	3,00,000 56,400

(b)

In the Books of T Ltd.

Dr.

Loss on Issue of 12% Debentures Account

Cr.

Date	Particulars	Amount (₹)	Date	Particulars	Amount (₹)
2024 Apr. 1	To Premium on Redemption of Debentures A/c	42,000	2025 Mar. 31	By Statement of Profit and Loss	42,000
		42,000			42,000

(c)

In the Books of ABC Ltd.

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i)	Sundry Assets A/c Dr. To Sundry Liabilities A/c To XYZ Ltd. To Capital Reserve A/c (Being purchase of business from XYZ Ltd.)		1,60,000	15,000 1,35,000 10,000
(ii)	XYZ Ltd. Dr. Loss on Issue of Debentures A/c Dr. To 10% Debentures A/c To Premium on Redemption of Debentures A/c (Being 1,500, 10% debentures of ₹ 100 each issued at 10% discount and redeemable at 5% premium)		1,35,000 22,500	1,50,000 7,500

25.

Journal of Anita and Ravi

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
(i) (a)	Realisation A/c Dr. To Ravi's Capital A/c (Being remuneration payable to Ravi)		23,000	23,000
(b)	Ravi's Capital A/c Dr. To Cash/Bank A/c (Being realisation expenses paid by Ravi from firm's cash)		10,000	10,000
(ii)	Cash/Bank A/c Dr. Realisation A/c (Being debtors realised at 90% of ₹ 60,000)		54,000	54,000
(iii)	No Entry will be passed for settlement of creditors by furniture		—	—
(iv)	Cash/Bank A/c Dr. To Realisation A/c (Being land and building were realised)		2,94,000	2,94,000
(v)	Anita's Capital A/c Dr. Ravi's Capital A/c Dr. To Realisation A/c (Being unrecorded shares taken away by Anita and Ravi in the Profit Sharing Ratio)		15,000 10,000	25,000
(vi)	Realisation A/c Dr. To Anita's Capital A/c To Ravi's Capital A/c (Being profit on realisation was distributed between Anita and Ravi)		45,000	27,000 18,000

26. (i) (a) ₹ 1,95,000
(ii) (c) ₹ 2,99,000
(iii) (b) ₹ 3,90,000
(iv) (d) ₹ 7,15,000
(v) (a) ₹ 65,000
(vi) (d) ₹ 1,95,000

27. (b) External Analysis

Or

(a) Intra-firm Analysis

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

29. (d) (ii) and (iii)

Or

(c) A–(ii), B–(iv), C–(i), D–(iii)

30. (d) Cash used in Investing Activities ₹ 6,80,000.

31.	Sr. No.	Items	Major Head	Sub-Head
	(i)	Loose tools	Current Assets	Inventories
	(ii)	Calls-in-Advance	Current Liabilities	Other Current Liabilities
	(iii)	Capital Reserve	Shareholders' Funds	Reserves and Surplus
	(iv)	Licenses and Franchise	Non-Current Assets	Property, Plant and Equipment & Intangible Assets- Intangible Assets
	(v)	Work-in-Progress	Current Assets	Inventories
	(vi)	Balance in Statement of Profit and Loss	Shareholders' Funds	Reserves and Surplus

32.

Common-Size Statement of Profit and Loss

for the year ended 2024 and 2025

Particulars	Absolute Amounts (₹)		Percentage of Revenue from Operations (%)	
	2023-24 (₹)	2024-25 (₹)	2023-24	2024-25
I. Revenue from Operations	2,60,000	2,00,000	100	100
II. Expenses				
(a) Cost of Material consumed	1,68,000	1,60,000	64.62	80
(b) Other Expenses	18,000	24,000	6.92	12
Total Expenses	1,86,000	1,84,000	71.54	92
III. Profit before Tax (I–II)	74,000	16,000	28.46	8
Income Tax @ 50%	37,000	8,000	14.23	4
IV. Profit after Tax (III–IV)	37,000	8,000	14.23	4

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

Particulars	31 st March 2024 (₹)	31 st March 2025 (₹)	Absolute increase or decrease (₹)	Percentage increase or decrease %
	A	B	C = B – A	D = C/A × 100
I. Revenue from Operations	40,00,000	50,00,000	10,00,000	25
Less: Expenses				
Employee benefit expenses	5,00,000	7,50,000	2,50,000	50
Other Expenses	20,00,000	27,50,000	7,50,000	37.5
II. Total Expenses	25,00,000	35,00,000	10,00,000	40
Profit before Tax (I – II)	15,00,000	15,00,000	NIL	NIL
Less: Tax @50%	7,50,000	7,50,000	NIL	NIL
Profit after Tax	7,50,000	7,50,000	NIL	NIL

33. (a) Current Ratio = 3.5 : 1
Quick Ratio = 2 : 1
Let Current Liabilities = x , Current Assets = $3.5x$ and Quick Assets = $2x$
Inventory = Current Assets – Quick Assets
₹ 24,000 = $3.5x - 2x$
₹ 24,000 = $1.5x$
 $x = ₹ 16,000$
∴ Current Liabilities = ₹ 16,000
and Current Assets = $3.5x = 3.5 \times ₹ 16,000 = ₹ 56,000$
- (b) Revenue from Operations = ₹ 4,00,000
Gross Loss = 10% of ₹ 4,00,000 = ₹ 40,000
Cost of Revenue from Operations = Revenue from Operations + Gross Loss
= ₹ 4,00,000 + ₹ 40,000
= ₹ 4,40,000
Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory
= ₹ 4,40,000 / ₹ 55,000
= 8 times

Or

$$\text{Proprietary ratio} = \frac{\text{Proprietor's funds}}{\text{Total Assets}}$$

- (i) Ratio will decrease because cash will increase, by ₹ 2,00,000, i.e., total assets increase but proprietor's funds remain same.
- (ii) Ratio will not change because one asset (cash) decreases and other asset (Machinery) increases. Thus, the amount of total assets and proprietors funds remain same.
- (iii) Ratio will decrease because both proprietors funds (Preference shares) and total assets (Cash) decrease by ₹ 1,00,000.
- (iv) Ratio will increase because both proprietors funds (equity shares) and total assets (machinery) will increase by ₹ 4,00,000.

34.

Cash Flow Statement of ATPL Ltd.
for the year ended 31st March 2025

Particulars	Amount (₹)	Amount (₹)
I. Cash Flow From Operating Activities		
Net Profit before Tax and Extraordinary Items [WN-(i)]		1,63,000
Add: Non-Cash and Non-operating Expenses:		
Depreciation	90,000	
Loss on Sale of Machine	8,000	98,000
Operating Profit before working capital changes		2,61,000
Add: Decrease in Current Assets and Increase in Current Liabilities		
Inventories		22,000
Less: Increase in Current Assets and Decrease in Current Liabilities		
Trade Receivables	(3,000)	
Trade Payables	(68,000)	(71,000)
Cash generated from Operating Activities		2,12,000
Less: Income Tax paid		(16,000)
Cash Flow from Operating Activities		1,96,000
II. Cash Flow From Investing Activities		
Sale of Machinery		2,000
Purchase of Machinery		(3,50,000)
Purchase of Patents		(20,000)
Cash used in Investing Activities		(3,68,000)
III. Cash Flow From Financing Activities		
Proceeds from issue of Share Capital		1,00,000
Proceeds from Long-term Borrowings		75,000
Increase in Bank Overdraft		2,000
Cash flow from Financing Activities		1,77,000
IV. Net Increase In Cash and Cash Equivalents (I + II + III)		5,000
V. Cash and Cash Equivalent In The Beginning of The Year		
Current Investments	5,000	
Cash and Cash Equivalents	12,000	17,000
VI. Cash and Cash Equivalent at the end of the year		
Current Investments	8,000	
Cash and Cash Equivalents	14,000	22,000

Working Notes:

(i) Net Profit before Tax and Extraordinary Items	(₹)
Surplus (Balance in the Statement of Profit and Loss (closing))	2,50,000
Less: Surplus (Balance in the Statement of Profit and Loss (beginning))	1,10,000
Net Profit	1,40,000
Add: Provision for Tax [WN-(iii)]	23,000
Net Profit before Tax and Extraordinary Items	<u>1,63,000</u>

(ii) Dr.

Machinery Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	17,00,000	By Bank A/c (Sale)	2,000
To Bank A/c (purchase)	3,50,000	By Statement of Profit and Loss (Loss)	8,000
(Bal. fig.)		By Accumulated Depreciation A/c	40,000
		By Balance c/d	20,00,000
	20,50,000		20,50,000

Dr.

Accumulated Depreciation Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c	40,000	By Balance b/d	90,000
To Balance c/d	1,40,000	By Statement of Profit and Loss	90,000
		(Bal. fig.)	
	1,80,000		1,80,000

(iii) Dr.

Provision for Tax Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank A/c (Tax Paid)	16,000	By Balance b/d	11,000
To Balance c/d	18,000	By Statement of Profit and Loss	23,000
		(Bal. fig.)	
	34,000		34,000