

**SET****B**

**INDIAN SCHOOL MUSCAT  
FIRST PRE BOARD EXAMINATION 2023  
ACCOUNTANCY (055)**

CLASS: XII

Max.Marks: 80

**MARKING SCHEME**

SET	QN. NO	VALUE POINTS	MAR KS SPLI T UP												
B	1	(d) Neither debited nor credited  OR  (d) for issuing fully paid right shares	1												
B	2	(b) 60,000	1												
B	3	(c ) 48,000	1												
B	4	₹9,00,000	1												
B	5	(b) 3:2	1												
B	6	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">d)</td><td style="width: 40%;">Bella Capital A/c                      Dr</td><td style="width: 15%;">1,500</td><td style="width: 35%;"></td></tr> <tr> <td></td><td>To Della Capital A/c</td><td></td><td>1,000</td></tr> <tr> <td></td><td>To Kelly Capital A/c</td><td></td><td>500</td></tr> </table> <p style="text-align: center;"><b>OR</b></p> <p>(c) Share of loss Amrit ₹1,500 Bimal ₹1,500</p>	d)	Bella Capital A/c                      Dr	1,500			To Della Capital A/c		1,000		To Kelly Capital A/c		500	1
d)	Bella Capital A/c                      Dr	1,500													
	To Della Capital A/c		1,000												
	To Kelly Capital A/c		500												
B	7	c) Both (A) and (R) are incorrect	1												
B	8	(a) ₹90,000	1												
B	9	(a) Part of the subscribed capital which company resolves not to call except in the event of it being wound up	1												
B	10	(a) ₹3 per 3,000 shares	1												
B	11	<p>(d) Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹50,000</p> <p style="text-align: center;"><b>OR</b></p> <p>(b) 5%</p>	1												

B	12	(c) ₹45,000  OR (c) A ₹48,000 B ₹48,000 C ₹48,000	1																																																							
B	13	(d) Gain ₹1,12,000	1																																																							
B	14	(c) (iii) (ii) (i) (iv)	1																																																							
B	15	d) ₹100  OR d) 12%	1																																																							
B	16	(a ) ₹43,750	1																																																							
B	17	Goodwill = Super profit * number of year’s purchase = ₹62,000 * 5 = ₹3, <u>10,000</u> .....(1)  Average profit earned by firm = 150,000 Add Undervaluation of stock = 10, <u>000</u> Adjusted Profit_                  = <u>1,60,000.....(1)</u>  Normal profit = capital employed * Normal rate of return/100 = 14,00,000 * 7/100 = ₹98,000.....(1) Super Profit = Average profit – Normal Profit = 1,60,000 - 98,000 = ₹62,000	3																																																							
B	18	<div>Journal in the book of Firm.</div> <table><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>₹</th><th>₹</th></tr><tr><td>2022</td><td>Land &amp; Building A/c D.....1 mark</td><td></td><td>6,00,000</td><td></td></tr><tr><td>31/3/</td><td>Plant &amp; machinery A/c Dr</td><td></td><td>4,00,000</td><td></td></tr><tr><td></td><td>To Excel Ltd. A/c</td><td></td><td></td><td>9,00,000</td></tr><tr><td></td><td>To capital Reserve A/c</td><td></td><td></td><td>1,00,000</td></tr><tr><td></td><td>(Being assets taken over from Excel Ltd)</td><td></td><td></td><td></td></tr><tr><td>”</td><td>Excel Ltd A/c Dr (1)</td><td></td><td>9,00,000</td><td></td></tr><tr><td></td><td>To Bills Payable A/c</td><td></td><td></td><td>3,00,000</td></tr><tr><td></td><td>To % Debentures A/c</td><td></td><td></td><td>5,00,000</td></tr><tr><td></td><td>To securities Premium A/c</td><td></td><td></td><td>1,00,000</td></tr><tr><td></td><td>(Being purchase consideration was settled by paying bills payable and issue of 5,000 dentures at 100 each at premium of 20%)</td><td></td><td></td><td></td></tr></table> <div>Note: Total Purchase Consideration = ₹9,00,000 Payment by bill of Exchange = ₹ 3,00,000 Issue og debentures = ₹9,00,000 – ₹3,00,000 = ₹6,00,000 ...1 marks No of Debentures ₹6,00,000 /120 = 5,000</div>	Date	Particulars	L.F	₹	₹	2022	Land & Building A/c D.....1 mark		6,00,000		31/3/	Plant & machinery A/c Dr		4,00,000			To Excel Ltd. A/c			9,00,000		To capital Reserve A/c			1,00,000		(Being assets taken over from Excel Ltd)				”	Excel Ltd A/c Dr (1)		9,00,000			To Bills Payable A/c			3,00,000		To % Debentures A/c			5,00,000		To securities Premium A/c			1,00,000		(Being purchase consideration was settled by paying bills payable and issue of 5,000 dentures at 100 each at premium of 20%)				3
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**OR**  
Journal of Yipi Ltd

Date	Particulars	L.F	₹	₹
2022	Assets A/c Dr		2,50,000	
31/3/	Goodwill A/c Dr		16,30,000	
	To Liabilities A/c			80,000
	To Kiti Ltd A/c (20,000 × 90)			18,00,000
	(Being assets taken over from Excel Ltd)			
”	Kiti Ltd A/c Dr (1)		18,00,000	
	Discount on Issue A/c Dr		2,00,000	
	Loss on issue of debentures A/c Dr		1,00,000	
	To 9% Debentures A/c			20,00,000
	To Premium on redemption A/c			1,00,000
	(Being purchase consideration was settled by paying bills payable and issue of 5,000 debentures at 100 each at premium of 20%)			

B 19

Journal of Amy Ltd

3

Date	Particulars	L.F	₹	₹
2021	Anil's Capital A/c Dr.....(1)		12,000	
1/07/	To Manu's Capital A/c			1,600
	To Sanisha's Capital A/c			10,400
	(Being amount adjusted)			

2 .....marks for working note

Particulars	Anil	Manu	Sanisha	Firm
A. Amount already provided				
Interest on Capital at 8%	48,000	64,000	80,000	1,92,000
Amount to be Adjusted (5:3:2)	24,000	14,400	9,600	48,000
	<b>72,000</b>	<b>78,400</b>	<b>89,600</b>	<b>2,40,000</b>
B. Amount should provided				
Interest on Capital at 10%)	60,000	80,000	1,00,000	2,40,000
	<b>60,000</b>	<b>80,000</b>	<b>1,00,000</b>	<b>2,40,000</b>
<b>C = A - B</b>	<b>12,000</b>	<b>(1,600)</b>	<b>(10,400)</b>	<b>0</b>

Accept any other table calculations.

**OR**

Profit & Loss Appropriation A/c for the year ended 31/03/22

Particulars	₹	Particulars	₹
Interest on Capital:		By P/L A/c (1)	
P current A/c 10,000	(1)		1,40,000
B current A/c 5,000			

		<table><tr><td>C current A/c 5,000</td><td>20,000</td><td></td><td></td></tr><tr><td>Divisible Profit:</td><td></td><td></td><td></td></tr><tr><td>P current A/c 72,000</td><td></td><td></td><td></td></tr><tr><td>B current A/c 24,000</td><td>(1/2)</td><td></td><td></td></tr><tr><td>C current A/c 24,000</td><td>1,20,000</td><td></td><td></td></tr><tr><td></td><td><u>27,000</u></td><td></td><td><u>27,000</u></td></tr></table>	C current A/c 5,000	20,000			Divisible Profit:				P current A/c 72,000				B current A/c 24,000	(1/2)			C current A/c 24,000	1,20,000				<u>27,000</u>		<u>27,000</u>		
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		<p>Note:</p> <p>Guaranteed profit to Chitra is 40,000 p.a.</p> <p>Guaranteed profit to Chitra for 6 months of <math>40,000 \times \frac{1}{2} = 20,000</math></p> <p>No need of guarantee because Chitra is already covering guaranteed amount of 20,000 half yearly</p>																										
B	20	<p>Journal in the book of Firm.</p> <table><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>₹</th><th>₹</th></tr><tr><td>2021</td><td>Rayan's Capital A/c Dr.....(1)</td><td></td><td>1,350</td><td></td></tr><tr><td>1/07/</td><td>To Ben's Capital A/c</td><td></td><td></td><td>150</td></tr><tr><td></td><td>To Ken's Capital A/c</td><td></td><td></td><td>1,200</td></tr><tr><td></td><td>(Being loss adjusted)</td><td></td><td></td><td></td></tr></table> <p>Working Note:</p> <p>Share of Loss = <math>(50,000 + (50,000) + (54,000))/ 3</math></p> <p>= 18,000</p> <p>= <math>18,000 \times 3/12 \times 3/10</math></p> <p>= 1,350.....1 Mark</p> <p>Gaining Ratio = New ratio - Old ratio</p> <p>Ben = <math>1/3 - 3/10 = 1/30</math></p> <p>Ken = <math>2/3 - 4/10 = 8/30</math></p> <p>= 1:8.....1 Mark</p>	Date	Particulars	L.F	₹	₹	2021	Rayan's Capital A/c Dr.....(1)		1,350		1/07/	To Ben's Capital A/c			150		To Ken's Capital A/c			1,200		(Being loss adjusted)				3
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B	21	<p style="text-align: center;"><b>Journal entry in the book of Rini and Vini</b></p> <table><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>₹</th><th>₹</th></tr><tr><td>2022 31/3/</td><td>Rini Capital A/c   Dr     To Realisation A/c (being assets took over)</td><td></td><td>9,600</td><td>9,600</td></tr><tr><td>”</td><td>No Entry</td><td></td><td></td><td></td></tr><tr><td></td><td>Cash A/c       Dr     To Realisation A/c (Being stock sold for cash)</td><td></td><td>11,250</td><td>11,250</td></tr><tr><td></td><td>Realisation A/c   Dr     To Cash (Being creditors paid off)</td><td></td><td>22,500</td><td>22,500</td></tr></table> <p>1 Mark for each entry</p>	Date	Particulars	L.F	₹	₹	2022 31/3/	Rini Capital A/c   Dr To Realisation A/c (being assets took over)		9,600	9,600	”	No Entry					Cash A/c       Dr To Realisation A/c (Being stock sold for cash)		11,250	11,250		Realisation A/c   Dr To Cash (Being creditors paid off)		22,500	22,500	4																				
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B	22	<p style="text-align: center;">Balance sheet of Fashion Styles Ltd as at .....</p> <table><tr><th>Particulars</th><th>Note No</th><th>₹</th></tr><tr><td><b>I. EQUITY AND LIABILITIES</b></td><td></td><td></td></tr><tr><td><b>Share holders Fund</b></td><td></td><td></td></tr><tr><td>    Share capital</td><td>1</td><td></td></tr></table> <p>Note to Accounts</p> <table><tr><th>Particulars</th><th>Not e No</th><th>₹</th></tr><tr><td><b>1. Share capital</b></td><td>1</td><td></td></tr><tr><td><b>Authorised Capital</b></td><td></td><td></td></tr><tr><td>    85,000 equity shares of ₹100 each</td><td></td><td><u>85,00,000</u></td></tr><tr><td><b>Issued Capital</b></td><td></td><td></td></tr><tr><td>    45,000 equity shares of ₹100 each</td><td></td><td><u>45,00,000</u></td></tr><tr><td><b>Subscribed capital</b></td><td></td><td></td></tr><tr><td>    Subscribed and fully called and paid up</td><td></td><td>39,00,000</td></tr><tr><td>    39,000 Shares of ₹100 each</td><td></td><td></td></tr><tr><td>    Add Forfeited Shares A/c</td><td></td><td><u>1,80,000</u></td></tr><tr><td>        3,000 × ₹60</td><td></td><td><u>40,80,000</u></td></tr></table> <p>1 Mark for balance Sheet extract and 3 Marks for notes to accounts</p>	Particulars	Note No	₹	<b>I. EQUITY AND LIABILITIES</b>			<b>Share holders Fund</b>			Share capital	1		Particulars	Not e No	₹	<b>1. Share capital</b>	1		<b>Authorised Capital</b>			85,000 equity shares of ₹100 each		<u>85,00,000</u>	<b>Issued Capital</b>			45,000 equity shares of ₹100 each		<u>45,00,000</u>	<b>Subscribed capital</b>			Subscribed and fully called and paid up		39,00,000	39,000 Shares of ₹100 each			Add Forfeited Shares A/c		<u>1,80,000</u>	3,000 × ₹60		<u>40,80,000</u>	4
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23	<div><div>Journal in the book of Eastern Ltd.....2 mark</div><table><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>₹</th><th>₹</th></tr><tr><td>2021 1/4/</td><td>Bank A/c      Dr     To Debenture Application &amp; Allotment     (Being application received)</td><td></td><td>16,00,000</td><td>16,00,000</td></tr><tr><td>”</td><td>Debenture App &amp; All A/c      Dr Discount on Issue A/c      Dr Loss on issue of debentures A/c      Dr     To 10% Debentures A/c     To Premium on redemption debentures     (Being debentures redeemed at premium)</td><td></td><td>16,00,000 4,00,000 1,00,000</td><td>20,00,000 1,00,000</td></tr></table><div><div>Loss on Issue of Debentures A/c.....1 mark</div><table><tr><th>Date</th><th>Particulars</th><th>₹</th><th>Date</th><th>Particulars</th><th>₹</th></tr><tr><td>2021 Apri</td><td>To 10 % Debentures To Premium on red***</td><td>4,00,000 1,00,000 <u>5,00,000</u></td><td></td><td>By Securitas Premium</td><td>5,00,000 <u>5,00,000</u></td></tr></table><div>***Accept Premium on Redemption as 5,00,000</div><div>Journal Entries</div><table><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>₹</th><th>₹</th></tr><tr><td>2022 31/03</td><td>Debenture Interest A/c Dr     To Debenture holders A/c     (Being interest due at 10%)</td><td></td><td>2,00,000</td><td>2,00,000</td></tr><tr><td>”</td><td>Debenture Holders A/c Dr     To bank A/c     (Being interest paid)</td><td></td><td>2,00,000</td><td>2,00,000</td></tr><tr><td>”</td><td>Statement of P/L A/c Dr     To Debenture Interest A/c     (Being amt transferred to p/l A/c</td><td></td><td>2,00,000</td><td>2,00,000</td></tr></table><div>3 Marks</div></div></div>	Date	Particulars	L.F	₹	₹	2021 1/4/	Bank A/c      Dr To Debenture Application & Allotment (Being application received)		16,00,000	16,00,000	”	Debenture App & All A/c      Dr Discount on Issue A/c      Dr Loss on issue of debentures A/c      Dr To 10% Debentures A/c To Premium on redemption debentures (Being debentures redeemed at premium)		16,00,000 4,00,000 1,00,000	20,00,000 1,00,000	Date	Particulars	₹	Date	Particulars	₹	2021 Apri	To 10 % Debentures To Premium on red***	4,00,000 1,00,000 <u>5,00,000</u>		By Securitas Premium	5,00,000 <u>5,00,000</u>	Date	Particulars	L.F	₹	₹	2022 31/03	Debenture Interest A/c Dr To Debenture holders A/c (Being interest due at 10%)		2,00,000	2,00,000	”	Debenture Holders A/c Dr To bank A/c (Being interest paid)		2,00,000	2,00,000	”	Statement of P/L A/c Dr To Debenture Interest A/c (Being amt transferred to p/l A/c		2,00,000	2,00,000
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B	<div>24</div> <div><div>Revaluation A/c</div><table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>Machinery A/c (½)</td><td>15,000</td><td>Provision for doubtful debts (½)</td><td>2,000</td></tr><tr><td>Building A/c (½)</td><td>10,000</td><td>Unrecorded Assets A/c (½)</td><td>25,000</td></tr><tr><td>Revaluation Profit: Akul Capital A/c 1,500</td><td>2,000</td><td></td><td></td></tr><tr><td>Bakul Capital A/c</td><td>½</td><td></td><td></td></tr></table></div>	Particulars	₹	Particulars	₹	Machinery A/c (½)	15,000	Provision for doubtful debts (½)	2,000	Building A/c (½)	10,000	Unrecorded Assets A/c (½)	25,000	Revaluation Profit: Akul Capital A/c 1,500	2,000			Bakul Capital A/c	½			6																										
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50027,00027,000**Partners' Capital Account**

	Akul	Bakul	Chan		Akul	Bakul	Chan
By Goodwill A/c (½)	15,000	5,000	.....	By Balance b/d (½)	70,000	30,000	.....
				By Cash A/c (½)	.....	.....	40,000
				By Premium for Goodwill (½)	11,250	3,750	00
				By General Reserve (½)	15,000	5,000	.....
				By Revaluation A/c	1,500	500	.....
By Balance c/d (½)	1,50,000	50,000	40,000	By Current A/c (½)	67,250	15,750	.....
		0	0				
	<u>1,65,000</u>	<u>55,000</u>	<u>40,000</u>		<u>1,65,000</u>	<u>55,000</u>	<u>40,000</u>
		0	0				

**Working Note:**

1. New Ratio = 15:5:4

Capital of New Firm = Chanda's Capital × His reciprocal Share

$$= ₹40,000 \times \frac{6}{1} = ₹2,40,000$$

$$\text{Akul Share} = ₹2,40,000 \times \frac{15}{24} = ₹1,50,000$$

$$\text{Bakul Share} = ₹2,40,000 \times \frac{5}{24} = ₹50,000$$

**OR****Revaluation A/c**

Particulars	₹	Particulars	₹
Provision for doubtful debts (½)	1,000	Building A/c (½)	5,000
Revaluation Profit: (1)			
Shyam Capital A/c	2,000		
Sanjay Capital A/c	1,000		
Siva Capital A/c	<u>1,000</u>		
	4,000		
	<u>5,000</u>		<u>5,000</u>

**Partners Capital A/c**

	shyam	Sanjay	Siva		Shyam	Sanjay	Siv
By Goodwill A/c (½)	8,000	.....	4,000	By Balance b/d (½)	50,000	30,000	20,000
To Adv Sus Exp	10,000	5,000	5,000	By Goodwill A/c (½)	6,000	3,000	3,000
To Cash A/c (½)	.....	4,000	.....	By P/L A/c (½)	10,000	5,000	5,000
To Cash A/c (½)	1,5000	.....	.....	Revaluation A/c (½)	2,000	1,000	1,000
To Sanjay Loan	.....	30,000	.....	By Cash A/c			15,000
By Balance c/d (½)	35,000		35,000				
	<u>68,000</u>	<u>39,000</u>	<u>44,000</u>		<u>68,000</u>	<u>39,000</u>	<u>44,000</u>

**Working Note:****Adjusted Capital Of Shyam and Siva**

Shyam = (50,000 + 6,000+10,000 + 2,000) - (8,000 + 10,000) = 50,000  
Siva = ( 20,000 + 3,000 + 5,000 + 1,000 ) – ( 4,000 + 5,000) = 20,000  
Total = 50,000 + 20,000 = 70,000  
Shyma = 70,000 \*1/2 = 35,000  
Siva = 70,000 \* ½ = 35,000

B

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Isha’s Executor A/c

Date	Particulars	₹	Date	Particulars	₹
2019 1/07	To bank A/c	10,600	2019 1/07	Isha’s Capital A/c	70,600
2020 31/3	To Balance c/d	64,500	2020 31/03	Interest A/c	4,500
		<b><u>75,100</u></b>			<b><u>75,100</u></b>
2020 1/7	To Bank (20000 + 6,000)	26,000	2020 1/4 30/06	Balance b/d	64,500
				Interest A/c	1,500
2021 31/3	Balance c/d	43,000	2021 31/3	Interest A/c	3,000
		<b><u>69,000</u></b>			<b><u>69,000</u></b>
2021 1/7	To Bank (20000 + 4,000)	24,000	2021 1/4 30/06	Balance b/d	43,000
				Interest A/c	1,000
2022 31/3	Balance c/d	21,500	2022 31/3	Interest A/c	1,500
		<b><u>45,500</u></b>			<b><u>45,500</u></b>
1/7	To bank A/c (20,000 + 2,000)	22,000	2022 1/4 30/6	Balance b/d	21,500
				Interest A/c	500
		<b><u>22,000</u></b>			<b><u>22,000</u></b>

Working Note:

Total Amount to pay to Isha’s Executor = ₹70,600  
Amount paid immediately = (₹10,600)  
Balance to be transferred to A/c = ₹ 60,000  
Equal Installment = 20,000 each with interest  
1<sup>st</sup> Installment = ₹20,000 + (6,00,000 \* 10% )6,000 = ₹26,000  
Interest = 6,000 \* 9/12 = ₹4,500  
6,000 \* 3/12 = ₹1,500  
2<sup>nd</sup> Installment = 20,000 + (4,00,000 \* 10%)4,000 = ₹24,000  
Interest = 4,000 \* 9/12 = ₹3,000  
4,000 \* 3/12 = ₹1,000  
3<sup>rd</sup> Installment = ₹20,000 + (2,00,000 \* 10%)2,000 = ₹22,000  
Interest = ₹2,000 \* 9/12 = ₹1,500  
₹2,000 \* 3/12 = ₹500

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B

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Journal in the book of Himalaya Ltd

Date	Particulars	L.F	₹	₹
	Bank A/c <span style="float: right;">Dr</span> To Share Application & Allotment A/c (Being Application received on 40,000 shares of 20 each)		8,00,000	8,00,000
”	Share Application & Allotment A/c Dr To Share Capital A/c To Share first & final Call A/c To Bank A/c (Being excess application money adjusted)		8,00,000	6,00,000 1,20,000 80,000
	Share first & Final Call <span style="float: right;">A/c Dr</span> To Share Capital A/c (Being first & final call due)		9,00,000	9,00,000
	Bank A/c Dr Calls in Arrear A/c Dr To Share first & final Call A/c (Being money received except		7,56,000 24,000	7,80,000
	Share Capital A/c Dr To Forfeited Shares A/c To Calls in Arrear A/c (Being shares forfeited)		45,000 21,000	24,000
	Bank A/c Dr Forfeited shares A/c Dr To Share Capital (Being shares re issued)		36,000 9,000	45,000
	Forfeited Shares A/c Dr To Capital reserve A/c (Being gain on reissue transferred)		12,000	12,000

**Working Note:**

1. Calculation of Calls in arrear

Amit =  $400 \times ₹30 = ₹12,000$

Veni

A. Amount due on allotment	
(500 * ₹30)	15,000
B. Less excess application	
(650 – 500 ) * ₹20	<u>(3,000)</u>
C. Calls in Arrear	<u>12,000</u>

Therefore Total Calls in arrear ₹12,000 + ₹12,000 = ₹24,000

Category	Applied	Allotted
I	10,000	10,000
II	4,000	Nil

6

		<table><tr><td>III</td><td>26,000</td><td>20,000</td></tr><tr><td><u>Total</u></td><td><u>40,000</u></td><td><u>30,000</u></td></tr></table>	III	26,000	20,000	<u>Total</u>	<u>40,000</u>	<u>30,000</u>															
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1 Mark for each entry																							
B	27	(c ) Operating actives are the revenue generating activities of the enterprise	1																				
B	28	(d) Cash used in Investing Activities ₹6,80,000  OR  (c) Added ₹1,30,000 under Operating Activities as Loss on Issue of debentures written off and inflow of ₹18,00,000 under Financing Activities	1																				

B	29	(d) ₹10,000	1																					
B	30	(b) Bank deposits with 100 days of maturity OR (d) Accounting policies	1																					
B	31	May not be Comparable  False Results, Qualitative factors ignored Lack of std ratios, Price level changes ignored, and Window dressing.  ½ for each item	3																					
B	32	<table><tr><th>Items</th><th>Main Head</th><th>Sub head</th></tr><tr><td>Bank Overdraft</td><td>Current liabilities</td><td>Short Term borrowings</td></tr><tr><td>Mining Rights</td><td>Non – current assets</td><td>Property plant &amp; equipment</td></tr><tr><td>Debit balance in the statement of P/L A/c</td><td>Share holders Fund</td><td>Reserves &amp; surpluses (negative )</td></tr><tr><td>Provision for taxation</td><td>Current Liabilities</td><td>Short term provisions</td></tr><tr><td>Public Deposits</td><td>Non current liabilities</td><td>Long term borrowings</td></tr><tr><td>Work in Progress</td><td>Current Assets</td><td>Inventories</td></tr></table>	Items	Main Head	Sub head	Bank Overdraft	Current liabilities	Short Term borrowings	Mining Rights	Non – current assets	Property plant & equipment	Debit balance in the statement of P/L A/c	Share holders Fund	Reserves & surpluses (negative )	Provision for taxation	Current Liabilities	Short term provisions	Public Deposits	Non current liabilities	Long term borrowings	Work in Progress	Current Assets	Inventories	3
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B

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4

Interest Coverage Ratio = 
$$\frac{\text{Net profit before Interest \& Tax}}{\text{Interest on Long term Debts}}$$
$$= \frac{\text{₹18,00,000}}{\text{₹8,00,000}} \dots\dots\dots 1 \text{ Mark}$$
$$= \underline{\underline{2.25 \text{ Times} \dots\dots\dots 1 \text{ Mark}}}$$
  

Inventory Turnover Ratio = 
$$\frac{\text{Cost of revenue from operation}}{\text{Average Inventory}}$$
$$6 = \frac{\text{₹9,60,000}}{\text{Average Inventory}}$$

Average Inventory = 
$$\underline{\underline{\text{₹1,60,000} \dots\dots\dots 1 \text{ Mark}}}$$

  

Cost of revenue from Operation = Revenue from operation – Gross profit  
= ₹12,00,000 - ₹2,40,000.....1 Mark  
= ₹9,60,000

Gross profit = Revenue from Operation \*(25/125)  
= ₹12,00,000 \* 25/125  
= ₹2,40,000

OR

	Particulars	Effect
i	Further issue of equity shares	Decrease
ii	Cash received from debtors	No Change
iii	Conversion of Debentures into Equity Shares	Decrease
iv	Redemption of debentures	No Change

1 Mark for each Cases

B	34	<div>Cash Flow from Operating Activities</div> <table><tr><th>Particulars</th><th>₹</th></tr><tr><td>Net profit before Tax &amp; extra ordinary Items</td><td>40,000</td></tr><tr><td>Adj: Non Cash &amp; Non Operating Items</td><td></td></tr><tr><td>Add: Depreciation on Machinery</td><td>34,000</td></tr><tr><td>Patent written Off</td><td>40,000</td></tr><tr><td>Interest paid</td><td>10,000</td></tr><tr><td>Less Gain on sale of Machinery</td><td>(4,000)</td></tr><tr><td>Gain on Sale of patents</td><td>(20,000)</td></tr><tr><td>Operating Profit before working Capital Changes</td><td><u>1,00,000</u></td></tr></table> <div>Cash Flow from Investing Activities</div> <table><tr><th>Particulars</th><th>₹</th></tr><tr><td>Proceeds from sale of machinery</td><td>20,000</td></tr><tr><td>Payment for purchase of machinery</td><td>(60,000)</td></tr><tr><td>Proceeds from Sale of patents</td><td>1,00,000</td></tr><tr><td>Cash flow from Investing Activities</td><td><u>60,000</u></td></tr></table> <div>Cash Flow from Financing Activities</div> <table><tr><th>Particulars</th><th>₹</th></tr><tr><td>Issuance of Equity Shares</td><td>2,00,000</td></tr><tr><td>Redemption of 10% debentures</td><td>(1,00,000)</td></tr><tr><td>Issue of 8% bank Loan</td><td>2,00,000</td></tr><tr><td>Dividend paid</td><td>(50,000)</td></tr><tr><td>Interest paid</td><td>(10,000)</td></tr><tr><td>Cash flow from Financing Activities</td><td><u>2,40,000</u></td></tr></table>	Particulars	₹	Net profit before Tax & extra ordinary Items	40,000	Adj: Non Cash & Non Operating Items		Add: Depreciation on Machinery	34,000	Patent written Off	40,000	Interest paid	10,000	Less Gain on sale of Machinery	(4,000)	Gain on Sale of patents	(20,000)	Operating Profit before working Capital Changes	<u>1,00,000</u>	Particulars	₹	Proceeds from sale of machinery	20,000	Payment for purchase of machinery	(60,000)	Proceeds from Sale of patents	1,00,000	Cash flow from Investing Activities	<u>60,000</u>	Particulars	₹	Issuance of Equity Shares	2,00,000	Redemption of 10% debentures	(1,00,000)	Issue of 8% bank Loan	2,00,000	Dividend paid	(50,000)	Interest paid	(10,000)	Cash flow from Financing Activities	<u>2,40,000</u>	6
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