

SET**C**

**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
C	1	(d) ₹100 OR (d) 12%	1
C	2	(a) ₹43,750	1
C	3	a) Part of the subscribed capital which company resolves not to call except in the event of it being wound up	1
C	4	(c) (iii) (ii) (i) (iv)	1
C	5	₹1,40,910	1
C	6	(a) ₹90,000	1
C	7	(c) ₹48,000	1
C	8	(c) ₹45,000 OR (c) A ₹48,000 B ₹48,000 C ₹48,000	1
C	9	(b) 60,000	1
C	10	(d) Debit Securities Premium ₹1,50,000 ; Statement of P/L A/c ₹50,000 OR (b) 5%	1

C	11	<table><tr><td>d)</td><td>Bella Capital A/c Dr</td><td>1,500</td><td></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;">OR</p> <p>(b) 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																																																			
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C	12	(b) ₹3 per 3,000 shares	1																																																															
C	13	(d) Neither debited nor credited <p style="text-align: center;">OR</p> <p>(a) for issuing fully paid right shares</p>	1																																																															
C	14	(c) Both (A) and (R) are incorrect	1																																																															
C	15	(b) 3:2	1																																																															
C	16	(d) Gain ₹4,48,000	1																																																															
C	17	<p style="text-align: center;">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 1/07/</td><td>Anil's Capital A/c Dr.....(1) To Manu Capital A/c To Sanisha's Capital A/c (Being amount adjusted)</td><td></td><td>12,000</td><td>1,600 10,400</td></tr></table> <p>2marks for working note</p> <table><tr><th>Particulars</th><th>Anil</th><th>Manu</th><th>Sanisha</th><th>Firm</th></tr><tr><td>A. Amount already provided</td><td></td><td></td><td></td><td></td></tr><tr><td>Interest on Capital at 8%</td><td>48,000</td><td>64,000</td><td>80,000</td><td>1,92,000</td></tr><tr><td>Amount to be Adjusted (5:3:2)</td><td>24,000</td><td>14,400</td><td>9,600</td><td>48,000</td></tr><tr><td></td><td>72,000</td><td>78,400</td><td>89,600</td><td>2,40,000</td></tr><tr><td>B. Amount should provided</td><td></td><td></td><td></td><td></td></tr><tr><td>Interest on Capital at 10%)</td><td>60,000</td><td>80,000</td><td>1,00,000</td><td>2,40,000</td></tr><tr><td></td><td>60,000</td><td>80,000</td><td>1,00,000</td><td>2,40,000</td></tr><tr><td>C = A - B</td><td>12,000</td><td>(1,600)</td><td>(10,400)</td><td>0</td></tr></table> <p>Accept any other table calculations.</p> <p style="text-align: center;">OR</p> <p style="text-align: center;">Profit & Loss Appropriation A/c for the year ended 31/03/22</p> <table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>Interest on Capital: P current A/c 10,000 B current A/c 5,000</td><td>(1)</td><td>By P/L A/c (1)</td><td>1,40,000</td></tr></table>	Date	Particulars	L.F	₹	₹	2021 1/07/	Anil's Capital A/c Dr.....(1) To Manu Capital A/c To Sanisha's Capital A/c (Being amount adjusted)		12,000	1,600 10,400	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		72,000	78,400	89,600	2,40,000	B. Amount should provided					Interest on Capital at 10%)	60,000	80,000	1,00,000	2,40,000		60,000	80,000	1,00,000	2,40,000	C = A - B	12,000	(1,600)	(10,400)	0	Particulars	₹	Particulars	₹	Interest on Capital: P current A/c 10,000 B current A/c 5,000	(1)	By P/L A/c (1)	1,40,000	3
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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 $40,000 \times \frac{1}{2} = 20,000$</p> <p>No need of guarantee because Chitra is already covering guaranteed amount of 20,000 half yearly.</p>																									
C	18	<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 1/07/</td><td>Rayan's Capital A/c Dr.....(1) To Ben Capital A/c To Ken's Capital A/c (Being loss adjusted)</td><td></td><td>1,350</td><td>150 1,200</td></tr></table> <p>Working Note:</p> <p>Share of Loss = $(50,000 + (50,000) + (54,000)) / 3$ = 18,000 = $18,000 \times \frac{3}{12} \times \frac{3}{10}$ = 1,350.....1 Mark</p> <p>Gaining Ratio = New ratio - Old ratio</p> <p>Ben = $\frac{1}{3} - \frac{3}{10} = \frac{1}{30}$ Ken = $\frac{2}{3} - \frac{4}{10} = \frac{8}{30}$ = 1:8.....1 Mark</p>	Date	Particulars	L.F	₹	₹	2021 1/07/	Rayan's Capital A/c Dr.....(1) To Ben Capital A/c To Ken's Capital A/c (Being loss adjusted)		1,350	150 1,200	3														
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C	19	<p>Goodwill = Super profit * number of year's purchase = $15,500 * 5$ = <u>77,500</u>(1)</p> <p>Average profit earned by firm = 37,500 Add Undervaluation of stock = <u>2,500</u> Adjusted Profit_ = <u>40,000.....(1)</u></p> <p>Normal profit = capital employed * Normal rate of return/100 = $3,50,000 * \frac{7}{100} = 24,500.....(1)$</p> <p>Super Profit = Average profit – Normal Profit = $40,000 - 24,500 = 15,500$</p>	3																								

C

20

Journal of Amy Ltd.

3

Date	Particulars	L.F	₹	₹
2022 31/3/	Land & Building A/c D.....1 mark Plant & machinery A/c Dr To Excel Ltd. A/c To capital Reserve A/c (Being assets taken over from Excel Ltd)		6,00,000 4,00,000	9,00,000 1,00,000
”	Excel Ltd A/c Dr (1) To Bills Payable A/c To % Debentures A/c To securities Premium A/c (Being purchase consideration was settled by paying bills payable and issue of 5,000 dentures at 100 each at premium of 20%)		9,00,000	3,00,000 5,00,000 1,00,000

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

OR

Journal of Yipi Ltd

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

C	21	Balance sheet of Fashion Styles Ltd as at					4
		Particulars		Note No	₹		
		I. EQUITY AND LIABILITIES					
		Share holders Fund		1			
		Share capital					
		Note to Accounts					
		Particulars		Note No	₹		
		1. Share capital		1			
		Authorised Capital					
		85,000 equity shares of ₹100 each			85,00,000		
		Issued Capital					
		45,000 equity shares of ₹100 each			45,00,000		
		Subscribed capital					
		Subscribed and fully called and paid up			39,00,000		
		39,000 Shares of ₹100 each					
		Forfeited Shares A/c			1,80,000		
		3,000 × ₹60			40,80,000		

C	22	Date	Particulars	L.F	₹	₹	4
		2022	Rasmi Capital A/c Dr		38,400		
		31/3/	To Realisation A/c			38,400	
			(being assets took over)				
		”	No Entry				
			Cash A/c Dr		45,000		
		To Realisation A/c			45,000		
		(Being stock sold for cash)					
		Realisation A/c Dr		90,000			
		To Cash			90,000		
		(Being creditors paid off)					

1 Mark for each entry

C

25

Journal in the book of Himalaya Ltd

Date	Particulars	L.F	₹	₹
	Bank A/c Dr 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 A/c Dr 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 (3,000)

C. Calls in Arrear 12,000

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>Total</td><td>40,000</td><td>30,000</td></tr></table>	III	26,000	20,000	Total	40,000	30,000																												
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C	23	<table><tr><th colspan="4">Revaluation A/c</th></tr><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:</td><td></td><td></td><td></td></tr><tr><td>Akul Capital A/c</td><td>2,000</td><td></td><td></td></tr><tr><td>1,500</td><td></td><td></td><td></td></tr><tr><td>Bakul Capital A/c</td><td>½</td><td></td><td></td></tr></table>		Revaluation A/c				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	2,000			1,500				Bakul Capital A/c	½			6
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500

27,00027,000

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
	<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

$$= ₹40,000 \times 6/1 = ₹2,40,000$$

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

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

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																																																																																																
C	26	<div>Isha’ Executor A/c</div> <table><thead><tr><th>Date</th><th>Particulars</th><th>₹</th><th>Date</th><th>Particulars</th><th>₹</th></tr></thead><tbody><tr><td>2019 1/07</td><td>To bank A/c</td><td>10,600</td><td>2019 1/07</td><td>C’s Capital A/c</td><td>70,600</td></tr><tr><td>2020 31/3</td><td>To Balance c/d</td><td>64,500</td><td>2020 31/03</td><td>Interest A/c</td><td>4,500</td></tr><tr><td></td><td></td><td><u>75,100</u></td><td></td><td></td><td><u>75,100</u></td></tr><tr><td>2020 1/7</td><td>To Bank (20000 + 6,000)</td><td>26,000</td><td>2020 1/4 30/06</td><td>Balance b/d</td><td>64,500</td></tr><tr><td></td><td></td><td></td><td></td><td>Interest A/c</td><td>1,500</td></tr><tr><td>2021 31/3</td><td>Balance c/d</td><td>43,000</td><td>2021 31/3</td><td>Interest A/c</td><td>3,000</td></tr><tr><td></td><td></td><td><u>69,000</u></td><td></td><td></td><td><u>69,000</u></td></tr><tr><td>2021 1/7</td><td>To Bank (20000 + 4,000)</td><td>24,000</td><td>2021 1/4 30/06</td><td>Balance b/d</td><td>43,000</td></tr><tr><td></td><td></td><td></td><td></td><td>Interest A/c</td><td>1,000</td></tr><tr><td>2022 31/3</td><td>Balance c/d</td><td>21,500</td><td>2022 31/3</td><td>Interest A/c</td><td>1,500</td></tr><tr><td></td><td></td><td><u>45,500</u></td><td></td><td></td><td><u>45,500</u></td></tr><tr><td>1/7</td><td>To bank A/c (20,000 + 2,000)</td><td>22,000</td><td>2022 1/4 30/6</td><td>Balance b/d</td><td>21,500</td></tr><tr><td></td><td></td><td></td><td></td><td>Interest A/c</td><td>500</td></tr><tr><td></td><td></td><td><u>22,000</u></td><td></td><td></td><td><u>22,000</u></td></tr></tbody></table> <div>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 1st Installment = ₹20,000 + (6,00,000 * 10%)6,000 = ₹26,000 Interest = 6,000 * 9/12 = ₹4,500 6,000 * 3/12 = ₹1,500 2nd Installment = 20,000 + (4,00,000 * 10%)4,000 = ₹24,000 Interest = 4,000 * 9/12 = ₹3,000 4,000 * 3/12 = ₹1,000 3rd Installment = ₹20,000 + (2,00,000 * 10%)2,000 = ₹22,000 Interest = ₹2,000 * 9/12 = ₹1,500 ₹2,000 * 3/12 = ₹500</div>						Date	Particulars	₹	Date	Particulars	₹	2019 1/07	To bank A/c	10,600	2019 1/07	C’s Capital A/c	70,600	2020 31/3	To Balance c/d	64,500	2020 31/03	Interest A/c	4,500			<u>75,100</u>			<u>75,100</u>	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			<u>69,000</u>			<u>69,000</u>	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			<u>45,500</u>			<u>45,500</u>	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			<u>22,000</u>			<u>22,000</u>	6
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C	24	<div><p style="text-align: center;">Journal in the book of Asian Ltd.....2 mark</p><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 & Allotment (Being application received)</td><td></td><td>6,66,667</td><td>6,66,667</td></tr><tr><td>”</td><td>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)</td><td></td><td>6,66,667 3,33,333 50,000</td><td>10,00,000 50,000</td></tr></table><p style="text-align: center;">Loss on Issue of Debentures A/c.....1 mark</p><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>3,33,333 50,000</td><td></td><td>By Securitas Premium</td><td>3,83,333</td></tr><tr><td></td><td></td><td><u>3,83,333</u></td><td></td><td></td><td><u>3,83,333</u></td></tr></table><p>***Accept Premium on redemption as ₹3,83,333</p><p>3 mark</p><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>1,00,000</td><td>1,00,000</td></tr><tr><td>”</td><td>Debenture Holders A/c Dr To bank A/c (Being interest paid)</td><td></td><td>1,00,000</td><td>1,00,000</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>1,00,000</td><td>1,00,000</td></tr></table></div>	Date	Particulars	L.F	₹	₹	2021 1/4/	Bank A/c Dr To Debenture Application & Allotment (Being application received)		6,66,667	6,66,667	”	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)		6,66,667 3,33,333 50,000	10,00,000 50,000	Date	Particulars	₹	Date	Particulars	₹	2021 Apri	To 10 % Debentures To Premium on red ***	3,33,333 50,000		By Securitas Premium	3,83,333			<u>3,83,333</u>			<u>3,83,333</u>	Date	Particulars	L.F	₹	₹	2022 31/03	Debenture Interest A/c Dr To Debenture holders A/c (Being interest due at 10%)		1,00,000	1,00,000	”	Debenture Holders A/c Dr To bank A/c (Being interest paid)		1,00,000	1,00,000	”	Statement of P/L A/c Dr To Debenture Interest A/c (Being amt transferred to p/l A/c		1,00,000	1,00,000	6
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C	27	(d) ₹10,000	1																																																					
C	28	(c) Bank deposits with 100 days of maturity OR (d) Accounting policies	1																																																					
C	29	c) Operating actives are the revenue generating activities of the enterprise	1																																																					

C	30	(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																					
C	31	<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 & equipment</td></tr><tr><td>Debit balance in the statement of P/L A/c</td><td>Share holders Fund</td><td>Reserves & 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> ½ for each item	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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C	32	Qualitative factors ignored False Results, Personal bias, Lack of std ratios, Not comparable, Price level changes ignored, and Window dressing.	3																					

C

33

4

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

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

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

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

C	34	<table><tr><td colspan="2">Cash Flow from Operating Activities</td></tr><tr><td><table><tr><th>Particulars</th><th>₹</th></tr><tr><td>Net profit before Tax & extra ordinary Items</td><td>40,000</td></tr><tr><td>Adj: Non Cash & 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></td><td></td></tr><tr><td colspan="2">Cash Flow from Investing Activities</td></tr><tr><td><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></td><td></td></tr><tr><td colspan="2">Cash Flow from Financing Activities</td></tr><tr><td><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></td><td></td></tr></table>	Cash Flow from Operating Activities		<table><tr><th>Particulars</th><th>₹</th></tr><tr><td>Net profit before Tax & extra ordinary Items</td><td>40,000</td></tr><tr><td>Adj: Non Cash & 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>	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>		Cash Flow from Investing Activities		<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>	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>		Cash Flow from Financing Activities		<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	₹	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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