

<b>SET</b>	<b>A</b>
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**INDIAN SCHOOL MUSCAT  
FIRST PRE BOARD EXAMINATION 2023  
ACCOUNTANCY (055)**

CLASS: XII

Max. Marks: 80

QN. NO	VALUE POINTS	MARKS SPLIT UP
1	(b) ₹ 56,500	1
2	(b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)	1
3	(b) ₹ 9 Per share OR (c) 6%	1
4	(c) ₹ 15,000 OR (b) ₹ 30,000 and ₹ 18,000	1
5	(c) Loss of ₹ 6,00,000 will be distributed among Sarthak and Vansh in 3:1 ratio.	1
6	(b) ₹ 10,00,000 OR (a) Interest on debentures is an appropriation of profits.	1
7	(b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A)	1
8	(c) ₹ 42,000 ₹ 28,000 ₹ 20,000 OR (d) ₹ 1,08,000	1
9	(c) ₹ 3,00,000	1
10	(c) ₹ 4,41,750	1
11	(c) ₹ 1,80,000	1
12	(b) ₹ 1,43,00,000	1
13	(d) ₹ 28	1

14	(c) ₹ 7,500	1																																																																							
15	(c) 3.5 months OR (d) Capitals contributed by Ankit and Vikas are ₹ 10,00,000 and ₹ 25,00,000 respectively. Ankit wants that profits be shared equally.	1																																																																							
16	(c) Partners' Capitals Account	1																																																																							
17	Amount agreed to be paid to Y = ₹ 92,800 + ₹ 7,200 = ₹ 1,00,000 (1 mark) Calculation of New Profit Sharing Ratio of X and Z NPSR = OPSR + Profit Share Gained X's NPSR = 4/9 + [(3,900/ 7,200) x 3/9] = 5/8 (½ mark) Z's NPSR = 2/9 + [(3,300/ 7,200) x 3/9] = 3/8 (½ mark) New Profit Sharing Ratio of X and Z = 5/8 : 3/8 or 5:3 (1 mark)	3																																																																							
18	<div>Dr. Profit &amp; Loss Appropriation Account for the year ended 31<sup>st</sup> March, 2023 Cr.</div> <table><tr><th>Particulars</th><th>₹</th><th>Particulars</th><th>₹</th></tr><tr><td>To Peter's Current A/c (4/7 x ₹ 1,47,000) 84,000</td><td></td><td>By Profit &amp; Loss A/c 1,47,000</td><td></td></tr><tr><td>Less: Deficiency (1/2 x ₹ 18,000) 9,000</td><td>75,000</td><td>(1 mark)</td><td></td></tr><tr><td>To Max's Current A/c (2/7 x ₹ 1,47,000) 42,000</td><td></td><td></td><td></td></tr><tr><td>Less: Deficiency (1/2 x ₹ 18,000) 9,000</td><td>33,000</td><td>(1 mark)</td><td></td></tr><tr><td>To Som's Current A/c (1/7 x ₹ 1,47,000) 21,000</td><td></td><td></td><td></td></tr><tr><td>Add: Def. from Peter 9,000</td><td></td><td></td><td></td></tr><tr><td>Def. from Max 9,000</td><td>39,000</td><td>(1 mark)</td><td></td></tr><tr><td></td><td>1,47,000</td><td></td><td>1,47,000</td></tr></table> <div>OR</div> <div>Adjustment Table</div> <table><tr><th>Particulars</th><th>Pranav ₹</th><th>Karan ₹</th><th>Rahim ₹</th><th>Total ₹</th></tr><tr><td>A. Amount already credited Sharing profit (₹ 78,000 in 3:2:1)</td><td>39,000</td><td>26,000</td><td>13,000</td><td>78,000</td></tr><tr><td>B. Amount which should have been credited IOC</td><td>39,000</td><td>23,400</td><td>15,600</td><td>78,000</td></tr><tr><td>C. Difference (A-B)</td><td></td><td></td><td></td><td></td></tr><tr><td></td><td>----</td><td>2,600 Dr.</td><td>2,600 Cr.</td><td>---</td></tr></table> <div>(2 marks)</div> <div>Profit of ₹ 78,000 will be distributed in the ratio of their IOC i.e. the ratio of 50,000 : 30,000 : 20,000, i.e 5:3:2.</div> <div>Adjusting Entry</div> <table><tr><th>Date</th><th>Particulars</th><th></th><th>Dr. ₹</th><th>Cr. ₹</th></tr><tr><td>2023 Apr1</td><td>Karan's Capital A/c Dr. To Rahim's Capital A/c (Adj. entry passed)</td><td></td><td>2,600</td><td>2,600</td></tr></table>	Particulars	₹	Particulars	₹	To Peter's Current A/c (4/7 x ₹ 1,47,000) 84,000		By Profit & Loss A/c 1,47,000		Less: Deficiency (1/2 x ₹ 18,000) 9,000	75,000	(1 mark)		To Max's Current A/c (2/7 x ₹ 1,47,000) 42,000				Less: Deficiency (1/2 x ₹ 18,000) 9,000	33,000	(1 mark)		To Som's Current A/c (1/7 x ₹ 1,47,000) 21,000				Add: Def. from Peter 9,000				Def. from Max 9,000	39,000	(1 mark)			1,47,000		1,47,000	Particulars	Pranav ₹	Karan ₹	Rahim ₹	Total ₹	A. Amount already credited Sharing profit (₹ 78,000 in 3:2:1)	39,000	26,000	13,000	78,000	B. Amount which should have been credited IOC	39,000	23,400	15,600	78,000	C. Difference (A-B)						----	2,600 Dr.	2,600 Cr.	---	Date	Particulars		Dr. ₹	Cr. ₹	2023 Apr1	Karan's Capital A/c Dr. To Rahim's Capital A/c (Adj. entry passed)		2,600	2,600	3
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19	<div>Journal of Chrome Ltd.</div> <table><tr><th>Date</th><th>Particulars</th><th></th><th>Dr. ₹</th><th>Cr. ₹</th></tr><tr><td>(i)</td><td>Sundry Assets A/c Dr. Goodwill A/c Dr.     To Sundry Liabilities A/c     To Polymer Ltd. (Being Assets &amp; Liabilities taken over of Polymer Ltd.)</td><td></td><td>6,00,000 70,000</td><td>40,000 6,30,000</td></tr><tr><td>(ii)</td><td>Polymer Ltd. Dr. Discount on Issue of Debenture A/c Dr.     To 10% Debenture A/c (Being 7,000; 10% Deb. of ₹100 each issued at ₹ 90 each in full satisfaction)</td><td></td><td>6,30,000 70,000</td><td>7,00,000</td></tr><tr><td>(iii)</td><td>Securities Premium A/c Dr. Statement of Profit &amp; Loss (Finance Cost) Dr.     To Discount on Issue of Debenture A/c (Discount on Issue of Deb. written off)</td><td></td><td>30,000 40,000</td><td>70,000</td></tr></table> <div>(3 x 1 mark = 3 marks)</div> <div>OR</div> <div>(i) When company decides not to record the issue of 10% Debentures as Collateral Security.</div> <div>Journal</div> <table><tr><th>Date</th><th>Particulars</th><th></th><th>Dr. ₹</th><th>Cr. ₹</th></tr><tr><td></td><td>Bank A/c Dr.     To Bank Loan A/c (Loan taken from SBI)</td><td></td><td>10,00,000</td><td>10,00,000</td></tr></table> <div>(1 marks)</div> <div>(ii) When company decides to record the issue of 10% Debentures as Collateral Security.</div> <div>Journal</div> <table><tr><th>Date</th><th>Particulars</th><th></th><th>Dr. ₹</th><th>Cr. ₹</th></tr><tr><td>(a)</td><td>Bank A/c Dr.     To Bank Loan A/c (Loan taken from SBI)</td><td></td><td>10,00,000</td><td>10,00,000</td></tr><tr><td>(b)</td><td>Debenture Suspense A/c Dr.     To 10% Debenture A/c (10% Deb. of ₹ 15,00,000 issued as collateral security)</td><td></td><td>15,00,000</td><td>15,00,000</td></tr></table> <div>(2 x 1 mark = 2 marks)</div>	Date	Particulars		Dr. ₹	Cr. ₹	(i)	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Polymer Ltd. (Being Assets & Liabilities taken over of Polymer Ltd.)		6,00,000 70,000	40,000 6,30,000	(ii)	Polymer Ltd. Dr. Discount on Issue of Debenture A/c Dr. To 10% Debenture A/c (Being 7,000; 10% Deb. of ₹100 each issued at ₹ 90 each in full satisfaction)		6,30,000 70,000	7,00,000	(iii)	Securities Premium A/c Dr. Statement of Profit & Loss (Finance Cost) Dr. To Discount on Issue of Debenture A/c (Discount on Issue of Deb. written off)		30,000 40,000	70,000	Date	Particulars		Dr. ₹	Cr. ₹		Bank A/c Dr. To Bank Loan A/c (Loan taken from SBI)		10,00,000	10,00,000	Date	Particulars		Dr. ₹	Cr. ₹	(a)	Bank A/c Dr. To Bank Loan A/c (Loan taken from SBI)		10,00,000	10,00,000	(b)	Debenture Suspense A/c Dr. To 10% Debenture A/c (10% Deb. of ₹ 15,00,000 issued as collateral security)		15,00,000	15,00,000	3
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20	<div>Calculation of Total of Weighted Profit</div> <table><tr><th>Years (ending 31<sup>st</sup> March)</th><th>Adjusted Profit ₹</th><th>Weights</th><th>Product ₹</th></tr><tr><td>2020</td><td>28,000</td><td>1</td><td>28,000</td></tr><tr><td>2021</td><td>36,000</td><td>1</td><td>36,000</td></tr><tr><td>2022</td><td>46,000</td><td>2</td><td>92,000</td></tr><tr><td>2023</td><td>53,000</td><td>3</td><td>1,59,000</td></tr><tr><td>Total</td><td></td><td>7</td><td>3,15,000</td></tr></table> <table><tr><td>Adjusted Profit</td><td>31/3/2020</td><td>31/3/2021</td><td>31/3/2022</td><td>31/3/2023</td></tr><tr><td>Given Profit</td><td>28,000</td><td>27,000</td><td>46,900</td><td>53,810</td></tr><tr><td>Add: Capital Expd. charged to Revenue</td><td></td><td>10,000</td><td></td><td></td></tr><tr><td>Less: Unprovided Dep.</td><td></td><td>(1,000)</td><td>(900)</td><td>(810)</td></tr></table>	Years (ending 31 <sup>st</sup> March)	Adjusted Profit ₹	Weights	Product ₹	2020	28,000	1	28,000	2021	36,000	1	36,000	2022	46,000	2	92,000	2023	53,000	3	1,59,000	Total		7	3,15,000	Adjusted Profit	31/3/2020	31/3/2021	31/3/2022	31/3/2023	Given Profit	28,000	27,000	46,900	53,810	Add: Capital Expd. charged to Revenue		10,000			Less: Unprovided Dep.		(1,000)	(900)	(810)	3	
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	Adjusted Profit	28,000	36,000	46,000	53,000	
	(1½ marks) Weighted Average Profit = (Total of Weighted Profits)/ Total of Weights = ₹ 3,15,000/ 7 = ₹ 45,000 (½ mark)					
	Goodwill = Wt. Avg. Pr. x No. of years' purchase = ₹ 45,000 x 3 = ₹ 1,35,000 (1 mark)					
21	Extract of Balance Sheet as at .....					4
	Particulars	Note No	₹			
	I. Equity and Liabilities					
	Shareholders' Funds					
	(a) Share Capital (1 mark)	1	9,94,000			
	Note to Accounts					
	Particulars		₹			
	1. Share Capital					
	Authorised Cspital					
	--- Equity Shares of ₹ 100 each (1 mark)		---			
	Issued Capital					
	10,000 Equity Shares of ₹ 100 each (1 mark)		<u>10,00,000</u>			
	Subscribed Capital					
	Subscribed and Fully Paid –up					
	9,850 Equity Shares of ₹ 100 each (½ mark)		9,85,000			
	Forfeited Shares A/c (150 x ₹ 60) (½ mark)		9,000			
			<u><b>9,94,000</b></u>			
22	Journal					4
	Date	Particulars	L/F	Dr. ₹	Cr. ₹	
	(i)	Realisation A/c Dr. To Cash/ Bank A/c (Being amount paid to creditor, Shiv) (Note2)		2,000	2,000	
	(ii)	Cash/ Bank A/c Dr. (Note2) To Realisation A/c (Being Sale of half of the investment at a loss of 30%)		35,000	35,000	
	(iii)	Nisha's Loan A/c Dr. To Cash/ Bank A/c (Being loan by Nisha repaid)		50,000	50,000	
	(iv)	Nisha's Capital A/c Dr. Kamal's Capital A/c Dr. Vijay's Capital A/c Dr. To Realisation A/c (Being transfer of loss on realization)		10,000 10,000 10,000	30,000	
	(4 x 1 mark = 4 marks)					
	Working Note:					
	1. If an Asset (recorded or unrecorded) is given in payment of liability (recorded or unrecorded), then no entry is passed for such payment.					
	2. Book Value of half investment (₹ 1,00,000 x ½) = ₹ 50,000					
	Less: Loss on Sale (30% of ₹ 50,000) = ₹ 15,000					
	Sale Value of Investment = ₹ 35,000					

	No entry will be passed for 50% investment taken by Mohan, a creditor.					
23	(a) Books of Vikram Ltd. Journal Entries					6
	Date	Particulars		Dr. ₹	Cr. ₹	
	(i)	Share Capital A/c Dr. To Share Forfeited A/c To Calls in Arrears A/c (5,000 shares forfeited for non-payment of allotment and call money)		50,000	18,000 32,000	
	(ii)	Bank A/c Dr. To Share Capital A/c To Securities Premium A/c (3,000 shares re-issued @ ₹ 12 per share)		36,000	30,000 6,000	
	(iii)	Share Forfeited A/c Dr. To Capital Reserve A/c (Gain on re-issue of forfeited shares transferred to capital reserve)		10,800	10,800	
(3 marks)						
(b) Books of Ratan Ltd. Journal Entries						
	Date	Particulars		Dr. ₹	Cr. ₹	
	(i)	Share Capital A/c Dr. To Share Forfeited A/c To Calls in Arrears A/c (3,000 shares forfeited for non-payment of first call money)		21,000	15,000 6,000	
	(ii)	Bank A/c Dr. To Share Capital A/c (2,000 shares re-issued @ ₹ 10 per share)		20,000	20,000	
	(iii)	Share Forfeited A/c Dr. To Capital Reserve A/c (Gain on re-issue of forfeited shares transferred to capital reserve)		10,000	10,000	
(3 marks)						
OR						
Dr. Cash Book (with Bank Column only) Cr.						
	Dt.	Particulars	₹	Dt.	Particulars	₹
		To Share Appl. A/c	7,20,000		By Sh. Appl. A/c	1,20,000
		To Share Allot. A/c	3,00,000		(3,000 x 13,31,000 4)	
		To Sh. 1 <sup>st</sup> & Final Call	2,85,000		By Bal. c/d	12,11,000
		To Share Capital A/c (2,000 x ₹ 10)	20,000			
		To Sec. Pr. A/c (2,000 x ₹ 3)	6,000			
			13,31,000			13,31,000
(3 marks)						
Journal of Shakti Ltd.						
	Date	Particulars		Dr. ₹	Cr. ₹	
	(i)	Sh. Appl. A/c Dr.		6,00,000		

		To Sh. Capital A/c (1,00,000 x ₹ 2) To Sec. Pr. A/c (1,00,000 x ₹ 2) To Sh. Allot. A/c (50,000 x ₹ 4) (Appl. Money utilized)			2,00,000 2,00,000 2,00,000			
	(ii)	Sh. Allot. A/ Dr. To Sh. Capital A/c (Allot. due with premium)		5,00,000	5,00,000			
	(iii)	Sh. First & Final Call A/c Dr. To Sh. Capital A/c (Call money due)		3,00,000	3,00,000			
	(iv)	Calls-in-Arrear A/c Dr. (5,000 x ₹ 3) To Sh. First & Final Call A/c (Call money received except Manav's)		15,000	15,000			
	(v)	Share Capital A/c Dr. To Share Forfeited A/c To Call-in-Arrear A/c (Shares forfeited)		50,000	35,000 15,000			
	(vi)	Share Forfeited A/c Dr. To Capital Reserve A/c (Gain on reissue transferred)		14,000	14,000			
	(3 marks)							
24	Dr. Partners' Capital Account Cr.							
	Particulars	Ram	Shyam	Vijay	Particulars	Ram	Shyam	Vijay
	To Current A/c	41,500	29,900	-	By Bal. b/d	50,000	35,000	-
	To Bal. c/d	25,000	15,000	20,000	By General Reserve	10,000	6,000	-
					By Revaluation A/c	4,000	2,400	-
					By Bank A/c	-	-	20,000
					By Vijay's Current A/c	2,500	1,500	-
		66,500	44,900	20,000		66,500	44,900	20,000
	(4 marks)							
	Liabilities	₹		Assets	₹			
	Capital A/cs:			Building	35,000			
	Ram 25,000			Machinery	25,000			
	Shyam 15,000			Stock	15,000			
	Vijay 20,000	60,000		Debtors 20,000				
	Current A/cs:			Less: Provision for Doubtful				
	Ram 41,500			Debts 1,100	18,900			
	Shyam 29,900	71,400		Cash at Bank (39,500 + 20,000)	59,500			
	Creditors 27,000 – 1,000	26,000		Vijay's Current A/c	4,000			
		1,57,400			1,57,400			
	(2 marks)							
	Calculation of Capital of Ram and Shyam on the basis of Vijay's Capital							
	Vijay's Share = 1/3; Vijay's Capital = ₹ 20,000							
	Based on Vijay's Capital, total capital of the firm will be = (₹ 20,000 x 3/1) = ₹ 60,000							
	Ram's Capital in the new firm = ₹ 60,000 x 5/12 = ₹ 25,000							
	Shyam's Capital in the new firm = ₹ 60,000 x 3/12 = ₹ 15,000.							
	OR							
	Dr. Partners' Capital Account Cr.							
	Particulars	Alka	Harpreet	Shreya	Particulars	Alka	Harpreet	Shreya
	To Revaluation A/c	4,200	2,800	1,400	By Bal. b/d	40,000	25,000	20,000
	To Alka's Capital A/c	-	2,000	1,000	By P&L A/c	2,250	1,500	750
	To Bank A/c	11,050	-	-	By Harpreet's Capt. A/c	2,000	-	-
	To Alka's Loan A/c	30,000	-	-	By Shreya's Capt. A/c	1,000	-	-
	To Bal. c/d	-	21,700	18,350				

		45,250	26,500	20,750		45,250	26,500	20,750		
Dr. <span style="float: right;">Alka's Loan A/c</span> <span style="float: right;">Cr.</span>										
Date	Particulars	₹	Date	Particulars	₹					
2023 Mar31	To Bank A/c (15,000 + 2,700) To Bal. c/d	17,700 15,000	2022 Apr1 2023 Mar31	By Alka's Capt. A/c  By Int. (30,000 x 9/100)	30,000  2,700					
		32,700			32,700					
2024 Mar31	By Bank A/c (15,000 + 1,350)	16,350	2023 Apr1 2024 Mar31	By Bal. c/d  By Int. A/c (15,000 + 9/100)	15,000  1,350					
		16,350			16,350					
Working Note:										
Dr. <span style="float: right;">Revaluation A/c</span> <span style="float: right;">Cr.</span>										
Liabilities		₹	Assets		₹					
To Stock A/c		2,300	By Loss transferred to Capt. A/c							
To Furniture A/c		500	Alka		4,200					
To Machinery A/c		750	Harpreet		2,800					
To Building A/c		4,000	Shreya		1,400	8,400				
To PBDD A/c		850								
		8,400			8,400					
Alka's share of Goodwill = ₹ 6,000 x ½ = ₹ 3,000, which is contributed by Harpreet and Shreya in their Gaining Ratio.										
25	Journal									6
Date	Particulars				Dr. ₹	Cr. ₹				
2019 June 30	Profit and Loss Suspense A/c Dr. To A's Capital A/c (Being share of profit provided till the date of his death)				1,20,000	1,20,000				
(1 marks)										
Dr. <span style="float: right;">A's Executors A/c</span> <span style="float: right;">Cr.</span>										
Date	Particulars	₹	Date	Particulars	₹					
2019 Jun30 2020 Mar31	To Furniture A/c To Bal. c/d	2,40,000 6,27,000	2019 Jun30 2020 Mar31	By A's Capt. A/c  By Interest A/c	8,40,000  27,000					
		8,67,000			8,67,000					
2020 Jun 30 2021 Mar31	By Bank A/c To Bal. c/d	2,36,000 4,18,000	2020 Apr1 Jun30 2021 Mar31	By Bal. c/d By Interest A/c By Interest A/c	6,27,000 9,000 18,000					
		6,54,000			6,54,000					
2021 Jun30 2022 Mar31	Bank A/c Balance c/d	2,24,000 2,09,000	2020 Apr1 Jun30 2021	Balance b/d Interest A/c	4,18,000 6,000					

				Mar31	Interest A/c	9,000	
			4,33,000			4,33,000	
2022 Jun30	To Bank A/c	2,12,000	2021 Apr1 Jun30	Balance b/d Interest A/c	2,09,000 3,000		
		2,12,000			2,12,000		
(5 marks)							
26	Books of YK Ltd. (a) Journal						6
	Date	Particulars		Dr. ₹	Cr. ₹		
	(i)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money on 9% Debentures received)		5,00,000	5,00,000		
	(ii)	Debenture Application and Allotment A/c Dr. To 9% Debentures A/c (Debentures application money transferred to 9% Debentures A/c)		5,00,000	5,00,000		
	(b)						
	Date	Particulars		Dr. ₹	Cr. ₹		
	(i)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money on 10% Debentures received)		18,80,000	18,80,000		
	(ii)	Debenture Application and Allotment A/c Dr. Discount/ Loss on issue of Debentures A/c Dr. To 10% Debentures A/c (Debentures application money transferred to 10% Debentures A/c )		18,80,000 1,20,000	20,00,000		
	(c)						
	Date	Particulars		Dr. ₹	Cr. ₹		
	(i)	Bank A/c Dr. To Debenture Application and Allotment A/c (Application money on 8% Debentures received)		1,96,000	1,96,000		
	(ii)	Debenture Application and Allotment A/c Dr. Loss on issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on redemption of Debentures A/c (Debentures application money transferred to 8% Debentures A/c)		1,96,000 4,000 8,000	2,00,000 8,000		
(6 x 1 mark = 6)							
27	(b) Current Ratio is also known as Acid Test Ratio OR (d) ₹ 1,00,000 as Current Assets						1
28	(a) Sale of machinery costing ₹5,00,000 for ₹ 4,50,000.						1
29	(d) ₹ 85,000 OR (a) Assertion (A) is correct but Reason (R) is incorrect.						1
30	(d) 1-(iii); 2-(i); 3-(ii)						1



31	Sl. No	Items	Major Head	Sub Head	3
	(i)	Provision for Tax	Current Liabilities	Short-term Provisions	
	(ii)	Provision for Warranties	Non-Current Liabilities	Long-term Provisions	
	(iii)	Computer and Computer Equipment	Non-Current Assets	Property, Plant and Equipment and Intangible Assets - Property, Plant and Equipment	
	(iv)	Goods purchased for Trading	Current Assets	Inventories	
	(v)	Securities Premium	Shareholders Funs	Reserves & Surplus	
	(vi)	Current Maturities of Long-term Debts	Current Liabilities	Short-term Borrowings	
	(6 x ½ mark = 3 marks)				
32	(a) Gross Profit Ratio = 25% of Cost = 20% of RFO (Let Cost be 100; GP is 25; RFO is 125) RFO = ₹ 5,00,000 x 125/25 = ₹ 25,00,000 (½ mark) Working Capital = Eq. Sh. Capt. + Reserves & Surplus + Long-term Loans – Non-current Assets = ₹ 10,00,000 + ₹ 2,00,000 + ₹ 3,00,000 - ₹ 10,00,000 = ₹ 5,00,000 (½ mark) Working Capital Turnover Ratio = RFO / WC = 25,00,000 / 5,00,000 = 5 Times (½ mark)  (b) Profit after Interest and Tax = ₹ 1,00,000 Rate of Tax = 20% Profit after Interest but before Tax = ₹ 1,00,000 x 100 / (100-20) = ₹ 1,25,000  10% Long-term Debt = ₹ 4,00,000 Interest on Long-term Debt = ₹ 4,00,000 x 10/100 = ₹ 40,000 Profit before Interest and Tax = ₹ 1,25,000 + ₹ 40,000 = ₹ 1,65,000 (½ mark)  Capital Employed = Fixed Assets + Current Assets – Current Liabilities = ₹ 6,00,000 + ₹ 4,00,000 - ₹ 2,00,000 = ₹ 8,00,000 (½ mark)  Return on Investment = (NP before Interest and Tax/ Capt. Employed) x 100 = (₹ 1,65,000/ ₹ 8,00,000) x 100 = 20.63 % (½ mark)				3
33	Comparative Balance Sheet of Ozone Fitness Ltd. as at 31 <sup>st</sup> March, 2023 and 2022				4
Particulars		31/3/2022 ₹	31/3/2023 ₹	Absolute Change	% Change
I. Equity and Liabilities					
1. Shareholders' Funds					
(a) Share Capital		15,00,000	20,00,000	5,00,000	33.33
(b) Reserves and Surplus		4,00,000	3,00,000	(1,00,000)	(25)

	2. Non-Current Liabilities Long Term Borrowings	6,00,000	9,00,000	3,00,000	50
	3. Current Liabilities Trade Payables	2,00,000	3,00,000	1,00,000	50
	Total	<b><u>27,00,000</u></b>	<b><u>35,00,000</u></b>	<b><u>8,00,000</u></b>	<b><u>29.63</u></b>
	II. Assets				
	1. Non-Current Assets Property, Plant and Equipment and Intangible Assets:				
	(i) Property, Plant and Equipment	15,00,000	20,00,000	5,00,000	33.33
	(ii) Intangible	6,00,000	9,00,000	3,00,000	50
	2. Current Assets				
	(a) Inventories	4,00,000	3,00,000	(1,00,000)	(25)
	(b) Cash and Cash Equivalent	2,00,000	3,00,000	1,00,000	50
	Total	<b><u>27,00,000</u></b>	<b><u>35,00,000</u></b>	<b><u>8,00,000</u></b>	<b><u>29.63</u></b>
	2 marks + 2 marks				
	OR				
	Particulars	Note No	Absolute Amount ₹	% of RFO	
I. Revenue from Operations		25,38,000	100		
Other Income		38,000	1.50		
Total Revenue		25,76,000	101.50		
II Expenses					
(a) Cost of Materials Consumed		14,00,000	55.16		
(b) Other Expenses		5,00,000	19.70		
Total Expenses		19,00,000	74.86		
III Profit before Tax		6,76,000	26.64		
IV Tax Paid		3,38,000	13.32		
V Profit after Tax		3,38,000	13.32		
2 marks + 2 marks					
34	Calculation of Cash Flow from ‘Investing Activities’ and ‘Financing Activities’.				6
	Particulars	₹			
	<b>Cash Flow from Investing Activities</b>				
	Purchase of Machinery (WN1	(12,00,000)			
	Sale of Machinery (WN1)	4,10,000			
	<b>Cash Used in Investing Activities</b>	<b><u>(7,90,000)</u></b>			
	<b>Cash Flow from Financing Activities</b>				
	Proceeds from Issue of Equity Shares (₹ 90,00,000 – ₹ 60,00,000)	30,00,000			
	Redemption of Debentures	(22,00,000)			
	(₹ 50,00,000 - ₹ 30,00,000) + ₹ 2,00,000 (Premium on Redemption)				
	Interest on Debenture	(5,50,000)			
	Dividend paid on Equity Shares	(3,00,000)			
	<b>Cash Used in Financing Activities</b>	<b><u>(50,000)</u></b>			
	(8 x ½ mark = 4 marks)				
	Working Notes:				
	1. Dr.	Machinery Account	Cr.		
	Particulars	₹	Particulars	₹	

To Bal. b/d	20,00,000	By Bank A/c (Sale)	4,10,000
To Statement of P&L (Gain)	30,000	By Acc. Dep. A/c	20,000
To Bank A/c	12,00,000	By Bal. c/d	28,00,000
	32,30,000		32,30,000
(1 mark)			
2. Dr. <span style="float: right;">Cr.</span> Accumulated Depreciation			
Particulars	₹	Particulars	₹
To Machinery A/c	20,000	By Bal. B/d	60,000
To Bal. c/d	90,000	By Statement of P & L	50,000
			1,10,000
(I mark)			
3. Book Value of Machine = Cost – Acc. Dep.			
= ₹ 4,00,000 - ₹ 3,80,000			
Sale Value of Machine Sold = Book Value + Gain on Sale			
= ₹ 3,80,000 + ₹ 30,000			
= ₹ 4,10,000			