SET	A

INDIAN SCHOOL MUSCAT
FINAL EXAMINATION 2022
ACCOUNTANCY (055)

CLASS: XII Max.Marks: 80

MARKING SCHEME			
SET	QN.NO	VALUE POINTS PART A	MARKS SPLIT UP
	1	(a) ₹10,000 OR (d) 12% p.a.	1
	2	(c) Both (A) and (R) are incorrect OR (c) Assertion (A) is correct but the Reason (R) is not the correct.	1
	3	(a) ₹ 72,000 OR (b) Credited, Revaluation	1
	4	(d) ₹ 1,00,000	1
	5	(a) Dr. Z and Cr. X by ₹ 9,000	1
	6	(b) Revalued Value or Amount	1
	7	(d) ₹ 45,000 and ₹15,000 respectively OR (b) ₹5,000	1
	8	(c) ₹5,000 Debited to Revaluation Account	1
	9	(c) ₹ 5,000	1
	10	(d) Profit and Loss Suspense A/c Dr. To Sudhir's Capital A/c	1
	11	(d) ₹ 30,000 (Loss)	1
	12	(a) Debit side of Realisation Account	1
	13	(c) Profit 2,14,500	1
	14	(b) ₹ 2,000	1

	15	(c) ₹ 8,000 and ₹ 4,000	1
	16	(d) Realisation Account by ₹ 4,300 OR (d) Credited to Bank Account	1
	17		3

Journal

Date	Particulars	L.F	Dr. ₹	Cr. ₹
	A's Capital A/c Dr. B's Capital A/c Dr C's Capital A/c Dr To Goodwill A/c (Being existing Goodwill written off)		20,000 12,000 8,000	 40,000
	B's Capital A/c Dr C's Capital A/c Dr To A's Capital A/c (Being A's sacrificed share of Goodwill debited to B's and C's Capital Accounts in gaining ratio)		3,000 12,000	 15,000

Gain/Sacrifice : A's sacrifice =5/30 ; B's Gain = 1/30 ; C's Gain =4/30; Gaining Ratio=1:4 (1 marks * 3)

OR

Journal

Date	Particulars	L.F	Dr. ₹	Cr. ₹
2020 Apr1	Goodwill A/c Dr. To Kiran's Capital A/c To Sheela's Capital A/c (Being goodwill raised and credited to Partner's Capital Accounts)		75,000	 45,000 30,000
	Kiran's Capital A/c Dr. Sheela's Capital A/c Dr. To Goodwill A/c (Being goodwill written off in new profit sharing ratio)		37,500 37,500	 75,000

(1.5 marks * 2)

	18	Goodwill = Super Profit x No. of years' purchase = ₹ 4,36,000 x 2½ = ₹ 10,90,000 (1) Working Note (i) Normal Profit = Capital Employed x NRR/ 100 = ₹ 16,40,000 x 10/100 = ₹ 1,64,000 (½) Net Assets = Assets – Liabilities = ₹ 22,00,000 - ₹ 5,60,000 = ₹ 16,40,000 (½) (ii) Super Profit = Average Profit – Normal Profit = ₹ 6,00,000 - ₹ 1,64,000 = ₹ 4,36,000 (1) OR (i) Normal Profit = Capt. Empl. x NRR/ 100 = ₹ 75,000 x 20/100 = ₹ 15,000 (1) (ii) Goodwill = Super Profit x No. of years' purchase 24,000 = Super Profit x 4	3

Super Profit = 24,000 / 4 = ₹ 6,000 (1)

(iii) Super Profit = Average Profit – Normal Profit

₹ 6,000 = Average Profit - ₹ 15,000

Average Profit = 6,000 + ₹ 15,000 = ₹ 21,000 (1)

19 (3)

Journal Entry

Date	Particulars	L. F	Dr. ₹	Cr. ₹
	Ajay's Current A/c Dr. To Asin's Capital A/c To Shreyas's Capital A/c (Being goodwill adjusted to sacrificing partners through Ajay's Current A/c)		2,00,000	 1,00,000 1,00,000 (1)

Working Notes:

(a) Calculation of the value of Hidden Goodwill:

Net Assets = Total Assets – Total Outside Liabilities

= 15,00,000 – 5,00,000 = ₹ 10,00,000

Total Capital of New Firm on the basis of Ajay's Capital

= 5,00,000 x 5 = ₹ 25,00,000

Capital Employed of New Firm = 10,00,000 + 5,00,000 (Capital of New Partner)

= ₹ 15,00,000

Goodwill = ₹ 25,00,000 - ₹ 15,00,000 = ₹ 10,00,000 (1)

(b) Ajay's share of Goodwill = ₹ 10,00,000 x 1/5 = ₹ 2,00,000 (1)

20 (3)

(i) Ratio of Profit to sales= 2,40,000/8,00,000 x 100 = 30% (½)

Profit upto the date of death= 1,50,000 x 30% = ₹45,000 (½)

Profit sharing Ratio = 3:2:1 Harit's Share of Profit = 45,000 x 1/6 = ₹7,500 (1)

Alternative: Harit's Share of Profit = 2,40,000/8,00,000 x 1,50,000 x 1/6= ₹ 7,500

Journal

Date	Particulars	L F	Dr.(₹)	Cr.(₹)
	Profit & Loss Suspense A/c To Harit's Current A/c (Being Harit's share in profit transferred to his current account)		7,500	 7,500

21 (4)

	Kavita	Meenakshi	Gauri	Total
IOC 2019-2020 Dr.	12,000	9,600	7,200	28,800
IOC 2020-2021 Dr.	12,000	9,600	7,200	28,800
Total Dr.	24,000	19,200	14,400	57,600
Profit 2019-2020 Cr.	14,400	9,600	4,800	28,800
Profit 2020-2021 Cr.	14,400	8,640	5,760	28,800
Total Cr.	28,800	18,240	10,560	57,600
Adjustment	4,800 Cr.	960 Dr.	3,840 Dr.	

(3 marks)

Date	Particulars	L F	Dr.(₹)	Cr.(₹)
2019	Meenakshi's Current A/c Dr.		960	

Apr 1	Gauri's Current A/c Dr. To Kavita's Current A/c (Adjustment for interest on capital for the year 2019-20 and 2020-21)		3840	 4800	

(1 mark

22 (4 (½ m * 8))

Dr. Dinesh's Capital A/c Cr.

Particulars	₹	Particulars	₹
To Deff. Rev. Expd.	7,000	By Bal. b/d	30,000
To Dinesh's Loan A/c	2,500	By Gen. Res.	20,000
To Dinesh's Executor's A/c	95,500	By Alwin's Capt.	15,000
		By Promod's Capt.	10,000
		By P&L Suspense A/c	30,000
	1,05,000		1,05,000

W. Note :- Total Profit = (₹ 2,00,000 x ₹14,40,000) / ₹ 12,00,000 = ₹ 2,40,000
Dinesh's Share of Profit = ₹ 2,40,000 x 3/12 x 5/10 = ₹ 30,000

23 (6)

Dr Profit & Loss Appropriation A/c for the year ending --- Cr

Particulars		₹	Particulars		₹
To C's Commission (5/105 x 84,000) (½)		4,000	By Net Profit (1)		84,000
To IOC			Less : Int. on A's Loan		
			Less: Rent to B (99,000 -3,000 – 12,000)		
A	10,000		By IOD (1½)		
B	7,500		A	600	
C	5,000 (1½)	22,500	B	600	
To Profit transferred to Current a/c (1½)			C	600	1,800
A 16,000 + 7,766	23,766				
B 12,000 + 7,766	19,767				
C 8,000 + 7,766	15,767	59,300			
		85,800			**85,800**

24 (6)

Dr. Realisation Account Cr.

Particulars		₹	Particulars		₹
To Building		1,20,000	By Prov. For Doubtful Debt		4,000
To Investments		30,600			
To Debtors	(1)	34,000	By Creditors (1)		80,000
To Bills Receivables		37,400	By Mrs. Parikshit's Loan		40,000
To Goodwill		4,000	By Invest. Fluc. Fund		8,000
To Parikshit's Capt. A/c ½ (Wife's Loan)		40,000	By Cash (Assets Realised)		
To Cash A/c (1)			Investments	30,600	
Creditors	72,000		Debtors	24,000	
Realisation Exp.	2,500	74,500	Building	1,52,000	(1)
To Parikshit's Capt. A/c ½ (Commission paid)		1,000	Bills Receivables	36,000	2,42,600
To Gain transferred to (1) Parikshit's Capt. A/c	19,860				
Rajnish's Capt. A/c	13,240	33,100			
		3,74,000			**3,74,000**

25 (6)

Dr Revaluation A/C Cr

Particulars	₹	Particulars	₹

To Stock a/c	2,000	By Building a/c	10,000
To Plant & Machinery a/c	3,500	By Investments a/c	1,400
To PBDD a/c	485		
To Profit transferred to			
Anu's Capital a/c 3,610			
Bhuvan's Capital a/c 1,805	5,415		
	11,400		**11,400**

(2 marks)

Dr Partners' Capital A/C Cr

Particulars	Anu	Bhuvan	MoniKa	Particulars	Anu	Bhuvan	Monika
To Cash	4,000	2,000	-	By balance b/d	30,000	20,000	-
To Cash (bal)	13,610	11,805		By Reval. a/c	3,610	1,805	-
To balance c/d	20,000	10,000	15,000	By Cash	-	-	15,000
				By Premium for Goodwill a/c	4,000	2,000	-
	37,610	23,805	15,000		37,610	23,805	15,000

(4 marks)

OR

Journal Entry

Date	Particulars	L. F	Dr. ₹	Cr. ₹
2015 Apr1	General Reserve A/c Dr. To Anil's Capital A/c To Beena's Capital A/c (Being the General Reserve transferred to old Partners' Capital A/c I OPSR)		70,000	 40,000 30,000
	Anil's Capital A/c Dr. Beena's Capital A/c Dr. To Profit and Loss A/c (Being the accumulated loss debited to old partners' in OPSR)		4,000 3,000	 7,000
	Investment Fluctuation Fund A/c Dr. Revaluation A/c Dr. To Investment A/c (Being the value of investment adjusted to the market value)		10,000 7,000	 17,000
	Anil's Capital A/c Beena's Capital A/c To Revaluation A/c (Being the loss on revaluation transferred to Partners' Capital Account)		4,000 3,000	 7,000
	Bank A/c Dr. To Chahat's Capital A/c To Premium for Goodwill A/c (Being the capital and amount of premium for goodwill brought by cash)		1,01,000	 80,000 21,000
	Premium for Goodwill A/c Dr. To Anil's Capital A/c To Beena's Capital A/c (Being the goodwill credited to		21,000	 6,000 15,000

	sacrificing partners in their sacrificing ratio)		

(1 mark * 6)

26 Dr Revaluation A/C Cr 6

Particulars	₹	Particulars	₹
To Provision for doubtful debts	700	By Creditors A/c	2,500
To Partner's Capital A/c – Gain on Revaluation			
X 900			
Y 600			
Z 300	1,800		
	2,500		**2,500**

(3)

(2 marks)

Dr Partners' Capital A/C Cr

Particulars	X	Y	Z	Particulars	X	Y	Z
To Z's Capt. A/c	9,000		3,000	By balance b/d	9,000	60,000	30,000
To Cash a/c		9,000		By Reserve A/c	3,000	2,000	1,000
To Y's Loan A/c		68,600		By Reval. A/c	900	600	300
To balance c/d	90,000		30,000	By WCF A/c	4,500	3,000	1,500
				By X's Capt. A/c		9,000	
				By Y's Capt. A/c		3,000	
				By Cash A/c	600		200
	99,000	77,600	33,000		99,000	77,600	33,000

(3)

Working note:-

(i) Calculation of Gaining Ratio: X : Y : Z

Old Ratio 3/6 :2/6 : 1/6

New Ratio 3/4 -- 1/4

Gaining Ratio 3/12 --- 1/12

(ii) Y's share of Goodwill 36,000X 2/6 = 12,000

OR

Journal

Date	Particulars	L. F	Dr. ₹	Cr. ₹
2020 Mar31 (i)	General Reserve A/c Dr.		60,000	
	To Sameer's Capital A/c			24,000
	To Yasmin's Capital A/c			18,000
	To Saloni's Capital A/c			18,000
	(Being General Reserve distributed)			(½)
(ii)	Sameer's Capital A/c Dr.		20,000	
	Yasmin's Capital A/c Dr.		15,000	
	Saloni's Capital A/c Dr.		15,000	
	To Profit and Loss A/c			50,000
	(Being accumulated losses divided)			(½)
(iii)	Bad Debts A/c Dr.		4,000	
	To Debtors A/c			4,000
	(Being Debtors of written off)			(½)
(iv)	Provision for Bad and Doubtful Debts A/c Dr.		4,000	
	To Bad Debt A/c			4,000
	(Being provision utilized)			(½)
(v)	Provision for Bad and Doubtful Debts		1,700	

		A/c Dr. To Revaluation A/c (Being excess provision transferred)		1,700 (½)	
	(vi)	Revaluation A/c Dr. To Creditors A/c (Being increase in creditors)	20,000	 20,000 (½)	
	(vii)	Revaluation A/c Dr. To Patents A/c To Stock A/c To Machinery A/c To Building A/c (Being decrease in assets)	90,000	 60,000 5,000 15,000 10,000 (1)	
	(viii)	Sameer's Capital A/c Dr. Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Revaluation A/c (Being loss on Revaluation transferred) (10,000 – 4,000 –{(90,000 – 4,000) x 5/100}	43,320 32,490 32,490	 1,08,300 (1)	
	(ix)	Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Sameer's Capital A/c (Being goodwill adjusted)	1,62,000 54,000	 2,16,000 (½)	
	(x)	Sameer's Capital A/c To Sameer's Loan A/c (Being balance transferred)	4,76,680	 4,76,680 (½)	

Amount payable to Sameer = ₹ 3,00,000 - ₹ 43,320 + ₹ 24,000 - ₹ 20,000 + ₹ 2,16,000 = ₹ 4,76,680

		PART B	
	27	(a) Shareholders' Funds OR (c) Proprietary Ratio	1
	28	(a) ₹ 6,00,000	1
	29	(b) Investing Activity OR (c) Received ₹ 19,000 from Debtors	1
	30	(c) Financing Activity	1

A 31

	Items	Main Head	Sub Head
(i)	Debentures with maturity period in current financial year.	Current Liability	Short Term Borrowings
(ii)	Provident Fund	Non-Current Liabilities	Long Term Provisions
(iii)	Intangible Assets under Development	Non-Current Assets	Property, Plant and Equipment (Fixed Assets) –

3

		Intangible Assets		
(iv)	Advances Recoverable in Cash	Current Assets	Short Term Loans and Advances	
(v)	Unclaimed Dividends	Current Liabilities	Other Current Liabilities	
(vi)	Share Option Outstanding Account	Shareholders' Funds	Reserves and Surplus	

(0.5 marks for each main head and sub head; 6 * 0.5 marks)

A 32 — 3

Qualitative Aspects Ignored (1 mark)

Other limitations of Financial Statement Analysis are:
Historical Analysis, Ignores Price Level Changes, Suffers from Limitations of Financial Statements, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms.
(Explain any two points) (2 * 1 mark)
(Explain any two points) (2 * 1 mark)

33 — 4

Return on Investment = EBIT / Capital Employed x 100
= 15,00,000/1,20,00,000 x 100
= 12.5% (1 mark)

Capital Employed = 12% Preference Share Capital + Equity Share Capital + Reserves and Surplus + 15% Debentures + 10% Bank Loan
= 30,00,000 + 40,00,000 + 10,00,000 + 20,00,000 + 20,00,000
= ₹ 1,20,00,000 (1 mark)

EBIT = Profits after Tax + Tax + Interest
= 6,00,000 + 4,00,000 + 5,00,000
= ₹ 15,00,000 (1 mark)

Net Assets Turnover ratio = Revenue from Operations/Capital Employed
= 3,60,00,000/1,20,00,000
= 3 times (1 mark)

OR

Trade Receivables Turnover Ratio = Credit Sales/ Average Trade Receivables
(0.5 mark)

$$4 = \frac{1,80,000}{\frac{x + 2x}{2}}$$

4 * 3x = 3,60,000
12x = 3,60,000
x = ₹ 30,000 (Opening Trade Receivables)
(1.5 mark)

Closing Trade Receivables = ₹ 30,000 * 2
= ₹ 60,000 (1 mark)

Average Collection Period (months) = $\frac{\text{No. of months in a year}}{\text{Trade Receivables Turnover Ratio}}$

$= \frac{12}{4}$

= 3 months (1 mark)

34 Working Note 1 6

Dr. Provision for Taxation (½) Cr.

Particulars	₹	Particulars	₹
To Cash (Tax Paid)	70,000	By bal b/d	60,000
To Bal c/d	80,000	By Provision (made during the year)	90,000
	1,50,000		1,50,000

Working Note No. 2 Net Profit Before Tax

Surplus i.e. Balance in statement of Profit and Loss 1,00,000

Add: Provision for Tax - 90,000 1,90,000 (½)

In the books of Krishna Ltd.

Cash Flow Statement For the year ended 31st March 2021

Particulars	₹	₹
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax (Working Note 2)		1,90,000
Add Non-operating/non- cash items:		
Depreciation on machinery	60,000	
Goodwill Written off	60,000	
Operating profit before working capital changes		(1) 3,10,000
Add: Increase in Trade Payables	40,000	
Less: Increase in Inventories	(50,000)	
Increase in Trade Receivables	(2,00,000)	
Cash generated from operations		1,00,000
Income Tax paid		(70,000)
Cash flow from operating activities	(1)	30,000
CASH FLOWS FROM INVESTING		
Purchase of machinery	(760,000)	
Cash Used in Investing Activities	(1)	(7,60,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	4,00,000	
Long term borrowings	3,60,000	
Cash flow from financing activities	(1)	(7,60,000)
Net increase in cash and cash equivalents		30,000
Add Opening balance of Cash and Cash Eq.	(1)	60,000
Closing balance of Cash and Cash Equivalents		**90,000**

SET	B

INDIAN SCHOOL MUSCAT
FINAL EXAMINATION 2022
ACCOUNTANCY (055)

CLASS: XII Max.Marks: 80

MARKING SCHEME			
SET	QN.NO	VALUE POINTS PART A	MARKS SPLIT UP
	1	(a) ₹ 72,000 OR (b) Credited, Revaluation	1
	2	(a) ₹10,000 OR (d) 12% p.a.	1
	3	(c) Both (A) and (R) are incorrect OR (c) Assertion (A) is correct but the Reason (R) is not the correct.	1
	4	(b) Revalued Value or Amount	1
	5	(d) ₹ 1,00,000	1
	6	(a) Dr. Z and Cr. X by ₹ 9,000	1
	7	(c) ₹ 5,000	1
	8	(d) ₹ 45,000 and ₹15,000 respectively OR (b) ₹5,000	1
	9	(c) ₹5,000 Debited to Revaluation Account	1
	10	(a) Debit side of Realisation Account	1
	11	(d) Profit and Loss Suspense A/c Dr. To Sudhir's Capital A/c	1
	12	(d) ₹ 30,000 (Loss)	1
	13	(c) Profit 2,14,500	1
	14	(b) ₹ 2,000	1

	15	(d) ₹ 16,000 and ₹ 8,000	1
	16	(d) Realisation Account by ₹ 4,300 OR (d) Credited to Bank Account	1
	17		3

Journal

Date	Particulars	L.F	Dr. ₹	Cr. ₹
	P's Capital A/c Dr. Q's Capital A/c Dr R's Capital A/c Dr To Goodwill A/c (Being existing Goodwill written off)		40,000 24,000 16,000	 80,000
	Q's Capital A/c Dr R's Capital A/c Dr To P's Capital A/c (Being P's sacrificed share of Goodwill debited to Q's and R's Capital Accounts in gaining ratio)		6,000 24,000	 30,000

Gain/Sacrifice : P's sacrifice =5/30 ; Q's Gain = 1/30 ; R's Gain =4/30; Gaining Ratio=1:4 (1 marks * 3)

OR

Journal

Date	Particulars	L.F	Dr. ₹	Cr. ₹
2020 Apr1	Goodwill A/c Dr. To Kiran's Capital A/c To Sheela's Capital A/c (Being goodwill raised and credited to Partner's Capital Accounts)		75,000	 45,000 30,000
	Kiran's Capital A/c Dr. Sheela's Capital A/c Dr. To Goodwill A/c (Being goodwill written off in new profit sharing ratio)		37,500 37,500	 75,000

(1.5 marks * 2)

	18	(i) Ratio of Profit to sales= 2,40,000/8,00,000 x 100 = 30% (½) Profit upto the date of death= 1,50,000 x 30% = ₹45,000 (½) Profit sharing Ratio = 3:2:1 Harit's Share of Profit = 45,000 x 1/6 = ₹7,500 (1) Alternative: Harit's Share of Profit = 2,40,000/8,00,000 x 1,50,000 x 1/6= ₹ 7,500	3

Journal

Date	Particulars	LF	Dr.(₹)	Cr.(₹)
	Profit & Loss Suspense A/c To Harit's Current A/c (Being Harit's share in profit transferred		7,500	 7,500

		to his current account)			

19 — 3

Journal Entry

Date	Particulars	L. F	Dr. ₹	Cr. ₹
	Amar's Current A/c Dr. To Ashi's Capital A/c To Shama's Capital A/c (Being goodwill adjusted to sacrificing partners through Amar's Current A/c)		4,00,000	 2,00,000 2,00,000

Working Notes:

(a) Calculation of the value of Hidden Goodwill:

Net Assets = Total Assets – Total Outside Liabilities

= 30,00,000 – 10,00,000 = ₹ 20,00,000

Total Capital of New Firm on the basis of Amar's Capital

= 10,00,000 x 5 = ₹ 50,00,000

Capital Employed of New Firm = 20,00,000 + 10,00,000 (Capital of New Partner)

= ₹ 30,00,000

Goodwill = ₹ 50,00,000 - ₹ 30,00,000 = ₹ 20,00,000

(b) Amar's share of Goodwill = ₹ 20,00,000 x 1/5 = ₹ 4,00,000

20 — 3

Goodwill = Super Profit x No. of years' purchase

= ₹ 4,36,000 x 2½ = ₹ 10,90,000 (1)

Working Note

(i) Normal Profit = Capital Employed x NRR/ 100

= ₹ 16,40,000 x 10/100 = ₹ 1,64,000 (½)

Net Assets = Assets – Liabilities = ₹ 22,00,000 - ₹ 5,60,000 = ₹ 16,40,000 (½)

(ii) Super Profit = Average Profit – Normal Profit

= ₹ 6,00,000 - ₹ 1,64,000 = ₹ 4,36,000 (1)

OR

(i) Normal Profit = Capt. Empl. x NRR/ 100 = ₹ 75,000 x 20/100 = ₹ 15,000 (1)

(ii) Goodwill = Super Profit x No. of years' purchase

24,000 = Super Profit x 4

Super Profit = 24,000 / 4 = ₹ 6,000 (1)

(iii) Super Profit = Average Profit – Normal Profit

₹ 6,000 = Average Profit - ₹ 15,000

Average Profit = 6,000 + ₹ 15,000 = ₹ 21,000 (1)

21 — 4

Dr. Dinesh's Capital A/c Cr.

Particulars	₹	Particulars	₹
To Deff. Rev. Expd.	7,000	By Bal. b/d	30,000
To Dinesh's Loan A/c	2,500	By Gen. Res.	20,000
To Dinesh's Executor's A/c	95,500	By Alwin's Capt.	15,000
		By Promod's Capt.	10,000
		By P&L Suspense A/c	30,000
	1,05,000		1,05,000

W. Note :- Total Profit = (₹ 2,00,000 x ₹14,40,000) / ₹ 12,00,000 = ₹ 2,40,000

Dinesh's Share of Profit = ₹ 2,40,000 x 3/12 x 5/10 = ₹ 30,000

22 | 4

	Kavita	Meenakshi	Gauri	Total
IOC 2019-2020 Dr.	12,000	9,600	7,200	28,800
IOC 2020-2021 Dr.	12,000	9,600	7,200	28,800
Total Dr.	24,000	19,200	14,400	57,600
Profit 2019-2020 Cr.	14,400	9,600	4,800	28,800
Profit 2020-2021 Cr.	14,400	8,640	5,760	28,800
Total Cr.	28,800	18,240	10,560	57,600
Adjustment	4,800 Cr.	960 Dr.	3,840 Dr.	

(3 marks)

Date	Particulars	L F	Dr.(₹)	Cr.(₹)
2019 Apr 1	Meenakshi's Current A/c Dr. Gauri's Current A/c Dr. To Kavita's Current A/c (Adjustment for interest on capital for the year 2019-20 and 2020-21)		960 3840	 4800

(1 mark)

23 | 6

Dr Revaluation A/C Cr

Particulars	₹	Particulars	₹
To Stock a/c	2,000	By Building a/c	10,000
To Plant & Machinery a/c	3,500	By Investments a/c	1,400
To PBDD a/c	485		
To Profit transferred to			
Anu's Capital a/c 3,610			
Bhuvan's Capital a/c 1,805	5,415		
	11,400		**11,400**

(2 marks)

Dr Partners' Capital A/C Cr

Particulars	Anu	Bhuvan	MoniKa	Particulars	Anu	Bhuvan	Monika
To Cash	4,000	2,000	-	By balance b/d	30,000	20,000	-
To Cash (bal)	13,610	11,805		By Reval. a/c	3,610	1,805	-
To balance c/d	20,000	10,000	15,000	By Cash	-	-	15,000
				By Premium for Goodwill a/c	4,000	2,000	-
	37,610	23,805	15,000		37,610	23,805	15,000

(4 marks)

OR

Journal Entry

Date	Particulars	L. F	Dr. ₹	Cr. ₹
2015 Apr1	General Reserve A/c Dr. To Anil's Capital A/c To Beena's Capital A/c (Being the General Reserve transferred to old Partners' Capital A/c I OPSR)		70,000	 40,000 30,000
	Anil's Capital A/c Dr. Beena's Capital A/c Dr. To Profit and Loss A/c (Being the accumulated loss debited to		4,000 3,000	 7,000

	old partners' in OPSR)			
	Investment Fluctuation Fund A/c Dr. Revaluation A/c Dr. To Investment A/c (Being the value of investment adjusted to the market value)		10,000 7,000	 17,000
	Anil's Capital A/c Beena's Capital A/c To Revaluation A/c (Being the loss on revaluation transferred to Partners' Capital Account)		4,000 3,000	 7,000
	Bank A/c Dr. To Chahat's Capital A/c To Premium for Goodwill A/c (Being the capital and amount of premium for goodwill brought by cash)		1,01,000	 80,000 21,000
	Premium for Goodwill A/c Dr. To Anil's Capital A/c To Beena's Capital A/c (Being the goodwill credited to sacrificing partners in their sacrificing ratio)		21,000	 6,000 15,000

(1 mark * 6)

24 Dr Revaluation A/C Cr 6

Particulars	₹	Particulars	₹
To Provision for doubtful debts	700	By Creditors A/c	2,500
To Partner's Capital A/c – Gain on Revaluation			
X 900			
Y 600			
Z 300	1,800		
	2,500		**2,500**

(2 marks)

Dr Partners' Capital A/C Cr

Particulars	X	Y	Z	Particulars	X	Y	Z
To Z's Capt. A/c	9,000		3,000	By balance b/d	9,000	60,000	30,000
To Cash a/c		9,000		By Reserve A/c	3,000	2,000	1,000
To Y's Loan A/c		68,600		By Reval. A/c	900	600	300
To balance c/d	90,000		30,000	By WCF A/c	4,500	3,000	1,500
				By X's Capt. A/c		9,000	
				By Y's Capt. A/c		3,000	
				By Cash A/c	600		200
	99,000	77,600	33,000		99,000	77,600	33,000

Working note:-

(i) Calculation of Gaining Ratio: X : Y : Z

Old Ratio 3/6 :2/6 : 1/6

New Ratio 3/4 -- 1/4

Gaining Ratio 3/12 --- 1/12

(ii) Y's share of Goodwill 36,000X 2/6 = 12,000

OR

Journal

Date	Particulars	L. F	Dr. ₹	Cr. ₹
2020 Mar31 (i)	General Reserve A/c Dr. To Sameer's Capital A/c To Yasmin's Capital A/c To Saloni's Capital A/c (Being General Reserve distributed)		60,000	 24,000 18,000 18,000 (½)
(ii)	Sameer's Capital A/c Dr. Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Profit and Loss A/c (Being accumulated losses divided)		20,000 15,000 15,000	 50,000 (½)
(iii)	Bad Debts A/c Dr. To Debtors A/c (Being Debtors of written off)		4,000	 4,000 (½)
(iv)	Provision for Bad and Doubtful Debts A/c Dr. To Bad Debt A/c (Being provision utilized)		4,000	 4,000 (½)
(v)	Provision for Bad and Doubtful Debts A/c Dr. To Revaluation A/c (Being excess provision transferred)		1,700	 1,700 (½)
(vi)	Revaluation A/c Dr. To Creditors A/c (Being increase in creditors)		20,000	 20,000 (½)
(vii)	Revaluation A/c Dr. To Patents A/c To Stock A/c To Machinery A/c To Building A/c (Being decrease in assets)		90,000	 60,000 5,000 15,000 10,000 (1)
(viii)	Sameer's Capital A/c Dr. Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Revaluation A/c (Being loss on Revaluation transferred) (10,000 – 4,000 –{(90,000 – 4,000) x 5/100}		43,320 32,490 32,490	 1,08,300 (1)
(ix)	Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Sameer's Capital A/c (Being goodwill adjusted)		1,62,000 54,000	 2,16,000 (½)
(x)	Sameer's Capital A/c To Sameer's Loan A/c (Being balance transferred)		4,76,680	 4,76,680 (½)

Amount payable to Sameer = ₹ 3,00,000 - ₹ 43,320 + ₹ 24,000 - ₹ 20,000 + ₹ 2,16,000 = ₹ 4,76,680

25 — 6

Dr Profit & Loss Appropriation A/c for the year ending --- Cr

Particulars		₹	Particulars		₹
To C's Commission (5/105 x 84,000) (½)		4,000	By Net Profit (1)		84,000
To IOC			Less : Int. on A's Loan		
A	10,000		Less: Rent to B (99,000 -3,000 – 12,000)		
B	7,500		By IOD (1½)		
C	5,000 (1½)	22,500	A	600	
To Profit transferred to Current a/c (1½)			B	600	
A 16,000 + 7,766	23,766		C	600	1,800
B 12,000 + 7,766	19,767				
C 8,000 + 7,766	15,767	59,300			
		85,800			**85,800**

26 — 6

Dr. Realisation Account Cr.

Particulars		₹	Particulars		₹
To Building		1,20,000	By Prov. For Doubtful Debt		4,000
To Investments		30,600			
To Debtors	(1)	34,000	By Creditors (1)		80,000
To Bills Receivables		37,400	By Mrs. Parikshit's Loan		40,000
To Goodwill		4,000	By Invest. Fluc. Fund		8,000
To Parikshit's Capt. A/c ½ (Wife's Loan)		40,000	By Cash (Assets Realised)		
			Investments	30,600	
To Cash A/c (1)			Debtors	24,000	
Creditors	72,000		Building	1,52,000	(1)
Realisation Exp.	2,500	74,500	Bills Receivables	36,000	2,42,600
To Parikshit's Capt. A/c ½ (Commission paid)		1,000			
To Gain transferred to (1)					
Parikshit's Capt. A/c	19,860				
Rajnish's Capt. A/c	13,240	33,100			
		3,74,000			**3,74,000**

PART B

27	(c) Financing Activity	1
28	(a) Shareholders' Funds OR (c) Proprietary Ratio	1
29	(a) ₹ 6,00,000	1
30	(b) Investing Activity OR (c) Received ₹ 19,000 from Debtors	1

	31		3

	Items	Main Head	Sub Head
(i)	Matured Debentures	Current Liabilities	Other Current Liabilities
(ii)	Prepaid Insurance	Current Assets	Other Current Assets
(iii)	Provision for Employees Benefits	Non-Current Liabilities	Long Term Provisions
(iv)	Stores and Spares	Current Assets	Inventories
(v)	Investments	Non-Current Assets	Non-Current Investments
(vi)	Capital Work-in-Progress	Non-Current Assets	Property, Plant and Equipment (Fixed Assets) – Capital Work-in-Progress

(0.5 marks for each main head and sub head; 6 * 0.5 marks)

A	32	Qualitative Aspects Ignored (1 mark) Other limitations of Financial Statement Analysis are: Historical Analysis, Ignores Price Level Changes, Suffers from Limitations of Financial Statements, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms. (Explain any two points) (2 * 1 mark) ********** Suffers from Limitations of Financial Statements (1 mark) Qualitative Aspects Ignored, Historical Analysis, Ignores Price Level Changes, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms. (Explain any two points) (2 * 1 mark) **********	3
B			

C		Historical Analysis (I mark) Qualitative Aspects Ignored, Ignores Price Level Changes, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms. (Explain any two points) (2 * 1 mark)	
	33	Return on Investment = EBIT / Capital Employed x 100 = 15,00,000/1,20,00,000 x 100 = 12.5% (1 mark) Capital Employed = 12% Preference Share Capital + Equity Share Capital + Reserves and Surplus + 15% Debentures + 10% Bank Loan = 30,00,000 + 40,00,000 + 10,00,000 + 20,00,000 + 20,00,000 = ₹ 1,20,00,000 (1 mark) EBIT = Profits after Tax + Tax + Interest = 6,00,000 + 4,00,000 + 5,00,000 = ₹ 15,00,000 (1 mark) Net Assets Turnover ratio = Revenue from Operations/Capital Employed = 3,60,00,000/1,20,00,000 = 3 times (1 mark) OR Trade Receivables Turnover Ratio = Credit Sales/ Average Trade Receivables (0.5 mark) $4 = \frac{1,80,000}{\frac{x + 2x}{2}}$ 4 * 3x = 3,60,000 12x = 3,60,000 x = ₹ 30,000 (Opening Trade Receivables) (1.5 mark) Closing Trade Receivables = ₹ 30,000 * 2 = ₹ 60,000 (1 mark) Average Collection Period (months) = $\frac{\text{No. of months in a year}}{\text{Trade Receivables Turnover Ratio}}$ $= \frac{12}{4}$ = 3 months (1 mark)	4
	34	Working Note 1 Dr. Provision for Taxation (½) Cr.	6

Particulars	₹	Particulars	₹
To Cash (Tax Paid) To Bal c/d	70,000 80,000	By bal b/d By Provision (made during the year)	60,000 90,000
	1,50,000		1,50,000

Working Note No. 2 Net Profit Before Tax

Surplus i.e. Balance in statement of Profit and Loss	1,00,000		
Add: Provision for Tax	- 90,000	1,90,000 (½)	

In the books of Krishna Ltd.

Cash Flow Statement For the year ended 31st March 2021

Particulars	₹	₹
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax (Working Note 2)		1,90,000
Add Non operating/non- cash items:		
Depreciation on machinery	60,000	
Goodwill Written off	60,000	
Operating profit before working capital changes		(1) 3,10,000
Add: Increase in Trade Payables	40,000	
Less: Increase in Inventories	(50,000)	
Increase in Trade Receivables	(2,00,000)	
Cash generated from operations		1,00,000
Income Tax paid		(70,000)
Cash flow from operating activities	(1)	30,000
CASH FLOWS FROM INVESTING		
Purchase of machinery	(760,000)	
Cash Used in Investing Activities	(1)	(7,60,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	4,00,000	
Long term borrowings	3,60,000	
Cash flow from financing activities	(1)	(7,60,000)
Net increase in cash and cash equivalents		30,000
Add Opening balance of Cash and Cash Eq.	(1)	60,000
Closing balance of Cash and Cash Equivalents		**90,000**

SET	C

INDIAN SCHOOL MUSCAT
FINAL EXAMINATION 2022
ACCOUNTANCY (055)

CLASS: XII Max.Marks: 80

MARKING SCHEME			
SET	QN.NO	VALUE POINTS PART A	MARKS SPLIT UP
	1	(c) Both (A) and (R) are incorrect OR (c) Assertion (A) is correct but the Reason (R) is not the correct.	1
	2	(a) ₹ 72,000 OR (b) Credited, Revaluation	1
	3	(a) ₹10,000 OR (d) 12% p.a.	1
	4	(a) Dr. Z and Cr. X by ₹ 9,000	1
	5	(b) Revalued Value or Amount	1
	6	(d) ₹ 1,00,000	1
	7	(c) ₹5,000 Debited to Revaluation Account	1
	8	(c) ₹ 5,000	1
	9	(d) ₹ 45,000 and ₹15,000 respectively OR (b) ₹5,000	1
	10	(d) ₹ 30,000 (Loss)	1
	11	(a) Debit side of Realisation Account	1
	12	(d) Profit and Loss Suspense A/c Dr. To Sudhir's Capital A/c	1
	13	(c) Profit 2,14,500	1
	14	(b) ₹ 2,000	1

	15	(a) ₹ 24,000 and ₹ 12,000	1
	16	(d) Realisation Account by ₹ 4,300 OR (d) Credited to Bank Account	1
	17		3

Journal

Date	Particulars	L.F	Dr. ₹	Cr. ₹
	X's Capital A/c Dr. Y's Capital A/c Dr Z's Capital A/c Dr To Goodwill A/c (Being existing Goodwill written off)		60,000 36,000 24,000	 1,20,000
	Y's Capital A/c Dr Z's Capital A/c Dr To X's Capital A/c (Being X's sacrificed share of Goodwill debited to Y's and Z's Capital Accounts in gaining ratio)		9,000 36,000	 45,000

Gain/Sacrifice : X's sacrifice =5/30 ; Y's Gain = 1/30 ; Z's Gain =4/30; Gaining Ratio=1:4 (1 marks * 3)

OR

Journal

Date	Particulars	L.F	Dr. ₹	Cr. ₹
2020 Apr1	Goodwill A/c Dr. To Kiran's Capital A/c To Sheela's Capital A/c (Being goodwill raised and credited to Partner's Capital Accounts)		75,000	 45,000 30,000
	Kiran's Capital A/c Dr. Sheela's Capital A/c Dr. To Goodwill A/c (Being goodwill written off in new profit sharing ratio)		37,500 37,500	 75,000

(1.5 marks * 2)

	18	Goodwill = Super Profit x No. of years' purchase = ₹ 4,36,000 x 2½ = ₹ 10,90,000 (1) Working Note (i) Normal Profit = Capital Employed x NRR/ 100 = ₹ 16,40,000 x 10/100 = ₹ 1,64,000 (½) Net Assets = Assets – Liabilities = ₹ 22,00,000 - ₹ 5,60,000 = ₹ 16,40,000 (½) (ii) Super Profit = Average Profit – Normal Profit = ₹ 6,00,000 - ₹ 1,64,000 = ₹ 4,36,000 (1) OR (i) Normal Profit = Capt. Empl. x NRR/ 100 = ₹ 75,000 x 20/100 = ₹ 15,000 (1) (ii) Goodwill = Super Profit x No. of years' purchase 24,000 = Super Profit x 4 Super Profit = 24,000 / 4 = ₹ 6,000 (1)	3

(iii) Super Profit = Average Profit – Normal Profit
₹ 6,000 = Average Profit - ₹ 15,000
Average Profit = 6,000 + ₹ 15,000 = ₹ 21,000 (1)

19 — 3

Journal Entry

Date	Particulars	L. F	Dr. ₹	Cr. ₹
	Anaya's Current A/c Dr. To Aamna's Capital A/c To Saamna's Capital A/c (Being goodwill adjusted to sacrificing partners through Anaya's Current A/c)		1,00,000	 50,000 50,000

Working Notes:
(a) Calculation of the value of Hidden Goodwill:
Net Assets = Total Assets – Total Outside Liabilities
= 7,50,000 – 2,50,000 = ₹ 5,00,000

Total Capital of New Firm on the basis of Anaya's Capital
= 2,50,000 x 5 = ₹ 12,50,000
Capital Employed of New Firm = 5,00,000 + 2,50,000 (Capital of New Partner)
= ₹ 7,50,000
Goodwill = ₹ 12,50,000 - ₹ 7,50,000 = ₹ 5,00,000

(b) Anaya's share of Goodwill = ₹ 5,00,000 x 1/5 = ₹ 1,00,000

20 — 3

(i) Ratio of Profit to sales= 2,40,000/8,00,000 x 100 = 30% (½)
Profit upto the date of death= 1,50,000 x 30% = ₹45,000 (½)
Profit sharing Ratio = 3:2:1 Harit's Share of Profit = 45,000 x 1/6 = ₹7,500 (1)

Alternative: Harit's Share of Profit = 2,40,000/8,00,000 x 1,50,000 x 1/6= ₹ 7,500

Journal

Date	Particulars	L F	Dr.(₹)	Cr.(₹)
	Profit & Loss Suspense A/c To Harit's Current A/c (Being Harit's share in profit transferred to his current account)		7,500	 7,500

21 — 4

Dr. Dinesh's Capital A/c Cr.

Particulars	₹	Particulars	₹
To Deff. Rev. Expd.	7,000	By Bal. b/d	30,000
To Dinesh's Loan A/c	2,500	By Gen. Res.	20,000
To Dinesh's Executor's A/c	95,500	By Alwin's Capt.	15,000
		By Promod's Capt.	10,000
		By P&L Suspense A/c	30,000
	1,05,000		1,05,000

W. Note :- Total Profit = (₹ 2,00,000 x ₹14,40,000) / ₹ 12,00,000 = ₹ 2,40,000
Dinesh's Share of Profit = ₹ 2,40,000 x 3/12 x 5/10 = ₹ 30,000

22 — 4

	Kavita	Meenakshi	Gauri	Total
IOC 2019-2020 Dr.	12,000	9,600	7,200	28,800
IOC 2020-2021 Dr.	12,000	9,600	7,200	28,800

Total Dr.	24,000	19,200	14,400	57,600
Profit 2019-2020 Cr.	14,400	9,600	4,800	28,800
Profit 2020-2021 Cr.	14,400	8,640	5,760	28,800
Total Cr.	28,800	18,240	10,560	57,600
Adjustment	4,800 Cr.	960 Dr.	3,840 Dr.	

(3 marks)

Date	Particulars	L F	Dr.(₹)	Cr.(₹)
2019 Apr 1	Meenakshi's Current A/c Dr. Gauri's Current A/c Dr. To Kavita's Current A/c (Adjustment for interest on capital for the year 2019-20 and 2020-21)		960 3840	 4800

(1 mark)

23 Dr Revaluation A/C Cr 6

Particulars	₹	Particulars	₹
To Provision for doubtful debts	700	By Creditors A/c	2,500
To Partner's Capital A/c – Gain on Revaluation			
X 900			
Y 600			
Z 300	1,800		
	2,500		**2,500**

(2 marks)

Dr Partners' Capital A/C Cr

Particulars	X	Y	Z	Particulars	X	Y	Z
To Z's Capt. A/c	9,000		3,000	By balance b/d	9,000	60,000	30,000
To Cash a/c		9,000		By Reserve A/c	3,000	2,000	1,000
To Y's Loan A/c		68,600		By Reval. A/c	900	600	300
To balance c/d	90,000		30,000	By WCF A/c	4,500	3,000	1,500
				By X's Capt. A/c		9,000	
				By Y's Capt. A/c		3,000	
				By Cash A/c	600		200
	99,000	77,600	33,000		99,000	77,600	33,000

Working note:-

(i) Calculation of Gaining Ratio: X : Y : Z

Old Ratio 3/6 :2/6 : 1/6

New Ratio 3/4 -- 1/4

Gaining Ratio 3/12 --- 1/12

(ii) Y's share of Goodwill 36,000X 2/6 = 12,000

OR

Journal

Date	Particulars	L. F	Dr. ₹	Cr. ₹
2020 Mar31 (i)	General Reserve A/c Dr. To Sameer's Capital A/c To Yasmin's Capital A/c To Saloni's Capital A/c (Being General Reserve distributed)		60,000	 24,000 18,000 18,000 (½)

(ii)	Sameer's Capital A/c Dr. Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Profit and Loss A/c (Being accumulated losses divided)		20,000 15,000 15,000	 50,000 (½)
(iii)	Bad Debts A/c Dr. To Debtors A/c (Being Debtors of written off)		4,000	 4,000 (½)
(iv)	Provision for Bad and Doubtful Debts A/c Dr. To Bad Debt A/c (Being provision utilized)		4,000	 4,000 (½)
(v)	Provision for Bad and Doubtful Debts A/c Dr. To Revaluation A/c (Being excess provision transferred)		1,700	 1,700 (½)
(vi)	Revaluation A/c Dr. To Creditors A/c (Being increase in creditors)		20,000	 20,000 (½)
(vii)	Revaluation A/c Dr. To Patents A/c To Stock A/c To Machinery A/c To Building A/c (Being decrease in assets)		90,000	 60,000 5,000 15,000 10,000 (1)
(viii)	Sameer's Capital A/c Dr. Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Revaluation A/c (Being loss on Revaluation transferred) (10,000 – 4,000 –{(90,000 – 4,000) x 5/100}		43,320 32,490 32,490	 1,08,300 (1)
(ix)	Yasmin's Capital A/c Dr. Saloni's Capital A/c Dr. To Sameer's Capital A/c (Being goodwill adjusted)		1,62,000 54,000	 2,16,000 (½)
(x)	Sameer's Capital A/c To Sameer's Loan A/c (Being balance transferred)		4,76,680	 4,76,680 (½)

Amount payable to Sameer = ₹ 3,00,000 - ₹ 43,320 + ₹ 24,000 - ₹ 20,000 + ₹ 2,16,000 = ₹ 4,76,680

24 — 6

Dr. Realisation Account Cr.

Particulars	₹	Particulars	₹
To Building	1,20,000	By Prov. For Doubtful Debt	4,000
To Investments	30,600		
To Debtors (1)	34,000	By Creditors (1)	80,000
To Bills Receivables	37,400	By Mrs. Parikshit's Loan	40,000
To Goodwill	4,000	By Invest. Fluc. Fund	8,000
To Parikshit's Capt. A/c ½	40,000	By Cash (Assets Realised)	

(Wife's Loan)		Investments 30,600			
To Cash A/c (1)		Debtors 24,000			
Creditors 72,000		Building 1,52,000	(1)		
Realisation Exp. 2,500	74,500	Bills Receivables 36,000	2,42,600		
To Parikshit's Capt. A/c ½	1,000				
(Commission paid)					
To Gain transferred to (1)					
Parikshit's Capt. A/c 19,860					
Rajnish's Capt. A/c 13,240	33,100				
	3,74,000		**3,74,000**		

25 Dr Revaluation A/C Cr 6

Particulars	₹	Particulars	₹
To Stock a/c	2,000	By Building a/c	10,000
To Plant & Machinery a/c	3,500	By Investments a/c	1,400
To PBDD a/c	485		
To Profit transferred to			
Anu's Capital a/c 3,610			
Bhuvan's Capital a/c 1,805	5,415		
	11,400		**11,400**

(2 marks)

Dr Partners' Capital A/C Cr

Particulars	Anu	Bhuvan	MoniKa	Particulars	Anu	Bhuvan	Monika
To Cash	4,000	2,000	-	By balance b/d	30,000	20,000	-
To Cash (bal)	13,610	11,805		By Reval. a/c	3,610	1,805	-
To balance c/d	20,000	10,000	15,000	By Cash	-	-	15,000
				By Premium for Goodwill a/c	4,000	2,000	-
	37,610	23,805	15,000		37,610	23,805	15,000

(4 marks)

OR

Journal Entry

Date	Particulars	L. F	Dr. ₹	Cr. ₹
2015 Apr1	General Reserve A/c Dr.		70,000	
	To Anil's Capital A/c			40,000
	To Beena's Capital A/c			30,000
	(Being the General Reserve transferred to old Partners' Capital A/c I OPSR)			
	Anil's Capital A/c Dr.		4,000	
	Beena's Capital A/c Dr.		3,000	
	To Profit and Loss A/c			7,000
	(Being the accumulated loss debited to old partners' in OPSR)			
	Investment Fluctuation Fund A/c Dr.		10,000	
	Revaluation A/c Dr.		7,000	
	To Investment A/c			17,000
	(Being the value of investment adjusted to the market value)			
	Anil's Capital A/c		4,000	
	Beena's Capital A/c		3,000	
	To Revaluation A/c			7,000

		(Being the loss on revaluation transferred to Partners' Capital Account)			
		Bank A/c Dr. To Chahat's Capital A/c To Premium for Goodwill A/c (Being the capital and amount of premium for goodwill brought by cash)	1,01,000	 80,000 21,000	
		Premium for Goodwill A/c Dr. To Anil's Capital A/c To Beena's Capital A/c (Being the goodwill credited to sacrificing partners in their sacrificing ratio)	21,000	 6,000 15,000	

(1 mark * 6)

26 — 6

Dr Profit & Loss Appropriation A/c for the year ending --- Cr

Particulars	₹	Particulars	₹
To C's Commission (5/105 x 84,000) (½)	4,000	By Net Profit (1)	84,000
To IOC		Less : Int. on A's Loan	
A 10,000		Less: Rent to B	
B 7,500		(99,000 -3,000 – 12,000)	
C 5,000 (1½)	22,500	By IOD (1½)	
To Profit transferred to		A 600	
Current a/c (1½)		B 600	
A 16,000 + 7,766 23,766		C 600	1,800
B 12,000 + 7,766 19,767			
C 8,000 + 7,766 15,767	59,300		
	85,800		**85,800**

PART B

27 — (a) ₹ 6,00,000 — 1

28 — (b) Investing Activity
OR
(c) Received ₹ 19,000 from Debtors — 1

29 — (c) Financing Activity — 1

30 — (a) Shareholders' Funds
OR
(c) Proprietary Ratio — 1

A 31 — 3

	Items	Main Head	Sub Head
(i)	Debentures with maturity period in current financial year.		
(ii)	Provident Fund	Non-Current Liabilities	Long Term Provisions
(iii)	Intangible Assets under Development	Non-Current Assets	Property, Plant and Equipment (Fixed Assets) – Intangible Assets

(iv)	Advances Recoverable in Cash	Current Assets	Short Term Loans and Advances	
(v)	Unclaimed Dividends	Current Liabilities	Other Current Liabilities	
(vi)	Share Option Outstanding Account	Shareholders' Funds	Reserves and Surplus	

****

B

	Items	Main Head	Sub Head
(i)	Matured Debentures	Current Liabilities	Other Current Liabilities
(ii)	Prepaid Insurance	Current Assets	Other Current Assets
(iii)	Provision for Employees Benefits	Non-Current Liabilities	Long Term Provisions
(iv)	Stores and Spares	Current Assets	Inventories
(v)	Investments	Non-Current Assets	Non-Current Investments
(vi)	Capital Work-in-Progress	Non-Current Assets	Property, Plant and Equipment (Fixed Assets) – Capital Work-in-Progress

C

****

	Items	Main Head	Sub Head
(i)	Premium on Redemption of Debentures	Non-Current Liabilities	Other Long Term Liabilities
(ii)	Plant and Machinery	Non-Current Assets	Property, Plant and Equipment (Fixed Assets) – Tangible Assets
(iii)	Investment in Debentures	Non-Current Assets	Non-Current Investments
(iv)	Net Loss as shown by Statement of Profit and Loss	Shareholders' Fund	Reserves and Surplus (As negative amount)
(v)	Raw Materials	Current Assets	Inventories
(vi)	10% Debentures	Non-Current Liabilities	Long-Term Borrowings

(0.5 marks for each main head and sub head; 6 * 0.5 marks)

A 32 Qualitative Aspects Ignored (1 mark) 3

Other limitations of Financial Statement Analysis are:
Historical Analysis, Ignores Price Level Changes, Suffers from Limitations of Financial Statements, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms.
(Explain any two points) (2 * 1 mark)

****

B Suffers from Limitations of Financial Statements (1 mark)

		Qualitative Aspects Ignored, Historical Analysis, Ignores Price Level Changes, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms. (Explain any two points) (2 * 1 mark) ********** Historical Analysis (I mark) Qualitative Aspects Ignored, Ignores Price Level Changes, Not Free from Bias, Variation in Accounting Practices, Window Dressing, Identifies Symptoms. (Explain any two points) (2 * 1 mark)	
C			
	33	Return on Investment = EBIT / Capital Employed x 100 = 15,00,000/1,20,00,000 x 100 = 12.5% (1 mark) Capital Employed = 12% Preference Share Capital + Equity Share Capital + Reserves and Surplus + 15% Debentures + 10% Bank Loan = 30,00,000 + 40,00,000 + 10,00,000 + 20,00,000 + 20,00,000 = ₹ 1,20,00,000 (1 mark) EBIT = Profits after Tax + Tax + Interest = 6,00,000 + 4,00,000 + 5,00,000 = ₹ 15,00,000 (1 mark) Net Assets Turnover ratio = Revenue from Operations/Capital Employed = 3,60,00,000/1,20,00,000 = 3 times (1 mark) OR Trade Receivables Turnover Ratio = Credit Sales/ Average Trade Receivables (0.5 mark) $4 = \frac{1,80,000}{\frac{x + 2x}{2}}$ 4 * 3x = 3,60,000 12x = 3,60,000 x = ₹ 30,000 (Opening Trade Receivables) (1.5 mark) Closing Trade Receivables = ₹ 30,000 * 2 = ₹ 60,000 (1 mark) Average Collection Period (months) = $\frac{\text{No. of months in a year}}{\text{Trade Receivables Turnover Ratio}}$ $= \frac{12}{4}$ = 3 months (1 mark)	4
	34	Working Note 1 Dr. Provision for Taxation (½) Cr.	6

Particulars	₹	Particulars	₹
To Cash (Tax Paid)	70,000	By bal b/d	60,000

To Bal c/d	80,000	By Provision (made during the year)	90,000
	1,50,000		1,50,000

Working Note No. 2 Net Profit Before Tax

Surplus i.e. Balance in statement of Profit and Loss		1,00,000	
Add: Provision for Tax	-	90,000	1,90,000 (½)

In the books of Krishna Ltd.

Cash Flow Statement For the year ended 31st March 2021

Particulars	₹	₹
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax (Working Note 2)		1,90,000
Add Non operating/non- cash items:		
Depreciation on machinery	60,000	
Goodwill Written off	60,000	
Operating profit before working capital changes		(1) 3,10,000
Add: Increase in Trade Payables	40,000	
Less: Increase in Inventories	(50,000)	
Increase in Trade Receivables	(2,00,000)	
Cash generated from operations		1,00,000
Income Tax paid		(70,000)
Cash flow from operating activities	(1)	30,000
CASH FLOWS FROM INVESTING		
Purchase of machinery	(760,000)	
Cash Used in Investing Activities	(1)	(7,60,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	4,00,000	
Long term borrowings	3,60,000	
Cash flow from financing activities	(1)	(7,60,000)
Net increase in cash and cash equivalents		30,000
Add Opening balance of Cash and Cash Eq.	(1)	60,000
Closing balance of Cash and Cash Equivalents		**90,000**