



# B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS  
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL



## PRE BOARD III (2025-26) ACCOUNTANCY (055) SET A MARKING SCHEME

Q1)	(A) Maximum number of partners is 150 <b>OR</b> (D) Profit and losses are shared equally by partners	(1)
Q2)	(B) Capitalised value of business - Capital employed	(1)
Q3)	(A) Central location; qualified management and long life span of business.	(1)
Q4)	(C) Sharma' Capital A/c Dr 20,000 To Kapil's Capital A/c 20,000	(1)
Q5)	(B) 8:6:3:3	(1)
Q6)	(D) Option (i) and (iv)	(1)
Q7)	(D) Option (i) and (iv)	(1)
Q8)	(C) 117:93 <b>OR</b> (C) 11:4	(1)
Q9)	(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)	(1)
Q10)	(A) Both statements are correct.	(1)
Q11)	(D) Option (iii) and (iv) <b>OR</b> (B) Capital A/c	(1)
Q12)	(C) Bank A/c Dr 15,00,000 To Equity Share Capital A/c 15,00,000	(1)
Q13)	(A) Rs.4	(1)
Q14)	(D) Any of them. <b>OR</b> (A) Called up amount on shares.	(1)
Q15)	(A) Rs.45,000 <b>OR</b> (A) i) c); ii) a) ;iii) d); iv) b)	(1)
Q16)	(C) Only (A) is correct but (R) is not correct <b>OR</b> (B) Interest on Debenture A/c Dr 12,000 To Debenture holders A/c 12,000	(1)
Q17)	Actual average profit = $1,02,000 + 8,000 = 1,11,000$ Normal profit = $7,50,000 \times 12/100 = \text{Rs.}90,000$ Super profit = Actual Profit – Normal Profit = $1,11,000 - 90,000 = 21,000$ Goodwill at capitalisation of super profit = $21,000 \times 100/12 = \text{Rs.}1,75,000$	(3)
Q18)	<b>Change in PSR</b> = from 4:3:3 to 3:5:2 So Jaggu and Chota Bhim sacrifice equally in 1:1 and Indumati Gains	(3)

Journal					
Date	Particulars	LF	Amount(Dr)	Amount(Cr)	
	Investment Fluctuation Reserve A/c Dr		22,000		
	To Investment A/c			12,000	
	To Jaggu's current A/c			4,000	
	To Indumati's current A/c			3,000	
	To Chota Bhim's current A/c			3,000	
	(Being excess of IFR transferred to current a/c in the old PSR)				
	Workmen Compensation Reserve A/c Dr		1,68,000		
	To Claim for Workmen Compensation A/c			48,000	
	To Jaggu's current A/c			48,000	
	To Indumati's current A/c			36,000	
	To Chota Bhim's current A/c			36,000	
	(Being excess of WCR transferred to current a/c in the old PSR)				
	Indumati's current A/c Dr		36,000		
	To Jaggu's current A/c			18,000	
	To Chota Bhim's current A/c			18,000	
	(Being goodwill adjusted due to change in PSR)				
<b>(1 mark for each journal)</b>					
<b>OR</b>					
Rs.4,50,000 total capital so Rs1,50,000 each.					
Journal					
Date	Particulars	LF	Amount(Dr)	Amount(Cr)	
	Baba's Capital A/c		65,000		
	To Mama's Capital A/c			15,000	
	To Kaka's Capital A/c			50,000	
	(Being capital adjusted among partners)				
	General Reserve A/c Dr		90,000		
	To Baba's Capital A/c			45,000	
	To Mama's Capital A/c			30,000	
	To Kaka's Capital A/c			15,000	
	(Being general reserve distributed in old PSR)				
	Baba's Capital A/c Dr		15,000		
	Mama's Capital A/c Dr		10,000		
	Kaka's Capital A/c Dr		5,000		
	To Profit and Loss A/c			30,000	
	(Being accumulated loss distributed in old PSR due to change in PSR)				
Q19)	Calculation of NPSR and SR Aditya = $13/25 - 1/5 = (13 - 5)/25 = 8/25$				(3)

	<p>Brij = <math>12/25 \times 1/5 = 12/125 = (12/25 - 12/125) = (60 - 12)/125 = 48/125</math> So new PSR = 40:48:37 Sacrificing ratio = OPSR – NPSR Aditya = <math>13/25 - 40/125 = (65 - 40)/125 = 25/125</math> Brij = <math>12/25 - 48/125 = (60 - 48)/125 = 12/125</math></p> <p>Capital of the firm = <math>(1,78,000 + 1,65,200) \times 125/88 = 4,87,500</math> Capital of Chandan = <math>4,87,500 - (1,78,000 + 1,65,200) = 1,44,300</math> Goodwill of Chandan = <math>1,20,000 \times 37/125 = 35,520</math></p> <p style="text-align: center;">Journal</p> <table><tr><th>Date</th><th>Particulars</th><th>LF</th><th>Amount(Dr)</th><th>Amount(Cr)</th></tr><tr><td></td><td>Bank A/c Dr</td><td></td><td>1,79,820</td><td></td></tr><tr><td></td><td>To Chandan's Capital A/c</td><td></td><td></td><td>1,44,300</td></tr><tr><td></td><td>To Premium for goodwill A/c</td><td></td><td></td><td>35,520</td></tr><tr><td></td><td>(Being capital and premium for goodwill brought in)</td><td></td><td></td><td></td></tr><tr><td></td><td>Premium for Goodwill A/c Dr</td><td></td><td>35,520</td><td></td></tr><tr><td></td><td>To Aditya's Capital A/c</td><td></td><td></td><td>24,000</td></tr><tr><td></td><td>To Brij's Capital A/c</td><td></td><td></td><td>11,520</td></tr><tr><td></td><td>(Being premium for goodwill adjusted among sacrificing partners)</td><td></td><td></td><td></td></tr></table>	Date	Particulars	LF	Amount(Dr)	Amount(Cr)		Bank A/c Dr		1,79,820			To Chandan's Capital A/c			1,44,300		To Premium for goodwill A/c			35,520		(Being capital and premium for goodwill brought in)					Premium for Goodwill A/c Dr		35,520			To Aditya's Capital A/c			24,000		To Brij's Capital A/c			11,520		(Being premium for goodwill adjusted among sacrificing partners)				
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Q20)	<p>i) Purchase consideration = <math>(1,75,000+ 27,55,000+4,08,000) - (7,45,000 + 2,50,000) =</math> <b>Rs.23,43,000</b></p> <p>ii) Number of Shares issued = <math>23,43,000/ 110 =</math> <b>21,300</b></p> <table><tr><th>Date</th><th>Particulars</th><th>LF</th><th>Amount(Dr)</th><th>Amount(Cr)</th></tr><tr><td></td><td>Sun &amp; Mars India Ltd A/c Dr</td><td></td><td>23,43,000</td><td></td></tr><tr><td></td><td>To Equity Share Capital A/c</td><td></td><td></td><td>21,30,000</td></tr><tr><td></td><td>To Securities Premium A/c</td><td></td><td></td><td>2,13,000</td></tr><tr><td></td><td>(Being purchase consideration met by issue to 21,300 shares at a premium of 10%)</td><td></td><td></td><td></td></tr></table> <p>(1+1+1)</p>	Date	Particulars	LF	Amount(Dr)	Amount(Cr)		Sun & Mars India Ltd A/c Dr		23,43,000			To Equity Share Capital A/c			21,30,000		To Securities Premium A/c			2,13,000		(Being purchase consideration met by issue to 21,300 shares at a premium of 10%)				(3)																				
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Q21)	<p>Capital balance of Rs.70,000; Rs.96,000 and Rs.84,000 to be adjusted in 2:2:1 Rs.2,50,000 in 2:2:1 or 1,00,000 ; 1,00,000 and 50,000 IOC at 8% p.a. = 8,000; 8,000 and 4,000 Commission after charging such commission for both. Qazi = <math>8/115 \times 1,03,500 = 7,200</math> Rabbi = <math>7/115 \times 1,03,500 = 10,500</math></p> <p style="text-align: center;">Profit and Loss Appropriation A/c</p> <table><tr><th>Particulars</th><th>Amount</th><th>Particulars</th><th>Amount</th></tr><tr><td>To interest on capital A/c</td><td></td><td>By Profit and Loss A/c</td><td>1,03,500</td></tr><tr><td>Pandit's Capital 8,000</td><td></td><td></td><td></td></tr><tr><td>Qazi's Capital 8,000</td><td></td><td></td><td></td></tr><tr><td>Rabbi's Capital 4,000</td><td>20,000</td><td></td><td></td></tr><tr><td>To Salary A/c (Pandit's Capital)</td><td>24,000</td><td></td><td></td></tr><tr><td>To Commission A/c</td><td></td><td></td><td></td></tr><tr><td>Qazi's Capital 7,200</td><td></td><td></td><td></td></tr><tr><td>Rabbi's Capital 6,300</td><td>13,500</td><td></td><td></td></tr></table>	Particulars	Amount	Particulars	Amount	To interest on capital A/c		By Profit and Loss A/c	1,03,500	Pandit's Capital 8,000				Qazi's Capital 8,000				Rabbi's Capital 4,000	20,000			To Salary A/c (Pandit's Capital)	24,000			To Commission A/c				Qazi's Capital 7,200				Rabbi's Capital 6,300	13,500			(4)									
Particulars	Amount	Particulars	Amount																																												
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To Share of Profit			
Pandit's Capital 18,000			
Qazi's Capital 18,400			
Rabbi's Capital 9,600	46,000		
	1,72,500		1,72,500

Pandit = 8,000 + 24,000 + 18,400 = 50,400 so he will give Rs.400 to Rabbi (10 X .2 = 2)

#### Capital A/c

Particulars	Pandit	Qazi	Rabbi	Particulars	Pandit	Qazi	Rabbi
To Bank			34,000	By Bal bd	70,000	96,000	84,000
				By Bank	30,000	4,000	
				By IOC	8,000	8,000	4,000
				By Salary	24,000		
To Bal c/d	1,50,000	1,33,600	69,900	By Comm.		7,200	6,300
				By PL app	18,000	18,400	9,600
	1,50,000	1,33,600	1,03,900		1,50,000	1,33,600	1,03,900

Q22)

(i) The number of debenture to be issued = 26,25,000/105 = 25,000

(ii) Pass journal entries for allotment of debentures and also to write off the loss on issue.

#### Journal

Date	Particulars	LF	Amount(Dr)	Amount(Cr)
	Debenture Application & Allotment A/c Dr		26,25,000	
	Loss on issue of debenture A/c Dr		2,50,000	
	To 8% Debenture A/c			25,00,000
	To Securities Premium Reserve A/c			1,25,000
	To Premium on redemption of debenture			2,50,000
	(Being 25,000 debenture allotted at 5% premium			
	redeemable at 10% premium)			

(iii) Prepare Loss on Issue of debenture A/c

Date	Particulars	Amount	Date	Particulars	Amount
	To Premium on redemption of debenture	2,50,000		By Securities Premium Reserve A/c	1,00,000
				By Securities Premium Reserve A/c	1,25,000
				By Statement of P/L	25,000
		2,50,000			2,50,000

OR

#### Red Horse Ltd.

Date	Particulars	LF	Amount (Rs)	Amount(Rs)
	Plant and Machinery A/c Dr		15,50,000	
	Furniture and Fixture A/c Dr		5,85,000	
	Other assests A/c Dr		4,25,000	
	Goodwill A/c Dr		90,000	
	To Sundry Liabilities			4,00,000
	To Blue Monkey A/c			22,50,000
	(Being assets and liabilities transferred			
	goodwill ascertained and consideration due)			

	(i)	Blue Monkey A/c	Dr.		22,50,000		
		Discount on issuse of debenture A/c	Dr.		2,50,000		
		To 12% Debenture A/c				25,00,000	
		(Being 25,000 debentures issued at 10% dis.)					
	(ii)	Blue Monkey A/c	Dr.		22,50,000		
		To 12% Debenture A/c				22,50,000	
		(Being 22,500 debentures issued at par)					
	2 marks for 1 <sup>st</sup> journal and 1 each for the next two. (2+1+1)						
	Q23)	Jack, Kevin and Laurel PSR of 12:7:6 Laurel's share is taken 4:1. 6/25 in 4:1 so $6/25 \times 4/5 = 24/125$ and $6/25 \times 1/5 = 6/125$ Jack = $12/25 + 24/125 = (60 + 24)/125 = 84/125$ ; Kevin = $7/25 + 6/125 = (35 + 6)/125 = 41/125$ <b>NPSR = 84:41</b> <b>Goodwill of Laurel = 1,75,000 X 6/25 = 42,000 in 4:1 (33,600 and 8,400)</b>					
Journal							
Date	Particulars	LF	Amount(Dr)	Amount(Cr)			
	Jack's Capital A/c Dr		33,600				
	Kevin's Capital A/c Dr		8,400				
	To Laurel's A/c			42,000			
	(Being share of goodwill of retiring partner adjusted among gaining partners)						
	Building A/c Dr		50,000				
	To Revaluation A/c			50,000			
	(Being building appreciated)						
	Revaluation A/c Dr		10,000				
	To Plant and Machinery A/c			10,000			
	(Being Plant and Machinery depreciated)						
	Creditors A/c Dr		10,000				
	To Revaluation A/c			10,000			
	(Being decrease in the value of creditors recorded)						
	Revaluation A/c Dr		50,000				
	To Jack's Capital A/c			24,000			
	To Kevin's Capital A/c			14,000			
	To Laurel's Capital A/c			12,000			
	(Being profit on revaluation transferred)						
Capital Account (Working)							
Particular	Jack	Kevin	Laurel	Particular	Jack	Kevin	Laurel
To Laurel	33,600	8,400		By Bal	85,000	80,000	75,000
To inventory			21,000	By Rev.	24,000	14,000	12,000
				By GR	24,000	14,000	12,000
To L's Loan			1,20,000	By Jack			33,600
To Bal	99,400	99,600		By Kevin			8,400
	1,33,000	1,08,000	1,41,000		1,33,000	1,08,000	1,41,000

**Balance Sheet of Jack and Kevin As at 1<sup>st</sup> April 2025**

Liabilities	Rs.	Assets	Rs.
Capital A/c		Building	1,25,000
Jack            99,400		Add: Appreciation    50,000	1,75,000
Kevin            99,600	1,99,000	Plant and Machinery    1,00,000	
		Less: Depreciation        10,000	90,000
Laurel's Loan	1,20,000		
Creditors            35,000		Inventory                    45,000	
Less: Decrease    10,000	25,000	Less: paid to laurel        21,000	24,000
		Debtors	30,000
		Cash at Bank	25,000
	3,44,000		3,44,000

**.5 for NPSR and .5 for calculation and distribution of goodwill, .4 for each journal**

**Balance Sheet 15 x.2 = 3**

**OR**

Proportionate profit=  $6,40,000 \times \frac{25}{100} \times \frac{2}{10} = 32,000$

Goodwill =  $4,00,000 \times \frac{2}{10} = 80,000$  in 5:3 = 50,000 and 30,000

IFF =  $30,000 \times \frac{2}{10} = 6,000$

Interest on drawings =  $15,000 \times \frac{12}{100} \times \frac{3}{12} = 450$

**Omesh's Capital A/c**

Date	Particulars	Amount	Date	Particulars	Amount
30/9/23	To Drawings a/c	15,000	1/4/23	By Balance b/d	1,00,000
	To interest on drawing	450	30/9/23	By interest on capital	6,000
				By P/L suspense a/c	32,000
	To Balance b/d	2,08,550		By IFF a/c	6,000
				By Mahesh's Capital a	50,000
				By Nilesh's Capital a/c	30,000
		2,24,000			2,24,000

**Omesh's Exectors A/c**

Date	Particulars	Amount	Date	Particulars	Amount
30/9/23	To Bank a/c	28,550	30/9/23	By Omesh's capital a/c	2,08,550
31/3/24	To Bank		31/3/24	By interest	9,000
	(90,000 + 9,000)	99,000			
	To Balance c/d	90,000			
		2,17,550			2,17,550
31/3/25	To Bank		1/4/24	By Balance b/d	90,000
	(90,000 + 9,000)	99,000	31/3/25	By interest	9,000
		99,000			99,000

4 marks for capital a/c and 2 for exectors a/c

Q24)

Realisation A/c

To Sundry Assets		Assets	Rs.
Land 5,00,000		By Sundry Liabilities	
Machinery 2,40,000		Provision for Doubtful debt	3,000
Office Equipment 1,20,000		Bank Loan	1,20,000
Furniture 60,000		Creditors	50,000
Inventory 1,00,000		Noel’s Wife Loan	1,80,000
Debtors 48,000	10,68,000	By Bank	
		Land 6,00,000	
To Bank		Machinery 1,80,000	
Bank Loan 1,26,000		Office Equipment 1,20,000	
Creditors 47,000	1,73,000	Debtors 40,000	9,40,000
To Noel’s Capital (W’s Loan)	1,70,000		
		By Mike’s Capital (Inventory)	48,000
		By Noel’s Capital (Inventory)	32,000
		By Noel’s Capital (Furniture)	30,000
		By Loss on realisation	
		Mike’s Capital A/c 4,800	
		Noel’s Capital A/c 3,200	8,000
	14,11,000		14,11,000

Capital A/c

Particulars	Mike	Noel	Particulars	Mike	Noel
To Realisation Loss	4,800	3,200	By Balance b/d	3,30,000	2,75,000
To Realisation			By General Reserve	60,000	60,000
(Assets taken over)	48,000	62,000	By RealisationW.Loan		1,70,000
To Bank	3,37,200	4,39,800			
	3,90,000	5,05,000		3,90,000	5,05,000

Bank A/c

Particulars	Amount	Particulars	Amount
To Balance b/d	10,000	By Realisation (Liabilities)	1,73,000
To Realisation (Assets)	9,40,000	By Mike’s Capital 3,43,000	3,37,200
		By Noel’s Capital 4,42,000	4,39,800
	9,50,000		9,50,000

Marks for missing figures. .3 X 20 = 6

Q25)

Journal

Date	Particulars	LF	Amount(Dr)	Amount(Cr)
	Bank A/c Dr.		2,11,000	
	To Share Application A/c (20,000 X 8)			1,60,000
	To Calls in advance A/c (36,000 + 15,000)			51,000
	(Being application money received along with advance on 3,000 shares)			
	Share Application A/c Dr.		1,60,000	
	To Share Capital A/c			80,000
	To Securities Premium A/c			80,000
	(Being application money transferred)			

(6)

Share Allotment A/c	Dr. (20,000 X 12)	2,40,000	
To Share Capital A/c	(20,000 X 5)		1,00,000
To Securities Premium A/c	(20,000 X 7)		1,40,000
(Being allotment money due including premium)			
Bank A/c	Dr.	1,80,000	
Calls in advance A/c	Dr.	36,000	
Calls in arrears A/c	Dr. (2,000 X 12)	24,000	
To Share Allotment A/c	(20,000 X 12)		2,40,000
(Being allotment money received on all but 2,000 shares including premium of Rs.7 and advance adjusted)			
Share First and Final Call A/c	Dr (20,000 X 5)	1,00,000	
To Share Capital A/c			20,000
To Securities Premium A/c	(20,000 X 4)		80,000
(Being call money due including premium)			
Bank A/c	Dr.	75,000	
Calls in arrears A/c	Dr. (2,000 X 5)	10,000	
Calls in advance A/c	Dr.	15,000	
To Share First and Final Call A/c			1,00,000
(Being call money received on all but 2000 shares including premium of Rs.4 and advance adjusted)			

**OR**

<b>ASSETS</b>		
Non-current Assets		
(a) Property, Plant and Equipment and Intangible Assets		
Property, Plant and Equipment		
Intangibles		
Capital Work in Progress		
Intangible Assets under development		
(b) Non-current Investment		
(c) Deferred Tax Assets		
Current Assets		
(a) Current Investment		
(b) Inventories		
(c) Trade Receivables		
(d) Cash and Cash equivalents		
(e) Short term loans and advances		
(f) Other current Assets		

Sunday & Monday Ltd  
Journal

Share Capital A/c	Dr (10,000 X 10)	1,00,000	
Securities Premium A/c	Dr (4,000 X 3)	12,000	



		To Calls in arrears A/c			48,000	
		To Share forfeiture A/c			64,000	
		(Being 10,000 shares forfeited for non payment of allotment including premium & first and final call				
		Bank A/c Dr		35,000		
		Share Forfeiture A/c Dr		15,000		
		To Share Capital A/c			50,000	
		(Being 5,000 shares reissued at Rs.7 each)				
		Share Forfeiture A/c Dr		9,000		
		To Capital Reserve A/c			9,000	
		(Being profit on reissue of 5,000 out of 10,000 forfeited shares transferred)				
Q26)	Journal					(6)
	Date	Particulars	LF	Amount(Dr)	Amount(Cr)	
	(i)	Bank A/c Dr		2,20,000		
		To Debenture application and allotment A/c			2,20,000	
		(Being application money received on 2,000 debenture at Rs.110 each)				
		Debenture application and allotment A/c Dr		2,20,000		
		Loss on issue of debenture A/c Dr		10,000		
		To 12% Debenture			2,00,000	
		To Premium on redemption of debenture A/c			10,000	
		To Securities premium A/c			20,000	
		(Being debenture issued at 10% premium and redeemable at 5% premium)				
	(ii)	Bank A/c Dr		3,30,000		
		To Debenture application and allotment A/c			3,30,000	
		(Being application money received on 3,000 debentures at 110 each)				
		Debenture application and allotment A/c Dr		3,30,000		
		To 12 % Debenture			3,00,000	
		To Securities Premium A/c			30,000	
		(Being debenture issued at 10% premium redeemable at par)				
	(iii)	Bank A/c Dr		3,60,000		
		To Debenture application and allotment A/c			3,60,000	
		(Being application money received on 4,000 debenture at Rs.90 each)				
		Debenture application and allotment A/c Dr		3,60,000		
		Loss on issue of debenture A/c Dr		60,000		

		To 12% Debenture			4,00,000	
		To Premium on redemption of debenture A/c			20,000	
		(Being debenture issued at 10% discount and				
		redeemable at 5% premium)				
	SECTION B (20 marks)					
Q27)	(C) Statement of Profit and Loss <b>OR</b> (D) Option iii),iv) and v)					(1)
Q28)	(C) Only (A) is correct but (R) is not correct					(1)
Q29)	(B) Rs.4,80,000					(1)
Q30)	(A) Sold machinery valued at Rs.75,000 for Rs.60,000					(1)
Q31)	Particulars	N.No	31 <sup>st</sup> March 2025	% of Total		(3)
	EQUITY AND LIABILITIES					
	Shareholders' Funds					
	Share Capital					
	Equity Share		5,62,500	<b>22.50</b>		
	Preference Share		3,10,000	<b>12.40</b>		
	Reserve and Surplus		4,27,500	<b>17.10</b>		
	Non-Current Liabilities					
	Long term borrowings		5,82,500	<b>23.30</b>		
	Long term provisions		3,17,500	<b>12.70</b>		
	Current Liabilities					
	Short-term borrowings		1,25,000	<b>5.00</b>		
	Trade Payable		1,00,000	<b>4.00</b>		
	Other Current Liabilities		75,000	<b>3.00</b>		
	<b>TOTAL</b>		<b>25,00,000</b>	<b>100.00</b>		
	10 X .3 = 3					
	<b>OR</b>					
	Prepare a Common Size Revenue Sheet					
	Particulars	N.No	31 <sup>st</sup> March 2025	% of Revenue		
	Revenue from Operation		20,00,000	<b>100 .00</b>		
	Other income		75,000	<b>3.75</b>		
	<b>TOTAL Revenue</b>		<b>20,75,000</b>	<b>103.75</b>		
	Cost of materials consumed		7,75,000	<b>38.75</b>		
	Purchase of stock in trade		3,25,000	<b>16.25</b>		
	Employee benefit expenses		6,75,000	<b>33.75</b>		
	Depreciation and Amortization		1,80,000	<b>9.00</b>		
	<b>TOTAL Expenses</b>		<b>19,55,000</b>	<b>97.75</b>		
	Profit Before Tax		<b>1,20,000</b>	<b>6.00</b>		
	Tax (40%)		<b>48,000</b>	<b>2.40</b>		
	Profit after tax		<b>72,000</b>	<b>3.60</b>		
	15 X .2 = 3					
Q32)	Net Profit before tax (Note 1) = Difference in Statement of Profit and Loss (30,000) Add: Transfer to General Reserve 80,000 Add: Provision for taxation (75,000 + 50,000 – 60,000) 65,000 <b>= 1,15,000</b>					(3)

Cash Flow Statement as per AS 3					
<b>Cash Flow from operating activities</b>					
Net profit before tax (Note 1)			1,15,000		
Adjustment for non-cash/non-operating items					
Add: Depreciation of Machinery			30,000		
Loss on sale of machinery			10,000		
Amortisation of Goodwill			10,000		
Operating profit before working capital changes			<b>1,65,000</b>		
Adjustment for working capital changes					
Add: Increasing in current liabilities/Decrease in current assets					
Sundry Debtors			5,000		
Inventory			30,000		
Outstanding Rent			2,000		
Less: Increase in current assets / Decrease in current liabilities					
Creditors			(20,000)		
Cash flow from operations			<b>1,82,000</b>		
Less: Income Tax			50,000		
Net cash from operating activities					<b>1,32,000</b>
15 X .2 = 3					
<b>OR</b>					
Plant and Machinery A/c					
Date	Particulars	Amount	Date	Particulars	Amount
1/4/24	To Balance b/d	5,80,000		By Accumulated Dep	60,000
				By Statement of P&L	25,000
				By Bank A/c	<b>3,15,000</b>
			31/3/25	By Balance c/d	<b>1,80,000</b>
		5,80,000			5,80,000
Accumulated Depreciation A/c					
Date	Particulars	Amount	Date	Particulars	Amount
	To Plant & Machinery	60,000	1/4/24	By Balance b/d	1,05,000
				By Statement of P&L	<b>30,000</b>
31/3/25	To Balance c/d	75,000			
		1,35,000			1,35,000
Motor Vehicle A/c					
Date	Particulars	Amount	Date	Particulars	Amount
1/4/24	To Balance b/d	7,50,000		By Accumulated Dep	<b>55,000</b>
				By Statement of P&L	<b>5,000</b>
				By Bank A/c	2,20,000
				By Balance b/d	<b>4,70,000</b>
		7,50,000			7,50,000
Accumulated Depreciation A/c					
Date	Particulars	Amount	Date	Particulars	Amount
	To Plant & Machinery	<b>55,000</b>	1/4/24	By Balance b/d	1,70,000
31/3/25	To Balance c/d	1,95,000		By Statement of P&L	80,000
		2,50,000			2,50,000

Q33)	CASH FLOW STATEMENT			(4)
	<b>A. Cash Flow from operating activities</b>			
	Net profit before tax	1,25,000		
	Adjustment for non cash/non operating items			
	Add: Depreciation on Non-current assets	80,000		
	Interest on Debenture	42,000		
	Dividend on Equity Shares	40,000		
	Less: Profit on sale of Non-current assets	(25,000)		
	Operating profit before working capital changes	2,62,000		
	Add: Increasing in current liabilities/ Decrease in current assets			
	Other Current Assets	10,000		
	Trade Payable	20,000		
	Less: Increase in current assets/Decrease in current liabilities			
	Inventory	(60,000)		
	Trade Receivables	(20,000)		
	Net cash from operating activities		<b>2,12,000</b>	
	<b>B. Cash flow from investing activities</b>			
	Purchase of Non-current assets	(7,25,000)		
	Sale of Non-current assets	5,50,000		
	Net cash used in investing activities		<b>(1,75,000)</b>	
	<b>C. Cash flow from financing activities</b>			
	Proceeds from issue of shares	2,00,000		
	Redemption of Debentures	(2,00,000)		
	Interest paid on debentures	(42,000)		
	Dividend paid on Equity shares	(20,000)		
	Net Cash used in financing activities		<b>(62,000)</b>	
	Net increase (decrease) in cash and cash equivalents (A +B + C)		<b>(25,000)</b>	
Cash and cash equivalent at the beginning of the year		1,00,000		
Cash and cash equivalent at the end of the year		75,000		
20 X .2 = 4 (No marks for opening and closing balance)				
Interest on Debenture = 4,50,000 X 12/100 X 6/12 = 27,000				
2,50,000 X 12/100 X 6/12 = 15,000				
Q34)	a) i) Gross Profit Ratio = (Gross Profit/Net Revenue from Operations) X 100 Where Gross Profit = Revenue from Operations – Cost of Revenue from Operations (CRO) and CRO = Opening Inventory + Purchase + Direct Expenses – Closing Inventory or Revenue from Operations – Gross Profit.  ii) Net Profit ratio = (Net Profit/Net Revenue from Operations) X 100 Net Profit = Gross Profit + Other Income – Indirect Expenses  iii) Operating Ratio = $\frac{\text{Cost of Revenue from Operations} + \text{Operating Expenses}}{\text{Net Revenue from Operations}}$ X 100 Operating Expenses = Office and Administrative expenses + Selling and Distribution expenses + Employee benefit expenses + Depreciation and Amortisation iv) Operating Profit Ratio = (Operating Profit / Net Revenue from Operations) X 100 Operating Profit = Net Profit + Non-operating Expenses – Non-operating income.			(6)

b) Total Assets is Rs.16,00,000; Current Liabilities is Rs.3,20,000 and Non-Current Liabilities are 75% more than current liabilities. Calculate Debt Equity Ratio

Debt Equity Ratio = Debt/Equity

Equity = Total Assets - Current Liabilities - Non-Current Liabilities

$$16,00,000 - 3,20,000 - 5,60,000 = 7,20,000$$

Debt = Non Current Liabilities = 5,60,000

Debt Equity Ratio = 5,60,000/7,20,000 = **.78:1**

**OR**

Current Ratio = Current Assets/Current Liabilities

Current Assets = Total Assets - Non-Current Assets = 14,50,000 – 11,50,000 = 3,00,000

Current Liabilities = Trade payables + Other Current Liabilities = 50,000 + 25,000 = 75,000

3,00,000/75,000 = **4:1**

Proprietary Ratio = Proprietor's Fund/Total Assets

Proprietor's Fund = Share Capital + Reserve and Surplus = 7,00,000 + 2,00,000 = 9,00,000

9,00,000/14,50,000 = **.62:1**

Inventory Turnover Ratio = Cost of Revenue from Operations / Average Inventory

Average Inventory = (Opening Inventory + Closing Inventory) / 2

$$1,50,000 + 90,000 = 2,40,000/2 = 1,20,000$$

7,20,000/1,20,000 = **6 times.**