केंद्रीय विद्यालय संगठन

आंचलिक शिक्षा एवं प्रशिक्षण संस्थान ग्वालियर(म.प्र.)

KENDRIYA VIDYALAYA SANGATHAN

ZONAL INSTITUTE OF TRAINING AND EDUCATION, GWALIOR


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कार्यपत्रक सामग्री- कक्षा 12- लेखाशास्त्र

WORKSHEET PRACTICE MATERIAL FOR

CLASS 12- ACCOUNTANCY

3 DAY WORKSHOP ON

“NEP 2020 & COMMRCE EDUCATION: PREPARING STUDENTS FOR FUTURE”

(FROM 6TH -8TH MAY, 2025)

KVS- ZIET GWALIOR

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45	**Mr. Sanjay Kumar Singh**	**PGT (Commerce)**	**KV Pt. DDU Nagar (Mughalsarai)**	**Varanasi**

INDEX

WORKSHEET-1

CHAPTER: FUNDAMENTALS OF PARTNERSHIP

SUB TOPICS: PROFIT AND LOSS APPROPRIATION ACCOUNT; CALCULATION ON INTEREST ON CAPITAL; CALCULATION ON INT. ON DRAWINGS

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1	Sohan and Mohan are partners sharing profits and losses in the ratio of 2:3 with the capitals of 5,00,000 and 6,00,000 respectively. On 1st January 2022, Sohan and Mohan granted loans of 20,000 and 10,000 respectively to the firm. Determine the amount of loss to be borne by each partner for the year ended 31st March 2022 if the loss before interest for the year amounted to ₹2,500. a) Share of Loss Sohan-1,250 Mohan -₹1,250 b) Share of Loss Sohan-₹ 1,000 Mohan -₹1,500 c) Share of Loss Sohan 820 Mohan-₹1,230 d) Share of Loss Sohan-1,180 Mohan-1,770	1
2	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R) Assertion (A): Rent paid to partner is shown in P & L Appropriation A/c. Reason (R): Rent paid to partner is a charge against the profits. In the context of the above statements, which one of the following is correct? (A) (A) is correct, but (R) is wrong. (B) Both (A) and (R) are correct. (C) (A) is wrong, but (R) is correct. (D) Both (A) and (R) are wrong.	1
3	How much interest will be charged on drawings of 6000 half yearly at the end of each half year if rate on interest on drawings is 6% p.a. however partnership deed is silent regarding any kind of interest? (A) 720 (B) 360 (C) 180 (D) NIL	1
4	A partner withdrew Rs. 4,000 per month in the beginning of every month and interest on drawings was calculated as Rs. 1,560 at the end of accounting year 31stMarch 2025. What is the rate of interest on drawings charged? a) 6% p.a. b) 8% p.a. c) 10% p.a. d) 12% p.a	1
5	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R) Assertion (A): Transfer to reserves is shown in P & L Appropriation A/c. Reason (R): Reserves are not a charge against the profits. In the context of the above statements, which one of the following is correct? (A) (A) is correct, but (R) is wrong. (B) Both (A) and (R) are correct and R is the correct explanation of A (C) (A) is wrong, but (R) is correct. (D) Both (A) and (R) are wrong.	1
6	A partnership firm earned divisible profit of 5,00,000, interest on capital is to be provided to partner is 3,00,000, interest on loan taken from partner is 50,000 and profit -sharing ratio of partners is 5:3. Sequence the following in correct way: 1. Distribute profits between partners 2. Charge interest on loan to Profit and Loss A/c 3. Calculate the net profit Transfer to Profit and Loss appropriation A/C. 4. Provide interest on capital	1

	A. 1 - 2 - 3 - 4 B. 2 - 3 - 4 - 2 C. 2 - 3 - 4 - 1 D. 3 - 1 - 4 – 2	
7	V and M were partners in a firm sharing profits and losses in the ratio of 5:3. Their capitals were Rs.6,00,000 and Rs.3,00,000 respectively. They were entitled to interest on capital @ 10 %. The firm earned profit of Rs.75,000 during the year .The interest on V capital will be (a) 50,000 (b) 60,000 (c) 30,000 (d) 25,000	1
8	Anmol & Yashraj are partners Sharing profits in the ratio of 3:2. Capital account showed balance of ₹1,50,000 and ₹2,00,000 respectively on 1st April 2024 Firm earned a net profit of ₹74,050. Layout of Partnership Deed Interest on Capital @8% p.a., Interest on Drawings Yashraj ₹2400 and Anmol ₹250. Partners have withdrawn amount on different dates. Anmol is entitled to get a Salary ₹1200 p.m. for three quarters. Yashraj is entitled to get a commission @10% . During the year firms record an surplus sale of ₹4,50,000 for which an extra commission @1% each the partners will get. Accounting year ends 31st March every year. Prepare Profit & Loss appropriation Account.	3
9	Read the following information carefully and answer the questions that follow: A and B are partners in 3:2. Their capital balances as on 1st April 2024 amounting to 2,00,000 each. On 1st February, 2025, A contributed an additional capital of 1,00,000. Following are the terms of deed: a) Interest on capital @ 6% per annum b) Interest on drawings @ 8% per annum c) Salary to A 1500 per month d) Commission to B @10% on net profit after charging interest on capital, salary and his commission. Drawings of the partners were 20,000 and 30,000 respectively during the year. Net profit earned by the firm was 2,08,000. Choose the correct option based on the above information: Q1. What is the amount of Interest on capitals of A and B: a) 12,000 each b) 12,000 to A and 13,000 to B c) 13,000 to A and 12,000 to B d) None of the above. Q2. What is the amount of interest on drawings of A and B: a) 1200 and 1800 respectively b) 800 and 1200 respectively c) 1200 and 800 respectively d) 1600 and 2400 respectively Q3. What is the amount of commission payable to B? a) 15000 b) 16500 c) 20800 d) None of these Q4. What is A's share in the net divisible profit? a) 124400 b) 83600 c) 91200 d) 60800	4
10	A and B are partners sharing profit and loss in the ratio 50%:50% and contributed fixed capital of 2,00,000 each and B having current balance of 20000. Accumulated profit 50000 Goodwill in the books 20,000. Partnership deed provides Salary to A 12,000 p.a B’s commission 5000 Partnership firms only runs for six months. Firms earned a net profit 25,000. Prepare Partners capital Account. Show working clearly.	6

HINT ANSWERS – WORKSHEET-1

<table>
<tr><td>1</td><td>D</td><td>4</td><td>A</td><td>7</td><td>A</td></tr>
<tr><td>2</td><td>C</td><td>5</td><td>B</td><td></td><td></td></tr>
<tr><td>3</td><td>D</td><td>6</td><td>C</td><td></td><td></td></tr>
<tr><td>8</td><td colspan="5">Profit and Loss Appropriation Account
Dr. For the Year ended 31st March 2025
Cr.
<table>
<tr><td>Particulars (Dr)</td><td>Amount (Rs.)</td><td>Particulars (Cr.)</td><td>Amount (Rs.)</td></tr>
<tr><td>To IOC A/c</td><td>28,000</td><td>By Profit and Loss A/c</td><td>74,050</td></tr>
<tr><td>To Anmol’s Salary</td><td>10800</td><td>By IOD (2400+250)</td><td>2650</td></tr>
<tr><td>To Commission</td><td></td><td></td><td></td></tr>
<tr><td>Anmol 4500</td><td></td><td></td><td></td></tr>
<tr><td>Yashraj 4500+7405</td><td>16405</td><td></td><td></td></tr>
<tr><td>To Profit transferred
Anmol 12897
Yashraj 8598</td><td></td><td></td><td></td></tr>
<tr><td></td><td>76700</td><td></td><td>76700</td></tr>
</table>
</td></tr>
<tr><td>9</td><td colspan="5">**1 (**C) 2 (b) 3 (a) 4(c)</td></tr>
<tr><td>10</td><td colspan="5">Divisible Profit:14,000 (A rs 70000 and B Rs7000)
Partners’ Capital Account Balance b/d Cr Side A- 200000 and B – 200000
Partners Current account Dr side B-balance b/d 20000 Cr side A’s salary-6000/-; B’s Comm- 5000 and A’s Divisible Profit 7000; B’s Divisible Profit 7000</td></tr>
</table>

WORKSHEET-2

CHAPTER: FUNDAMENTALS OF PARTNERSHIP

SUB TOPICS: PAST ADJUSTMENT AND GURANTEE OF PROFIT

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1	A, B and C are partners sharing profits in the ratio of 3:3:2. As per the partnership agreement, C is to get a minimum amount of 80,000 as his share of profits every year and any deficiency on this account is to be personally borne by A & B in 3:2. The net profit for the year ended 31st March, 2025 amounted to 3,12,000. How much of deficiency to be borne by A? a.1,200 b. 2,000 c. 800 d. None of these	1
2	**Assertion (A):** Guarantee of minimum profit may be given to a partner. **Reason(R):** It is compulsory as per Indian Partnership Act, 1932. a) Both (A) and (R) are true and (R) is the correct explanation of (A) b) Both (A) and (R) are true and (R) is not the correct explanation of (A) c) (A) is true, but (R) is false d) (A) is false, but (R) is true.	1
3	P, Q, and R are partners in the ratio of 6 : 4 : 1. In the firm, P has guaranteed R for his minimum profit of 15,000. Firm's profit was 99,000. In the firm profit Ps share will be : (a) 30,000 (b) 15,000 (c) 48,000 (d) 45,000	1
4	**A, B, and C are partner's sharing profits in the ratio of 5:3:2 According to the partnership agreement C is to get a minimum amount of 10,000 as his share of profits every year. The net profit for the year ended 31st March, 2025 amounted to 40,000. How much amount contributed by A?** **a) 1,350 b) 1,250 c) 750 d) 1,225**	1
5	A and V are equal partners with fixed capitals of 5,00,000 and 2,00,000 respectively. After closing the accounts for the year ending 31st March 2025 it was discovered that interest on capitals was provided @ 6% instead of 5% p.a. In the adjusting entry: (a) A will be debited by 1,500 and V will be credited by 1,500; (b) A will be credited by 1,500 and V will be debited by 1,500; (c) A will be debited by 5,000 and V will be debited by 2,000; (d) A will be credited by 5,000 and V will be credited by 2,000;	1
6	A, B, and C are partners in the ratio of 4 : 3 : 2. Salary to A 15,000 and to C 3,000 omitted and profits distributed. For rectification, now A will be credited: (a) 15,000 (b) 1,000 (c) 12,000 (d) 7,000	1
7	When a partner is given guarantee by other partners, loss on such guarantee will be borne by : (a) Partnership firm (b) All the other partners (c) Partners who give the guarantee (d) Partner with highest profit-sharing ratio.	1

8	M & S are partners Sharing profits in the ratio of 3:2. R was admitted for 1/6th share of profit with a minimum guaranteed profit of Rs.10,000. At the close of the first financial year on 31st March 2025, the firm earned profit of Rs. 54,000. Find the share of profit which M, S & R will get. **Prepare Profit & Loss appropriation Account.**	3
9	The partners of the firm A , B & C distributed the profits for the year ended 31st March 2025 Rs.80,000 in the ratio of 3 : 3 : 2 without providing for the following adjustments:- (a) A and C were entitled to a salary of Rs 1,500 p.m. (b) B was entitled for a commission of Rs. 4,000 (c) B and C had guaranteed a minimum profit of Rs.35,000 to A. Any deficiency to be borne by equally by B & C. **Pass necessary journal entry for the above adjustments in the books of the firm. Show your working clearly.**	4
10	On 31st March 2025, the balances in the Capital Account of A, B and V, after making adjustments for profits and drawings were Rs.8,00,000, Rs.6,00,000 and Rs.4,00,000 respectively. Subsequently, it was discovered that interest on capital and interest on drawings had been omitted. The partners were entitled to interest on capital @10% p.a. and were to be charged interest on drawings @6%p.a. The drawings during the year were: A- Rs. 20,000 drawn at the end of each month, B- Rs.50,000 drawn at the beginning of every half year and V – Rs.1,00,000 withdrawn on 31st October 2024. The net profit for the year ended 31st march 2025 was Rs.1,50,000. The profit-sharing ratio was 2: 2: 1. **Pass necessary adjusting entry for the above adjustments in the books of the firm. Also show your working clearly.**	6

HINT ANSWERS – WORKSHEET-2

1	A	4	(b) Rs 1,250	7	C
2	C	5	A		
3	C	6	D		

8

Profit and Loss Appropriation Account

Dr. For the Year ended 31st March 2025 Cr.

Particulars (Dr)	Amount (Rs.)	Particulars (Cr.)	Amount (Rs.)
To Partner's Capital A/c	54,000	By Profit and Loss A/c	54,000
M- 19,500			
S- 15,500			
R- 10,000			
	54,000		54,000

9

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2025 April 1	B's Capital A/c Dr. C's Capital A/c Dr To A's Capital A/c (Adjustment Entry for made)		21,000 **2,000**	 23,000

10

Date	Particulars	L.F.	Dr. (Rs.)	Cr. (Rs.)
2025 April 1	B's Capital A/c Dr. To A's Capital A/c To V's Capital A/c (Adjustment Entry for Interest on Capitals made)		14,402	 10,112 4,290

WORKSHEET-3

CHAPTER: CHANGE IN PROFIT SHARING RATIO AMONG THE EXISTING PARTNERS

SUB TOPICS: CHANGE IN RATIO AND ITS EFFECT ON ACCUMULATED PROFIT AND LOSS AND REVALUATION OF ASSETS AND LIABILITIES

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1.	Red, Blue and White were partners in a firm sharing profits in the ratio 1:2:2. They decided to share future profits in the ratio of 7:5:3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹22,500 in Deferred Revenue Expenditure Account. The amount to be debited respectively to the capital accounts of Red, Blue and White for writing off Deferred Revenue Expenditure will be (A) ₹7,500, ₹7,500 and ₹7,500 (C) ₹10,500, ₹7,500 and ₹4,500 (B) ₹4,500, ₹9,000 and ₹9,000 (D) 11,250, Nil and 11,250	1
2.	Assertion (A): Change in profit sharing ratio leads to dissolution partnership and not the firm. Reason (R): Change in profit sharing ratio leads to dissolution of old firm and a new firm comes into existence. In the context of the above two statements, which of the following is correct Codes: (A) Both (A) and (R) are correct and (R) is the correct reason of (A) (B) Both (A) and (R) are correct but (R) is not the correct reason of (A) (C) Only (A) is correct. (D) Both (A) and (R) are wrong.	1
3.	AK, BK and CK are sharing profits in the ratio of 2:1:1. They have decided to share future profits in the ratio of 3:2:1. Find out the gainer partner. a. Both AK is the gainer partner and CK is the gainer partner b. CK is the gainer partner c. BK is the gainer partner d. AK is the gainer partner	1
4.	P and Q are sharing profit and losses equally. With effects from current year, they decided to share profits in the ratio of 4:3. Calculate individual partner's gain and Sacrifice a. P gains 1/12 th share and Q sacrifices 1/14 th share b. P gains 1/14 th share and Q sacrifices 1/14 th share c. P gains 1/10 th share and Q sacrifices 1/14 th share d. P gains 1/15th share and Q sacrifices 1/14 th share	1
5.	Due to change in the profit sharing ratio, Anisha's gain is 1/5th while Hari's sacrifice is 1/5th. They decided to adjust the following without affecting book values, by passing a single adjustment entry: General Reserve Rs. 20,000	1

Profit and Loss Account (Dr.) ₹30,000

The necessary adjustment entry will be

A) DR.Anisha's capital account by ₹2,000 and Credit Harit's capital by Rs. 32,000

B) Dr. Anisha's capital account by 10,000 and Credit Harit's capital byRs. 10,000

C)Dr. Harit's capital account by 2.000 and Credit Anisha's capital by Rs.2,000

D) Debit Harit's capital account by 10,000 and Credit Anisha's capital by 10,000

6. X,Y and Z share profits as 5 : 3 : 2. They decide to share their future profits as 4 : 3 : 3 with effect from April 1, 2024,. On this date the following revaluations have taken place: 3

	BOOK VALUE	REVISED VALUE
INVESTMENT	22,000	25,000
PLANT AND MACHINERY	25,000	20,000
LAND AND BUILDING	40,000	50,000
OUTSTANDING SALARY	5,600	6,000
SUNDRY DEBTORS	60,000	50,000
SUNDRY CREDITORS	70,000	60,000

Pass necessary adjustment entry to be made because of the above changes in the values of assets and liabilities. However old values will continue in the books.

7. Reeha, Meenu and Sara were partners in a partnership firm sharing profim and losses in the ratio of 2:2: 1. With effect from Ist April, 2023, they agreed to share profits and losses equally. On that date, there was a General Reserve of ₹50,000 in the books of the firm. It was agreed that: 4

Goodwill of the firm be valued at 3,00,000.

(4) Profit on revaluation of assets and re-assessment of liabilities amounted to 30,000

Pass necessary journal entries for the above transactions in the books of the firm.

8. A. B and C are partners sharing profit and loss in the of 5:3:2. A was unable to devote time to business due to his other commitments. Hence adjustment was required in the agreed terms of partnership. They decided to share future profit in the ratio 2:5:3 4

Following balances appeared in their books:

Advertisement Suspense A/c (Dr)	Rs. 15,000
Workmen Compensation Reserve	RS. 90,000
Investment Fluctuation Reserve	Rs. 60,000
investments at Cost	Rs. 5,00,000

It was agreed that

(i) Goodwill should be valued at three year's purchase of super profits. Firm’s average profits are Rs. 1,00,000. Capital invested in the business is 8,00,000 and normal rate of return is 10%

(ii)Claim on account of Workmen's Compensation has been estimated at Rs. 80,000

Based on the above information, choose the correct options:

Q.1. In respect of goodwill:
a) Credit A by ₹30,000; B by ₹18,000 and C. by 12,000
b) Credit A by 12,000; B by ₹300,000 and C' by ₹ 18,000
c) Credit A by 18,000, Debit B by 12,000 and C by ₹6,000c
d) Debit A by 18,000, Credit B by 12,000 and C by 6,000

Q2. In respect of Advertisement Suspense Account
a) Will be written off in new ratio
b) Will be carried forward in the books
c) Will be adjusted in sacrificing/ Gaining Ratio
d) Will be written off in old ratio
Q3. In respect of Workmen Compensation:
a) Cr. A by ₹5,000 ,B by 3,000 and C by ₹2,000
b) Cr. A by ₹2,000 ,B by ₹5,000 and C by ₹3,000
c) Cr. A by ₹3,000, Dr. B by ₹2,000 and Dr. C by 1,000

9. Ram, Shyam and Hari were in partnership sharing profits in the ratio of 3: 2 : 1. The Balance Sheet as at 31.3.2023 was as follows: 4

BALANCE SHEET AS ON 31.3.23

LIABILITIES	AMOUNT	ASSETS	AMOUNT
BILL PAYABLE	20,000	CASH	40,000
CREDITORS	20,000	BILL RECEIVABLE	5,000
GENERAL RESERVE	30,000	DEBTORS	15,000
RAM’S CAPITAL	50,000	STOCK	50,000
SHYAM’S CAPITAL	30,000	MACHINERY	20,000
HARI’S CAPITAL	25,000	FURNITURE	30,000
		GOODWILL	15,000
	1,75,000		1,75,000

On 1.4.2023 partners decided to share profits equally. For this purpose, it was further agreed that.
1. Goodwill of the firm should be valued at Rs 30,000.
2. Furniture and Machinery is to be revalued at Rs 25,000 and Rs 35,000 respectively.
3. Value of Stock is to be reduced by Rs 4,000.
You are required to give necessary journal entries to give effect to the above arrangement.

HINT ANSWERS – WORKSHEET-3

<table>
<tr><td>1.</td><td>(b) Rs. 4,500 , Rs. 9,000 ,and Rs. 9,000</td><td>1</td></tr>
<tr><td>2.</td><td>(c) only A is Correct</td><td>1</td></tr>
<tr><td>3.</td><td>BK is the gainer partner, Explanation: Calculation of gain or sacrifice: Formula : Old Share – New Share AK = 2/4 – 3/6 = No Sacrifice/ No Gain BK = 1/4 – 2/6 = 1/12 Gain CK = 1/4 - 1/6 = 1/12 Sacrifice</td><td>1</td></tr>
<tr><td>4.</td><td>b. P gains 1/14 th share and Q sacrifices 1/14 th share
Explanation: Calculation of gain or sacrifice:
Formula: Old Share – New Share P = 1/2 – 4/7 = 1/14 Gain
Q = 1/2 – 3/7 = 1/14 Sacrifice</td><td>1</td></tr>
<tr><td>5.</td><td>c)Dr. Harit's capital account by 2.000 and Credit Anisha's capital by Rs.2,000</td><td>1</td></tr>
<tr><td>6.</td><td>Z'S CAPITAL a/C Dr. 760
To X's Capital A/c 760</td><td>3</td></tr>
<tr><td>7.</td><td>
<table>
<tr><th>Date</th><th>Particular</th><th>LF</th><th>Amount Dr.</th><th>Amount Cr.</th></tr>
<tr><td></td><td>General reserve a/c Dr.</td><td></td><td>50,000</td><td></td></tr>
<tr><td></td><td>To Reeha's capital A/c</td><td></td><td></td><td>20,000</td></tr>
<tr><td></td><td>To Menu's capital A/c</td><td></td><td></td><td>20,000</td></tr>
<tr><td></td><td>To sara's Capital A/ c</td><td></td><td></td><td>10,000</td></tr>
<tr><td></td><td>(general reserve distributed in old ratio)</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Sara's capital A/c Dr.</td><td></td><td>40,000</td><td></td></tr>
<tr><td></td><td>To Reeha's capital A/c</td><td></td><td></td><td>20,000</td></tr>
<tr><td></td><td>To Menu's Capital A/c</td><td></td><td></td><td>20,000</td></tr>
<tr><td></td><td>(Goodwill Adjusted)</td><td></td><td></td><td></td></tr>
<tr><td></td><td>Revaluation A/c Dr.</td><td></td><td>30,000</td><td></td></tr>
<tr><td></td><td>To Reeha's capital A/c</td><td></td><td></td><td>12,000</td></tr>
<tr><td></td><td>To Menu's capital A/c</td><td></td><td></td><td>12,000</td></tr>
<tr><td></td><td>To sara's Capital A/ c</td><td></td><td></td><td>6,000</td></tr>
<tr><td></td><td>(profit on revaluation credited to partners)</td><td></td><td></td><td></td></tr>
</table>
</td><td>4</td></tr>
<tr><td>8.</td><td>1) c) Credit A by 18,000, Debit B by 12,000 and C by ₹6,000
2) d) Will be written off in old ratio
3) a) Cr. A by ₹5,000 ,B by 3,000 and C by ₹2,000
b) Dr. A by 20,000 ,B by ₹12,000 and C by ₹8,000</td><td>4</td></tr>
<tr><td>9.</td><td>Journal In the Books of Ram, Shyam and Hari</td><td>4</td></tr>
</table>

DATE	PARTICULAR	l/f	Amount dr.	Amount cr.
	Hari’s capital a/c Dr. To Ram’s Capital (being adjustment of compensation due change in profit sharing ratio)		5,000	 5,000
	Ram's Capital A/c Shyam's Capital A/c Hari's Capital A/c To Goodwill A/c (Being old goodwill written off between old partners in their old ratio)		7,500 5,000 2,500	 15,000
	General Reserve A/c Dr. To Ram's Capital A/c To Shyam's Capital A/c To Hari's Capital A/c ((Being general reserve distributed among all partners in their old ratio)		30,000	 15,000 10,000 5,000
	Machinery A/c Dr. Furniture A/c Dr. To Revaluation A/c (Being increase in value of assets recorded)		5,000 5,000	 10,000
	Revaluation A/c Dr. To Stock A/c (Being decrease in value of assets recorded)		4,000	 4,000

			Revaluation A/c Dr. To Ram's Capital A/c To Shyam's Capital A/c To Hari's Capital A/c (Being revaluation profits distributed among all partners in their old ratio)		6,000	 3,000 2,000 1,000		

WORKSHEET-4

CHAPTER: CHANGE IN PROFIT SHARING RATIO AMONG THE EXISTING PARTNERS

SUB TOPICS: VALUATION AND TREATMENT OF GOODWILL

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1	Assertion (A): At the time of change in profit sharing ratio, Goodwill of the form is valued. Reason (R): Goodwill of the firm is valued at a time of change in profit sharing ratio because the sacrificing partners are compensated by the gaining partners. a) Both assertion(A) and reason(R) are correct and reason(R) is the correct explanation of assertion (A). b) Both assertion(A) and reason(R) are correct and reason(R) is not the correct explanation of assertion (A). c) Assertion(A) is false and reason(R) is true. d) Assertion(A) is true and reason(R) is false	1
2	Partnership firm has capital employed of Rs 8,00,000. Its average profits are Rs 60,000. The normal rate of return in similar type of business is 10%. The amount of super profit is: a) Rs 60,000 b) Rs 8,000 c) Rs 52,000 d) nil	1
3	P and Q were partners sharing profits and losses in the ratio of 3 : 2. They decided that with effect from 1st January, 2023 they would share profits and losses in the ratio of 5: 3. Goodwill is valued at Rs 1,28,000. In adjustment entry: (A) Cr. P by Rs 3,200; Dr. Q by Rs 3,200 (B) Cr. P by 37,000; Dr. Q by Rs 37,000 (C) Dr. P by 37,000; Cr. Q by Rs 37,000 (D) Dr. P by Rs 3,200; Cr. Q by Rs 3,200	1
4	If the capitalised value of a firm is Rs 6,00,000 and the actual capital employed is Rs 4,50,000, what is the goodwill? a) Rs 1,00,000 b) Rs 1,50,000 c) Rs 2,00,000 d) Rs 50,000	1
5	The profits of a firm for the last 4 years were: 2019: Rs 40,000 2020: Rs 45,000 2021: Rs 50,000 2022: Rs 65,000 Calculate the value of goodwill on the basis of 3 years' purchase of the weighted average profit. The weights are 1, 2, 3, and 4 respectively. In 2022, closing stock was overvalued by Rs 5,000	3
6	Reeha, Meenu and Sara were partners in a partnership firm sharing prof and losses in the ratio of 2:2:1. With effect from 1st April, 2023. agreed	

<table>
<tr><td></td><td>to share profits and losses equally. On that date, there was a General Reserve of Rs. 50,000 in the books of the firm. It was agreed that:
(i) Goodwill of the firm be valued at Rs 3,00,000.
Pass necessary journal entries for the above transactions in the books of the firm.</td><td>3</td></tr>
<tr><td>7</td><td>RG and MK are the partners in the firm. Their capitals are 3, 00,000 and 2,00,000. They decided to share future profits in ratio of 2:3.During the year ended 31st March, 2025 the firm earned a profit of 1,50,000. Assuming that the normal rate of return is 20%. Calculate the value of goodwill of the firm by capitalization method and pass necessary journal entry.</td><td>4</td></tr>
<tr><td>8</td><td>Anita and Banaya are partners sharing profits in the ratio of 3 : 2. They decided to share future profits equally.. It was agreed to value goodwill at three year’s purchase on the basis of average profit for the past 5 years.
The profits of 5 years were:-
<table>
<tr><th>Year ended</th><th>Profits</th></tr>
<tr><td>31st March, 2015</td><td>1,80,000</td></tr>
<tr><td>31st March, 2016</td><td>1,60,000</td></tr>
<tr><td>31st March, 2017</td><td>2,50,000</td></tr>
<tr><td>31st March, 2018</td><td>3,00,000</td></tr>
<tr><td>31st March, 2019</td><td>3,50,000</td></tr>
</table>
1. Book revealed:
a. An abnormal gain of Rs. 20,000 was earned in the year ended 31st March, 2016.
b. An abnormal loss of Rs. 10,000 was incurred in the year ended 31st March, 2017..
Calculate the value of goodwill. And pass necessary journal entry.</td><td>6</td></tr>
</table>

HINT ANSWERS – WORKSHEET-4

1. A 2. Nil 3. Answer: a) 4. Answer: b) ₹1,50,000

5. Weighted average profit = 52000 ,Goodwill = 52000 X 3 =1,56,000

6. Reeha, Meenu sacrifices 1/15 each and Sara gains 2/15

7. RG gains and MK sacrifices

8. Goodwill 246000 X 3 = 7,38,000

Banaya gains1/10 and Anita sacrifices 1/10

WORKSHEET-5

CHAPTER: CHANGE IN PROFIT SHARING RATIO AMONG THE EXISTING PARTNERS

SUB TOPICS: DISTRIBUTION OF ACCUMULATED PROFITS AND RESERVES, WCR AND IFR

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1	**Assertion (A):** IFR can be used to write off losses on the sale of investments. **Reason (R):** IFR is maintained to meet any possible decline in the market value of investments. **A.** Both A and R are true, and R is the correct explanation of A. **B.** Both A and R are true, but R is not the correct explanation of A. **C.** A is true, but R is false. **D.** A is false, but R is true.	1
2	If a firm has an Investment Fluctuation Reserve of Rs.10,000 and the market value of investment falls by Rs.7,000, the amount to be distributed among partners is: A. Rs.10,000 B. Rs.3,000 C. Rs.7,000 D. Zero	1
3	**Assertion (A):** Accumulated profits can be distributed among partners in their old profit-sharing ratio at the time of retirement. **Reason (R):** Accumulated profits are considered as liabilities and not distributable among partners. • **A.** Both A and R are true, and R is the correct explanation of A. • **B.** Both A and R are true, but R is not the correct explanation of A. • **C.** A is true, but R is false. • **D.** A is false, but R is true.	1
4	If there is a Workmen Compensation Reserve of Rs.15,000 and actual liability is Rs.7,000, the balance amount of Rs.8,000 is: A. Transferred to Revaluation A/c B. Credited to old partners' capital accounts in old ratio C. Distributed among all partners D. Written off	1
5	If the fall in value of investments is less than the balance in IFR, the surplus is __________ among the partners in the __________ ratio.	1
6	The firm has WCR of Rs.10,000. During reconstitution, a provision for liability of Rs.12,000 is created. What is the accounting treatment? A. Debit Rs.2,000 to Revaluation A/c B. Credit Rs.2,000 to Revaluation A/c C. Rs.2,000 is distributed among partners D. No adjustment is made	1
7	At the time of retirement of a partner, how are undistributed profits and reserves treated? A. Transferred to the retiring partner only	1

<table>
<tr><td></td><td>B. Ignored
C. Credited to all partners in the new ratio
D. Credited to all partners in the old profit-sharing ratio</td><td></td></tr>
<tr><td>8</td><td>A firm has a Workmen Compensation Reserve of Rs.10,000. At the time of reconstitution, an actual liability of Rs.12,000 arises. How is this treated?</td><td>3</td></tr>
<tr><td>9</td><td>P,Q and R sharing profits and losses in the ratio of 3:2:1, decided to share profits and losses equally w.e.f. 1st April, 2017. Following is an extract of their Balance Sheet as at 31st March, 2017;
LIABILITIES ASSETS
IFR – 30,000 Investments(at cost) – 5,00,000
Show the accounting treatment under the following alternative cases-
(i) If there is no other information.
(ii) If the market value of Investment is Rs. 4,88,000.
(iii) If the market value of Investment is Rs. 4,46,000.
<table>
<tr><td>(i)</td><td>IFR A/c Dr.
To P’s capital A/c
To Q’s capital A/c
To R’s capital A/c
(Transfer of IFR to capital A/Cs.)</td><td></td><td>30,000</td><td>
………
10,000
5,000</td></tr>
<tr><td>(II)</td><td>IFR A/c Dr.
To Investment A/c (5,00,000-4,88,000)
To P’s capital A/c
To Q’s capital A/c
To R’s capital A/c
(Transfer of IFR to capital A/Cs.)</td><td></td><td>30,000</td><td>
………
9,000
6,000
3,000</td></tr>
<tr><td>(iii)</td><td>IFR A/c Dr.
……………… Dr.
To Investment A/c
(Fall in the value of investment adjusted)

P,s Capital A/c Dr.
Q’s Capital A/c Dr.
R’s capital A/c Dr.
To ………………………..
(Transfer of loss to revaluation A/c.)
--</td><td></td><td>30,000
24,000

12,000
8,000
4,000</td><td>

54,000

24,000</td></tr>
</table></td><td>4</td></tr>
<tr><td>10</td><td>P,Q and R sharing profits and losses in the ratio of 3:2:1, decide to share future profits and losses in the ratio of 4:3:2 w.e.f. 1st April, 2017. Following is an extract of their Balance Sheet as at 31st March, 2017;
Workmen compensation Reserve- Rs. 60,000
Show the accounting treatment under the following alternative cases-
Case-1. If there is no other information.
Case-2. If a claim on account of workmen’s compensation is estimated at Rs. 24,000.
Case-3. If a claim on account of workmen’s compensation is estimated at Rs. 60,000.
Case-4. If a claim on account of workmen’s compensation is estimated at Rs. 75,000.</td><td>6</td></tr>
</table>

HINT ANSWERS – WORKSHEET-5

1	**Answer**- **A.** Both A and R are true, and R is the correct explanation of A.	1
2	**Answer**- B. Rs.3,000	1
3	**Answer**- **C.** A is true, but R is false.	1
4	**Answer**- B. Credited to old partners' capital accounts in old ratio.	1
5	**Answer**- distributed, old profit-sharing.	1
6	**Answer**- A. Debit Rs.2,000 to Revaluation A/c.	1
7	**Answer**- D. Credited to all partners in the old profit-sharing ratio.	1
8	**Answer**- (i)The entire **WCR of Rs.10,000** is used. (ii)The **excess Rs.2,000** will be **debited to the Revaluation A/c**.	3
9	**Hint Answers**- (i) P- 15,000, (ii) To Investement- 12,000 (iii) Revaluation A/c…..Dr To Revaluation A/c	4
10	Case 1- One mark Case 2- Two marks Case 3- One mark Case 4- Two marks	6

WORKSHEET-6

CHAPTER: ADMISSION OF A PARTNER

SUB TOPICS: REVALUATION A/C, ADJUSTMENT OF GOODWILL AND CAPITAL ADJUSTMENT

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1	**Assertion (A):** On the admission of a new partner, the existing partners sacrifice a part of their profit-sharing ratio. **Reason (R):** The new partner brings goodwill in cash to compensate the sacrificing partners. Options: a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true.	1
2	If at the time of admission, the revaluation A/c shows a loss, it should be– (a) Credited to old partners capital A/c in old ratio. (b) Credited to old partners capital A/c in sacrificing ratio. (c) Debited to old partners capital A/c in old ratio. (d) Debited to old partners capital A/c in sacrificing ratio	1
3	L and M are partners sharing profits in ratio of 3 : 2 respectively. N was admitted for 1/5th share of profit. Machinery would be appreciated by 10% (Book value Rs 80,000) and Building would be depreciated by 20% (Rs 2,00,000). Unrecorded debtors of Rs 1250 would be brought into books new and a creditor amounting to ` 2750 need not pay anything on this account. What will be profit/loss on revaluation? (a) Loss Rs 28,000 (b) Profit Rs 28,000 (c) Loss Rs 40,000 (d) Profit Rs 40,000	1
4	**Assertion (A):** At the time of admission, revaluation of assets and liabilities is necessary. **Reason (R):** It helps to adjust the capital accounts of the old partners according to the new profit-sharing ratio. Options: a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true.	1
5	Abhay and Beena are partners in a firm. They admit Chetan as a partner with 1/4th share in the profits of the firm. Chetan brings Rs. 2,00,000 as his share of capital. The value of the total assets of the firm is Rs. 5,40,000 and outside liabilities are valued at Rs. 1,00,000 on that date. Give the necessary entry to record goodwill at the time of Chetan's admission. Also show your working notes.	3
6.	Aksh and Naksh are partners sharing profits and losses in the ratio of 3/5 and 2/5 respectively. Daksh admitted into partnership and it was decided that New profit	3

sharing ratio among Aksh, Naksh and Daksh will be 3: 4: 2. Daksh brought 1200000 as his capital and old partners capital will be valued on the basis of Daksh's capital. What will be the capital all partners?

7. Pass the journal entries for following cases: 4

Case 1: Debtors Rs 50,000 and Provision for Bad Debt Rs 10,000
Adjustment:
a. Bad debts Rs 5000 and maintain provision for Bad debt @ 5%.

Case 2: Debtors Rs 50,000 and Provision for Bad Debt Rs 10,000
Adjustment:
a. Bad debts Rs 5000 and maintain provision for Bad debt @ 20%.

Case 3: Debtors Rs 50,000 and Provision for Bad Debt Rs 10,000
Adjustment:
a. All debtors were good

Case 4: Debtors Rs 50,000
Adjustment:
a. Bad debts Rs 5000 and maintain provision for Bad debt @ 10%.

8. Badal and Bijli were partners in a firm sharing profits in the ratio of 3:2. Their Balance Sheet as at 31st March,2025 was as follows: 6

Liabilities	Amount ₹	Assets	Amount ₹
Capitals :		Building	1,50,000
Badal 1,50,000		Investments	73,000
Bijli 90,000	2,40,000	Stock	43,000
Badal's Current A/c	12,000	Debtors	20,000
Investment Fluctuation Reserve	24,000	Bank	22,000
Creditors	26,000	Bijli's Current A/c	2,000
	3,10,000		**3,10,000**

Raina was admitted on the above date as a new partner for 1/6th share in the profits. The terms of agreement were as follows:

(i) Raina will bring ₹ 40,000 as her capitals of Badal and Bijli will be adjusted on the basis of Raina's capital by opening current accounts.
(ii) Raina will bring her share of goodwill premium for ₹ 12,000 in cash.
(iii) The building was overvalued by ₹ 15,000 and stock by ₹ 3,000.
(iv) A provision of 10% was to be created on debtors for bad debts.

Prepare the Revaluation Account and Current and Capital Account of Badal, Bijli and Raina.

HINT ANSWERS – WORKSHEET-6

1.	a) Both A and R are true, and R is the correct explanation of A.
2.	(c) Debited to old partners capital A/c in old ratio.
3.	(a) Loss Rs 28,000
4.	c) A is true, but R is false
5.	Goodwill of the firm Rs 1,60,000 Chetan’s Share Rs 40,000
6.	Aksh s new capital = 5400000 X 3/9 = 1800000, Naksh’s new capital = 5400000 X 4/9 = 2400000
7.	Case 1.Revaluation a/c Cr by Rs 2750 Case 2. Revaluation A/c Dr. by Rs 4000 Case 3. Revaluation a/c Cr by Rs 10,000 Case 4: Revaluation A/c Dr. By Rs 9500
8.	Revaluation Loss : Rs 20,000 Current A/c Balance Badal : Rs 51600 Bijli :Rs 14,400

WORKSHEET-7

CHAPTER: RECONSTITUTION OF PARTNERSHIP

SUB TOPICS: ADJUSTMENT OF CAPITAL

Time allowed: 20 minutes Max. Marks-20

S.N.	QUESTIONS	MARKS
1	A and B are partners sharing profits in the ratio of 3:2. They admit C for 1/5th share. The total capital of the firm after C's admission is Rs.5,00,000. How much capital should C bring? A. Rs 1,00,000 B. Rs 2,00,000 C. Rs 1,25,000 D. Rs 5,00,000	1
2	Assertion (A): Adjustment of capitals after retirement helps maintain proper capital structure. Reason (R): Adjusted capital ensures capital contribution is proportionate to profit-sharing ratio. A. Both A and R are true, and R is the correct explanation of A. B. Both A and R are true, but R is not the correct explanation of A. C. A is true, but R is false. D. A is false, but R is true.	1
3	Source Passage: "On the death of a partner, the firm is reconstituted, and the share of the deceased partner is settled as per the terms of the partnership deed or legal provisions. The remaining partners may decide to adjust their capitals according to the new profit-sharing ratio, either by bringing in or withdrawing capital, depending on the total capital decided upon." The capital of remaining partners is adjusted: A. In the old profit-sharing ratio B. In the sacrificing ratio C. In the gaining ratio D. In the new profit-sharing ratio	1
4	A and B are partners sharing profits in the ratio of 3:2. They admit C as a new partner for 1/5th share in the profits. The new profit-sharing ratio among A, B, and C is agreed to be 5:3:2. The total capital of the newly constituted firm is fixed at ₹10,00,000. C brings in his share of capital in cash. a. Calculate the capital to be brought in by C. b. Determine the new capitals of A and B based on the new profit-sharing ratio. c. State any one reason why capitals of A and B may need to be adjusted.	3
5	P, Q, and R are partners in a firm sharing profits in the ratio 4:3:3. R retires, and the remaining partners decide to share profits equally in future. The total capital of the new firm is decided to be ₹6,00,000. Capitals of P and Q are to be adjusted in their new profit-sharing ratio by bringing in or withdrawing cash. **(a)** Calculate the new capital of P and Q. **(b)** How much cash will P and Q bring in or withdraw? **(c)** Why is it important to adjust capitals after a partner retires?	4
6	X, Y, and Z were partners in a firm sharing profits in the ratio of 2:2:1. Z died on	4

	31st August, 2024. After Z’s death, X and Y decided to continue the business sharing profits equally. The total capital of the reconstituted firm was agreed to be Rs 9,00,000. The capitals of X and Y were to be adjusted in their new profit-sharing ratio by bringing in or withdrawing cash. On the date of Z's death: • Capital of X = Rs 3,20,000 • Capital of Y = Rs 3,80,000 a. Calculate the new capital of X and Y based on the new profit-sharing ratio. b. How much amount will each of them bring in or withdraw to adjust their capitals? c. Why is it necessary to adjust capitals after the death of a partner?	
7	**Case Study:** Riya and Meena are partners in a firm sharing profits in the ratio of 3:2. On 1st April 2024, they admitted Sara as a new partner for **1/5th share** in the firm. The new profit-sharing ratio was decided as **5:3:2** among Riya, Meena, and Sara respectively. It was agreed that the total capital of the new firm would be **₹5,00,000**, and the capital of each partner would be adjusted in the new profit-sharing ratio. On the date of admission, the capital accounts showed: Riya = Rs 2,00,000 and Meena = Rs 1,20,000 Sara brings in her share of capital in cash. **Q1.** What is the new ratio of the partners? A. 3:2:1 B. 5:3:2 C. 3:2 D. 2:2:1 **Q2. What will be Sara’s capital contribution?** A. Rs 1,00,000 B. Rs 2,00,000 C. Rs 1,50,000 D. Rs 2,50,000 **Q3. What should be Riya’s capital after adjustment?** A. Rs 1,80,000 B. Rs 2,00,000 C. Rs 2,50,000 D. Rs 1,50,000 **Q4. How much capital will Meena have after adjustment?** A. Rs 1,50,000 B. Rs 1,20,000 C. Rs 1,00,000 D. Rs 2,00,000 **Q5. How much amount will Riya need to bring in or withdraw?** A. Bring Rs 50,000 B. Withdraw Rs 50,000 C. Bring Rs 1,00,000 D. No adjustment **Q6. Why is capital adjusted among old partners after admission of a new partner?** A. To calculate goodwill B. To maintain accounting equation C. To match capital with new profit-sharing ratio D. To increase total capital	6

HINT ANSWERS – WORKSHEET-7

Q.no.1 A) 100000
Q.no.2 A)
Q.no.3 D)

Q.no.4 **(a)** C's share = 2/10 of ₹10,00,000 = ₹2,00,000
(b)A's share = 5/10 of ₹10,00,000 = ₹5,00,000

B's share = 3/10 of ₹10,00,000 = ₹3,00,000
(c) To ensure that their capitals are in proportion to the new profit-sharing ratio, so that profit distribution remains fair and balanced.

Q.No.5**(a)** New ratio of P and Q = 1:1
Each partner's capital = ₹6,00,000 ÷ 2 = ₹3,00,000

(b)

- If existing capital of P was ₹2,80,000 → He brings ₹20,000
- If existing capital of Q was ₹3,50,000 → He withdraws ₹50,000
  (Note: Assumes given existing capitals; if not provided, student should state assumption.)

(c) To ensure fairness and reflect the new profit-sharing arrangement accurately.

Q.no 6 **a)** New ratio of X and Y = 1:1
Each partner's capital = ₹9,00,000 ÷ 2 = ₹4,50,000

(b)

- X will bring in ₹4,50,000 – ₹3,20,000 = ₹1,30,000
- Y will bring in ₹4,50,000 – ₹3,80,000 = ₹70,000
- **(c)**
  To align the capital of remaining partners with their new profit-sharing ratio and ensure equity in future profit distribution.

7.1.B 2.A 3.C 4 . A 5. A 6.C

WORKSHEET-8

CHAPTER: RETIREMENT OF A PARTNER

SUB TOPICS: REVALUATION A/C, ADJUSTMENT OF GOODWILL, ADJUSTMENT OF RESERVE AND ACCUMULATED PROFITS

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	Assertion (A): The partners whose profit shares have increased as result of change in profit sharing ratio are known as gaining partners. Reason(R): Gaining ratio = new ratio - old ratio (A) Both A and R are correct and R is the correct explanation of A. (B) Both A and R are correct but R is not the correct explanation of A. (C) A is correct but R is wrong (D) A is wrong but R is correct.	**1**
2	A, B and C are partners in a firm sharing profit and losses in 3:4:2 B retire from the firm. The profit on revaluation on that date was Rs. 72,000, New ratio between A and C is 5:3 Profit on revaluation will be distributed as: (A) A Rs. 32,000 B Rs. 24,000 C Rs. 16,000 (B) ARs. 24,000 B Rs. 32,000 C Rs. 16,000 (C) A Rs. 45,000 C Rs. 27,000 (D)47,250 C Rs. 24,750	**1**
3	STATEMENT (I): If the firm has agreed to pay the amount to retiring partner in excess of his adjust capital due its shall be treated as his share of reserve. STATEMENT (II): Retiring partner is entitled to interest on his/her loan @6% p.a. If not mentioned in question. (A) Both statements are correct. (B) Both statements are incorrect. (C) Statement (I)is correct and statement (II) is incorrect. (D) Statement (I) is incorrect and statement (II) is incorrect.	**1**
4	A, B and C were partners in a firm sharing profit and losses in the ratio of 2:2:1. The capital balance are Rs. 50,000 for A, Rs. 70,000 for B, Rs. 35,000 for C. B decided to retire from the firm and balance in reserve on the date was Rs. 25000. If goodwill of the firm was valued at Rs. 30,000 and profit on revaluation was Rs. 7,500, then, what amount will be payable to B? (A) Rs. 70,820 (B) Rs. 76,000 (C) Rs. 75,000 (D) Rs. 95,000	**1**
5	X,Y and Z were partners sharing profits in the ratio of 5:3:2. Goodwill does not appear in the books but it is agreed to be valued at Rs.1,00,000. X died and Y and Z decide to share profit equally. X's share of goodwill will be debited to Y's and Z's capital a/c in__ ratio : (A) 12:12 (B) 2:3 (C) 3:2 (D) None of these	**1**
6	On retirement of a partner, the existing goodwill in the balance sheet is written off and debited to: (A) All partner's capital a/c in old ratio (B) Remaining partners capital a/c in new ratio	**1**

<table>
<tr><td></td><td>(C) Remaining partners capital a/c in gaining ratio
(D) None of these</td><td></td></tr>
<tr><td>7</td><td>A, B and C are equal partners. C retires. He surrenders 3/5th of his share in favour of A and 2/5th in favour of B. New ratio will be :
(A) 3:2 (B) 8:7
(C) 7:8 (D) 2:3</td><td>1</td></tr>
<tr><td>8</td><td>Hema, Gagan and Neha are partners sharing profits and losses in the ratio of 3:2:1. On 31st march, 2024, Neha retires.
The various assets and liabilities of the firm on the date were as follows: Cash Rs.10,000, Building Rs.1,00,000, Plant and Machinery Rs.20,000 and Investment Rs.30,000.
The following was agreed upon between the partners on Neha’s retirement:
(i) Building to be appreciated by 20%.
(ii) Plant and Machinery depreciated by 10%.
(iii) A provision of 5% on debtors to be created for bad doubtful debts.
Pass journal necessary entries for revaluation of assets</td><td>3</td></tr>
<tr><td>9</td><td>A, B, C and D are partners sharing profits in the ratio of 3:3:2:2 respectively. D retires and A, B and C decide to share the future profits in the ratio of 3:2:1. Goodwill of the firm is valued at Rs 6,00,000. Goodwill already appears in the books at Rs 4,50,000. The profits for the first year after D retirement amount to Rs 12,00,000. Give the necessary journal entries to record goodwill and to distribute the profits. Show calculations clearly.</td><td>4</td></tr>
<tr><td>10</td><td>Gita, Radha and Gaurav were partners in a firm sharing profits and loss in the ratio 3:5:2. On 31st march ,2023, Their balance sheet are as follows:
<table>
<tr><th>LIABILITIES</th><th>AMOUNT</th><th>ASSETS</th><th>AMOUNT</th></tr>
<tr><td>Sundry creditors</td><td>60,000</td><td>Cash</td><td>50000</td></tr>
<tr><td>General reserve</td><td>40,000</td><td>Stock</td><td>80,000</td></tr>
<tr><td>Capitals:</td><td></td><td>Debtors</td><td>40,000</td></tr>
<tr><td>Gita 3,00,000</td><td></td><td>Investments</td><td>30,000</td></tr>
<tr><td>Radha 2,00,000</td><td>6,00,000</td><td>Buildings</td><td>5,00,000</td></tr>
<tr><td>Garv 1,00,000</td><td></td><td></td><td></td></tr>
<tr><td></td><td>7.00,000</td><td></td><td>7,00,000</td></tr>
</table>
Radha retired on the above date it was agreed that:
(a) Goodwill of the firm be valued at Rs.3,00,000 and Radha’s share be adjusted through the capital accounts of Gita and Gaurav.
(b) Stock was to be appreciated by 20%.
(c) Building were found undervalued by Rs.1,00,000.
(d) Investments were sold for Rs..34,000
Capitals of the new firm was fixed at Rs.5,00,000 which will be in the new profit- sharing ratio of the partners. The necessary adjustments for this purpose were to be made by opening current accounts of the partners. Prepare revaluation account, Partner’s capital account and the balance sheet of the reconstituted firm on Radha’s retirement.</td><td>6</td></tr>
</table>

HINT ANSWERS – WORKSHEET-8

S.NO.	answers	MARKS
1	A)	1
2	B)	1
3	D)	1
4	D)	1
5	B)	1
6	A)	1
7	B)	1
8	1. Dr. Building A/c 20000 Cr. Plant and machinery A/c 20000 2. Dr. Revaluation A/c 4000 Cr. Plant and Machinery A/c 4000 3. Dr. Revaluation A/c 1000 Cr. Provision for Bad and Doubtful Debts A/c 1000	3
9	A: 6/30 GAIN B: 1/30 GAIN C: 1/30 SACRIFICE D: 6/30 SACRIFICE A’S CAPITAL ACCOUNT Dr. 120000 B’s capital account Dr. 20000 To c’s capital account 20000 To D’s capital account 120000 (for treatment of goodwill) P&L appropriation Account Dr. 1200000 To A’s capital account 600000 To B’s capital account 400000 To C’s capital account 200000 A’s capital account Dr. 135000 B’s capital account Dr. 135000 C’s capital account Dr. 90000 D’s capital account Dr. 90000 To goodwill account 450000	4
10	Revaluation Profit 120000 Balance of capital A/c Gita 300000 and Gaurav 200000 Balance of Current A/c Gita 42000 (Dr.) and Gaurav 128000(Dr.) Balance Sheet total 990000	6

WORKSHEET-9

CHAPTER: DEATH OF A PARTNER

SUB TOPICS: CALCULATION OF DECEASED PARTNER SHARE OF GOODWILL, PROFIT, REVALUATION PROFIT, AMOUNT PAYABLE TO EXECUTOR AND PREPARATION OF DECEASED PARTNER CAPITAL ACCOUNT.

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
Q1	**A, B, and C are partners sharing profits in the ratio of 3:2:1. C dies and his capital on the date of death was Rs.60,000. His share of goodwill is valued at Rs.12,000. How much will be payable to C's executors for goodwill?** A) Rs.12,000 B) Rs.2,000 C) Rs.10,000 D) Rs.60,000	1
Q2	**X, Y, and Z are partners in a firm. Z dies and on the date of death, Z's capital was Rs.50,000 and his share of goodwill is Rs.15,000. The firm had insurance policy proceeds of Rs.40,000 payable to Z's estate. What is the total amount payable to Z's executor?** A) Rs.65,000 B) Rs.105,000 C) Rs.90,000 D) Rs.40,000	
Q3	**A, B, and C are partners. C dies and his capital is Rs.80,000. He is also entitled to a share of profit Rs.10,000 and goodwill Rs.20,000. What amount will be paid to C's executor?** A) Rs.100,000 B) Rs.110,000 C) Rs.80,000 D) Rs.90,000	
Q4	**Assertion (A):** On the death of a partner, the firm is reconstituted. **Reason (R):** The partnership comes to an end completely when any partner dies. **Options:** A) Both A and R are true, and R is the correct explanation of A. B) Both A and R are true, but R is not the correct explanation of A. C) A is true, but R is false. D) A is false, but R is true.	
Q5	**Assertion (A):** A deceased partner is entitled to a share of profits till the date of death. **Reason (R):** The executor of the deceased partner receives profits for the full year. **Options:** A) Both A and R are true, and R is the correct explanation of A. B) Both A and R are true, but R is not the correct explanation of A. C) A is true, but R is false. D) A is false, but R is true.	
Q6	**Assertion (A):** On the death of a partner, his capital account is settled as per the terms of the partnership deed. **Reason (R):** The executor of the deceased partner becomes a new partner in the firm. **Options:** A) Both A and R are true, and R is the correct explanation of A.	

<table>
<tr><td></td><td>B) Both A and R are true, but R is not the correct explanation of A.
C) A is true, but R is false.
D) A is false, but R is true.</td><td></td></tr>
<tr><td>Q7</td><td>On the death of a partner, his share of goodwill is credited to the ______ of the remaining partners.
a) Revaluation Account
b) Capital Accounts (in gaining ratio)
c) Profit and Loss Appropriation Account
d) Drawings Account</td><td></td></tr>
<tr><td>Q8</td><td>Partners A, B, and C share profits in the ratio of 2:2:1. C died on September 30, 2024. The firm earned Rs.2,00,000 profit for the year, and sales till the date of C’s death amounted to 40% of total sales. Calculate C’s share of profit and pass journal entry for the same.</td><td>3</td></tr>
<tr><td>Q9</td><td>A, B, and C were partners in a firm sharing profits in the ratio 4:3:3. C died on June 30, 2024. His capital on April 1, 2024, was Rs.1,00,000. He was entitled to:
i) Interest on capital @ 10% p.a.
ii) His share of profit (based on previous year’s profit of Rs.1,20,000).
iii) Share of goodwill of the firm valued at Rs.60,000.
Calculate the total amount to be transferred to C’s Executors’ Account.</td><td>4</td></tr>
<tr><td>Q10</td><td>X, Y and Z are partners sharing profits and losses in the ratio of 2:2:1 respectively. Their Balance Sheet as on 31st March 2020 was as follows—
<table>
<tr><th>Liabilities</th><th>Rs.</th><th>Assets</th><th>Rs.</th></tr>
<tr><td>Sundry Creditors</td><td>1,00,000</td><td>Cash at bank</td><td>20,000</td></tr>
<tr><td>Capital Accounts</td><td></td><td>Stock</td><td>30,000</td></tr>
<tr><td>X</td><td>60,000</td><td>Sundry Debtors</td><td>80,000</td></tr>
<tr><td>Y</td><td>1,00,000</td><td>Investments</td><td>70,000</td></tr>
<tr><td>Z</td><td>40,000</td><td>Furniture</td><td>35,000</td></tr>
<tr><td>General Reserve</td><td>50,000</td><td>Buildings</td><td>1,15,000</td></tr>
<tr><td></td><td>3,50,000</td><td></td><td>3,50,000</td></tr>
</table>
Z died on 30th September 2020 and the following was provided—
a) “Z” will be entitled to his share of profit upto the date of death based on last year’s profit.
b) Z’s share of Goodwill will be calculated on the basis of 3 years purchase of average profits of last four years . The profits of the last four years was as follows—
Year I – 80,000, Year II –Rs. 50,000 Year III – Rs. 40,000 and Year IV –Rs. 30,000
c) Interest on Capital was provided at 12% p.a.
d) Drawings of the deceased partner upto the date of death was Rs. 10,000.
e) Rs. 15,400 should be paid immediately to the executor of the deceased partner and the balance in four equal yearly installments with interest at 12% on remaining balance.
Prepare Z’s capital account and Z’s executors account till the account is finally closed.</td><td>6</td></tr>
</table>

HINT ANSWERS – WORKSHEET-9

Q1	**Answer:** A) Rs.12,000	1
Q2	**Answer:** B) Rs.105,000 (Rs.50,000 + Rs.15,000 + Rs.40,000)	
Q3	**Answer:** B) Rs.110,000 (Rs.80,000 + Rs.10,000 + Rs.20,000)	
Q4	**Answer: C) A is true, but R is false.** (*Explanation: The firm is reconstituted, not dissolved unless agreed otherwise. So R is incorrect.*)	
Q5	**Answer: C) A is true, but R is false.** (*Explanation: Profits are credited only up to the date of death, not for the full year.*)	
Q6	**Answer: C) A is true, but R is false.** (*Explanation: The executor is not automatically a partner; they are only entitled to the deceased partner's dues.*)	
Q7	**Answer: b) Capital Accounts (in gaining ratio)**	
Q8	**ANSWER** * C’s share = Rs.2,00,000 × 40% × 1/5 * \= Rs.2,00,000 × 0.40 × 0.20 = Rs.16,000 *C’s profit share: Rs.16,000* Profit and loss suspense A/c Dr. 16,000 To C’s Capital Account 16,000	3
Q9	*Answer:* 1. *Interest on Capital (for 3 months):* Rs.1,00,000 × 10% × 3/12 = Rs.2,500 2. *Share of Profit (C’s share = 3/10):* Rs.1,20,000 × 3/12 × 3/10 = Rs.9,000 3. *Share of Goodwill:* Rs.60,000 × 3/10 = Rs.18,000 4. *Capital A/c Balance:* Rs.1,00,000 *Total Amount to Executors’ A/c =* Rs.1,00,000 + Rs.2,500 + Rs.9,000 + Rs.18,000 = *Rs.1,29,500*	4
Q10	Z’s Capital Account	6

Z’s Capital Account

Particulars	Rs.	Particulars	Rs.
To Drawings	10,000	To Balance b/d	40,000
To Z’s Executor’s a/c	75,400	To General Reserve	10,000
		To Profit &Loss Suspense a/c	3,000
		To Interest on capital	2400
		To X’s Capital a/c	15,000
		To Y’s capital a/c	15,000
	85400		85400

Z’s Executor’s Account

Date	Particulars	Rs.	Date	Particulars	Rs.
30/09/07	Bank a/c	15400	30/09/07	Z’s Capital a/c	75400
			31/03/08	Interest on Loan	

31/03/08	Balance c/d	63600		(on Rs. 60,000@12% for 6 months)	3600
		79000			79000
30/09/08	Bank a/c (15000+ 7200)	22,200	1/04/08	Balance b/d	63600
31/03/09	Balance c/d	47,700	30/09/08	Interest on Loan(On Rs. 60,000 @ 12% for 6 months)	3600
			31/03/09	Interest on Loan(on Rs. 45000 @12% for 6 months)	2700
		69900			69900
30/09/09	Bank a/c (15000+5400)	20,400	1/04/09	Balance b/d	47,700
31/03/10	Balance c/d	31800	30/09/09	Interest on loan(on Rs. 45000 @ 12% for 6 months)	2700
			31/03/10	Interest on loan (on Rs. 30,000@12% for 6 months)	1800
		52200			52200
30/09/10	Bank a/c(15000 + 3600)	18600	1/4/10	Balance b/d	31800
31/03/11	Balance c/d	15900	30/09/10	Interest on loan(on Rs. 30,000 @12% for 6 months)	1800
			31/03/11	Interest on Loan(on Rs. 15000 @12% for 6 months)	900
		34500			34500
30/09/11	Bank a/c (15000+1800)	16800	1/04/11	Balance b/d	15900
			30/09/11	Interest on loan(on Rs. 15000 @12% for 6 months)	900
		16800			16800

WORKSHEET-10

CHAPTER: PARTNERSHIP

SUB TOPICS: DISSOLUTION OF PARTNERSHIP

Time allowed: 20 minutes Max. Marks-20

<table>
<tr><th>S.NO.</th><th>QUESTION</th><th>MARKS</th></tr>
<tr><td>Q1.</td><td>Assertion (A): Dissolution of the firm means the dissolution of the partnership between all the partners of the firm.
Reason (R): Dissolution of the firm means closure of business and therefore means dissolution of partnership also.
In the context of above two statements, which of the following option is correct?
(a) Assertion (A) and Reason (R) are correct but the reason (R) is not the correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason (R) are correct and Reason (R) are correct and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).
(c) Only Assertion (A) is correct.
(d) Assertion (A) is not correct but the Reason (R) is correct.</td><td>1 Mark</td></tr>
<tr><td>Q2.</td><td>Match the following: In case of Dissolution:
<table>
<tr><td>(i)</td><td>Death of the Partner</td><td>(a)</td><td>Compulsory Dissolution</td></tr>
<tr><td>(ii)</td><td>Unlawful business</td><td>(b)</td><td>Happening of an event</td></tr>
<tr><td>(iii)</td><td>Person of unsound mind</td><td>(c)</td><td>Mutual Agreement</td></tr>
<tr><td>(iv)</td><td>Dissolution with the consent of the partner</td><td>(d)</td><td>Dissolution by Court</td></tr>
</table></td><td>1 Mark</td></tr>
<tr><td>Q3.</td><td>At the time of dissolution of a partnership firm, a creditor worth ₹ 90,500 took away stock worth ₹ 77,775 in full settlement. Which of the following will be the accounting entry for the same:
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F</th><th>Dr.</th><th>Cr.</th></tr>
<tr><td>(a)</td><td>Realisation A/c Dr.
To Bank</td><td></td><td>90,500</td><td>
90,500</td></tr>
<tr><td>(b)</td><td>Realisation A/c Dr.
To Bank</td><td></td><td>77,775</td><td>
77,775</td></tr>
<tr><td>(c)</td><td>Creditor’s A/c Dr.
To Bank</td><td></td><td>77,775</td><td>
77,775</td></tr>
<tr><td>(d)</td><td>No Entry</td><td></td><td></td><td></td></tr>
</table></td><td>1 Mark</td></tr>
<tr><td>Q4.</td><td>At the time of dissolution Machinery appears at ₹ 10,00,000 and accumulated depreciation for the machinery appears at ₹ 6,00,000 in the balance sheet of a firm. This machine is taken over by a creditor of ₹ 5,40,000 at 5% below the net value. The balance amount of the creditor was paid through bank. By what amount should the bank account be credited for this transaction?
A. ₹ 60,000. B. ₹ 1,60,000. C. ₹ 5,40,000. D. ₹ 4,00,000.</td><td>1 Mark</td></tr>
<tr><td>Q5.</td><td>Give necessary journal entries for settlement of Partner’s Loan at the time of dissolution of firm under the following alternative cases:
Case 1. Loan from Mayank (a partner) ₹1,00,000, Mayank’s Capital</td><td>3 Mark</td></tr>
</table>

Account Credit Balance ₹40,000.
Case 2. Loan from Mayank (a partner) ₹1,00,000, Mayank's Capital Account Debit Balance ₹70,000
Case 3. Loan from Mayank (a partner) ₹1,00,000, Mayank's Capital Account Debit Balance ₹1,25,000.

Q6. Pass Journal Entries for the following transactions on dissolution of a firm of Partner's A and B. — 3 Mark

- (i) Z an old customer whose account for ₹10,000 was written off as bad debt in the previous year, paid 70% of the amount.
- (ii) A agreed to takeover firm's (Name) goodwill (not recorded in the books of a firm) at ₹50,000.
- (iii) There was an old computer which had been written off from the books. It was estimated to realise ₹5,000. It is taken by B a partner at the estimated price less 30%.

Q7. Lavanya and Priya were partners sharing profits in the ratio of 2:1. Pass journal entries for the following transactions at the time of dissolution of firm: — 4 Mark

- (i) Workmen Compensation Reserve stood at ₹1,50,000 in the Balance Sheet and there was no liability towards Workmen Compensation.
- (ii) Workmen Compensation Reserve stood at ₹1,50,000 in the Balance Sheet and liability in respect of it was ascertained at ₹90,000.
- (iii) Workmen Compensation Reserve stood at ₹1,50,000 in the Balance Sheet and liability in respect of it was ascertained at ₹1,50,000.

Workmen Compensation Reserve stood at ₹1,50,000 in the Balance Sheet and liability in respect of it was ascertained at ₹ 2,00,000.

Q8. Following is the Balance Sheet of A and B as on 31st March, 2024 who share profits and losses in the ratio of 3:2 — 6 Mark

Liabilities	**Amount**	**Assets**	**Amount**
Sundry Creditors	1,05,000	Cash at Bank	9,500
Loan by Mrs. A	25,000	Stock	30,000
Workmen Compensation Reserve	8,000	Debtors 55,500	
Bank Loan	50,000	Less: Provision for Doubtful debts 1,000	54,500
Loan by B	10,000	Investments	60,000
General Reserve	27,000	Plant and Machinery	80,000
Capital A/cs:		Building	61,000
A 30,000			
B 40,000	70,000		
	2,95,000		2,95,000

On the above date, the firm was dissolved and following arrangements were made:

- (i) A was to pay Loan by Mrs. A and took half of the Investments @ 10% discount.

	(ii) B took stock of book value ₹ 5,000 for ₹ 6,000 against his loan. (iii) Remaining Investments were sold at 10% discount. (iv) A and B agreed that B shall use the firm’s name for which he will pay ₹ 40,000. (v) Plant and Machinery realised ₹ 38,900 and Building realised ₹ 1,20,000. (vi) There was a car in the firm which was written off from the books. It was taken by A for ₹ 23,400. (vii) Creditors were paid 90% in settlement of their dues. (viii) Expenses of dissolution were ₹ 1,700. Prepare Realisation Account, Capital Accounts of Partners and Bank Account in the books of the firm.	

HINT ANSWERS – WORKSHEET-10

<table>
<tr><td>Ans1</td><td>(b) Both Assertion (A) and Reason (R) are correct and Reason (R) are correct and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).</td><td>1</td></tr>
<tr><td>Ans2</td><td>(i)b (ii) a (iii) d (iv) c</td><td>1</td></tr>
<tr><td>Ans3</td><td>(d) No Entry</td><td>1</td></tr>
<tr><td>Ans4</td><td>B. ₹ 1,60,000</td><td>1</td></tr>
<tr><td>Ans5</td><td>Case 1. Dr. Mayank’s Loan A/c and Cr. Bank A/c by 1,00,000
Case 2. Dr. Mayank’s Loan A/c 1,00,000 and Cr. Mayank’s Capital A/c by 70,000 & Bank A/c by 30,000
Case 3. Dr. Mayank’s Loan A/c 1,00,000 & Bank A/c by 25,000 and Cr. Mayank’s Capital A/c by 1,25,000</td><td>3</td></tr>
<tr><td>Ans6</td><td>(i) Dr. Bank A/c and Cr. Realisation A/c by 7,000
(ii) Dr. A’s Capital A/c and Cr. Realisation A/c by 50,000
(iii) Dr. B’s Capital A/c and Cr. Realisation A/c by 3,500</td><td>3</td></tr>
<tr><td>Ans7</td><td>
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F.</th><th>Dr.(₹)</th><th>Cr.(₹)</th></tr>
<tr><td>(i)</td><td>Workmen Compensation Reserve A/c Dr.
To Lavanya’s Capital A/c
To Priya’s Capital A/c
(Being Workmen Compensation Reserve transferred to Partner’s Capital Accounts in their profit-sharing ratio)</td><td></td><td>1,50,000</td><td>

1,00,000
50,000</td></tr>
<tr><td>(ii) a</td><td>Workmen Compensation Reserve A/c Dr.
To Realisation A/c
(Being Workmen Compensation Reserve to the extent of liability transferred to Realisation A/c)</td><td></td><td>90,000</td><td>
90,000</td></tr>
<tr><td>b)</td><td>Workmen Compensation Reserve A/c Dr.
To Lavanya’s Capital A/c
To Priya’s Capital A/c
(Surplus of Workmen Compensation Reserve transferred to Partner’s Capital Account in their profit-sharing ratio)</td><td></td><td>60,000</td><td>

40,000
20,000</td></tr>
<tr><td>c)</td><td>Realisation A/c Dr.
To Bank A/c
(Payment of liability on account of</td><td></td><td>90,000</td><td>
90,000</td></tr>
</table>
</td><td>4</td></tr>
</table>

		Workmen Compensation)				
	(iii) (a)	Workmen Compensation Reserve A/ c Dr. To Realisation A/c (Workmen Compensation Reserve transferred to Realisation Account)		1,50,000	1,50,000	
	(b)	Realisation A/c Dr. To Bank A/c (Payment of liability on Workmen Compensation)		1,50,000	1,50,000	
	(iv) (a)	Workmen Compensation Reserve A/c Dr. To Realisation A/c (Workmen Compensation Reserve transferred to Realisation Account)		1,50,000	1,50,000	
	(b)	Realisation A/c Dr. To Bank A/c) (Payment of liability on account of Workmen Compensation)		2,00,000	2,00,000	
Ans8	Realisation A/c: ₹ 86,100(gain) ; Capital A/c A: ₹ 51,660 Capital A/c B: ₹ 34,400 (Final Payment) ; Bank A/c ₹ 2,75,900					6

WORKSHEET-11

CHAPTER: PARTNERSHIP (*DISSOLUTION OF PARTNERSHIP)*

SUB TOPICS: TREATMENT OF REALIZATION EXPENSES

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	On payment of expenses of dissolution, account will be debited: (A) Realisation Account (B) Cash Account (C) Profit & Loss Account (D) None of the Above	1
2	P, a partner, is to bear all expenses of realisation for which he is to be paid ₹2,000. P had to pay realisation expenses of ₹2,500. How much amount will be debited to Realisation Account? (A) Rs500 (B)) Rs 2,500 (C)) Rs 4,500 (D)) Rs 2,000	1
3	On dissolution of a firm, a partner paid ₹700 for firm's realisation expenses. Which account will be debited? (A) Cash Account (B) Realisation Account (C) Capital Account of the Partner (D) Profit & Loss A/c	1
4	On taking responsibility of payment of realisation expenses by a partner, the account credited will be : (A) Realisation Account (B) Cash Account (C) Capital Account of the Partne (D) None of the Above	1
5	Pass necessary journal entries on the dissolution of a partnership firm in the following cases: Dissolution expenses were Rs.800. Dissolution expenses Rs.800 were paid by Prabhu, a partner. Geeta, a partner was appointed to look after the dissolution work, for which she was allowed a remuneration of Rs.10,000. Geeta agreed to bear the dissolution expenses. Actual dissolution expenses Rs.9,500 were paid by Geeta	3
6	(i) Realisation expenses amounted to ₹ 10 , 000. (ii) Realisation expenses of ₹ 5,000 were paid by the firm on behalf of Taran , a partner . (iii) Realisation expenses of ₹ 5,000 were paid by the firm on behalf of Madan , a partner .	3
7	Journalise	4

	1)A, B, and C are partners in a firm sharing profits in the ratio 2:2:1. The firm is dissolved. The Realisation Expenses amounted to ₹8,000 and were paid by partner B, who was to bear them. 2) X, Y, and Z are partners sharing profits in the ratio 4:3:3. The firm is dissolved. The Realisation Expenses of ₹15,000 are to be borne by Z. However, the firm pays these expenses. 3)P, Q, and R are partners sharing profits in the ratio of 5:3:2. The firm is dissolved. It was agreed that Q will bear the realisation expenses of ₹10,000. However, the amount was paid by P 4)A, B, and C are partners in the ratio 2:2:1. Realisation expenses of ₹5,000 were paid by the firm, though it was agreed that the same will be borne by all partners in their profit-sharing ratio.	
8	i)Pawan, a partner was paid remuneration (including expenses) of ₹ 20, 000 to carry out dissolution of the firm. Actual expenses were ₹ 10,000 (ii) Dissolution expenses were ₹ 8,000. Out of the said expenses, ₹ 3,000 were to be borne by the firm and the balance by Ravi, a partner. ₹ 8,000 are paid by the firm. (iii) Dissolution expenses were ₹ 8 ,000, ₹ 3,000 were to be borne by the firm and the balance by Rajib, a partner. The expenses were paid by the partner. (iv) Realisation expenses of ₹ 5,000 were to be borne and paid by Karan, a partner. (v) Manoj, a partner is to carry out dissolution of the firm at an agreed remuneration of ₹ 10,000. (vi) Dev, a partner is paid remuneration of ₹ 15,000 for dissolution of the firm. Realisation expenses of ₹ 8,000 are paid by the firm.	6

HINT ANSWERS – WORKSHEET-11

Q.N.	Answers	MARKS
1	A	1
2	D	1
3	B	1
4	C	1
5	(i) Dr. Realisation A/c and Cr. Bank A/c by ₹800 (ii) Dr. Realisation A/c and Cr. Prabhu's Capital A/c 800 (iii)Dr. Realisation A/c and Cr. Geeta's Capital A/c by 10,000	3
6	(iii) Dr. Realisation A/c and Cr. Bank A/c by Rs10000 (iv) Dr. Realisation A/c and Cr. T Capital A/c 5000 (v) (iii) Dr. M captialA/c and Bank A/c Cr. 5000	3
7	1)No Entry in the books. (Realisation expenses paid and borne by B personally — no effect on firm's books) 2) Z's Capital A/c Dr. ₹15,000 To Bank A/c ₹15,000 (Realisation expenses paid by firm but borne by Z) 3) Q's Capital A/c Dr. ₹10,000 To P's Capital A/c ₹10,000 (Realisation expenses borne by Q but paid by P) 4) A's Capital A/c Dr. ₹2,000 B's Capital A/c Dr. ₹2,000 C's Capital A/c Dr. ₹1,000 To Bank A/c ₹5,000	4
8	1)Dr. Realisation A/c 20000and Cr.P Capital A/c 20000 2) Dr. Realisation A/c3000 Rcapital A/c 8000 and Cr. T Capital A/c 8000 3)Dr. Realisation A/c 3000 and Cr.R Capital A/c 3000 4)No entry 5)Dr. Realisation A/c 10000 and Cr.M Capital A/c 10000 6)A)Dr. Realisation A/c 15000 and Cr.DCapital A/c 15000 B) Dr. Realisation A/c and Cr. Bank A/c by Rs8000	6

WORKSHEET-12

CHAPTER: ISSUE OF SHARES

SUB TOPICS: ISSUE OF SHARES FOR CASH

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	1. Assertion (A): A company can issue shares at a discount with the permission of the shareholders. Reasoning (R): Issuing shares at a discount reduces the company's capital. Which of the following options is correct? a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true.	1
2	2. Rahul invested in a company that issued 10,000 shares of ₹ 100 each at a premium of ₹ 20 per share. How much did Rahul pay for each share? a) 120 b) 100 c) 90 d) 110	1
3	When shares are issued at a price higher than their face value, it is called issue of shares at _________.	1
4	Amit applied for 1,000 shares of a company that issued 10,000 shares. However, the company received applications for 15,000 shares and decided to make pro rata allotment. How many shares will Amit get?	1
5	Y Ltd. issued 50,000 shares of ₹ 10 each at par. The company received applications for 60,000 shares. The company decided to allot shares pro-rata to all applicants. Calculate the number of shares to be allotted to an applicant who applied for 600 shares.	3
6	X Ltd. issued 1,00,000 shares of ₹ 10 each at par. However, the company received applications for only 80,000 shares. What are the implications of this under subscription?	3
7	X Ltd. issued 1,00,000 shares of ₹ 10 each at a premium of ₹ 2 per share. The company received applications for 1,20,000 shares. How would you deal with the excess application money?	4
8.	Ltd. issued 1,00,000 shares of ₹ 10 each at par. The company received applications for 1,20,000 shares. The directors decided to make pro rata allotment. The amount was payable as follows: - ₹ 2 on application - ₹ 3 on allotment - ₹ 5 on first and final call Pass the necessary journal entries in the books of X Ltd.	6

HINT ANSWERS – WORKSHEET-12

1. Answer:
b) Both A and R are true, but R is not the correct explanation of A.
Explanation: A company can issue shares at a discount with the permission of the shareholders, but the reason for this is not that it reduces the company's capital. Instead, it's because the Companies Act allows companies to issue shares at a discount under certain conditions.
2. Answer 120
3. Answer: premium
4. Answer: To calculate the number of shares Amit will get, we need to calculate the proportionate allotment.
Proportionate allotment = (Number of shares issued / Total number of shares applied for) x Number of shares applied for
= (10,000 / 15,000) x 1,000
= 666.67 shares (rounded to 667 shares, as shares can't be allotted in fractions)
These story-based questions assess the student's ability to apply the concepts of issue of shares to real-life scenarios.
5. Answer: Number of shares applied for = 600
Total number of shares applied for = 60,000
Total number of shares issued = 50,000
Proportionate allotment = (Number of shares issued / Total number of shares applied for) x Number of shares applied for
= (50,000 / 60,000) x 600 = 500 shares
The applicant will be allotted 500 shares.
Answer: The implications of under subscription are:
- The company may not be able to raise the desired amount of capital.
- The company's plans and projects may be affected due to insufficient funds.
- The company may have to reconsider its financial plans and strategies The company can either:
- Refund the application money to the applicants if the minimum subscription is not met.
- Proceed with the allotment of shares if the company decides to accept the reduced subscription.

7. Answer:
The company has received applications for 1,20,000 shares against the issue of 1,00,000 shares, resulting in over subscription of 20,000 shares.
The excess application money can be dealt with in the following ways:
- Refund the excess application money to the applicants
- Adjust the excess application money towards the allotment or call money
- Retain the excess application money and adjust it in future calls

8. 1. Application money received:
Bank A/c | Dr. | 2,40,000 | |
To Share Application A/c | | | 2,40,000 |
2. Adjustment of application money on pro rata allotment:
Share Application A/c Dr. 2,40,000
To Share Capital A/c 2,00,000
To ALLOTMENT 40,000
3. Allotment money due:
Share Allotment A/c Dr. 3,00,000
To Share Capital A/c 3,00,000

4. Allotment money received:
Bank A/c Dr. 260,000
To Share Allotment A/c 260,000
5. First and final call due:
Share First and Final Call A/cDr. 5,00,000
To Share Capital A/ 5,00,000 |
6. First and final call received:
Bank A/c | Dr. 5,00,000
|To Share First and Final Call A/c 5,00,000
These journal entries record the issue of shares, receipt of application money, allotment money, and first and final call money.

WORKSHEET-13

CHAPTER: ISSUE OF SHARES

SUB TOPICS: ISSUE OF SHARES AND DEBENTURES FOR CONSIDERATION OTHER THAN CASH

Time allowed: 20 minutes Max. Marks-20

<table>
<tr><th>S.NO.</th><th>QUESTION</th><th>MARKS</th></tr>
<tr><td>1</td><td>Ram Ltd. purchased and took over assets of ₹ 12,00,000 and liabilities of ‘1,50,000 of Shyam Ltd. for the purchase consideration of ‘8,80, 000. The purchase consideration was paid by the company by issuing its 17% Debentures of Rs.100 each at 10% premium. How many debentures will be issued to Shyam Ltd.by Ram Ltd.?
A) 12,000
B) 8,000
C) 8,800
D) 15,000</td><td>1</td></tr>
<tr><td>2</td><td>X Ltd. purchased machinery worth Rs 3,00,000 from M Ltd. by issuing 6,000 shares of Rs.10 each at a premium of Rs 40 per share. The amount of securities premium will be:
A) Rs 60,000
B) Rs 2,40,000
C) Rs 3,00,000
D) Rs 1,80,000</td><td>1</td></tr>
<tr><td>3</td><td>Assertion (A): When shares are issued at premium to vendors, the securities premium account is credited.
Reason (R): Securities Premium Account is a capital reserve and cannot be used for distribution of dividends.
Choose the correct option:
A) Both A and R are true, and R is the correct explanation of A.
B) Both A and R are true, but R is not the correct explanation of A.
C) A is true, but R is false.
D) A is false, but R is true.</td><td>1</td></tr>
<tr><td>4</td><td>Match the following:
<table>
<tr><th>Column-I</th><th>Column-II</th></tr>
<tr><td>i. Purchase consideration is more than net worth</td><td>a. Capital Reserve</td></tr>
<tr><td>ii. Purchase consideration is less than net worth</td><td>b. Vendor</td></tr>
<tr><td>iii. When Debentures are issued for consideration other than cash, account debited will be</td><td>c. Goodwill</td></tr>
</table>
Options:
A) i-c, ii-b, iii-a
B) i-c, ii-a, iii-b</td><td>1</td></tr>
</table>

	C) i-a, ii-c, iii-b D) i-a, ii-b, iii-c	
5	Statement (I): Shares can be issues for other than cash. Statement (II): Share can be issued at par, premium and discount in case of shares issued for other than cash. Choose the correct option: A) Both I and II are true. B) Both I and II are false. C) A is true, but R is false. D) A is false, but R is true.	1
6	M Ltd. purchased a building worth Rs 5,00,000 from Y Ltd. The company issued 4,000 equity shares of Rs 100 each at a premium of 10% and paid the balance by cheque. Pass necessary journal entries in the books of M Ltd.	3
7	A company acquired assets worth Rs 8,00,000 and liabilities worth Rs 2,00,000 from Z Ltd. The purchase consideration was settled by issuing 6,000 11% Debentures of Rs 100 each at Rs 120 per debenture. Pass necessary journal entries in the books of the purchasing company.	3
8	Bright Ltd. purchased the following assets and liabilities from Sun Ltd.: Plant: Rs 5,00,000 Furniture: Rs 1,50,000 Stock: Rs 2,50,000 Creditors: Rs 2,00,000 The purchase consideration was agreed at Rs 7,80,000 payable by issuing equity shares of Rs 10 each at par. Pass necessary journal entries in the books of Bright Ltd.	3
9	Star Ltd. acquired the following assets and liabilities from Moon Ltd.: Land: Rs6,00,000 Building: Rs10,00,000 Machinery: Rs4,00,000 Creditors: Rs3,00,000 The purchase consideration was agreed atRs17,00,000, payable by issuing equity shares of Rs10 each at a premium of Rs 5 per share. Pass necessary journal entries in the books of Star Ltd.	3
10	A company purchases equipment worth Rs.15,00,000 from Tech Supplies Ltd. and agrees to pay by issuing 12% debentures of Rs.100 each at a discount of 10%. Required: (i) Calculate the number of debentures to be issued. (ii) Pass the necessary journal entries for the issue.	3

HINT ANSWERS – WORKSHEET-13

Q1. C) ***Number of debentures*=1108,80,000=8,000 *debentures***

Q2. B) Rs.2,40,000

Q3. Answer: A) Both A and R are true, and R is the correct explanation of A.

Q4. When debentures are issued to vendors for purchase of assets, it is recorded under:

Answer: B) Issue of Debentures for Consideration Other Than Cash

Q5. C) A is true, but R is false.

Q6. Calculation:

Building A/c	Dr	5,00,000	
To Y Ltd. A/c			5,00,000

(Being building purchased from Y Ltd.)

Y Ltd. A/c	Dr	5,00,000	
To Share Capital A/c			4,00,000
To Securities Premium A/c			40,000
To Bank A/c			60,000

(Being amount due to Y Ltd. settled by shares and cheque)

Q7.

Assets A/c	Dr	8,00,000	
Goodwill A/c	Dr	1,20,000	
To Liabilities A/c			2,00,000
To Z Ltd. A/c			7,20,000

(Being assets and liabilities taken over)

Z Ltd. A/c	Dr	7,20,000	
To 11% Debentures A/c			6,00,000
To Securities Premium A/c			1,20,000

(Being purchase consideration settled by issue of debentures at premium)

Q8.

Plant A/c	Dr	5,00,000	
Furniture A/c	Dr	1,50,000	
Stock A/c	Dr	2,50,000	
Goodwill A/c	Dr	80,000	
To Creditors A/c			2,00,000
To Sun Ltd. A/c			7,80,000

(Being assets and liabilities taken over)

Sun Ltd. A/c	Dr	7,80,000	
To Share Capital A/c			7,80,000

(Being purchase consideration settled by issue of shares)

Q9.

Land A/c	Dr	6,00,000	
Building A/c	Dr	10,00,000	
Machinery A/c	Dr	4,00,000	
To Creditors A/c			3,00,000
To Moon Ltd. A/c			17,00,000

(Being assets and liabilities taken over)

Moon Ltd. A/c	Dr	17,00,000	
To Share Capital A/c			11,33,330
To Securities Premium A/c			5,66,670

(Being purchase consideration settled by issue of shares at premium)

Q10.

Equipment A/c	Dr	15,00,000	
Discount on Issue of Debentures A/c	Dr	1,66,670	
To 12% Debentures A/c			16,66,670

(Being debentures issued at 10% discount to acquire equipment)

WORKSHEET-14

CHAPTER: ISSUE OF SHARES

SUB TOPICS: FORFEITURE AND REISSUE OF SHARES.

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	AB Ltd. forfeited 7,000 equity shares of ₹ 100 each issued at a premium of 10% for non-payment of first and final call of ₹ 40 per share. The maximum amount of discount at which these shares can be reissued will be (a)₹2,80,000 (b)₹4,20,000 (c)₹4,90,000 (d) ₹ 3,50,000	1mark
2	Assertion: C ltd. forfeited 2,000 equity shares of ₹ 10 each on which it had received₹ 10,000. The company can reissue these forfeited shares at ₹ 4 per share. Reason: Forfeited shares cannot be issued at discount more than the amount received on these shares. a) Assertion and reason both are incorrect. b) Assertion and reason both are correct. c) Assertion is correct but the reason is incorrect. d) Assertion is incorrect but the reason is correct	1mark
3	PQR Ltd. had issued 10,000 Equity Shares of ₹ 10 each at a premium of ₹ 2. It had called the total issue price of the share. Few shareholders had not paid the First and Final Call of ₹ 3 and their shares were forfeited. On forfeiture, Share Capital Account will be debited by (a) ₹10 per share (b) ₹12 per share (c) ₹7 per share (d) ₹ 3 per share	1mark
4	ipla Ltd. issued 25,000 shares of Rs 30 each at par. If discount on reissue of forfeited shares is less than the amount forfeited, the surplus is transferred to (a) Capital Reserve (b) Reserve Capital (c) Securities Premium (d) Statement of Profit & Loss	1mark
5	ROSHAN Ltd. forfeited 10,000 shares of ₹ 10 each for non-payment of final call money of ₹ 3 per share. Out of forfeited shares, 7,000 shares were re-issued as fully paid-up. What is the minimum amount that company must collect at the time of reissue of the remaining 3,000 shares? (a) ₹ 21,000 (b) ₹ 9,000 (c) ₹ 16,000 (d) ₹ 30,000	1mark
6	JP Ltd issued 75,000 shares of Rs 20 each at par. Amount payable on the application Rs 4 per share, on allotment Rs 12 per share, on first call Rs 2 per share and on second call Rs 2 Per share. A was allotted 300 shares.	3marks

	If A failed to pay allotment money and on his subsequent failure to pay the first call, his shares were forfeited. The necessary journal entry relating to the forfeiture and reissue of shares.	
7	LOTUS Ltd. forfeited 100 shares of ₹ 100 each issued at 10% premium on which allotment money of ₹ 30 per share (including premium) and first call of ₹ 30 per share were not received and the second and final call of ₹ 20 per share was not yet called. 40 of these shares were re-issued as ₹ 80 paid-up for ₹ 70 per share.	3marks
8	A Ltd. forfeited 70,000 equity shares of ₹ 10 each, ₹ 10 called-up, for non-payment of final call of ₹ 3 per share. Half of the forfeited shares were reissued at ₹ 20 per share as Fully Paid-up. Pass the journal entries for forfeiture and reissue of shares.	3marks
9	Tree Ltd. had forfeited 5,000 Equity Shares of ₹ 10 each that were issued at a premium of ₹ 5 per share for non-payment of First and Final Call of ₹ 4 per share. The forfeited shares were reissued for ₹ 8 per share as fully paid-up. Pass necessary journal entries.	3marks
10	Rajesh who was allotted 400 equity shares of Rs 30 each by a company, failed to pay the final call of Rs 5 per share. These shares were forfeited and out of these 200 shares were re-issued to Deepak at Rs 15 per shares fully paid up. Pass journal entries and amount transferred to capital reserve account will be.	3marks

HINT ANSWERS – WORKSHEET-14

1-b,
2-d,
3-a,
4-a,
5a or 5-b,
6-forfeited shares-Rs3,00,000,
7-capital reserve- Rs800,
8 capital reserve245000,
9-capital reserve-200000,
10-capital reserve 2000

WORKSHEET-15

CHAPTER: ISSUE OF SHARES

SUB TOPICS: DISCLOSURE OF SHARE CAPITAL IN COMPANY'S BALANCE SHEET AND PRO-RATA ALLOTMENT OF SHARES

Time allowed: 20 minutes Max. Marks-20

<table>
<tr><th>S. NO.</th><th>QUESTION</th><th>MARKS</th></tr>
<tr><td>1</td><td>Assertion (A):
In case of pro-rata allotment of shares, if the number of shares applied exceeds the number of shares offered, only a portion of the shares applied for will be allotted to the applicants.
Reason (R):
The pro-rata allotment is done in a manner that ensures that all applicants receive shares in proportion to the number of shares applied for.
Options:
a) Both Assertion and Reason are correct, and the Reason is the correct explanation of the Assertion.
b) Both Assertion and Reason are correct, but the Reason is not the correct explanation of the Assertion.
c) Assertion is correct, but Reason is incorrect.
d) Assertion is incorrect, but Reason is correct.</td><td>1</td></tr>
<tr><td>2</td><td>Beta Ltd. issued 40,000 shares of ₹10 each, payable ₹3 on application, ₹4 on allotment, and ₹3 on first and final call. Applications were received for 60,000 shares, and allotment was made on a pro-rata basis. Mr. Verma applied for 1,800 shares. How many shares were allotted to Mr. Verma?

a) 1,800 shares b) 1200 shares
c) 1600 shares d) 1,500 shares</td><td>1</td></tr>
<tr><td>3</td><td>Match the following with respect to the disclosure of share capital in the company's balance sheet:
<table>
<tr><th>Column A</th><th>Column B</th></tr>
<tr><td>(1) Authorized Share Capital</td><td>(A) Represents the nominal value of the shares issued by the company.</td></tr>
<tr><td>(2) Issued Share Capital</td><td>(B) The maximum amount of capital that a company is allowed to raise as per its Memorandum of Association.</td></tr>
<tr><td>(3) Subscribed Share Capital</td><td>(C) The amount of capital raised by the company through the issuance of shares.</td></tr>
<tr><td>(4) Paid-up Share Capital</td><td>(D) The amount of share capital for which the shareholders have paid the amount, either in full or partly.</td></tr>
</table>

Options:
a) 1 - B, 2 - A, 3 - C, 4 – D b) 1 - A, 2 - B, 3 - D, 4 - C</td><td>1</td></tr>
</table>

	c) 1 - C, 2 - D, 3 - B, 4 – A d) 1 - B, 2 - D, 3 - A, 4 - C	
4	XYZ Ltd. has an authorised share capital of ₹10,00,000 divided into 1,00,000 equity shares of ₹10 each. The company issued 80,000 shares to the public, out of which applications were received for 75,000 shares. All shares were subscribed and fully paid-up. What will be the amount of subscribed and fully paid-up share capital? a) ₹10,00,000 b) ₹8,00,000 c) ₹7,50,000 b) ₹75,000	**1**
5	A company issued 40,000 equity shares of ₹10 each. Applications were received for 60,000 shares. Allotment was made on pro rata basis. A person who applied for 1,200 shares was allotted shares accordingly. Calculate: a) Number of shares allotted b) Amount adjusted towards allotment if application money was ₹3 per share c) Amount due on allotment if allotment money is ₹4 per share	**3**
6	From the following details, prepare the relevant part of the Balance Sheet of the company as per Schedule III of Co. Act, 2013: Authorized Capital: 1,00,000 Equity Shares of ₹10 each Issued Capital: 80,000 Equity Shares of ₹10 each Subscribed Capital: 70,000 Equity Shares of ₹10 each, fully called Amount received on 70,000 shares: ₹9 per share Calls in Arrears: ₹10,000	**3**
7	A Ltd. invited applications for 50,000 equity shares of ₹10 each at par. The company received applications for 75,000 shares. Allotment was made on a pro rata basis. Application money was ₹3 and allotment money was ₹4. Mr. X applied for 3,000 shares but failed to pay the allotment money on the allotted shares. Calculate: a) Number of shares allotted to Mr. X b) Amount adjusted from application to allotment c) Amount unpaid on allotment d) Amount transferred to Calls in Arrears	**4**
8	**X Ltd.** invited applications for **10,000 equity shares** of ₹10 each at a premium of ₹2 per share, payable as: • ₹4 on application, • ₹5 on allotment (including premium), • ₹3 on first and final call. Applications were received for **15,000 shares**. Shares were allotted on a **pro-rata basis** to the applicants of 12,000 shares. Excess application money was adjusted on allotment. Mr. Raj, who had applied for 600 shares, failed to pay the allotment and call money. His shares were forfeited after the call. **Pass the necessary journal entries** in the books of **X Ltd.**.	**6**

HINT ANSWERS – WORKSHEET-15

1.	a) Both Assertion and Reason are correct, and the Reason is the correct explanation of the Assertion.
2.	b) 1200 shares
3.	a) 1 - B, 2 - A, 3 - C, 4 - D
4.	c) ₹7,50,000 (75,000 shares × ₹10 each)
5.	a) Pro rata ratio = 40,000 / 60,000 = 2:3 Shares allotted = 1,200 × (2/3) = 800 shares b) Application money received = 1,200 × ₹3 = ₹3,600 Application money required for 800 shares = 800 × ₹3 = ₹2,400 Excess application money = ₹3,600 – ₹2,400 = ₹1,200 (adjusted towards allotment) c) Allotment money due = 800 × ₹4 = ₹3,200 Adjusted from application = ₹1,200 Balance due on allotment = ₹3,200 – ₹1,200 = ₹2,000
6.	Total share capital (Balance Sheet): ₹20,00,000
7.	Pro rata ratio = 50,000 : 75,000 = 2 : 3 Shares allotted = 3,000 × (2/3) = 2,000 shares a) 2,000 shares allotted b) Application money received = 3,000 × ₹3 = ₹9,000 Required for 2,000 shares = 2,000 × ₹3 = ₹6,000 Excess = ₹3,000 adjusted towards allotment c) Allotment due = 2,000 × ₹4 = ₹8,000 Adjusted from application = ₹3,000 Unpaid = ₹5,000 d) Calls in Arrears = ₹5,000

8.

Date	Particulars	L.F.	Dr (₹)	Cr (₹)
1	Bank A/c Dr.		60,000	
	To Share Application A/c			60,000
	(Being application money received for 15,000 shares @ ₹4 each)			
2	Share Application A/c Dr.		60,000	
	To Share Capital A/c		40,000	
	To Share Allotment A/c		20,000	
	(Being application money transferred: 10,000 shares @ ₹4 and excess adjusted towards allotment)			
3	Share Allotment A/c Dr.		50,000	
	To Share Capital A/c		30,000	
	To Securities Premium A/c		20,000	
	(Being allotment due on 10,000 shares @ ₹5 including ₹2 premium)			
4	Bank A/c Dr.		30,000	
	Calls-in-Arrears A/c Dr.		20,000	
	To Share Allotment A/c		50,000	
	(Being allotment money received; Mr. Raj failed to pay			

		for 400 shares allotted)	
	5	Share First & Final Call A/c Dr.	30,000
		To Share Capital A/c	30,000
		(Being call money due on 10,000 shares @ ₹3 each)	
	6	Bank A/c Dr.	28,800
		Calls-in-Arrears A/c Dr.	1,200
		To Share First & Final Call A/c	30,000
		(Being call money received; Mr. Raj did not pay on 400 shares)	
	7	Share Capital A/c Dr.	4,000
		Securities Premium A/c Dr.	800
		To Share Forfeiture A/c	1,600
		To Calls-in-Arrears A/c	3,200
		(Being 400 shares forfeited for non-payment)	

WORKSHEET-16

CHAPTER: ISSUE OF DEBENTURE

SUB TOPICS: ISSUE OF DEBENTURE AS COLLATERAL SECURITY

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
Q1	______ is a subsidiary or secondary or additional security besides the primary security when a company obtains a loan or overdraft from a bank or any other financial institution.	1 MARK
Q2	When debentures issued as collateral security is recorded in the books of accounts, _____ account is debited.	1 MARK
Q3	When 10,000 debentures of Rs100 each are issued as collateral security against a Bank loan of Rs8,00,000, the account debited is ___ by an amount of ____	1 MARK
Q4	On 1.4.2017, Z Ltd. obtained a loan of Rs1,00,000 from SBI and issued Rs1,00,000 8% debentures of Rs100 each as a collateral security. On 31 March 2020, Z Ltd. repaid the loan along with interest, the account debited for cancellation of 8% debentures as collateral security will be __	1 MARK
Q5	Raghuveer Limited issued Rs10,00,000, 8% debentures as follows to: (i) Sundry Subscribers for Cash at 90% Rs5,50,000 (ii) Vendor of Machinery for Rs2,00,000 in satisfaction of his claim Rs2,00,000 (iii) Bankers as Collateral Security for a bank loan worth Rs20,00,000 for which principal security is Business Premises worth Rs22,50,000. Rs2,50,000 The issue (i) and (ii) are redeemable after 5 years at 10% premium. Pass necessary journal entries in the above cases.	6 MARKS
Q6	Singh Limited obtained a loan of Rs5,00,000 from State Bank of India @ 10%p.a interest. The company issued Rs7,50,000, 10% debentures of Rs100 each, in favour of State Bank of India as collateral security. Pass necessary journal entries for the above transactions: (i) When company decided to record the issue of 10 % Debentures as collateral security. (ii) When company decided not to record the issue of 10% Debentures as collateral security.	3 MARKS
Q7	A company took a loan of Rs10,00,000 from Punjab National Bank and issued 10% debentures of Rs12,00,000 of Rs100 each as a collateral security along with primary security of plant and machinery worth Rs20,00,000. Explain how you will deal with the issue of debentures in the books of the company.	3 MARKS
Q8	Explain the two methods of recording debenture issued as collateral security with suitable journal entries and presentation in Balance Sheet.	4 marks

HINT ANSWERS – WORKSHEET-16

Answer 1
A collateral security
Answer 2
Debenture Suspense A/c
Answer 3
Debenture Suspense A/c, Rs10,00,000
Answer 4
8% Debentures Account
Answer 5
(I) Bank A/c Dr. 4,95,000
To 8% Debenture Application and Allotment A/c 4,95,000
(Being money received on issue of debentures)
8% Debenture Application and Allotment A/c Dr. 4,95,000
Loss on Issue of Debentures A/c Dr. 1,10,000
To 8% Debenture A/c 5,50,000
To Premium on Redemption of Debentures A/c 55,000
(Being debentures allotted at 10% discount, redeemable at 10% premium)
(ii) Machinery A/c Dr. 2,00,000
To Vendor's A/c 2,00,000
(Being machinery purchased)
Vendor's A/c Dr. 2,00,000
Loss on Issue of Debentures A/c Dr. 20,000
To 8% Debentures A/c 2,00,000
To Premium on Redemption of Debentures A/c 20,000
(Being debentures issued as purchase consideration, redeemable at 10% premium)
(iii) Bank A/c Dr. 20,00,000
To Bank Loan A/c 20,00,000
(Being loan from bank obtained)
Debenture Suspense A/c Dr.2,50,000
To 8% Debenture A/c 2,50,000
(Being 8% debentures issued as collateral security for obtaining bank loan)
Answer 6
Bank Account Dr. 5,00,000
To Bank Loan Account 5,00,000
(Being loan obtained from State Bank of India @ 10 % p.a. interest, against collateral security of 7,500 10 % debentures of Rs100 each)
Debenture Suspense Account Dr. 7,50,000
To 10% Debentures Account 7,50,000
(Being 10% Debentures issued as collateral security in favour of SBI)
Answer 7
First Method: No Entry in the books of accounts.
Balance Sheet as at ………………(an Extract)

Particulars	Note No.	Amount
I. EQUITY AND LIABILITIES 1. Non-Current Liabilities Long Term Borrowings	1	10,00,000

Notes to Accounts:
Particulars Details Amount

1. Long term borrowings
10,00,000
Loan from PNB
(Secured by issue of 12000, 10% debentures of Rs100 each as collateral security)
Second Method:
Debenture Suspense A/c Dr. 12,00,000
To 10% Debentures A/c 12,00,000
Balance Sheet as at ………………(an Extract)

Particulars	Note No.	Amount
II. EQUITY AND LIABILITIES 2. Non-Current Liabilities Long Term Borrowings	1	10,00,000

Notes to Accounts:
Particulars Details
Amount
1. Long term borrowings
10,00,000
Loan from PNB
12,000, 10% debentures of `100 each 12,00,000
Less: Debenture Suspense A/c (12,00,000)
Answer 8
Two Methods of recording:
(i) No entry Method
(ii) Journal entry method

WORKSHEET-17

CHAPTER: ISSUE OF DEBENTURE

SUB TOPICS: ISSUE OF DEBENTURE IN TERMS OF REDEMPTION

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1.	ABC ltd. issued 50,000, 12% debentures of ₹100 each at certain rate of discount and were to be redeemed at 10% premium. Exiting balance of Securities premium before issuing of these debentures was ₹13,00,000 and after writing off loss on issue of debentures, the balance in Securities Premium was ₹6,00,000. At what rate of discount these debentures were issued? A. 10% B. 5% C. 4% D. 13%	1
2	In case of debenture of Rs.10,000 are issued at par but redeemable at a premium of 10%, The premium payable is debited to A. Debenture suspense account B. Premium on redemption of debentures C. Loss on issue of debentures D. A & B both	1
3	A company issued 1000 7% Debentures of Rs 100 at 5% Discount and Repayable at 10 % Premium. What will be the amount of Loss on issue of Debentures A. ₹10,000 B. ₹ 20,000 C. ₹ 15,000 D. ₹ 30,000	1
4	Alexa Ltd. purchased building from Siri Ltd for ₹8,00,000. The consideration was paid by issue of 6%debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with: A. ₹10,40,000 B. ₹10,00,000 C. ₹9,60,000 D. ₹6,40,000	1
5	Pass the necessary journal entries for 'Issue of Debenture' for the following: A) Sohan Ltd. issued 7000, 12% Debentures of Rs 100 each at a discount of 5% redeemable at a premium of 10%. B) Mohan Ltd. issued 8000, 9% Debentures of Rs 100 each at a premium of 10 per debenture redeemable at a premium of ₹10 per Debenture.	4
6	On 1st April, 2022, Hellion Ltd. issued 10,000, 7% Debentures of ₹ 500 each at a premium of 10%, redeemable at a premium of 5% after five years. The company had a balance of ₹1,50,000 in the 'Securities Premium Account' before the issue.	6

	a) Pass necessary journal entries for issue of debentures and for writing off 'Loss on Issue of Debentures' utilizing Securities Premium Account at the end of the first year itself. (b) Prepare 'Loss on Issue of Debentures Account' for the year ended 31st March, 2023	
7	Pass necessary journal entries for issue of 12% debentures in the books of Ghanshyam Ltd. in the following cases: A) Issued 1,000, 12% debentures of ₹100 each at a premium of 10%, redeemable at a premium of 5%. B) Issued 5,000, 12% debentures of ₹100 each at a premium of 10%, redeemable at par. C) Issued 2,000, 12% debentures of ₹100 each at a discount of 5%, redeemable at premium of 10%	6

1. C
2. B
3. C
4. B
5. A) Loss on issue of debenture- ₹ 105000
   B) Loss on issue of debenture- ₹ 80000

6 Loss on issue of debenture after utilizing securities premium ₹ 100000

7 A. loss on issue of debenture ₹ 5000
B. loss on issue of debenture- Nil
C. loss on issue of debenture ₹ 30000

WORKSHEET-18

CHAPTER: ISSUE OF DEBENTURE

SUB TOPICS: INTEREST ON DEBENTURE AND DISCOUNT ON DEBENTURE

Time allowed: 20 minutes Max. Marks-20

Q.N.	QUESTION	MARKS
1	Statement-I. When a company issues debentures, it is under an obligation to pay interest thereon at fixed percentage. Statement-II. Interest on debenture is a charge against the profit of the company and must be paid whether the company has earned any profit or not. (a) Both statements are Correct. (b) Both statements are Wrong. (c) Statement (1) is correct but Statement (2) is Wrong. (d) Statement (1) is wrong but Statement (2) is correct.	1
2	Assertion (A): Discount or loss can be written-off from securities premium reserve [section 52(2)]. Reason (R): Discount or Loss on issue of debentures is a capital loss and is written-off in the year when debentures are issued. (a) Assertion (A) and Reason (R) are correct but the Reason (R) is not correct explanation of Assertion (A). (b)Assertion (A) and Reason (R) are correct and the Reason (R) is correct explanation of Assertion (A). (c)Only Assertion (A) is correct. (d)Both are correct	1
3	The payment of interest on debentures is a …………….. on the profits of the Company. (a) Appropriation. (b) Charge. (c) Both Charge and Appropriation. (d) None of these.	1
4	According to Income Tax Act, 1961, a company must deduct income tax at a prescribed rate from the interest payable on debentures if it exceeds the prescribed limit. It is called…………………………. and is to be deposited with the tax authorities. (a) Tax Deducted at Source. (b) Income Tax (c) Corporate Tax (d) Goods & Service Tax	1
5	Radha Ltd. has issued 50,000, 8% debentures of Rs. 100 each at a discount of 9% on July 1, 2024. The company has balance of Rs. 5,00,000 in securities premium reserve. Pass necessary journal entries for issue of debentures and to write-off discount/Loss on issue of debentures. The debentures are redeemable after 5 years at a premium of 7%.	3

<table>
<tr><td>6</td><td>Flexament Ltd. has issued 15,00,000, 9% debentures of Rs. 20 each at a discount of Rs. 6 per debenture on October 01, 2023. The company has a balance of Rs. 1,00,000 in securities premium reserve account on the same date.
Pass necessary journal entries for issue of debentures and to write off discount on issue of debentures.</td><td>3</td></tr>
<tr><td>7</td><td>Muskan Ltd. issued 10,000, 8% debentures of Rs.100 each of a discount of 10% redeemable of a premium of 10% on May 1, 2021. The issue was subscribed and amount was duly received. The company had balance of Rs.70,000 is securities premium reserve on that date.
On January 01, 2022, it issued 1,00,000, equity shares of Rs. 10 each at a premium of Rs. 1 per share. Issue was also fully subscribed.
Fill the amount of journal entries.
Journal Entries in the book of Amrit Transco Ltd.
<table>
<tr><th>Date</th><th>Particulars</th><th>LF</th><th>Amt. (Dr.)</th><th>Amt. (Cr)</th></tr>
<tr><td>May. 01, 2021</td><td>Bank A/c Dr.
To Debenture Appl. and Allot A/c
(Debenture application money received</td><td></td><td>9,00,000</td><td>9,00,000</td></tr>
<tr><td></td><td>Debenture Appl and Allot A/c. Dr.
Loss on Issue of Debenture A/c. Dr.
To 8% Debenture A/c
To Premium on Redemption of Debentures A/c
(Debenture allotment and Debenture application and Allotment amount transferred)</td><td></td><td>9,00,000
(a)</td><td>10,00,000
(b)</td></tr>
<tr><td>Jan. 1, 2022</td><td>Bank A/c. Dr.
To Share Appl and Allot A/c
(Share application money received)</td><td></td><td>11,00,000</td><td>11,00,000</td></tr>
<tr><td></td><td>Share Application and Allott A/c Dr.
To Share Capital A/c
To Securities Premium Reserve A/c
(Shares allotment and Application and Allot Account adjusted)</td><td></td><td>11,00,000</td><td>10,00,000
1,00,000</td></tr>
<tr><td>March 31, 2022</td><td>Securities Premium Reserve A/c Dr.
Statement of Profit and Loss Dr.
To Loss on Issue of Debentures A/c
(Loss on Issue of Debentures written off from Securities Premium Reserve to the extent of balance available, balance amount written off from Statement of Profit and Loss)</td><td></td><td>(c)
(d)</td><td>2,00,000</td></tr>
</table></td><td>4</td></tr>
<tr><td>8</td><td>Amrit Transco Ltd., issued 2,000, 10% debentures of Rs.100 each on April 01, 2023 at a discount of 10% redeemable at a premium of 10%.
Fill the amount of journal entries relating to the issue of debentures and debenture interest for the period ending March 31, 2024 assuming that interest was paid half yearly on September 30 and March 31 and tax deducted at source is 10%.
Journal Entries in the book of Amrit Transco Ltd.
<table>
<tr><th>Date</th><th>Particulars</th><th>LF</th><th>Amt. (Dr.)</th><th>Amt. (Cr)</th></tr>
</table></td><td>6</td></tr>
</table>

2023 Apr. 01,	Bank A/c Dr. To 10% Debenture Application & 1,80,000 Allotment A/c (Application money received on 2,000, 10% debentures)		(a)	1,80,000
	Allotment A/c Dr. Loss on Issue of Debenture A/c Dr. To 10% Debentures A/c To Premium on Redemption of Debentures A/c (Allotment of debentures at a discount of 10% and redeemable at a premium of 10%)		1,80,000 (b)	2,00,000 (c)
Sept.30	Debenture Interest A/c Dr. To Debenture holder's A/c To Income Tax Payable A/c (Interest due for 6 months and tax deducted at source)		10,000	(d) (e)
	Income Tax payable A/c Dr. Bank A/c (Tax deducted at source paid to the government		1,000	1000
	Debenture holder's A/c Dr. To Bank A/c 9,000 (Payment of interest)		9,000	9,000
March 31	Debenture Interest A/c Dr. To Debenture holder's A/c To Income Tax Payable A/c (Interest due for 6 months and tax deducted at source)		10,000	9,000 1,000
	Income Tax payable A/c Dr. Bank A/c (Tax deducted at source paid to the government		1,000	1000
	Debenture holders A/c Dr. To Bank A/c (Payment of interest)		9,000	9,000
	Statement of Profit and Loss Dr. To Debenture Interest A/c (Debenture interest transferred to profit and loss account)		(f)	(f)

HINT ANSWERS – WORKSHEET-18

<table>
<tr><td>1</td><td>(a) Both statements are Correct.</td><td>1</td></tr>
<tr><td>2</td><td>(b)Assertion (A) and Reason (R) are correct and the Reason (R) is correct explanation of Assertion (A).</td><td>1</td></tr>
<tr><td>3</td><td>(b) Charge.</td><td>1</td></tr>
<tr><td>4</td><td>(a) Tax Deducted at Source.</td><td>1</td></tr>
<tr><td>5</td><td>Journal Entries in the book of Radha Ltd.
<table>
<tr><th>Date</th><th>Particulars</th><th>Amt. (Dr.)</th><th>Amt. (Cr)</th></tr>
<tr><td>July 01, 2024</td><td>Bank A/c Dr.
To Debenture Application and Allot A/c
(Debenture application money received)</td><td>45,50,000</td><td>
45,50,000</td></tr>
<tr><td></td><td>Debenture Application and Allot. A/c Dr.
Loss on Issue of Debenture A/c Dr.
To 8% Debenture A/c
To Premium on Redemption of Debentures A/c
(Debenture application money transferred on allotment)</td><td>45,50,000
8,00,000</td><td>50,00,000
3,50,000</td></tr>
<tr><td></td><td>Securities Premium Reserve A/c Dr.
Statement of Profit and Loss Dr.
To Loss and Issue of Debentures A/c
(Loss and Issue of Debentures written-off)</td><td>5,00,000
3,00,000</td><td>8,00,000</td></tr>
</table>
</td><td>3</td></tr>
<tr><td>6</td><td>Journal Entries in the book of Radha Ltd.
<table>
<tr><th>Date</th><th>Particulars</th><th>Amt. (Dr.)</th><th>Amt. (Cr)</th></tr>
<tr><td>Oct. 01, 2023</td><td>Bank A/c Dr.
To Debenture Application and Allot A/c
(Debenture application money received)</td><td>14,10,000</td><td>
14,10,000</td></tr>
<tr><td></td><td>Debenture Appl. and Allot. A/c Dr.
Dis. on Issue of Debenture A/c Dr.
To 9% Debenture A/c
(Debenture application money transferred</td><td>14,10,000
90,000</td><td>15,00,000</td></tr>
<tr><td></td><td>Securities Premium Reserve A/c Dr.
To Dis. on Issue of Debenture A/c
(Discount on issue of debentures written-off)</td><td>90,000</td><td>90,000</td></tr>
</table>
</td><td>3</td></tr>
<tr><td>7</td><td>(a) 2,00,000
(b) 1,00,000
(c) 1,70,000
(d) 30,000</td><td>4</td></tr>
<tr><td>8</td><td>(a) 1,80,000.
(b) 40,000.
(c) 20,000
(d) 9,000
(e) 1,000
(f) 20,000</td><td>6</td></tr>
</table>

WORKSHEET-19

CHAPTER: FINANCIAL STATEMENTS OF A COMPANY

SUB TOPICS: HEADINGS AND SUBHEADINGS

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
Q1	10% Debentures (redeemable after 5 years) are classified as: A) Current Liabilities B) Short-term Borrowings C) Long-term Borrowings D) Reserves and Surplus	1
Q2	Preliminary Expenses are: A) Non-current Assets B) Deferred Revenue Expenses C) Not shown in revised Balance Sheet D) Intangible Assets	1
Q3	Under which sub- head is Provision for Tax shown? A) Short-term Provisions B) Long-term Provisions C) Other Current Liabilities D) Trade Payables	1
Q4	**Assertion (A):** Intangible Assets are the Assets which do not have physical existence. **Reason(R)** : Intangible Assets are shown under the head 'Current Assets' and sub head 'Other current Assets. A) Both (A) and (R) are true and (R) is the correct explanation of (A). B) Both (A) and (R) are true and (R) is not the correct explanation of (A). C) (A) is true, but (R) is false. D) (A) is false, but (R) is true.	1
Q5	**Assertion (A):** Contingent Liabilities are not the liabilities payable yet but may become liabilities when an event associated with it happens in future. **Reason(R):** Proposed Dividend is a contingent Liability because it will become a liability after the shareholders declare, i.e., approve it . A) Both (A) and (R) are true and (R) is the correct explanation of (A). B) Both (A) and (R) are true and (R) is not the correct explanation of (A). C) (A) is true, but (R) is false. D) (A) is false, but (R) is true.	1

Q6	Under which heads and subheads following are shown in a company's Balance Sheet: 1. Public Deposits 2. Prepaid Rent 3. Computer Software	3
Q. 7	Classify the following items under appropriate heads and sub-headings as per the format of the Balance Sheet of a company as per Schedule III of the Companies Act, 2013: 1. Trade Payables 2. Plant and Machinery 3. Securities Premium	3
Q8	State any three main heads under the equity and liabilities section of a company's Balance Sheet as per Schedule III of the Companies Act, 2013. Also, give one example of a sub-heading for each.	3
Q9	How are the following items shown while preparing Balance Sheet of a company? 1. Surplus i.e., Balance in Statement of profit & Loss (Dr.). 2. Interest accrued and due on Debentures. 3. Arrears of dividends on Cumulative Preference Shares.	3
Q10	From the given figures, calculate Total Revenue and Total Expenses: Revenue from Operations: ₹8,00,000 Other Income: ₹50,000 Employee Benefits: ₹2,00,000 Depreciation: ₹60,000 Other Expenses: ₹40,000	3

HINT ANSWERS – WORKSHEET-19

Ans.1	C) Long-term Borrowings	1
Ans.2	C) Not shown in revised Balance Sheet	1
Ans.3	A) Short-term Provisions	1
Ans.4	C) (A) is true, but (R) is false.	1
Ans.5	B) Both (A) and (R) are true and (R) is not the correct explanation of (A).	1
Ans.6	1. Public Deposits- Heads : Non Current Liabilities; Sub-heading: Long term borrowing 2. Prepaid Rent-Heads : Current Assets; Sub Heading: Other current Assets 3. Computer Software - Heads : Non Current Assets; Sub Headng: Property, Plant and equipment and intangible Assets-Intangible Assets	3
Ans.7	1. Trade Payables – Head: Current Liabilities | Sub-heading: Trade Payables 2. Plant and Machinery – Head: Non-Current Assets | Sub-heading: Property, Plant and Equipment 3. Securities Premium – Head: Shareholders' Funds | Sub-heading: Reserves and Surplus	3
Ans.8	The three main heads under equity and liabilities are: 1. Shareholders' Funds Example of sub-heading: Share Capital 2. Non-Current Liabilities Example of sub-heading: Long-Term Borrowings 3. Current Liabilities Example of sub-heading: Trade Payables	3
Ans.9	1. Surplus i.e., Balance in Statement of profit & Loss (Dr.)- Head: Shareholders' Fund; Sub-heading: Reserve and surplus (As negative amount. 2. Interest accrued and due on Debentures.: Head-Current Liabilities; Sub-heading Other Current Liabilities. 3. Arrears of dividends on Cumulative Preference Shares: As contingent liabilities and is disclosed in the Notes to Accounts.	3
Ans.10	Total Revenue = ₹8,00,000 + ₹50,000 = ₹8,50,000 Total Expenses = ₹2,00,000 + ₹60,000 + ₹40,000 = ₹3,00,000	3

WORKSHEET-20

CHAPTER: ANALYSIS OF FINANCIAL STATEMENT

SUB TOPICS: IMPORTANCE AND LIMITATIONS OF FINANCIAL STATEMENT ANALYSIS

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	Analysis of Financial Statements is useful and significant to different users. Which of the following users is particularly interested in the firm’s ability to meet their claims over a very short period of time? (A) Labour Unions (B) Trade Payables (C) Top Management (D) Finance Manager	1
2	Which of the following is a key limitation of financial statement analysis? (a) Provides a comprehensive view of future performance. (b) Ignores qualitative factors like management efficiency. (c) Always reflects real economic performance accurately. (d) Is a static snapshot in time, failing to capture long-term trends.	1
3	Financial statements, based on historical costs, fail to account for: (a) Current market values. (b) The effects of inflation. (c) The efficiency of management. (d) The impact of government regulations.	1
4	Which of the following statements is INCORRECT regarding the limitations of financial statement analysis? (a) Data manipulation can obscure the true financial position. (b) Analysis is always objective and free from personal bias. (c) Financial statements are a snapshot of the company's performance at a specific point in time. (d) Subjective accounting estimates can impact analysis accuracy.	1
5	Which of the following is NOT a limitation of financial statement analysis? (a) It's based on historical data. (b) It can be manipulated to portray a favorable picture. (c) It provides a complete view of the company's financial health. (d) It relies on subjective estimates.	1
6	____________ is not a limitation of financial statement analysis. (a) To measure the financial strength (b) Affected by window-dressing (c) Do not reflect changes in the price level (d) Lack of qualitative analysis	1
7	Which of the following can be called very important in terms of the financial statements? a) The report regarding ethics of the organization b) The list of holidays in the organization	1

<table>
<tr><td></td><td>c) Cash flow statement, balance sheet and the income statement
d) List of investors for the organization</td><td></td></tr>
<tr><td>8</td><td>Why is financial statement analysis essential for management?
A) To determine employee salaries
B) To evaluate marketing strategies
C) To make informed decisions about resource allocation and strategic planning
D) To predict competitor actions</td><td>1</td></tr>
<tr><td>9</td><td>What is the primary benefit of financial statement analysis for investors?
A) To determine the company's market share
B) To evaluate the company's management team
C) To assess the company's financial health and potential for returns
D) To predict future market trend</td><td>1</td></tr>
<tr><td>10</td><td>Financial statement analysis helps creditors to:
A) Determine the company's market value
B) Evaluate the company's product offerings
C) Assess the company's creditworthiness and ability to repay debts
D) Predict future industry trends</td><td>1</td></tr>
<tr><td>11</td><td>ABC Corporation is using financial statement analysis to compare its performance with its competitors in the industry. However, despite ABC's higher profitability, it is struggling with slow payments from customers, impacting its cash flow. The company has strong profit margins but relatively low cash reserves.
What limitations of financial statement analysis might ABC Corporation face in this scenario? How can these limitations affect the decision-making process?</td><td>3</td></tr>
<tr><td>12</td><td>MNO Ltd. is a public company that has recently issued new shares to raise capital for an acquisition. Investors are analyzing the company's financial statements to determine whether it's a good investment. The company has shown steady revenue growth but has high operating expenses and significant long-term debt.
Explain how financial statement analysis can help stakeholders assess a company's financial health and performance.</td><td>3</td></tr>
<tr><td>13</td><td>ABC Manufacturing Co. has reported the following figures for the past two years:
<table>
<tr><th>Item</th><th>Year 1 (₹)</th><th>Year 2 (₹)</th></tr>
<tr><td>Sales</td><td>10,00,000</td><td>12,00,000</td></tr>
<tr><td>Cost of Goods Sold</td><td>6,00,000</td><td>7,20,000</td></tr>
<tr><td>Gross Profit</td><td>4,00,000</td><td>4,80,000</td></tr>
<tr><td>Operating Expenses</td><td>2,00,000</td><td>2,40,000</td></tr>
<tr><td>Net Profit</td><td>1,00,000</td><td>1,20,000</td></tr>
</table>
How can vertical and horizontal analysis be used to assess ABC Manufacturing Co.'s performance over the two years?</td><td>4</td></tr>
</table>

HINT ANSWERS – WORKSHEET-20

HINTS					
1	(B)	2	(b)	3	(b)
4	(b)	5	(C)	6	(a)
7	(C)	8	(C)	9	(C)
10	(C)				
11	1. Historical Data: 2. Accounting Policies: 3. Manipulation: 4. Ignores Qualitative Factors: 5. Comparison Challenges: 6. Inflation and Price Changes				
12	1. Informed Decision-Making: 2. Financial Health Assessment: 3. Performance Evaluation: 4. Comparison and Benchmarking5. Risk Identification: 6. Creditworthiness Assessment: 7. Investment Decisions: 8. Management Decision-Making:				
13	In vertical analysis, each line item is expressed as a percentage of a base item (typically sales or total revenue). For example: • **Year 1:** Gross Profit = (4,00,000 / 10,00,000) × 100 = 40% Operating Expenses = (2,00,000 / 10,00,000) × 100 = 20% Net Profit = (1,00,000 / 10,00,000) × 100 = 10% • **Year 2:** Gross Profit = (4,80,000 / 12,00,000) × 100 = 40% Operating Expenses = (2,40,000 / 12,00,000) × 100 = 20% Net Profit = (1,20,000 / 12,00,000) × 100 = 10% Conclusion from Vertical Analysis: The relative proportions of each item (gross profit, operating expenses, and net profit) remain constant between Year 1 and Year 2, indicating stable performance in terms of cost management and profitability. In horizontal analysis, we analyze the changes in the figures over time, typically showing the absolute or percentage change from one period to another. The formula is: Percentage Change=Current Year−Base YearBase Year×100 For each item: • Sales: 12,00,000−10,00,00010,00,000×100=20 % increase • Cost of Goods Sold: 7,20,000−6,00,0006,00,000×100=20 % increase • Operating Expenses: 2,40,000−2,00,0002,00,000×100=20 % increase • Net Profit: 1,20,000−1,00,0001,00,000×100=20 % increase Conclusion from Horizontal Analysis: The company’s sales, costs, expenses, and net profit all increased by 20%, suggesting growth but no significant improvement in cost control or operational efficiency. The company maintained its performance but did not make any significant changes in profitability margins.				

WORKSHEET-21

CHAPTER: TOOLS OF FINANCIAL ANALYSIS

SUB TOPICS: COMPARATIVE AND COMMON SIZE STATEMENTS

Time allowed: 20 minutes Max. Marks-20

<table>
<tr><th>S.NO.</th><th>QUESTION</th><th>MARKS</th></tr>
<tr><td>1</td><td>One of the objectives of ‘financial statement analysis’ is to judge the ability of the firm to repay its debt and assessing the short-term as well as the long-term liquidity position of the firm. State two more objectives of this analysis.</td><td>1</td></tr>
<tr><td>2</td><td>Comparative financial analysis process shows the comparison between the items of which statement?
(a) Balance sheet
(b) Profit and loss statement
(c) Both (a) and (b)
(d) None of the above</td><td>1</td></tr>
<tr><td>3</td><td>The most commonly used tools for financial analysis are:
(a) Comparative Statements
(b) Common-size Statement
(c) Accounting Ratios
(d) All the above</td><td>1</td></tr>
<tr><td>4</td><td>A company’s shareholders fund was ₹8,00,000 in the year 2024. It becomes ₹12,00,000 in the year 2025. What is percentage of change?
(a) 100%
(b) 25%
(c) 50%
(d) 33.3%</td><td>1</td></tr>
<tr><td>5</td><td>From the following information prepare a comparative statement of profit & loss of Akash ltd.: -
<table>
<tr><th>Particulars</th><th>31.3.2023</th><th>31.3.2022</th></tr>
<tr><td>Revenue from operations</td><td>18,00,000</td><td>15,00,000</td></tr>
<tr><td>Cost of material consumed</td><td>14,00,000</td><td>11,00,000</td></tr>
<tr><td>Other expenses</td><td>12% of materials consumed</td><td>10% of materials consumed</td></tr>
<tr><td>Income tax</td><td>50%</td><td>40%</td></tr>
</table>
</td><td>4</td></tr>
</table>

6 From the following balance sheet, prepare the comparative balance sheet of Z Ltd. 4

Particular	31st March,2024 (₹)	31st March,2025 (₹)
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2,00,000	3,00,000
Reserves and Surplus	2,00,000	2,00,000
Non-Current Liabilities		
Long Term Borrowings	40,000	1,60,000
Current liabilities		
Trade payables	60,000	1,00,000
Total	5,60,000	7,60,000
ASSETS		
Non-Current Assets		
Fixed Assets	3,60,000	5,60,000
Non-Current Investment	40,000	40,000
Current Assets		
Trade Receivables	1,00,000	1,60,000
Total	5,60,000	7,60,000

7 From the following information prepare common size statement. 4

Particulars	Absolute Figures	
	2024	2025
Revenue from Operation	10,00,000	12,50,000
Expenses		
a. Purchase of stock-in-trade	7,20,000	8,70,000
b. Change in inventories of stock-in-trade		
c. Depreciation and amortization	30,000	(20,000)
d. other expenses	20,000	30,000
Total expenses	30,000	50,000
	8,00,000	9,30,000

8 From the following information, prepare a Comparative Statement of Profit & Loss: 4

Particular	31.03.2025	31.03.2024
Revenue from Operation	75,00,000	60,00,000
Other Incomes	1,20,000	1,50,000
Expenses	50,60,000	44,00,000
Income Tax	40%	35%

HINT ANSWERS – WORKSHEET-21

1.To compare the intra-firm position, inter-firm position and pattern position within the industry.
To measure the operating efficiency and profitability of the enterprise.
2.(c) Both (a) and (b)
3.(d) All the above
4.(c) 50%

WORKSHEET-22

CHAPTER: ACCOUNTING RATIOS

SUB TOPICS: LIQUIDITY AND SOLVENCY RATIOS

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1.	**Assertion (A):** Ratio analysis helps to simplify accounting information for various users. **Reason (R):** Various types of ratios help to make comparative analysis. Options: a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true.	1
2.	When Current Ratio is 4: 1, Current Assets are Rs.60,000andQuick Ratio is 2.5: 1, the amount of 'Inventory' will be: a) Rs.22,500 b) Rs.37,500 c) Rs.15,000 d) Rs.25,000	1
3.	**Assertion (A):** Total Assets to debt ratio indicates the operating efficiency of business. **Reason (R):**It is calculated to estimate the firm's ability to pay long term debts. Options: a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true	1
4.	What will be the impact of issuing Rs 5, 00,000 equity shares to vendor for building purchased on the debt and equity of X ltd? a) Debt will increase and equity will decrease. b) Debt will remain same and equity will increase. c) Debt will decrease and equity will decrease. d) Debt will remain same and equity will increase.	1
5.	Which of the following are included in traditional a classification of ratios? (i)Liquidity ratios. (ii)Statement of profit and loss ratios. (iii) Balance sheet ratios. (iv) Profitability ratios. (v) Composite ratios (vi) Solvency ratios.	1

	Codes: (a) (ii), (iii) and (v) (b) (i), (iv) and (vi) (c) (i), (ii) and (vi) (d) All (i), (ii), (iii), (iv), (v), (vi)	
6.	The ……………. of a business firm is measured by its ability to satisfy its short-term obligations as they become due a) Activity b) Liquidity c) Debt d) Profitability	1
7.	The current ratio of a company is 2.5:1. Which of the following transactions would improve, reduce and not change it: (i) Purchase of goods on credit. (ii) Sale of goods costing 10,000 for 12,000 on credit. (iii) Selling a fixed asset at loss.	3
8.	Calculate Proprietary Ratio, if Total assets to Debt ratio is 2:1. Debt is 5,00,000. Equity Share Capital is 0.5 times of debt. Preference Share Capital is 25% of Equity Share Capital Net profit before tax is 10,00,000 Rate of tax is 40%	3
9.	Assuming that the Debt Equity Ratio is 2. State giving reasons whether this ratio would increase, decrease or remain unchanged in the following cases: a) Purchased of fixed asset on a credit of 2 months b) Purchased of fixed asset on a long-term deferred payment basis c) Issue of new shares for cash d) Issue of bonus shares	4
10.	A) Vardhman Ltd has a term – loan of Rs 20, 00,000. Interest on the loan for the year is Rs2, 50,000 and its profit before interest and tax is Rs 10, 00,000. Calculate interest coverage ratio. B) Calculate debt equity ratio from the following information. Total Assets Rs 3, 50,000 Total debt Rs 2, 50,000 and current liabilities Rs 80,000	4

HINT ANSWERS – WORKSHEET-22

1.	a) Both A and R are true, and R is the correct explanation of A.
2.	a) Rs 22,500
3.	d) A is false, but R is true
4.	b) Debt will remain same and equity will increase.
5.	(a) (ii), (iii) and (v)
6.	b) Liquidity
7.	(i)Reduce (ii)Improve (iii)Improve
8.	0.912:1
9.	a) No Change b) Increase c) Decrease d) No Change
10.	a) Interest Coverage Ratio: 4 times b) Debt Equity: 1.7:1

WORKSHEET-23

CHAPTER: ACCOUNTING RATIOS

SUB TOPICS: ACTIVITY RATIOS & PROFITABILITY RATIOS

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1.	The current year's Net Profit after Tax is ₹ 4,00,000 and Shareholders' Equity is ₹ 20,00,000. The Return on Equity (ROE) is: (a) 10% (b) 15% (c) 20% (d) 25%	1
2.	On the basis of the following information received from a firm, its Debt-Equity Ratio will be: Equity Share Capital Rs.5,80,000; Reserve Fund Rs.4,30,000; Preliminary Expenses Rs.40,000; Long term Debts Rs. 1,28,900; Debentures Rs.2,30,000. (a) 0.42:1 (b) 0.53:1 (c) 0.63:1 (d) 0.37:1	1
3.	If Credit Sales are ₹12,00,000 and Average Debtors are ₹2,00,000, the Debtors Turnover Ratio is: (a) 4 times (b) 5 times (c) 6 times (d) 8 times	1
4.	Assertion (A): Net Profit Ratio indicates the profitability of a business. Reason (R): It establishes a relationship between Net Profit and Total Assets. (a) Both A and R are true, and R is the correct explanation of A (b) Both A and R are true, but R is not the correct explanation of A (c) A is true, but R is false (d) A is false, but R is true	1
5.	Assertion (A): A low Debtors Turnover Ratio implies efficient collection from customers. Reason (R): The company is recovering receivables quickly. a) Both A and R are true, and R is the correct explanation of A. b) Both A and R are true, but R is not the correct explanation of A. c) A is true, but R is false. d) A is false, but R is true.	1

6.	Net Profit before Interest and Tax = ₹80,000 Shareholders’ Funds = ₹3,00,000 Long term loan - ₹1,00,000 Calculate Return on Investment.	1
7.	The following information is available for Smart Ltd.: Net Sales = ₹12,00,000 Gross Profit = ₹3,00,000 Average Inventory = ₹2,00,000 Cost of Goods Sold = ₹9,00,000 Calculate: (a) Gross Profit Ratio (b) Inventory Turnover Ratio	3
8.	From the following information, calculate Trade Receivables Turnover Ratio: Credit Revenue from Operations = ₹12,00,000 Opening Trade Receivables = ₹80,000 Closing Trade Receivables = ₹1,20,000	3
9.	Given the following information: Revenue from Operations ₹3,40,000 Cost of Revenue from Operations ₹1,20,000 Selling expenses ₹80,000 Administrative Expenses ₹40,000 Calculate Gross profit ratio and Operating ratio.	4
10.	Given the following information: Total Revenue from Operations ₹ 5,20,000; Cash Revenue from Operations 60% of the Credit Revenue from Operations, Closing Trade Receivables ₹ 80,000, Opening Trade Receivables are 3/4th of Closing Trade Receivables.	4

HINT ANSWERS – WORKSHEET-23

1.	c) 20% (₹4,00,000 ÷ ₹20,00,000) × 100 = 20%
2.	D
3.	**6 times** ₹12,00,000 ÷ ₹2,00,000 = **6 times**
4.	c) A is true, but R is false
5.	d)
6.	ROI = (80,000 / 4,00,000) × 100 = 20%
7.	(a) Gross Profit Ratio = (Gross Profit / Net Sales) × 100 = (3,00,000 / 12,00,000) × 100 = 25% (b) Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory = 9,00,000 / 2,00,000 = 4.5 times
8.	Average Trade Receivables = (Opening + Closing Trade Receivables) ÷ 2 = (₹80,000 + ₹1,20,000) ÷ 2 = ₹1,00,000 Trade Receivables Turnover Ratio = Credit Revenue from Operations ÷ Average Trade Receivables = ₹12,00,000 ÷ ₹1,00,000 = 12 times
9.	Gross Profit ratio = 64.71% Operating Ratio = 70.59%
10.	Trade Receivables Turnover Ratio : 4.64 Times.]

WORKSHEET-24

CHAPTER: CASH FLOW STATEMENT

SUB TOPICS: CFS- MEANING & CLASSIFICATION OF ACTIVITIES

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	Cash flow statement is one of the tools of financial analysis. What is the primary purpose of preparing cash flow statement? (A)To show the profitability of the business (B)To show the inflow and outflow of cash (C)To show the equity of the company (D)To show the total assets of the company	1
2	In a cash flow statement, which of the following is classified under financing activities? (A)Dividends paid (B) Interest received (C) Rent paid (D) Cash sales	1
3	A positive cash flow from financing activities indicates that the company is doing what? (A)Paying off debts (B)Raising funds through loans or equity (C)Making profits from sales (D)Reducing operating cost	1
4	Paid Rs.4,00,000 to acquire shares in R.Y. Ltd. and received a dividend of Rs.40,000 after acquisition. These transactions will result in: (A) Cash generated from investing activities Rs.4,00,000 (B) Cash generated from financing activitiesRs.4,00,000. (C) Cash used in investing activities Rs.3,60,000. (D) Cash generated from financing activities Rs.360,000	1
5	Cash flow statement is the statement of inflows and outflows of cash and cash equivalents. In the light of the given statement, explain the terms – cash, cash equivalents and cash flows.	3
6	Mevo Ltd a financial enterprise had advanced a loan of Rs. 3,00,000, invested Rs. 6,00,000 in shares of the other companies and purchased machinery for Rs. 9,00,000. It received divided of Rs. 70,000 on investment in shares. The company sold an old machine of the book value of Rs. 79,000 at a loss of Rs. 10,000. Compute cash flows investing activities.	3
7	K Ltd a manufacturing company obtained a loan of Rs. 6,00,000, advanced a loan of Rs. 1,00,000 and purchased machinery for Rs.	4

<table>
<tr><td></td><td>5,00,000. Calculate the amount of cash flow from financing and investing activities.</td><td></td></tr>
<tr><td>8</td><td>Given is the information of Gagan Ltd.
<table>
<tr><th>Particulars</th><th>Closing Balance (Rs.)</th><th>Opening Balance (Rs.)</th></tr>
<tr><td>Machinery</td><td>840000</td><td>800000</td></tr>
<tr><td>Accumulated Depreciation</td><td>220000</td><td>200000</td></tr>
<tr><td>Patents</td><td>320000</td><td>560000</td></tr>
</table>
ADDITIONAL INFORMATION
1. During the year, a machine costing Rs.80000, accumulated depreciation Rs.48000 was sold for Rs.40000.
2. Patents were written off to the extent of Rs.80000 and some patents were sold at a profit of Rs.40000.
From the above information calculate the following.
(a) Machine purchased during the year
(b) Depreciation Charged during the year
(c) Amount if sale of patents
(d) Cash flow from investing activity</td><td>6</td></tr>
</table>

HINT ANSWERS – WORKSHEET-24

<table>
<tr><td>1</td><td>(B)To show the inflow and outflow of cash</td><td>1</td></tr>
<tr><td>2</td><td>B) Interest received</td><td>1</td></tr>
<tr><td>3</td><td>(B)Raising funds through loans or equity</td><td>1</td></tr>
<tr><td>4</td><td>(C) Cash used in investing activities Rs.3,60,000.</td><td>1</td></tr>
<tr><td>5</td><td>Cash comprises cash in hand and demand deposits with banks.
Cash equivalents are short-term highly liquid investments that can be easily convertible into known amount of cash and which are subject to an insignificant risk of change in value.
Cash flows are the transactions resulting in the inflows and outflows of cash and Cash equivalents over a period of time.</td><td>3</td></tr>
<tr><td>6</td><td>Calculation of Cash Flow from Investing Activities
<table>
<tr><td>Particulars</td><td>Amount (Rs.)</td></tr>
<tr><td>Purchase of Machinery</td><td>(9,00,000)</td></tr>
<tr><td>Sale of Machinery</td><td>69,000</td></tr>
<tr><td>Purchase of Investments</td><td>(6,00,000)</td></tr>
<tr><td>Cash used in Investing Activities</td><td>14,31,000</td></tr>
</table></td><td>3</td></tr>
<tr><td>7</td><td>Cash Flow from Investing Activities
<table>
<tr><td>Particulars</td><td>Amt (Rs.)</td></tr>
<tr><td>Loan Given</td><td>(1,00,000)</td></tr>
<tr><td>Purchase of Machinery</td><td>(5,00,000)</td></tr>
<tr><td>Cash used in Investing Activity</td><td>(6,00,000)</td></tr>
</table>
Cash Flow from Financing Activities
<table>
<tr><td>Particulars</td><td>Amt (Rs.)</td></tr>
<tr><td>Loan Given</td><td>6,00,000</td></tr>
<tr><td>Cash Flow from Financing Activity</td><td>6,00,000</td></tr>
</table></td><td>4</td></tr>
<tr><td>8</td><td>CASH FLOW FROM INVESTING ACTIVITY
<table>
<tr><td>Particulars</td><td>Amt (Rs.)</td></tr>
<tr><td>Proceeds from sale of machinery</td><td>40,000</td></tr>
<tr><td>Payment on Purchase of Machinery</td><td>(1,20,000)</td></tr>
<tr><td>Proceeds from Sale of Patents</td><td>2,00,000</td></tr>
<tr><td>Cash Flow From Investing Activity</td><td>1,20,000</td></tr>
</table></td><td>6</td></tr>
</table>

WORKSHEET-25

CHAPTER: CASH FLOW STATEMENT

SUB TOPICS: CFS- PEPARATION OF CASH FLOW STATEMENT

Time allowed: 20 minutes Max. Marks-20

S.NO.	QUESTION	MARKS
1	While computing cash from operating activities, which of the following items will be added to the net profit? (i) Decrease in value of inventory (ii) Increase in share capital (iii) Increase in the value of trade receivables (iv) Increase in the amount of outstanding expenses A. Only (i) B. Only (i) and (ii) C. Only (i) and (iii) D. Only (i) and (iv)	1
2	Which of the following statements is correct? A. Investments in shares are excluded from cash equivalents unless they are in, substance, cash equivalents. B. Short-term marketable securities which can be readily converted into cash are not treated as cash equivalents C. In case of a financial enterprise, interest received, and dividend received are classified as investing activities while dividend paid and interest paid on debentures are operating activities. D. Provision for tax made during the year should be classified as an outflow from operating activity.	1
3	Insurance Claim received by Albert Co. Ltd. of ₹ 5,00,000 for Loss of Machinery due to theft will be recorded in Cash Flow Statement in which of the following manner? a) Added under Operating Activities as Extraordinary Item and Subtracted from Operating Activities also. b) Subtracted under Operating Activities as Extraordinary Item and Added to Operating Activities also. c) Added under Operating Activities as Extraordinary Item and Outflow under Investing Activity also. d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also.	1
4	A company issued 20,000; 9% Debentures of ₹ 100 each at 10% Discount. These debentures were to be redeemed at 15% Premium at the end of 5 years. The balance in Securities Premium Account as on the date of Issue was ₹ 3,70,000. How this transaction will be reflected in Cash Flow Statement? a) Added ₹ 1,30,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 20,00,000 under Financing Activities. b) Added ₹ 5,00,000 under Operating Activities as Loss on Issue of	1

<table>
<tr><td></td><td>Debentures written off and Inflow of ₹ 18,00,000 under Financing Activities.
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.
d) Added ₹ 5,00,000 under Operating Activities as Loss on Issue of Debentures written off and Inflow of ₹ 20,00,000 under Financing Activities.</td><td></td></tr>
<tr><td>5</td><td>M/s Mevo and Sons, a bamboo pens producing company, purchased a machinery for ₹ 9,00,000. It received dividend of ₹ 70,000 on investment in shares. The company also sold an old machine of the book value of ₹79,000 at a loss of ₹ 10,000. Compute Cash flow from Investing Activities.</td><td>1</td></tr>
<tr><td>6</td><td>Statement I:- Sale of Marketable Securities will result in no flow of Cash.
Statement II:- Debentures issued as collateral security will result in an inflow of cash.
A. Both Statements are correct.
B. Both Statements are incorrect.
C. Statement I is correct and Statement II is incorrect.
D. Statement I is incorrect and Statement II is correct.</td><td>1</td></tr>
<tr><td>7</td><td>What will be the effect of issue of Bonus shares on Cash Flow Statement?
A. No effect
B. Inflow in Financing Activity
C. Inflow in Operating activity
D. Inflow in Investing Activity</td><td>1</td></tr>
<tr><td>8</td><td>While preparing Cash Flow Statement, match the following activities
I. Payment of cash to acquire Debenture by an Investing Company a Financing activity
II. Purchase of Goodwill b. Investing Activity
III. Dividend paid by manufacturing company c. Operating activity</td><td>1</td></tr>
<tr><td>9</td><td>From the following information calculate the Cash from Investing Activities
<table>
<tr><th>Particulars</th><th>31.3.2023</th><th>31.3.2024</th></tr>
<tr><td>Machinery (Cost)</td><td>20,00,000</td><td>28,00,000</td></tr>
<tr><td>Accumulated Depreciation</td><td>4,00,000</td><td>6,50,000</td></tr>
</table>
Additional Information:-
(i) Machinery costing ₹ 50,000 (Book Value ₹ 40,000) was lost by fire and insurance claim of ₹ 32,000 was received.
(ii) Depreciation charged during the year was ₹ 3,50,000.
(iii)A part of Machinery costing ₹ 2,50,000 was sold at a loss of ₹ 20,000.</td><td>3</td></tr>
<tr><td>10</td><td>From the following information, calculate Cash Flow from Operating Activities:
Net Profit before Tax and Extraordinary Items: ₹2,00,000
Depreciation: ₹30,000
Increase in Current Assets: ₹20,000
Decrease in Current Liabilities: ₹10,000</td><td>3</td></tr>
</table>

	Income Tax Paid: ₹40,000	
11	Prepare a Cash Flow Statement from the following Balance Sheets of Arya Ltd.:	6

Particulars	Note No.	31.3.2023(₹)	31.3.2022(₹)
I. Equity and Liabilities:			
(1) Shareholders Funds:			
a) Share Capital		10,00,000	8,00,000
b) Reserves and Surplus		6,40,000	5,40,000
(2) Non-Current Liabilities:			
Long-term Borrowings		1,50,000	1,00,000
(3) Current Liabilities:			
a) Trade Payables		30,000	12,000
b) Short-term Provisions		30,000	28,000
TOTAL		**18,50,000**	**14,80,000**
II. Assets:			
(1) Non-Current Assets:			
a) Property, Plant and equipment and intangible assets:			
Property, Plant and Equipment		7,75,000	4,90,000
b) Non-current Investments		90,000	50,000
(2) Current Assets			
a) Inventory		6,20,000	4,13,000
b) Trade receivables		3,20,000	4,94,000
c) Cash & Cash Equivalents		45,000	33,000
TOTAL		**18,50,000**	**14,80,000**

HINT ANSWERS – WORKSHEET-25

Ans 1. D - Only (i) and (iv)
Ans 2. A - Investments in shares are excluded from cash equivalents unless they are in substantial cash equivalents.
Ans 3. d) Subtracted under Operating Activities as Extraordinary Item and Inflow under Investing Activities also.
Ans 4. 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.
Ans 5. Net Cash outflow from Investing Activities (7,51,000)
Ans 6. C. Statement I is correct and Statement II is incorrect. Ans 7. A. No effect
Ans 8. I-c; II- b; III- a Ans 9. Cash Outflow from Investing Activities (9,28,000)
Ans 10. Cash from Operating Activities 160000
Ans 11. Cash from Operating Activities 2,07,000
Cash from Investing Activities (4,35,000)
Cash from Financing Activities 2,40,000