

## PART – A

### I. Choose the correct answer from the choices given:

1. B) Two persons
2. B) 3:1
3. A) ₹ 70,000
4. D) 12 months
5. B) Horizontal analysis

### II. Fill in the blanks.

6. Remain fixed
7. Death
8. Creditors
9. Capital Reserve
10. Inflows and outflows

### III. Match the following:

11. a) ii
- b) iv
- c) v
- d) iii
- e) i

### IV. Answer the following questions in one word or one sentence each :

12. with the consent of all the partners
13. False
14. The Business is Terminated & The Business of the firm is closed.
15. Inventory / Debtors / Cash
16. Earning Per Share

## PART-B

### V. Answer any three of the following. Each question carries 2 marks: (R)

17. a. Name and Address of the firm
  - b. Name and address of all the partners
  - c. Profit and loss sharing ratio
18. Partner's Capital A/C                      Dr  
    To Realisation A/C  
( asset taken over by the partner )
19. When share holder fails to pay the amount due on allotment or on any of the calls, such amount is known as calls in arrears.
  20. Financial Statements are the basic and formal annual reports through which the corporate management communicates financial information to its owners and other external parties.

21. a. Helpful in planning and co-ordination  
 b. Helpful in control  
 c. Useful in internal financial management

### PART-C

**VI. Answer any three questions. Each question carries 6 Marks:**

22. Calculation of interest on Meena's drawings under product Method

Date	Amount ₹	Period (in months)	Product
30.06.2022	4,000	9	36,000
01.11.2022	12,000	5	60,000
31.12.2022	8,000	3	24,000
01.02.2023	4,000	2	8,000
		Total Product	1,28,000

**Interest on Drawings = Total Product x Rate x 1/12**

$$= 1,28,000 \times 12/100 \times 1/12$$

$$= \text{Rs. } 1,280$$

23. Gain Ratio = New ratio – Old Ratio

$$\text{Sanju's gain} = 5/8 - 3/10$$

$$= \frac{25-12}{40}$$

$$= 13/40$$

$$= 13/40$$

$$\text{Manju's gain} = 3/8 - 2/10$$

$$= \frac{15-8}{40}$$

$$= 7/40$$

$$= 7/40$$

Gain Ratio of Sanju and Manju = 13/40 : 7/40 or 13:7

24. Dr

Geetha's Executor's Account

Cr

Particulars	Amount	Particulars	Amount
To Balance c/d	1,40,100	By Geetha's capital A/C	60,000
		By Interest on capital [12/100x60,000x9/12]	5400
		By Geetha's Salary (4000x9)	36,000
		By Seetha's Capital A/C	18000
		By Kavita's capital A/C	7200
		By Profit and Loss Suspense A/C [60,000x9/12x3/10]	13,500
	1,40,100		1,40,100

### Calculation of goodwill

Geetha's Share of Goodwill =  $60,000 \times \frac{3}{10} = 25,200$

Gain ratio of Seetha and Kavitha = 5 : 2

Amount of goodwill borne by Seetha =  $25,200 \times \frac{5}{7} = 18,000$

Amount of goodwill borne by Kavitha =  $25,200 \times \frac{2}{7} = 7,200$

### 25. Statement of Profit and Loss for the year ending 31.03.2023

Particulars		Note No	Amount
I.	Revenue from operations		8,00,000
II.	Other Income		-----
III.	Total Revenue		8,00,000
IV.	Expenses		
	Purchase of Stock in trade		2,00,000
	Employee Benefit Expenses	1	60,000
	Other Expenses	2	40,000
	Total Expenses		3,00,000
V.	Profit before tax		5,00,000
VI.	Tax @ 30%		1,15,000
VII.	Profit for the year		3,50,000

#### Working Note:

- Employee Benefit Expenses  
Salaries to employees   50,000  
Leave encashments       10,000  
                                  60,000
- Other Expenses  
Rent and Taxes           20,000  
Repairs to Machinery   20,000  
                                  40,000

26.

### Meena Co. Ltd Cash flow statement for the year ending 31.3.2023

Particulars		Amount
<b>I.</b>	<b>Cash flow from operating activities</b>	
	Net profit	6,00,000
	<b>Adjustment:</b>	
	1. Depreciation on fixed Assets	(+) 1,00,000
	2. Loss on sale old machinery	(+) 40,000
	3. Decrease in Inventory	(+) 40,000
	4. Decrease in other current liabilities	(-) 20,000
	<b>Cash inflow from operating activities</b>	<u>7,60,000</u>

**PART – D**

27.

Dr. Revaluation Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Provision for legal charges	700	By Building [66000 -56000]	10000
To Motor car $\left[ 30000 \times \frac{10}{100} \right]$	3000		
To stock $\left[ 48000 \times \frac{10}{100} \right]$	4800		
To Partner's capital A/c			
Anita - $1500 \times \frac{2}{3} = 1000$			
Sunita - $1500 \times \frac{1}{3} = 500$	1500		
	10000		10000

Dr. Partner's Capital Account Cr.

Date	Particulars	JF	Anita (₹)	Sunita (₹)	Vinuta (₹)	Date	Particulars	JF	Anita (₹)	Sunita (₹)	Vinuta (₹)
	To Anita's capital A/c				20000	1/4/23	By Balance b/d		80000	60000	
	To Sunita's capital A/c [Goodwill]				10000		By Revaluation A/c[profit]		1000	500	
	W.N. I		10000	5000	-		By Reserve fund		12000	6000	
	To Cash A/c [goodwill withdrawn]						$\left[ 18000 \times \frac{2}{3}; \frac{1}{3} \right]$				
	W.N.2						By Cash A/c [Capital + goodwill]		20000	10000	70000
	To Balance c/d		103000	71500	40,000		[40,000+30,000]				
							By Vinuta's capital a/c				
			113000	76500	70000				113000	76500	70000
							By Balance b/d		103000	71500	40000

Balance sheet as on 1/4/2023

Liabilities	Amount(₹)	Assets	Amount (₹)
Bills payable	6000	Cash	63000
Creditors	16000	[8000+40000+30000-15000]	
Provision for legal charges	700	Debtors	30000
Capitals		Stock	48000
Anita	103000	Less : depreciation	<u>4800</u>
Sunita	71500	Furniture	8000
Vinuta	40000	Building	56000
		Add : appreciation	<u>10000</u>
		Motor car	30000
		Less : depreciation	<u>3000</u>
	237200		27000
			237200

Working Note : 1	Working Note :2
<p>Calculation of goodwill</p> <p>Vinuta's goodwill = 30000</p> <p>Sacrifice ratio = 2 : 1</p> <p>Anita's share = <math>30000 \times \frac{2}{3}</math></p> <p style="padding-left: 40px;">=20000</p> <p>Sunita's share = <math>30000 \times \frac{1}{3}</math></p> <p style="padding-left: 40px;">=10000</p>	<p>Calculation of goodwill withdrawn</p> <p>Half of the goodwill <math>\frac{30000}{2} = 15000</math></p> <p>Anita's withdrawal = <math>15000 \times \frac{2}{3} = 10,000</math></p> <p>Sunita's withdrawal = <math>15000 \times \frac{1}{3} = 5,000</math></p>

28. Dr

Realisation Account

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Debtors	50000	By Bills payable	20000
To stock	30000	By creditors	40000
To Furniture	20000	By Bank Loan	20000
To Machinery	30000	[Liabilities transferred ]	
To Building	90000	By Bank a/c	195000
[Assets transferred]		Debtors	52000
To Bank A/c	80000	Stock	39000
Bills payable	20000	Machinery	24000
Creditors	40000	Building	80000
Bank loan	20000	[Assets realized]	
[Liabilities paid off]		By Shilpa's capital A/c	12000
To Bank a/c	3000	[Furniture taken over]	
[Realisation expense]		By Partner's Capital A/c	16000

		$\text{Shilpa} = 16000 \times \frac{1}{2} = 8,000$ $\text{Amruta} = 16000 \times \frac{1}{2} = 8000$	
	303000		303000

Dr

## Partners Capital Account

Cr.

Date	Particulars	JF	Shilpa (₹)	Amruta (₹)	Date	Particulars	JF	Shilpa (₹)	Amruta (₹)
	To Realisation a/c [loss]		8000	8000	31-03-23	By Balance b/d		70000	70000
	To Realisation a/c		12000			By Reserve fund		10000	10000
						$\left[ 20000 \times \frac{1}{2}; \frac{1}{2} \right]$			
	To Bank a/c [B.F]		60000	72000					
			80000	80000				80000	80000

Dr.

## Bank A/c

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	20000	By Realisation a/c [liabilities paid off]	80000
To Realisation a/c [assets realised]	195000	By Realisation a/c [Realisation expense]	3000
		By Shilpa's capital a/c	60000
		By Amruta's capital a/c	72000
	215000		215000

## 29. Journal entries in the books of Rajarajeshwari Trading co.

Date	Particulars	L.F	Debit Amount ₹	Credit Amount ₹
01	Bank A/c Dr To Equity share application A/c (80000 × 20) [Being share application money received on 80000 shares at 20/shares]		1600000	1600000
02	Equity share application A/c Dr To Equity share capital A/c [Being share application money transferred]		1600000	1600000

03	Equity share allotment A/c (80000 × 40) To Equity share capital A/c (80000 × 30) To securities premium reserve A/c (80000 × 10) [Being share allotment money value on 80000 shares at 30/share and premium of ₹10/share value]	Dr	3200000	2400000 800000
04	Bank A/c To Equity share allotment A/c [Being share allotment money received]	Dr	3200000	3200000
05	Equity share first and final call A/c To Equity share capital A/c (80000 × 50) [Being share first and final call money value on 80000 shares at ₹50/shares]	Dr	4000000	4000000
06	Bank A/c To Equity share first and final call A/c [Being share first and final call money received]	Dr	3500000	3500000
07	Equity share capital A/c (10000 × 100) To Share forfeiture A/c (10000 × 50) To Equity share first and final call A/c (10000 × 50) [Being share forfeiture for man payment of all money on 1000 share at 50/share]	Dr	1000000	500000 500000
08	Bank A/c (10000 × 80) Share forfeiture A/c (10000 × 20) To Equity share capital A/c (10000 × 100) [Being share reissued on 10000 shares at ₹80/share]	Dr Dr	800000 200000	1000000
09	Share forfeiture A/c To Capital reserve A/c (500000 – 200000) [Being project on forfeiture of shares transferred to capital reserve A/c]	Dr	300000	300000

30.

Dr.

Date	Particulars	LF	Debit ₹	Credit ₹
a)	Bank A/c [1000×90] Dr To 10% Debenture application & allotment a/c [Being 1000, 10% Debenture of 100 each issued at a discount of 10%]		90,000	90,000
	10% Debenture application & allotment [1000×90] Dr Discount on issue of Debenture [1000×10] Dr To 10% Debenture [1000×100] [Being 10% Debenture redeemed at par]		90,000 10,000	1,00,000
b)	Bank A/c [2000×110] Dr To 10% Debenture application & allotment A/c [2000×110] [Being 2000, 10's Debenture of 100, issued at Premium]		2,20,000	2,20,000
	10% Debenture application & allotment [2000×110] Dr Loss on issue of debenture A/c Dr [2000 × 10] To 10% Debenture [2000×110] To Security premium reserve A/c [2000 × 10] To Premium on Redemption of debenture A/c [2000 × 10] [Being 10% Debenture redeemed at premium]		2,20,000 20,000	2,20,000 20,000 20,000
c)	Bank A/c [3000×110] Dr To 10% Debenture application and allotment [3000 ×110] [Being 3000, 10% debenture of ₹100 each issued at premium of 10%]		3,30,000	3,30,000
	10% Debenture application and allotment Dr To 10% Debenture A/c To Security premium reserve A/c [Being 10% debenture redeemed at par]		3,30,000	3,00,000 30,000
d)	Bank A/c [4000 × 100] Dr To 10% Debenture application & allotment A/c [4000× 00] [Being 4000 × 10% debenture issued at par]		4,00,000	4,00,000
	10% Debenture application & allotment Dr To 10% Debenture A/c [Being 10@ Debenture redeemed at par]		4,00,000	4,00,000

31. Comparative Balance sheet of Amrutheshwari Co. Ltd as on 31-03-2022 &amp; 31-03-2023.



Particulars	31/03/2023	31/03/2023	Increase (+)	Increase (+) or decrease
	₹	₹	₹	(-) %
<b>I. Equity and liabilities</b>				
1. Share holders fund				
a. Share capital	800000	900000	100000	12.5
b. Reserves & surplus	80000	90000	10000	12.5
2. Non – current liabilities	20000	30000	10000	50
Long term loans				
3. Current liabilities	30000	20000	(10000)	-33.33
	930000	1040000	110000	11.83
<b>1. Fixed Assets</b>				
a. Tangible assets				
Building	400000	500000	100000	25
Machinery	100000	200000	100000	100
2. Current Assets				
Inventory Trade				
receivables	300000	300000	0	Nil
Cash & Cash	90000	200000	(70,000)	-77.78
equivalents	40000	20000	(20,000)	-50
<b>Total</b>	<b>930000</b>	<b>1040000</b>	<b>110000</b>	<b>11.83</b>

$$\text{Percentage increase} = \frac{\text{Absolute increase or decrease}}{\text{1st year amount [column1]}}$$

32. a) Inventory Turnover Ratio

$$\text{Inventory Turnover} = \frac{\text{Cost of Revenue From operation}}{\text{Average Inventory}}$$

$$\begin{aligned} \text{Cost of Revenue from operation} &= \text{Revenue From Operation} - \text{Gross Profit} \\ &= 15,00,000 - 5,00,000 = 10,00,000 \\ &= \frac{10,00,000}{2,00,000} = 5 \text{ times} \end{aligned}$$

b) Trade Receivable Turnover Ratio

$$\begin{aligned} \text{Trade Receivable} &= \frac{\text{Net Credit Revenue From Operation}}{\text{Average Trade Receivables}} \\ &= \frac{8,00,000}{2,00,000} = 4 \text{ times} \end{aligned}$$

c) Trade Payable Turnover Ratio

$$\begin{aligned} \text{Trade Payable} &= \frac{\text{Net Credit Purchase}}{\text{Average Trade Payables}} \\ &= \frac{7,50,000}{1,50,000} = 5 \text{ times} \end{aligned}$$

d) Gross Profit Ratio

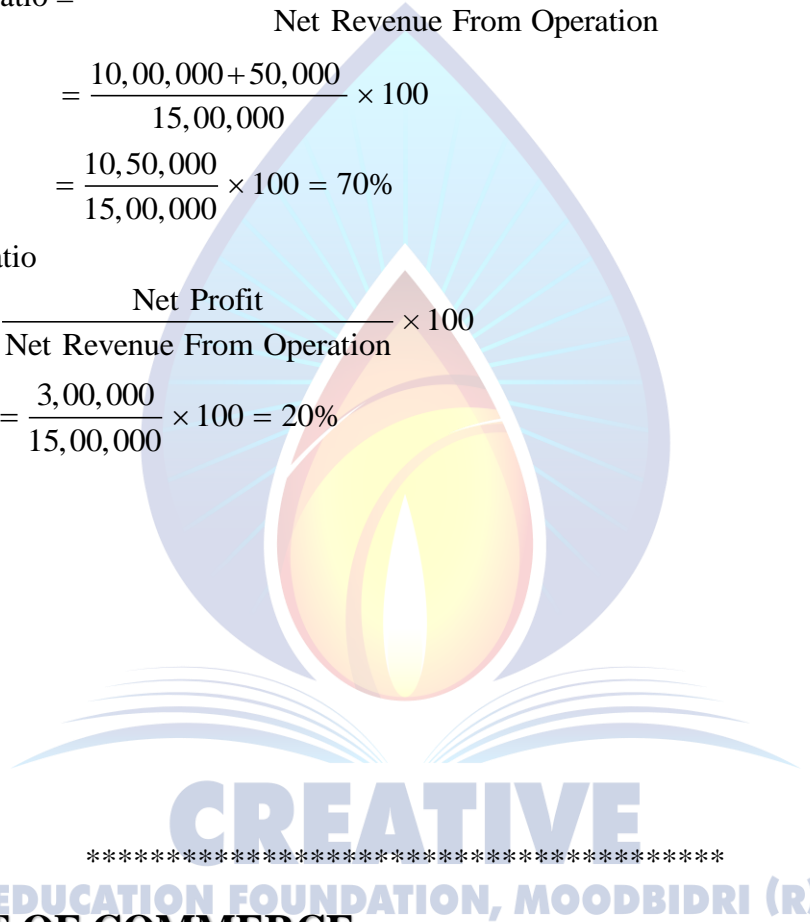
$$\begin{aligned} \text{Gross Profit} &= \frac{\text{Gross Profit}}{\text{Net Revenue From Operation}} \times 100 \\ &= \frac{5,00,000}{15,00,000} \times 100 = 33.33\% \end{aligned}$$

e) Operating Ratio

$$\begin{aligned} \text{Operating Ratio} &= \frac{\text{Cost of Revenue From Operation} + \text{Operating - Expenses}}{\text{Net Revenue From Operation}} \times 100 \\ &= \frac{10,00,000 + 50,000}{15,00,000} \times 100 \\ &= \frac{10,50,000}{15,00,000} \times 100 = 70\% \end{aligned}$$

f) Net Profit Ratio

$$\begin{aligned} \text{Net Profit} &= \frac{\text{Net Profit}}{\text{Net Revenue From Operation}} \times 100 \\ &= \frac{3,00,000}{15,00,000} \times 100 = 20\% \end{aligned}$$



## DEPARTMENT OF COMMERCE

### CREATIVE EDUCATION FOUNDATION KARKALA

- Mr. Raghavendra B Rao
- Mrs. Ashwini
- Mr. Chandrakanth Acharya

[www.creativeedu.in](http://www.creativeedu.in)

Phone No: 9019844492