



**CREATIVE EDUCATION FOUNDATION, KARKALA**  
**SECOND PU ANNUAL EXAMINATION MARCH – 2025**  
**ACCOUNTANCY DETAILED SOLUTION**

**PART – A**

**Multiple Choice Question**

1. B) Equal proportion
2. D) 1:1
3. D) Rate of interest
4. A) Fund flow statement
5. B) 25%

**Fill in the blanks:**

6. Intangible
7. Not transferred
8. Capital reserve
9. Complimentary
10. Balancing

**Match the following:**

11. (a) → (iv) Share in future profit  
(b) → (vi) Official signature of the company  
(c) → (v) Discharge of liability  
(d) → (ii) Short term in nature  
(e) → (i) As per AS -3

**One – word/ One- sentence answers:**

12. Profit – sharing ratio
13. True
14. Mutual agreement
15. Long- term loans
16. Return on Net worth

**PART - B**

17.

Fixed Capital Method	Fluctuating Capital Method
a. Adjustments are made in partners current b. Capital balance remains unchanged	a. Adjustments are made in Partners Capital A/cs b. Capital balance fluctuates year by year.

18. Retiring partners capital A/c      Dr  
    To Cash A/c

19. 1) Authorised capital  
    2) Issued capital
20. 1) To provide information about earning capacity of the business  
    2) To provide information about economic resource and obligations of business.
21. 1) Cash payment to suppliers  
    2) Cash receipt from fees, commission

## PART - C

22.

Dr	Profit & Loss Appropriation A/c			Cr
Liabilities		₹	Assets	₹
To Varun A/c			By P& L A/c	90,000
$90000 \times \frac{3}{6}$	45,000			
Less: Deficiency	<u>5,000</u>	40,000		
To Tarun				
$90000 \times \frac{2}{6}$	30,000	25,000		
Less: Deficiency	<u>5,000</u>			
To Kiran				
$90000 \times \frac{1}{6}$	15,000	25,000		
Add:	10,000			
		90,000		90,000

$$\text{Total Share} = 1 \quad \therefore \text{Remaining share} = 1 - \frac{1}{6} = \frac{5}{6}$$

$$\text{Kiran's share} = \frac{1}{6}$$

$$\text{Varun} - \frac{5}{6} \times \frac{3}{5} = \frac{15}{30} \qquad \text{Tarun} = \frac{5}{6} \times \frac{2}{5} = \frac{10}{30}$$

$$15: 10 \text{ or } 3:2:1$$

Deficiency

$$25,000 - 15,000 = 10,000$$

$$\text{Shared by Varun \& Tarun} = \frac{10,000}{2} = 5,000 \text{ each}$$

23. Rajesh old share =  $\frac{5}{8}$                       Rakesh old share =  $\frac{3}{8}$

$$\text{New ratio} = \text{Rajesh} = \frac{3}{6} \qquad \text{Rakesh} = \frac{2}{6} \qquad \text{Ramesh} = \frac{1}{6}$$

Sacrifice ratio = Old ratio – New ratio

$$\text{Rajesh} = \frac{5}{8} - \frac{3}{6} = \frac{15-12}{24} = \frac{3}{24}$$

$$\text{Rakesh} = \frac{3}{8} - \frac{2}{6} = \frac{9-8}{24} = \frac{1}{24}$$

$$\therefore 3:1$$

24. Dr

C's Excecutor's A/c

Cr

Liabilities	₹	Assets	₹
To Balance C/d (B.F)	32,100	By C's Capital	20,000
		By GR $6,000 \times \frac{2}{10}$	1,200
		By Interest on capital	1,000
		$20,000 \times \frac{10}{100} \times \frac{6}{12}$	5,250
		By A's Capital	3,150
		By B's Capital	1,000
		By P & L Suspense A/c	
	<b>32,100</b>		<b>32,100</b>

Calculation of goodwill

$$13,000 + 12,000 + 16,000 + 15,000 = \frac{56,000}{4} = 14,000 \times 3\text{yr} \\ = 42,000$$

Goodwill = 42,000

$$\text{C's share} = 42,000 \times \frac{2}{10} = 8,400$$

$$\text{A} = 8,400 \times \frac{5}{8} = 5,200$$

$$\text{B} = 8,400 \times \frac{3}{8} = 3,150$$

C's share of profit

$$\text{Less profit} = 15,000 \times \frac{2}{10} \times \frac{6}{12} = 1,500$$

25. Statement of profit &amp; loss for the year ended 31/3/2024

	Note	₹
I Revenue from operation		3,85,000
II Other income		<u>75,000</u>
Total Revenue from operation – A		4,60,000
<u>Expense</u>		
Purchase of stock interact		97,000
Employee benefits expense	1	1,03,000
Finance cost		50,000
Depreciation of Amortisation	2	83,000
Other Expenses	3	<u>1,08,000</u>
Total Expense – B		<u>4,41,000</u>
Profit Before Tax		19,000
Less: Tax		<u>5,700</u>
Profit after tax		<u>13,300</u>
2. Finance cost		
Interest on loan		30,000
Interest on Debenture		<u>20,000</u>
		<u>50,000</u>
3. Depreciation & Amortisation		

Depreciation		50,000
Amortisation		<u>33,000</u>
		<u>83,000</u>
1. Purchase of stock of trade		
Purchase of goods		97,000
		<u>97,000</u>

26. Cash flow from investing activities

Particulars	Amount (₹)
1. Purchase of machinery	(-) 2,00,000
2. Purchase of investments	(-) 1,50,000
3. Sale of investments	(+) 60,000
4. Sale of patents	(+) 50,000
5. Purchase of land	(-) 1,00,000
6. Dividend received on shares held as investment	(+) 35,000
∴ Cash outflow from investing activities (i. e, cash used)	<b>(-) 3,05,000</b>

27. Dr.

Revaluation A/c

Cr

Particulars	Amount (₹)	Particulars	Amount (₹)
To PDD $40,000 \times \frac{10}{100}$	2,000	By Stock $15,000 \times \frac{20}{100}$	5,000
To Depreciate machinery	2,500	By Buildings (60,000 – 50,000)	10,000
$25,000 \times \frac{10}{100}$			
To depreciate furniture	1,000		
$10,000 \times \frac{10}{100}$			
To Profit transferred to	7,500		
Manju $7,500 \times \frac{2}{5} = 3,000$			
Mohan $7,500 \times \frac{2}{5} = 3,000$			
Madhan $7,500 \times \frac{1}{5} = 1,500$			
	<b>13,000</b>		<b>13,000</b>

Dr

Partner's Capital A/c

Cr

Particulars	Manju	Mohan	Madhan	Particulars	Manju	Mohan	Madhan
To Madhan Capital A/c	1,500	1,500		By balance C/d	50,000	30,000	20,000
To Madhan's Loan A/c			29,000	By revaluation A/c	3,000	3,000	1,500
To balance C/d	60,500	40,500		By General Reserve	9,000	9,000	1,500
				By Manju's			1,500

				Capital A/c By Mohan's Capital A/c			
	<b>62,000</b>	<b>42,000</b>	<b>29,000</b>		<b>62,000</b>	<b>42,000</b>	<b>29,000</b>
				By Balance B/d	60,500	40,500	

Working Note:

Madhan's Share of Good will is ₹  $15,000 \times \frac{1}{5} = 3,000$

Manju Share of Good will  $3,000 \times \frac{2}{4} = 1,500$

Mohan Share of good will  $3,000 \times \frac{2}{4} = 1,500$

**Balance Sheet of Manju and Mohan as on 01 - 04 – 2024**

<b>Liabilities</b>	<b>Amount (₹)</b>	<b>Assets</b>	<b>Amount (₹)</b>
Creditors	35,500	Cash at bank	20,000
Capital's A/c		Debtors 40,000	
Manju	60,500	Less: PDD <u>4,000</u>	36,000
Mohan	40,500	Stock 15,000	
Madhan Loan A/c	29,000	Add: Appreciation <u>3,000</u>	18,000
		Machinery 25,000	
		Less: Depreciation <u>2,500</u>	22,500
		Furniture 10,000	
		Less: Depreciation <u>1,000</u>	9,000
		Buildings 50,000	
		Add: Appreciation <u>1,000</u>	60,000
	<b>1,65,500</b>		<b>1,65,500</b>

28. Dr

**Realization A/c**

Cr

<b>Particulars</b>	<b>Amount</b>	<b>Particulars</b>	<b>Amount</b>
To Bills Receivables A/c	20,000	By Creditors A/c	50,000
To Stock A/c	30,000	By Bills Payables A/c	30,000
To Debtors A/c	40,000	By Bank A/c (Asset realized)	
To Building A/c	50,000	Stock 30,400	
To Motor Car A/c	27,000	Bills Receivables 19,000	
To Furniture A/c	40,000	Furniture 35,000	
To Bank A/c (Liability paid off)	80,000	Debtors 42,600	
Creditors 50,000			1,27,000
Bills Payable 30,000			
To Bank A/c (Realisation Expenses)	5,000		
To Profit transferred to			
Sridevi - $16,000 \times \frac{1}{2} = 800$			
Sripriya - $16,000 \times \frac{1}{2} = 800$			
	<b>2,93,600</b>		<b>2,93,600</b>

Dr			Partner's Capital A/c		Cr	
Particulars	Sri Devi	Sri Priya	Particulars	Sri Devi	Sri Priya	
To Realization A/c (Asset Taken Over)	60,000	26,000	By balance C/d	75,000	60,000	
To Bank A/c (Balancing Fig)	20,800	39,200	By Reserve Fund	5,000	5,000	
			$10,000 \times \frac{1}{2} \times \frac{1}{2}$			
			By realization A/c (Profit)	800	800	
	80,800	65,800		80,800	65,800	

Dr		Cash A/c		Cr	
Particulars	Amount	Particulars	Amount		
To Balance B/d (Cash at Bank)	18,000	By realization A/c (Liability Paid)	80,000		
To Realization A/c (Asset Realized)	1,27,000	By Realization A/c (Realization expenses)	5,000		
		By Sri Devi's Capital A/c	20,800		
		By Sri Priya's Capital A/c	39,200		
	<b>1,45,000</b>		<b>1,45,000</b>		

#### 29. Journal entries in the books of Hema company Ltd.

Sl. No	Particulars	LF	Debit (₹)	Credit (₹)
1	Bank A/c Dr To Equity share application A/c (60000x20) (Equity share application money received)		1200000	1200000
2	Equity share application A/c Dr To equity share capital A/c (Equity share application money transferred to equity share capital A/c)		1200000	1200000
3	Equity share allotment A/c (60000x50) Dr To Equity share capital A/c (60000x40) To securities premium reserve A/c (60000x10) (Equity share allotment money due including premium)		3000000	2400000 600000
4	Bank A/c Dr To Equity share allotment A/c (60000x50) (Equity share allotment money received)		3000000	3000000
5	Equity share first and final call A/c Dr To Equity share capital A/c (60000x40) (Equity share first and final Call money due)		2400000	2400000
6	Bank A/c Dr To Equity share first and final Call A/c (55000x40) (Equity share first and final Call money received on 5000 shares)		2200000	2200000
7	Equity share capital A/c (5000x100) Dr To share forfeiture A/c (5000x60) To Equity share first and final call A/c (5000x40) (Equity shares forfeited due to non -payment of shares first and final call money)		500000	300000 200000
8	Bank A/c (4000x80) Dr Shares forfeitures A/c (4000x20) Dr To Equity share capital A/c (4000x100) (forfeited shares re issued at ₹ 80 per share as fully paid up)		320000 80000	400000

9	Share forfeiture A/c To Capital Reserve A/ c (4000x40) (60-20) (Forfeited shares A/c Balance transferred to Capital reserve A/c after the re issue)	Dr		160000	160000
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### 30. Journal Entries

Sl. No	Particulars	LF	Debit (₹)	Credit (₹)
i	8% Debentures A/c To Debentures holders A/c (Amount due on redemption of debentures)	Dr	10,00,000	10,00,000
	Debentures holders A/c To Bank A/c (Payment made to debentures holders)	Dr	10,00,000	10,00,000
ii.	12% Debentures A/c Premium on redemption of debentures A/c Dr To Debentures holders A/c (Amount due on redemption of debentures)	Dr	4,00,000 40,000	4,40,000
	Debentures holders A/c To Bank A/c (payment made to debentures holders)	Dr	4,40,000	4,40,000
iii	10% Debentures A/c To Debentures holders A/c (Amount due on redemption)	Dr	8,00,000	8,00,000
	Debentures holders A/c To Bank A/c (Payment made to debentures holders )	Dr	8,00,000	8,00,000
iv	10% debentures A/c Premium on Redemption of debentures A/c Dr To Debentures holders A/c (Amount due on redemption)	Dr	3,00,000 15,000	3,15,000
	Bank A/c To Debenture holders A/c ( Payment made to debenture holders)	Dr	3,15,000	3,15,000
v	8 % Debentures A/c Dr To Debentures holders A/c ( Amount due on Redemption)		2,00,000	2,00,000
	Debenture holders A/c To Bank A/c (payment made to debenture holders)	Dr	2,00,000	2,00,000

### 31. Common size Balance Sheet of Vageesh company Ltd for the year ending 31/03/2023 and 31/03/2024

	Absolute Amount		Percentage of each item to total asset	
Particulars	31/03//2023 ₹	31/03/2024 ₹	%	%
<b>I. Equity and Liabilities</b>				
<b>Share Holder Fund</b>	8,50,000	10,00,000	54.84	54.05

a. Share Capital b. reserves and Surplus	1,00,000	50,000	6.45	2.70
2. Non – Current Liabilities a) Long term borrowings	4,50,000	5,75,000	29.03	31.08
3. Current Liabilities Short term borrowings	1,50,000	2,25,000	9.68	12.16
<b>Total</b>	<b>15,50,000</b>	<b>18,50,000</b>	<b>100</b>	<b>100</b>
II. Assets Non current Asset i) Tangible assets ii) Intangible assets	7,50,000 4,00,000	9,00,000 4,50,000	48.39 25.81	48.65 24.32
2. Current Assets: a) Inventories b) other current asset	1,00,000 3,00,000	2,00,000 3,00,000	6.45 19.35	10.81 16.22
<b>Total</b>	<b>15,50,000</b>	<b>18,50,000</b>	<b>100</b>	<b>100</b>

$$\text{Percentage of each item} = \frac{\text{Absolute items}}{\text{Total Assets}} \times 100$$

$$32. A) \text{ Current ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

$$\frac{4,00,000}{2,50,000} = \frac{1.6}{1}$$

1.6 : 1

$$B) \text{ Total Asset to Debt Ratio} = \frac{\text{Total assets}}{\text{Long term debt}}$$

Total Asset = Current Asset + Fixed Asset

$$\begin{aligned} & \text{Current Asset} + \text{Plant and Machinery} + \text{Furniture} \\ &= 4,00,000 + 3,00,000 + 5,00,000 \\ &= 12,00,000 \end{aligned}$$

Long Term Debt is = 13% debenture

$$\frac{12,00,000}{1,00,000}$$

12: 1

C) Fixed Asset turn over ratio

$$= \frac{\text{Net Revenue from operation}}{\text{Net Fixed Asset}}$$

$$= \frac{20,00,000}{8,00,000}$$

= 2.5 times

D) Working Capital Turnover Ratio

$$= \frac{\text{Net Revenue from operation}}{\text{Working Capital}}$$

$$\begin{aligned} &= \text{Working Capital} = \text{Current Asset} - \text{Current Liabilities} \\ &= 4,00,000 - 2,50,000 \\ &= 1,50,000 \end{aligned}$$



$$\frac{20,00,000}{1,50,000}$$

= 13.33 times

$$\begin{aligned} \text{E) Operating Profit Ratio} &= \frac{\text{Operating profit}}{\text{Revenue from operation}} \times 100 \\ &= \frac{16,00,000}{20,00,000} \times 100 \\ &= 80\% \end{aligned}$$

$$\text{F) Book Value for share} = \frac{\text{Equity Share holder fund}}{\text{Number of Equity Share}}$$

$$\begin{aligned} \text{Equity Share Holder Fund} &= \text{Paid up share capital } 5,00,000 \\ &\quad \text{General Reserve } 1,00,000 \\ &\quad \text{Net Profit After tax - preference dividend } 8,00,00 \\ &\quad (1,00,000 - 20,000) \\ \text{Total:} &6,80,000 \\ \text{Number of Equity Share} &= \frac{5,00,000}{10} \\ &= 50,000 \\ \therefore \text{Book Value per share} &= \frac{6,80,000}{50,000} \\ &= ₹ 13.6 \end{aligned}$$

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**DEPARTMENT OF COMMERCE**

**CREATIVE EDUCATION FOUNDATION KARKALA**

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