Roll No. ☐☐☐☐☐☐☐☐

Q.P. Code 67/1/1

ACCOUNTANCY

CBSE Class XII Board Examination 2023 — with answers

Time allowed: 3 hours **Maximum Marks: 80**

General Instructions:

1. The paper has 34 questions in two parts, Part A and Part B. All questions are compulsory.
2. Part A (Accounting for Partnership Firms and Companies) is compulsory for every candidate.
3. Part B has two options: (1) Analysis of Financial Statements and (2) Computerised Accounting. Attempt only the option you have opted for.
4. Q1–16 and Q27–30 carry 1 mark each; Q17–20, 31 and 32 carry 3 marks each; Q21, 22 and 33 carry 4 marks each; Q23–26 and 34 carry 6 marks each.
5. There is no overall choice, but internal choices are given in seven 1-mark questions, two 3-mark questions, one 4-mark question and two 6-mark questions.

PART A

Accounting for Partnership Firms and Companies. Q1–16: 1 mark each; Q17–20: 3 marks each; Q21–22: 4 marks each; Q23–26: 6 marks each.

1. Hina and Neena are partners. During the year ended 31 March 2022, Neena took out ₹10,000 at the START of every month. Interest on drawings is charged at 6% p.a. What is the interest on Neena's drawings for the year? **1**

(A) ₹3,900 **(B)** ₹325

(C) ₹3,600 **(D)** ₹3,300

ANSWER

(a) ₹3,900

Total drawings = 10,000 × 12 = ₹1,20,000.

When equal amounts are withdrawn at the beginning of every month, the average period = (12 + 1)/2 = 6.5 months.

Interest = 1,20,000 × 6/100 × 6.5/12 = ₹3,900.

Common mistake: using 6 months (that is for the middle of each month) or 5.5 months (end of each month).

OR

Vibha and Asha are partners. During the year ended 31 March 2022, Asha withdrew ₹1,000 at the END of every quarter. For charging interest on drawings, the average period to be used is:

(A) 6 months **(B) 4½ months**

(C) 7½ months **(D)** 6½ months

ANSWER

(b) 4½ months

Quarterly drawings at the end of each quarter remain with the partner for 9, 6, 3 and 0 months.

Average period = (9 + 6 + 3 + 0)/4 = 4.5 months.

(Beginning of each quarter → 7.5 months; middle → 6 months.)

2. Aman and Chaman are partners and have no partnership deed. Aman lent ₹6,00,000 to the firm on 1 July 2021. How much interest on this loan is Aman entitled to for the year ended 31 March 2022? **1**

(A) ₹36,000 **(B)** ₹18,000

(C) ₹9,000 **(D) ₹27,000**

ANSWER

(d) ₹27,000

With no deed, the Indian Partnership Act, 1932 allows interest on a partner's loan @ 6% p.a.

Period: 1 July 2021 to 31 March 2022 = 9 months.

Interest = 6,00,000 × 6/100 × 9/12 = ₹27,000.

Note: interest on a partner's loan is a charge, so it is paid even if there is a loss.

3. Akshita Ltd. bought net assets worth ₹4,70,000 and paid for them by issuing fully paid shares of ₹5,00,000. The extra ₹30,000 paid will be _____ to _____ account. **1**

(A) debited, Goodwill

(B) debited, Capital Reserve

(C) credited, Capital Reserve

(D) credited, General Reserve

ANSWER

(a) debited, Goodwill

Purchase consideration ₹5,00,000 > net assets ₹4,70,000.
The excess ₹30,000 paid is for goodwill, so Goodwill A/c is debited.
(If consideration were less than net assets, the difference would be credited to Capital Reserve.)

OR

Maira Ltd. took over assets of ₹12,00,000 and liabilities of ₹4,00,000 of Subav Ltd. for an agreed purchase consideration of ₹9,00,000, to be paid by issuing 11% debentures of ₹100 each at a 10% discount. How many debentures will be issued?

(A) 9,000

(B) 10,000

(C) 8,000

(D) 11,000

ANSWER

(b) 10,000

Issue price of one debenture = 100 − 10% = ₹90.
Number of debentures = Purchase consideration ÷ issue price = 9,00,000 ÷ 90 = 10,000.
(Net assets ₹8,00,000 < consideration, so ₹1,00,000 goes to Goodwill – it does not change the number of debentures.)

4. Kavita, Savita and Madhu are partners with capitals of ₹6,00,000, ₹4,00,000 and ₹2,00,000. Interest on capital is allowed @ 10% p.a. and the remaining profit is shared Kavita 1/3, Savita 1/2 and Madhu 1/6. Kavita has personally guaranteed that Savita's share of profit (after interest on capital) will never be less than ₹1,00,000. Profit for the year ended 31 March 2022 before interest on capital was ₹3,00,000. **1**

By how much does Savita's share of profit fall short of the guaranteed amount?

(A) ₹40,000

(B) ₹70,000

(C) ₹20,000

(D) ₹10,000

ANSWER

(d) ₹10,000

Interest on capital @ 10%: Kavita 60,000, Savita 40,000, Madhu 20,000 = ₹1,20,000.
Divisible profit = 3,00,000 − 1,20,000 = ₹1,80,000.
Shares: Kavita 1/3 = 60,000; Savita 1/2 = 90,000; Madhu 1/6 = 30,000.
Guaranteed ₹1,00,000 − actual ₹90,000 = shortfall ₹10,000 (borne by Kavita alone).

5. Kavita, Savita and Madhu are partners with capitals of ₹6,00,000, ₹4,00,000 and ₹2,00,000. Interest on capital is allowed @ 10% p.a. and the remaining profit is shared Kavita 1/3, Savita 1/2 and Madhu 1/6. Kavita has personally guaranteed that Savita's share of profit (after interest on capital) will never be less than ₹1,00,000. Profit for the year ended 31 March 2022 before interest on capital was ₹3,00,000. **1**

After adjusting the guarantee, how will the profit (after interest on capital) be divided among the partners?

(A) Kavita ₹60,000, Savita ₹40,000 and Madhu ₹20,000

(B) Kavita ₹50,000, Savita ₹1,00,000 and Madhu ₹30,000

(C) Kavita ₹60,000, Savita ₹90,000 and Madhu ₹30,000

(D) Kavita ₹60,000, Savita ₹1,00,000 and Madhu ₹20,000

ANSWER

(b) Kavita ₹50,000, Savita ₹1,00,000, Madhu ₹30,000

Interest on capital @ 10%: Kavita 60,000, Savita 40,000, Madhu 20,000 = ₹1,20,000.
Divisible profit = 3,00,000 − 1,20,000 = ₹1,80,000.
Shares: Kavita 1/3 = 60,000; Savita 1/2 = 90,000; Madhu 1/6 = 30,000.
Shortfall of Savita = ₹10,000, met only by Kavita (she gave the guarantee).
Kavita = 60,000 − 10,000 = ₹50,000; Savita = 90,000 + 10,000 = ₹1,00,000; Madhu = ₹30,000 (unchanged).
Check: 50,000 + 1,00,000 + 30,000 = ₹1,80,000.

6. A company forfeited 400 shares of ₹10 each on which ₹8 per share had been called, because the first call of ₹2 per share was not paid. On forfeiture, Share Capital A/c will be debited with: **1**

(A) ₹4,000 **(B)** ₹800

(C) ₹3,200 **(D)** ₹2,000

ANSWER

(c) ₹3,200

On forfeiture Share Capital is debited with the amount CALLED UP on the forfeited shares, not the face value.

Called up = 400 × ₹8 = ₹3,200.

(Forfeited Shares A/c gets 400 × 6 = ₹2,400 and Calls in Arrears ₹800.)

OR

Xyle Ltd. issued shares of ₹10 each at a 10% premium. It forfeited 700 shares when the allotment money of ₹5 per share (premium included) and the first and final call of ₹3 per share were not paid. On forfeiture, the Share Forfeiture A/c will be credited with:

(A) ₹7,000 **(B)** ₹1,400

(C) ₹4,900 **(D) ₹2,100**

ANSWER

(d) ₹2,100

Issue price = ₹11 (10 + 1 premium). Allotment 5 + call 3 = 8 unpaid, so only application money was received: 11 − 5 − 3 = ₹3 per share (all towards capital).

Forfeiture A/c is credited with the amount received = 700 × 3 = ₹2,100.

7. Rohit Limited issued 2,000, 9% debentures of ₹100 each at ₹95 each. The 9% Debentures A/c will be credited with: **1**

(A) ₹1,90,000 **(B)** ₹1,10,000

(C) ₹2,00,000 **(D)** ₹10,000

ANSWER

(c) ₹2,00,000

Debentures A/c is always credited with the face (nominal) value: 2,000 × 100 = ₹2,00,000.
The discount of 2,000 × 5 = ₹10,000 is debited to Discount/Loss on Issue of Debentures A/c.

OR

Which statement about debentures is NOT correct?

(A) Interest on debentures is a charge and not an appropriation.

(B) Debentures can be issued at discount.

(C) Debentureholders do not have voting rights.

(D) Debentures cannot be converted into shares.

ANSWER

(d) Debentures cannot be converted into shares.

(a) True – interest on debentures is a charge against profit.
(b) True – debentures may be issued at a discount.
(c) True – debenture holders are creditors, not owners, so they have no voting rights.
(d) False – convertible debentures can be converted into shares.

8. Aman, Aadhar and Avinash share profits 3 : 2 : 1. Avinash retires on 1 July 2022, when the Balance Sheet shows a debit balance of ₹1,20,000 in Profit and Loss Account. To find the amount due to Avinash, this balance is transferred: **1**

(A) To the debit side of the capital accounts of Aman and Aadhar in old profit sharing ratio.

(B) To the debit side of the capital accounts of Aman, Aadhar and Avinash in old profit sharing ratio.

(C) To the credit side of the capital accounts of Aman and Aadhar in new profit sharing ratio.

(D) To the credit side of the capital accounts of Aman and Aadhar in their gaining ratio.

ANSWER

(b) To the debit of the capital accounts of all three partners in the old ratio

A debit balance of P&L is an accumulated loss earned under the old arrangement, so it is shared by ALL partners (including the retiring one) in the OLD ratio and debited to their capital accounts.
Aman 60,000, Aadhar 40,000, Avinash 20,000.

9. Nidhi, Kunal and Kabir share profits 2 : 1 : 2. Kunal retires; after all adjustments for reserves and revaluation his capital account shows ₹80,000. Nidhi and Kabir agree to pay him ₹1,00,000 in full settlement. Kunal's share of goodwill is: **1**

(A) ₹4,000 **(B) ₹20,000**

(C) ₹16,000 **(D)** ₹1,80,000

ANSWER

(b) ₹20,000

The extra amount paid over the adjusted capital balance is the retiring partner's share of goodwill. Goodwill share = 1,00,000 − 80,000 = ₹20,000.

---

10. Assertion (A): Goodwill is an intangible asset. **1**

Reason (R): Goodwill is the value of a firm's reputation for earning future profits above the normal profits.

(A) Assertion (A) is correct, but Reason (R) is wrong.

(B) Assertion (A) is wrong, but Reason (R) is correct.

(C) Both Assertion (A) and Reason (R) are correct.

(D) Both Assertion (A) and Reason (R) are wrong.

ANSWER

(c) Both A and R are correct.

Goodwill has no physical form but has value, so it is an intangible asset – A is correct.
Goodwill is the value of reputation that brings super (above-normal) profits in future – R is correct.
Hence (c).

---

11. A and B share profits 7 : 1. A withdrew a fixed ₹12,000 at the beginning of every quarter. Interest on drawings is @ 6% p.a. Which journal entry records the interest on A's drawings at year end? **1**

(A) Interest on Drawings A/c Dr. ₹1,800; To A's Capital A/c ₹1,800

(B) Interest on Drawings A/c Dr. ₹1,800; To A's Current A/c ₹1,800

(C) A's Capital A/c Dr. ₹1,800; To Interest on Drawings A/c ₹1,800

(D) Profit and Loss Appropriation A/c Dr. ₹1,800; To Interest on Drawings A/c ₹1,800

ANSWER

(c) A's Capital A/c Dr. ₹1,800 To Interest on Drawings A/c ₹1,800

Drawings = 12,000 × 4 = ₹48,000; beginning of each quarter → average period 7.5 months.
Interest = 48,000 × 6/100 × 7.5/12 = ₹1,800.
Interest on drawings is a gain to the firm and a cost to the partner, so the partner's Capital A/c is debited and Interest on Drawings A/c is credited.

---

12. The part of authorised capital that is actually offered to the public for subscription is called: **1**

(A) Subscribed capital **(B) Issued capital**

(C) Authorised capital **(D)** Reserve capital

ANSWER

(b) Issued capital

Authorised capital = maximum the company may raise.
Issued capital = the part actually offered to the public.
Subscribed capital = the part of issued capital the public actually takes up.

---

13. Zinki Ltd. issued a share of ₹100 at a 20% premium. It was forfeited because the first call of ₹30 and the final call of ₹10 were not paid. The lowest price at which this share can be reissued is: **1**

(A) ₹40 **(B)** ₹60

(C) ₹20 **(D)** ₹100

ANSWER

(a) ₹40

Amount received on capital = 100 − 30 − 10 = ₹60 (premium ₹20 was received with earlier instalments).
Forfeited amount = ₹60.
The discount on reissue cannot exceed the forfeited amount, so minimum reissue price = 100 − 60 = ₹40.

---

14. Akshita and Anurag share profits 2 : 1. Akshat is admitted for a 1/3 share, taking 2/3 of his share from Akshita and 1/3 from Anurag. The new ratio of Akshita, Anurag and Akshat is: **1**

(A) 3 : 2 : 4 **(B)** 4 : 3 : 2

(C) 2 : 1 : 1 **(D) 4 : 2 : 3**

ANSWER

(d) 4 : 2 : 3

Akshat gets from Akshita 2/3 × 1/3 = 2/9 and from Anurag 1/3 × 1/3 = 1/9.
Akshita = 2/3 − 2/9 = 4/9; Anurag = 1/3 − 1/9 = 2/9; Akshat = 3/9.
New ratio = 4 : 2 : 3.

---

15. On dissolution, which of these are transferred to Realisation Account? **1**

(i) Provision for Doubtful Debts

(ii) Partners' Loan

(iii) General Reserve

(iv) Goodwill

(A) (i) and (iv)

(B) (i), (ii) and (iv)

(C) (i), (iii) and (iv)

(D) (i), (ii) and (iii)

ANSWER

(a) (i) and (iv)

Assets (including goodwill) go to the debit of Realisation A/c; outside liabilities and provisions against assets (like provision for doubtful debts) go to its credit.
Partners' loans are settled separately, and General Reserve is shared among partners' capital accounts – neither goes to Realisation A/c.

---

16. P, Q and R share profits 4 : 3 : 1. P dies on 1 September 2022; profit up to the date of death is estimated at ₹80,000. P's share of this profit will be recorded by: **1**

(A) Debiting Profit and Loss Account with ₹40,000.

(B) Debiting Profit and Loss Appropriation Account by ₹40,000.

(C) Debiting Profit and Loss Suspense Account with ₹80,000.

(D) Debiting Profit and Loss Suspense Account with ₹40,000.

ANSWER

(d) Debiting Profit and Loss Suspense A/c with ₹40,000

P's share = 80,000 × 4/8 = ₹40,000.
Since books are not closed on the date of death, the profit is brought in through Profit and Loss Suspense A/c: P&L Suspense A/c Dr. 40,000 To P's Capital A/c 40,000.

OR

Pooja, Nita and Anita share profits 3 : 2 : 1. Pooja retires and her share is taken by Nita and Anita equally. Their new ratio is:

(A) 2 : 1

(B) 7 : 5

(C) 1 : 1

(D) 3 : 2

ANSWER

(b) 7 : 5

Pooja's share 3/6 = 1/2, split equally → 1/4 each.
Nita = 2/6 + 1/4 = 4/12 + 3/12 = 7/12; Anita = 1/6 + 1/4 = 2/12 + 3/12 = 5/12.
New ratio 7 : 5.

---

17. Suman, Vivek and Vinod share profits 5 : 3 : 2. Suman retires on 1 April 2022. After all adjustments (revaluation, goodwill, reserves), Vivek's capital is ₹3,60,000 (Cr.) and Vinod's ₹1,40,000 (Cr.). The continuing partners decide to make their capitals proportionate to their new profit-sharing ratio. Pass journal entries for the cash brought in or withdrawn, showing workings. **3**

ANSWER

Vinod brings in ₹60,000; Vivek withdraws ₹60,000

New ratio of Vivek and Vinod = 3 : 2 (old ratio between them, as nothing else is given).
Total capital = 3,60,000 + 1,40,000 = ₹5,00,000.
Required: Vivek 5,00,000 × 3/5 = ₹3,00,000; Vinod 5,00,000 × 2/5 = ₹2,00,000.
Vivek: has 3,60,000, needs 3,00,000 → withdraws ₹60,000. Vinod: has 1,40,000, needs 2,00,000 → brings ₹60,000.
Journal (1 April 2022):
Cash/Bank A/c Dr. ₹60,000
To Vinod's Capital A/c ₹60,000
(Amount brought in by Vinod)
Vivek's Capital A/c Dr. ₹60,000
To Cash/Bank A/c ₹60,000
(Excess capital withdrawn by Vivek)

18. Anu, Manu, Tanu and Kanu share profits 2 : 1 : 2 : 1. From 1 April 2022 they will share 4 : 2 : 3 : 1. On that date goodwill is valued at ₹1,20,000 and General Reserve in the books is ₹36,000. Pass the journal entries, showing workings. **3**

ANSWER

GR ₹36,000 credited 12,000 : 6,000 : 12,000 : 6,000; Anu Dr 8,000 & Manu Dr 4,000, Tanu Cr 4,000 & Kanu Cr 8,000

Sacrifice/Gain = Old share − New share:
Anu 2/6 − 4/10 = −1/15 (gain); Manu 1/6 − 2/10 = −1/30 (gain); Tanu 2/6 − 3/10 = 1/30 (sacrifice); Kanu 1/6 − 1/10 = 1/15 (sacrifice).
Goodwill adjustment: Anu 1,20,000 × 1/15 = 8,000; Manu 4,000; Tanu 4,000; Kanu 8,000.
Entry 1: General Reserve A/c Dr. 36,000
To Anu's Capital 12,000; To Manu's Capital 6,000; To Tanu's Capital 12,000; To Kanu's Capital 6,000
(Reserve distributed in OLD ratio 2:1:2:1)
Entry 2: Anu's Capital A/c Dr. 8,000; Manu's Capital A/c Dr. 4,000
To Tanu's Capital A/c 4,000; To Kanu's Capital A/c 8,000
(Gaining partners compensate sacrificing partners for goodwill)
Common mistake: distributing reserves in the new ratio.

19. Annex Ltd. offered 1,00,000 shares of ₹10 each at a 10% premium, the full amount payable on application. Applications came for 3,00,000 shares and shares were allotted to all applicants pro-rata. Pass journal entries in the books of Annex Ltd. **3**

ANSWER

Bank Dr ₹33,00,000; App. & Allotment Dr 33,00,000 → Share Capital 10,00,000, Securities Premium 1,00,000, Bank (refund) 22,00,000

Amount per share = 10 + 1 = ₹11.

1) Bank A/c Dr. 33,00,000

To Share Application & Allotment A/c 33,00,000

(3,00,000 × ₹11 received)

2) Share Application & Allotment A/c Dr. 33,00,000

To Share Capital A/c 10,00,000

To Securities Premium A/c 1,00,000

To Bank A/c 22,00,000

(1,00,000 shares allotted; excess application money refunded)

Note: since the whole amount is payable on application, the excess cannot be adjusted to allotment – it is refunded.

OR

Shovan Ltd. took over assets of ₹60,00,000 and liabilities of ₹10,00,000 of Swami Ltd. for an agreed price of ₹45,00,000, paid by issuing 10% debentures of ₹100 each at a 25% premium. Pass journal entries in Shovan Ltd.'s books.

ANSWER

Capital Reserve ₹5,00,000; 36,000 debentures issued (₹36,00,000 + premium ₹9,00,000)

Net assets = 60,00,000 − 10,00,000 = ₹50,00,000; consideration ₹45,00,000 → Capital Reserve ₹5,00,000.

1) Sundry Assets A/c Dr. 60,00,000

To Sundry Liabilities A/c 10,00,000

To Swami Ltd. 45,00,000

To Capital Reserve A/c 5,00,000

2) Swami Ltd. Dr. 45,00,000

To 10% Debentures A/c 36,00,000

To Securities Premium A/c 9,00,000

Working: issue price ₹125; number = 45,00,000 ÷ 125 = 36,000 debentures.

20. On 1 April 2022 the capital of Ashu and Madhav's firm is ₹1,50,000. Normal rate of return is 10% and average profits are ₹23,500. Find goodwill at three years' purchase of super profits. **3**

ANSWER

Goodwill = ₹25,500

Normal profit = 1,50,000 × 10% = ₹15,000.
Super profit = 23,500 − 15,000 = ₹8,500.
Goodwill = 8,500 × 3 = ₹25,500.

OR

Rakshit and Malik share profits 4 : 1. On 1 April 2021 their capitals were ₹1,20,000 and ₹80,000. On 1 December 2021 they decided the firm's total capital should be ₹3,00,000, contributed in the ratio 2 : 1. Interest on capital is allowed @ 6% p.a. Calculate interest on capital for the year ended 31 March 2022.

ANSWER

Rakshit ₹8,800; Malik ₹5,200

New capitals from 1 Dec 2021: Rakshit 3,00,000 × 2/3 = ₹2,00,000; Malik ₹1,00,000.
Rakshit: 1,20,000 × 6% × 8/12 = 4,800 (Apr–Nov) + 2,00,000 × 6% × 4/12 = 4,000 (Dec–Mar) = ₹8,800.
Malik: 80,000 × 6% × 8/12 = 3,200 + 1,00,000 × 6% × 4/12 = 2,000 = ₹5,200.

21. Sandesh Ltd. has authorised capital of ₹30,00,000 in equity shares of ₹10 each. It invited applications for 70,000 shares and received applications for 69,000 shares. All calls were made and received except the first and final call of ₹2 per share on 3,000 shares, which were then forfeited. **4**

(a) Show 'Share Capital' in the Balance Sheet as per Schedule III, Part I of the Companies Act, 2013.

(b) Prepare the Notes to Accounts.

ANSWER

Share Capital ₹6,84,000

Balance Sheet (extract): Equity and Liabilities → Shareholders' Funds → (a) Share Capital (Note 1) ₹6,84,000.

Note 1 – Share Capital:

Particulars	₹
Authorised: 3,00,000 equity shares of ₹10 each	30,00,000
Issued: 70,000 equity shares of ₹10 each	7,00,000
Subscribed and fully paid: 66,000 shares of ₹10 each	6,60,000
Add: Share Forfeiture (3,000 × ₹8)	24,000
Total	6,84,000

Working: subscribed 69,000 − forfeited 3,000 = 66,000 fully paid shares. On forfeited shares ₹8 each had been received → forfeiture ₹24,000.

Common mistake: showing issued capital as 69,000 shares – issued is what was offered (70,000).

22. Sudhir, Deepak and Naveen share profits 2 : 2 : 1. Their Balance Sheet on 31 March 2022: **4**

Liabilities	₹	Assets	₹
Creditors	50,000	Land and Building	2,10,000
General Reserve	1,00,000	Machinery	1,90,000
Loan	1,20,000	Stock	30,000
Capitals: Sudhir 1,60,000		Investments	1,70,000
Deepak 1,50,000		Advertisement Suspense A/c	1,20,000
Naveen 1,40,000	4,50,000		
Total	7,20,000	Total	7,20,000

Sudhir died on 30 June 2022. The deed provides: (i) goodwill = 2½ years' purchase of average profits of the last four years, which were ₹1,80,000; (ii) his share of profit up to death is based on sales – sales for 2021-22 were ₹4,00,000 with profit ₹1,00,000, and sales from 1 April to 30 June 2022 were ₹1,50,000; (iii) interest on capital @ 7% p.a.

Prepare Sudhir's Capital Account to be rendered to his executors.

ANSWER

Amount payable to Sudhir's Executors = ₹3,49,800

Workings:

Goodwill of firm = 1,80,000 × 2.5 = ₹4,50,000; Sudhir's share 2/5 = ₹1,80,000, borne by Deepak and Naveen in gaining ratio 2 : 1 → 1,20,000 and 60,000.

Profit to death: rate of profit on sales = 1,00,000/4,00,000 = 25%; profit on ₹1,50,000 sales = 37,500; Sudhir 2/5 = ₹15,000 (via P&L Suspense).

Interest on capital = 1,60,000 × 7% × 3/12 = ₹2,800.

General Reserve share = 1,00,000 × 2/5 = 40,000; Advertisement Suspense (fictitious asset) share = 1,20,000 × 2/5 = 48,000 (debit).

Dr. Particulars	₹	Cr. Particulars	₹
To Advertisement Suspense	48,000	By Balance b/d	1,60,000
To Sudhir's Executors A/c	3,49,800	By General Reserve	40,000
		By Deepak's Capital (goodwill)	1,20,000
		By Naveen's Capital (goodwill)	60,000
		By P&L Suspense	15,000
		By Interest on Capital	2,800
Total	3,97,800	Total	3,97,800

23. Pass journal entries for forfeiture and reissue of shares: **6**

(i) BCG Ltd. forfeited 75 shares of ₹10 each, issued at a premium of ₹4, when allotment money of ₹8 per share (premium included) was not paid. The first and final call of ₹4 had not yet been made. The shares were reissued at ₹15 each fully paid.

(ii) Geetika Ltd. forfeited 1,200 shares of ₹50 each issued at par for non-payment of the final call of ₹10 per share. 900 of these were reissued at ₹45 each fully paid.

ANSWER

(i) Forfeiture ₹150, Capital Reserve ₹150; (ii) Forfeiture ₹48,000, Capital Reserve ₹31,500

(i) Per share: application ₹2 (capital), allotment ₹8 (₹4 capital + ₹4 premium), call ₹4 not made. Called-up capital = 6.

Share Capital A/c Dr. 450 (75 × 6)

Securities Premium A/c Dr. 300 (75 × 4, not received)

To Share Forfeiture A/c 150 (75 × 2)

To Share Allotment/Calls in Arrears A/c 600 (75 × 8)

Bank A/c Dr. 1,125 (75 × 15)

To Share Capital A/c 750

To Securities Premium A/c 375

Share Forfeiture A/c Dr. 150

To Capital Reserve A/c 150 (no discount on reissue, so whole forfeiture is a gain)

(ii) Share Capital A/c Dr. 60,000 (1,200 × 50)

To Share Forfeiture A/c 48,000 (1,200 × 40)

To Share Final Call/Calls in Arrears A/c 12,000

Bank A/c Dr. 40,500 (900 × 45)

Share Forfeiture A/c Dr. 4,500 (900 × 5)

To Share Capital A/c 45,000

Share Forfeiture A/c Dr. 31,500

To Capital Reserve A/c 31,500

Working: forfeiture on 900 shares = 900 × 40 = 36,000 − discount 4,500 = 31,500. The balance on 300 shares (₹12,000) stays in Forfeiture A/c.

OR

Pushkar Ltd. invited applications for 30,000 shares of ₹100 each at a 20% premium, payable: application ₹40 (incl. ₹10 premium), allotment ₹30 (incl. ₹10 premium), first call ₹30, second and final call the balance. Applications were received for 40,000 shares; applicants for 35,000 shares were allotted pro-rata and the rest refused. Excess application money was adjusted against allotment. Yogesh, who applied for 700 shares, did not pay allotment and his shares were forfeited right after allotment. The first call was then made and fully received; the final call was not made. Pass journal entries.

ANSWER

Allotment received ₹6,86,000; 600 shares forfeited (Forfeiture ₹22,000); first call on 29,400 shares ₹8,82,000

1) Bank Dr. 16,00,000 To Share Application 16,00,000 (40,000 × 40)

2) Share Application Dr. 16,00,000 To Share Capital 9,00,000 (30,000 × 30); To Securities Premium

3,00,000; To Share Allotment 2,00,000 (excess on 5,000 shares); To Bank 2,00,000 (5,000 shares refused)

3) Share Allotment Dr. 9,00,000 To Share Capital 6,00,000; To Securities Premium 3,00,000

Yogesh: pro-rata 35,000 : 30,000 = 7 : 6 → allotted 600 shares. Paid 700 × 40 = 28,000; needed 600 × 40 = 24,000; excess 4,000. Allotment due 600 × 30 = 18,000 − 4,000 = 14,000 unpaid.

4) Bank Dr. 6,86,000; Calls in Arrears Dr. 14,000 To Share Allotment 7,00,000 (9,00,000 − 2,00,000)

5) Share Capital Dr. 30,000 (600 × 50); Securities Premium Dr. 6,000 (600 × 10 on allotment) To Share Forfeiture 22,000 (18,000 + 4,000); To Calls in Arrears 14,000

6) Share First Call Dr. 8,82,000 To Share Capital 8,82,000 (29,400 × 30)

7) Bank Dr. 8,82,000 To Share First Call 8,82,000

Tip: premium not received on forfeited shares is debited to Securities Premium.

24. Yuv and Veer share profits 3 : 1. Balance Sheet on 31 March 2022: **6**

Liabilities	₹	Assets	₹
Creditors	41,000	Plant and Machinery	60,000
General Reserve	80,000	Building	40,000
Outstanding Expenses	12,000	Investments	60,000
Capitals: Yuv 79,000		Stock	50,000
Veer 48,000	1,27,000	Debtors 38,000 less Provision 4,000	34,000
		Cash	16,000
Total	2,60,000	Total	2,60,000

Yash is admitted on 1 April 2022 for a 1/4 share: (i) he brings proportionate capital and ₹4,000 as his goodwill premium in cash; (ii) investments are valued at ₹68,000; (iii) plant and machinery is depreciated by 10%.

Prepare the Revaluation Account and Partners' Capital Accounts.

ANSWER

Revaluation profit ₹2,000; closing capitals Yuv ₹1,43,500, Veer ₹69,500, Yash ₹71,000

Revaluation A/c: Dr – Plant & Machinery (10% of 60,000) 6,000; Profit: Yuv 1,500, Veer 500. Cr – Investments (68,000 − 60,000) 8,000. Totals 8,000.

General Reserve 80,000 → Yuv 60,000, Veer 20,000. Premium 4,000 in sacrificing ratio (= old ratio 3 : 1) → Yuv 3,000, Veer 1,000.

Yash's capital: combined adjusted capital of old partners = 1,43,500 + 69,500 = 2,13,000 for 3/4 share → total 2,84,000 → Yash 1/4 = ₹71,000.

Partners' Capital A/cs	Yuv	Veer	Yash
By Balance b/d	79,000	48,000	
By General Reserve	60,000	20,000	
By Premium for Goodwill	3,000	1,000	
By Revaluation (profit)	1,500	500	
By Cash (capital)			71,000
To Balance c/d	1,43,500	69,500	71,000

(All items are credits; closing balances are carried down.)

OR

Reyansh, Aayushman and Sabhya share profits 5 : 3 : 2. Balance Sheet on 31 March 2022:

Liabilities	₹	Assets	
Sundry Creditors	2,20,000	Cash	
General Reserve	1,20,000	Debtors 1,80,000 less Provision 20,000	
Capitals: Reyansh 6,00,000		Stock	
Aayushman 5,00,000		Machinery	
Sabhya 3,00,000	14,00,000	Building	
		Patents	
		Profit and Loss A/c	
Total	17,40,000	Total	1

Reyansh retires on this date: (i) goodwill is valued at ₹12,00,000; (ii) Aayushman and Sabhya will share future profits 2 : 3; (iii) an unrecorded creditor of ₹40,000 is to be recorded; (iv) debtors of ₹30,000 are to be written off as bad; (v) the amount due to Reyansh is transferred to his loan account.
Pass journal entries.

ANSWER

Amount transferred to Reyansh's Loan A/c = ₹11,85,000

Gaining ratio: Aayushman 2/5 − 3/10 = 1/10; Sabhya 3/5 − 2/10 = 4/10 → 1 : 4.
1) Aayushman's Capital Dr. 1,20,000; Sabhya's Capital Dr. 4,80,000 To Reyansh's Capital 6,00,000 (5/10 of 12,00,000 in gaining ratio)
2) General Reserve Dr. 1,20,000 To Reyansh 60,000, Aayushman 36,000, Sabhya 24,000
3) Reyansh's Capital Dr. 50,000; Aayushman's Dr. 30,000; Sabhya's Dr. 20,000 To Profit and Loss A/c 1,00,000 (accumulated loss in old ratio)
4) Revaluation A/c Dr. 40,000 To Sundry Creditors 40,000
5) Bad Debts A/c Dr. 30,000 To Debtors 30,000
6) Provision for Doubtful Debts Dr. 20,000; Revaluation A/c Dr. 10,000 To Bad Debts 30,000
7) Reyansh's Capital Dr. 25,000; Aayushman's Dr. 15,000; Sabhya's Dr. 10,000 To Revaluation A/c 50,000 (loss in old ratio)
8) Reyansh's Capital Dr. 11,85,000 To Reyansh's Loan A/c 11,85,000
Working: 6,00,000 + 6,00,000 + 60,000 − 50,000 − 25,000 = ₹11,85,000.

25. Aadish and Shreyansh share profits 3 : 2. Balance Sheet on 31 March 2022: **6**

Liabilities	₹	Assets	
Creditors	90,000	Cash at Bank	20,00
Mrs. Aadish's Loan	30,000	Stock	24,00
Shreyansh's Loan	30,000	Investments	30,00
General Reserve	45,000	Debtors 20,000 less Provision 2,000	18,00
Capitals: Aadish 1,00,000		Plant	1,00,00
Shreyansh 97,000	1,97,000	Advertisement Suspense	2,00,00
Total	3,92,000	Total	3,92,00

The firm is dissolved on that date: (i) debtors realise ₹17,000 and plant 10% above book value; (ii) Aadish agrees to pay Mrs. Aadish's loan and takes the stock at ₹20,000; (iii) Shreyansh takes half the investments at 10% below book value, and the other half realise ₹4,500; (iv) creditors are paid at a 10% discount; (v) realisation expenses are ₹7,000.
Prepare the Realisation Account.

ANSWER

Loss on realisation ₹5,000 (Aadish ₹3,000, Shreyansh ₹2,000)

Workings: Plant realised 1,10,000; Shreyansh's investments 15,000 × 90% = 13,500; creditors paid 90,000 × 90% = 81,000.

Advertisement Suspense, General Reserve and Shreyansh's loan do NOT go to Realisation A/c.

Dr. Particulars	₹	Cr. Particulars
To Stock	24,000	By Creditors
To Investments	30,000	By Mrs. Aadish's Loan
To Debtors	20,000	By Provision for Doubtful Debts
To Plant	1,00,000	By Bank (debtors 17,000 + plant 1,
To Aadish's Capital (Mrs. Aadish's loan)	30,000	By Aadish's Capital (stock)
To Bank (creditors)	81,000	By Shreyansh's Capital (investment
To Bank (expenses)	7,000	By Loss: Aadish 3,000, Shreyansh 2
Total	2,92,000	Total

26. Pass journal entries for the issue of debentures: **6**

(a) Gagan Ltd. issued ₹10,00,000, 9% debentures of ₹100 each at a 5% premium, redeemable at par after four years.

(b) KS Ltd. issued ₹10,00,000, 10% debentures of ₹100 each at par, redeemable at a 10% premium after four years.

(c) QR Ltd. issued ₹10,00,000, 9% debentures of ₹100 each at a 10% discount, redeemable at a 5% premium after five years.

ANSWER

(a) Premium ₹50,000; (b) Loss on issue ₹1,00,000; (c) Loss on issue ₹1,50,000

(a) Bank Dr. 10,50,000 To Debenture Application & Allotment 10,50,000
Debenture Application & Allotment Dr. 10,50,000 To 9% Debentures 10,00,000; To Securities Premium 50,000

(b) Bank Dr. 10,00,000 To Debenture Application & Allotment 10,00,000
Debenture Application & Allotment Dr. 10,00,000; Loss on Issue of Debentures Dr. 1,00,000 To 10% Debentures 10,00,000; To Premium on Redemption of Debentures 1,00,000

(c) Bank Dr. 9,00,000 To Debenture Application & Allotment 9,00,000
Debenture Application & Allotment Dr. 9,00,000; Loss on Issue of Debentures Dr. 1,50,000 (discount 1,00,000 + redemption premium 50,000) To 9% Debentures 10,00,000; To Premium on Redemption of Debentures 50,000

Remember: Premium on Redemption is a liability (payable later) and is recognised at the time of issue.

PART B

Option I: Analysis of Financial Statements, OR Option II: Computerised Accounting — attempt only the option opted for.
Q27–30: 1 mark each; Q31–32: 3 marks each; Q33: 4 marks; Q34: 6 marks.

27. *Option I — Analysis of Financial Statements* **1**

Which equation is correct?

(A) Cost of Revenue from Operations = Revenue from Operations + Gross Profit

(B) Cost of Revenue from Operations = Opening Inventory − Net Purchases + Direct Expenses − Closing Inventory

(C) Cost of Revenue from Operations = Opening Inventory + Closing Inventory

(D) Cost of Revenue from Operations = Revenue from Operations − Gross Profit

ANSWER

(d) Cost of Revenue from Operations = Revenue from Operations − Gross Profit

Revenue from operations = Cost of revenue from operations + Gross profit, so Cost = Revenue − GP. (b) is wrong: purchases are ADDED to opening inventory, not subtracted.

OR

Which of these is a tool of Analysis of Financial Statements?

(i) Cash Flow Statement (ii) Statement of Profit and Loss (iii) Notes to Accounts (iv) Balance Sheet

(A) (i)

(B) (i) and (ii)

(C) (ii)

(D) (i), (ii) and (iv)

ANSWER

(a) (i) only

Tools of analysis: comparative statements, common-size statements, ratio analysis and cash flow statement.

The Statement of P&L, Balance Sheet and Notes are the financial statements themselves, not tools of analysing them.

OR

Option II — Computerised Accounting

Codification (giving codes to accounts) is needed for:

(A) The generation of mnemonic codes.

(B) To secure accounts, reports, etc.

(C) The encryption of data.

(D) Easy to process data, keeping proper records.

ANSWER

(c) The encryption of data

Codes replace full account names with short symbols, so the data is encoded (encrypted) – it also allows quick processing. The CBSE marking scheme gives (c) encryption of data as the answer.

OR

Which type of accounting software suits an organisation with a very small volume of transactions and needing high adaptability?

(A) Specific
(B) Tailored
(C) Specific and tailored both
(D) Generic

ANSWER
(d) Generic

Generic (ready-to-use) software is cheap, easy to adopt and highly adaptable – ideal for small businesses with few transactions.
Specific and tailored software suit medium/large businesses.

28. *Option I — Analysis of Financial Statements* **1**

Current assets ₹20,00,000; non-current assets ₹40,00,000; long-term borrowings ₹25,00,000; proprietary ratio 25%. Proprietors' funds are:

(A) ₹10,00,000
(B) ₹14,00,000
(C) ₹24,00,000
(D) ₹15,00,000

ANSWER
(d) ₹15,00,000

Proprietary ratio = Proprietors' funds ÷ Total assets.
Total assets = 20,00,000 + 40,00,000 = ₹60,00,000.
Proprietors' funds = 25% × 60,00,000 = ₹15,00,000.

OR

Option II — Computerised Accounting

The result of an arithmetic expression or function is called:

(A) Derived Value
(B) Basic Value
(C) Vertical Value
(D) Horizontal Value

ANSWER
(a) Derived Value

In a spreadsheet, values typed directly are basic values; values produced by formulas/functions are derived values.

29. *Option I — Analysis of Financial Statements* **1**

In the cash flow statement of a financial enterprise, 'dividend paid' is shown under:

(A) Operating Activity
(B) Investing Activity
(C) Financing Activity
(D) Both (b) and (c)

ANSWER
(c) Financing Activity

Dividend paid is a return to shareholders (owners of capital), so it is a financing activity for every enterprise – financial or not.
Only interest/dividend RECEIVED and interest paid are operating for a financial enterprise.

OR

For a non-financial enterprise, 'interest received on investments' is shown in the cash flow statement under:

(A) Investing Activity
(B) Financing Activity
(C) Operating Activity
(D) Both (b) and (c)

ANSWER
(a) Investing Activity

For a non-financial company, investing is not its main business, so interest and dividend received are investing inflows.
(For a financial enterprise they would be operating.)

OR

Option II — Computerised Accounting

Processing data collected from various sources all at one go is called:

(A) Real-time processing
(B) Batch processing
(C) Data validation
(D) Processing and Revalidation

ANSWER
(b) Batch processing

In batch processing, transactions are accumulated over a period and processed together; real-time processing handles each transaction as it happens.

30. *Option I — Analysis of Financial Statements* **1**

Which are financing activities?

(i) Issue of equity shares (ii) Cash received from debtors (iii) Redemption of debentures (iv) Cash paid to trade payables

(A) (i)

(B) (i) and (ii)

(C) (i) and (iii)

(D) (i), (ii) and (iv)

ANSWER

(c) (i) and (iii)

Issue of shares and redemption of debentures change the size of owners' capital/borrowings → financing.

Cash from debtors and cash paid to creditors are operating activities.

OR

Option II — Computerised Accounting

Which accounting information sub-system is linked with other sub-systems to obtain information on costs and expenses?

(A) Cash and Bank sub-system

(B) Expense Accounting sub-system

(C) Costing sub-system

(D) Final Accounts sub-system

ANSWER

(c) Costing sub-system

The costing sub-system collects data on materials, labour and overheads from other sub-systems (inventory, payroll, expenses) to work out costs.

OR

The process of checking input data against some unknown data is called:

(A) Data validation

(B) Data entry

(C) Information data

(D) Storage data

ANSWER

(A) Data validation

Data validation

Data validation checks that entered data is correct and acceptable before it is stored/processed (e.g. against rules or reference data).

In set 67/1/1 it is option (a); in set 67/3/1 it is option (d).

31. *Option I — Analysis of Financial Statements* **3**

Show the major head and sub-head (if any) under which these items appear in a company's Balance Sheet (Schedule III, Part I, Companies Act 2013):

(a) Licences and franchise

(b) Loans repayable on demand

(c) Accrued income

ANSWER

(a) Non-current assets – Fixed (Intangible) assets; (b) Current liabilities – Short-term borrowings; (c) Current assets – Other current assets

(a) Licences and franchise: Major head – Non-Current Assets; Sub-head – Fixed Assets / Property, Plant & Equipment and Intangible Assets → Intangible Assets.
(b) Loans repayable on demand: Major head – Current Liabilities; Sub-head – Short-term Borrowings.
(c) Accrued income: Major head – Current Assets; Sub-head – Other Current Assets.
(½ mark for each head and sub-head.)

OR

Option II — Computerised Accounting

Which error appears when Excel does not recognise text in a formula? State the steps to correct it.

ANSWER

#NAME? error

Error: #NAME?
Steps to correct (as per scheme):
1. Click the Office/File button → Options → Add-ins.
2. In the Manage box select Excel Add-ins and click Go.
3. In the list of available add-ins tick the required add-in (e.g. Euro Currency Tools) and click OK.
Other usual fixes: check the spelling of the function name, put text in double quotes, and define any range name used in the formula.

32. *Option I — Analysis of Financial Statements* **3**

'A technique of regrouping accounting data by working out arithmetical relationships between figures.' Name this technique and give two advantages of it.

ANSWER

Ratio Analysis

Technique: Ratio Analysis.

Advantages (any two):

1. It simplifies complex accounting figures and shows relationships between them.
2. It helps in comparing a firm's performance over years, with other firms and with industry standards.
3. It helps to judge whether management's decisions have worked.
4. It points out problem areas (weaknesses) needing attention.
5. It helps in SWOT analysis and in planning/forecasting.

OR

Option II — Computerised Accounting

Explain: (i) Memo Voucher (ii) Post-dated Voucher (iii) User-defined Voucher.

ANSWER

Memo – non-accounting voucher; Post-dated – entered now for a future date; User-defined – new voucher type created by the user

(i) Memo voucher: a non-accounting voucher; it does not affect the accounts. Entries are kept in a separate register and not posted to the ledger until converted into a regular voucher.

(ii) Post-dated voucher: lets the user enter a transaction now that will take effect on a future date (e.g. post-dated cheques); it affects accounts only on that date.

(iii) User-defined voucher: besides the pre-defined voucher types (Tally has 23), the user can create new accounting/inventory voucher types to suit the business's needs.

33. *Option I — Analysis of Financial Statements* **4**

Calculate the Gross Profit Ratio: Inventory Turnover Ratio 6 times; Average Inventory ₹4,00,000; goods are sold at a profit of 25% on cost.

ANSWER

Gross Profit Ratio = 20%

Inventory turnover = Cost of revenue from operations ÷ Average inventory → Cost = 6 × 4,00,000 = ₹24,00,000.

Gross profit = 25% of cost = ₹6,00,000.

Revenue from operations = 24,00,000 + 6,00,000 = ₹30,00,000.

GP Ratio = 6,00,000 ÷ 30,00,000 × 100 = 20%.

Common mistake: 25% on cost ≠ 25% on sales; on sales it is 25/125 = 20%.

OR

A company's current ratio is 2 : 1. Giving reasons, state whether each transaction will improve, reduce or not change the ratio:

(a) Goods purchased on credit ₹40,000

(b) Furniture of book value ₹8,000 sold at a loss of ₹2,000

(c) Cash received from trade receivables ₹15,000

(d) Equity shares issued ₹6,00,000

ANSWER

(a) Reduces (b) Improves (c) No change (d) Improves

(a) Reduce – inventory (CA) and trade payables (CL) rise by the same amount; when the ratio is above 1, an equal increase in both lowers it (e.g. 2 : 1 → 2.4 : 1.4).

(b) Improve – cash ₹6,000 (CA) comes in, CL unchanged.

(c) No change – cash up, trade receivables down by the same amount; total CA and CL same.

(d) Improve – cash (CA) rises, CL unchanged.

OR

Option II — Computerised Accounting

What is data formatting? Which tools are used to format data? Explain.

ANSWER

Data formatting = using formatting tools to make a spreadsheet's data easy to read; tools: number, currency, percentage, date formats

Data formatting means changing the way data appears (not its value) so that a worksheet is easy to read and understand.

Tools:

• Number format – decimal places, thousands separator, negative numbers in brackets/red.

• Currency/Accounting format – adds currency symbol (₹) and aligns values.

• Percentage format – shows a value such as 0.25 as 25%.

• Date (and time) format – displays dates in the chosen style, e.g. 31-03-2022.

Also font, alignment, borders, fill colour and conditional formatting.

OR

List eight uses of accounting software.

ANSWER

Eight uses listed below

1. Doing all basic accounting – vouchers, ledgers, trial balance.
2. Managing stores/inventory.
3. Job costing.
4. Payroll management.
5. Producing MIS reports.
6. Preparing balance sheet, P&L and filing tax returns (GST, TDS).
7. Preparing and monitoring budgets.
8. Managing data across different locations and synchronising it.
9. Calculating interest on overdue amounts.

(Any eight, ½ mark each.)

34. *Option I — Analysis of Financial Statements* **6**

Two entrepreneurs started an online car-buying portal in 2011 and converted it into 'Car Easy Ltd.' in 2018. From its Balance Sheet, calculate Cash Flows from Operating Activities for 2021-22.

Particulars	31.3.2022 (₹)	31.3.2021 (₹)
Share Capital	9,00,000	3,00,000
Reserves and Surplus (balance of P&L)	75,000	3,60,000
Long-term Borrowings: 10% Debentures	2,40,000	1,80,000
Trade Payables	18,000	60,000
Short-term Provisions: Provision for Tax	2,04,000	2,10,000
Fixed Assets: Machinery (cost)	11,52,000	6,45,000
Less Accumulated Depreciation	(1,44,000)	(69,000)
Inventories	3,54,000	3,87,000
Cash and Cash Equivalents	75,000	1,47,000
Total of Balance Sheet	14,37,000	11,10,000

Additional information: (i) 10% debentures were issued on 31 March 2021 (opening ones); (ii) tax of ₹80,000 was paid during the year.

ANSWER

Net cash used in operating activities = ₹(2,01,000)

Step 1 – Net profit before tax:

Change in surplus = 75,000 − 3,60,000 = (2,85,000) (a loss).

Provision for tax made = closing 2,04,000 + paid 80,000 − opening 2,10,000 = ₹74,000.

Net profit before tax = (2,85,000) + 74,000 = ₹(2,11,000).

Step 2 – Add non-cash / non-operating items:

Depreciation = 1,44,000 − 69,000 = 75,000; Interest on debentures = 10% × 2,40,000 = 24,000.

Operating profit before working capital changes = (2,11,000) + 99,000 = ₹(1,12,000).

Step 3 – Working capital: decrease in inventories +33,000; decrease in trade payables (42,000) → net (9,000).

Cash generated from operations = (1,21,000); less tax paid 80,000.

Net cash used in operating activities = ₹(2,01,000).

(If interest is taken only on the opening ₹1,80,000, i.e. ₹18,000, the answer becomes ₹(2,07,000); the marking scheme accepts that too.)

OR

Option II — Computerised Accounting

What is the 'Present Value' of an investment? Explain the financial function used to calculate it.

ANSWER

PV = present worth of a series of future payments; function PV(rate, nper, pmt, [fv], [type])

Present value is what a series of future payments is worth today, after discounting at a given rate of interest.

> Excel function: PV.
> Syntax: =PV(rate, nper, pmt, [fv], [type])
> • rate – interest rate per period (e.g. 12%/12 for monthly).
> • nper – total number of payment periods.
> • pmt – payment made each period (fixed over the life; principal + interest).
> • fv – (optional) future value / cash balance wanted after the last payment; 0 if omitted.
> • type – (optional) 0 = payment at end of period, 1 = at beginning.
> Example: =PV(10%,5,−10000) gives about ₹37,908 – the value today of ₹10,000 received yearly for 5 years at 10%.

— END —

Questions restated from the CBSE Class XII Board Examination 2023 (set 67/1/1) for practice. Reading passages and map items are described, not reproduced.