Roll No. ☐☐☐☐☐☐☐☐

**Q.P. Code 67/1/1**

# ACCOUNTANCY

CBSE Class XII Board Examination 2024 — with answers

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

**General Instructions:**

1. The paper has 34 questions in two parts, A and B. All questions are compulsory.
2. Part A (Accounting for Partnership Firms and Companies) is compulsory for everyone.
3. Part B offers two options — Option I: Analysis of Financial Statements, Option II: Computerised Accounting. Attempt only one option.
4. Q1–16 (Part A) and Q27–30 (Part B) are MCQs of 1 mark each; Q17–20 and Q31–32 carry 3 marks each.
5. Q21, 22 and Q33 carry 4 marks each; Q23–26 and Q34 carry 6 marks each.
6. There is no overall choice, but some questions have an internal choice (OR).

## 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.** Atul, Beena and Sita share the profits and losses of their firm in the ratio 8 : 7 : 5. Damini is admitted as a new partner for a 1/5 share, which she takes entirely from Atul. What will be the new profit-sharing ratio after her admission? **1**

**(A)** 7 : 7 : 5 : 1 **(B) 4 : 7 : 5 : 4**

**(C)** 8 : 7 : 5 : 4 **(D)** 7 : 5 : 8 : 4

**ANSWER**

(B) 4 : 7 : 5 : 4

Write the old shares in twentieths: Atul 8/20, Beena 7/20, Sita 5/20.

Damini's share = 1/5 = 4/20, given up wholly by Atul.

Atul's new share = 8/20 − 4/20 = 4/20; Beena 7/20 and Sita 5/20 stay the same; Damini 4/20.

New ratio = 4 : 7 : 5 : 4.

Common mistake: reducing every old partner's share – here only Atul sacrifices.

**OR**

Rushil and Abheer share profits and losses in the ratio 4 : 3. They admit Sunil for a 3/7 share; he gets 2/7 from Rushil and 1/7 from Abheer. What will be the new profit-sharing ratio of Rushil, Abheer and Sunil?

**(A)** 4 : 3 : 3 **(B)** 2 : 1 : 3

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

**ANSWER**

(C) 2 : 2 : 3

Rushil = 4/7 − 2/7 = 2/7.

Abheer = 3/7 − 1/7 = 2/7.

Sunil = 2/7 + 1/7 = 3/7.

New ratio = 2 : 2 : 3.

**2.** Abhay, Boris and Chetan share profits 5 : 3 : 2. Boris has been guaranteed a minimum profit of ₹95,000; any shortfall is to be borne equally by Abhay and Chetan. The firm's profit for the year ended 31 March 2023 was ₹2,00,000. How much will Abhay give to Boris towards the guarantee? **1**

**(A) ₹17,500** **(B)** ₹35,000

**(C)** ₹25,000 **(D)** ₹10,000

**ANSWER**
(A) ₹17,500

Boris's normal share = 3/10 × 2,00,000 = ₹60,000.
Shortfall = 95,000 − 60,000 = ₹35,000.
Abhay and Chetan bear it equally: Abhay = 35,000 ÷ 2 = ₹17,500.

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**3.** The firm of Aavya, Mitansh and Praveen was dissolved on 31 March 2023. Creditors, who were owed ₹60,000, took over furniture (book value ₹50,000) at ₹45,000 in part settlement, and the rest was paid by cheque. How much was paid by cheque? **1**

**(A)** ₹10,000 **(B)** ₹50,000

**(C)** ₹45,000 **(D) ₹15,000**

**ANSWER**
(D) ₹15,000

Creditors accept the furniture at its agreed value ₹45,000 (book value ₹50,000 is irrelevant here).
Balance payable = 60,000 − 45,000 = ₹15,000 by cheque.
Common mistake: using the book value of furniture (would give ₹10,000).

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**4.** Piyush, Rajesh and Avinash share profits equally. Shiva joins for an equal share and brings his capital and his premium for goodwill in cash. Among whom will the goodwill premium be shared? **1**

**(A)** Old partners in old ratio **(B)** New partners in new ratio

**(C)** New partners in sacrificing ratio **(D) Old partners in sacrificing ratio**

**ANSWER**
(D) Old partners in sacrificing ratio

Premium for goodwill compensates the old partners for the share of profit they give up to the new partner.
So it is credited to the old partners' capital accounts in their sacrificing ratio (here all three sacrifice equally, so 1 : 1 : 1).

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**5.** Alex, Benn and Cole share profits 5 : 3 : 2 and admit Dona for a 1/5 share in future profits. Dona will bring proportionate capital. After all adjustments, the old partners' capitals are ₹1,20,000, ₹80,000 and ₹1,00,000. How much capital will Dona bring? **1**

**(A) ₹75,000** **(B)** ₹60,000

**(C)** ₹65,000 **(D)** ₹70,000

**ANSWER**
(A) ₹75,000

Combined adjusted capital of old partners = 1,20,000 + 80,000 + 1,00,000 = ₹3,00,000.
This is for 1 − 1/5 = 4/5 of the firm, so total capital = 3,00,000 × 5/4 = ₹3,75,000.
Dona's capital = 3,75,000 × 1/5 = ₹75,000.

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**6.** Assertion (A): Every partner is a principal as well as an agent of all the other partners. **1**
Reason (R): According to the definition in the Partnership Act, the business may be carried on by all the partners or by any of them acting for all.

**(A)** Both A and R are correct, but R is not the correct explanation of A.

**(B) Both A and R are correct and R is the correct explanation of A.**

**(C)** A is correct, but R is incorrect.

**(D)** A is incorrect, but R is correct.

**ANSWER**
(B) Both A and R are true and R explains A

The 'mutual agency' element comes from the definition: business carried on by all or any of them acting for all.
When one partner acts for all, he is an agent of the others and bound by their acts as a principal – so R is the reason for A.

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**7.** Abha and Babita run a clay-toy firm sharing profits 2 : 1. On 1 April 2023 their capitals were ₹5,00,000 and ₹10,00,000. The deed allows interest on capital at 10% p.a. The firm's profit for the year was ₹90,000. **1**
How much interest on capital will be allowed to Abha?

**(A)** ₹50,000 **(B)** ₹1,00,000

**(C)** ₹60,000 **(D) ₹30,000**

**ANSWER**
(D) ₹30,000

Full interest: Abha 10% of 5,00,000 = ₹50,000; Babita 10% of 10,00,000 = ₹1,00,000; total ₹1,50,000.
Interest on capital is an appropriation, so it cannot exceed the profit of ₹90,000.
The profit is shared in the ratio of interest 50,000 : 1,00,000 = 1 : 2.
Abha = 90,000 × 1/3 = ₹30,000.
Common mistake: giving the full ₹50,000 when profit is insufficient.

**8.** Abha and Babita run a clay-toy firm sharing profits 2 : 1. On 1 April 2023 their capitals were ₹5,00,000 and ₹10,00,000. The deed allows interest on capital at 10% p.a. The firm's profit for the year was ₹90,000. **1**

What will be Babita's share of the remaining profit?

**(A)** ₹60,000 **(B)** ₹30,000

**(C) Nil** **(D)** ₹1,00,000

**ANSWER**

(C) Nil

Interest on capital due (₹1,50,000) is more than the profit (₹90,000).
The whole ₹90,000 is used up as interest on capital (Abha ₹30,000, Babita ₹60,000).
Nothing is left to share in the profit ratio, so Babita's share of profit = Nil.

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**9.** Alfa Ltd. offered 50,000 equity shares of ₹10 each at a 30% premium, the full amount payable on application. It received applications for 2,50,000 shares and allotted shares pro-rata to all applicants. How much money was refunded? **1**

**(A)** ₹32,50,000 **(B)** ₹15,60,000

**(C)** ₹39,00,000 **(D) ₹26,00,000**

**ANSWER**

(D) ₹26,00,000

Amount per share on application = 10 + 30% of 10 = ₹13.
Excess applications = 2,50,000 − 50,000 = 2,00,000 shares.
With the full amount payable on application there is nothing to adjust, so the excess is refunded:
2,00,000 × 13 = ₹26,00,000.

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**10.** Fill in the blank: Reserve capital is that portion of the _____ capital which can be called up only when the company is being wound up. **1**

**(A)** Issued **(B)** Called up

**(C) Uncalled** **(D)** Nominal

**ANSWER**

(C) Uncalled

A company may resolve (by special resolution) that a part of its uncalled capital will be called only on winding up.
That part is reserve capital – it is a part of uncalled capital.

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**11.** Xeno Ltd. issued 25,000 equity shares of ₹10 each payable ₹4 on application, ₹5 on allotment and the balance on first and final call. All shares were applied for and allotted. Allotment money on 1,500 shares was not received and these shares were forfeited immediately after allotment (the call had not been made). By how much will Share Capital Account be debited on forfeiture? **1**

**(A)** ₹15,000 **(B)** ₹24,000

**(C) ₹13,500** **(D)** ₹18,000

**ANSWER**

(C) ₹13,500

On forfeiture, Share Capital is debited with the amount called up on the forfeited shares.
Called up so far = application ₹4 + allotment ₹5 = ₹9 per share.
Debit = 1,500 × 9 = ₹13,500.
Common mistake: debiting the full face value ₹10 when the final call is not yet made.

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**12.** Assertion (A): Irredeemable debentures are also called perpetual debentures. **1**
Reason (R): The company gives no undertaking to repay the money raised by such debentures; they are repayable only on winding up or after a very long period.

**(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 incorrect, but R is correct.

**(D)** A is correct, but R is incorrect.

**ANSWER**

(A) Both true; R explains A

Because there is no fixed repayment date (repayable only on winding up or after a long period), these debentures are 'perpetual'.
So R correctly explains A.

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**13.** Money received from shareholders in advance, before the directors have called it up, is: **1**

**(A)** debited to calls in advance account
**(B) credited to calls in advance account**
**(C)** debited to share capital account
**(D)** credited to share capital account

**ANSWER**
(B) Credited to Calls in Advance A/c

Entry: Bank A/c Dr. To Calls in Advance A/c.
Calls in advance is a liability of the company (not part of share capital) until the call is made, so it is credited.

**OR**

Offering securities, or inviting subscription for securities, to a selected group of persons is called:

**(A)** Buy back of shares
**(B)** Employee stock option plan
**(C) Private placement of shares**
**(D)** Sweat Equity

**ANSWER**
(C) Private placement of shares

Private placement = issue of securities to a select group of persons (not to the public at large) through a private placement offer letter.

**14.** A ₹100 share, on which ₹80 has been received, is forfeited because the final call of ₹20 was not paid. What is the lowest price at which this share can be reissued? **1**

**(A)** ₹120
**(B)** ₹100
**(C)** ₹80
**(D) ₹20**

**ANSWER**
(D) ₹20

The maximum discount on reissue = amount forfeited = ₹80 per share.
Minimum reissue price (as fully paid) = 100 − 80 = ₹20.

**OR**

Shiv Ltd. forfeited 500 shares of ₹10 each on which ₹7 per share had been paid. They were reissued at ₹9 per share as fully paid. What amount will be transferred to Capital Reserve?

**(A) ₹3,000**
**(B)** ₹5,000
**(C)** ₹4,500
**(D)** ₹3,500

**ANSWER**
(A) ₹3,000

Amount forfeited = 500 × 7 = ₹3,500.
Discount on reissue = 500 × (10 − 9) = ₹500, met from Share Forfeiture.
Balance to Capital Reserve = 3,500 − 500 = ₹3,000.

**15.** Dan, Elf and Furhan share profits 5 : 3 : 2. From 1 April 2023 they change the ratio to 2 : 3 : 5. A General Reserve of ₹90,000 stands in the books, and the partners decide not to distribute it. Which single adjustment entry is correct? **1**

**(A)** Dan's Capital A/c Dr. ₹27,000; To Furhan's Capital A/c ₹27,000

**(B)** Dan's Capital A/c Dr. ₹90,000; To Furhan's Capital A/c ₹90,000

**(C) Furhan's Capital A/c Dr. ₹27,000; To Dan's Capital A/c ₹27,000**

**(D)** Furhan's Capital A/c Dr. ₹90,000; To Dan's Capital A/c ₹90,000

**ANSWER**

(C) Furhan's Capital A/c Dr. ₹27,000 To Dan's Capital A/c ₹27,000

Change in shares: Dan 5/10 → 2/10 (sacrifice 3/10); Elf 3/10 → 3/10 (no change); Furhan 2/10 → 5/10 (gain 3/10).

Reserve kept in the books, so the gaining partner compensates the sacrificing partner: 3/10 × 90,000 = ₹27,000.

Entry: Furhan's Capital A/c Dr. 27,000 To Dan's Capital A/c 27,000.

**OR**

Sia, Tom and Vidhi share profits 3 : 2 : 1. From 1 April 2023 they will share 1 : 2 : 3. On that date the Profit and Loss Account has a debit balance of ₹60,000. Which journal entry correctly distributes this balance?

**(A) Sia's Capital Dr. ₹30,000, Tom's Capital Dr. ₹20,000, Vidhi's Capital Dr. ₹10,000; To Profit and Loss A/c ₹60,000**

**(B)** Sia's Capital Dr. ₹10,000, Tom's Capital Dr. ₹20,000, Vidhi's Capital Dr. ₹30,000; To Profit and Loss A/c ₹60,000

**(C)** Sia's Capital A/c Dr. ₹20,000; To Vidhi's Capital A/c ₹20,000

**(D)** Vidhi's Capital A/c Dr. ₹20,000; To Sia's Capital A/c ₹20,000

**ANSWER**

(A) Debit Sia ₹30,000, Tom ₹20,000, Vidhi ₹10,000; credit P&L ₹60,000

An accumulated loss (debit balance of P&L) belongs to the period of the old ratio, so it is written off in the OLD ratio 3 : 2 : 1.

Sia 3/6 × 60,000 = 30,000; Tom 2/6 × 60,000 = 20,000; Vidhi 1/6 × 60,000 = 10,000.

Entry: the three Capital A/cs Dr. To Profit and Loss A/c 60,000.

**16.** Anju, Divya and Bobby share profits 3 : 2 : 1. Bobby retires, and Anju and Divya then share 5 : 3. What is their gaining ratio? **1**

**(A)** 3 : 2 **(B)** 5 : 3

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

**ANSWER**

(C) 3 : 1

Gain = new share − old share.

Anju = 5/8 − 3/6 = 15/24 − 12/24 = 3/24.

Divya = 3/8 − 2/6 = 9/24 − 8/24 = 1/24.

Gaining ratio = 3 : 1.

**OR**

Mita, Veena and Atul share profits 3 : 2 : 1. Atul retires and his share is taken by Mita and Veena in the ratio 1 : 4. What is the new ratio of Mita and Veena?

**(A)** 3 : 2 **(B) 8 : 7**

**(C)** 7 : 3 **(D)** 2 : 3

**ANSWER**

(B) 8 : 7

Atul's share = 1/6. Mita takes 1/5 of it = 1/30; Veena takes 4/5 = 4/30.

Mita = 3/6 + 1/30 = 15/30 + 1/30 = 16/30.

Veena = 2/6 + 4/30 = 10/30 + 4/30 = 14/30.

New ratio = 16 : 14 = 8 : 7.

**17.** Aamir, Bashir and Chirag share profits and losses 3 : 3 : 2. Chirag retires, and Aamir and Bashir agree to share future profits 1 : 2. On Chirag's retirement the firm's goodwill is valued at ₹5,40,000. **3**

Calculate the gaining ratio and pass the journal entry for goodwill on Chirag's retirement (without opening a Goodwill Account).

**ANSWER**

Aamir sacrifices 1/24, Bashir gains 7/24; Bashir's Capital Dr. ₹1,57,500 To Aamir's Capital ₹22,500 and To Chirag's Capital ₹1,35,000

Step 1 – Gain/sacrifice (new − old):
Aamir = 1/3 − 3/8 = 8/24 − 9/24 = −1/24 (sacrifice)
Bashir = 2/3 − 3/8 = 16/24 − 9/24 = +7/24 (gain)
So only Bashir gains; he gains Chirag's 6/24 plus Aamir's 1/24.
Step 2 – Amounts: Chirag's share of goodwill = 2/8 × 5,40,000 = ₹1,35,000; Aamir's sacrifice = 1/24 × 5,40,000 = ₹22,500; Bashir's gain = 7/24 × 5,40,000 = ₹1,57,500.
Step 3 – Entry:
Bashir's Capital A/c ... Dr. ₹1,57,500
To Aamir's Capital A/c ₹22,500
To Chirag's Capital A/c ₹1,35,000
(Goodwill adjusted on Chirag's retirement)
Common mistake: assuming the gaining ratio equals the new ratio 1 : 2 – always compute new minus old.

**18.** Pearl and Ruby's firm has a combined capital of ₹2,50,000; the normal rate of return is 10%. Profits of the last four years: 2019-20 ₹35,000; 2020-21 ₹25,000; 2021-22 ₹32,000; 2022-23 ₹33,000. The closing stock of 2022-23 was overvalued by ₹5,000. **3**

Calculate the firm's goodwill at three years' purchase of the average super profit of the last four years.

**ANSWER**

Goodwill = ₹15,000

Step 1 – Adjust profit: overvalued closing stock inflated 2022-23 profit, so 33,000 − 5,000 = ₹28,000.
Step 2 – Total = 35,000 + 25,000 + 32,000 + 28,000 = ₹1,20,000; average profit = 1,20,000 ÷ 4 = ₹30,000.
Step 3 – Normal profit = 10% of 2,50,000 = ₹25,000.
Step 4 – Super profit = 30,000 − 25,000 = ₹5,000.
Step 5 – Goodwill = 5,000 × 3 = ₹15,000.

**19.** Sunrise Ltd. took over assets of ₹3,60,000 and creditors of ₹1,00,000 from Moonlight Ltd. for an agreed purchase consideration of ₹4,80,000. It paid the consideration by issuing 9% Debentures of ₹100 each at a 4% discount. **3**

Pass the journal entries in the books of Sunrise Ltd., showing workings.

**ANSWER**

Goodwill ₹2,20,000; 5,000 debentures issued (₹5,00,000) with discount ₹20,000

Working: Net assets = 3,60,000 − 1,00,000 = ₹2,60,000; consideration ₹4,80,000 is more, so Goodwill = ₹2,20,000.

Issue price = 100 − 4 = ₹96; number of debentures = 4,80,000 ÷ 96 = 5,000.

Entry 1:

Sundry Assets A/c ... Dr. ₹3,60,000

Goodwill A/c ... Dr. ₹2,20,000

To Creditors A/c ₹1,00,000

To Moonlight Ltd. ₹4,80,000

(Business purchased)

Entry 2:

Moonlight Ltd. ... Dr. ₹4,80,000

Discount on Issue of Debentures A/c ... Dr. ₹20,000

To 9% Debentures A/c ₹5,00,000

(5,000 debentures issued at 4% discount)

**OR**

Grapple Ltd. took over assets of ₹25,00,000 and liabilities of ₹5,00,000 from Allore Ltd. for an agreed purchase consideration of ₹18,00,000, paid by issuing 11% Debentures of ₹100 each at a 20% premium.

Pass the journal entries in the books of Grapple Ltd., showing workings.

**ANSWER**

Capital Reserve ₹2,00,000; 15,000 debentures: ₹15,00,000 + Securities Premium ₹3,00,000

Working: Net assets = 25,00,000 − 5,00,000 = ₹20,00,000; consideration ₹18,00,000 is less, so Capital Reserve = ₹2,00,000.

Issue price = ₹120; number of debentures = 18,00,000 ÷ 120 = 15,000.

Entry 1:

Sundry Assets A/c ... Dr. ₹25,00,000

To Sundry Liabilities A/c ₹5,00,000

To Allore Ltd. ₹18,00,000

To Capital Reserve A/c ₹2,00,000

Entry 2:

Allore Ltd. ... Dr. ₹18,00,000

To 11% Debentures A/c ₹15,00,000

To Securities Premium A/c ₹3,00,000

(15,000 debentures issued at 20% premium)

**20.** Mohan, Suhaan and Adit share profits and losses 3 : 2 : 1. Their fixed capitals are ₹2,00,000, ₹1,00,000 and ₹1,00,000. For the year ended 31 March 2023 interest on capital was credited at 8% p.a. instead of 5% p.a. **3**

Pass the adjusting journal entry, showing workings.

**ANSWER**

Adit's Current A/c Dr. ₹1,000 To Suhaan's Current A/c ₹1,000

Excess interest credited (3% extra): Mohan 6,000, Suhaan 3,000, Adit 3,000 – total ₹12,000; this must be reversed (debited).

The ₹12,000 should have been profit, shared 3 : 2 : 1 = Mohan 6,000, Suhaan 4,000, Adit 2,000 (credited).

Net: Mohan 0; Suhaan +1,000 (Cr); Adit −1,000 (Dr).

Entry:

Adit's Current A/c ... Dr. ₹1,000

To Suhaan's Current A/c ₹1,000

(Excess interest on capital adjusted)

Note: capitals are fixed, so adjustments go through current accounts.

**OR**

Manoj and Nitin share profits 2 : 1. On 31 March 2023 their capitals, after crediting profit and debiting drawings, were ₹90,000 and ₹80,000. Profit for the year was ₹30,000; drawings were Manoj ₹40,000 and Nitin ₹20,000. Later it was found that interest on capital at 10% p.a. was not allowed, and interest on drawings (Manoj ₹3,000, Nitin ₹2,000) was not charged.

Pass the adjusting journal entry, showing workings.

**ANSWER**

Manoj's Capital A/c Dr. ₹2,000 To Nitin's Capital A/c ₹2,000

Step 1 – Opening capitals = closing + drawings − profit share:

Manoj = 90,000 + 40,000 − 20,000 = ₹1,10,000; Nitin = 80,000 + 20,000 − 10,000 = ₹90,000.

Step 2 – Interest on capital @10%: Manoj 11,000; Nitin 9,000.

Step 3 – Net to credit = IOC − IOD: Manoj 11,000 − 3,000 = 8,000; Nitin 9,000 − 2,000 = 7,000; total ₹15,000.

Step 4 – This ₹15,000 is taken back from profit in 2 : 1: Manoj 10,000, Nitin 5,000 (debit).

Step 5 – Net: Manoj 8,000 − 10,000 = −2,000 (Dr); Nitin 7,000 − 5,000 = +2,000 (Cr).

Entry:

Manoj's Capital A/c ... Dr. ₹2,000

To Nitin's Capital A/c ₹2,000

**21.** Shivalik Ltd. has an authorised capital of ₹10,00,000 in equity shares of ₹10 each. It offered 50,000 equity shares to the public, payable ₹2 on application, ₹6 on allotment and the balance on first and final call. The issue was fully subscribed. All money was received except allotment and call money on 4,000 shares, which were forfeited. **4**

Show Share Capital in the company's Balance Sheet as per Schedule III, Part I of the Companies Act, 2013, with Notes to Accounts.

**ANSWER**

Share Capital = ₹4,68,000 (46,000 fully paid shares ₹4,60,000 + Share Forfeiture ₹8,000)

Forfeited amount = only application money paid on 4,000 shares = 4,000 × 2 = ₹8,000.

Balance Sheet (extract): Equity and Liabilities → 1. Shareholders' Funds → (a) Share Capital (Note 1) ₹4,68,000.

Note 1 – Share Capital:

| Particulars | ₹ |
|---|---|
| Authorised: 1,00,000 equity shares of ₹10 each | 10,00,000 |
| Issued: 50,000 equity shares of ₹10 each | 5,00,000 |
| Subscribed and fully paid: 46,000 shares of ₹10 each | 4,60,000 |
| Add: Share Forfeiture A/c | 8,000 |
| Total | 4,68,000 |

Common mistake: showing forfeited shares in subscribed capital – they are no longer outstanding.

**22.** Archana, Vandana and Arti (ratio 5 : 3 : 2) dissolve their firm on 31 March 2023. Balance Sheet: Capitals Archana ₹80,000, Vandana ₹70,000, Arti ₹60,000; General Reserve ₹30,000; Creditors ₹60,000 (total ₹3,00,000). Assets: Investments ₹80,000, Plant ₹1,00,000, Stock ₹40,000, Debtors ₹50,000, Cash at Bank ₹30,000. **4**

(i) Debtors realised ₹40,000, Stock ₹50,000, Plant ₹60,000.

(ii) Vandana took 25% of the investments for ₹18,000; Archana took the rest at 10% below book value.

(iii) Realisation expenses ₹20,000 were paid by Arti.

Prepare the Realisation Account (creditors are paid in full).

**ANSWER**

Loss on realisation ₹68,000: Archana ₹34,000, Vandana ₹20,400, Arti ₹13,600

Workings: Vandana's investments = 25% × 80,000 = 20,000 book, taken at ₹18,000. Archana's = 60,000 book less 10% = ₹54,000. Cash from assets = 40,000 + 50,000 + 60,000 = ₹1,50,000.

| Dr. | ₹ | Cr. | ₹ |
|---|---|---|---|
| To Investments | 80,000 | By Creditors | 60,000 |
| To Plant | 1,00,000 | By Bank (assets realised) | 1,50,000 |
| To Stock | 40,000 | By Vandana's Capital | 18,000 |
| To Debtors | 50,000 | By Archana's Capital | 54,000 |
| To Bank (creditors) | 60,000 | By Loss: Archana | 34,000 |
| To Arti's Capital (expenses) | 20,000 | By Loss: Vandana | 20,400 |
| | | By Loss: Arti | 13,600 |
| Total | 3,50,000 | Total | 3,50,000 |

Loss = 3,50,000 − 2,82,000 = ₹68,000, shared 5 : 3 : 2.

Note: General Reserve and Cash at Bank do not go to Realisation Account.

**23.** Azhar, Sumit and Robit share profits 3 : 1 : 1. Balance Sheet on 31 March 2023: Creditors ₹90,000; General Reserve ₹60,000; Capitals Azhar ₹60,000, Sumit ₹40,000, Robit ₹20,000 (total ₹2,70,000). Assets: Bank ₹20,000, Stock ₹40,000, Debtors ₹1,50,000, Fixed Assets ₹60,000. **6**

Robit died on 30 June 2023. His legal representatives are entitled to: (i) his capital balance; (ii) his share of General Reserve; (iii) interest on capital @10% p.a.; (iv) his share of goodwill, the firm's goodwill being three times the average profit of the last four years; (v) his share of profit till death, based on last year's profit.

Profits: 2019-20 ₹(3,000) loss; 2020-21 ₹28,000; 2021-22 ₹16,000; 2022-23 ₹15,000.

Prepare Robit's Capital Account to be rendered to his legal representatives.

**ANSWER**

Amount due to Robit's legal representatives = ₹41,650

Workings:

General Reserve share = 1/5 × 60,000 = ₹12,000.

Interest on capital = 20,000 × 10% × 3/12 = ₹500.

Average profit = (−3,000 + 28,000 + 16,000 + 15,000) ÷ 4 = 56,000 ÷ 4 = ₹14,000; goodwill = 3 × 14,000 = ₹42,000; Robit's share = 1/5 × 42,000 = ₹8,400, borne by Azhar and Sumit in gaining ratio 3 : 1 → ₹6,300 and ₹2,100.

Profit till death = 15,000 × 1/5 × 3/12 = ₹750 (Profit and Loss Suspense).

| Dr. | ₹ | Cr. | ₹ |
|---|---|---|---|
| To Robit's Legal Representatives A/c | 41,650 | By Balance b/d | 20,000 |
| | | By General Reserve | 12,000 |
| | | By Interest on Capital | 500 |
| | | By Azhar's Capital | 6,300 |
| | | By Sumit's Capital | 2,100 |
| | | By P&L Suspense | 750 |
| Total | 41,650 | Total | 41,650 |

Common mistake: ignoring the loss year (−3,000) while averaging.

**24.** On 1 April 2022 Zubian Ltd. issued ₹10,00,000 of 7% Debentures of ₹100 each at a 6% premium, redeemable after five years at a 4% premium. The company already had ₹30,000 in Securities Premium Account. **6**

(a) Pass the journal entries for the issue and for writing off 'Loss on Issue of Debentures' out of Securities Premium at the end of the first year itself.

(b) Prepare the Loss on Issue of Debentures Account for the year ended 31 March 2023.

**ANSWER**

Issue: Bank ₹10,60,000; Securities Premium ₹60,000; Loss on issue ₹40,000 written off from Securities Premium

Number of debentures = 10,00,000 ÷ 100 = 10,000; issue price ₹106; redemption price ₹104.

(a) Journal:

1 Apr 2022: Bank A/c ... Dr. ₹10,60,000

To Debenture Application & Allotment A/c ₹10,60,000

1 Apr 2022: Debenture Application & Allotment A/c ... Dr. ₹10,60,000

Loss on Issue of Debentures A/c ... Dr. ₹40,000

To 7% Debentures A/c ₹10,00,000

To Securities Premium A/c ₹60,000

To Premium on Redemption of Debentures A/c ₹40,000

31 Mar 2023: Securities Premium A/c ... Dr. ₹40,000

To Loss on Issue of Debentures A/c ₹40,000

(Securities Premium available = 30,000 + 60,000 = ₹90,000, enough to write off the whole loss.)

(b) Loss on Issue of Debentures Account:

| Date | Dr. | ₹ | Date | Cr. | ₹ |
|---|---|---|---|---|---|
| 1.4.22 | To Premium on Redemption | 40,000 | 31.3.23 | By Securities Premium | 40,000 |

**25.** Qumtan Ltd. invited applications for 1,00,000 equity shares of ₹10 each at a premium of ₹6 per share: ₹8 on application-cum-allotment (including ₹3 premium) and the balance (including premium) on first and final call. Applications came for 1,60,000 shares; those for 10,000 shares were rejected and the rest got pro-rata allotment, with all excess money refunded. Dheeraj, holding 200 shares, did not pay the call and his shares were forfeited. All forfeited shares were reissued at ₹5 per share fully paid.
Pass the journal entries in the books of Qumtan Ltd. **6**

**ANSWER**

Refund ₹4,80,000; call due ₹8,00,000 (₹5,00,000 capital + ₹3,00,000 premium); forfeiture ₹1,000 fully used on reissue (no capital reserve)

1. Bank A/c Dr. ₹12,80,000 To Equity Share Application & Allotment A/c ₹12,80,000 (1,60,000 × 8)
2. Equity Share Application & Allotment A/c Dr. ₹12,80,000
To Equity Share Capital A/c ₹5,00,000 (1,00,000 × 5)
To Securities Premium A/c ₹3,00,000 (1,00,000 × 3)
To Bank A/c ₹4,80,000 (60,000 shares × 8 refunded)
3. Equity Share First & Final Call A/c Dr. ₹8,00,000
To Equity Share Capital A/c ₹5,00,000; To Securities Premium A/c ₹3,00,000
4. Bank A/c Dr. ₹7,98,400; Calls in Arrears A/c Dr. ₹1,600 (200 × 8)
To Equity Share First & Final Call A/c ₹8,00,000
5. Forfeiture: Equity Share Capital A/c Dr. ₹2,000 (200 × 10); Securities Premium A/c Dr. ₹600 (200 × 3, not received)
To Calls in Arrears A/c ₹1,600; To Share Forfeiture A/c ₹1,000 (200 × 5 paid towards capital)
6. Reissue: Bank A/c Dr. ₹1,000; Share Forfeiture A/c Dr. ₹1,000
To Equity Share Capital A/c ₹2,000
Forfeiture balance = 1,000 − 1,000 = 0, so nothing goes to Capital Reserve.
Common mistake: crediting the ₹3 premium paid on application to Share Forfeiture – premium already received stays in Securities Premium.

**OR**

Printkit Ltd. invited applications for 80,000 equity shares of ₹10 each: ₹3 on application, ₹2 on allotment and the balance on first and final call. Applications came for 1,50,000 shares. Applications for 10,000 shares were rejected; of the rest, Category A (applied 80,000) got 40,000 shares and Category B (applied 60,000) got 40,000 shares. Excess application money was adjusted towards allotment and the call. All money due on allotment and call was received.
Pass the journal entries in the books of Printkit Ltd.

**ANSWER**

Application ₹4,50,000 → capital ₹2,40,000, allotment ₹1,40,000, calls in advance ₹40,000, refund ₹30,000; allotment received ₹20,000; call received ₹3,60,000

Workings:
Category A: paid 80,000 × 3 = 2,40,000; needed 40,000 × 3 = 1,20,000; excess 1,20,000 → allotment due 80,000 fully adjusted, ₹40,000 to Calls in Advance.
Category B: paid 60,000 × 3 = 1,80,000; needed 1,20,000; excess 60,000 → adjusted to allotment

(due 80,000).
Rejected 10,000 × 3 = ₹30,000 refunded.
Journal:
1. Bank A/c Dr. ₹4,50,000 To Equity Share Application A/c ₹4,50,000
2. Equity Share Application A/c Dr. ₹4,50,000
To Equity Share Capital A/c ₹2,40,000; To Equity Share Allotment A/c ₹1,40,000; To Calls in Advance A/c ₹40,000; To Bank A/c ₹30,000
3. Equity Share Allotment A/c Dr. ₹1,60,000 To Equity Share Capital A/c ₹1,60,000
4. Bank A/c Dr. ₹20,000 To Equity Share Allotment A/c ₹20,000 (1,60,000 − 1,40,000)
5. Equity Share First & Final Call A/c Dr. ₹4,00,000 To Equity Share Capital A/c ₹4,00,000 (80,000 × 5)
6. Bank A/c Dr. ₹3,60,000; Calls in Advance A/c Dr. ₹40,000 To Equity Share First & Final Call A/c ₹4,00,000

**26.** Shubhi and Revanshi share profits 3 : 2. Balance Sheet on 31 March 2023: Capitals Shubhi ₹60,000, Revanshi ₹32,000; General Reserve ₹30,000; Bank Loan ₹18,000; Creditors ₹70,000 (total ₹2,10,000). Assets: Fixed Assets ₹90,000, Stock ₹38,000, Debtors ₹30,000, Cash ₹52,000. **6**

On 1 April 2023 Pari is admitted for a 1/4 share on these terms: (i) she brings ₹50,000 as capital and ₹50,000 as goodwill premium; (ii) fixed assets are depreciated by 30%; (iii) stock is revalued at ₹45,000; (iv) the bank loan is paid off; (v) old partners' capitals are adjusted on the basis of Pari's capital, the difference being settled in cash.

Prepare the Revaluation Account and Partners' Capital Accounts.

**ANSWER**

Revaluation loss ₹20,000 (Shubhi ₹12,000, Revanshi ₹8,000); Shubhi withdraws ₹6,000, Revanshi brings ₹4,000; closing capitals ₹90,000, ₹60,000, ₹50,000

Revaluation: Dr. To Fixed Assets (30% of 90,000) ₹27,000; Cr. By Stock (45,000 − 38,000) ₹7,000, By Loss – Shubhi ₹12,000, Revanshi ₹8,000 (total ₹27,000).

Goodwill premium ₹50,000 goes to old partners in sacrificing ratio = old ratio 3 : 2 → ₹30,000 and ₹20,000. General Reserve 3 : 2 → ₹18,000 and ₹12,000.

Required capitals: total = 50,000 × 4 = ₹2,00,000; old partners hold 3/4 = 1,50,000 in 3 : 2 → Shubhi ₹90,000, Revanshi ₹60,000.

| Particulars | Shubhi | Revanshi | Pari |
|---|---|---|---|
| By Balance b/d | 60,000 | 32,000 | – |
| By General Reserve | 18,000 | 12,000 | – |
| By Premium for Goodwill | 30,000 | 20,000 | – |
| By Cash (capital brought) | – | 4,000 | 50,000 |
| Cr. total | 1,08,000 | 68,000 | 50,000 |
| To Revaluation (loss) | 12,000 | 8,000 | – |
| To Cash (withdrawn) | 6,000 | – | – |
| To Balance c/d | 90,000 | 60,000 | 50,000 |
| Dr. total | 1,08,000 | 68,000 | 50,000 |

Check: Shubhi before adjustment 96,000 vs required 90,000 → pays out 6,000; Revanshi 56,000 vs 60,000 → brings 4,000.

**OR**

Rishi, Shashi and Trishi share profits in the proportion 1/2, 1/6 and 1/3. Balance Sheet on 31 March 2023: Capitals Rishi ₹36,000, Shashi ₹30,000, Trishi ₹20,000; General Reserve ₹30,000; Creditors ₹54,000 (total ₹1,70,000). Assets: Fixed Assets ₹80,000, Stock ₹20,000, Debtors ₹30,000, Cash ₹40,000.

Shashi retires on 1 April 2023: (i) fixed assets are valued at ₹56,000; (ii) Shashi takes over the stock at ₹26,000; (iii) goodwill is valued at ₹18,000; (iv) the balance in Shashi's Capital Account is transferred to her loan account.

Prepare the Revaluation Account and Partners' Capital Accounts.

**ANSWER**

Revaluation loss ₹18,000; Shashi's loan ₹9,000; Rishi ₹40,200 and Trishi ₹22,800 carried down

Ratio = 3 : 1 : 2. Revaluation: Dr. To Fixed Assets (80,000 − 56,000) ₹24,000; Cr. By Stock (taken at 26,000 vs 20,000) ₹6,000, By Loss ₹18,000 → Rishi 9,000, Shashi 3,000, Trishi 6,000.
General Reserve 3 : 1 : 2 → 15,000, 5,000, 10,000.
Shashi's goodwill share = 1/6 × 18,000 = ₹3,000, borne by Rishi and Trishi in gaining ratio 3 : 2 → ₹1,800 and ₹1,200.

| Particulars | Rishi | Shashi | Trishi |
|---|---|---|---|
| By Balance b/d | 36,000 | 30,000 | 20,000 |
| By General Reserve | 15,000 | 5,000 | 10,000 |
| By Rishi's and Trishi's Capital (goodwill) | – | 3,000 | – |
| Cr. total | 51,000 | 38,000 | 30,000 |
| To Revaluation (loss) | 9,000 | 3,000 | 6,000 |
| To Shashi's Capital (goodwill) | 1,800 | – | 1,200 |
| To Stock | – | 26,000 | – |
| To Shashi's Loan A/c | – | 9,000 | – |
| To Balance c/d | 40,200 | – | 22,800 |
| Dr. total | 51,000 | 38,000 | 30,000 |

## PART B

*Attempt only ONE option: Option I (Analysis of Financial Statements) or Option II (Computerised Accounting). Each question shows Option I first and then Option II. Q27–30: 1 mark each; Q31–32: 3 marks each; Q33: 4 marks; Q34: 6 marks.*

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

A company's Quick Ratio is 1 : 2. Which transaction will increase this ratio?

**(A)** Cash received from debtors **(B) Sold goods on credit**

**(C)** Purchased goods on credit **(D)** Purchased goods on cash

**ANSWER**

(B) Sold goods on credit

Quick ratio = quick assets ÷ current liabilities.
(A) Cash in, debtors out – no change in quick assets.
(B) Inventory (not quick) becomes debtors (quick) – quick assets rise, CL unchanged → ratio rises.
(C) CL rise, quick assets unchanged → ratio falls.
(D) Cash (quick) becomes inventory → ratio falls.

**OR**

*Option II — Computerised Accounting*

'Data, _____, _____, Hardware and Software are the five pillars of a Computerised Accounting System (CAS).' Which two pillars are missing?

**(A)** Printer and Mouse **(B) People and Procedures**

**(C)** Mouse and CPU **(D)** Information and Accounts

**ANSWER**

(B) People and Procedures

The five components of CAS: Procedure, Data, People, Hardware and Software. The missing ones are People and Procedures.

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

Which of these transactions gives a 'cash inflow from operating activities'?

**(A)** Payment to creditors

**(B)** Interest received by a non-finance company

**(C)** Dividend received by a non-finance company

**(D) Amount received from debtors**

**ANSWER**

(D) Amount received from debtors

Payment to creditors is an operating OUTflow.
Interest and dividend received by a non-finance company are investing inflows.
Cash collected from debtors comes from the main revenue activity → operating inflow.

**OR**

*Option II — Computerised Accounting*

Which sub-system of the Accounting Information System handles cash receipts and payments and electronic fund transfers?

**(A)** Sales and Accounts Receivable sub-system

**(B)** Purchase and Accounts Payable sub-system

**(C) Cash and Bank sub-system**

**(D)** Costing sub-system

**ANSWER**

(C) Cash and Bank sub-system

The Cash and Bank sub-system deals with receipts and payments of cash, including electronic fund transfer.

**OR**

When data collected from various sources is accumulated and processed all at once, it is called:

**(A)** Real time processing

**(B)** Data validation

**(C) Batch processing**

**(D)** Processing and revalidation

**ANSWER**

(C) Batch processing

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

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

Different users rely on analysis of financial statements. Which user is mainly interested in whether the firm can pay its claims within a very short period?

**(A)** Labour Unions
**(B) Trade Payables**
**(C)** Top Management
**(D)** Finance Manager

**ANSWER**
(B) Trade Payables

Trade payables (suppliers/creditors) are short-term lenders; they look at liquidity – the firm's ability to pay them in the short run.

**OR**

Fill in the blank: _____ ratios are worked out to judge the business's ability to service its debt in the long run.

**(A)** Liquidity
**(B)** Turnover
**(C) Solvency**
**(D)** Profitability

**ANSWER**
(C) Solvency

Solvency ratios (debt-equity, total assets to debt, proprietary, interest coverage) measure long-term ability to pay interest and repay debt.

**OR**

*Option II — Computerised Accounting*

In Excel, how many categories of data can be shown on a pie chart (recommended)?

**(A)** 4
**(B)** 12
**(C)** 20
**(D) 7**

**ANSWER**
(D) 7

A pie chart shows one data series; it is recommended for not more than seven categories, otherwise the slices become hard to read.

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

What is the cash-flow effect of the transaction 'machinery acquired by issuing equity shares of ₹5,00,00,000'?

**(A)** Cash inflow of ₹5,00,00,000 from financing activities

**(B)** Cash outflow of ₹5,00,00,000 from financing activities

**(C)** Cash outflow of ₹5,00,00,000 from investing activities

**(D) No flow of cash**

**ANSWER**
(D) No flow of cash

Shares are issued directly to the vendor in exchange for machinery – no cash is received or paid. Such non-cash transactions are kept out of the Cash Flow Statement.

**OR**

Under which head is 'capital gains tax paid on sale of fixed assets' shown in a cash flow statement?

**(A)** Operating Activities

**(B) Investing Activities**

**(C)** Financing Activities

**(D)** Cash and Cash Equivalents

**ANSWER**
(B) Investing Activities

Tax is normally operating, but tax that can be specifically linked to an investing transaction (sale of fixed assets) is classified with that transaction – under investing activities.

**OR**

*Option II — Computerised Accounting*

A trading company uses these codes: 100–199 for cycle tyres and 200–299 for cycle seats. What type of code is this?

**(A) Block code**

**(B)** Sequential code

**(C)** Mnemonic code

**(D)** Secret code

**ANSWER**
(A) Block code

A range of numbers is split into sub-ranges and each sub-range is given to one group of items – that is a block code.

**OR**

In a spreadsheet, the symbol ##### appears in a cell:

**(A) When column is not wide enough.**

**(B)** When a number is divided by zero.

**(C)** When value is not available.

**(D)** When there are exceptions of summary of data.

**ANSWER**

(A) When the column is not wide enough

##### means the value cannot be displayed in the current column width; widening the column shows it. Division by zero gives #DIV/0! and a missing value gives #N/A.

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

Classify these items under major heads and sub-heads (if any) of a company's Balance Sheet as per Schedule III, Part I of the Companies Act, 2013:

(a) Long-term loans from bank

(b) Loose tools

(c) Outstanding expenses

**ANSWER**

(a) Non-current liabilities – Long-term borrowings; (b) Current assets – Inventories; (c) Current liabilities – Other current liabilities

(a) Long-term loans from bank → Major head: Non-Current Liabilities; Sub-head: Long-term Borrowings.

(b) Loose tools → Current Assets; Inventories.

(c) Outstanding expenses → Current Liabilities; Other Current Liabilities.

(½ mark for each head and sub-head.)

**OR**

*Option II — Computerised Accounting*

Explain 'Doughnut' and 'Exploded Doughnut' as types of charts.

**ANSWER**

Doughnut: rings showing part-to-whole for one or more series; Exploded doughnut: same, with segments pulled apart to stress individual values

Doughnut chart: like a pie chart it shows how parts make up a whole, but data is drawn as rings and each ring is one data series, so it can show more than one series. It is a little harder to read than a pie. Exploded doughnut chart: like an exploded pie, its segments are separated from the ring so that each value's contribution to the total is emphasised; it too can hold more than one data series.

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

From the data below, calculate (a) Quick Ratio and (b) Inventory Turnover Ratio.
Current Assets ₹4,00,000; Inventory ₹1,00,000; Current Liabilities ₹2,00,000; Net Profit before Tax ₹7,20,000; Revenue from Operations ₹10,00,000; Gross Profit Ratio 20%.

**ANSWER**

Quick Ratio = 1.5 : 1; Inventory Turnover Ratio = 8 times

(a) Quick assets = 4,00,000 − 1,00,000 = ₹3,00,000.
Quick Ratio = 3,00,000 ÷ 2,00,000 = 1.5 : 1.
(b) Gross profit = 20% of 10,00,000 = ₹2,00,000.
Cost of revenue from operations = 10,00,000 − 2,00,000 = ₹8,00,000.
Inventory Turnover Ratio = 8,00,000 ÷ 1,00,000 (only one inventory figure, so taken as average) = 8 times.
Note: Net profit before tax is not needed – a distractor.

**OR**

*Option II — Computerised Accounting*

Explain 'Transparency and Control' and 'Accuracy and Speed' as features of a Computerised Accounting System.

**ANSWER**

Transparency & control: quick access to vital information enables timely decisions and better control; Accuracy & speed: templates and built-in checks give fast, error-free entry and instant reports

Transparency and Control: CAS makes data easily accessible, gives more time for planning and shows day-to-day operations clearly. With timely feedback and information, decisions are faster and processes can be controlled better.
Accuracy and Speed: CAS provides user-defined data-entry screens (templates) for quick entry of transactions, with checks that verify accuracy. Required documents and reports are generated instantly.

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

Prepare a Common Size Balance Sheet of Geox Ltd. from its Balance Sheet (31.3.2023 vs 31.3.2022):

Share Capital ₹4,00,000 / ₹2,50,000; Long-term Borrowings ₹2,00,000 / ₹1,50,000; Trade Payables ₹2,00,000 / ₹1,00,000; Total ₹8,00,000 / ₹5,00,000.

Property, Plant & Equipment and Intangible Assets ₹4,00,000 / ₹3,50,000; Inventories ₹2,00,000 / ₹70,000; Trade Receivables ₹2,00,000 / ₹80,000; Total ₹8,00,000 / ₹5,00,000.

**ANSWER**

2023: SC 50%, LTB 25%, TP 25%; PPE 50%, Inventory 25%, Receivables 25%. 2022: 50%, 30%, 20%; 70%, 14%, 16%

Each item is shown as % of total (₹8,00,000 for 2023, ₹5,00,000 for 2022).

| Particulars | 2022 (₹) | 2023 (₹) | 2022 % | 2023 % |
|---|---|---|---|---|
| Share Capital | 2,50,000 | 4,00,000 | 50 | 50 |
| Long-term Borrowings | 1,50,000 | 2,00,000 | 30 | 25 |
| Trade Payables | 1,00,000 | 2,00,000 | 20 | 25 |
| Total | 5,00,000 | 8,00,000 | 100 | 100 |
| PPE and Intangible Assets | 3,50,000 | 4,00,000 | 70 | 50 |
| Inventories | 70,000 | 2,00,000 | 14 | 25 |
| Trade Receivables | 80,000 | 2,00,000 | 16 | 25 |
| Total | 5,00,000 | 8,00,000 | 100 | 100 |

Example: Trade Receivables 2022 = 80,000 ÷ 5,00,000 × 100 = 16%.

**OR**

Prepare a Comparative Statement of Profit and Loss for the years 2021-22 and 2022-23: Revenue from operations ₹8,00,000 (2021-22) and ₹10,00,000 (2022-23); Employee benefit expenses ₹1,00,000 and ₹2,50,000; Other expenses ₹4,00,000 and ₹5,50,000; tax rate 50%.

**ANSWER**

PBT falls from ₹3,00,000 to ₹2,00,000 (−33.33%); PAT falls from ₹1,50,000 to ₹1,00,000 (−33.33%)

| Particulars | 2021-22 | 2022-23 | Change (₹) | Change % |
|---|---|---|---|---|
| Revenue from operations | 8,00,000 | 10,00,000 | 2,00,000 | 25 |
| Employee benefit exp. | 1,00,000 | 2,50,000 | 1,50,000 | 150 |
| Other expenses | 4,00,000 | 5,50,000 | 1,50,000 | 37.5 |
| Total expenses | 5,00,000 | 8,00,000 | 3,00,000 | 60 |
| Profit before tax | 3,00,000 | 2,00,000 | (1,00,000) | (33.33) |
| Less: Tax @ 50% | 1,50,000 | 1,00,000 | (50,000) | (33.33) |
| Profit after tax | 1,50,000 | 1,00,000 | (50,000) | (33.33) |

% change = change ÷ previous year × 100, e.g. 1,50,000 ÷ 1,00,000 × 100 = 150%.

**OR**

*Option II — Computerised Accounting*

State any four advantages of a Computerised Accounting System.

**ANSWER**

Timely reports, efficient record keeping, effective control, economy in processing (also confidentiality, fraud prevention, reliable reports)

Any four:

1. Reports and information are produced on time and in the desired format.
2. Records are kept efficiently and can be retrieved quickly.
3. Better and effective control over the system.
4. Processing of accounting data is economical.
5. Confidentiality of data is maintained (passwords).
6. Transparency in recording helps to avoid frauds.
7. Accurate data makes reports reliable.

**OR**

Explain 'Password security' and 'Data audit' as security features of a Computerised Accounting System.

**ANSWER**

Password security controls who can access which data; data audit records who changed what, fixing responsibility

Password security: a password is the key that allows a user into the system. User rights are defined as per the organisation's policy, so a person can be allowed access to one set of data and denied access to another.

Data audit: this feature shows who made which changes in the original data. It helps to fix responsibility on the person who altered the data and ensures data integrity – similar to an audit trail.

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

Calculate 'Cash Flows from Operating Activities' from: Surplus (balance in Statement of Profit and Loss) ₹6,28,000; Provision for tax ₹1,50,000; Proposed dividend for the previous year ₹72,000; Depreciation ₹1,40,000; Loss on sale of machinery ₹30,000; Gain on sale of investments ₹20,000; Dividend received on investments ₹6,000; Increase in current liabilities ₹1,61,000; Increase in current assets (other than cash and cash equivalents) ₹6,00,000; Decrease in current liabilities ₹64,000; Income tax paid ₹1,18,000.

**ANSWER**

Net cash from operating activities = ₹3,73,000

Net profit before tax = 6,28,000 + 1,50,000 (tax provision) + 72,000 (dividend paid out of profits) = ₹8,50,000.

| Particulars | ₹ |
|---|---|
| Net profit before tax | 8,50,000 |
| Add: Depreciation | 1,40,000 |
| Add: Loss on sale of machinery | 30,000 |
| Less: Gain on sale of investments | (20,000) |
| Less: Dividend received | (6,000) |
| Operating profit before WC changes | 9,94,000 |
| Add: Increase in current liabilities | 1,61,000 |
| Less: Increase in current assets | (6,00,000) |
| Less: Decrease in current liabilities | (64,000) |
| Cash generated from operations | 4,91,000 |
| Less: Income tax paid | (1,18,000) |
| Net cash from operating activities | 3,73,000 |

Gain on investments and dividend received are investing items, so they are removed from profit.

**OR**

*Option II — Computerised Accounting*

Explain the two syntax forms of the LOOKUP function.

**ANSWER**

Vector form: LOOKUP(lookup_value, lookup_vector, result_vector); Array form: LOOKUP(lookup_value, array)

1. Vector form – =LOOKUP(lookup_value, lookup_vector, result_vector)

• Searches a one-row or one-column range (lookup_vector) for the value and returns the value from the same position in a second one-row/one-column range (result_vector).

• lookup_value can be a number, text, logical value or a name.

• lookup_vector contains a single row or column; result_vector must be of the same size.

2. Array form – =LOOKUP(lookup_value, array)

• Searches the first row or column of the array for the value and returns the value from the same position in the last row or column.

• If an exact match is not found, it uses the largest value that is less than or equal to lookup_value.

• If lookup_value is smaller than the smallest value in the first row/column, it returns #N/A.

• array is a range of cells containing text, numbers or logical values.

**— END —**

Questions restated from the CBSE Class XII Board Examination 2024 (set 67/1/1) for practice. Reading passages and map items are described, not reproduced.