ACCOUNTANCY SOLUTION

1. (B)
Old Profit Shoring Ratio = 1 : 1
New Profit Sharing Ratio = 4 : 3
Sacrificing Ratio = Old Share – New Share
Rohan = $\frac{1}{2} - \frac{4}{7} = \frac{1}{14}$ (Gain) Mohan = $\frac{1}{2} - \frac{3}{7} = -\frac{1}{14}$ (Sacrifice)

2. (C)
Interest on drawings is to be calculated with reference to the time period for which the money was withdrawn. In the absence of date of drawings, interest on drawings is calculated for the year on the total drawings for an average period of six months at agreed rate of interest

3. (A)
To calculate amount of Share Capital Account:
(Share Capital A/c = No. of Shares × Called-up Amount)
Called – up amount on shares = ₹ 8
Amount of Share Capital Account = 600 × ₹ 8 = ₹ 4,800

OR

(A)
Shares Allotted to Suhana = $\frac{50,000 \text{ x } 1.440}{60,000}$ = 1,200
Calls-in-Arrears on First & Final Call = 1,200 x ₹ 30 = ₹ 36,000

4. (B)
If goodwill already appears in the books of old firm (before the admission of new partner), then this should be written off among the old partners in their old profit sharing ratio. The following Journal entry is passed.

OR

(A)
Capital brought in by Z = 20000
Total Capital of the firm based on Z's share = 20000 × $\frac{4}{1}$ = 80000
Hence, Capital remaining after Z = 80000 – 20000 = 60000
X's adjusted Capital $\frac{2}{3}$ × 60000 = 40000 Y's adjusted Capital = $\frac{1}{3}$ x 60000 = 20000

5. (A)
₹ 1,20,000 × $\frac{1}{3}$ = ₹ 40,000
Interest on Capital is distributed in Capital Ratio

6. (B)
In normal condition as a general rule a company cannot ordinarily issue shares at a discount. It can do so only in cases such as 'reissue of forfeited shares' and in accordance with the provisions of Section 79 of the Companies Act.

OR

(A)

Total Amount Payable = ₹ 4,50,000

Paid by Bank Draft = ₹ 90,000 Amount of Equity Shares Issued = ₹ 4,50,000 – ₹ 90,000 = ₹ 3,60,000

Number of Equity Shares Issued = $\frac{3,60,000}{100+20}$ = 3,000 shares

7. (C)

The discount/loss on issue of debentures is a capital loss or a fictitious asset and, therefore, must be written-off during the life time of debentures. The amount of discount/ loss on issue of debentures should normally not be written-off in the year of issue itself since the benefit of the debentures would accrue to the company till their redemption.

The discount/ loss on it is, therefore, treated as capital loss. The discount may be charged to Securities Premium

A/c or may be written-off over 3 to 5 years through statement of profit and loss as per guidelines issued by ICAI. Section 78 of the Companies Act, 1956 also permits the utilisation of 'Securities Premium Account' and other capital profits for writing-off the discount/ loss on issue of debentures. In case, however, there are no capital profits or if the capital profits are not adequate, the amount of such discount/ loss can be written-off against the revenue profits every year.

8. (C)

Shyam's share of Good will = $\frac{3}{4}$ of ₹ 1,00,000 = ₹ 30,000

Ram's Gain = New share – Old share = $\frac{1}{2} - \frac{5}{10} = 0$

Ghanshyam's Gain = New share – Old share = $\frac{1}{2} - \frac{2}{10} = \frac{3}{10}$

Therefore, Ghanshyam's share of goodwill = $\frac{3}{10} \times 1,00,000 = 30,000$

9. (B)

Ajit is admitted as a new partner for one-fourth share in profits and his share of goodwill is ₹ 1,80,000. Therefore, Goodwill of the Firm = ₹ 1,80,000 × 4 = ₹ 7,20,000

10. (D)

In the absence of any information regarding the sacrifice for providing new partner's share of profits would be done the old partners in their old profit sharing ratio

11. (A)

When Old Partner's Capital Accounts are adjusted on the basis of New or Incoming Partner's Capital, following steps are taken:

- Calculation of total capital of the firm on the basis of new partner's capital.
- Determination of new capital of each partner (proportionate capital) Ascertaining present
- capital of old partners after all adjustments.
- Finding surplus capital or deficit capital by comparing the proportionate capital and the present capital.

12. (B)

The discount on re-issue of forfeited shares should not exceed the balance of Share Forfeiture Account.

Related Theory

The profit, if any, on the re-issue of forfeited shares is transferred to Capital Reserve.

13. (B)

A company can issue redeemable preference shares and redeemable debentures.

14. (B)

Old Profit sharing ratio of Vinod and Sunita = 3 : 2

Simran s share = $\frac{3}{10}$

Vinod's New Share = Old Share – Share Sacrificed = $\frac{3}{5} - \frac{2}{10} = \frac{4}{10}$

Sunita's New Share = Old Share – Share Sacrificed

$\frac{2}{5} - \frac{1}{10} = \frac{3}{10}$

New Profit Sharing Ratio of Vinod, Sunita and Simran = $\frac{4}{10} : \frac{3}{10} : \frac{3}{10}$ or 4: 3: 3

15. (D)

Since the realisation expenses are borne and paid by Sandeep, no entry for realisation expenses will be made in the books of the firm.

Related Theory

At the time of dissolution of firm, the amount realised from any unrecorded assets should be recorded on the credit side of the realisation account.

OR

(A)

Interest on Drawings = $\frac{\text{Drawings} \times \text{Rate of Interest}}{100} \times \frac{\text{Average period}}{12}$

Total drawings of Rohit = 4,000 x 3 = ₹ 12,000

Average period = $\frac{\text{Months after drawings} + \text{Months after last drawings}}{12} = \frac{12+6}{2}$ = 9 months

Interest on drawings = 12,000 × $\frac{10}{100} \times \frac{9}{12}$ = ₹ 900

Related Theory

If the drawings are made on the first day of every month throughout the year. the average period would be:

$\frac{\text{Total no. of drawings} + 1}{2} = \frac{12+1}{2}$ = 6.5 months

16. (A)

Capital brought in by Z = 20000

Total Capital of the firm based on Z's share = 20,000 x = 80000

Hence, Capital remaining after Z = 80000 – 20000 = 60000

X's adjusted Capital = $\frac{2}{3} \times 60000 = 40000$

Y's adjusted Capital = $\frac{1}{3} \times 60000 = 20000$

17.

	Particulars	L.F.	Debit Amount (₹)	Credit Amount (₹)
	Reema's Capital A/c Dr. To Manju's Capital A/c (Being the amount of goodwill borne by Reema)		60,000	60,000
	Profit and Loss Suspense A/c Dr. To Manju's Capital A/c (Being Manju's share of profit till death transferred to capital a/c)		18,750	18,750

Working notes:

(i) Calculation of gaining ratio

Anju's gain = New share – Old Share = $\frac{1}{2} - \frac{4}{8} = 0$

Reemas gain = $\frac{1}{2} - \frac{1}{8} = \frac{3}{8}$

(ii) Calculation of Manju's share of good will = $\frac{1}{2} \times (\frac{3}{8} \times 3{,}20{,}000)$ = ₹ 60,000

(iii) Calculation of Manju's share of profit till death.

Average profit of the for past two years = ₹ $\frac{80{,}000 + 40{,}000}{2}$ = ₹ 60,000 Manju's share of profit till death = ₹ 60,000 × $\frac{3}{8} \times \frac{10}{12}$ = ₹ 18,750

18.

Profit and Loss Appropriation Account

Particulars	Amount (₹)	Particulars		Amount (₹)
To Net Loss as per Profit and Loss A/c	1,00,000	By Loss transferred to Partner's Capital A/cs		
To Tonu's Capital A/c	25,000	Sonu	93,750	
		Monu	31,250	1,25,000
	1,25,000			**1,25,000**

Working notes:

(i) No salary is to be paid in case of loss.

(ii) Loss to be shared between Sonu and Monu after providing minimum guaranteed profit to Tonu.

OR

Normal Profits = Capital employed × Normal rate of return/ 100

Normal Profits = ₹ 1,60,000 × $\frac{12}{100}$ = ₹ 19,200

Average Profit = ₹ 30,000

Super Profit = ₹ 30,000 – ₹ 19,200 = ₹ 10,800

Good will = ₹ 10,800 × 4 = ₹ 43,200

Bansal's Share of Goodwill = ₹ 43,200 × $\frac{1}{3}$ = ₹ 14,400

Working Notes:

Calculation of Capital employed

Capital employed = Capitals of partners + General Reserve = ₹ 90,000 + ₹ 50,000 + ₹ 20,000
= ₹ 1,60,000

19.

In the Books of Jasmine Limited Balance Sheet (An Extract) as at 31st March, 2022

Particuars	Note No.	Amount (₹)
I. EQUITIES AND LIABILITIES		
1. Shareholders' Funds		
Reserves and Surplus	1	(1,20,000)
2. Non-Current Liabilities		
(a) Long-term Borrowings	2	10,00,000
(b) Other Long-term Borrowings	3	1,50,000
Total		
II. Assets		
Current Assets		
Cash and Cash Equivalents	4	9,50,000
Total		

Notes to Accounts:

Note No.	Particuars		Amount (₹)
1	**Reserves and Surplus**		
	Securities Premium Reserve	80,000	
	Less: Loss on Issue of Debentures written off	80,000	
	Statement of Profit and Loss	–	
	Less: Loss on Issue of Debentures written off	1,20,000	(1,20,000)
2	**Long-term Borrowings**		
	10,000, 8% Debentures of ₹ 100 each issued		10,00,000
3	**Other Long-term Liabilities**		
	Premium on Redemption of Debentures		1,50,000
4	**Cash and Cash Equivalents**		
	Cash at Bank [On 8% Debentures @ ₹ 95 each (10,000 × ₹ 95)]		9,50,000

OR

In the Books of Malvika Limited

Journal

Date	Particulars	L.F.	Amount (₹)	Amount (₹)
	Furniture A/c Dr. To Sunaina Limited (Being furniture purchased of ₹ 6,60,000 from Suniana Limited)		6,60,000	6,60,000
	Sunaina Limited A/c Dr. To Bills Payable A/c (Being bills payable accepted in part payment)		3,30,000	3,30,000
	Sunaina Limited Dr. To 8% Debentures A/c (3,000 × 100) To Securities Premium Reserve A/c (3,000 × 10) (Being 3,000 debenture of ₹ 100 each issued at a premium of 10% to Suniana Limited in part payment)		3,30,000	3,00,000 30,000

Working Note:
Purchase consideration = ₹ 6,60,000
Amount paid Bills Payable = 50% of ₹ 6,60,000 = ₹ 3,30,000
Amount paid issuing debentures = ₹ 6,60,000 – ₹ 3,30,000 = ₹ 3, 30,000

Number of debenture issued = $\frac{\text{Amount paid by Issuing Debentures}}{\text{Issue Price per Debenture}} = \frac{₹3,30000}{(₹100+₹10)} = \frac{₹3,30000}{(₹110)}$

= 3,000

20. Total Assets = ₹ 1,20,000
Capital Employed = Total Assets – Current Liabilities = ₹ 1,20,000 – ₹ 10,000 = ₹ 1,10,000
Normal Profits = Capital Employed × Normal rate of return/100 = ₹ 1,10,000 × $\frac{8}{100}$ = ₹ 8,800
Good will = Super Profits × No. of year purchase
Super Profits = Actual Average Profits – Normal. Profits
Given Goodwill = ₹ 60,000
₹ 60,000 = 4 (Average Actual – Normal Profits)
₹ 15,000 = Average Actual Profits – ₹ 8,800
Average Actual. Profits = 15,000 + ₹ 8,800 = ₹ 23,800

21.
(i)

Balance Sheet of Pacific Overseas Ltd.as at 31st March, 2022

Particulars	Note)	Amount (₹)
I. **Equity and Liabilities**		
1. **Shareholders' Funds**		
(a) Share Capital	1	63,00,000

(ii) Notes to Accounts

Particulars	Amount (₹)
Share Capital	
Authorised Share Capital	
2,00,000 Equity Shares of ₹ 50 each	1,00,00,000
Issued Share Capital	
1,80,000 Equity Shares of ₹ 50 each	90,00,000
Subscribed Share Capital	
Subscribed but not Fully Paid up	
1,80,000 Equity Shares of ₹ 50 each, ₹ 35 called up	60,00,000

22.

Journal

Date	Particulars		L.F.	Debit (₹)	Credit (₹)
	General Reserve	Dr.		40,000	
	To Satish's Capital A/c				24,000
	To Taruna's Capital A/c				16,000
	(Being general reserve written off in old ratio)				
	Workmen Compensation Fund	Dr.		35,000	
	Revaluation A/c	Dr.		5,000	
	To Workmen Compensation Claim				40,000
	(Being workmen compensation claim adjusted and deficit adjusted from revaluation a/c)				
	Satish's Capital A/c	Dr.		3,000	
	Taruna's Capital A/c	Dr.		2,000	
	To Revaluation A/c				5,000
	(Being loss on revaluation transferred to partner's capital a/c)				
	Taruna's Capital A/c	Dr.		5,000	
	To Satish's Capital A/c				5,000
	(Being goodwill adjusted)				

Working Notes:

Calculation of Gain/Sacrifice

Satish's Gain/Sacrifice = New share – Old share

$\frac{1}{2} - \frac{3}{5} = -\frac{1}{10}$ (Sacrifice)

Taruna's Gain/Sacrifice $\frac{1}{2} - \frac{2}{10} = -\frac{1}{10}$ (Gain)

23.

In the books of Sterling Ltd.
Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
01.04.18	Bank A/c Dr. To Debenture Application A/c (Being application money received)		5,00,000	 5,00,000
	Debenture Application A/c Dr. To 10% Debentures A/c (Being application money adjusted)		5,00,000	 5,00,000
	Debentures Allotment A/c Dr. Loss on Issue of Debentures A/c Dr. To 10% Debentures A/c To Premium on Redemption of Debentures A/c (Being allotment money due)		4,50,000 1,00,000	 5,00,000 50,000
	Bank A/c Dr. To Debenture Allotment A/c (Being allotment money received)		4,50,000	 4,50,000
30.09.18	Debenture Interest A/c Dr. To Debentureholders A/c (Being debenture interest due)		50,000	 50,000
	Debentureholders A/c Dr. To Bank A/c (Being interest paid on debentures)		50,000	 50,000
31.03.19	Debenture Interest A/c Dr. To Debentureholders A/c (Being debenture interest due)		50,000	 50,000
	Debentureholders A/c Dr. To Bank A/c (Being interest paid on debentures)		50,000	 50,000
	Statement of Profit and Loss Dr. To Debenture Interest A/c To Loss on Issue of Debentures A/c (Being interest paid and loss on issue of debentures transferred to Statement of profit and loss		2,00,000	 1,00,000 1,00,000

Dr. **Loss on Issue of Debentures A/c** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To 10% Debentures A/c To Premium on Redemption of Debentures A/c	50,000 50,000	By Statement of Profit and Loss	1,00,000
	1,00,000		1,00,000

OR

In the Books of Roberts Ltd.

Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
01 April 2019	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Perfect Ltd. (Being the assets and liabilities of perfect Ltd. taken over)		4,30,000 40,000	 90,000 3,80,000
	Perfect Ltd. Dr. Discount on Issue of Debentures Dr. To 10% Debentures A/c (Being 4,000 10% debentures of ₹ 100 each issued to Perfect Ltd. towards payment of purchase consideration)		3,80,000 20,000	 4,00,000
	Bank A/c Dr. To Bank Loan A/c (Being loan taken from bank)		45,000	 45,000
	Debentures Suspense A/c Dr. To 11 % Debentures A/c (Being debentures issued as collateral security to bank against loan)		50,000	 50,000
	Bank A/c Dr. To Debentures Application A/c (Being application money received on issue of 5,000, 12% debentures at par)		5,00,000	 5,00,000
	Debentures Application A/c Dr. Loss on Issue of Debentures A/c Dr. To 12 % Debentures A/c To Premium on Redemption of Debentures (Being 5,000, 12% debentures issued)		5,00,000 25,000	 5,00,000 25,000
30 Sep 2019	Debentures Interest A/c Dr. To Debentures holders A/c To TDS Payable A/c (Being interest due on 10% debentures and 12% debentures and TDS deducted @ 20%)		50,000	 40,000 10,000
	Debentures Application A/c Dr. TDS Payable A/c Dr. To Bank A/c (Being interest paid to debentures holders and TDS deposted)		40,000 10,000	 50,000
31st March	Debentures Interest A/c Dr. To Debenture holders A/c To TDS Payable A/c (Being interest due on 10% debentures and 12% debentures and TDS deducted @ 20%)		50,000	 40,000 10,000
	Statement of Profit and Loss Dr. To Debentures Interest A/c (Being interest paid transfered to statement of profit and loss)		1,00,000	 1,00,000
	Securities Premium Reserve A/c To Discount on Issue of Debenture A/c To Loss on Issue of Debentures A/c (Being discount on issue of debentures and loss on issue of debentures written off from securities premium reserve)		45,000	 20,000 25,000

Working Notes:
Calculation of interest on debenture:

(i) Interest on 4,000, 10% debentures of ₹ 100 each = 4,00,000 × $\frac{10}{100}$ = ₹ 40,000

Interest for 6 months = 40,000 × $\frac{6}{12}$ = ₹ 20,000

(ii) Interest on 5,000, 12% debentures of ₹ 100 each = 5,00,000 × $\frac{12}{100}$ = ₹ 60,000

Interest for 6 months= 60,000 × $\frac{6}{12}$ = ₹ 30,000

Assumption: It is assumed that interest is not payable on debentures issued as collateral security

24. (A) Janardhan and Goverdhan were partners in a firm sharing profit in the ratio of 3 : 2. Their capitals were ₹1,60,000 and ₹ 1,00,000 respectively. They admitted Sudershan on 1st April. 2019 as a new partner for 1/5th share in the future profits. Sudharshan brought ₹ 1,20,000 as his capital. Calculate the value of goodwill of the firm and record necessary journal entries for the above transactions on Sudharshan's admission.

(B) Pandit and Purohit are partners in a firm sharing profits in the ratio of 3 : 2. They admit Joshi as a new partner. Pandit Surrenders $\frac{1}{4}$th of his share and Purohit $\frac{1}{3}$rd of his shore in favour of Joshi. Calculate new profit sharing ratio of Pandit, Purohit and Joshi.

OR

(A) Total Capital of the firm = 1,20,000 x 5 = ₹ 6,00,000
Capital of partners = 1,60,000 + 1,00,000 + 1,20,000 = ₹ 3,80,000
Goodwill, of the firm = Total. Capital. of the firm – Total. capitals of partners
= 6,00,000 – 3,80,000 = ₹ 2,20,000

Share of Goodwill = 2,20,000 × $\frac{1}{5}$ = ₹ 44,000

Sacrificing ration of Pandit and Purohit = 3 : 2.

Janardhan's Share of goodwill = 44,000 × $\frac{3}{5}$ = ₹ 26,400

Journal

Particulars	L.F.	Debit (₹)	Credit (₹)
Bank A/c Dr.		1,20,000	
To Sudershan's Capital A/c			1,20,000
(Being capital brought in by new partner)			
Sudershan's Capital A/c Dr.		44,000	
To Janardhan's Capital A/c			26,400
To Goverdhan's Capital A/c			17,600
(Being goodwill adjusted to old partners capital account in old profit sharing ratio)			

(B) Old ratio of Pandit and Purohit = 3 : 2

Share given be Pandit and Joshi = $\frac{3}{5} \times \frac{1}{4} = \frac{3}{20}$

Share given be Purohit to Joshi = $\frac{2}{5} \times \frac{1}{3} = \frac{2}{15}$

New Share Pandit = $\frac{3}{5} - \frac{3}{20}$

$\frac{12-3}{20} = \frac{9}{20}$

New Share of Purohit = $\frac{2}{5} - \frac{2}{15} = \frac{6-2}{15} = \frac{4}{15}$

Joshi s Share = $\frac{3}{20} + \frac{2}{15} = \frac{9+8}{60} = \frac{17}{60}$

New Ratio = $\frac{9}{20} : \frac{4}{15} : \frac{17}{60}$

$\frac{27:16:17}{60}$

New ratio of Pandit, Purohit and Joshi is
27 : 16 : 17

OR

Dr. Realisation Account Cr.

Particulars		Amount (₹)	Particulars		Amount (₹)
To Sundry Assets:			By Sundry Liabilities:		
Trademarks	1,200		Creditors	8,000	
Machinery	12,000		Bills Payable	500	
Furniture	400		Bank loan	1,500	10,000
Stock	6,000		By Provision for Bad debts		400
Debtors	9,000	28,600	By Bank A/c:		
To Bank A/c:			Goodwill	1,000	
Bank loan	1,500		Debtors	8,100	
Creditors	7,920		Trademarks	800	
Bills Payable	500		Unrecorded assets	200	10,100
Realisation Expenses	800	10,720	By Bhola's Capital A/c		
			Machinery	14,400	
			Stock	3,600	18,000
			By Loss transferred to Capital A/c :		
			Bhola	656	
			Amar	164	820
		39,320			39,320

Dr. Partner's Capital Account Cr.

Particulars	Bhola	Amar	Particulars	Bhola	Amar
To Advertisement Suspense A/c	800	200	By Balance b/d	16,000	6,000
To Realisation A/c (assets)	18,000	-	By Bank A/c	3,456	-
To Realisation A/c (loss)	656	164			
To Bank A/c	-	5,636			
	19,456	6,000		19,456	6,000

Dr. **Bank Account** **Cr.**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	2,800	By Realisation A/c	10,720
To Realisation A/c	10,100	By Amar	5,636
To Bhola	3,456		
	16,356		16,356

25.

In the books of Jay Ltd.
Journal

Date	Particulars	L.F.	Debit (₹)	Credit (₹)
1st April 2019	Bank A/c Dr. To Debenture Application and Allotment A/c (Being application money on debentures received)		4,75,000	 4,75,000
	Debenture Application and Allotment A/c Dr. Discount on Issue of Debenture A/c Dr. Loss on Issue of Debenture A/c Dr. To 9 % Debenture A/c To Premium of Redemption of Debenture A/c (Being transfer of application money received)		4,75,000 25,000 25,000	 50,00,000 5,00,000
30 Sep. 2019	Debenture Interest A/c Dr. To Debenture holders A/c To TDS Payable A/c (Being interest payable on debenture and tax deducted at source)		22,500	 20,250 2,250
30 Sep. 2019	Debenture holders A/c Dr. TDS Payable A/c Dr. To Bank A/c (Being interest paid to debenture holders and TDS deposited)		20,250 2,250	 22,250
31st March 2020	Debenture Interest A/c Dr. To Debenture holders A/c To TDS Payable A/c (Being interest payable on debentures and tax deducted at source)		22,500	 20,250 2,250
31st March 2020	Debenture holders A/c Dr. TDS Payable A/c Dr. To Bank A/c (Being Interest paid and TDS deposited)		20,250 2,250	 22,250
31st March 2020	Statement of Profit and Loss Dr. To Debenture Interest A/c (Being Interest on debentures transferred to statement of profit and loss)		45,000	 45,000
31st March 2020	Statement of Profit and Loss Dr. To Debenture Interest A/c (Being Interest on debentures transferred to statement of profit and loss)		45,000	 45,000

26.

Journal

Particulars		L.F.	Debit (₹)	Credit (₹)
Premium for Goodwill	Dr.		80,000	
To Alka's Capital A/c				60,000
To Sunita's Capital A/c				20,000
(Being premium for goodwill brought in by Pooja credited to old partner's Capital A/cs)				
Revaluation A/c	Dr.		20,000	
To Stock A/c				20,000
(Being stock undervalued by ₹ 20,000)				
Bank A/c	Dr.		4,000	
To Revaluation A/c				4,000
(Being bad debts written off realised)				
Revaluation A/c	Dr.		12,000	
To Salaries Outstanding				12,000
(Being two months salaries outstanding)				
Bank A/c	Dr.		3,03,000	
To Pooja's Capital A/c				3,03,000
(Being capital brought in by Pooja)				

Part B

Financial Statement Analysis

27. (A)

Window dressing is not an objective of financial statement analysis, it is an effort made by the management to improve the appearance of a company's financial statements before it is publicly released.

OR

(A) Other Current Liabilities Explanation: Unclaimed dividend is to be paid by the company as and when demanded and hence is a liability for the company. It is a current liability because usually has be met within 12 months.

28. (A)

Ratio will increase because shareholders' funds remain unchanged and long-term debts will get increased.

29.

- Basic Pay Earned (BPE)
- Dearness allowance (DA)
- Basic pay earned of an employee is the basic pay calculated with reference to number of effective days present during the month.
- Dearness allowance is a cost of living adjustment allowance paid to the employees.

OR

(C)

Management information system (MIS) deals with generation and processing of reports that are vital for management decision making. The information system should be so flexible as to provide customised reports to support various managerical functions such as planning,

Related Theory

Budget sub system deals with the preparation of budget for the coming financial year as well as comparison with the current budget of the actual performances. Payroll accounting sub system deals with payment of wages and salaries to employees. Cash and bank system deals with the receipt and payment of cash both physical cash and electric fund transfer.

30. (B)

Solvency ratios are calculated to determine the ability of the business to serve its debt in the long run. Quick ratio is the ratio of quick assets to current liabilities. It is a part of liquidity ratio which are calculated to assess the firm's ability to meet its current obligations.

Related Theory

The payroll computation includes the calculation of various earning and deduction heads.

31.

Particulars	Major Heads	Sub-Heads
(i) Trademarks	Non-Current Assets	Intangible Assets
(ii) Capital Reserve	Shareholders' Funds	Reserve and Surplus
(iii) Loans repayable on demand	Current Liabilities	Short-term Borrowings
(iv) Balances with Banks	Current Assets	Cash and Cash Equivalents
(v) Provision for Tax	Current Liabilities	Short-term Provision
(vi) Premium on Redemption of Debentures	Non-Current Liabilities	Other Long-term Liabilities

32. Stock Turnover ratio = $\frac{\text{Cost of goods sold}}{\text{Average Stock}}$

Cost of goods sold = Opening Stock + Purchases – Closing Stock + Direct Expenses

= 18,000 + 46,000 – 22,000 + (14,000 + 4,000) = ₹ 60,000

Average Stock = $\frac{\text{Opening Stock} + \text{Closing Stock}}{2}$

$\frac{18,000+22,000}{2}$ = ₹ 20,000

Stock Turnover ratio = $\frac{60,000}{20,000}$ = 3 : 1

33.

Common Size Statement of Profit and Loss as on 31.03.2019

Particulars	Amount (₹)	Percentage of Revenue from Operations
I. Revenue from Operations	20,00,000	100
II. Expenses:		
(i) Employment Benefit Expenses	10,00,000	50
(ii) Other Expense	1,00,000	5
III. Total Expenses	11,00,000	55
IV. Profit Before Tax	9,00,000	45

OR

Comparative Statement of Profit and Loss

Particulars	Note No.	31.03.2018 (₹)	31.03.2019(₹)	Absolute Change (₹)	Percentage Change (%)
I. Revenue from Operations		10,00,000	20,00,000	10,00,000	100
II. Expenses:					
(i) Purchase of Stockin-Trade		4,00,000	13,00,000	9,00,000	225
(ii) Change in Inventories		1,00,000	1,20,000	20,000	20
(iii) Other Expenses		1,00,000	1,42,000	42,000	42
Total Expenses		6,00,000	15,62,000	9,62,000	160.33
III. Profit before Tax [I – II]		4,00,000	4,38,000	38,000	9.5
IV. Less: Tax @ 40%		1,20,000	1,75,200	55,200	46
V. Net Profit after Tax		2,80,000	2,62,800	(17,200)	(6.14)

34. (A) Dearness allowance:

= If (B2 > 40,000, 0.25 × B2, 0.2 × B)

(B) Net Salary = Sum (B2 : C2)

(C) Tax payable: = 0.3 × D2