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# AHSEC

ASSAM HIGHER SECONDARY EDUCATION COUNCIL

# 2024 Accountancy Solved Question Paper

**By The Treasure Notes**

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Class XII Examination

# **AHSEC CLASS 12 ACCOUNTANCY SOLVED PAPER 2024**

2024

ACCOUNTANCY

For New Course Students

Full Marks: 80

Pass Marks: 24

Time: Three hours.

CODE: 34T ACOU

The figures in the margin indicate full marks for the questions.

## **1. (a). Fill in the blanks with appropriate word/words (any four) 1×4= 4**

- (i). Partners' current accounts are prepared when the capital accounts are '**fixed**'.
- (ii). A company is a separate '**legal**' entity. It is a separate entity from its members.
- (iii). Current ratio is the relationship between current assets and '**current liabilities**'.
- (iv). Equity Shareholders are '**owners**' of a company.
- (v). At the time of dissolution of a partnership firm, assets are transferred to the Realisation Account at '**book**' value.

## **(b). State whether the following statements are 'True' or 'False': 1×2=2**

- (i). Debentureholders do not have right to vote in the meetings of the company.

**Answer:** True.

- (ii). Premium for goodwill is shared in gaining Ratio.

**Answer:** False. (sacrificing ratio)

## **(C) Choose the correct alternative: 1×2=2**

- (i). The portion of the authorised capital which is offered to the public for sale in the form of shares is called....?

(a) subscribed capital

**(b) issued capital**

(c) called-up capital

(d) paid-up capital

**Answer:** (b) issued capital

- (ii) In the absence of partnership deed, the rate of interest allowed on partner's capital is .....

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**(a) 6%**

(b) 5%

(c) 6.5%

(d) None of the above

**Answer:** (a) 6%

Q. 2. What do you mean by re-issued of forfeited share ? 2

**Answer:** Re-issuing forfeited shares is the process where a company sells shares that were previously taken back from shareholders who didn't pay their dues. The company then sells these shares, often at a lower price, to new or existing investors to recover some of the lost capital..

**Q. 3. Write any two demerits of partnership business. 2**

**Answer:** Two demerits of partnership business are:

**1. Unlimited liability:** Partners have unlimited personal liability for the debts and obligations of the business. This means personal assets can be used to settle business debts.

**2. Potential for conflict:** Differences in opinions, management styles, and decision-making processes can lead to disputes and conflicts among partners, which can negatively impact the business.

Q. 4. Mention two features of a debenture.

**Answer:**

**a. Fixed Interest Rate:** Debentures carry a fixed rate of interest, which is paid to the debenture holders irrespective of the company's profit.

**b. Redemption:** Debentures are usually redeemable after a fixed period, meaning the principal amount is repaid to the holders at the end of this period.

OR

**Q. Write the meaning of 'Cash flow from investing activities'.**

**Answer:** Cash flow from investing activities refers to the cash generated or spent on activities related to the acquisition and disposal of long-term assets and investments. This includes cash used to purchase property, plant, and equipment, cash received from the sale of assets, and cash paid for purchasing investments.

Q. 5. Give two circumstances under which the fixed capitals of partners may change.

**Answer:**

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**a. Additional Capital Contribution:** When partners decide to invest additional capital into the business.

**b. Withdrawal of Capital:** When partners withdraw a portion of their capital from the business for personal use.

OR

Q. Why is Profit and Loss Adjustment Account prepared?

**Answer:** The Profit and Loss Adjustment Account is prepared to adjust the profits or losses for any errors, omissions, or changes in accounting estimates from previous periods. It helps in correcting these errors and ensuring the accuracy of the financial statements.

Q. 6. What is meant by 'calls-in-advance'?

**Answer:** Calls-in-advance refer to the amount of money received by a company from shareholders for shares yet to be called. It is usually called in advance before the company has made a formal call for the amount.

Q. 7. Mention two limitations of financial statements.

**Answer:** Two limitations of financial statements are:

**1. Historical Nature:** Financial statements are historical in nature and may not reflect the current or future performance of the company.

**2. Subjectivity:** The preparation of financial statements involves the exercise of judgment and judgment of the person conducting it, which may lead to potential biases.

Q. What is meant by the term 'cash equivalents'?

**Answer:** Cash equivalents are short-term investments that are readily convertible into known amounts of cash and have a maturity of three months or less at the time of acquisition. Examples include Treasury bills, commercial paper, and money market funds.

Q. Write three situations when a partnership firm is compulsorily dissolved.

**Answer:** 1. Death of a Partner: The partnership is automatically dissolved if one of the partners dies, unless otherwise agreed in the partnership deed.

2. Insolvency of a Partner: If any partner is declared insolvent, the partnership firm is compulsorily dissolved.

3. Completion of the Business Purpose: When the specific purpose for which the partnership was formed is completed or the time period specified for the partnership expires, the firm must be dissolved.

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**Q. 9. Give any three items that can be shown under the heading 'Reserves and Surplus' in a company's Balance Sheet.**

**Answer:**

- 1. General Reserve:** A portion of the profit set aside for future needs and contingencies.
- 2. Capital Reserve:** Reserve created from capital profits, not available for distribution as dividends.
- 3. Retained Earnings:** The accumulated portion of the net income which is retained by the company instead of being distributed as dividends.

OR

**Name any three items of current assets.**

**Answer:**

- 1. Cash and Cash Equivalents:** Includes physical cash, bank balances, and other short-term investments.
- 2. Accounts Receivable:** Amounts owed to the company by customers for goods or services delivered but not yet paid for.
- 3. Inventory:** Goods available for sale, raw materials, and work-in-progress.

**Q. 10. Current liabilities of a company are 23,50,000. Its current ratio is 3:1 and liquid ratio is 1.75 :1. Calculate the current assets and liquid assets.**

**Solution:**

**Given,**

$$\text{Current liabilities (C.L)} = 23,50,000$$

$$\text{Current Ratio (C.R)} = 3:1$$

$$\text{Liquid Ratio (L.R)} = 1.75 : 1$$

$$\text{Current Assets (C.A)} = ?$$

$$\text{Liquid Assets (L.A)} = ?$$

We know that,

$$\text{C.R} = \text{C.A} / \text{C.L}$$

$$3/1 = \text{C.A} / 23,50,000$$

$$\text{C.A} = 23,50,000 \times 3$$

$$= \underline{70,50,000}$$

Now,

$$\text{L.R} = \text{L.A} / \text{C.L}$$

$$1.75/1 = \text{L.A} / 23,50,000$$

$$\text{L.A} = 23,50,000 \times 1.75$$

$$= \underline{4112500}$$

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**Therefore,** the current assets are ₹70,50,000 and the liquid assets are ₹41,12,500.

OR

**Mention any three objectives of preparing a comparative statement. 3**

**Answer:** Three objectives of preparing a comparative statement are:

- 1. Identifying Trends:** Comparative statements help in identifying trends over different periods, facilitating analysis of financial performance and changes in key metrics.
- 2. Performance Evaluation:** They aid in evaluating the company's performance against its own past performance or against competitors, providing insights into areas of strength and weakness.
- 3. Decision Making:** Comparative statements assist in making informed decisions by providing a basis for comparison and highlighting areas requiring attention or improvement.

OR

**What is computerised accounting system? 3**

**Answer:** A computerized accounting system is a software-based solution used for recording, storing, and processing financial transactions electronically. It automates various accounting tasks such as journal entries, ledgers, payroll processing, invoicing, and financial reporting. This system replaces traditional manual accounting methods, offering advantages such as increased efficiency, accuracy, accessibility of data, and the ability to generate real-time financial reports.

**Q. 11. A and B are partners sharing profits and losses equally. They have admitted C into the firm. A has surrendered  $\frac{1}{3}$  of his share and B has surrendered  $\frac{1}{6}$  of his share in favour of C. Ascertain the new profit sharing ratio. 3**

**Solution:** Initially, both A and B share profits equally, so each has a share of  $\frac{1}{2}$ .

Calculation of the share C gets from each partner:

- From A:  $(\frac{1}{3}) * (\frac{1}{2}) = \frac{1}{6}$
- From B:  $(\frac{1}{6}) * (\frac{1}{2}) = \frac{1}{12}$

**Now,** Calculation of the remaining share for A and B after surrendering a portion to C:

- A's new share:  $(\frac{1}{2}) - (\frac{1}{6}) = \frac{1}{3}$
- B's new share:  $(\frac{1}{2}) - (\frac{1}{12}) = \frac{5}{12}$

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**Therefore**, the new profit sharing ratio for A, B, and C is:

- A:  $1/3$
- B:  $5/12$
- C:  $1/6 + 1/12 = 1/4$

So the new profit sharing ratio is  **$1/3 : 5/12 : 1/4$** , which can be further simplified to **4:5:3**

OR

**Explain in brief the 'average profit method' of goodwill valuation. 3**

**Answer:** Average Profits Method: In this method, Actual maintainable profits of business over a number of years are taken into account. Actual maintainable profits earned over a number of years are totalled and average is determined by dividing total with number of years. The average profits so determined are multiplied by the number of year's purchases to arrive at the value of goodwill.

**For calculation of goodwill following steps are to be followed**

1. Calculate Actual maintainable profits with the help of following formula. Actual maintainable profits = Net Profit + Abnormal loss - Abnormal Gain - regular business expenses not considered in accounts.
2. Calculate Average maintainable Profit = Total Actual maintainable profits /no of years.
3. Calculate goodwill Average maintainable Profit x no. of year's purchase

OR

**Write three advantages of using graphs. 3**

**Answer:** Three advantages of using graphs are:

- 1. Visual Representation:** Graphs provide a visual representation of data, making complex information easier to understand and interpret at a glance.
- 2. Comparison:** Graphs allow for easy comparison between different data sets, trends, or categories, facilitating quick analysis and identification of patterns or outliers.
- 3. Clarity and Communication:** Graphs enhance clarity and communication of data, enabling effective presentation to stakeholders, decision-makers, or the general audience, promoting better understanding and decision-making.

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**5. Calculation of Operating Income:** Operating Income = Gross Profit - Operating Expenses  
Operating Income in 2022 = ₹30,000 - ₹4,000 = ₹26,000  
Operating Income in 2023 = ₹25,200 - ₹4,300 = ₹20,900

**6. Calculation of Net Income Before Tax:** Net Income Before Tax = Operating Income + Non-operating Incomes  
Net Income Before Tax in 2022 = ₹26,000 + ₹5,000 = ₹31,000  
Net Income Before Tax in 2023 = ₹20,900 + ₹6,600 = ₹27,500

**7. Calculation of Income Tax:** Income Tax = Net Income Before Tax × Income Tax Rate  
Income Tax in 2022 = 50% × ₹31,000 = ₹15,500  
Income Tax in 2023 = 50% × ₹27,500 = ₹13,750

**8. Calculation of Net Income After Tax:** Net Income After Tax = Net Income Before Tax - Income Tax  
Net Income After Tax in 2022 = ₹31,000 - ₹15,500 = ₹15,500  
Net Income After Tax in 2023 = ₹27,500 - ₹13,750 = ₹13,750

OR

Explain in brief the tools of financial analysis. 6

Ans: The tools of financial analysis :

- Comparative Statements:** These are the statements showing the profitability and financial position of a firm for different periods of time in a comparative form to give an idea about the position of two or more periods. It usually applies to the two important financial statements, namely, balance sheet and statement of profit and loss prepared in a comparative form. The financial data will be comparative only when same accounting principles are used in preparing these statements. If this is not the case, the deviation in the use of accounting principles should be mentioned as a footnote. Comparative figures indicate the trend and direction of financial position and operating results. This analysis is also known as 'horizontal analysis'.
- Common Size Statements:** Common size statement is a statement in which amounts of individual item of balance sheet and profit and loss account for one or more years are expressed in terms of percentage of a common base. The common base can be net sales in the case of profit and loss account and total of balance sheet for the balance sheet.
- Trend Analysis:** Trend analysis is an important tool of horizontal financial analysis. This is helpful in making a comparative study of the financial statements over several years. Under this method trend percentages are calculated for each item of the financial statements taking the figure of base year as 100. Normally the starting



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year is taken as the base year. The trend percentages show the relationship of each item with its preceding year's percentages.

d)

OR

Explain the concepts of 'data validation' and 'data verification'. 6

Answer:

### **1. Data Validation:**

- Definition: Data validation is the process of ensuring that data entered into a system meets certain predefined standards or criteria.
- Purpose: It helps maintain data integrity by preventing incorrect or inappropriate data from being entered into a system.
- Methods: Validation can be performed through various techniques such as range checks, format checks, consistency checks, and completeness checks.
- Example: In a form where users enter their age, data validation would ensure that only numeric values within a certain range (e.g., 1 to 150) are accepted.

### **2. Data Verification:**

- Definition: Data verification is the process of confirming that the data entered matches the original source or that it is accurate and complete.
- Purpose: It ensures the accuracy and reliability of data by comparing it against a trusted source or by using other verification methods.
- Methods: Verification can involve double entry, cross-referencing with other records, or comparing against a master dataset.
- Example: In a customer database, data verification might involve cross-referencing a customer's address provided online with their address on file to ensure they match.

In essence, data validation focuses on ensuring that data meets specific criteria or rules, while data verification ensures the accuracy and completeness of the data by comparing it against trusted sources or using other methods. Both are crucial for maintaining data quality and integrity.

13. Give Journal entries in the books of Pakhi Ltd. for issue of debentures under the following situations:  $1+1+1+1+2=6$

(a) Issued 5,000, 8% debentures of ₹ 100 each at par redeemable at 5% premium after 4 years.

## **AHSEC CLASS 12 ACCOUNTANCY SOLVED PAPER 2024**

### **Transfer Premium to Capital Reserve:**

Debenture Premium Account Dr. ₹40,000

To Capital Reserve Account ₹40,000

**Narration:** Transferred the premium on

**Note:** Students are suggested to solve Questions in proper format.

OR

**Q. Give six points of distinctions between a share and a debenture.**

**Answer:**

<b>Point of Distinction</b>	<b>Share</b>	<b>Debenture</b>
<b>Ownership</b>	Represents ownership in the company.	Represents a loan to the company.
<b>Status</b>	Shareholders are owners of the company.	Debenture holders are creditors of the company.
<b>Returns</b>	Returns in the form of dividends.	Returns in the form of interest.
<b>Voting Rights</b>	Shareholders generally have voting rights.	Debenture holders do not have voting rights.
<b>Risk</b>	Higher risk as returns depend on profits.	Lower risk as interest is paid regardless of profits.
<b>Repayment</b>	Shares are not repaid by the company. They exist as long as the company exists.	Debentures are repaid after a fixed period or on maturity.

OR

**Q. Explain the applications of Spreadsheet in Accounting. 6**

**Answer:** Spreadsheets have a wide range of applications in accounting. Here are six key applications:

**1. Financial Statements Preparation:** Spreadsheets are used to create financial statements such as income statements, balance sheets, and cash flow statements. They allow for easy organization, calculation, and updating of financial data.

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- (ii) Land and Building to be appreciated by 20,000.
  - (iii) Provision for Bad Debts to be made @ 2% on debtors.
  - (iv) Furniture to be depreciated by ₹4,000.
  - (v) Susanta's capital is to be transferred to his Loan Account.
- Give Journal entries relating to the above transactions.

**Solution:**

Journal Entries

Date	Particulars	Debit (₹)	Credit (₹)
01/01/2023	Ananta's Capital A/c Dr.	7,06,666.67	
	Diganta's Capital A/c Dr.		
	To Susanta's Capital A/c		20,000
	(Being capital transferred to Loan Account)		
01/01/2023	Land and Building A/c Dr.		
	To Revaluation A/c		20,000
	(Being Land and Building appreciated)		
01/01/2023	Revaluation A/c Dr.	3,000	
	To Provision for Bad Debts A/c		3,000
	(Being provision for bad debts created at 2% on debtors)		
01/01/2023	Revaluation A/c Dr.	4,000	
	To Furniture A/c		4,000
	(Being Furniture depreciated)		

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	(Being depreciation on furniture recorded)		
01/01/2023	Susanta's Capital A/c Dr.	80,000	
	To Susanta's Loan A/c		80,000
	(Being Susanta's capital transferred to his loan account)		

### Revaluation Account

Revaluation Account	Debit (₹)	Credit (₹)
To Provision for Bad Debts	3,000	
To Depreciation on Furniture	4,000	
To Partners' Capitals (gain on revaluation)		
Susanta	7,000	
Ananta	4,667	
Diganta	2,333	
By Land & Building		20,000
<b>Total</b>	<b>16,000</b>	<b>16,000</b>

### Partners' Capital Accounts

Particulars	Susanta (₹)	Ananta (₹)	Diganta (₹)
To Goodwill	10,60,000		
To Susanta's Loan	80,000		
By Reserve Fund	30,000	20,000	10,000
By Revaluation	7,000	4,667	2,333
By Goodwill		7,06,666.67	3,53,333.33
By Balance c/d		1,00,000	60,000
<b>Total</b>	<b>11,77,000</b>	<b>8,31,333.67</b>	<b>4,25,666.33</b>

OR

**Explain how the amount due to a deceased partner is ascertained? 6**

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Creditors of the firm agreed to accept 5% less. Expenses of realisation amounted to 2400. Close the firm's books by preparing a Realisation Account, Partners' Capital Accounts and Bank Account. 6

Sol.

### 1. Realization Account

#### Debit Side:

- Furniture: ₹16,000
- Investments: ₹4,000
- Debtors: ₹2,000
- Stock: ₹3,000

#### Credit Side:

- Furniture realized: ₹218,000
- Debtors realized (90% of ₹2,000): ₹1,800
- Stock realized: ₹22,800
- Investments taken over by Ravi: ₹23,800
- Creditors settled at 95% of ₹2,000: ₹1,900
- Expenses of realization: ₹2,400

### Realization Account

Particulars	Amount (₹)	Particulars	Amount (₹)
Furniture	16,000	Furniture	218,000
Investments	4,000	Debtors	1,800
Debtors	2,000	Stock	22,800
Stock	3,000	Investments	23,800
Creditors (5% less)	1,900		
Realization Expenses	2,400		
Profit Transferred to:			
Ravi's Capital A/c (3/5)	144,000		
Vicky's Capital A/c (2/5)	96,000		
<b>Total</b>	<b>269,300</b>	<b>Total</b>	<b>269,300</b>

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(Being re-issue of 1,100 forfeited shares @ ₹25 each, i.e., at 10% discount)

### **5. Transfer of Balance in Forfeited Shares Account to Capital Reserve**

Forfeited Shares A/c                      Dr. ₹16,750  
    To Capital Reserve A/c                                              ₹16,750

(Being the transfer of balance in forfeited shares account to capital reserve account)

#### **Calculation Details:**

Application money received = ₹22 \* 10,000 shares = ₹220,000

Allotment money received = ₹25 \* 10,000 shares - (₹25 \* 500 shares) = ₹250,000 - ₹12,500 = ₹237,500

First and Final Call money received = ₹25 \* 10,000 shares - (₹25 \* 500 shares + ₹25 \* 600 shares) = ₹250,000 - ₹27,500 = ₹222,500

Forfeited shares total = Ritu's 500 shares + Jitu's 600 shares = 1,100 shares  
Re-issued at 10% discount = 90% of ₹25 = ₹22.50 each;

total amount received = ₹22.50 \* 1,100 shares = ₹24,750

OR

#### **For what purposes 'securities premium' can be used? 5**

**Ans:** Securities premium is the extra amount a company gets when it sells its shares for more than their face value. This money can only be used for specific purposes:

1. Issuing bonus shares:

- Giving extra shares to current shareholders for free.

2. Covering preliminary expenses:

- Paying off the costs incurred when starting the company.

3. Writing off issue costs:

- Paying for the expenses, commission, or discount related to issuing shares or debentures.

4. Paying premium on redemption:

- Paying the extra amount owed when redeeming preference shares or debentures.

5. Buying back shares:

- Repurchasing the company's own shares from the market.

#### **(b) Write three distinctions between equity share and preference share.**

**Ans:** The three distinctions between equity share and preference share:-

**AHSEC CLASS 12 ACCOUNTS PRACTICE PAPER 2024**

<b>Aspect</b>	<b>Preference Shares</b>
<b>Dividend Payment</b>	Dividend is paid to preference shareholders before equity shareholders. Dividends are not paid to preference shareholders if the company is in a state of liquidation or if the company is unable to pay dividends. Dividends are paid at a fixed rate.
<b>Voting Rights</b>	Preference shareholders do not have voting rights, except in special cases.
<b>Repayment of Capital</b>	Preference shareholders have a right to get their capital repaid before equity shareholders, but after the company's liabilities are settled.



17. Mera and Karan are partner in a firm any profit in the ratio of 3:2 on April 1st 2022 their balance sheet was as under:

<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Sundry Creditors	85,000	Bank	10,000
Capitals		Stock	22,000
Mihir 70,000		Plant and Machinery	40,000
Karan 60,000	1,30,000	Building	20,000
		Goodwill	24,000
		Debtors 24,000	

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Interest on Capital - Pradip (40,000)	
Net Profit	17,290
Total	1,01,100

Net Profit	17,290
Less: Salary	(800)
Interest on	3,700
Interest on	2,000
Deficit	(9,750)
Total	1,01,100

**Balance Sheet as at 31st December 2022**

**Balance Sheet:**

**Liabilities:**

Particulars		Amount (₹)	Assets:		Amount (₹)
Capital:			Cash in hand		12,500
	Biswas	65,000	Cash at Bank		7,000
	Pradip	40,000	Sundry Debtors		42,750
Add:	Net Profit	17,290	Less: Provision for Doubtful Debts		(2,138)
Total		1,22,290	Stock		20,860
Sundry Creditors		19,740	Motor Car		8,000
Bank Loan		18,400	Machinery		9,000
			Insurance		9,000
			Advertisement		12,500
			Commission		16,300
<b>Total</b>		<b>1,85,900</b>	<b>Total</b>		<b>1,85,900</b>



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**For Old Course: fin lieu of Project Works)**

**19. Answer the following questions: (any four) 5×4= 20**

**(a) Write distinctions between, Fixed Capital Account and Fluctuating Capital Account.**

**Ans:** The distinctions between, Fixed Capital Account and Fluctuating Capital Account:-

<b>Aspect</b>	<b>Fixed Capital Account</b>	<b>Fluctuating Capital Account</b>
Nature of capital	Permanent and stable	Variable and temporary
Investment purpose	Long-term investments	Short-term investments
Risk profile	Generally lower risk	Higher risk
Liquidity	Less liquid	More liquid
Return on investment	Typically lower	Potentially higher
Investor commitment	Usually higher commitment	Often lower commitment
Stability	Provides stability to financial position	Subject to market fluctuations
Examples	Property, machinery, long-term investments	Stocks, bonds, short-term securities

(b) What is Ratio Analysis? Mention any three limitations of ratio analysis.

Ans: Ratio analysis is a method used to evaluate and compare relationships between financial data in a company's financial statements. It helps to understand how well a company is performing financially by looking at ratios like profitability, liquidity, and efficiency.

**Limitations of ratio analysis:**

1. Dependence on Historical Data: Ratios rely on past financial information, which may not reflect current market conditions or future trends accurately.
2. Limited Understanding: Ratios provide numbers without context, making it necessary to interpret them carefully to understand their true meaning.
3. Comparison Challenges: Comparing ratios between companies in different industries can be misleading due to varying business models and accounting practices.

**(c) Explain uses of Financial Statement.**

**Ans:** Financial statements serve several crucial purposes for businesses, investors, creditors, and other stakeholders:

1. Performance Evaluation: They provide a snapshot of a company's financial performance, indicating profitability, revenue trends, and cost management effectiveness over a period.

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such as industry standards, risk factors associated with the business, and the expected rate of return on investments.

3. Valuation of Goodwill: Finally, the value of goodwill is determined by multiplying the average annual profit by the multiplier. This gives an estimate of the economic value of the goodwill associated with the business.

**Revaluation Account:** A Revaluation Account is a financial statement used to record adjustments to the values of assets and liabilities in a business. It is typically prepared when there is a change in the value of assets and liabilities due to various reasons such as revaluation of fixed assets, changes in market conditions, or changes in accounting policies.

**The main purposes of a Revaluation Account include:**

- 1.- Updating Asset Values: It helps in adjusting the book values of assets to their current market values or revalued amounts.
- 2.- Adjusting Liabilities: It also adjusts the values of liabilities to reflect any changes that affect their financial position.
- 3.- Distributing Gains or Losses: It facilitates the distribution of any revaluation gains or losses among the relevant stakeholders, such as shareholders or partners.

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