

**Instructions to the Students**

- Write only question numbers clearly outside the margin (1, 2, 3.i, 5.b, 4.c.ii, etc.).
- Do not write questions or any titles. (For ex. - Do not write **II. Answer the following**).
- After every answer, give a one-line space.
- For Multiple choice Questions - Both Option and Answer should be written.
- Bullet points & Sub-points should be written inside the margin.
- Do not fold / staple the paper.

**Section A****Answer all questions:****( 16 x 1 = 16 )**

- 1.a. Creditors in Balance Sheet before dissolution were ₹2,50,000. Half of the creditors accepted furniture of ₹ 1,50,000 at 10% less than the book value and cash of ₹ 10,000 in full settlement of their claims. Remaining creditors were paid availing discount of 5%. What will be the amount with which bank will be credited in the Realisation Account for payment to creditors?
- a) ₹ 1,35,000                      b) ₹ 1,25,000                      c) ₹ 1,18,750                      d) ₹ 1,28,750
- (OR)**
- 1.b. On retirement/death of a partner, the retiring/deceased partner's capital account will be credited with
- a) his/her share of goodwill.  
b) goodwill of the firm.  
c) shares of goodwill of remaining partners.  
d) none of these.
2. Prafful Limited forfeited 15,000 shares of ₹ 20 each on which ₹ 8 (including ₹ 2 premium) was paid. Out of these 13,000 shares were re-issued @ ₹ 19 per share as fully paid up. Determine the amount of Share Forfeited balance.
- a) ₹ 90,000                      b) ₹ 91,000                      c) ₹ 12,000                      d) ₹ 16,000
- 3.a. **Assertion (A):** Change in profit sharing ratio leads to dissolution of partnership and not the firm.
- Reason (R):** Change in profit sharing ratio leads to dissolution of old firm and a new firm comes into existence.
- a) Both (A) and (R) are true and (R) is the correct explanation of (A)  
b) Both (A) and (R) are true but (R) is not the correct explanation of (A)  
c) (A) is correct but (R) is wrong  
d) (A) is wrong but (R) is correct
- (OR)**
- 3.b. Joya, Liya, and Tiya are partners in a firm who share profits and losses equally. Joya decided to withdraw a fixed amount of Rs.20,000 at the beginning of every month for the specific period of six months, ending on September 30, 2020. If the partnership deed mandates charging interest on drawings at a rate of 5% per annum, determine the total interest on Joya's drawings for that period.
- a) ₹1750                      b) ₹1000                      c) ₹3500                      d) ₹6000
- 4.a. Debentures which are transferable by mere delivery are
- a) registered debentures                      b) first debentures  
c) bearer debentures                      d) second debentures.

(OR)

4.b.

**Match the following:**

**List 1**

1. Debentures are transferable by Mere Delivery
2. Debentures redeemable either in Lump Sum or Installments
3. Excess Value of Net Asset consideration.
4. Excess of Purchase consideration over Value of net asset.

**List 2**

- A) Bearer Debentures
- B) Redeemable Debentures
- C) Capital Reserve
- D) Goodwill Account

- a) 1- A, 2-B, 3-C, 4-D                      b) 1- B, 2-A, 3-D, 4-C  
c) 1- C, 2-A, 3-B, 4-D                      d) 1- D, 2-C, 3-A, 4-B

5. On the basis of the following data, how much final payment will be made to a partner on firm's dissolution? Credit balance of capital account of the partner was ₹50,000. Share of loss on realisation amounted to ₹10,000. Firm's liability taken over by him was for ₹8,000
- a) ₹40,000                      b) ₹52,000                      c) ₹32,000                      d) ₹48,000
6. Ravi and Sohan were partners sharing Profits & Losses in the ratio 2:1. They admitted Nitin into partnership for 30% share. Nitin brought ₹3,60,000 including ₹60,000 for goodwill. After adjusting Revaluation Gain/Loss and Accumulated Profits/Losses, Ravi's capital stood at ₹6,00,000. What was Sohan's capital after these adjustments?
- a) ₹3,00,000                      b) ₹2,50,000                      c) ₹2,00,000                      d) ₹3,60,000
7. Debentures represent the:
- a) The Investment of Equity-Shareholders                      b) Directors' shares in a company  
c) Short-term Borrowings of a Company                      d) Long-term Borrowings of a Company
- 8.a. On dissolution of the firm sundry assets were of ₹ 1,17,000. Monu took part of sundry assets at ₹ 72,000 (being 10% less than the book value). Sonu took remaining sundry assets at 80% of the book value. Realisation Account is to be credited with
- a) ₹ 84,000                      b) ₹ 1,01,600                      c) ₹ 72,000                      d) ₹ 1,08,000

(OR)

- 8.b. X Ltd. forfeited 100 shares of ₹10 each, ₹8 called-up for non-payment of allotment money of ₹5 per share (including premium of 2 per share). Out of these, 70 shares were reissued to Ashok as ₹8 called-up, for ₹10 per share. On forfeiture, Share Forfeiture Account will be:
- a) Credited by ₹700                      b) Debited by ₹ 200                      c) Credited by ₹ 500                      d) Debited by ₹ 500
9. If a partner withdraws equal amount at end of each quarter, then are to be considered for interest on total drawings.
- a) 4.5 months                      b) 7.5 months                      c) 5.5 months                      d) 6 months
- 10.a. Ashok, Trilok and Aalok are partners in profit sharing ratio of 2:3:4 with effect from 1st April, 2021. They decided to share profits in 4:3:3. What is Trilok's gain/sacrifice?
- a) Gain 3/100                      b) Gain 1/30                      c) No gain/sacrifice                      d) Sacrifice 1/30

(OR)

- 10.b. **Assertion (A):** A charitable dispensary run by 10 members is deemed to be a partnership firm.  
**Reason (R):** For a partnership business, there must be a business, and there must be sharing of profits among the partners from such business.
- a) Both (A) and (R) are true and (R) is the correct explanation of (A)  
b) Both (A) and (R) are true but (R) is not the correct explanation of (A)  
c) (A) is correct but (R) is wrong  
d) (A) is wrong but (R) is correct

11. A, B and C were partners sharing profits and losses in the ratio of 2:2: 1. Books are closed on 31st March every year. C dies on 5th November, 2023. Under the partnership deed, the executors of the deceased partner are entitled to his share of profit to the date of death, calculated on the basis of last year's profit. Profit for the year ended 31st March, 2023 was as ₹ 2,40,000. C's share of profit will be:  
a) ₹ 48,000                      b) ₹ 28,800                      c) ₹ 32,000                      d) ₹ 28,000
12. Mayur and Ankur are partners in a firm, sharing profits and losses in the ratio of 3:2. They decide to admit Kuber as a new partner. Following Kuber's admission, the partners agree on a new profit-sharing ratio of 5:5:3 among Mayur, Ankur, and Kuber, respectively. On the date of Kuber's admission, the goodwill of the firm is valued at ₹1,30,000. Calculate the amount of goodwill that Kuber must bring into the firm in cash.  
a) ₹1,00,000                      b) ₹30,000                      c) ₹1,30,000                      d) ₹50,000
13. Neha and Priya are partners sharing profits and losses in the ratio 2:1. Their capitals were ₹9,00,000 and ₹4,50,000 respectively. The firm had accumulated profits (reserves) of ₹3,00,000. During the year ended March 31, 2025, goods destroyed by theft had a book value of ₹1,20,000 and insurance claim admitted was ₹90,000. After adjustment, the firm's average profit was ₹1,98,000. If the normal rate of return is 12%, calculate the value of goodwill as per Capitalisation of Super Profits method:  
a) ₹3,00,000                      b) ₹1,50,000                      c) ₹2,50,000                      d) Nil
14. A partner, Anil, took over a Vehicle worth ₹90,000 in full settlement of his loan of ₹1,00,000. The Vehicle had already been transferred to the Realisation Account. How will it affect the Realisation Account?  
a) Realisation Account will be credited by ₹1,00,000  
b) Realisation Account will be credited by ₹10,000  
c) Realisation Account will be credited by ₹90,000  
d) No effect on Realisation Account
15. Land was appearing in the books at ₹15,00,000 which was overvalued by 20%. What amount will be shown in the Balance Sheet of the reconstituted firm for land?  
a) ₹12,50,000                      b) ₹18,00,000                      c) ₹15,00,000                      d) ₹20,00,000
16. X Ltd. forfeited 500 shares of Rs.10 each, Rs.7 called up, for non-payment of first call of Rs.3 per share. 300 of these shares were reissued at Rs.6 per share as fully paid up. Amount to be transferred to capital reserve will be:  
a) Nil                      b) 600                      c) 1800                      d) 800

**Answer the following questions:**

**( 4 x 3 = 12 )**

- 17.a. Anmol & Yashraj are partners Sharing profits in the ratio of 3:2. Capital account showed balance of ₹1,50,000 and ₹2,00,000 respectively on 1st April 2024 Firm earned a net profit of ₹ 74,050. As per the Partnership Deed Interest on Capital @8% p.a., Interest on Drawings Yashraj ₹2400 and Anmol ₹250. Partners have withdrawn amount on different dates. Anmol is entitled to get a Salary ₹1200 p.m. for three quarters. Yashraj is entitled to get a commission @10% . During the year firms record a surplus sale of ₹4,50,000 for which an extra commission @1% each the partners will get. Accounting year ends 31st March every year. Prepare Profit & Loss appropriation Account.

**(OR)**

- 17.b. The profit for the five years of a firm are as follows – Year 2013 Rs. 4,00,000; Year 2014 Rs. 3,98,000; Year 2015 Rs. 4,50,000; Year 2016 Rs. 4,45,000 and Year 2017 Rs. 5,00,000. Calculate goodwill of the firm on the basis of 4 years purchase of 5 years average profits.

18. Max Services Limited has an authorised capital of 11,000 equity shares of ₹100 each. It issued 5,000 equity shares to public for subscription payable ₹30 on application, ₹30 on allotment and ₹20 on first call and balance on final call. The whole of the issue was called for by the company and all the money was duly received except first and final call money on 500 shares and these shares were forfeited. Out of the forfeited shares, 300 shares were reissued for ₹110 each fully paid up. Show Share Capital and Reserves and Surplus in the Balance Sheet of the company as per Schedule III of Companies Act, 2013 as at 31 March, 2022. Ans:
19. Pentex Services Private Limited provides its services in South India. Seeing its growth and success, it decided to expand in other parts of India too, especially North India. This would involve huge expenditure for which the directors decided to issue ₹40,00,000, 12% Debentures of ₹100 each at par to be redeemed at 5% premium after 6 years. It has a balance of ₹60,000 in securities premium reserve. Answer the following questions on the basis of the above information.
- (i) State the amount of application money received.
- (ii) What amount will be debited to "Loss on Issue of Debentures Account"?
- (iii) Pass necessary Journal entry for writing off "Loss on Issue of Debentures Account".
20. L, M and N were partners in a firm sharing profits and losses in the ratio of 5:3:2. On 1st April, 2018 they admitted S as a new partner in the firm for  $\frac{1}{5}$ <sup>th</sup> share in the profits. On S' admission the goodwill of the firm was valued at 3 years purchase of last five years average profits. The profits during the last five year were:

Year ended 31 <sup>st</sup> March	Profit (₹)
2014	4,00,000
2015	3,00,000
2016	2,00,000
2017	50,000
2018	(50,000)

Calculate the value of the goodwill of the firm. Pass necessary journal entry for the treatment of goodwill on S's admission.

**Answer the following questions:**

**( 2 x 4 = 8 )**

21. Rahul Ltd. acquired assets of 20 lakhs and took over creditors of 2 lakhs from Raj Enterprises. Rahul Ltd. issued 8% Debentures of ₹ 100 each at a discount of 10% as purchase consideration. Record necessary Journal entries in the books of Rahul Ltd.
22. What journal entries will be recorded for the following transactions on the dissolution of a firm:
- Payment of unrecorded liabilities of ₹ 3,200.
  - Stock worth 7,500 is taken by a partner Rohit.
  - Profit on Realisation amounting to 18,000 is to be distributed between the partners Ashish and Tarun in the ratio of 5:7.
  - An unrecorded asset realised 5,500.

**Answer the following questions:****( 4 x 6 = 24 )**

23. Tarun, Varun and Arun are partners in a firm sharing profits in the ratio 5:4:1. Their Balance Sheet as at 31st March, 2022 was as follows:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Accounts :		Goodwill	27,000
Tarun 85,000		Land	64,000
Varun 54,000		Machinery	34,000
Arun 36,000	1,75,000	Patents	2,000
General Reserve	20,000	Stock	25,000
Outstanding Expenses	14,000	Debtors	50,000
Creditors	47,000	Bank	54,000
	2,56,000		2,56,000

It was agreed that Tarun will retire on the following terms:

- (i) The Goodwill of the firm is valued at two years purchase of the average annual profits of the preceding three years. The profits for the last three years were ₹34,000, ₹42,000 and ₹50,000.
- (ii) Provision for doubtful debts at 10% on Debtors to be created.
- (iii) Land revalued at ₹82,000 and Machinery at ₹24,000.
- (iv) Sundry Creditors have agreed to accept 5% less.
- (v) Patents were valueless. Prepare Revaluation A/c and Partners' Capital Accounts

24. Following is the Balance Sheet of Luna, Nora and Elena as on 31<sup>st</sup> March, 2022 who shared profits in the ratio 3 : 2 : 1. They decided to dissolve their firm.

Liabilities	Amount (₹)	Assets		Amount (₹)
Capital Accounts :		Bank		69,500
Luna	1,70,000	Accrued Interest		3,500
Nora	1,40,000	Debtors	72,000	
Elena	1,20,000	Less : Provision for		
Investment Fluctuation Reserve	24,000	doubtful debts	(8000)	64,000
Loan	32,000	Stock		70,000
Employees Provident Fund	42,000	Investment		75,000
Bills Payable	18,000	Furniture		98,000
Sundry Creditors	26,000	Machinery		1,32,000
		Goodwill		60,000
	5,72,000			5,72,000

Agreed terms of dissolution were as follows :

- Sundry Creditors agreed to take over an unrecorded asset as full and final payment.
  - Nora took over half the stock at 10% discount and also agreed to settle the Bills Payable.
  - Remaining stock realised 55% of the book value.
  - ₹7,000 of Debtors proved bad.
  - Other assets realised :  
Machinery : ₹1,15,050  
Furniture : ₹76,000  
Accrued Interest : Full amount  
Goodwill ₹24,000.
  - Investments were sold in the market at a loss of 10%.
  - Firm had to pay ₹6,300 for outstanding rent which was not provided for in the books.
  - Realisation expenses were ₹3,000 paid by Elena.
- Prepare Realisation A/c and Partners' Capital Accounts.

25.a. Fill in the missing information in the journal entries given below:

In the books of Max Steel Limited

Journal

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	Bank A/c Dr. To ..... (Being application money received on 1,00,000 shares @ ₹5 per application including ₹2 for premium)		.....	.....
	Equity Share Application A/c Dr. To Equity Share Capital A/c To ..... To ..... To ..... (Being application money adjusted. 25,000 applications were rejected and pro-rotta allotment was made in the ratio of 3:2 to the remaining applicants. Excess of application money was adjusted towards Share Allotment a/c)		.....	1,25,000
	..... Dr. To Equity Share Capital A/c To ..... (Being money due on allotment @ ₹5 per share including ₹2 for premium)		.....	.....
	Bank A/c Dr. To Equity Share Allotment A/c (Being amount received on allotment except on 500 shares allotted to Amit)		.....	.....
	..... Dr. To Equity Share Capital A/c To ..... (Being First & final call amount due @ ₹5 per share including ₹1 for premium )		.....	.....

Bank A/c Dr. To Equity Share First & Final Call A/c (Being First & final call amount received except shares held by Amit and Sumit who applied for 1,500 shares)		.....	.....
Share Capital A/c Dr. ..... Dr. To ..... To Share First & Final Call A/c To ..... (Being shares of Amit and Sumit forfeited for non-payment of amount due)		.....	.....
..... Dr. To Equity Share Capital A/c To ..... (Being re-issue of 1,000 forfeited shares @ ₹11 per share fully paid. These shares included all shares held by Amit)		11,000	.....
Share forfeited A/c Dr. To Capital Reserve A/c (Being Profit made on forfeited shares transferred to capital reserve)		.....	.....

**(OR)**

- 25.b. Asha, Deepa, and Lata are partners in a firm, sharing profits and losses in the ratio of 3:2:1. The partnership is dissolved upon the decision of Deepa to retire. After all necessary adjustments relating to the revaluation of assets and liabilities, treatment of goodwill, and distribution of accumulated profits and reserves have been carried out, the capital accounts of the continuing partners, Asha and Lata, show credit balances of ₹1,60,000 and ₹80,000, respectively. The remaining partners agree to fix their capital in the firm according to their new profit-sharing ratio. You are required to calculate the new capital balances of Asha and Lata and record the necessary journal entries to account for the actual cash brought in or withdrawn by the partners to meet the new capital requirements.
- 26.a. Blue Housing Corporation Limited invited applications for 8,00,000 equity shares of ₹10 each at a premium of ₹40 per share. The amount was payable as follows:  
On application ₹35 per share: (including ₹30 premium)  
On allotment ₹8 per share : (including ₹4 premium)  
On first and final call : Balance
- Applications for 7,70,000 shares were received. Shares were allotted to all the applicants. Lalit to whom 70,000 shares were allotted failed to pay the allotment money. His shares were forfeited immediately after allotment. Afterwards, the first and final call was made. Amit, the holder of 5,000 shares failed to pay the first and final call. His shares were also forfeited. Out of the forfeited shares 10,000 shares were reissued at ₹50 per share fully paid-up. The re-issued shares included all the shares of Amit. Pass necessary journal entries for the above transactions in the books of Blue Housing Corporation Limited.

**(OR)**

- 26.b. a) Pass the necessary journal entries for 'Issue of Debenture' for the following:
- i. Arman Ltd. issued 750, 12% Debentures of ₹100 each at a discount of 10% redeemable at a premium of 5%.
  - ii. Sohan Ltd. issued 800, 9% Debentures of ₹100 each at a premium of 20 per debenture redeemable at a premium of ₹10 per Debenture.
- b) X Ltd. obtained a loan of ₹4,00,000 from IDBI Bank. The company issued 5,000 9% Debentures of ₹100 each as a collateral security for the same.  
Show how these items will be presented in the Balance Sheet of the company.

## **Section B**

**Answer all questions:**

**( 4 x 1 = 4 )**

27. When an analyst analysis the financial statements of an enterprise over a number of years, the analysis is called analysis.
- a) Static                      b) External                      c) Horizontal                      d) Vertical
- 28.a. \_\_\_\_\_ will result in increase in Liquid Ratio without affecting the Current Ratio.
- a) Sale of Stock at cost price                      b) Sale of stock at loss  
c) Sale of stock at profit                      d) Sale of investments at cost



(OR)

28.b. **Statement-I:** 'Shree Ltd.' was carrying on a business of packaging in Delhi and earned good profits in the past years. The company wanted to expand its business and required additional funds. To meet its requirements the company issued equity shares of ₹30,00,000. It purchased a computerized machine of ₹20,00,000. During the current year the Net Profit of the company was ₹15,00,000. Cash flows from operating, investing and financing activities from the above transactions will be ₹15,00,000; (₹20,00,000); ₹30,00,000 respectively.

**Statement-II:** The patents of X Ltd. increased from ₹3,00,000 in 2021-22 to ₹3,50,000 in 2022-23. It will be taken as purchase of Patents of ₹50,000 and will be shown under Cash outflow from Investing Activities.

- a) Both Statements 1 and 2 are true
- b) Both Statements 1 and 2 are false
- c) Statement 1 is true and Statement 2 is false
- d) Statement 1 is false and Statement 2 is true

29.a. Z Ltd. purchased a building for ₹50,00,000 from J. Ltd. paying 40% by the issue of 9% Debentures and the balance by cheque. The above transaction will result in:

- a) Decrease in cash and cash equivalents ₹ 20,00,000.
- b) Cash used in investing activities ₹ 20,00,000.
- c) Cash generated from financing activities ₹20,00,000.
- d) Cash used in investing activities ₹ 30,00,000.

(OR)

29.b. **Assertion (A):** The Debt to Equity Ratio is a liquidity ratio.

**Reason (R):** It measures a company's ability to meet its long-term obligations.

- a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- b) Both (A) and (R) are true but (R) is not the correct explanation of (A)
- c) (A) is correct but (R) is wrong
- d) (A) is wrong but (R) is correct

30. Net profit after tax is 1,20,000; 10% Debentures are of ₹ 2,00,000; Capital Employed is 16,00,000. Rate of Tax 40%. Return on Investment (ROI) will be \_\_\_\_.

- a) 25%
- b) 22%
- c) 13.75%
- d) 20%

**Answer the following questions:**

( 2 x 3 = 6 )

31.a. Complete the Comparative Statement of Profit and Loss based on the data provided:

Particulars	2017-18	2018-19	Absolute Change	% Change
Revenue from Operations	16,00,000	24,00,000	?	?
Less : Employees Benefit Expenses	6,00,000	?	?	50%
Less : Other Expenses	2,00,000	?	1,00,000	?
Profit before Tax	8,00,000	?	?	25%
Tax @ 30%	?	?	60,000	?
Profit after Tax	5,60,000	?	1,40,000	?

(OR)

- 31.b. Find the heads and sub-heads under which the following items will appear in the balance sheet of a company as per Schedule III, Part I of Companies Act, 2013:

Land

Advances paid for furniture

Accrued Interest on Investments

Short-Term Loan from Bank

Provision for Repairs

Outstanding Audit Fees

32. Profit & Loss Statements for the years ended 31st March 2023 and 2022:

Particulars	Note No.	31st March 2023	31st March 2022
		₹	₹
Revenue from Operations		48,00,000	50,00,00
Finance Costs		27,50,000	30,00,000
Employee benefit Expenses		5,00,000	4,00,000

Other Expenses	80,000	1,00,000
Income Tax	40%	35%

Calculate percentage changes from 2022 to 2023.

**Answer the following questions:**

( 1 x 4 = 4 )

- 33.a. i) Cost of goods sold Rs.12,00,000; Revenue from operation Rs.16,00,000; Operating Expenses Rs.80,000. Calculate Operating ratio and Operating profit ratio.  
ii) Net profit after tax Rs.4,00,000; Tax rate = 50%. Shareholders Fund Rs.15,00,000; Non-current Assets 20,00,000; Non –Current liabilities Rs.3,00,000.  
Calculate Return on Capital Employed.

(OR)

- 33.b. Current Ratio of ABC Limited is 2.5 : 1. State with reasons whether the following transactions will increase, decrease, or have no change on the ratio:

(a) Bills Payable discharged

(b) Bill Receivable dishonoured

(c) Old machinery sold for cash at a profit of ₹20,000

(d) Purchased an office printer on credit

**Answer the following question:****( 1 x 6 = 6 )**

34. Calculate Cash Flow from Operating Activities from the following:

i. Profit after considering the following items but before tax is 2,50,000:

Particulars	₹
Depreciation on Fixed Assets	1,00,000
Amortisation of Goodwill	50,000
Transfer to General Reserve	70,000
Gain (Profit) on Sale of Land	30,000

ii. Following is the position of current assets and current liabilities:

Particulars	Closing Balances (₹)	Opening Balances (₹)
Trade Receivables	2,30,000	2,20,000
Trade Payables	1,00,000	1,50,000
Prepaid Expenses	40,000	60,000

\*\*\* ALL THE BEST\*\*\*