

**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. **Assertion (A):** Under the fixed capital method, partners' capital accounts always show a credit balance.

Reason (R): Under the fixed capital method, all items like share of profit or loss, interest on capital, drawings, interest on drawings are recorded in a separate account called partners' current account.

- 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)

- 1.b. **Assertion (A):** On dissolution of firm, partner's loan is transferred to realisation account.

Reason (R): Partners loan is an internal liability.

- 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

2. In a partnership firm, partner A is entitled a monthly salary of Rs.7,500. At the end of the year, firm earned a profit of Rs.75,000 after charging A's salary. If the manager is entitled a commission of 10% on the net profit after charging his commission, Manager's commission will be :

- a) Rs.7,500
- b) Rs. 16,500
- c) Rs.8,250
- d) Rs. 15,000

- 3.a. **Assertion (A):** Goodwill is treated as an intangible asset.

Reason (R): Goodwill cannot be seen or touched; it can only be felt.

- 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. Gobind, Hari and Pratap are partners. On retirement of Gobind, the goodwill already appears in the Balance Sheet at Rs. 24,000. The goodwill will be written-off

- a) by debiting all partners' capital accounts in their old profit sharing ratio.
- b) by debiting remaining partners' capital accounts in their new profit sharing ratio.
- c) by debiting retiring partners' capital accounts from his share of goodwill.
- d) none of these.

4.a. 10,000 Rs.100 12% debenture are issued at 97 and its redeemable at Rs.103. The loss on issue of debenture is.

- a) Rs.30,000 b) Rs.60,000 c) Rs.97,000 d) Rs.1,03,000

(OR)

4.b. On 1st April, 2020, Elpis Ltd. issued 4,000, 8% Debentures of Rs.100 each, to be redeemed in four equal annual instalments beginning from 31st March, 2022. The interest on these debentures was payable half yearly, on 30th September and 31st March every year. What is the journal entry to close the Interest on Debentures A/c on 31st March, 2023?

- a) Debit Statement of P/L 16,000; Credit Interest on Debentures A/c 16,000.
b) Debit Statement of P/L 24,000; Credit Interest on Debentures A/c 24,000.
c) Debit Statement of P/L ₹8,000; Credit Interest on Debentures A/c 8,000.
d) Debit Statement of P/L 32,000; Credit Interest on Debentures A/c 32,000.

5. Vikram and Manish were partners sharing Profits & Losses in the ratio 3:2. Their capital balances were ₹6,00,000 and ₹4,00,000 respectively. There was a General Reserve of ₹2,00,000 in the books. They admitted Arjun for 20% share who brought ₹2,00,000 as capital. Determine Arjun's share of goodwill.

- a) ₹1,00,000 b) ₹50,000 c) ₹40,000 d) ₹60,000

6. Monu Ltd. forfeited 500 shares of 100 each issued at 40% premium (70 called up) on which application & allotment of 80 each (including premium) has been received. Out of these, 200 shares were reissued for 65 per share (70 paid up). What is the amount to be transferred to Capital Reserve?

- a) ₹ 15,000 b) ₹ 7,000 c) ₹ 4,500 d) ₹2,000

7. Sahil and Mohit were partners sharing profits and losses in the ratio of 3:2. They admitted Rohit as a new partner for 1/4 share of profit. Rohit brought ₹6,00,000 as his capital and ₹1,20,000 as premium for goodwill. The new profit-sharing ratio was 2:1:1. What amount of goodwill will be credited to Sahil's Capital Account?

- a) ₹48,000 b) ₹60,000 c) ₹72,000 d) ₹90,000

8.a. X, Y, and Z were partners sharing profits and losses in the ratio of 5:3:2. Z passed away on December 31, 2023, and the total amount payable to Z's executors was ₹12,00,000. Z's executors were paid ₹2,00,000 immediately, and the balance was to be paid in four equal annual installments along with interest at 12% p.a. Calculate the total amount of interest to be credited to Z's executor's account for the year ended March 31, 2024.

- a) ₹90,000 b) ₹72,000 c) ₹30,000 d) ₹84,000

(OR)

8.b. R, S and T are partners sharing profit in the ratio of 7:5:4. T died on 30th June 2012. Profit for the year was ₹24000 for the year 2011-2012. How much share in profits for the death period will be transferred to T's account?

- a) Credited Rs.6000 b) Debited Rs. 1500 c) Credited Rs.1500 d) Debited Rs.6000

9. Which of the following is/are method(s) of valuation of goodwill?

- a) Super Profit Method b) Capitalisation
c) Average Profit Method d) All of these

10.a. Profit or loss on revaluation of assets and reassessment of liabilities is transferred to partners' capital accounts in their:

- a) Gaining Ratio b) Old Profit Sharing Ratio
c) Equal Ratio d) Capital Ratio

(OR)

- 10.b. What amount is shown in the Forfeiture Account at the time of forfeiture of shares?
- Amount not paid by the shareholder on application and allotment
 - Total amount paid by the shareholder including amount utilised on premium
 - Application money paid by the shareholder including premium
 - Total amount paid by the shareholder excluding the amount utilised on premium
11. Girish Ltd. Purchased a running business from Bata Ltd. for a sum of Rs.22,00,000 by issuing 20,000 fully paid Equity Shares of Rs.100 each at a premium of 10%. Total Assets were Rs.26,00,000 and Bills payable Rs.2,50,000. Amount of Goodwill/Capital Reserve will be:
- 4,00,000 Capital Reserve
 - 1,50,000 Goodwill
 - 4,00,000 Goodwill
 - 1,50,000 Capital Reserve
12. P, Q and R are sharing profits and losses equally. R retires and the goodwill is appearing in the books at ₹ 30,000. Goodwill of the firm is valued at ₹ 1,50,000. Calculate the net amount to be credited to R's Capital A/c.
- ₹ 40,000
 - ₹ 10,000
 - ₹ 50,000
 - ₹ 60,000
13. Amit and Vinay are partners sharing profits in the ratio of 4: 3. Their Balance Sheet showed a balance of ₹ 56,000 in the General Reserve Account and a debit balance of ₹ 14,000 in Profit and Loss Account. They now decided to share the future profits equally. Instead of closing the General Reserve Account and Profit and Loss Account, it is decided to pass an adjustment entry for the same. In adjustment entry:
- Cr. Amit by ₹5,000; Dr. Vinay by ₹ 5,000
 - Dr. Amit by ₹5,000; Cr. Vinay by ₹ 5,000
 - Dr. Amit by ₹3,000; Cr. Vinay by ₹ 3,000
 - Cr. Amit by ₹3,000; Dr. Vinay by ₹ 3,000
14. After which account it is assumed that dissolution of the firm stands closed?
- Memorandum Balance Sheet
 - Realisation A/c
 - Partners Capital A/c
 - Cash A/c
15. Office premises was appearing in the books at ₹8,40,000 which was undervalued by 20%. What amount will be shown in the Balance Sheet of the reconstituted firm for office premises?
- ₹10,50,000
 - ₹6,72,000
 - ₹8,40,000
 - 12,60,000
16. Neelkamal Private Limited issued 12% debentures with a face value of ₹2,50,000. The company received ₹2,00,000 in cash on issuance, and these debentures are redeemable at a premium of ₹50,000. Additionally, the company incurred a loss on the issue of debentures amounting to ₹1,00,000. Based on this information, determine the percentage of discount at which the debentures were issued.
- 15%
 - 20%
 - 5%
 - 10%

Answer the following questions:

(4 x 3 = 12)

- 17.a. On January 01, 2025 Ritu Ltd. Issued ₹ 40,00,000, 8% Debentures of ₹ 100 each at 5% discount to be redeemed at 10% premium at the end of 5 years. Balance in Securities Premium on the date of such issue was of ₹ 2,70,000. Pass entries for Issue of debentures.

(OR)

- 17.b. Pass Journal entries in the following cases:
- Expenses of realisation ₹600 to be borne by the firm and are paid by Mohit, a partner.
 - Mohit, one of the partners of the firm, was asked to carry out dissolution of the firm for which he was allowed a salary of ₹2,000.
 - Motor car of book value ₹50,000 taken by a creditor of the book value of ₹40,000 in settlement.

18. Sachin, Rajveer and Mohsin were the partners sharing of 5:3:2. on 31 March, 2022 their Balance Sheet was as under:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals :		Leasehold Premises	1,25,000
Sachin	1,50,000	Patents	30,000
Rajveer	1,25,000	Machinery	1,50,000
Mohsin	75,000	Stock	1,90,000
Creditors		Cash at Bank	40,000
Workmen's Compensation Reserve	30,000		
	5,35,000		5,35,000

Rajveer died on 1st August, 2022. It was agreed that:

(i) Goodwill of the firm is to be valued at ₹1,75,000.

(ii) For the purpose of calculating Rajveer's share in the profits of 2022-23, the profits should be taken to have accrued on the same scale as in 2021-22, which were ₹75,000. (iii) Interest on capital @ 9% p.a.

Prepare Rajveer's Capital Account to show the amount due to his executors.

19. S, T, W and X are partners sharing profits in the ratio of 4 : 3 : 2 : 1. X is given a guarantee that his share of profits in any given year would not be less than ₹1,20,000. The profits for the year ended 31st March, 2023 amounted to ₹8,40,000. Pass necessary entries in the books of the firm.
20. Madhu, Raj, Atul and Prachi were partners in a firm sharing profit and losses in the ratio of 3 : 2 : 4 : 1. With effect from 1st April, 2023, they decided to share profits and losses equally. Their Balance Sheet showed a General Reserve of ₹ 1,00,000. The goodwill of the firm was valued at ₹ 20,00,000. Pass necessary journal entries for the above on account of change in the profit sharing ratio. Show your working clearly.

Answer the following questions:

(2 x 4 = 8)

21. The Adarsh Control Device Ltd was registered with the authorised capital of Rs.3,00,000 divided into 30,000 shares of 10 each, which were offered to the public. Amount payable as Rs.3 per share on application, Rs.4 per share on allotment and Rs.3 per share on first and final call. These share were fully subscribed and all money was duly received. Prepare journal and Cash Book.
22. Alia, Boman, and Chirag were partners in a firm sharing Profits & Losses in the ratio of 5:3:2. The firm decided to dissolve on June 30, 2024. The following balances were extracted from the firm's books:
- (a) Boman's Loan to the firm: ₹60,000
 - (b) Supplier's Account (Trade Payables): ₹95,000
 - (c) Seema's Loan (Wife of Chirag): ₹45,000
 - (d) Capital Balances after all adjustments: Alia ₹1,50,000; Boman ₹90,000; Chirag ₹60,000.
- The firm's assets were sold and realised ₹5,50,000.
- You are required to show the amounts and order of payments from the realised assets as per Section 48 of the Indian Partnership Act, 1932, at the time of the firm's dissolution.

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

23. Varun and Vivek were partners in a firm sharing profits in the ratio of 3:2. The balance in their capital and current accounts as on 1st April, 2022 were as under:

Particulars	Varun(₹)	Vivek(₹)
Capital accounts	3,00,000 (Cr.)	2,00,000 (Cr.)
Current accounts	1,00,000 (Cr.)	28,000 (Dr)

The partnership deed provided that Varun was to be paid a salary of ₹5,000 p.m. whereas Vivek was to get a commission of ₹30,000 for the year. Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Varun were ₹ 3,000 at the beginning of each quarter while Vivek withdrew ₹ 30,000 on 1st September, 2022. The net profit of the firm for the year, 2022-23, before making the above adjustments was ₹ 1,20,000. Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

24. P Ltd. issued 10,000, 8% debentures of ₹ 100 each at a premium of 10% on 1-4-2022. It purchased Property, Plant & Equipment of the value of ₹2,50,000 and took over current liabilities of ₹ 40,000 and issued 8% debentures at a premium of 5% to the vendor. On the same date it took loan from the Bank for ₹ 1,00,000 and issued 8% debentures as Collateral Security. Record the relevant journal entries in the books of P Ltd. and prepare the extract of balance sheet on 31-3-2023. Ignore interest.
- 25.a. X Ltd. was set up with an authorised capital of Rs.2,00,00,000; divided into equity and preference shares of Rs.10 each and Rs.100 each respectively. The ratios of equity and preference shares are 4:1. Shares are payable 40% on application and rest on allotment. All money was received except the allotment money on 50,000 equity shares. Pass journal entries.

(OR)

- 25.b. Sagar Ltd. was registered with an authorised capital of Rs. 1,00,00,000 divided into 1,00,000. Equity Shares of Rs.100 each. The company offered for public subscription 60,000 Equity Shares. Applications for 56,000 shares were received and an allotment was made to all the applicants. All the calls were made and were duly received except the second and final call of Rs. 20 per share on 700 shares. Prepare Balance Sheet of the company showing the different types of share capital.

- 26.a. Robin, Tanish and Lakshit were partners sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet as on 31st March, 2022 was as under:

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Account :		Plant and Machinery	30,000
Robin 30,000		Premises	20,000
Tanish 30,000		Investment	10,000
Lakshit 20,000	80,000	Goodwill	5,000
Contingency Reserve	8,000	Patent	6,000
Employee Provident Fund	4,000	Stock	13,000
Sundry Creditors	10,000	Sundry Debtors	6,000
		Cash at Bank	10,000
		Advertisement Suspense A/c	2,000
	1,02,000		1,02,000

Lakshit died on 31-5-2022. The agreement between the executor of Lakshit and the partners stated that; Goodwill of the firm was to be valued at $2\frac{1}{2}$ times of the average profits of last four years. The profits of four years were: 2018-19 ₹13,000; 2019-20 ₹12,000, 2020-21 ₹16,000 and 2021-22 ₹15,000. The patents are to be valued at 8,000, Machinery at ₹25,000 and Premises ₹25,000. The share of profit of Lakshit should be calculated on the basis of the profit of last year.. Calculate Lakshit's share of:

- profit for the period till the time of his death.
- goodwill.
- profit or loss on revaluation of assets and liabilities.
- accumulated profits and losses. Also pass necessary journal entries for the above settlement along with amount payable to Lakshit's executor.

(OR)

- 26.b. Following is the Balance Sheet of Luna, Nora and Elena as on 31" 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:

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

Section B

Answer all questions:

(4 x 1 = 4)

27. A firm made credit Revenue from Operations is ₹10,00,000 during the year. If the trade receivables turnover ratio is 10 times, closing trade receivables are 1/3rd of opening trade receivables. Closing trade receivable will be:
- a) 1,00,000 b) 50,000 c) 1,50,000 d) 2,00,000
- 28.a. The of a business firm is measured by its ability to satisfy its short-term obligations as they become due.
- a) Activity b) Liquidity c) Debt d) Profitability
- (OR)
- 28.b. When Current Ratio is 4: 1, Current Assets are Rs.60,000 and Quick Ratio is 2.5: 1, the amount of 'Inventory' will be:
- a) Rs.22,500 b) Rs.37,500 c) Rs.15,000 d) Rs.25,000

29.a. Which of the following items will be classified as a cash flow from Financing Activities for a non-finance company?

- a) Interest paid on a long-term loan
- b) Purchase of marketable securities
- c) Refund of tax on operating profit
- d) Sale of a fixed asset

(OR)

29.b. Which of the following classifications are correctly matched as per AS 3 (Revised) in the Cash Flow Statement?

- (i) Purchase of marketable securities
- (ii) Issuance of share capital
- (iii) Payment of dividends
- (iv) Sale of fixed assets
- a) (i) Operating, (ii) Financing, (iii) Investing, (iv) Investing
- b) (i) Investing, (ii) Financing, (iii) Financing, (iv) Investing
- c) (i) Financing, (ii) Operating, (iii) Investing, (iv) Financing
- d) (i) Investing, (ii) Operating, (iii) Financing, (iv) Operating

30. From the following information, you are required to calculate Cost of material consumed.

Opening inventory of materials ₹30,00,000;

Opening stock-in-trade ₹8,00,000;

Material purchased ₹1,00,00,000;

Purchase of stock-in trade ₹60,00,000;

Closing inventory of material ₹10,00,000 and

Closing inventory of stock ₹6,00,000.

- a) ₹1,20,00,000
- b) ₹80,00,000
- c) ₹60,00,000
- d) None of these

Answer the following questions:

(2 x 3 = 6)

31.a. From the information extracted from the Statement of Profit and Loss for the years ended 31st March, 2024 and 31st March, 2025. Prepare a Comparative Statement of Profit and Loss:

Particulars	2024-25	2023-24
Revenue from operations	300% of cost of material consumed	200% of cost of material consumed
Cost of materials consumed	₹2,40,000	₹2,00,000
Other expenses	20% of cost of material consumed	10% of cost of material consumed
Tax rate	50%	50%

(OR)

- 31.b. Prepare a Common Size Statement of Profit and Loss for the year ended March 31, 2025, from the following data:

Particulars	31st March, 2025 (₹)
Revenue from Operations	25,00,000
Cost of Materials Consumed	15,00,000
Other Income	5,00,000
Employee Benefit Expenses	2,50,000
Finance Costs	1,25,000
Other Expenses	1,25,000

The Tax Rate is 40%.

32. Following Extracted information of V Ltd. is available on 31st March 2022:

Particulars	2022	2021
Share capital	5,00,000	3,00,000
Securities Premium	50,000	-
Bank Overdraft at the rate of 8% p.a	1,20,000	-

Additional information:

a) Bank overdraft was availed on 1st December 2021. Interest on Bank Overdraft was paid on 31st March 2022.

Find out Cash Flow from Financing Activities

Answer the following questions:

(1 x 4 = 4)

- 33.a. i) Calculate the Gross Profit Ratio from the following information: (SAME AS Q 33b.) but marks reduced. Revenue from Operation Rs.28,00,000; Purchase Rs.14,00,000; Carriage Inward Rs.1,00,000. Wages Rs.2,00,000; Opening inventory Rs.2,80,000 and Closing inventory Rs.4,40,000.
- ii) Revenue from Operation Rs.80,00,000; Gross Profit 25%; Current Assets Rs.15,00,000 and Current Liabilities Rs.10,00,000. Calculate Working Capital Turnover Ratio.

(OR)

- 33.b. i) Total Assets Rs.25,00,000; Current Liabilities Rs.3,80,000; Long term Borrowing and Provision Rs.4,20,000. Calculate Proprietary Ratio.
- ii) Cost of goods sold Rs.12,00,000. 80% of the purchases are on credit. Calculate the Trade Payable Turnover Ratio if

	31st March 2024	31st March 2023
Inventory	Rs.2,00,000	Rs.1,20,000
Trade Payable	Rs.95,000	Rs.75,000

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

34. From the balance sheet and information given below, prepare cash flow statement:

Balance Sheet
as at 31st March, 2020

Particulars	31st March 2020 (₹)	31st March 2019 (₹)
I. EQUITY AND LIABILITIES		
Creditors	35,200	32,000
Tanvir's Loan	—	20,000
Loan from Bank	40,000	32,000
Capital	1,22,400	1,00,000
Total	1,97,600	1,84,000
II. ASSETS		
Cash	5,600	8,000
Debtors	40,000	24,000
Stock	20,000	28,000
Land	40,000	32,000
Machinery	44,000	64,000
Building	48,000	28,000
Total	1,97,600	1,84,000

During the year, machine costing Rs.8,000 (Accumulated Depreciation Rs. 2,400) was sold for Rs.4,000. The provisions for depreciation against machinery as on 31st March, 2019 and 31st March, 2020 were Rs.20,000 and Rs.32,000 respectively. Net profit for the year amounting to Rs. 36,000.

*** ALL THE BEST***