

Part A: Accounting for Partnership Firms and Companies

1. Interest on capital will be paid to the partner only out of if provided for in the partnership deed.
(a) profits (b) reserves (c) accumulated profits (d) goodwill
2. Which of the following is correct in relation to admission of a new partner?
(a) On admission of a new partner, old firm is dissolved
(b) On admission of a new partner, old partnership is dissolved
(c) On admission of a new partner, both old partnership and firm are dissolved
(d) On admission of a new partner, neither partnership nor firm is dissolved
3. When debenture amount is received in lumpsum, is credited with bank account.
(a) debenture application and allotment account
(b) debenture account
(c) debenture allotment account
(d) None of these

OR

Calculate the interest for the year 2025, when 6% debentures are issued for ₹ 20,00,000 of ₹ 100 each at 10% premium.

- (a) ₹ 1,60,000 (b) ₹ 1,20,000 (c) ₹ 12,000 (d) ₹ 12,00,000
4. A firm having the assets of ₹ 2,00,000 and liabilities of ₹ 84,000 earns the annual profit of ₹ 18,000. The rate of normal profit being 12%, the amount of goodwill by capitalization of super profit method, will be
- (a) ₹ 13,290 (b) ₹ 36,000 (c) ₹ 34,000 (d) ₹ 4,080
5. C and N were partners in a firm sharing profits and losses equally. C withdrew ₹ 7,500 at the beginning of each quarter. Interest on drawings is charged @ 6% p.a. At the end of the year, the journal entry for charging interest on drawings is:
- | | | |
|-----------------------------|----|---|
| C's Capital A/c | Dr | X |
| To Interest on Drawings A/c | | X |
- Value of X will be
(a) ₹ 1,125 (b) ₹ 1,875 (c) ₹ 1,500 (d) ₹ 1,250
6. If equal amount is withdrawn by a partner at the end of each month during a period of 6 months, interest on the total amount will be charged for months.
(a) 2.5 (b) 3 (c) 3.5 (d) 6

OR

A partner withdraws ₹ 1,600 each on 1st April and 1st October. Interest on his drawings @ 6% p.a. on 31st March will be:

- (a) ₹ 96 (b) ₹ 144 (c) ₹ 48 (d) ₹ 192

7. For the firm, interest on capital is a

- (a) capital payment (b) capital receipt
(c) loss (d) income

8. V, S and T are partners in a firm with profit sharing ratio 3 : 2 : 1 respectively. The extract of their balance sheet is as follows:

Liabilities	Amt (₹)	Assets	Amt (₹)
Workmen Compensation Reserve	48,000		

At the time of retirement of T, if liability for workmen compensation to the extent of ₹ 24,000 is to be created, then at what amount will workmen compensation reserve be shown in new balance sheet?

- (a) ₹ 48,000 (b) ₹ 72,000
(c) ₹ 24,000 (d) Not to be shown in new balance sheet

OR

X and Y are partners in a firm sharing profits and losses in the ratio of 5: 1.

An Extract of Balance Sheet

Liabilities	Amt (₹)	Assets	Amt (₹)
		Machinery	4,000

If value of machinery in the balance sheet is undervalued by 20%, then at what value will machinery be shown in new balance sheet?

- (a) ₹ 4,400 (b) ₹ 4,800 (c) ₹ 3,200 (d) ₹ 5,000

9. X, Y and Z are partners sharing profits in the ratio of 3: 3 : 2. As per the partnership agreement, Z is to get a minimum amount of ₹ 8,000 as his share of profits every year and any deficiency on this account is to be personally borne by X. The net profit for the year ended 31st March, 2025 amounted to ₹ 31,200. Calculate the amount of deficiency to be borne by X.

- (a) ₹ 100 (b) ₹ 400 (c) ₹ 800 (d) ₹ 200

10. A and B are two partners sharing profits in the ratio of 2: 1. C, a new partner admitted for 1/4th share. At the time of admission, loss from revaluation is ₹ 9,000. Pass a necessary journal entry for distribution of loss between the partners.

- (a) A's Capital A/c Dr 6,000;
B's Capital A/c Dr 3,000;
To Revaluation A/c 9,000
- (b) A's Capital A/c Dr 9,000;
To B's Capital A/c 9,000
- (c) Revaluation A/c Dr 9,000;
To A's Capital A/c 6,000;
To B's Capital A/c 3,000
- (d) B's Capital A/c Dr 9,000;
To A's Capital A/c 9,000

OR

A partnership firm had profit of ₹ 50,000 and ₹ 60,000 for the year ended 31st March 2024 and 31st March, 2025 respectively. Closing stock in the year 2023-24 was undervalued by ₹ 20,000. What will be the average profit for the purpose of goodwill valuation?

- (a) ₹ 55,000 (b) ₹ 60,000 (c) ₹ 50,000 (d) ₹ 65,000

16. Assertion (A) Equity shares are those shares which are not preference shares.

Reason (R) Equity shares are the most issued class of shares and carries the minimum risk and rewards of the business.

Alternatives

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

17. Journalise the following transactions in the books of the company.

- (a) 60,000, 15% debentures of ₹ 10 each issued to the promoters.
- (b) Underwriting commission of ₹ 1,50,000 was due on debentures of ₹ 10 each.
- (c) 15,000 15% debentures of ₹ 10 each issued to underwriters.

OR

Nirja Ltd. forfeited 500 shares of ₹ 100 each issued at 10% premium, ₹ 90 called-up, on which the shareholders did not pay ₹ 30 per share on allotment (including premium) and first call of ₹ 20 per share. Out of these, 300 shares were re-issued for ₹ 80 per share, fully paid-up. Pass necessary journal entries.

18. A and B are partners in a firm sharing profit and losses in the ratio of 1 : 1. The following was the balance sheet of the firm as on 31st March, 2025:

Liabilities		Amt (₹)	Assets		Amt (₹)
Capital A/cs			Sundry Assets		70,000
A	60,000		A's Drawings		10,000
B	<u>20,000</u>	80,000			
		80,000			80,000

The profits for the year ended was ₹ 30,000. During the year A withdrew 10,000 and B withdrew 20,000. Calculate interest on capital @ 12% p.a.

19. A, B and C are partners. Their capitals as on 1st April, 2025 were A ₹ 1,00,000, B ₹ 2,00,000, and C ₹ 3,00,000. Profits for the year 2024-25 amounting to ₹ 1,20,000 were distributed in the ratio of capitals without providing for the following:

- (i) Interest on capitals A ₹ 10,000, B ₹ 20,000, C ₹ 30,000.
- (ii) Interest on drawings A ₹ 6,000, B ₹ 10,000, C ₹ 16,000.
- (iii) A's salary of ₹ 2,000 per month and B's commission of ₹ 8,000.

The partnership deed was silent as to the sharing of profits and losses. Pass the necessary single adjusting entry.

20. X, Y and Z are partners sharing profits in the ratio of 4 : 3 : 2. On 1st April, 2025, Y gave a notice to retire from the firm. X and Z decided to share future profits in the ratio of 1: 1. The capital accounts of X and Z after all adjustments showed a balance of ₹ 21,500 and ₹ 40,250 respectively. The total amount to be paid to Y was ₹ 47,750. This amount was to be paid by X ₹ 33,250 and by Z ₹ 14,500. Pass necessary journal entries in the books of the firm for the above transactions. Show your working clearly.

21. Pass the necessary journal entries for the following transactions on the dissolution of firm of Barkha, Bahar and Varsha (who were sharing profits in the ratio of 2: 2: 1) after the transfer of all assets (other than cash) and external liabilities to realisation account:

- (i) Debtors were of ₹ 31,050. **Barkha** takes over debtors amounted to ₹ 30,000 at ₹ 29,300 and the remaining debtors were sold to a debt collecting agency at 50% of the value.
- (ii) Sundry assets were of ₹ 29,250. **Bahar** is to take over some sundry assets at ₹ 18,000 (being 10% less than the book value). **Varsha** is to take over remaining sundry assets at 80% of the book value.
- (iii) **Bahar** assumes the responsibility of discharge of **Bahar's brother's Loan** of ₹ 2,875 together with outstanding interest of ₹ 575.
- (iv) Furniture worth ₹ 10,000 taken over at 10% discount by creditors of ₹ 12,000 in part settlement of their dues and balance was paid to them in cash.

22. **PIE Ltd** purchased assets of **Akshay Ltd.** for ₹ 3,00,000 (Book value Rs 3,60,000). It also agreed to take over the liabilities of **Akshay Ltd** amounting to ₹ 50,000 for a purchase consideration of ₹ 2,75,000. The payment was made (a) Rs 35,000 by cheque and (b) balance by issue of 8% debentures of ₹ 50 each at a premium of 16%. **Pass necessary journal entries in the books of PIE Ltd.**

23. **Deshpande Ltd.** issued 10,000, 9% debentures of ₹ 100 each to the public at 10% discount on 1st April, 2024. These debentures are redeemable after 6 years at a premium of 10%. **Pass the necessary journal entries for issue of debentures and writing-off 'loss on issue of debentures' in same year of issue, if company has a balance of ₹ 80,000 in its securities premium account and prepare loss on issue of debentures account.**

24. The balance sheet of A, B and C, who were sharing profits in the ratio of 5: 3 : 2 as at 31st March, 2025 was as follows:

Balance Sheet As at 31st March, 2025

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors	1,10,000	Bank	88,000
Employees Provident Fund	22,000	Debtors	2,20,000
Profit and Loss A/c	1,87,000	Stock	1,76,000
Capital A/cs:		Fixed Assets	1,32,000
A: 88,000			
B: 1,36,400			
C: <u>72,600</u>	2,97,000		
	6,16,000		6,16,000

A retired on 31st March, 2025. It was agreed that:

- (i) Goodwill of the firm was valued ₹ 1,76,000.
- (ii) Fixed assets are to be depreciated by ₹ 5,500.
- (iii) Make a provision for doubtful debts at 5% on debtors.
- (iv) A liability for claim, included in creditors for ₹ 22,000 is settled at ₹ 17,600.
- (v) **Total Capital of new firm after A's retirement was Rs 3,00,000 which was to be maintained by B & C in their new profit-sharing ratio which was 2:3.**

Prepare Revaluation account and partners' capital account.

OR

X and Y were partners in a firm sharing profits in the ratio of 3: 2. On 1st April, 2025, they admitted Z as a partner in the firm. The balance sheet of X and Y on that date was as under:

Balance Sheet As at 1st April, 2025

Liabilities	Amt (₹)	Assets	Amt (₹)
Creditors	52,500	Cash in Hand	35,000
Workmen's Compensation Fund	62,500	Debtors	40,000
General Reserve	40,000	Stock	30,000
Capital A/cs:		Machinery	25,000
X 25,000		Building	70,000
Y <u>20,000</u>	45,000		
	2,00,000		2,00,000

It was agreed that:

- (i) The value of building and stock be appreciated to ₹ 95,000 and ₹ 40,000 respectively.
- (ii) The liabilities of workmen's compensation fund was determined at ₹ 57,500.
- (iii) Z brought in her share of goodwill ₹ 25,000 in cash, Half of which was withdrawn by concerned partners.
- (iv) Z was to bring cash ₹ 30,000 as his capital & Capital Accounts of X and Y were to be adjusted in new profit-sharing ratio by cash.
- (v) The future profit-sharing ratio will be 2:2:1.

Prepare revaluation account and partners' capital accounts of the new firm.

25. Jairam Techno Ltd. issued 16,000 equity shares of ₹ 20 each at a premium of ₹ 5 per share. The amount was payable as:

On application	₹ 10 per share
On allotment	₹ 10 per share including premium
On first and final call	₹ 5 per share

Applications were received for 21,000 shares of which applications for 1,000 shares were rejected and balance were allotted on prorata basis. Overpaid application money was utilised towards sum due on allotment. Bharat a shareholder who had applied for 500 shares did not pay allotment and call money also and his shares were forfeited after final call. Later, 300

shares were reissued at Rs 22 per share as fully paid. **Pass entries to record above transactions in the books of Company.**

OR

On 1st June, 2024, Kartik Ltd. offered for subscription 50,000 equity shares of ₹ 100 each at a premium of ₹ 20 per share payable as given below:

On application ₹ 20 per share, on allotment (including premium) ₹ 50 per share, Two months after allotment ₹ 50 per share.

Applications were received for 84,000 shares. On 1st July, 2024, the directors proceeded to allot shares proportionately. Of these, application for 4,500 shares were accompanied with full amount and hence, were accepted in full and the balance allotment was made on pro-rata basis. Excess amount paid by applicants was utilised towards allotment and call money due from them. One of the applicants to whom 300 shares were allotted proportionately, failed to pay the call money. His shares were forfeited on 30th November, 2024 and subsequently issued @ ₹ 130 per share. **Record entries relating to these transactions in the journal of the company.**

26. A, B and C were partners in a firm sharing profits and losses in the ratio of 2: 2: 1. On 31st March, 2025, their balance sheet was as follows:

Balance Sheet as at 31st March, 2025

Liabilities	Amt (₹)	Assets	Amt (₹)
Capitals A/cs		Land and Building	3,00,000
A 1,50,000		Plant and Machinery	2,50,000
B 2,00,000		Debtors	80,000
C <u>2,00,000</u>	5,50,000	Stock	70,000
General Reserves	2,50,000	Cash in Hand	1,30,000
Creditors	30,000	Profit and Loss Account 25-25	20,000
B's Loan	20,000		
	8,50,000		8,50,000

B died on 12 June, 2025. According to deed, his legal representative is entitled to:

- (i) Interest on capital @ 12% p.a.
- (ii) His share of profit till date of death based on sales. The sales from 1st April, 2025 to 12th June, 2025 were ₹ 1,25,000. The sales and profits of the firm for the year ending 31st March, 2024 were ₹ 10,00,000 and ₹ 2,50,000 respectively.
- (iii) Goodwill is valued at 3 years' purchase of average profit of last 4 years. The Profits/Losses for last few years were: 31st March 2024 Rs 80,000; 31st March 2023 Rs 1,20,000; 31st March 2022 Loss Rs 60,000.
- (iv) B's executor was paid ₹ 28,100 immediately & the new profit-sharing ratio after B's death was equal. **Prepare B's capital to be rendered to his executor.**

Part B - Financial Statement Analysis

27. Assertion (A) Provision for employee benefits is shown under subhead "long-term provision".

Reason (R) Provision for employee benefit claims are expected to be settled beyond 12 months after the date of balance sheet.

Alternatives

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

OR

Where are Contingent Liabilities typically shown?

- (a) Fixed Liabilities
- (b) Current Liabilities
- (c) As a footnote
- (d) None of these

28. Current ratio of Crazy Ltd. is 4: 3. Accountant wants to maintain it at 2:1. What he/she choose from the following to maintain ideal ratio?

- I. He can repay bills payable
- II. He can purchase goods on credit
- III. He can take short-term loan

Codes

- (a) Only I
- (b) II and III
- (c) I, II and III
- (d) Only III

29. 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) ₹ 60,00,000
- (b) ₹ 1,20,00,000
- (c) ₹ 80,00,000
- (d) None of these

30. If interest received is ₹ 20,000; interest paid on debentures is ₹ 30,000; Interest paid on bank loan is ₹ 15,000 and cash credit is decreased by ₹ 10,000 then what will be the cash flow from financing activities?

- (a) ₹ (55,000)
- (b) ₹ 55,000
- (c) ₹ (35,000)
- (d) ₹ 75,000

OR

Particulars	31st March, 2025 (₹)	25th March, 2024 (₹)
Property, Plant and Equipment (Machinery)	18,00,000	12,00,000
(-) Accumulated depreciation	(1,60,000)	(80,000)
	16,40,000	11,20,000

According to the above information, what will be the amount of depreciation for the year 2024-25?

- (a) ₹ 80,000
- (b) ₹ 1,00,000
- (c) ₹ 1,60,000
- (d) ₹ 1,20,000

31. Classify the following items under major heads and sub-heads (if any) in the balance sheet of the company as per Schedule-III, Part-I of the Companies Act, 2013

- (i) Prepaid Rent
- (ii) Income received in advance
- (iii) Calls-in-Advance

32. Complete the following statement of profit and loss as at 31st March, 2024 and 2025.

Particulars	Note No.	2024 (₹)	2025 (₹)	Absolute Change	Percentage Change
I. Revenue from Operations		2,50,000	—	1,50,000	—
II. Expenses					
(a) Purchase of Stock-in-trade		—	2,10,000	90,000	—
(b) Change in Inventories		—	—	10,000	33.33
(c) Employee Benefit Expenses		20,000	10,000	—	—
(d) Other Expenses		—	20,000	5,000	—
Total Expenses		—	—	—	—
III. Profit before Tax (I - II)		—	—	—	—
IV. (-) Tax		(26,000)	(60,000)	—	—
V. Profit after Tax (III - IV)		—	—	—	—

OR

From the following balance sheet of Surbhi Ltd. as at 31st March, 2025, prepare a common size balance sheet.

Balance Sheet as at 31st March, 2025

Particulars	Note No.	31st March, 2025 (₹)	31st March, 2024 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Fund			
(i) Share Capital		4,00,000	1,80,000
(ii) Reserve and Surplus		40,000	20,000
2. Non-current Liabilities			
Long-term Borrowings		2,40,000	1,00,000
3. Current Liabilities			
Trade Payables		1,20,000	1,00,000
Total		8,00,000	4,00,000
II. ASSETS			
1. Non-current Assets			
(i) Property, Plant and Equipment and Intangible Assets			
(a) Property, Plant and Equipment		4,00,000	2,00,000
2. Current Assets			
(i) Inventories		3,80,000	1,60,000
(ii) Cash and Cash Equivalent		20,000	40,000
Total		8,00,000	4,00,000

33. Calculate value of opening stock and closing stock from the following information:
Sales ₹ 5,00,000, gross profit is 20% of net sales, return inward is ₹ 20,000, return outward is ₹ 50,000, purchases ₹ 2,50,000 and opening stock is 2 times of the closing stock.

OR

Calculate debt to equity ratio from the following information:

Provision for Gratuity	₹2,20,000	Public deposits	5,00,000
8% Bank loan (short-term)	₹1,00,000	10% Bank loan	₹2,00,000
Reserves and surplus	₹80,000	Equity share capital	₹1,50,000
Statement of profit and loss	₹ (30,000)		

34. From the following, calculate the net cash flow from operating activities:

Particulars	Note No.	31st March, 2025 (₹)	31st March, 2024 (₹)
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(i) Share Capital		1,87,500	1,87,500
(ii) Reserves and Surplus		77,500	(5,000)
2. Non-current Liabilities (8% debentures)		65,000	37,500
3. Current Liabilities			
(i) Short-term Borrowings		10,000	12,500
(ii) Trade Payables		30,000	27,500
(iii) Short-term Provisions Tax		12,500	10,000
Total		3,82,500	2,70,000
II. ASSETS			
1. Non-current Assets			
(i) Property, Plant and Equipment and Intangible Assets			
(a) Property, Plant and Equipment		2,15,000	1,55,000
(b) Intangible Assets (Goodwill)		3,750	10,000
(ii) Non-current Investments		31,250	20,000
2. Current Assets			
(i) Current Investments		1,250	3,750
(ii) Inventories		48,750	25,000
(iii) Trade Receivables		50,000	50,000
(iv) Cash and Cash Equivalents		32,500	6,250
Total		3,82,500	2,70,000

Additional Information:

- (a) Interim Dividend paid amounted to Rs 12,000.
(b) Proposed Dividend for 2025 and 2024 was Rs 18,000 and Rs 28,000 respectively.
(c) New Debentures were issued on 1st October 2024.