

PART - A

M.M: 80

QUESTION (1 – 10) CARRY 1 MARK EACH.

- Q1) Calculate the amount of Suruchi's quarterly drawings for the year ended 31st March, 2023 when interest is charged @ 8% p.a. she withdrew a fixed amount during the middle of each quarter and interest on drawings is ₹8,000.
(a) 2,00,000 (b) 50,000 (c) 20,000 (d) 1,00,000
- Q2) A and B contribute ₹1,00,000 and ₹60,000 respectively in a partnership firm by way of capital on which they agree to allow interest @ 8% p.a. Their profit or loss sharing ratio is 3: 2. The profit at the end of the year was ₹2,800 before allowing interest on capital. If there is a clear agreement that interest on capital will be paid even in case of loss, then B's share will be:
(a) Profit 6,000 (b) Profit ₹4,000 (c) Loss 6,000 (d) Loss 4,000
- Q3) Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R).
Assertion (A): Transfer to reserves is shown in Profit & Loss Appropriation A/c.
Reason (R): Reserves are charge against the profits.
In the context of the above two statements, which of the following is correct?
Codes:
(a) (A) is correct, but (R) is wrong. (b) Both (A) and (R) are correct.
(c) (A) is wrong, but (R) is correct. (d) Both (A) and (R) are wrong.
- Q4) Due to change in profit-sharing ratio, Hari's gain is $\frac{1}{6}$, while Ankit's sacrifice is $\frac{1}{6}$. They decided to adjust the following accumulated profits, losses and reserves without affecting their book figures by passing a single adjustment entry. The necessary adjustment entry will be:
- | | |
|----------------------------|--------|
| General Reserve | 20,000 |
| Profit and Loss A/c (Dr.) | 40,000 |
| Advertisement Suspense A/c | 10,000 |
- Q5) Read the following statements carefully and choose the correct alternative from the following:
Statement 1: Valuation of goodwill is needed whenever there is reconstitution of the partnership firm.
Statement 2: The method of valuation of goodwill is either stated in the Partnership Deed or as mutually agreed between the partners.
(a) Both the Statements are True.
(b) Both the Statements are False.
(c) Statement 1 is True & Statement 2 is False.
(d) Statement 2 is True & Statement 1 is False.
- Q6) The profit earned by a firm after retaining 15,000 to its reserve was ₹75,000. The firm had total tangible assets worth 10,00,000 and outside liabilities 3,00,000. The value of the goodwill as per capitalization of average profit method was valued as ₹50,000. Determine the rate of Normal Rate of Return.
(a) 10% (b) 5% (c) 12% (d) 8%
- Q7) A and B are partners sharing profits in the ratio of 3:2. Their Balance Sheet shows Machinery at ₹ 3,00,000; Furniture ₹ 1,00,000 and Debtors at 2,00,000. C is admitted as a new partner and the new ratio is agreed at 5:3:2. Machinery is revalued at 2,40,000 and a provision is made for doubtful debts @ 5%. A's share in loss on revaluation amount to 30,000. Revalued value of Furniture will be:
(a) ₹50,000 (b) 1,20,000 (c) ₹1,50,000 (d) ₹80,000
- Q8) S and K were partners sharing profits and losses in the ratio of 5:3. They admitted spinner as a new partner. S sacrificed $\frac{1}{4}$ th from his share and K sacrificed $\frac{1}{6}$ th of his share. What will be the new ratio?
(a) 6:5:5 (b) 9:5:10 (c) 15:10:7 (d) 35:21:40
- Q9) Sumit and Namit were in partnership sharing profits and losses in the ratio of 3:2. They admitted Ankit as a new partner. Goodwill of the firm is valued at 5,00,000 and Ankit brings ₹ 50,000 as his share of goodwill in cash, which is entirely credited to Sumit's Capital Account. New Profit-Sharing Ratio will be:
(a) 3:2:1 (b) 5:4: $\frac{1}{10}$ (c) 4:5: $\frac{1}{10}$ (d) 6:3: $\frac{1}{10}$

- Q10)** Rachit, Piyush and Gagan are partners in a firm sharing profits and losses in the ratio of 3:2:1. Their books are closed on 31st March every financial year. Rachit died on 30th September, 2024. His share of profit up to his date of death is to be calculated on the basis of sales till date of death. Sales for the year ended 31st March, 2024 was 3,00,000 and profit for the same year was 22% on sales. Sales shows a growth trend of 30% and percentage of profit earning is reduced by 2%. The share of profit credited for Rachit will be
- (a) ₹15,000 (b) ₹20,000 (c) 19,500 (d) ₹21,450

- Q11)** Rohit, Raman and Raina are partners in a firm. Their capital accounts on 1st April 2019, stood at ₹2,00,000, ₹1,20,000 and ₹1,60,000 respectively. Each partner withdrew ₹15,000 during the financial year 2019-20. (3)

As per the provisions of their partnership deed:

- (a) Interest on capital was to be allowed @ 5% per annum.
 (b) Interest on drawings was to be charged @ 4% per annum.
 (c) Profits and losses were to be shared in the ratio 5: 4: 1.

The net profit of 72,000 for the year ended 31st March 2020, was divided equal amongst the partners without providing for the terms of the deed.

You are required to pass a single adjustment entry to rectify the error (show workings clearly).

- Q12)** Sumit and Sameer are partners sharing profits and losses in the ratio of 2:1. They decided to admit Sanjay as a partner for 1/6th share. For this purpose, the goodwill of the firm is to be valued. From the following information, calculate value of goodwill by: (3)

- (i) Capitalisation of Average Profit Method;
 (ii) Capitalisation of Super Profit Method.

PARTICULARS	AMOUNT
(a) Average Capital Employed	₹6,00,000
(b) Profits for last 3 Years:	
2022-23	₹50,000 (includes abnormal loss of Rs 30,000)
2023-24	₹75,000
2024-25	₹1,20,000 (includes abnormal gain of Rs 5,000)
(c) Normal Rate of Return	12%
(d) Assets (excluding goodwill)	₹11,00,000
(e) Liabilities	₹5,00,000

- Q13)** Parth, Raman and Zaisha are partners in a firm manufacturing furniture. They have been sharing profits and losses in the ratio of 5 : 3 : 2. From 1st April, 2021 they decided to share future profits and losses in the ratio of 2:5: 3. Their Balance Sheet showed a debit balance of ₹4,000 in Profit & Loss Account; balance of ₹36,000 in General Reserve and a Balance of ₹12,000 in Workmen's Compensation Reserve. It was agreed that- (4)

- (i) The goodwill of the firm be valued at ₹76,000.
 (ii) The Stock (book value of ₹40,000) was to be depreciated by 8%.
 (iii) Creditors amounting to ₹900 were not likely to be claimed.
 (iv) Claim on account of Workmen's Compensation amounted to ₹20,000.
 (v) Investments (book value 38,000) were revalued at ₹40,000.

Pass necessary Journal entries for the above.

- Q14)** Anish, Lalit and Tarun are partners in a firm sharing profits and losses in the ratio of 3:2:1. They had capitals of ₹ 3,00,000 (Credit), ₹2,00,000 (Credit) and ₹ 40,000 (Debit) respectively as on 1st April, 2024. (4)

Their Partnership Deed provides for the following:

- (i) Interest on Capital is to be allowed @ 5% p.a. to the partners with credit capital balance.
 (ii) Interest on Drawings is to be charged @ 6% p.a.
 (iii) Anish is entitled to annual salary of 25,720 together with a commission of 10% on Net Profit after charging his own commission.
 (iv) Lalit is entitled to a salary of ₹ 7,500 per quarter.
 (v) Each partner withdrew 500 in the middle of each month and Tarun withdrew an additional ₹4,000 on 30th June, 2024.

OR

Q 14) A, B and Care partners sharing profits in 3:2:1. They admit D as a new partner for 1/4th share in the profits and he brought in ₹3,00,000 as his share of goodwill which was credited to the Capital Accounts of B and C respectively with ₹2,50,000 and ₹50,000.

Their Balance Sheet as at date was as under

Liabilities	₹	Assets	₹
A's Capital	4,00,000	Goodwill	1,20,000
B's Capital	2,00,000	Land and Building	5,00,000
C's Capital	2,00,000	Machinery	1,00,000
Creditors	1,50,000	Furniture	40,000
General Reserve	30,000	Debtors	2,00,000
		Less: Provision for Doubtful Debts	8,000
		Cash at Bank	1,92,000
			28,000
	<u>9,80,000</u>		<u>9,80,000</u>

Following adjustments are agreed upon:

- Machinery is reduced by ₹60,000.
- Furniture is reduced to ₹15,000.
- An unrecorded accrued income of ₹10,600 is to be accounted.
- A debtor whose dues of ₹50,000 were written off as bad debts, paid ₹30,000 in full settlement.
- Bad debts amounting to ₹10,000 are to be written off and provision for doubtful debts is to be maintained at the existing rate.

Based on above information, you are required to answer the following:

(1) Loss on revaluation will be:

- (a) ₹56,000 (b) ₹24,000 (c) ₹84,000 (d) ₹54,000

(2) New Profit Sharing Ratio will be:

- (a) 3:2:1:1 (b) 9:6:3:4 (c) 4:1:1:2 (d) 3:5:1:1

(3) A's Capital Account Balance will be:

- (a) ₹3,13,000 (b) ₹3,28,000 (c) ₹3,43,000 (d) ₹3,88,000

(4) C's Capital Account Balance will be:

- (a) ₹2,26,000 (b) ₹2,21,000 (c) ₹2,46,000 (d) ₹2,31,000

Q15) A, B and C were partners in a firm sharing profits and losses in the ratio of 3:2:1. C died on 30th June, 2016. After all the necessary adjustments, his capitals account showed a credit balance of ₹70,600. C's executor was paid ₹10,600 on 1st July, 2016 and the balance in three equal yearly instalments starting from 30th June, 2017 with interest @10% p.a. on the unpaid amount. The firm closes its books on 31st March every year. (4)

Prepare C's Executor's Account till the amount is finally paid.

Q16) Manju and Priya were partners in a firm sharing profits in ratio 3:2. On 01.04.25, their Balance Sheet was as follows (6)

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	17,000	Cash	6,000
General Reserve	4,000	Debtors	15,000
Workmen Compensation Fund	9,000	Investments	20,000
Investment Fluctuation Fund	11,000	Plant	14,000
Provision for Bad Debts	2,000	Land and Building	38,000
Capital A/cs:			
Manju	30,000		
Priya	20,000		
	<u>93,000</u>		<u>93,000</u>

On the above date, Ankita was admitted for 1/4th share in the profits of the firm on the following terms:

5) Credit to Receivable (a) Rs. 1, Q24.

- (a) Ankita will bring ₹20,000 for her capital and ₹4,000 for her share of goodwill premium.
- (b) All debtors were considered good.
- (c) The market value of investments was ₹15,000.
- (d) There was a liability of ₹6,000 for workmen compensation.
- (e) Capital accounts of Manju and Priya are to be adjusted on the basis of Ankita's capital by opening current accounts.

Prepare Revaluation Account and Partners' Capital Accounts.

Q17) Raj, Uday and Alok were in partnership sharing profits and losses in proportion of 3:2:1. On 1st April 2025, their Balance Sheet was as follows: (6)

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors	25,000	Plant and Machinery	30,000
Capital A/cs:		Furniture	2,000
Raj	18,000	Debtors	35,000
Uday	16,000	Less: Provision for Bad Debts	<u>2,000</u>
Alok	<u>10,000</u>	Cash in hand	3,000
	44,000	Profit and Loss A/c	
	<u>69,000</u>		<u>69,000</u>

Alok retired on this date. It was agreed that:

- (a) Plant and Machinery is to be revalued at Rs. 43,000.
- (b) The existing Provision for Bad Debts is to be increased by 50%.
- (c) Alok's share of goodwill was valued at 8,000.
- (d) The total amount payable to Alok was brought in by Raj and Uday in such a way as to make their capitals in proportion to their share of profits which is to be equal.

Prepare Revaluation account and Partners' capital accounts of the firm after retirement of Alok.

PART-B

QUESTION (18 – 27) CARRY 1 MARK EACH.

Q18) A Company has issued 2,00,000 Equity Shares of ₹10 each and it has called 8 per share. It has received the entire amount except first call of Rs.3 per share on 50,000 shares. Subscribed Capital will be shown as follows:

- (A) 20,00,000 (B) 16,00,000 (C) 14,50,000 (D) 1,50,000

Q19) **Assertion (A):** Bank Overdraft is shown under 'Short term borrowings' in a Company's Balance Sheet.
Reason (R): Current Year's Provision for tax is shown under 'Other Current Liabilities' in a Company's Balance Sheet.

In the context of the above two statements, which of the following is correct?

- (a) Both (A) and (R) are correct and (R) is the correct reason of (A).
- (b) Both (A) and (R) are correct but (R) is not the correct reason of (A).
- (c) Only (A) is correct.
- (d) Both (A) and (R) are wrong.

Q20) If Net Revenue from operations of a firm are ₹15,00,000; Gross Profit is ₹9,00,000 and operating expenses are ₹75,000, what will be percentage of operating income on net revenue from operations?

- (a) 45% (b) 55% (c) 35% (d) 65%

Q21) Fill in the Blanks :

1. Analysis of financial statements measure _____ capacity
2. Vertical analysis is also known as _____ analysis.

Q22) ABC Ltd. had investment of Rs 68,000 as on 31.3.2019 and investment of Rs 56,000 as on 31.3.2020. During the year, ABC Ltd. sold 40% of its investments being held in beginning of period at a profit of Rs 16,800. Determine cash flow from investing activities.

- (a) Rs 59,200 (b) Rs 28,800 (c) Rs 72,800 (d) None of these

23) Credit revenue from operations Rs.9,00,000; Trade Receivables Turnover Ratio 6 times; Closing Trade Receivables were 1.5 times than that in the beginning. Closing Trade Receivables will be:
 (a) Rs.1,20,000 (b) Rs.60,000 (c) Rs.1,80,000 (d) Rs.90,000

Q24) "Capital Gain tax on Sale of Building by a Company" will be shown under which type of activity while preparing cash flow statement? -----

Q25) Fixed Assets Rs.3,00,000; Liquid Assets Rs.1,80,000; Inventory Rs.70,000; Current Liabilities Rs.50,000; Cost of Revenue from operations Rs.8,00,000. Gross profit 25% of Cost; Working Capital Turnover Ratio will be
 (a) 2 times (b) 4.8 times (c) 4 times (d) 5 times

Q26) X Ltd is carrying on a Mutual fund business. It invested Rs.20,00,000 in shares and Rs.8,00,000 in debentures of various companies during the year. It received Rs. 1,20,000 as dividend and Interest. Where will it appear Cash flow out Cash flow from Investing Activities
 (a) Cash flow from operating Activities (c) Cash flow from investing Activities
 (b) Cash flow from financing Activities (d) No cash flow

Q27) Revenue from operations Rs.4,00,000; Cost of Revenue from operations is 60% of Revenue from operations, Indirect Expenses 15% of Gross Profit; Income tax 40%. Calculate Net Profit after tax:-
 (a) Rs.64,000 (b) Rs. 54,400 (c) Rs.81,600 (d) Rs.96,000

Q28)(A) From the following information for the year ended 31st March, 2024, prepare notes to accounts to determine the amount to be shown in Statement of Profit and Loss against 'Change in Inventory':
 (2+1=3)

PARTICULARS	OPENING INVENTORY	CLOSING INVENTORY
FINISHED GOODS	10,00,000	9,40,000
Work in progress	5,00,000	6,00,000
Stock in trade	8,00,000	7,30,000
Materials	1,00,000	1,50,000

(B) Under which line item (major head) of the Statement of Profit and Loss of a Company following items will be shown:
 (1) Sale of Scrap (2) Interest on Term Loan
 (1 x 3=3)

Q29) Net profit after tax and dividend – Rs. 1,50,000.

Provision for Tax	40,000
Proposed dividend (last year) approved by Shareholders in AGM	40,000
Depreciation	15,000
Loss on sale of plant	10,000
Goodwill Amortized	45,000
Gain on Sale on Land	35,000
Income tax paid	60,000
Income tax Refund	55,000
Increase in Inventories from Previous Year	15,000

Calculate the following:

- i) Net Profit before Tax and Extra ordinary Items
 (a) Rs.2,25,000 (b) Rs. 2,30,000 (c) Rs. 1,75,000 (d) Rs. 2,35,000
- ii) Operating Profit before Working Capital Changes
 (a) Rs. 1,90,000 (b) Rs. 2,10,000 (c) Rs. 1,40,000 (d) Rs. 2,65,000

iii) Cash flow from Operating Activities

- (a) Rs. 1,80,000 (b) Rs. 2,40,000 (c) Rs. 1,90,000 (d) Rs. 2,00,000

Q30) Name the major heads and sub-heads under which the following items will be presented in the Balance Sheet of a company as per Schedule III of the Companies Act, 2013: (4)

- (i) Copyrights and Patents
 (ii) Live Stock
 (iii) Goods in transit
 (iv) Balance in the St. P&L A/C

Q31) From the information given below, prepare comparative statement of profit and loss (4)

PARTICULARS	31 ST MARCH, 2022	31 ST MARCH, 2021
Revenue from operations	6,00,000	4,00,000
Cost of material consumed	70% of revenue from operations	60% of revenue from operations
Other expenses	20% of cost of material consumed	25% of cost of material consumed
Income tax	40% on Net Profit before tax	40% on Net Profit before tax

Q32) From the following information, calculate any two of the following ratios: (4)

- (a) Debt-Equity Ratio;
 (b) Working Capital Turnover Ratio;
 (c) Return on Investment.

Information:

Equity Share Capital ₹9,00,000, General Reserve ₹1,00,000; Statement of Profit and Loss Balance after Tax and Interest ₹3,00,000; 12% Debentures ₹4,00,000; Trade Payables ₹3,00,000; Land and Building ₹13,00,000; Furniture ₹3,00,000; Trade Receivables 2,90,000; Cash ₹1,10,000.

Revenue from Operations for the year ended 31.3.2011 was ₹30,00,000 and Tax paid 50%.

Q33) From the following information, calculate the following ratios: (6)

- (i) Operating Ratio
 (ii) Inventory Turnover Ratio
 (iii) Proprietary Ratio

PARTICULARS	AMOUNT
Cash Revenue from Operations	₹10,00,000
Credit Revenue from Operations	120% of Cash Revenue from Operations
Operating Expenses	10% of Total Revenue from Operations
Rate of Gross Profit	40%
Opening Inventory	₹1,50,000
Closing Inventory	20,000 more than Opening Inventory
Current Assets	₹3,00,000
Current Liabilities	₹2,00,000
Share Capital	₹6,00,000
Non-Current Assets	₹5,00,000

Balance Sheets of Honesty Ltd.
As at 31st March, 2019 and 31st March, 2020

Particulars	Note no.	31-3-2020 Rs.	31-3-2019 Rs.
I. EQUITY AND LIABILITIES :			
(1) Shareholder's Funds:			
(a) Share capital (Equity Share Capital)		14,00,000	10,00,000
(b) Reserve and Surplus (Statement of P&L)		5,00,000	4,00,000
(2) Non- Current Liabilities :			
Long Term Borrowings (10% Debentures)		5,00,000	1,40,000
(3) Current Liabilities:			
(a) Short Term Borrowings (Bank Overdraft)		20,000	30,000
(b) Trade Payable (Creditors)		1,00,000	60,000
(c) Short Term Provisions	1	60,000	30,000
TOTAL		25,80,000	16,60,000
II. ASSETS :			
(1) Non- Current Assets :			
Fixed Assets:			
(i) Tangible	2	16,00,000	9,00,000
(ii) Intangible (Goodwill)		1,40,000	2,00,000
(2) Current Assets:			
(a) Inventory		2,50,000	2,00,000
(b) Trade Receivable		5,00,000	3,00,000
(c) Cash & bank balance (cash at Bank)		90,000	60,000
TOTAL		25,80,000	16,60,000

Notes to Accounts:

Particulars	31-3-2020 Rs.	31-3-2019 Rs.
1. Short Term Provisions:		
Provision for Taxation	60,000	30,000
2. Fixed Assets (Tangible):		
Plant and Machinery	17,60,000	10,00,000
Less: Accumulated Depreciation	(1,60,000)	(1,00,000)
	16,00,000	9,00,000

Additional Information:

During the year

- (i) A part of the machine, costing Rs. 50,000, accumulated depreciation thereon being Rs. 20,000 was sold for Rs.18,000.
- (ii) Tax paid Rs. 20,000.
- (iii) Interest paid on Debentures Rs.50,000.