

5. Arushi, Vivaan and Mitali were partners in a firm. On 31st March 2024, the firm was dissolved. On that date the firm had debtors of ₹ 60,000 and provision for doubtful debts of ₹ 3,000 were existing in the books. Debtors of ₹ 8,000 proved bad and full amount was realised from the remaining debtors. The amount realised from debtors was :

- (a) ₹ 60,000 (b) ₹ 55,000 (c) ₹ 52,000 (d) ₹ 49,000

6. Rima, Seema and Atul were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 1. With effect from 1st April, 2024, they decided to share profits and losses in the ratio of 3 : 1 : 4. Due to change in the profit sharing ratio, Seema's gain or sacrifice will be :

- (a) Sacrifice $\frac{1}{8}$ (b) Sacrifice $\frac{2}{8}$ (c) Gain $\frac{3}{8}$ (d) Gain $\frac{2}{8}$

OR

Sara and Tara were partners in a firm. Their capitals as on 1st April, 2023 were ₹3,00,000 and ₹2,00,000 respectively. On 1st October, 2023, Tara withdrew ₹ 1,00,000 for personal use. According to the partnership deed, interest on capital was allowed @ 6% p.a. The amount of interest allowed on Tara's capital for the year ended March, 2024 was :

- (a) ₹ 18,000 (b) ₹ 32,000 (c) ₹ 24,000 (d) ₹ 15,000

7. Manav and Adi were partners in a firm sharing profits and losses in the ratio of 5 : 3. Roy was admitted with $\frac{1}{5}$ th share in the profits of the firm. At the time of Roy's admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 4,00,000. The claim on account of workmen's compensation was determined at ₹ 4,40,000. The excess amount of claim over the reserve will be debited to :

- (a) Realisation Account (b) Revaluation Account
(c) Roy's Capital Account (d) Bank Account

8. Ali and Bani were partners in a firm. They admitted Chaman as a new partner with $\frac{1}{4}$ th share in the profits of the firm. Chaman brought ₹ 5,00,000 as his share of capital. The value of assets of the firm on Chaman's admission was ₹ 20,00,000 and outside liabilities were ₹ 12,00,000. The goodwill of the firm on Chaman's admission was :

- (a) ₹ 12,00,000 (b) ₹ 20,00,000 (c) ₹ 8,00,000 (d) ₹ 7,00,000

9. Bala and Lala were partners in a firm with Capitals of ₹ 24,00,000 and 16,00,000. They admitted Mala as a new partner for $\frac{1}{3}$ share for which Mala brings ₹ 20,00,000 as capital. There was Investment and Investment Fluctuation Reserve appearing in the books of ₹ 2,50,000 and ₹ 50,000 respectively. Bala took over 40% of the Investments at ₹ 80,000 and remaining Investments were valued at ₹ 1,10,000. By what amount Revaluation account will be affected for the above information?

- (a) Debited ₹ 60,000 (b) Credited with ₹ 60,000
(c) Debited ₹ 10,000 (d) Credited ₹ 10,000

10. Assertion: Batman, a partner in a firm with four partners has advanced a loan of ₹ 50,000 to the firm for last six months of the financial year without any agreement. He claims an interest on loan of ₹ 3,000 despite the firm being in loss for the year.

Reasoning: In the absence of any agreement/provision in the partnership deed, provisions of Indian Partnership Act, 1932 would apply.

- a) Both A and R are correct, and R is the correct explanation of A.
b) Both A and R are correct and R is not the correct explanation of A
c) A is correct but R is incorrect
d) A is incorrect but R is correct

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Ranjeet is a partner in a partnership firm on 1st April, 2023. According to the partnership deed, interest on drawings was to be charged @ 10% per annum. Ranjeet withdrew a fixed amount at the end of each month. The total yearly interest on Ranjeet's drawings was ₹ 6,600. The amount of Ranjeet's drawings for the year ended 31st March, 2024 was :

- (a) ₹ 1,32,000 (b) ₹ 1,44,000 (c) ₹ 1,21,846 (d) ₹ 1,20,000

12. A, B and C were partners sharing Profits & Losses in the ratio 7:2:1. B died. A took over $\frac{1}{20}$ from his share and remaining share was taken over by C. Determine the new Profit sharing Ratio.

- (a) 4 : 1 (b) 7 : 1 (c) 71 : 29 (d) 3 : 1

OR

X, Y and Z were partners sharing Profit & Losses in the ratio 5:3:2. Y retired, and he gifted half of his share to X and remaining half was taken over equally by X and Z. Determine the new Profit-sharing Ratio.

- (a) 29 : 11 (b) 13 : 7 (c) 1 : 1 (d) 5 : 2

13. Arjun, Babita and Charlie were partners in a firm sharing profits in the ratio of 2 : 2 : 1. They admitted Dheeraj for $\frac{1}{5}$ th share in the profits of the firm. He has to contribute proportionate capital to acquire $\frac{1}{5}$ th share in future profits. On the date of admission, the capitals after all adjustments relating to goodwill and revaluation of assets and liabilities, were : Arjun ₹ 62,000, Babita ₹ 52,000 and Charlie ₹ 36,000. The capital brought by Dheeraj will be :

- (a) ₹ 37,500 (b) ₹ 30,000 (c) ₹ 32,500 (d) ₹ 35,000

14. A, B and C were partners sharing profit and losses in the ratio of 2:2:1 B died on 30th June 2023 net profit for the year ended 31st March 2023 was 4,50,000 if the deceased partner's share of profit is to be calculated on the basis of previous year's profit, the amount of profit credited to B's account will be:

- (a) ₹ 90,000 (b) ₹ 45,000 (c) ₹ 1,80,000 (d) ₹ 1,12,500

15. Ashmit, Veena and Rohan were partners in a firm sharing profits and losses in the ratio of 3:2:1. Veena retired on 31st March, 2024. The capital accounts of Ashmit, Veena and Rohan showed a credit balance of ₹ 2,00,000, ₹ 1,80,000 and ₹ 1,20,000 respectively after making all adjustments relating to revaluation, goodwill, reserves etc. Veena was paid in cash brought in by Ashmit and Rohan in such a way that their capitals were in proportion to their new profit sharing ratio. The new capitals of Ashmit and Rohan will be :

- (a) Ashmit ₹ 3,75,000 and Rohan ₹ 1,25,000 (b) Ashmit ₹ 2,00,000 and Rohan ₹ 1,20,000
(c) Ashmit ₹ 2,50,000 and Rohan ₹ 2,50,000 (d) Ashmit ₹ 3,00,000 and Rohan ₹ 2,00,000

16. Arun, Basu and Tarun were partners sharing Profit & Loss in the ratio 5:3:2. Their firm was dissolved on March 31, 2025. On this date following assets and liabilities were appearing in their books of accounts. Building ₹ 2,00,000 ; Furniture ₹ 80,000 ; Stock ₹ 70,000 ; Goodwill ₹ 10,000 ; Debtors ₹ 40,000 ; Cash ₹ 20,000 ; Creditors ₹ 50,000 ; Arun's Loan ₹ 60,000 ; Tarun's Brother Loan ₹ 30,000. Assets realised at for ₹ 3,40,000. Determine the amount of Realisation Gain/Loss.

- (a) Realisation Loss ₹ 80,000 (b) Realisation Gain ₹ 60,000
(c) Realisation Loss ₹ 60,000 (d) No Gain or Loss on Realisation

17. Ankur and Vikram were partners sharing Profits & Losses in the ratio 3:2. They decided to share future Profits & Losses equally. On the date of reconstitution there was Investment Fluctuation Reserve of ₹ 4,00,000 in the books of accounts. Pass entries in the following cases

- A. Value of Investment reduced by ₹ 2,50,000.
B. Value of Investment increased by ₹ 5,00,000.
C. There was no change in value of investments.

18. From the following information, calculate the value of goodwill of the firm :

- (i) On the basis of capitalisation of super profits, and
(ii) On the basis of capitalisation of average profits.

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Capital Employed - ₹ 25,00,000

Normal Rate of Return = 20%

Net Assets of the business = ₹ 25,00,000

OR

Lalit, Madhur and Neel were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Neel retired and his capital after making the necessary adjustments on account of reserves and revaluation of assets and liabilities was ₹ 10,00,000. Lalit and Madhur agreed to pay Neel ₹ 22,00,000 in full settlement of his claim.

Pass necessary journal entries for the treatment of goodwill and making final payment to Neel.

19. The firm of Amish, Nitish and Misha, who have been sharing profits in the ratio of 2 : 2 : 1, have existed for some years. Misha wanted that she should get equal share in the profits with Amish and Nitish and she further wished that the change in the profit sharing ratio should come into effect retrospectively for the last three years. Amish and Nitish had agreement for this.

The profits for the last three years were:

2021-22 ₹ 1,15,000;

2022-23 ₹ 1,24,000;

2023-24 ₹ 2,11,000

Show adjustment of profits by means of a single adjustment journal entry. Show your working clearly.

20. Ester, Emma and Lucy were partners in a firm sharing profits in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. On 30th September, 2022 Lucy died. The partnership deed provided that on the death of a partner her executors will be entitled to the following:

- (a) Balance in her capital account which amounted to Rs. 3,15,000 and interest on capital @9%.
 (b) Her share in the profits of the firm till the date of her death amounted to Rs. 70,000.
 (c) Her share in the goodwill of the firm. The goodwill of the firm on Lucy's death was valued at Rs. 1,50,000.

You are required to calculate the amount to be transferred to Lucy's Capital A/c.

21. Jai and Kavi were partners in a firm sharing profits and losses equally. They agreed to dissolve the firm on 31st March, 2024. Their Balance Sheet as on 31st March, 2024 was as follows :

Balance Sheet of Jai and Kavi as at 31st March, 2024

Liabilities	Amount (₹)	Assets	Amount (₹)
Bills Payable	2,00,000	Cash in Hand	2,00,000
Loan by Kavi	2,00,000	Cash at Bank	4,00,000
General Reserve	4,00,000	Debtors 3,40,000	
		Less : Provision for Doubtful Debts 40,000	3,00,000
Profit and Loss A/c	4,00,000		
Loan by Mrs. Kavi	1,50,000	Land and Building	6,00,000
Capitals :		Machinery	5,00,000
Jai 5,00,000		Goodwill	3,50,000
Kavi 5,00,000	10,00,000		
	23,50,000		23,50,000

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- i Land and Building realised ₹ 4,50,000.
 - ii Bills Payable were paid ₹ 1,96,000 in full settlement.
 - iii Realisation expenses were ₹ 19,000.
 - iv Debtors realised at ₹ 2,70,000.
 - v Firm had to pay ₹ 5,000 for Outstanding Salary which was not provided earlier.
 - vi Jai took machinery at ₹ 4,50,000
- Prepare Realisation Account.

22. Alok, Deepak and Manish were partners sharing Profit & Loss in the ratio 5:3:2. Deepak retired on March 31, 2025. On this date his dues after all adjustments related to Revaluation Gain/Loss, Accumulated Profits/Losses and Goodwill treatment came out to be ₹ 6,40,000. He was paid ₹ 40,000 through Furniture on retirement and it was agreed to pay balance in three equal annual instalments together with interest as per the rate permissible by act, in the absence of any agreement. First instalment being paid on March 31, 2026. You are required to pass entry for immediate payment to Deepak on retirement and prepare Deepak's Loan Account till it is finally closed.

23. Dhvani and Iknor were partners sharing Profits & Losses in the ratio 3:2. Their Balance Sheet on March 31, 2025 was as follows

Liabilities	Amount (₹)	Assets	Amount (₹)
Dhwani's Capital	2,40,000	Cash in Hand	50,000
Iknor's Capital	2,60,000	Building	3,00,000
Investment Fluctuation reserve	50,000	Debtors	80,000
		(-) Prov for Doubtful Debts (8,000)	72,000
Employee Provident Fund	50,000		
General Reserve	60,000	Stock	88,000
Creditors	40,000	Accrued Income	20,000
Bills Payable	30,000	Profit and Loss	1,00,000
Bank Overdraft	20,000	Investment	1,20,000
	7,50,000		7,50,000

On the above date, they admitted Ishaya into partnership for 25% share. Ishaya brings ₹ 2,50,000 as capital and ₹ 40,000 for goodwill. Goodwill of the firm was valued at ₹ 2,00,000. Following agreements were agreed upon:-

a) Bad Debts amounted to ₹ 5,000 and Provision for doubtful debts to be created at same existing rate.

b) Investments were valued at ₹ 1,00,000.

c) Accrued Income was recovered only of ₹ 14,500 in settlement.

d) Building was overvalued by 20%.

e) Capital of Dhvani and Iknor were to be adjusted on the basis Ishaya's capital contribution.

Necessary adjustment to be done by opening Current Accounts.

You are required to prepare Revaluation Account and Partner's Capital Account at the time of admission of partner.

24. Carol and Lacy were partners. They decided to dissolve their firm. Pass the journal entries for the following after various assets and external liabilities have been transferred to Realisation A/c:

1. Carol took over half of the investments worth Rs. 30,000 at 2% discount and the remaining investments were sold at a profit of 18% of the book value.

2. Lacy is allowed a remuneration of Rs. 13,000 for dissolution work and is to bear all the expenses of realisation which amounted to Rs. 5,000 were paid by the firm.

3. Carol had given a loan of Rs. 89,000 to the firm which was duly paid.

4. Lacy agreed to pay off her brother's loan of Rs. 13,000 at a discount of 5%.

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 The firm had a debit balance of Rs. 20,000 in their profit and loss account on the date of dissolution. Creditors worth Rs. 46,000 accepted Rs. 9,000 cash and furniture of Rs. 32,000 in full settlement of their claim.

25. Amit, Babu and Charu set up a partnership firm on 1st April, 2020. They contributed ₹50,000, ₹40,000 and ₹30,000, respectively as their capitals and agreed to share profits and losses in the ratio of 3:2:1. Amit is to be paid a salary of ₹1,000 per month and Babu, a commission of ₹3,000 per month, it is also provided that interest to be allowed on Capitals at 6% p.a. The drawing for the year were Amit ₹6,000, Babu ₹4,000, Charu ₹2,000. Interest on drawing of ₹270 were charged on Amit's drawing, ₹180 on Babu's drawing and ₹90, on Charu's drawings. The net profit as per the profit and loss Account of the year end 31st March 2021, was ₹35,660. Prepare profit and loss Appropriation account of the firm. Show calculations wherever required.
26. Ashish, Vinit, and Reema were partners sharing profits and losses in the ratio of 2:2:1. Their Balance Sheet on 31st March, 2024 was as follows:

Balance sheet of Ashish, Vinit, and Reema as at 31st March, 2024

Liabilities	Amount (₹)	Assets	Amount (₹)
Capitals:		Patents	80,000
Ashish	2,00,000	Furniture	3,00,000
Vinit	2,00,000	Stock	1,70,000
Reema	1,00,000	Debtors 80,000	
General Reserve	50,000	Less: provision for doubtful debts 8,000	72,000
Bills Payable	80,000	Cash	48,000
Creditors	40,000		
	6,70,000		6,70,000

Vinit retired on the following terms:

- Goodwill of the firm was valued at ₹ 60,000 and the same was adjusted into the capital accounts of Ashish and Reema who will share profits in future in the ratio of 3:2.
 - Value of stock was to be reduced by ₹ 10,000.
 - Patents are found undervalued by 20%.
 - Vinit was paid ₹ 20,000 immediately on retirement and the balance was transferred to his loan account carrying interest @ 8% p.a.
- Pass necessary journal entries on Vinit's retirement.

PART-B
Analysis of Financial Statements

27. Which of the following is not a limitation of 'Analysis of Financial Statements'?
- It is just a study of the reports of the company.
 - It does not consider price level changes.
 - It ascertains the relative importance of different components of the financial position of the firm.
 - It may be misleading without the knowledge of the changes in accounting procedures followed by a firm.

- a) Provides a summarized view of the operations of the firm
 b) Presents the financial position of the firm
 c) Presents the change in various items of balance sheet
 d) None of the above
29. Which of the following is not the tool of financial statement analysis:
 a) Ratio analysis
 b) Comparative statement
 c) Statement of profit and loss
 d) Cash flow statement
30. Comparison of actual ratios of one period with those of earlier periods for the same enterprise is known as
 a) Cross-sectional analysis
 b) Time-series Analysis
 c) Inter-firm Analysis
 d) None of these
31. Classify the following items under Major heads and Sub-head (if any) in the Balance Sheet of a Company as per schedule III of the Companies Act 2013.
 (x) raw materials
 (xi) furniture and Fixtures
 (ii) mortgaged loan
 (xii) mining rights
 (y) capital redemption reserve
 (vi) accrued incomes
32. From the following details provided by Kishan Ltd., prepare Comparative Statement of Profit & Loss for the year ended 31st March 2024:

Particulars	31.03.2024(₹)	31.03.2023(₹)
Revenue from operations	30,00,000	25,00,000
Other Income	3,00,000	1,50,000
Cost of materials Consumed	20,00,000	13,00,000
Other Expenses	4,00,000	2,50,000
Tax rate	40%	40%

33. Following is the Balance Sheet of Golden Ltd. as at 31st March 2023 and 31st March 2024.

Particulars	Note no.	31st March 2023(₹)	31st March 2022(₹)
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital		10,00,000	5,00,000
b) Reserves and Surplus		2,00,000	3,00,000
2. Non-current Liabilities			
Long term Borrowings		8,00,000	5,00,000
3. Current Liabilities			
Trade Payables		4,00,000	2,00,000
TOTAL		24,00,000	15,00,000
II. ASSETS:			
1. Non-Current Assets			
a) Property, Plant and Equipment and Intangible Assets			
(i) Property, Plant and Equipment		15,00,000	10,00,000
2. Current Assets			
Inventory		5,00,000	4,00,000
Cash and Cash Equivalents		4,00,000	1,00,000
TOTAL		24,00,000	15,00,000

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Required to prepare a Common Size Balance Sheet.

34. i) Explain the importance of financial analysis for
- (a) top Management.
 - (b) Bankers and Lenders
- ii) Differentiate between horizontal and vertical analysis
- iii) Give two examples each of commitments and employees benefit expenses.

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