

2 0 2 5

ACCOUNTANCY

(Commerce)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

General Instructions :

- (i) This question paper contains two Parts—A and B.
- (ii) Part—A and Part—B are compulsory for all candidates.
- (iii) All parts of the questions should be attempted at one place.

PART—A

(Accounting for Partnership Firms and Companies)

(Marks : 60)

1. Choose and write the correct answer (any *seven*) : $1 \times 7 = 7$

- (a) In the absence of partnership deed, the profits of a firm are divided among the partners
- (i) in the ratio of capital
 - (ii) equally
 - (iii) in the ratio of time devoted for the firm's business
 - (iv) according to the managerial abilities of the partners

(2)

(b) In which of the following cases, Revaluation A/c is debited?

- (i) Increase in value of asset
- (ii) Decrease in value of asset
- (iii) Decrease in value of liability
- (iv) No change in value of asset

(c) A and B are partners sharing profits and losses in the proportion of 7 : 5. They agree to admit C, their manager, into partnership who is to get $\frac{1}{6}$ th share in the profits. He acquires, this share as $\frac{1}{24}$ th from A and $\frac{1}{8}$ th from B. The new ratio is

- (i) 13 : 2 : 1
- (ii) 13 : 2 : 4
- (iii) 13 : 7 : 1
- (iv) 13 : 7 : 4

(d) At the time of forfeiture of shares, Share Capital A/c is debited with

- (i) uncalled amount on shares
- (ii) paid-up amount on shares
- (iii) called-up amount on shares
- (iv) unpaid amount on shares

(e) On dissolution of the firm, Partners' Capital A/cs are closed through

- (i) Realization A/c
- (ii) Drawings A/c
- (iii) Bank A/c
- (iv) Loan A/c

(3)

- (f) Discount on issue of shares is shown at the
- (i) assets side
 - (ii) liabilities side
 - (iii) debit side of Profit & Loss A/c
 - (iv) credit side of Profit & Loss A/c
- (g) Debenture holders are
- (i) the owners of the company
 - (ii) the vendors of the company
 - (iii) the creditors of the company
 - (iv) the debtors of the company
- (h) On the death of a partner, the deceased partner's Capital A/c will be credited with
- (i) his/her share of goodwill
 - (ii) goodwill of the firm
 - (iii) share of goodwill of remaining partners
 - (iv) None of the above
- (i) Premium of Redemption of Debentures A/c is
- (i) an asset
 - (ii) a liability
 - (iii) an expense
 - (iv) a revenue

(4)

(j) The firm earned profit during the first 3 years as ₹ 60,000; ₹ 54,000 and ₹ 27,000, and suffered losses of ₹ 6,000 and ₹ 15,000. Goodwill at one and half years' purchase of the average profit of last 5 years will be

(i) ₹ 48,600

(ii) ₹ 70,500

(iii) ₹ 30,000

(iv) ₹ 36,000

2. Answer any *seven* of the following questions : 1×7=7

- (a) What is Reconstitution of Partnership?
- (b) Give one point of difference between Calls in arrears and Calls paid in advance.
- (c) What is Redemption of Debentures?
- (d) Why is it considered desirable to make a partnership agreement in writing?
- (e) Give one point of difference between Over-subscription and Under-subscription of shares.
- (f) In case of dissolution of the firm, how will you treat realization expenses if paid by a partner?
- (g) What is meant by Issued Capital?
- (h) State any one feature of Partnership.
- (i) Mention any one purpose for which Securities Premium can be used.
- (j) What is Realization A/c?

(5)

3. (a) On 1st January, 2021, X and Y entered into partnership contributing ₹ 60,000 and ₹ 40,000 respectively. They agreed to share profits and losses in the ratio of 3 : 2. Y is allowed a salary of ₹ 15,000 per year. Interest on capital is to be allowed at 10% per annum. During the year, X withdrew ₹ 9,000 and Y ₹ 8,000 as drawings. The interest on drawings paid by X and Y was ₹ 150 and ₹ 130 respectively. Profits as on 31st December, 2021 before the above mentioned adjustments were ₹ 65,000.

Prepare Profit & Loss Appropriation A/c.

3

Or

- (b) Ram, Rahim and John are partners in a firm. Their profit sharing ratio is 2 : 2 : 1 respectively. Ram and Rahim have given guarantee to John that he is entitled to a minimum profit of ₹ 50,000 per annum. During 2022-23, profit of the firm after adjusting all charges was ₹ 2,00,000.

Prepare Profit & Loss Appropriation A/c of the firm for the year 2022-23.

4. (a) A company forfeited 490 shares of ₹ 10 each, on which B, the shareholder failed to pay allotment of ₹ 5 per share including a premium of ₹ 2 per share and final call of ₹ 3 per share. These shares were re-issued at ₹ 8 per share.

Pass Journal Entries regarding forfeiture and reissue of shares.

3

(6)

Or

(b) ABC Ltd. is registered with an authorized capital of ₹ 30,00,000 divided into 300000 Equity Shares of ₹ 10 each. The company issued 200000 Equity Shares and the amount is payable as follows :

On Application—₹ 4

On Allotment—₹ 3

On Final call—Balance

The issue was fully subscribed and all the money received except the final call on 2000 shares.

Present the 'share capital' in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013. Also prepare 'Notes to Accounts' for the same.

5. (a) R Ltd. took over assets of ₹ 3,00,000 and liabilities of ₹ 10,000 of A Ltd. at an agreed purchase consideration of ₹ 2,75,000 to be satisfied by the issue of 15% debentures of ₹ 100 each at a premium of 10%.

Journalize the above transactions.

3

Or

(b) Romi Ltd. acquired assets of ₹ 20,00,000 and took over creditors of ₹ 2,00,000 from Kapil Enterprise. Romi Ltd. issued 8% debentures of ₹ 100 each at par as purchase consideration.

Record the necessary Journal Entries in the books of Romi Ltd.

6. Total assets of a firm are ₹ 4,20,000
The liabilities of the firm are ₹ 2,20,000
Normal rate of return in this class of business is $12\frac{1}{2}\%$
The firm earned a profit of ₹ 32,000
Calculate goodwill, if it is to be valued at two years' purchase of super profit. 3
7. Arti and Bharti are partners in a firm sharing profits in 3 : 2 ratio. They admitted Sarthi for $\frac{1}{4}$ th share in the profits of the firm. Sarthi brings ₹ 50,000 for his capital and ₹ 10,000 for his $\frac{1}{4}$ th share of goodwill. Goodwill already appears in the books of Arti and Bharti at ₹ 5,000. The new profit-sharing ratio between Arti, Bharti and Sarthi will be 2 : 1 : 1.
Give necessary Journal Entries to record the transactions. 4
8. Pass necessary Journal Entries for the issue of Debentures in the following cases : 4
- (i) Y Ltd. issued ₹ 5,00,000; 9% debentures of ₹ 100 each at par redeemable at a premium of 10% after three years
- (ii) Z Ltd. issued 4500, 9% debentures of ₹ 100 each at a discount of 10% redeemable at a premium of 5% after three years

(8)

9. Following is the Balance Sheet of the Black, Brown and White as on 31st December, 2020 :

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Sundry Creditors	2,000	Plant and Machinery	10,000
Reserves Fund	3,200	Stock	4,000
Capital A/cs :		Sundry Debtors	6,000
Black	10,000	Cash at Bank	4,000
Brown	5,000	Cash in Hand	200
White	5,000	Goodwill	1,000
	<u>25,200</u>		<u>25,200</u>

White died on 31st March, 2021. Under the terms of Partnership Deed, the executors of the deceased partners were entitled to :

- (i) Amount standing to the credit of the partner's Capital A/c
- (ii) Interest on capital @ 5% per annum
- (iii) Share of goodwill on the basis of twice the average of the past three years' profit
- (iv) Share of profit from the closing of the last financial year to the date of death on the basis of last year's profits

Profit of 2018, 2019 and 2020 were ₹ 6,000; ₹ 8,000 and ₹ 7,000 respectively. Profits were shared in the ratio of capitals.

Prepare White's Capital A/c.

4

(9)

10. (a) A, B and C were partners sharing profits and losses in the ratio of 2 : 2 : 1. Their Balance Sheet as on 31st March, 2018 was as follows :

Balance Sheet

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Capitals :		Cash at Bank	3,00,000
A	7,50,000	Sundry Debtors	1,95,000
B	3,00,000	(-) Provision	<u>5,000</u> 1,90,000
C	<u>2,50,000</u>	Stock	3,00,000
Creditors	2,00,000	Fixed Assets	7,10,000
	<u>15,00,000</u>		<u>15,00,000</u>

On the above date, they dissolved the firm and following amounts were realized :

Fixed Assets—₹ 6,75,000

Stock—₹ 3,39,000

Debtors—₹ 1,35,000

Creditors were paid ₹ 1,85,000 in full settlement of their claim

Expenses on Realization amounted to ₹ 19,000

An unrecorded asset of ₹ 10,000 was sold for ₹ 8,000

Prepare necessary Ledger A/cs.

6

(10)

Or

(b) Supriya and Monika are partners, who share profits and losses in the ratio of 3 : 2. Following is the Balance Sheet as on 31st March, 2017 :

*Balance Sheet of Supriya and Monika
as on 31st March, 2017*

<i>Liabilities</i>	₹	<i>Assets</i>	₹
Supriya's Capital	32,500	Cash and Bank	40,500
Monika's Capital	11,500	Stock	7,500
Sundry Creditors	48,000	Sundry Debtors	21,500
Reserve Fund	13,500	(-) Provision	<u>500</u>
		Fixed Assets	36,500
	<u>1,05,500</u>		<u>1,05,500</u>

The firm was dissolved on 31st March, 2017 and the following was agreed between the partners :

- (i) Debtors realized at a discount of 5%
- (ii) Stock realized at ₹ 7,000
- (iii) Fixed assets realized at ₹ 42,000
- (iv) Realization expenses of ₹ 1,500
- (v) Creditors are paid in full
- (vi) There was a contingent liability of ₹ 2,000 which was paid

Prepare Realization A/c, Partners' Capital A/cs and Bank A/c.

(11)

11. (a) A firm has two partners X and Y sharing profits in the ratio of 3 : 2. They admit Z into the firm on 1st January, 2023, when the Balance Sheet of the firm was as follows :

Balance Sheet

<i>Liabilities</i>	₹	<i>Assets</i>	₹
X's Capital	3,00,000	Fixed Assets	3,60,000
Y's Capital	1,00,000	Investments	90,000
General Reserve	75,000	Debtors	40,000
Creditors	70,000	Stock	60,000
Bills Payable	25,000	Cash	20,000
	<u>5,70,000</u>		<u>5,70,000</u>

Terms of admission are as follows :

- (i) Z is to bring ₹ 2,00,000 as his capital for a third share in future profits and ₹ 35,000 as his share of goodwill
- (ii) Value of fixed assets and stock are to be reduced by 20% and ₹ 10,000 respectively
- (iii) Capital of the partners shall be proportionate to their profit-sharing ratio, taking Z's capital as base. Excess capital is to be withdrawn in cash by the partner concerned and the deficiency is to be made up by bringing in cash

Prepare Revaluation A/c, Partners' Capital A/cs and Balance Sheet of the new firm.

8

(13)

12. (a) Himalaya Company Limited issued for public subscription of 120000 Equity Shares of ₹ 10 each at a premium of ₹ 2 per share payable as under :

On Application—₹ 3 per share
On Allotment—₹ 5 per share
(including premium)
On First Call—₹ 2 per share
On Second and Final Call—₹ 2 per share

Applications were received for 160000 shares. Allotment was made on pro-rata basis. Excess money on application was adjusted against the amount due on allotment.

Rohan to whom 4800 shares were allotted failed to pay the allotment and both the calls. These shares were subsequently forfeited after the second call was made. Later 3000 shares were re-issued to Tina as fully paid at ₹ 7 per share.

Pass necessary Journal Entries to record the above transactions.

8

Or

- (b) The Gupta Industries has authorized capital of ₹ 7,50,000 divided into 75000 shares of ₹ 10 each. The company issued a prospectus inviting applications for 45000 shares of ₹ 10 each at a premium of ₹ 2 per share payable as follows :

On Application—₹ 2
On Allotment—₹ 5 (including premium)
On First call—₹ 3
On Second and final call—₹ 2

(14)

The company received applications for 67500 shares and pro-rata allotment was made in respect of applications of 60000 shares and the remaining applications were rejected. Money overpaid on applications was utilized on account of sum due on allotment. All the calls were made.

B to whom 450 shares were allotted failed to pay the allotment and both the calls. The company decided to forfeit the shares allotted to *B*. These shares were subsequently reissued to *C* as fully paid for ₹9 per share.

Pass the necessary Journal Entries in the books of the company.

(15)

PART—B

(**Analysis of Financial Statements**)

(Marks : 20)

13. Choose and write the correct answer : 1×3=3

(a) Which ratios measure the firm's ability to meet its short-term obligations in time?

- (i) Profitability ratios
- (ii) Liquidity ratios
- (iii) Activity ratios
- (iv) None of the above

(b) Higher the ratio, lower the profitability, is applicable to

- (i) gross profit ratio
- (ii) operating ratio
- (iii) net profit ratio
- (iv) earning per share

(c) Inflow of cash will take place due to

- (i) issue of shares
- (ii) decrease in equity share capital
- (iii) Increase in the value of fixed assets
- (iv) decrease in value of intangible assets

(16)

14. State any one objective of Ratio Analysis. 1
15. Give the formula of Working Capital Turnover Ratio. 1
16. Give the meaning of Cash Flow Statement. 1
17. (a) What is financial analysis? State any two tools or techniques of financial analysis. 2+2=4

Or

- (b) Prepare a Common-size Income Statement of X Ltd. for the year ended 31.03.2023 and 31.03.2024 : 4

Particulars	2024	2023
Revenue from Operations (₹)	15,00,000	10,00,000
Other Income (₹)	2,00,000	1,00,000
Expenses (₹)	10,00,000	8,00,000
Rate of Income Tax (%)	50	50

18. (a) From the following information, calculate—

- (i) Current Ratio;
- (ii) Liquid Ratio;
- (iii) Operating Ratio;
- (iv) Gross Profit Ratio : 4

	₹
Current Assets	35,000
Current Liabilities	17,500
Inventory	15,000
Operating Expenses	20,000
Revenue from Operations	60,000
Cost of Revenue from Operations	30,000

(17)

Or

(b) Inventory turnover ratio is 3 times. Sales are ₹ 1,80,000. Opening Stock ₹ 2,000 more than the Closing Stock.

Calculate Opening and Closing Stock, when goods are sold at 20% profit on cost.

19. (a) From the following Balance Sheets of J. R. Ltd. as on 31st March, 2017 and 31st March, 2018, prepare Cash Flow Statement : 6

Balance Sheets

<i>Particulars</i>	<i>Note No.</i>	<i>31.03.2018</i> ₹	<i>31.03.2017</i> ₹
I. Equity and Liabilities			
1. Shareholders' Funds :			
(a) Share Capital		6,00,000	4,00,000
(b) Reserves and Surplus	1	2,00,000	1,00,000
2. Long-term Liabilities :			
Long-term Borrowings	2	1,00,000	2,00,000
3. Current Liabilities :			
(a) Trade Payables		45,000	60,000
(b) Short-term Provisions	3	1,30,000	1,20,000
Total		<u>10,75,000</u>	<u>8,80,000</u>
II. Assets			
1. Non-current Assets :			
(a) Fixed Assets :			
(i) Tangible Assets	4	6,00,000	6,00,000
(ii) Intangible Assets	5	45,000	50,000
(b) Non-Current Investments		75,000	—

<i>Particulars</i>	<i>Note No.</i>	<i>31.03.2018 ₹</i>	<i>31.03.2017 ₹</i>
2. Current Assets :			
(a) Inventories		15,000	10,000
(b) Trade Receivables		2,55,000	2,00,000
(c) Cash and Cash Equivalents		85,000	20,000
Total		<u>10,75,000</u>	<u>8,80,000</u>

Notes to Accounts :

<i>Particulars</i>	<i>31.03.2018 ₹</i>	<i>31.03.2017 ₹</i>
1. Reserves and Surplus :		
General Reserve	50,000	20,000
Surplus, i.e., Balance in Statement of Profit and Loss	<u>1,50,000</u>	<u>80,000</u>
2. Long-term Borrowings :		
10% Debenture	—	1,00,000
Bank Loan	<u>1,00,000</u>	<u>1,00,000</u>
3. Short-term Provisions :		
Provision for Tax	<u>1,30,000</u>	<u>1,20,000</u>
4. Tangible Assets :		
Building	<u>6,00,000</u>	<u>6,00,000</u>
5. Intangible Assets :		
Patents	<u>45,000</u>	<u>50,000</u>

Additional Information :

During the year—

- (i) Building costing ₹ 75,000 was purchased
- (ii) Loss on sale of Building was ₹ 5,000
- (iii) Depreciation charged on Building was ₹ 12,000

(19)

Or

(b) From the following Balance Sheets of Vijaya Ltd. as at 31st March, 2016 and 31st March, 2017, prepare Cash Flow Statement :

Balance Sheets

<i>Particulars</i>	<i>Note No.</i>	<i>31.03.2017</i> ₹	<i>31.03.2016</i> ₹
I. Equity and Liabilities			
1. Shareholders' Funds :			
(a) Share Capital		65,000	45,000
(b) Reserves and Surplus	1	42,500	25,000
2. Current Liabilities :			
Trade Payables		11,000	7,700
Total		<u>1,18,500</u>	<u>77,700</u>
II. Assets			
1. Non-current Assets :			
Fixed Assets		83,000	46,700
2. Current Assets :			
(a) Inventories (Stock)		13,000	11,000
(b) Trade Receivables (Debtors)		19,500	18,000
(c) Cash and Cash Equivalents		3,000	2,000
Total		<u>1,18,500</u>	<u>77,700</u>

Notes to Accounts :

<i>Particulars</i>	<i>31.03.2017</i> ₹	<i>31.03.2016</i> ₹
Reserves and Surplus :		
General Reserve	27,500	15,000
Surplus, i.e., Balance in Statement of Profit and Loss	15,000	10,000
	<u>42,500</u>	<u>25,000</u>

(20)

Additional Information :

- (i) Depreciation on Fixed Assets for the year 2016–17 was ₹ 14,700
- (ii) An interim dividend of ₹ 7,000 has been paid to the shareholders during the year

★★★