

2025
ACCOUNTANCY

Full marks: 70

Time: 3 hours

General Instructions:

- i) *Approximatley 15 minutes is allotted to read the question paper and revise the answers.*
- ii) *The question paper consists of 25 questions. All questions are compulsory.*
- iii) *Answer to questions carrying 2 marks should not exceed 50 words.*
- iv) *Answer to questions carrying 4 marks should not exceed 100 words.*
- v) *Answer to questions carrying 6 marks should not exceed 200 words.*
- vi) *Answer to questions carrying 8 marks should not exceed 300 words.*
- vii) *Internal choice has been provided in 6 marks and 8 marks questions.*

N.B: Check that all pages of the question paper is complete as indicated on the top left side.

Choose the correct answer from the given alternatives in questions 1 to 10.

1. Forming a Partnership Deed is _____ . 1
a) Mandatory b) Mandatory in writing
c) Non-Mandatory d) None of the above.

2. Realisation Account is a _____ . 1
a) Nominal A/C b) Real A/C
c) Personal A/C d) Real A/C as well as Personal A/C.

3. The portion of the capital which can be called up only on the winding up of the company is called _____ . 1
a) Authorised Capital b) Capital Reserve
c) Unpaid Capital d) Reserve Capital.

4. Discount on issue of debentures is in the nature of _____ . 1
a) Revenue loss b) Capital loss
c) Deferred revenue expenditure d) None of the above.

5. Public deposits appear in a company's Balance Sheet under _____ . 1
a) Intangible assets b) Current liabilities
c) Long term provisions d) Long term borrowings.

6. Securities premium appears in the Company's Balance Sheet under which sub-head _____ . 1
a) Share capital b) Long term provision
c) Short term borrowings d) Reserve and surplus.

7. Ideal quick ratio is _____ . 1
a) 1:1 b) 1:2
c) 1:3 d) 2:1.
8. _____ helps to assess the short term solvency of a business. 1
a) Turnover ratio b) Solvency ratio
c) Liquidity ratio d) Profitability ratio.
9. Cash Flow Statement is prepared for financial planning of _____. 1
a) Long range b) Medium range
c) Short range d) Very long range.
10. Under which Accounting Standard (AS) Cash Flow Statement is prepared? 1
a) AS-4 (Revised) b) AS-1(Revised)
c) AS-5 (Revised) d) AS-3(Revised).
11. A, B and C are partners sharing profits in the ratio of 3:2:1. They admit 'D' for $\frac{1}{4}$ th share. It is agreed that 'B' would retain his original share. Calculate new profit sharing ratio. 2
12. Write any two nature of limited liability of partnership. 2
13. A, B and C are partners in a firm whose books are closed on 31st March each year. A died on 30th June 2022 and according to the agreement the share of profits of deceased partner upto the date of death is to be calculated on the basis of the average profits for the last five years. The net profits for the last 5 years have been: 2018 ₹14,000; 2019 ₹ 18,000, 2020 ₹16,000; 2021 ₹10,000(loss) and 2022 ₹16,000. Calculate A's share of the profits upto the date of death. 2
14. Write any two difference between equity shares and preference shares. 2
15. X Limited purchased assets worth ₹ 2,20,000 and also took over the liabilities (creditors) of ₹ 40,000 of Y Limited for a purchase consideration of ₹ 1,92,000. X Limited paid the purchase consideration by issuing 12% debentures of ₹ 100 each at a premium of 20%.
Pass necessary journal entries in the books of X Limited. 2
16. Why would an investor prefer to invest partly in shares and partly in debentures of a company? 2
17. List any two objectives of preparing the financial statements. 2

18. A and B are partners in a firm. Their capital accounts showed the balance on April 1, 2022 as ₹4,00,000 and ₹ 3,00,000 respectively. On August 1, 2022 they introduced further capitals of ₹50,000 and ₹40,000 respectively. B withdrew ₹15,000 from his capital on 1st March 2023. Interest is allowed at 6% per annum on the capitals. Compute interest on capitals for the year ending 31st March 2023. 4
19. Differentiate between sacrificing ratio and gaining ratio on any four basis of differences. 4
20. Glaxo Limited intends to come out with public issue of 50,000 equity shares of ₹ 10 each at a premium of ₹ 10 per share. The company has the following options for the issue of its equity shares:
- i) Issue price is payable ₹ 10 on application and ₹ 10 on allotment;
 - ii) Issue price is payable ₹ 4 on application ; ₹ 10 on allotment and balance on first and final call.
- Questions:
- a) Is it possible for the company to accept any of the above options? Can the company opt for calling the entire ₹ 20 on application itself? 2
 - b) If option ii) is adopted by the company, determine the amount that will be credited to share Capital Account from Share Allotment Account and why? 2
21. a. Alex Limited was registered with an authorised Capital of ₹ 60,00,000 divided into 60,000 equity shares of ₹ 100 each . Company issued 25,000 equity shares at a premium of ₹20 per share, payable as follows: ₹ 30 on application; ₹45 on allotment (including premium); ₹ 20 on 1st call and ₹25 on Second and Final call. All shares were subscribed and all the money was duly received. Share issue expenses amounted to ₹40,000 which were fully written off against securities premium. Pass necessary journal entries. 6
- Or**
- b. Explain any six differences between reserve capital and capital reserve.
22. a. X Limited issued 2,000 shares, 15% debentures of ₹100 each at par, payable as follows: ₹25 on application; ₹25 on allotment and ₹50 on 1st call and final call. Applications were received for 3,000 debentures. Applications for 1,600 debentures were accepted in full. Applications for 600 debentures were allotted 400 debentures and the rest were rejected. All moneys due were received except final call on 100 debentures. Pass necessary journal entries. 6
- Or**
- b. Z Limited purchased machinery from K Limited and paid K Limited as follows:
- i) By issuing 5,000 equity shares of ₹10 each at a premium of 30%.
 - ii) By issuing 1000, 8% debentures of ₹ 100 each at a discount of 10%.
 - iii) Balance by giving a promissory note of ₹48,000 payable after two months.
- Pass necessary journal entries for the purchase of Machinery and payment to K Limited in the books of Z Limited.

23. a. From the following particulars obtained from the books of Alpha Limited. Prepare a Comparative Statement of Profit & Loss :

Particulars	Note No.	2023 (₹)	2022 (₹)
Revenue from operations		50,00,000	40,00,000
Purchases of stock in trade		40,00,000	30,00,000
Changes in inventory		10,00,000	8,00,000
Other expenses		5,00,000	4,00,000
Other incomes		2,50,000	2,00,000

Or

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- b. Calculate:

- i) Gross Profit Ratio ii) Operating Ratio iii) Operating Profit Ratio
iv) Inventory Turnover Ratio from the following informations:

Particulars	(₹)
Purchases	1830000
Direct expenses	410000
Opening Inventory	3,60,000
Closing Inventory	4,40,000
Operating expenses	5% of sales
Revenue from operations	3000000
Current Assets (including inventory)	7,00,000
Current Liabilities	2,00,000

- 24.a. X, Y and Z were partners sharing profits in the ratio of 3:2:1, as at 31st March 2022, their Balance Sheet stood as under:

Balance Sheet of X, Y and Z as at 31st March 2022

Liabilities	₹	Assets	₹
Sundry Creditors	44,000	Cash at Bank	22,000
Reserve	90,000	Stock	1,20,000
Capitals		Debtors	64,000
X - 2,00,000		Investments	2,50,000
Y - 1,50,000		Fixed Assets	1,28,000
Z - <u>1,00,000</u>	4,50,000		
	5,84,000		5,84,000

Y died on 31st July 2022. The Partnership Deed provides that the executors of the deceased partner are entitled to:

- i) The capital is to be credited to his Account at the time of his death.
ii) His share of reserves

- iii) His share of profits on the date of death based on the average profits of the last three completed years, less 10% and
 iv) Goodwill according to his proportion of the total profits for the three preceding years, which were ₹ 80,000; ₹ 1,30,000 and ₹ 1,50,000 respectively.

The investments were sold at par and Y's executor's were paid off.

Prepare Partner's Capital Accounts, Y's Executor's Account, and Balance Sheet of the surviving partners X and Z.

Or

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- b. The following is the Balance Sheet of A and B as at 31st March 2023. The profit sharing ratios of the partners are 3:2.

Balance Sheet of A, B and C as at 31st March 2023

Liabilities	₹	Assets	₹
Creditors	97,500	Land & Buildings	30,000
A's Capital 85,000		Motor vehicles	18,300
B's Capital <u>63,000</u>	1,48,000	Stock	72,800
		Debtors 1,13,200	
		Less: Provision } for bad debts } <u>2,450</u>	1,10,750
		Cash at Bank	13,650
	<u>2,45,500</u>		<u>2,45,500</u>

The partners decided to dissolve the firm on and from the date of the balance sheet. Motor vehicles and stock were sold for cash at ₹16,950 and ₹77,600 respectively and all debtors were realised in full. Land and building were sold at ₹43,500. Creditors were paid off subject to discount of ₹1,700. Expenses of realisation were ₹1,250.

Prepare Realisation Account, Bank Account and Partners Capital Accounts to close the books of the firm as a result of its dissolution.

25. a. Following are the Balance Sheets of Sewak Limited as at 31st March 2022 and 2021.

Balance Sheets of Sewak Limited as at 31.03.2022 & 2021

Particulars	Note No.	31.3.2022 (₹)	31.3.2021 (₹)
I. Equity & Liabilities			
1. Shareholders' Funds:			
a) Share Capital		7,00,000	4,00,000
b) Reserves & Surplus	1	(-3,35,000)	(-50,000)
2. Non - Current Liabilities:			
a) Long term borrowings	2	4,00,000	2,00,000
3. Current Liabilities:			
a) Short term borrowings	3	22,000	30,000
b) Trade payables		1,28,000	80,000
c) Other current liabilities	4	20,000	10,000
Total		9,35,000	6,70,000
II. Assets			
1. Non - current Assets:			
a) Property, Plant & Equipment & Intangible Assets:			
i) Property, Plant & Equipment			
b) Non- current Investments		5,00,000	3,00,000
2. Current Assets:			
a) Inventories		1,40,000	2,00,000
b) Trade Receivables		1,00,000	50,000
c) Cash and cash equivalents		1,70,000	1,00,000
		25,000	20,000
Total		9,35,000	6,70,000

Notes:

	31.03.2022 ₹	31.03.2021 ₹
1. Reserve & Surplus		
Profit & Loss balance	<u>3,35,000</u>	<u>50,000</u>
2. Long term borrowings:		
9% Debentures	<u>4,00,000</u>	<u>2,00,000</u>
3. Short term borrowings		
Cash credit	<u>22,000</u>	<u>30,000</u>
4. Other Current Liabilities:		
Outstanding Expenses	<u>20,000</u>	<u>10,000</u>

Additional Information:

- A piece of machinery costing ₹70,000 on which depreciation charged was ₹ 40,000 was sold for ₹ 30,000. During the year ₹1,40,000 depreciation was charged on machinery.
- Share issue expenses of ₹15,000 were incurred and written off from the statement of Profit & Loss in 2021 & 2022.

Prepare a Cash Flow Statement.

Or

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- b. The Balance Sheets of A Limited as at 31st March, 2024 and 31st March, 2023:

Balance Sheets of A Limited as at 31st March 2024 & 2023

Particulars	Note No.	31.3.2024 (₹)	31.3.2023 (₹)
I. EQUITY & LIABILITIES			
1. Shareholders' Funds:			
a) Share Capital		60,000	50,000
b) Reserves & Surplus	1	41,000	46,000
2. Non-Current Liabilities:			
a) Long term borrowings		25,000	20,000
3. Current Liabilities:			
a) Trade payables		12,000	10,000
b) Short term provision	2	17,000	20,000
Total		1,55,000	1,46,000
II. ASSETS			
1. Non-current Assets:			
a) Property, Plant & Equipment & Intangible Assets:			
i) Property, Plant & Equipment (Machinery)		1,00,000	90,000
2. Current Assets:			
a) Inventories		24,000	20,000
b) Trade Receivables		26,000	32,000
c) Cash and cash equivalents		5,000	4,000
Total		1,55,000	1,46,000

Note:

	31.03.2024 ₹	31.03.2023 ₹
1. Reserve and Surplus		
General Reserve	8,000	5,000
Profit or Loss Balance	<u>33,000</u>	<u>41,000</u>
	<u>41,000</u>	<u>46,000</u>
2. Short term provision:		
Income Tax Provision	<u>17,000</u>	<u>20,000</u>

Additional Information:

- i) Depreciation written off on machine was ₹18,000.
 ii) Interest paid on long term borrowings amounted to ₹ 3,000.
 iii) Income tax of ₹15,000 has been paid.

Prepare a Cash Flow Statement.
