

Time allowed: 3 Hours

Maximum Marks: 80

- Please check that this question paper contains 14 printed pages.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes have been allotted to read this question paper. The students will read the question paper only and will not write any answer on the answer-book during this period.

GENERAL INSTRUCTIONS:

1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Part A and B.
3. Question nos. 1 to 16 and 27 to 30 carry 1 mark each.
4. Question nos. 17 to 20, 31 and 32 carry 3 marks each.
5. Question nos. 21, 22 and 33 carry 4 marks each.
6. Question nos. 23 to 26 and 34 carry 6 marks each.
7. There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

PART A

(Accounting for Partnership Firms and Companies)

1. If at the time of admission of a partner there is some unrecorded liability, it will be:
 - a. Debited to Revaluation Account
 - b. Credited to Revaluation Account
 - c. Debited to Goodwill Account
 - d. Credited to Partners' Capital Accounts(1)
2. Sona and Mona are partners sharing profits and losses equally. Financial Statements for the year ended 31st March, 2021, show a profit of Rs.1,50,000 before allowing interest on a loan of Rs.50,000 from Mona @ 10% per annum. Each partner is entitled to salary as follows:
Sona Rs.15,000 per annum
Mona Rs.10,000 per annum
What is Sona's total appropriation of profit for the year ended 31st March, 2021?
 - a) Rs.60,000
 - b) Rs.75,000
 - c) Rs.77,500
 - d) Rs.80,000(1)

3. A share of face value of Rs.10, issued at Rs.4 premium out of which Rs.7 (including Re.1 premium) was called up and paid up. The uncalled capital will be _____ .

- a) Rs.7 per share
- b) Rs.4 per share
- c) Rs.8 per share
- d) Rs.3 per share

(1)

OR

Assertion (A): Interest on debentures issued as collateral security is paid on nominal value of debentures.

Reason (R): Interest on such debentures is paid quarterly, half-yearly or yearly as per the terms of issue.

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

Codes:

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

(1)

4. A and B were partners in a firm sharing profits or losses in the ratio of 3:5. With effect from 1st April, 2023, they agreed to share profits or losses equally. Due to change in profit sharing ratio, A's gain or sacrifice will be:

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

(1)

OR

Which of the following is not an appropriation of profits?

- a) Interest on Partner's Capital
- b) Interest on Partner's Loan
- c) Salary to Partner
- d) Commission to Partner

(1)

5. On the admission of a partner:

- a) Old firm is dissolved
- b) Old partnership is dissolved
- c) Both old partnership and firm are dissolved
- d) Neither partnership nor firm is dissolved

(1)

6. A debenture holder is entitled to:

- a) Fixed dividend
- b) Share in profits
- c) Voting rights in the company
- d) Interest at a fixed rate

(1)

OR

If debentures of Rs.4,40,000 are issued to vendors in consideration of assets of Rs.5,00,000 and liabilities of Rs. 1,00,000, the balance of Rs.40,000 will be _____ to _____ .

- a) Credited, General Reserve Account
- b) Credited, Capital Reserve Account
- c) Debited, Goodwill Account
- d) Debited, Statement of Profit & Loss

(1)

7. Assertion (A): A company must have equity share capital.

Reason (R): A company may not have any preference share capital.

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

Codes:

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

(1)

8. X, Y and Z are partners sharing profits in the ratio of 5:4:1. Z is given guarantee that his share in a year will not be less than Rs.5,000. Profit for the year ended 31st March, 2023 is Rs.40,000. Deficiency in the guaranteed profit of Z is to be borne by Y. Deficiency to be borne by Y is:

- a) Deficiency of Z Rs.1,500 met by Y
- b) Deficiency of Z Rs.1,000 met by Y
- c) Deficiency of Z Rs.4,000 met by Y
- d) None of these

(1)

OR

Aman, Naman and Neel are partners in a firm sharing profits in the ratio of 1:2:1. Neel retires and surrenders $\frac{2}{3}$ rd of his share in favour of Aman and the remaining share in favour of Naman.

New profit sharing ratio of Aman and Naman will be:

- a) 1:2
- b) 2:1
- c) 5:7
- d) 5:2

(1)

Read the following hypothetical situation and answer question numbers 9 and 10.

Gauri and Aditi are in partnership with capitals of Rs.30,00,000 and Rs.10,00,000 respectively. Business is being carried from the property owned by Aditi on a monthly rent of Rs.20,000. Gauri is entitled to a salary of Rs.10,000 per month and Aditi a salary of Rs. 20,000 per quarter. Manager is entitled to a commission of 10% of profit before charging such commission. Net profit for the year ended 31st March, 2023, before any of the above adjustments was Rs. 9,00,000.

9. Net profit for the year will be:

- a) Rs.5,94,000
- b) Rs.6,00,000
- c) Rs.3,94,000
- d) Rs.4,00,000 (1)

10. Balance of Aditi's Capital Account will be:

- a) Rs.15,17,000
- b) Rs.12,80,000
- c) Rs.14,18,500
- d) Rs.12,77,000 (1)

11. X and Y are partners in a firm with capital of Rs.18,000 and Rs.20,000 respectively. Z brings Rs.10,000 for his share of goodwill and he is required to bring proportionate capital for 1/3rd share in profits. The capital contribution of Z will be:

- a) Rs.24,000
- b) Rs.19,000
- c) Rs.12,667
- d) Rs.14,000 (1)

12. Liability of a shareholder is limited to _____ of the shares allotted to him:

- a) Paid up value
- b) Called up value
- c) Face value
- d) Reserve Price (1)

13. Sure Ltd. forfeited 300 shares of Rs.10 each, fully called up, held by Kumar, for non-payment of allotment money of Rs.3 per share and final call money of Rs.4 per share. Out of these shares, 250 shares were reissued to Raj for Rs.2000 as fully paid up. The gain on reissue is:

- a) Rs.900
- b) Rs.400
- c) Rs.750
- d) Rs.250 (1)

14. Assertion (A):- In the absence of Partnership Deed or Agreement, interest on amount due to deceased partner is paid @ 6% p.a. on the outstanding amount.

Reason (R):- Unpaid amount is loan to the firm. The Partnership Act, 1932, prescribes that interest is payable @ 6% p.a. in the absence of agreement.

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

Codes:

(a) Both (A) and (R) are true and (R) is the correct explanation of (A).

(b) Both (A) and (R) are true but (R) is not the correct explanation of (A).

(c) (A) is true, but (R) is false

(d) (A) is false, but (R) is true (1)

15. Hina and Neena are partners in a firm. Neena withdrew Rs.10,000 per month at the beginning of each month during the year ended 31st March, 2023. Interest on drawings was to be charged @6% per annum:

Interest on Neena's drawings for the year ended 31st March, 2023 will be:

a) Rs.3,900

b) Rs.325

c) Rs.3,600

d) Rs.3,300 (1)

OR

Vibha and Asha are partners in a firm. Asha withdrew Rs.1,000 at the end of each quarter during the year ended 31st March, 2023. Interest on drawings will be calculated for an average period of:

a) 6 months

b) 4 ½ months

c) 7 ½ months

d) 6 ½ months (1)

16. Which of the following will be transferred to Realization Account at the time of dissolution of the firm?

i. Provision for Doubtful Debts

ii. Partners' Loan

iii. General Reserve

iv. Goodwill

a) (i) and (iv)

b) (i) and (iii)

c) (ii) and (iv)

d) (i), (iii) and (iv) (1)

17. A firm's average profits are Rs.7,00,000. It includes an abnormal profit of Rs.50,000. Capital invested in the business is Rs.55,00,000 and the normal rate of return is 10%. Calculate goodwill at four times the super profit. (3)

18. X and Y are partners sharing profits and losses in the ratio of 2:1. On 1st April, 2022, they admit Z for 1/4th share in the profits with guaranteed annual profit of Rs. 50,000 p.a. The profit for the year 2022-2023 amounted to Rs. 1,52,000.

Pass necessary journal entry regarding deficiency borne by X and Y. (3)

OR

Kumar and Raja are partners in a firm sharing profits in the ratio of 7:3. Their fixed capitals were: Kumar Rs.9,00,000 and Raja Rs.4,00,000. The Partnership Deed provided the following:

- i. Interest on Capital @ 9% p.a.
- ii. Kumar's salary Rs. 50,000 per year Raja's salary Rs. 3,000 per month.

But the profit for the year was distributed without providing for the above.

Profit for the year ended 31st March, 2023 was Rs. 2,78,000. Pass adjustment entry. (3)

19. Ganesh Ltd. issued on 1st April 2021, 10,000, 8% debentures of Rs.100 each at 6% discount redeemable after five years at a premium of Rs.10 each. All the debentures were subscribed. During the year ended 31st March, 2022, the company incurred a loss of Rs.50,000. It has a balance of Rs.1,20,000 in Securities Premium.

Pass journal entries for issue of debentures and writing off loss on issue of debentures. (3)

OR

Art Ltd. took over assets of Rs.15,60,000 and creditors of Rs.1,60,000 from Paint Ltd. Art Ltd. issued 8% debentures of Rs.20 each at a premium of 40% as purchase consideration to Paint Ltd.

Calculate the amount of purchase consideration, number of debentures issued by Art Ltd. and pass the necessary journal entries in the books of Art Ltd. for the above mentioned information.

(3)

20. Aditi and Shruti are partners sharing profits and losses in the ratio 2:3. Business is being carried from the premises owned by Aditi on a quarterly rent of Rs.15,000. Aditi is entitled to salary of Rs.20,000 per month and Shruti is to get commission @ 5% of net sales, which, during the year, was Rs.60,00,000. Net profit for the year ended 31st March, 2022 before providing for rent was Rs.8,00,000.

You are required to draw Profit and Loss Appropriation Account for the year ended 31st March, 2022. (3)

21. Shivpriya Ltd. was formed with a nominal Share Capital of Rs. 50,00,000 divided into 50,000 shares of Rs.100 each. The company issued prospectus inviting applications for 30,000 shares payable Rs. 30 per share on application, Rs. 30 per share on allotment and the balance on first and final call. The company received applications for 28,000 shares. All money payable on allotment was duly received except on 500 shares held by X. First and Final Call was not made by the Company.

Show the following:

- a) Share Capital in the Balance Sheet of the company as per Schedule III Part I of Companies Act 2013.
- b) Also prepare 'Notes to Accounts' for the same. (4)

22. Pass necessary journal entries on the dissolution of a firm in the following cases:
- Dharam, a partner, was appointed to look after the process of dissolution at a remuneration of Rs.12,000 and was to bear the dissolution expenses. Dissolution expenses Rs.11,000 were paid by Dharam.
 - Deepa, a partner, was to look after the process of dissolution and for this work she was allowed remuneration of Rs.7,000. Deepa agreed to bear dissolution expenses. Actual dissolution expenses Rs.6,000 were paid from the firm's bank account.
 - Dev, a partner, agreed to do the work of dissolution for Rs.7,500. He took stock of the same amount as his commission.
 - Jeev, a partner, agreed to do the work of dissolution for which he was allowed commission of Rs.10,000. He agreed to bear the dissolution expenses. Actual dissolution expenses paid by Jeev were Rs.12,000. These expenses were paid by Jeev by drawing cash from the firm. (4)

23. Faber Castle Ltd. invited applications for 2,00,000 equity shares of Rs. 10 each at a premium of Rs.3 per share. The amount was payable as follows:

On application: Rs.8 per share (including premium):

On allotment: the balance amount

Applications for 3,00,000 shares were received. Applications for 50,000 shares were rejected and application money received was refunded. Shares were allotted on pro-rata basis to the remaining applicants. Allotment was made and the amount was duly received except on 2,500 shares applied by Kanwar. His shares were forfeited. The forfeited shares were reissued at 7 per share as fully paid up.

Pass necessary journal entries for the above transactions in the books of the company assuming that Calls-in-Arrear account is maintained by the company. (6)

OR

- X Ltd. forfeited 10 shares of Rs.10 each, Rs.7 called up on which the shareholder had paid application and allotment money of Rs. 5 per share. Out of these, 8 shares were re-issued to Y for Rs.8 per share at Rs.8 paid up. Record the journal entries for forfeiture and reissue of shares by opening Calls-in-Arrear and Calls-in-Advance accounts.
- L Ltd forfeited Mr. M's shares who had applied for 600 shares and was allotted 400 shares and had failed to pay allotment money of Rs.4 per share including premium of Rs.2 on which he had paid application money of Rs.2 only. Pass necessary journal entries for forfeiture of shares by opening Calls-in-Arrear account.
- Crown Ltd forfeited 50 shares of Rs. 10 each, for non- payment of final call money of Rs.3 per share. Out of these 20 shares were reissued to Taj at Rs.8 per share. Record the journal entries for forfeiture and reissue of shares assuming that the company maintains Calls-in-Arrear and Calls-in-Advance accounts. (6)

24. Kushal, Kumar and Kavita were partners in a firm sharing profits in the ratio of 3:1:1. On 1st April, 2022, their balance sheet was as under:

Balance Sheet

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Creditors	1,20,000	Cash	70,000
Bills Payable	1,80,000	Debtors	2,00,000
General Reserve	1,20,000	Less : Provision for	
Capital A/cs:		Doubtful Debts <u>10,000</u>	1,90,000
Kushal	3,00,000	Stock	2,20,000
Kumar	2,80,000	Furniture	1,20,000
Kavita	3,00,000	Building	3,00,000
		Land	4,00,000
	13,00,000		13,00,000

On the above date Kavita retired and the following was agreed:

- I. Goodwill of the firm was valued at Rs.40,000.
- II. Land was to be appreciated by 30% and Building was to be depreciated by Rs. 1,00,000.
- III. Value of Furniture was to be reduced by Rs. 20,000.
- IV. Provision for doubtful debts is to be increased to Rs. 15,000.
- V. 10% of the amount payable to Kavita was paid in cash and the balance was transferred to her loan account
- VI. Capitals of Kushal and Kumar will be in proportion to their new profit-sharing ratio. The surplus/deficit if any in their capital accounts will be adjusted through current accounts.

Prepare Revaluation Account and Partners' Capital Accounts. (6)

OR

Jain and Gupta are in partnership sharing profits and losses in the ratio 4:3. On 31st March, 2023 their Balance Sheet stood as follows:

Balance Sheet

Liabilities	Amount(Rs.)	Assets	Amount(Rs.)
Creditors	28,000	Cash	20,000
Reserves	42,000	Debtors	1,20,000
Jain's Capital	2,40,000	Stock	1,40,000
Gupta's Capital	<u>1,20,000</u>	Fixed Assets	1,50,000
	4,30,000		4,30,000

They decided that with effect from 1st April, 2023, they will share profits and losses in the ratio of 2:1. For this purpose they decided that :

- (i) Fixed Assets are to be depreciated by 10%.
- (ii) Stock to be valued at Rs.1,90,000.
- (iii) An amount of Rs.3,700 included in creditors is not likely to be claimed.
- (iv) Provision for doubtful debts @ 6% to be created.

Partners decided to record the revised values in the books. However, they do not want to disturb the Reserves.

You are required to pass journal entries and prepare the revised Balance Sheet. (6)

25. A, B and C were partners sharing profits and losses in the ratio 5:3:2. A died on 30th June, 2022. Entry for treatment of goodwill after his death was passed as follows:-

Date	Particulars	L.F.	Dr. Amount Rs.	Cr. Amount Rs.
	B's Capital A/cDr. C's Capital A/cDr. To A's Capital A/c (Entry for goodwill treatment passed at the time of death of partner)		1,80,000 1,20,000	3,00,000

A's profit till the date of his death was estimated as Rs.1,20,000, based on the average profits of past three years. Final dues payable to A's executors on the date of death was calculated as Rs. 8,40,000 out of which Rs.2,40,000 was paid immediately by giving him Furniture valued for the same and balance was to be paid in three equal annual instalments starting from 30th June, 2023, together with interest rate as specified in Section 37 of Indian Partnership Act, 1932..

Pass necessary entry for profit share to be credited to A's Capital and also prepare A's executors account till final settlement. (6)

26.a) On 1st April, 2022, Smith Ltd. acquired assets of Rs.80,00,000 from Bharat Ltd. and took over its liabilities of Rs.10,00,000 for a purchase consideration of Rs.72,00,000. Rs. 10,00,000 was paid by issuing a bank draft in favour of Bharat Ltd., Rs.8,00,000 by accepting a bill of exchange drawn upon them by Bharat Ltd. payable after four months and the balance by issuing 11% debentures at a discount of 10%.

Pass the necessary journal entries for the above transactions in the books of Smith Ltd.

b) On 1st April, 2022, Bingo Ltd. issued Rs.20,00,000, 9% debentures of Rs.100 each at a premium of 10%, redeemable at a premium of 5%. Pass the necessary journal entries for issue of debentures in the books of Bingo Ltd. (4+2=6)

Part B

(Analysis of Financial Statements)

27. Which of the following items is not a method/tool of analysis of financial statement?

- Trend Analysis
- Statement of Profit and Loss
- Cash Flow Statement
- Comparative Statements

(1)

OR

..... is included in current assets while preparing balance sheet as per revised Schedule III but excluded from current assets while calculating current ratio.

- a) Debtors
- b) Cash and Cash Equivalent
- c) Loose tools and Stores and spares
- d) Prepaid Expense (1)

28. Current ratio of a company is 2.5:1. If its working capital is Rs.6,00,000, its current assets will be:

- a) Rs.4,00,000
- b) Rs. 3,60,000
- c) Rs.10,00,000
- d) Rs.2,40,000 (1)

29. Dividend paid by a finance company is classified under which kind of activity while preparing cash flow statement?

- a) Cash flow from operating activities
- b) Cash flow from investing activities
- c) Cash flow from financing activities
- d) No cash flow (1)

OR

Which of the following is not an investing cash flow?

- a) Purchase of marketable securities for Rs.25,000
- b) Sale of land for Rs.28,000
- c) Sale of 2,500 shares (held as investment) for Rs.15 each
- d) Purchase of equipment for Rs.500 (1)

30. Z Ltd. purchased a Building for Rs. 40,00,000 from J Ltd. by issuing 20,000, 9% Debentures of Rs.100 each at 5 % discount ; 10,000 equity shares of Rs.100 each at 20 % premium and the balance by cheque.

The above transaction will result in:

- a) Cash used in Investing Activities Rs. 31,00,000
- b) Cash generated from Financing activities Rs. 31,00,000
- c) Decrease in Cash and Cash Equivalent Rs. 10,00,000
- d) Cash used in Investing Activities Rs. 9,00,000 (1)

31. Under which major headings and sub-headings will the following items be shown in the Balance Sheet of a company as per Schedule III Part I of Companies Act 2013:

- a) Accrued Interest on Calls in Advance
- b) Retirement Benefits Payable to employees
- c) Loose Tools
- d) Securities Premium
- e) Trade Marks
- f) Investments

(3)

32. Debt to Capital Employed ratio is 0.3:1. State whether the following transactions, will improve, decline or will have no change on the Debt to Capital Employed Ratio. Also give reasons for the same.

(i) Sale of Equipment costing Rs.10,00,000 for Rs.9,00,000.

(ii) Purchased Goods on Credit for Rs.1,00,000 for a credit of 15 months, assuming operating cycle is of 18 months.

(iii) Conversion of Debentures into Equity Shares of Rs. 2,00,000.

(3)

33. From the following Statement of Profit and Loss of Sakhi Ltd for the year ended 31st March, 2023, prepare Comparative Statement of Profit and Loss.

STATEMENT OF PROFIT & LOSS

For the year ended 31st March, 2023

Particulars	2021-2022 Rs.	2022-2023 Rs.
Revenue from Operations	25,00,000	40,00,000
Expenses:		
(a) Employee benefit expenses were 5% of Revenue from Operations		
(b) Other expenses	5,90,000	6,80,000
Rate of Tax 35%		

(4)

OR

From the following Balance Sheet of R Ltd., prepare a Common Size Statement
Balance Sheet
As at 31st March, 2023

Particulars	Note No.	31.03.2023 Rs.	31.03.2022 Rs.
I. EQUITY AND LIABILITIES:			
(1) Shareholders' Funds:			
(a) Share Capital		2,50,000	2,00,000
(b) Reserve and Surplus		80,000	60,000
(2) Current Liabilities:			
Trade Payables		70,000	40,000
TOTAL		4,00,000	3,00,000
II. ASSETS:			
(1) Non-Current Assets:			
(a) Property, Plant and equipment and intangible assets:			
(i) Property, Plant and Equipment		1,60,000	1,20,000
(ii) Intangible Assets		20,000	30,000
(2) Current Assets:			
(a) Inventories		80,000	30,000
(b) Trade Receivables		1,20,000	1,00,000
(c) Cash and Cash Equivalent		20,000	20,000
TOTAL		4,00,000	3,00,000

(4)

34. On the basis of information given by Aradhana Ltd., prepare Cash Flow Statement for the year ending 31st March, 2023:

Aradhana Ltd.
Balance Sheet as on 31st March, 2023

Particulars	Note No.	31.03.2023	31.03.2022
		Rs.	Rs.
I.EQUITY AND LIABILITIES:			
(1)Shareholders' Funds:			
(a)Share Capital		730000	500000
(b)Reserve and Surplus	1	370000	350000
(2) Non-Current Liabilities:			
(a) Long Term Borrowings	2	200000	400000
(3)Current Liabilities:			
(a)Trade Payables	3	460000	360000
(b)Short Term Provision	4	320000	325000
TOTAL		2080000	1935000
II.ASSETS:			
(1)Non-Current Assets:			
(a) Property, Plant and equipment and intangible assets:			
(i) Property, Plant and Equipment	5	500000	450000
(ii)Intangible Assets	6	302000	310000
(b) Long-term Loans and Advances		430000	400000
(2)Current Assets:			
(a)Inventories		290000	270000
(b)Trade Receivables		260000	240000
(c)Cash and Cash Equivalentents		298000	265000
TOTAL		2080000	1935000

अम्बिका मालवीय
अध्यापक, श्री शिक्षायतन स्कूल

Notes:	Rs.	Rs.
(1) Reserves And Surplus Statement of Profit and Loss	370000	350000
(2) Long-term Borrowings: 10% Debentures	200000	400000
(3) Trade Payables: Creditors	260000	240000
Bills Payable	200000	120000
	460000	360000
(4) Short Term Provisions : Provision for Tax	320000	325000
(5) Property, Plant and Equipment : Machinery	660000	550000
Less : Provision for Depreciation	160000	100000
	500000	450000
(6) Intangible Assets: Patents	302000	310000

Additional Information:

1. Debentures were redeemed on 1st April, 2022.
2. Tax paid during the year Rs. 2,80,000.

(6)