

BRAIN INTERNATIONAL SCHOOL**Session 2025-26****PRACTICE PAPER 1****Class XII****Subject – Accountancy (055)****TIME 3 HOURS****MAX. MARKS 80****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. Part - A is compulsory for all candidates.
4. Part - B Analysis of Financial Statements
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31 and 32 carries 3 marks each.
7. Questions from 21, 22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. 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)**

S.No.	Question	Marks
Part A :- Accounting for Partnership Firms and Companies		
1.	Anthony a partner was being guaranteed that his share of profits will not be less than ₹ 60,000 p.a. Deficiency, if any was to be borne by other partners Amar and Akbar equally. For the year ended 31st March, 2024 the firm incurred loss of ₹ 1,80,000. What amount will be debited to Amar's Capital Account in total at the end of the year? A. ₹ 60,000 B. ₹ 1,20,000 C. ₹ 90,000 D. ₹ 80,000	1
2.	Assertion: Partner's current accounts are opened when their capital are fluctuating. Reasoning: In case of Fixed capitals all the transactions other than Capital are done through Current account of the partner. 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
3.	Forfeiture of shares leads to reduction of _____ Capital. A. Authorised B. Issued C. Subscribed D. Called up	1

	<p style="text-align: center;">OR</p> <p>Moon Ltd. issued 40,000, 10% debentures of ₹100 each at certain rate of discount and were to be redeemed at 20% premium. Existing balance of Securities Premium before issuing of these debentures was ₹12,00,000 and after writing off loss on issue of debentures, the balance in Securities Premium was ₹2,00,000. At what rate of discount these debentures were issued?</p> <p>A. 10% B. 5% C. 25% D. 15%</p>																																					
4.	<p>At the time of admission of new partner Vasu, Old partners Paresh and Prabhav had debtors of ₹ 6,20,000 and a provision for doubtful debts (PDD) of ₹ 20,000 in their books. As per terms of admission, assets were revalued, and it was found that debtors worth ₹ 15,000 had turned bad and hence should be written off. Which journal entry reflects the correct accounting treatment of the above situation?</p> <p>A.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Bad Debts A/c Dr.</td> <td style="width: 20%; text-align: right;">15,000</td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Debtors A/c</td> <td></td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>Prov for D. debts A/c Dr.</td> <td style="text-align: right;">15,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Bad Debts A/c</td> <td></td> <td style="text-align: right;">15,000</td> </tr> </table> <p>B.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Bad Debts A/c Dr.</td> <td style="width: 20%; text-align: right;">15,000</td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Debtors A/c</td> <td></td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>Revaluation A/c Dr.</td> <td style="text-align: right;">15,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">To Prov for doubtful debts A/c</td> <td></td> <td style="text-align: right;">15,000</td> </tr> </table> <p>C.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Revaluation A/c Dr.</td> <td style="width: 20%; text-align: right;">15,000</td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Debtors A/c</td> <td></td> <td style="text-align: right;">15,000</td> </tr> </table> <p>D.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Bad Debts A/c Dr.</td> <td style="width: 20%; text-align: right;">15,000</td> <td style="width: 20%;"></td> </tr> <tr> <td style="padding-left: 20px;">To Revaluation A/c</td> <td></td> <td style="text-align: right;">15,000</td> </tr> </table> <p style="text-align: center;">OR</p> <p>Ram and Shyam were partners sharing profits and losses in the ratio of 3:2. Their balance sheet shows building at ₹ 1,60,000. They admitted Mohan as a new partner for 1/4th share. In additional information it is given that building is undervalued by 20%. The share of loss/gain of revaluation of Shyam is _____ & current value of building shown in new balance sheet is _____.</p> <p>A. Gain ₹ 12,800, Value ₹ 1,92,000 B. Loss ₹ 12,800, Value ₹ 1,28,000 C. Gain ₹ 16,000, Value ₹ 2,00,000 D. Gain ₹ 40,000, Value ₹ 2,00,000</p>	Bad Debts A/c Dr.	15,000		To Debtors A/c		15,000	Prov for D. debts A/c Dr.	15,000		To Bad Debts A/c		15,000	Bad Debts A/c Dr.	15,000		To Debtors A/c		15,000	Revaluation A/c Dr.	15,000		To Prov for doubtful debts A/c		15,000	Revaluation A/c Dr.	15,000		To Debtors A/c		15,000	Bad Debts A/c Dr.	15,000		To Revaluation A/c		15,000	1
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5.	<p>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.</p> <p>A. 10 % B. 5 %</p>	1																																				

	<div>C. 12 % D. 8 %</div>					
6.	<p>Mohit had applied for 900 shares, and was allotted in the ratio 3 : 2. He had paid application money of ₹ 3 per share and couldn't pay allotment money of ₹ 5 per share. First and Final call of ₹ 2 per share was not yet made by the company. His shares were forfeited. The following entry will be passed</p> <div><div>Share Capital A/c Dr.</div><div>X</div><div>To Share Forfeited A/c</div><div>Y</div><div>To Share Allotment A/c</div><div>Z</div></div> <p>Here X, Y and Z are:</p> <div><div>A. ₹ 6,000; ₹ 2,700; ₹ 3,300</div><div>B. ₹ 4,800; ₹ 2,700; ₹ 2,100</div><div>C. ₹ 4,800; ₹ 1,800; ₹ 3,000</div><div>D. ₹ 6,000; ₹ 1,800; ₹ 4,200</div></div> <p>Or</p> <p>A company forfeited 6,000 shares of ₹ 10 each, on which only application money of ₹ 3 has been paid. 4,000 of these shares were re-issued at ₹ 12 per share as fully paid up. Amount of Capital Reserve will be _____.</p> <div><div>A. ₹ 18,000</div><div>B. ₹ 12,000</div><div>C. ₹ 30,000</div><div>D. ₹ 24,000</div></div>	1				
7.	<p>On 1st April 2019 a company took a loan of ₹80,00,000 on security of land and building. This loan was further secured by issue of 40,000, 12% Debentures of ₹100 each as collateral security. On 31st March 2024 the company defaulted on repayment of the principal amount of this loan consequently on 1st April 2024 the land and building were taken over and sold by the bank for ₹70,00,000. For the balance amount debentures were sold in the market on 1st May 2024. From which date would the interest on debentures become payable by the company?</p> <div><div>A. 1st April 2019.</div><div>B. 31st March 2024.</div><div>C. 1st April 2024.</div><div>D. 1st May 2024.</div></div>	1				
8.	<p>Rama, a partner took over Machinery of ₹ 50,000 in full settlement of her Loan of ₹ 60,000. Machinery was already transferred to Realisation Account. How it will effect the Realisation Account?</p> <table><tr><td>A. Realisation Account will be credited by ₹ 60,000</td><td>B. Realisation Account will be credited by ₹ 10,000</td></tr><tr><td>C. Realisation Account will be credited by ₹ 50,000</td><td>D. No effect on Realisation Account</td></tr></table> <p>OR</p> <p>Dada, Yuvi and Viru were partners sharing profits and losses in the ratio 3:2:1. Their</p>	A. Realisation Account will be credited by ₹ 60,000	B. Realisation Account will be credited by ₹ 10,000	C. Realisation Account will be credited by ₹ 50,000	D. No effect on Realisation Account	1
A. Realisation Account will be credited by ₹ 60,000	B. Realisation Account will be credited by ₹ 10,000					
C. Realisation Account will be credited by ₹ 50,000	D. No effect on Realisation Account					

	<p>books showed Workmen Compensation Reserve of ₹ 1,00,000. Workmen Claim amounted to ₹ 60,000. How it will affect the books of Accounts at the time of dissolution of firm?</p> <p>A. Only ₹ 40,000 will be distributed amongst partner's capital account</p> <p>B. ₹ 1,00,000 will be credited to Realisation Account and ₹ 60,000 will be paid off.</p> <p>C. ₹ 60,000 will be credited to Realisation Account and will be even paid off. Balance ₹ 40,000 will be distributed amongst partners.</p> <p>D. Only ₹ 60,000 will be credited to Realisation Account and will be even paid off</p>	
9.	<p>Ikka, Dukka and Teeka were partners sharing profits and losses in the ratio of 2:2:1. Their fixed Capital balances were ₹ 5,00,000; ₹ 4,00,000 and ₹ 3,00,000 respectively. For the year ended March 31, 2024 profits of ₹ 84,000 were distributed without providing for Interest on Capital @ 10% p.a as per the partnership deed. While passing an adjustment entry, which of the following is correct?</p> <p>A. Teeka will be debited by ₹ 4,200</p> <p>B. Teeka will be credited by ₹ 4,200</p> <p>C. Teeka will be credited by ₹ 6,000</p> <p>D. Teeka will be debited by ₹ 6,000</p>	1
10.	<p>At the time of dissolution Machinery appears at ₹ 10,00,000 and accumulated depreciation for the machinery appears at ₹ 6,00,000 in the balance sheet of a firm. This machine is taken over by a creditor of ₹ 5,40,000 at 5% below the net value. The balance amount of the creditor was paid through bank. By what amount should the bank account be credited for this transaction?</p> <p>A. ₹ 60,000.</p> <p>B. ₹ 1,60,000.</p> <p>C. ₹ 5,40,000.</p> <p>D. ₹ 4,00,000.</p>	1
11.	<p>Rahul, Samarth and Ayaan were partners sharing profits and losses in the ratio of 5:4:3. Ayaan's fixed Capital balance as on March 31, 2024 was ₹ 2,70,000. Which of the following items would have affected this Capital balance?</p> <p>A. Profit/Loss for the year</p> <p>B. Additional Capital introduced</p> <p>C. Reduction in Capital due to Capital Adjustment</p> <p>D. Both B and C</p>	1
12.	<p>Shares issued as sweat equity can be</p> <p>(i) Issued at par.</p> <p>(ii) Issued at discount.</p> <p>(iii) Issued at a premium.</p> <p>Which of the following is correct?</p> <p>A. Only (i) is correct.</p> <p>B. Both (i) and (iii) are correct.</p> <p>C. All are correct.</p> <p>D. Only (ii) is correct.</p>	1
13.	<p>2,000 shares allotted to Ms. Regal, on which ₹ 80 each called up and ₹ 50 paid were forfeited and reissued for ₹ 70 each as ₹ 90 paid up. Amount transferred to capital</p>	1

	<p>which of the two options available u/s 37 of the Indian Partnership Act, 1932 should be exercised by executors of C and why?.</p> <p style="text-align: center;">Or</p> <p>Amit and Kartik are partners sharing profits and losses equally. They decided to admit Saurabh for an equal share in the profits. For this purpose, the goodwill of the firm was to be valued at four years' purchase of super profits.</p> <p>The Balance Sheet of the firm on Saurabh's admission was as follows:</p> <table><tr><th colspan="2">Liabilities</th><th>Amount (₹)</th><th colspan="2">Assets</th><th>Amount(₹)</th></tr><tr><td colspan="2">Capital Accounts</td><td></td><td colspan="2">Fixed Assets (Tangible)</td><td>75,000</td></tr><tr><td>Amit</td><td>90,000</td><td></td><td colspan="2">Furniture</td><td>15,000</td></tr><tr><td>Kartik</td><td>50,000</td><td>1,40,000</td><td colspan="2">Stock</td><td>30,000</td></tr><tr><td>Creditors</td><td></td><td>5,000</td><td colspan="2">Debtors</td><td>20,000</td></tr><tr><td>General Reserve</td><td></td><td>20,000</td><td colspan="2">Cash</td><td>50,000</td></tr><tr><td>Bills payable</td><td></td><td>25,000</td><td colspan="2"></td><td></td></tr><tr><td colspan="2"></td><td>1,90,000</td><td colspan="2"></td><td>1,90,000</td></tr></table> <p>The normal rate of return is 12% p.a. Average profit of the firm for the last four years was ₹30,000. Calculate Saurabh's share of goodwill.</p>	Liabilities		Amount (₹)	Assets		Amount(₹)	Capital Accounts			Fixed Assets (Tangible)		75,000	Amit	90,000		Furniture		15,000	Kartik	50,000	1,40,000	Stock		30,000	Creditors		5,000	Debtors		20,000	General Reserve		20,000	Cash		50,000	Bills payable		25,000						1,90,000			1,90,000	
Liabilities		Amount (₹)	Assets		Amount(₹)																																													
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19.	<p>Buddha Limited took over assets of ₹ 40,00,000 and liabilities of ₹ 6,50,000 of Ginny Limited. Buddha Limited issued 30,000, 8% Debentures of ₹ 100 each at 10% discount, to be redeemed at 5% premium along with cheque of ₹ 5,00,000. Pass necessary journal entries in the books of Buddha Ltd.</p> <p style="text-align: center;">Or</p> <p>A company forfeited 8,000 shares of ₹ 10 each on which ₹ 8 were called (including ₹ 1 premium) and ₹ 6 was paid (including ₹ 1 premium). Out of these 5,000 shares were re-issued at maximum possible discount. Pass necessary journal entries.</p>	3																																																
20.	<p>Bat, Cat and Rat were partners sharing profits and losses in the ratio 5:3:2. Cat retired and on that date there was a balance of Investment of ₹ 4,00,000 and Investment Fluctuation Reserve of ₹ 1,00,000 was appearing in the balance sheet.</p> <p>Pass necessary journal entries for Investment Fluctuation reserve in the following cases.</p> <p>(i) Market Value of Investments was ₹ 4,80,000.</p> <p>(ii) Market Value of Investments was ₹ 3,80,000.</p> <p>(iii) Market Value of Investments was ₹ 2,90,000</p>	3																																																
21.	<p>A company forfeited certain number of shares of Face Value ₹ 10 each, for non-payment of final call money of ₹ 4. These shares were reissued at a discount of ₹ 5 and amount of ₹ 4500 was transferred to capital Reserve account. Pass the necessary journal entries to show the above transactions and prepare Share forfeited account.</p>	4																																																
22.	<p>X, Y and Z were partners sharing profits and losses equally. Y died on 1st October, 2023 and total amount transferred to Y's executors was ₹ 15,60,000. Y's executors were being paid ₹ 3,60,000 immediately and balance was to be paid in four equal quarterly instalments, together with Interest @ 6% p.a. Pass entries till payment of first two</p>	4																																																

	instalments.																																																					
23.	<p>K.N. Ltd. invited applications for issuing 6,00,000 equity shares of ₹10 each at a premium of ₹3 per share. The amount was payable as follows: On Application and Allotment - ₹3 per share; On First Call -₹4 per share; On Second and Final Call — Balance (including premium). The issue was oversubscribed by 1,50,000 shares. Applications for 50,000 shares were rejected and the application money was refunded. Shares were allotted to the remaining applicants as follows:</p> <p>Category I: Those who had applied for 4,00,000 shares were allotted 3,00,000 shares on pro-rata basis.</p> <p>Category II: The remaining applicants were allotted the remaining shares.</p> <p>Excess application money received with applications was adjusted towards sums due on first call. Rakesh to whom 6,000 shares were allotted (out of Category I) failed to pay the first call money. His shares were forfeited. The forfeited shares were re-issued at ₹13 per share fully paid up after the second call. Pass necessary journal entries for the above transactions in the books of K.N. Ltd.</p> <p style="text-align: center;">OR</p> <p>a) Pass the necessary journal entries for 'Issue of Debenture' for the following:</p> <p>i. Arman Ltd. issued 750, 12% Debentures of ₹100 each at a discount of 10% redeemable at a premium of 5%.</p> <p>ii. Sohan Ltd. issued 800, 9% Debentures of ₹100 each at a premium of 20 per debenture redeemable at a premium of ₹10 per Debenture.</p> <p>b) X Ltd. obtained a loan of ₹4,00,000 from IDBI Bank. The company issued 5,000 9% Debentures of ₹100 each as a collateral security for the same. Show how these items will be presented in the Balance Sheet of the company.</p>	6																																																				
24.	<p>Meghna, Mehak and Mandeep were partners in a firm whose Balance Sheet as on 31st March, 2023 was as under:</p> <table><tr><th colspan="4">Balance Sheet</th></tr><tr><th colspan="2">Liabilities</th><th>Amount</th><th colspan="2">Assets</th><th>Amount</th></tr><tr><td colspan="2">Creditors</td><td>28,000</td><td colspan="2">Cash</td><td>27,000</td></tr><tr><td colspan="2">General Reserve</td><td>7,500</td><td colspan="2">Debtors</td><td>20,000</td></tr><tr><td colspan="2">Capitals:</td><td></td><td colspan="2">Stock</td><td>28,000</td></tr><tr><td>Meghna</td><td>20,000</td><td></td><td colspan="2">Furniture</td><td>5,000</td></tr><tr><td>Mehak</td><td>14,500</td><td></td><td colspan="3"></td></tr><tr><td>Mandeep</td><td>10,000</td><td>44,500</td><td colspan="3"></td></tr><tr><td colspan="2"></td><td>80,000</td><td colspan="2"></td><td>80,000</td></tr></table> <p>Mehak retired on this date under following terms:</p> <p>(i) To reduce stock and furniture by 5% and 10% respectively.</p> <p>(ii) To provide for doubtful debts at 10% on debtors.</p> <p>(iii) Goodwill was valued at `12,000.</p> <p>(iv) Creditors of Rs.8,000 were settled at Rs.7,100.</p> <p>(v) Mehak should be paid off and the entire sum payable to Mehak shall be brought in by Meghna and Mandeep in such a way that their capitals should be in their new profit-sharing ratio and a balance of Rs.25,000 is maintained in the cash account.</p> <p>Prepare Revaluation Account and partners' capital accounts of the new firm.</p>	Balance Sheet				Liabilities		Amount	Assets		Amount	Creditors		28,000	Cash		27,000	General Reserve		7,500	Debtors		20,000	Capitals:			Stock		28,000	Meghna	20,000		Furniture		5,000	Mehak	14,500					Mandeep	10,000	44,500						80,000			80,000	6
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		80,000			80,000																																																	

Or

Varun and Vivek were partners in a firm sharing profits in the ratio of 3:2. The balance in their capital and current accounts as on 1st April, 2022 were as under:

Particulars	Varun(₹)	Vivek(₹)
Capital accounts	3,00,000 (Cr.)	2,00,000 (Cr.)
Current accounts	1,00,000 (Cr.)	28,000 (Dr)

The partnership deed provided that Varun was to be paid a salary of ₹ 5,000 p.m. whereas Vivek was to get a commission of ₹ 30,000 for the year. Interest on capital was to be allowed @ 8% p.a. whereas interest on drawings was to be charged @ 6% p.a. The drawings of Varun were ₹ 3,000 at the beginning of each quarter while Vivek withdrew ₹ 30,000 on 1st September, 2022. The net profit of the firm for the year, 2022-23, before making the above adjustments was ₹ 1,20,000.

Prepare Profit and Loss Appropriation Account and Partners' Capital and Current Accounts.

25.

Sunny and Bobby were partners in a firm sharing profits and losses in the ratio of 3:2, their balance sheet as at 31st March, 2012:

Liabilities		Amount	Assets		Amount
Creditors		1,90,000	Bank		5,000
Bills Payable		1,10,000	Fixed Deposits		70,000
Employees provident fund		50,000	Stock		86,000
Mrs. Sunny's Loan		55,000	Investments		1,04,000
Bobby's Loan		85,000	Debtors	1,77,000	
Investment Fluctuation Fund		30,000	(-) Provision for D/D	<u>12,000</u>	1,65,000
Capitals:			Other Fixed Assets		3,80,000
Sunny	2,20,000		Deferred Revenue Expenditure		35,000
Bobby	<u>1,20,000</u>	3,40,000	Sunny's Loan		15,000
		<u>8,60,000</u>			<u>8,60,000</u>

The firm was dissolved on 31st March, 2012. The assets were realized and the liabilities were paid as under:

- Sunny promised to pay off Mrs. Sunny's Loan
- Bobby took away stock at 20% discount and 80% of the investments at 10% discount.
- Dharam, a debtor of Rs. 60,000 had to pay the amount due 2 months after the date of dissolution. He was allowed a discount of 9% p.a. for making immediate payment.
- Creditors were paid Rs.1,75,000 in full settlement of their claim.
- 90% of Other fixed assets realised Rs. 1,98,000 and remaining were realised at discount of 15%.
- Balance of investments were sold at 75% value and Fixed Deposits were realised at 110%.
- There was an old furniture which has been written off completely from the books, Bobby took away the same for Rs. 41,000 against his loan and balance to

6

	him was given in cash. (h) Realisation expenses Rs. 20,000 were paid by Sunny and Bobby equally on behalf of the firm. You are required to prepare Realisation A/c				
26.	Balance Sheet (Extract)			6	
	Of XYZEE Ltd as at 31.03.2024 (as per schedule -III of Companies Act 2013)				
		Note no.	31.03.2023		31.03.2024
	I- Equity & Liabilities				
	1. Shareholders Funds				
	a). Share Capital	1	44,90,000		54,90,000
	b). Reserves and Surplus	2	2,00,000		3,60,000
Note no.1 (For year ending 31.03.2023)					
Share Capital					
1). Authorised Share Capital					
8,00,000 Equity Shares of Rs. 10 each		80,00,000			
2). Issued Share Capital					
4,50,000 Equity Shares of Rs. 10 each		45,00,000			
3). Subscribed Share Capital					
a). Subscribed and Fully paid					
Rs.10 per share on 4,45,000 Equity Shares		44,50,000			
b). Subscribed and not Fully paid					
Rs. 10 per share on 5,000 Equity shares		50,000			
Less not paid: Rs. 2 per share on 5,000 Equity shares		-10,000	44,90,000		
Note no.1 (For year ending 31.03.2024)					
Share Capital					
1). Authorised Share Capital					
8,00,000 Equity Shares of Rs. 10 each		80,00,000			
2). Issued Share Capital					
5,50,000 Equity Shares of Rs. 10 each		55,00,000			
(Out of these 40,000 shares were issued to the vendors as consideration for Capital asset purchased)					
3). Subscribed Share Capital					
a). Subscribed and Fully paid					

Rs.10 per share on 5,45,000 Equity Shares	54,50,000	
c) Subscribed and not Fully paid		
Rs. 10 per share on 5,000 Equity shares	50,000	
Less not paid: Rs. 2 per share on 5,000 Equity shares	-10,000	54,90,000

Note no. 2 - Reserves and Surplus		
	31.03.2023	31.03.2024
Capital Reserve	Nil	40,000
Securities Premium	2,00,000	3,20,000

During the year the company took over the business of Quipa Ltd. with Assets of Rs. 12,00,000/- and Liabilities of Rs.7,30,000. Purchase consideration was paid in cash and by issue of equity shares at par. The entire transaction resulted in Capital reserve of Rs.40,000.

Q1. What is the total face value of Shares issued by the Company during the year 2023-24.

- A). Rs.10,00,000
- B). Rs. 6,00,000
- C). Rs. 9,50,000
- D). Rs. 11,20,000

Q2. Shares issued for cash during the year were issued at _____. (assuming they were issued together)?

- A). Rs.10
- B). Rs.8
- C). Rs.12
- D). Rs.11.20

Q3. On April 1, 2024, the company forfeited all the defaulting shares. What amount will appear in the Share Forfeiture account at the time of forfeiture?

- A). Rs.40,000
- B). Rs. 50,000
- C). Rs.10,000
- D). Rs. 60,000

Q4. What will be the number of Issued shares, as on April 1,2024, after the forfeiture of these shares?

- A). 5,45,000 shares
- B). 5,50,000 shares.
- C). 4,45,000 shares.
- D). 5,05,000 shares.

	<p>Q5. If 2,000 of the forfeited shares were issued at Rs. 14 per share, what will be the amount of securities premium and Capital reserve respectively as on April 1, 2024?</p> <p>A). Rs. 3,20,000, Rs.40,000 B). Rs.3,28,000, Rs.56,000 C). Rs.3,28,000, Rs.80,000 D). Rs.3,20,000, Rs.80,000</p> <p>Q6. What will be the amount in the "Subscribed and Fully paid" after the reissue of these 2000 shares?</p> <p>A). Rs.54,50,000 B). Rs.55,00,000 C). Rs.54,70,000 D). Rs.54,80,000</p>	
Part B :- Analysis of Financial Statements (Option – I)		
27.	<p>When an analyst analysis the financial statements of an enterprise over a number of years, the analysis is called _____analysis.</p> <p>A. Static B. External C. Horizontal D. Vertical</p> <p style="text-align: center;">OR</p> <p>- ----- will result in increase in Liquid Ratio without affecting the Current Ratio.</p> <p>A. Sale of Stock at cost price B. Sale of stock at loss C. Sale of stock at profit D. Sale of investments at cost</p>	1
28.	<p>As on 31.02.2024 the following information of Bartan Manufacturing Ltd. is available .</p> <p style="padding-left: 40px;">Net profit ratio 40% Operating profit ratio 50%</p> <p>On 1st April 2024 it was came to notice that the accountant had omitted recording the interest received on investment of Rs. 2,00,000 for the financial year 2023-24. The required rectification was done. What will be the effect of the same on Net Profit and operating profit ratio?</p> <p>A. Net Profit ratio will increase and Operating Profit ratio will decrease B. Both Net Profit ratio and Operating Profit ratio will increase C. Net Profit ratio will increase and Operating Profit ratio will have no change D. Net Profit ratio will remain same and Operating Profit ratio will increase</p>	1
29.	<p>While computing cash from operating activities, which of the following item(s) will be added to the net profit?</p> <p>(i) Decrease in value of inventory (ii) Increase in share capital</p>	1

	<div>(iii) Increase in the value of trade receivables</div> <div>(iv) Increase in the amount of outstanding expenses</div> <div>A. Only (i)</div> <div>B. Only (i) and (ii)</div> <div>C. Only (i) and (iii)</div> <div>D. Only (i) and (iv)</div> <div>OR</div> <div>Which of the following statements is correct?</div> <div>A. Investments in shares are excluded from cash equivalents unless they are in, substance, cash equivalents.</div> <div>B. Short-term marketable securities which can be readily converted into cash are not treated as cash equivalents</div> <div>C. In case of a financial enterprise, interest received, and dividend received are classified as investing activities while dividend paid and interest paid on debentures are operating activities.</div> <div>D. Provision for tax made during the year should be classified as an outflow from operating activity.</div>											
30.	<div>Statement-I: 'Shree Ltd.' was carrying on a business of packaging in Delhi and earned good profits in the past years. The company wanted to expand its business and required additional funds. To meet its requirements the company issued equity shares of ₹30,00,000. It purchased a computerized machine of ₹20,00,000. During the current year the Net Profit of the company was ₹15,00,000. Cash flows from operating, investing and financing activities from the above transactions will be ₹15,00,000: (₹20,00,000); ₹30,00,000 respectively.</div> <div>Statement-II: The patents of X Ltd. increased from ₹3,00,000 in 2021-22 to ₹3,50,000 in 2022-23. It will be taken as purchase of Patents of 50,000 and will be shown under Cash outflow from Investing Activities.</div> <div>A. Both the statements are true.</div> <div>B. Both the statements are false.</div> <div>C. Only Statement-I is true.</div> <div>D. Only Statement-II is true.</div>	1										
31.	<div>Find the heads and sub-heads under which the following items will appear in the balance sheet of a company as per Schedule III, Part I of Companies Act, 2013?</div> <div>a) Furniture and Fixture</div> <div>b) Advance paid to contractor for building under construction</div> <div>c) Accrued Income</div> <div>d) Loans repayable on demand to Bank</div> <div>e) Employees earned leaves payable on retirement</div> <div>f) Employees earned leaves encash able</div>	3										
32.	<div>Complete the Comparative Statement of Profit and Loss:</div> <table><tr><th>Particulars</th><th>2022-23</th><th>2023-24</th><th>Absolute change</th><th>% change</th></tr><tr><td></td><td></td><td></td><td></td><td></td></tr></table>	Particulars	2022-23	2023-24	Absolute change	% change						3
Particulars	2022-23	2023-24	Absolute change	% change								

	<table><tr><td>Revenue from Operations</td><td>16,00,000</td><td>20,00,000</td><td>?</td><td>?</td></tr><tr><td>Less: Employees Benefit Expenses</td><td>8,00,000</td><td>?</td><td>?</td><td>25%</td></tr><tr><td>Less: Other Expenses</td><td>2,00,000</td><td>?</td><td>(1,00,000)</td><td>?</td></tr><tr><td>Profit before tax</td><td>6,00,000</td><td>?</td><td>?</td><td>50%</td></tr><tr><td>Tax @30%</td><td>?</td><td>?</td><td>90,000</td><td>?</td></tr><tr><td>Profit after tax</td><td>4,20,000</td><td>?</td><td>2,10,000</td><td>?</td></tr></table>	Revenue from Operations	16,00,000	20,00,000	?	?	Less: Employees Benefit Expenses	8,00,000	?	?	25%	Less: Other Expenses	2,00,000	?	(1,00,000)	?	Profit before tax	6,00,000	?	?	50%	Tax @30%	?	?	90,000	?	Profit after tax	4,20,000	?	2,10,000	?	
Revenue from Operations	16,00,000	20,00,000	?	?																												
Less: Employees Benefit Expenses	8,00,000	?	?	25%																												
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Tax @30%	?	?	90,000	?																												
Profit after tax	4,20,000	?	2,10,000	?																												
33.	<p>Calculate Gross Profit Ratio from the following information</p> <p>Revenue from Operations ₹ 10,00,000; Purchases ₹ 3,60,000; Carriage Inwards ₹ 50,000; Employee benefit Expenses ₹ 1,00,000 (including Wages of ₹ 60,000); Opening Inventory ₹ 60,000 and Average Inventory ₹ 80,000.</p> <p style="text-align: center;">OR</p> <p>Profit after tax amounted to ₹ 6,00,000, and tax rate was 20%. If earnings before interest and tax was ₹ 10,00,000 and Nominal Value of Debentures amounted to ₹ 25,00,000 (assuming the only debt of the company), determine the rate of interest on debentures</p>	4																														
34.	<p>(a) From the following information, calculate Cash flow from Operating Activities.</p> <table><tr><td>Particulars</td><td>31 March 2023</td><td>31 March 2024</td></tr><tr><td>Surplus i.e Balance in Statement of Profit and Loss</td><td>6,00,000</td><td>5,00,000</td></tr><tr><td>Provision for Tax</td><td>1,00,000</td><td>1,20,000</td></tr><tr><td>Trade Receivables</td><td>2,00,000</td><td>2,40,000</td></tr><tr><td>Trade Payables</td><td>1,50,000</td><td>2,00,000</td></tr><tr><td>Goodwill</td><td>2,00,000</td><td>1,50,000</td></tr></table> <p>Additional Information:-</p> <p>Proposed Dividend for the year ended March 31, 2023 and March 31, 2024 was ₹ 1,50,000 and ₹ 1,80,000 respectively.</p> <p>(b) From the following information calculate the Cash from Investing Activities</p> <table><tr><td>Particulars</td><td>31 March 2023</td><td>31 March 2024</td></tr><tr><td>Machinery (Cost)</td><td>20,00,000</td><td>28,00,000</td></tr><tr><td>Accumulated Depreciation</td><td>4,00,000</td><td>6,50,000</td></tr></table> <p>Additional Information:-</p> <p>(i) Machinery costing ₹ 50,000 (Book Value ₹ 40,000) was lost by fire and insurance claim of ₹ 32,000 was received.</p> <p>(ii) Depreciation charged during the year was ₹ 3,50,000.</p> <p>(iii) A part of Machinery costing ₹ 2,50,000 was sold at a loss of ₹ 20,000.</p>	Particulars	31 March 2023	31 March 2024	Surplus i.e Balance in Statement of Profit and Loss	6,00,000	5,00,000	Provision for Tax	1,00,000	1,20,000	Trade Receivables	2,00,000	2,40,000	Trade Payables	1,50,000	2,00,000	Goodwill	2,00,000	1,50,000	Particulars	31 March 2023	31 March 2024	Machinery (Cost)	20,00,000	28,00,000	Accumulated Depreciation	4,00,000	6,50,000	6			
Particulars	31 March 2023	31 March 2024																														
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BRAIN INTERNATIONAL SCHOOL

Session 2025-26

PRACTICE PAPER 2

Class XII

Subject – Accountancy (055)

TIME 3 HOURS

M.M 80

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. Part - A is compulsory for all candidates.
4. Part - B Analysis of Financial Statements
5. Question 1 to 16 and 27 to 30 carries 1 mark each.
6. Questions 17 to 20, 31 and 32 carries 3 marks each.
7. Questions from 21, 22 and 33 carries 4 marks each
8. Questions from 23 to 26 and 34 carries 6 marks each
9. 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.

Q. NO.	PART A (Accounting for Partnership Firms and Companies)	Marks
1	A & B are partners sharing profits and losses in the ratio of 3:2. C is admitted for $\frac{1}{4}$ and for which ₹30,000 and ₹10,000 are credited as a premium for goodwill to A and B respectively. The new profit-sharing ratio of A:B:C will be: a) 3:2:1 b) 12:8:5 c) 9:6:5 d) 33:27:20	1
2	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, but R is not the correct explanation of A. c) A is correct but R is incorrect. d) A is incorrect but R is correct.	1

3	<p>If 10,000 shares of ₹10 each were forfeited for non-payment of final call money of ₹3 per share and only 7,000 of these shares were re-issued @ ₹ 11 per share as fully paid up, then what is the minimum amount that company must collect at the time of re-issue of the remaining 3,000 shares?</p> <p>a) ₹ 21,000 b) ₹ 9,000 c) ₹ 16,000 d) ₹ 30,000</p> <p style="text-align: center;">OR</p> <p>On 1st April 2022, Galaxy Ltd. had a balance of ₹8,00,000 in Securities Premium account. During the year company issued 20,000 Equity shares of ₹10 each as bonus shares and used the balance amount to</p>	1
	<p>write off Loss on issue of Debenture on account of issue of 2,00,000, 9% Debentures of ₹100 each at a discount of 10% redeemable @ 5% Premium. The amount to be charged to Statement of P&L for the year for Loss on issue of Debentures would be:</p> <p>a) ₹30,00,000. b) ₹22,00,000. c) ₹24,00,000. d) ₹20,00,000.</p>	
4	<p>A, B and C who were sharing profits and losses in the ratio of 4:3:2 decided to share the future profits and losses in the ratio to 2:3:4 with effect from 1st April 2023. An extract of their Balance Sheet as at 31st March 2023 is:</p> <p>At the time of reconstitution, a certain amount of Claim on workmen compensation was determined for which B's share of loss amounted to ₹5,000. The Claim for workmen compensation would be:</p> <p>a) ₹15,000 b) ₹70,000 c) ₹50,000 d) ₹80,000</p> <p style="text-align: center;">OR</p> <p>A, B and C are in partnership business. A used ₹2,00,000 belonging to the firm without the information to other partners and made a profit of ₹35,000 by using this amount. Which decision should be taken by the firm to rectify this situation?</p> <p>a) A need to return only ₹2,00,000 to the firm. b) A is required to return ₹35,000 to the firm. c) A is required to pay back ₹35,000 only equally to B and C. d) A need to return ₹2,35,000 to the firm.</p>	1
5	<p>Interest on Partner's loan is credited to:</p> <p>a) Partner's Fixed capital account. b) Partner's Current account. c) Partner's Loan Account. d) Partner's Drawings Account.</p>	1

6	<p>Alexa Ltd. purchased building from Siri Ltd for ₹8,00,000. The consideration was paid by issue of 6% debentures of ₹100 each at a discount of 20%. The 6% Debentures account is credited with:</p> <p>a) ₹10,40,000 b) ₹10,00,000 c) ₹9,60,000 d) ₹6,40,000</p> <p>OR</p> <p>Which of the following statements is incorrect about debentures?</p> <p>a) Interest on debentures is an appropriation of profits. b) Debenture holders are the creditors of a company. c) Debentures can be issued to vendors at discount. d) Interest is not paid on Debentures issued as Collateral Security.</p>	1				
7	<p>Assertion (A) :- A Company is Registered with an authorised Capital of 5,00,000 Equity Shares of ₹10 each of which 2,00,000 Equity shares were issued and subscribed. All the money had been called up except ₹2 per share which was declared as ‘Reserve Capital’. The Share Capital reflected in balance sheet as ‘Subscribed and Fully paid up’ will be Zero.</p> <p>Reason (R) :- Reserve Capital can be called up only at the time of winding up of the company.</p> <p>(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 incorrect, but Reason (R) is Correct. (d) Assertion (A) is correct, but Reason (R) is incorrect</p>	1				
8	<p>G, S and T were partners sharing profits in the ratio 3:2:1. G retired and his dues towards the firm including Capital balance, Accumulated profits and losses share, Revaluation Gain amounted to ₹ 5,80,000. G was being paid ₹ 7,00,000 in full settlement. For giving that additional amount of ₹ 1,20,000, S was debited for ₹ 40,000. Determine goodwill of the firm.</p> <p>a). ₹ 1,20,000 b). ₹80,000 c). ₹2,40,000 d). ₹ 3,60,000</p> <p>OR</p> <p>Annu, Banu and Chanu are partners, Chanu has been given a guarantee of minimum profit of ₹8,000 by the firm. Firm suffered a loss of ₹5,000 during the year. Capital account of Banu will be _____ by ₹_____.</p> <p>a) Credited, ₹6,500. b) Debited, ₹6,500. c) Credited, ₹1,500. d) Debited, ₹1,500.</p>	1				
	<p>Read the following hypothetical situation, answer question no. 9 and 10.</p> <p>Richa and Anmol are partners sharing profits in the ratio of 3:2 with capitals of ₹2,50,000 and ₹1,50,000 respectively. Interest on capital is agreed @ 6% p.a. Anmol is to be allowed an annual salary of 12,500. During the year ended 31st March 2023, the profits of the year prior to calculation of interest on capital but after charging Anmol’s salary amounted to ₹62,000. A provision of 5% of this profit is to be made in respect of manager’s commission.</p> <p>Following is their Profit & Loss Appropriation Account</p> <table><tr><td>Particulars</td><td>(₹)</td><td>Particulars</td><td>(₹)</td></tr></table>	Particulars	(₹)	Particulars	(₹)	
Particulars	(₹)	Particulars	(₹)			

	<table><tr><td>To Interest on Capital Richa Anmol</td><td>----- -----</td><td>By Profit & loss account (After manager's commission)</td><td>____(2)____</td></tr><tr><td>To Anmol's Salary a/c</td><td>12,500</td><td></td><td></td></tr><tr><td>To Profit transferred to: Richa's Capital A/C (1)</td><td>____(1)____</td><td></td><td></td></tr><tr><td>Anmol's Capital A/c</td><td>-----</td><td></td><td></td></tr><tr><td></td><td>-----</td><td></td><td>-----</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>	To Interest on Capital Richa Anmol	----- -----	By Profit & loss account (After manager's commission)	____(2)____	To Anmol's Salary a/c	12,500			To Profit transferred to: Richa's Capital A/C (1)	____(1)____			Anmol's Capital A/c	-----				-----		-----					
To Interest on Capital Richa Anmol	----- -----	By Profit & loss account (After manager's commission)	____(2)____																							
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Anmol's Capital A/c	-----																									
	-----		-----																							
9	The amount to bereflected in blank (1) will be: a) ₹37,200 b) ₹44,700 c) ₹22,800 d) ₹20,940	1																								
10	The amount to be reflected in blank (2) will be: a) ₹62,000. b) ₹74,500. c) ₹71,400. d) ₹70,775.	1																								
11	In the absence of an agreement, partners are entitled to: i) Profit share in capital ratio. ii) Commission for making additional sale. iii) Interest on Loan & Advances by them to the firm. iv) Salary for working extra hours. v) Interest on Capital. Choose the correct option: a) Only i), iv) and v). b) Only ii) and iii). c) Only iii). d) Only i) and iii).	1																								
12	Rancho Ltd. took over assets worth ₹ 20,00,000 from PK Ltd. by paying 30% through bank draft and balance by issue of shares of ₹ 100 each at a premium of 10%. The entry to be passed by Rancho Ltd for settlement will be :- <table><tr><td>A.</td><td>PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c To Statement of P&L (Being settlement of amount due to vendors)</td><td>20,00,000</td><td>12,72,700 1,27,270 6,00,000 30</td></tr><tr><td>B.</td><td>PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)</td><td>20,00,000</td><td>12,72,700 1,27,270 6,00,030</td></tr></table>	A.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c To Statement of P&L (Being settlement of amount due to vendors)	20,00,000	12,72,700 1,27,270 6,00,000 30	B.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)	20,00,000	12,72,700 1,27,270 6,00,030	1																
A.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c To Statement of P&L (Being settlement of amount due to vendors)	20,00,000	12,72,700 1,27,270 6,00,000 30																							
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	<table><tr><td>C.</td><td>PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To BankA/c (Being settlement of amount due to vendors)</td><td>20,00,000</td><td>12,72,700 1,27,300 6,00,000</td></tr><tr><td>D.</td><td>PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)</td><td>20,00,000</td><td>12,73,000 1,27,300 5,99,700</td></tr></table>	C.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To BankA/c (Being settlement of amount due to vendors)	20,00,000	12,72,700 1,27,300 6,00,000	D.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)	20,00,000	12,73,000 1,27,300 5,99,700	
C.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To BankA/c (Being settlement of amount due to vendors)	20,00,000	12,72,700 1,27,300 6,00,000							
D.	PK Ltd. Dr. To Share Capital A/c To Securities Premium A/c To Bank A/c (Being settlement of amount due to vendors)	20,00,000	12,73,000 1,27,300 5,99,700							
13	<p>A company forfeited 3,000 shares of ₹10 each, on which only ₹5 per share (including ₹1 premium) has been paid. Out of these few shares were re-issued at a discount of ₹1 per share were and ₹6,000 were transferred to Capital Reserve. How many shares were re-issued?</p> <p>a) 3,000 shares b) 1,000 shares c) 2,000 shares d) 1,500 shares</p>	1								
14	<p>X and Y are partners in a firm with capital of ₹18,000 and ₹20,000. Z brings ₹10,000 for his share of goodwill and he is required to bring proportionate capital for 1/3rdshare in profits. The capital contribution of Z will be:</p> <p>a) ₹24,000. b) ₹19,000. c) ₹12,667. d) ₹14,000.</p>	1								
15	<p>A and B are partners. B draws a fixed amount at the end of every quarter. Interest on drawings is charged @15% p.a. At the end of the year interest on B's drawings amounted to ₹9,000. Drawings of B were:</p> <p>a) ₹24,000 per quarter. b) ₹40,000 per quarter c) ₹30,000 per quarter d) ₹80,000 per quarter</p> <p>OR</p> <p>Shyam, Gopal & Arjun are partners carrying on garment business. Shyam withdrew ₹ 10,000 in the beginning of each quarter. Gopal, withdrew garments amounting to ₹ 15,000 to distribute it to flood victims, and Arjun withdrew ₹ 20,000 from his capital account. The partnership deed provides for interest on drawings @ 10% p.a. The interest on drawing charged from Shyam, Gopal & Arjun at the end of the year will be</p> <p>a) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000. b) Shyam- ₹ 4,800; Gopal- ₹ 1,000; Arjun- ₹ 2,000. c) Shyam- ₹ 2,500; Gopal- ₹ 750; Arjun- Nil. d) Shyam- ₹ 4,800; Gopal- Nil; Arjun- Nil.</p>	1								

16	<p>On the day of dissolution of the firm 'Roop Brothers' had partner's capital amounting to ₹1,50,000 , external liabilities ₹35,000, Cash balance ₹8,000 and P&LA/c(Dr.) ₹7,000. If Realisation expense and loss on Realisation amounted to ₹5,000 and ₹25,000 respectively, the amount realised by sale of assets is:</p> <p>a) ₹1,64,000 b) ₹1,45,000 c) ₹1,57,000 d) ₹1,50,000</p>	1
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17	<p>Anshul, Babita and Chander were partners in a firm running a successful business of car accessories. They had agreed to share profits and losses in the ratio of 1/2 : 1/3 : 1/6 respectively. After running business successfully and without any disputes for 10 years, Babita decided to retire due to old age and the Anshul and Chander decided to share future profits and losses in the ratio of 3 : 2. The accountant passed the following journal entry for Babita share of goodwill and missed some information. Fill in the missing figures in the following Journal entry and calculate the gaining ratio.</p> <table><tr><th>Date</th><th>Particulars</th><th>L.F</th><th>Dr</th><th>Cr</th></tr><tr><td></td><td>Anshul's Capital A/c Dr</td><td></td><td>-----</td><td></td></tr><tr><td></td><td>Chander's Capital A/c Dr</td><td></td><td>21,000</td><td></td></tr><tr><td></td><td>To Babita's Capital A/c</td><td></td><td></td><td>-----</td></tr><tr><td></td><td>(Chander's share of Goodwill debited to the amounts of continuing partners in their gaining ratio)</td><td></td><td></td><td></td></tr></table>	Date	Particulars	L.F	Dr	Cr		Anshul's Capital A/c Dr		-----			Chander's Capital A/c Dr		21,000			To Babita's Capital A/c			-----		(Chander's share of Goodwill debited to the amounts of continuing partners in their gaining ratio)				3
Date	Particulars	L.F	Dr	Cr																							
	Anshul's Capital A/c Dr		-----																								
	Chander's Capital A/c Dr		21,000																								
	To Babita's Capital A/c			-----																							
	(Chander's share of Goodwill debited to the amounts of continuing partners in their gaining ratio)																										
18	<p>P, Q and R were partners with fixed capital of ₹ 40,000, ₹32,000 and ₹24,000. After distributing the profit of ₹48,000 for the year ended 31st March 2022 in their agreed ratio of 3 : 1 : 1 it was observed that:</p> <p>(1) Interest on capital was provided at 10% p.a. instead of 8% p.a.</p> <p>(2) Salary of ₹ 12,000 was credited to P instead of Q.</p> <p>You are required to pass a single journal entry in the beginning of the next year to rectify the above omissions.</p> <p style="text-align: center;">OR</p> <p>Cheese and Slice are equal partners. Their capitals as on April 01, 2022 were Rs. 50,000 and Rs. 1,00,000 respectively. After the accounts for the financial year ending March 31, 2023 have been prepared, it is observed that interest on capital @ 6% per annum and salary to Cheese @ ₹5,000 per annum, as provided in the partnership deed has not been credited to the partners' capital accounts before distribution of profits.</p> <p>You are required to give necessary rectifying entries using P&L adjustment account.</p>	3																									
19	<p>Pioneer Fitness Ltd. took over the running business of Healthy World Ltd. having assets of ₹10,00,000 and liabilities of ₹ 1,70,000 by:</p> <p>a) Issuing 8,000 8% Debentures of ₹ 100 each at 5% premium redeemable after 6 years @ ₹ 110; and</p> <p>b) Cheque for ₹ 50,000.</p> <p>Pass the Journal entries in the books of Pioneer Fitness Ltd.</p> <p style="text-align: center;">OR</p> <p>Lilly Ltd. forfeited 100 shares of ₹10 each issued at 10% premium (₹8 called up) on which a shareholder did not pay ₹3 of allotment (including premium) and first call of ₹2. Out of these 60 shares were reissued to Ram as fully paid for ₹8 per share and 20 shares to Suraj as fully paid up @ ₹12 per share at different intervals of time.</p> <p>Prepare Share Forfeiture account.</p>	3																									

20	<p>Calculate goodwill of a firm on the basis of three years purchases of the Weighted Average Profits of the last four years. The profits of the last four years were: 1,00,000,80,000,70,000,60,000.</p> <p>a) On 1st April, 2020 a major plant repair was undertaken for ₹10,000 which was charged to revenue. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% on reducing balance method.</p> <p>b) For the purpose of calculating Goodwill the company decided that the years ending 31.03.2020 and 31.03.2021 be weighted as 1 each (being COVID affected) and for year ending 31.03.2022 and 31.03.2023 weights be taken as 2 and 3 respectively.</p>	3
21	<p>Atishyokti Ltd. company was registered with an authorized capital of ₹ 20,00,000 divided into 2,00,000 Equity Shares of ₹ 10 each, payable ₹ 3 on application, ₹ 6 on allotment (including ₹ 1 premium) and balance on call. The company offered 80,000 shares for public subscription. All the money has been duly called and received except allotment and call money on 5,000 shares held by Manish and call money on 4,000 shares held by Alok. Manish's shares were forfeited and out of these 3,000 shares were re-issued ₹ 9 per share as fully paid up. Show share capital in the books of the company. Also prepare notes to accounts.</p>	4
22	<p>Sun and Kiran are partners sharing profits and losses equally. They decided to dissolve their firm. Assets and Liabilities have been transferred to Realisation Account. Pass necessary Journal entries for the following:</p> <p>a) All partners are agreed that the process of realisation at the time dissolution will be accomplished by Sun for which he will be paid ₹10,000 along with the amount of expense which amounted to 2% of total value realised from the Assets on dissolution. Some assets were sold for Cash at a cumulative Value of ₹12,00,000 and the remaining were taken over by creditors at a valuation of ₹3,00,000.</p> <p>b) Deferred Advertisement Expenditure A/c appeared in the books at ₹28,000.</p> <p>c) Out of the Stock of ₹1,20,000; Kiran (a partner) took over 1/3 of the stock at a discount of 25% and 50% of remaining stock was taken over by a Creditor of ₹30,000 in full settlement of his claim. Balance amount of stock realized at ₹25,000.</p> <p>d) An outstanding bill for repairs and renewal of ₹3,000 was settled through an unrecorded asset which was valued at ₹10,000. Balance being settled in Cash.</p>	4
23	<p>The Directors of Rockstar Ltd. invited applications for 2,00,000 Shares of ₹ 10 each, issued at 20% premium. Share was payable as ₹ 5 on application, ₹ 4 (including premium) on allotment and balance on call. Public had applied for 3,20,000 shares out of which applications for 20,000 shares were rejected and remaining were allotted on pro-rata basis.</p> <p>Simba, an applicant of 15,000 shares failed to pay allotment and call money. His shares were forfeited and out of these 6,000 shares were reissued at a discount of ₹2 per share.</p> <p>Journalise.</p> <p style="text-align: center;">OR</p> <p>Shaktimaan Ltd. invited applications for issuing 1,00,000 Shares of ₹ 10 each at a premium of ₹2 per share. The amount was payable as ₹ 4 on application (including premium); ₹ 5 on Allotment and balance on call. Applications were received shares for 1,80,000 of which Applications for 30,000 shares were rejected and remaining applicants were allotted on pro-rata basis.</p> <p>Manthan, holding 5,000 shares failed to pay call money and his shares were forfeited. Out of these 2,000 shares were re-issued at premium of ₹ 3 per share.</p> <p>Prepare Cash Book and pass necessary entries.</p>	6
24	<p>Rajinder and Vijay were partners in a firm sharing profits in the ratio 3:2. On 31st March 2023 their</p>	6

balance sheet was as follows:

Liabilities		Amount (₹)	Assets	Amount(₹)
Capital A/cs:			Fixed Assets (Tangible)	3,60,000
Rajinder	3,00,000	4,50,000	Goodwill	50,000
Vijay	1,50,000		Investments	40,000
Current A/cs:			Stock	74,000
Rajinder 50,000		60,000	Debtors 1,00,000	96,000
Vijay 10,000			Less: Provision for Doubtful Debts 4,000	
Creditors		75,000	Bank	25,000
General Reserve		60,000		
		6,45,000		6,45,000

With an aim to expand business it is decided to admit Ranvijay as a partner on 1st April 2023 on the following terms:

- Provision for doubtful debts is to be increased to 6% of debtors.
- An outstanding bill for repairs ₹ 50,000 to be accounted in the books
- An unaccounted interest accrued of ₹ 7500 be provided for .
- Investment were sold at book value.
- Half of stock was taken by Rajinder at ₹42,000 and remaining stock was also to be revalued at the same rate.
- New profit-sharing ratio of partners will be 5:3:2.
- Ranvijay will bring ₹ 1,00,000 as capital and his share of goodwill which was valued at twice the average profit of the last three years ended 31st March 2023, 2022 and 2021 were ₹ 1,50,000, ₹ 1,30,000 and ₹ 1,70,000 respectively.

Pass necessary journal entries.

OR

L, M and N were partners in a firm sharing profit & losses in the ratio of 2:2:3 . On 31st March 2023, their Balance Sheet was as follows:

Liabilities	Amount(₹)	Assets	Amount(₹)
Creditors	80,000	Land and Building	5,00,000
Bank overdraft	22,000	Machinery	2,50,000
Long term debts	2,00,000	Furniture	3,50,000
Capital A/C s:		Investments	1,00,000
L-6,25,000	15,50,000		
M -4,00,000			
N -5,25,000			
Employees provident fund	38,000	Stock	4,00,000
		Debtors	2,00,000
		Bank	20,000
		Deferred Advertisement Expenditure	70,000
	18,90,000		18,90,000

On 31st March 2023 , M retired from the firm and remaining partners decided to carry on business. It was decided to revalue assets and liabilities as under :

- Land and Building be appreciated by ₹ 2,40,000 and Machinery be depreciated 10%.
- 50% of investments were taken by the retiring partner at book value.
- Provision for doubtful debts was to be made at 5% on debtors.

	<p>d) Stock will be valued at market price which is ₹1,00,000 less than the book value.</p> <p>e) Goodwill of the firm be valued at ₹5,60,000. L and N decided to share future profits and losses in the ratio of 2:3.</p> <p>f) The total capital of the new firm will be ₹32,00,000 which will be in proportion of profit - sharing ratio of L and N.</p> <p>g) Gain on revaluation account amounted to ₹1,05,000.</p> <p>Prepare Partner's Capital accounts and Balance sheet of firm after M's retirement.</p>	
25	<p>Sandeep, Maheep and Amandeep 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 June, 2020 Maheep died. The partnership deed provided that on the death of a partner his executors will be entitled to the following:</p> <p>a) Balance in his capital account which amounted to ₹1,15,000 and interest on capital till date of death which amounted to ₹5,000.</p> <p>b) His share in the profits of the firm till the date of his death amounted to ₹20,000.</p> <p>c) His share in the goodwill of the firm. The goodwill of the firm on Maheep's death was valued at ₹1,50,000.</p> <p>d) Loan to Maheep amounted ₹20,000.</p> <p>It was agreed that the amount will be paid to his executor in three equal yearly instalments with interest @10% p.a. The first instalment was to be paid on 30.06.2021.</p> <p>Calculate the amount to be transferred to Maheep's executors Account and prepare the executor's account till it is finally settled.</p>	6
26	<p>On July 01, 2022, Panther Ltd. issued 20,000, 9% Debentures of ₹100 each at 8% premium and redeemable at a premium of 15% in four equal instalments starting from the end of the third year. The balance in Securities Premium on the date of issue of debentures was ₹80,000. Interest on debentures was to be paid on March 31 every year.</p> <p>Pass Journal entries for the financial year 2022-23. Also prepare Loss on Issue of Debentures account.</p>	6
PART B Option - I (Analysis of Financial Statements)		
27	<p>'Freedom to Choose of method of depreciation' refers to which limitation of financial statement analysis.</p> <p>a) Historical analysis.</p> <p>b) Qualitative aspect ignored.</p> <p>c) Not free from bias.</p> <p>d) Ignore Price level Changes.</p> <p style="text-align: center;">OR</p> <p>..... is included in current assets while preparing balance sheet as per revised Schedule III but excluded from current assets while calculating Current Ratio</p> <p>a) Debtors.</p> <p>b) Cash and Cash Equivalent.</p> <p>c) Loose tools and Stores and spares.</p> <p>d) Prepaid Expense.</p>	1
28	<p>Debt-Equity Ratio of Dhamaka Ltd is 3 : 1. Which of the following will result in decrease in this ratio?</p> <p>a) Issue of Debentures for Cash of ₹2,00,000.</p> <p>b) Issue of Debentures of ₹3,00,000 to Vendors from whom Machinery was purchased.</p> <p>c) Goods purchased on Credit of ₹1,00,000.</p> <p>d) Issue of Equity Shares of ₹2,00,000.</p>	1
29	Statement I:- Sale of Marketable Securities will result in no flow of Cash.	1

	Statement II:- Debentures issued as collateral security will result in inflow of cash.																					
	<table><tr><td>A. Both Statements are correct.</td><td>B. Both Statements are incorrect.</td></tr><tr><td>C. Statement I is correct and Statement II is incorrect.</td><td>D. Statement I is incorrect and Statement I is correct.</td></tr></table>	A. Both Statements are correct.	B. Both Statements are incorrect.	C. Statement I is correct and Statement II is incorrect.	D. Statement I is incorrect and Statement I is correct.																	
A. Both Statements are correct.	B. Both Statements are incorrect.																					
C. Statement I is correct and Statement II is incorrect.	D. Statement I is incorrect and Statement I is correct.																					
	OR																					
	What will be the effect of issue of Bonus shares on Cash Flow Statement?																					
	<table><tr><td>A. No effect</td><td>B. Inflow in Financing Activity</td></tr><tr><td>C. Inflow in Operating activity</td><td>D. Inflow in Investing Activity</td></tr></table>	A. No effect	B. Inflow in Financing Activity	C. Inflow in Operating activity	D. Inflow in Investing Activity																	
A. No effect	B. Inflow in Financing Activity																					
C. Inflow in Operating activity	D. Inflow in Investing Activity																					
30	Aditya Sunrise Ltd. provides you the following information: <table><tr><td>Particulars</td><td>31.3.2023(₹)</td><td>31.3.2022(₹)</td></tr><tr><td>10% Bank Loan</td><td>Nil</td><td>1,00,000</td></tr></table> Additional Information: 1. Equity Share Capital raised during the year ₹3,00,000; 2. 10% Bank Loan was repaid on 01.04.2022. 3. Dividend received during the year was ₹20,000. 4. Dividend Proposed for the year 2021-22 was ₹50,000 but only ₹20,000 was approved by the Shareholders. Find out the cash flow from Financing Activities. a) ₹ 1,50,000 b) ₹ 2,00,000 c) ₹ 1,70,000 d) ₹ 1,80,000	Particulars	31.3.2023(₹)	31.3.2022(₹)	10% Bank Loan	Nil	1,00,000	1														
Particulars	31.3.2023(₹)	31.3.2022(₹)																				
10% Bank Loan	Nil	1,00,000																				
31	Classify the following items under Major heads and Sub heads (If any) in the balance sheet of a Company as per schedule III of the Companies Act 2013. <table><tr><td>i. Loose Tools</td><td>ii. Loan repayable on demand</td></tr><tr><td>iii. Provision for Retirement benefits</td><td>iv. Pre-paid Insurance</td></tr><tr><td>v. Capital advances</td><td>vi. Shares in Listed Companies</td></tr></table>	i. Loose Tools	ii. Loan repayable on demand	iii. Provision for Retirement benefits	iv. Pre-paid Insurance	v. Capital advances	vi. Shares in Listed Companies	3														
i. Loose Tools	ii. Loan repayable on demand																					
iii. Provision for Retirement benefits	iv. Pre-paid Insurance																					
v. Capital advances	vi. Shares in Listed Companies																					
32	a) A company had a liquid ratio of 1.5 and current ratio of 2 and inventory turnover ratio 6 times. It had total current assets of ₹8,00,000. Find out annual sales if goods are sold at 25% profit on cost. b) Calculate debt to capital employed ratio from the following information. Shareholder funds ₹ 15,00,000 8% Debenture ₹ 7,50,000 Current liabilities ₹ 2,50,000 Non -current Assets ₹ 17,50,000 Current Assets ₹7,50,000	3																				
33	From the information extracted from the statement of Profit & Loss of Zee Ltd for the year ended 31 st March 2022 and 31 st March 2023,prepare a common size statement of profit & loss: <table><tr><td>Particulars</td><td>Note No.</td><td>2022-23(₹)</td><td>2021-22(₹)</td></tr><tr><td>Revenue from operations</td><td></td><td>8,00,000</td><td>10,00,000</td></tr><tr><td>Gross Profit</td><td></td><td>60%</td><td>70%</td></tr><tr><td>Other Expenses</td><td></td><td>2,20,000</td><td>2,60,000</td></tr><tr><td>Tax Rate</td><td></td><td>50%</td><td>50%</td></tr></table> OR From the following information , prepare comparative statement of Profit & Loss	Particulars	Note No.	2022-23(₹)	2021-22(₹)	Revenue from operations		8,00,000	10,00,000	Gross Profit		60%	70%	Other Expenses		2,20,000	2,60,000	Tax Rate		50%	50%	4
Particulars	Note No.	2022-23(₹)	2021-22(₹)																			
Revenue from operations		8,00,000	10,00,000																			
Gross Profit		60%	70%																			
Other Expenses		2,20,000	2,60,000																			
Tax Rate		50%	50%																			

	Particulars	Note No.	2022-23(₹)	2021-22(₹)	
	Revenue from operations		10,00,000	8,00,000	
	Other Income		2,20,000	1,50,000	
	Cost of materials consumed		4,00,000	3,00,000	
	Change in inventories of finished goods and work in progress		2,00,000	1,00,000	
	Other Expenses(% of cost of Revenue from Operations)		15%	10%	
	Tax Rate		30%	30%	
34	Prepare a Cash Flow Statement from the following Balance Sheets of Arya Ltd.:				6
	Particulars	Note	31.3.2023(₹)	31.3.2022(₹)	
	I. Equity and Liabilities:				
	(1) Shareholders' Funds:				
	a) Share Capital	1	10,00,000	8,00,000	
	b) Reserves and Surplus	2	6,40,000	5,40,000	
	(2) Non-Current Liabilities:				
	Long-term Borrowings		1,50,000	1,00,000	
	(3) Current Liabilities:				
	a) Trade Payables	3	30,000	12,000	
	b) Short-term Provisions		30,000	28,000	
	Total		18,50,000	14,80,000	
	II. Assets:				
	(1) Non-Current Assets:				
	a) Property, Plant and equipment and intangible assets:				
	Property, Plant and Equipment	4	7,75,000	4,90,000	
	b) Non-current Investments		90,000	50,000	
	(2) Current Assets				
	a) Inventory		6,20,000	4,13,000	
	b) Trade receivables		3,20,000	4,94,000	
	c) Cash & Cash Equivalents		45,000	33,000	
	Total		18,50,000	14,80,000	
	Notes to Accounts:				
	Particulars		31.3.2023	31.3.2022	
	1. Reserves & Surplus:				
	General Reserve		5,00,000	4,30,000	
	Capital Reserve		60,000	50,000	
	Surplus ie balance in statement of profit and loss		80,000	60,000	
			6,40,000	5,40,000	
	2. Long-term Borrowings:				
	10% Debentures		1,50,000	1,00,000	
	3. Short-term Provisions:				
	Provision for tax		30,000	28,000	
	4. Tangible Assets:				
	Plant and Machinery		7,75,000	4,90,000	
	Additional Information:				
	1. Tax provided during the year is ₹17,000.				

	<p>2. Depreciation charged on plant and Machinery during the year amounted to ₹1,20,000.</p> <p>3. Non-current Investments costing ₹ 30,000 were sold for ₹ 40,000 during the year. Gain on sale of Investments was credited to Capital Reserve.</p> <p>4. Additional Debentures were issued on 31.03.2023.</p>	
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