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## ACCOUNTANCY

Full Marks : 100

Pass Marks : 33

Time : Three hours

### PART – A

#### PARTNERSHIP AND COMPANY ACCOUNTS

MARKS : 60

### PART – B

#### ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

#### Instructions :

- I. All the questions are compulsory.
- II. Marks are indicated on the right margin of each question.
- III. For question Nos. 1– 5 and 25 – 27, four alternatives are given of which one is correct or the best alternatives. Choose the correct or the best alternatives and re-write them.
- IV. For question Nos. 6 – 10 and 28 – 30, the answers and calculations may be as short as possible.
- V. For question Nos. 11 – 17 and 31 – 33, answers and solutions are to be given as required.
- VI. For question Nos. 18 – 22 and 34 – 36, answers and solutions are to be given in detail.
- VII. Question Nos. 23, 24, 37 and 38 are essay type questions. Calculations and solutions are to be shown as required.

P.T.O.

**PART – A**  
**PARTNERSHIP AND COMPANY ACCOUNTS**  
**MARKS : 60**

1. Partners' \_\_\_\_\_ always show a credit balance. 1  
(A) Current Account (B) Drawings Account  
(C) Fluctuating Capital Account (D) Fixed Capital Account
2. A and B are partners sharing profits equally. C was admitted for  $\frac{1}{5}$  share. New Ratio will be \_\_\_\_\_. 1  
(A) 2 : 3 : 1 (B) 2 : 2 : 1  
(C) 3 : 3 : 1 (D) 3 : 1 : 1
3. The prefix % associated with Preference Shares is the rate of \_\_\_\_\_. 1  
(A) Bonus (B) Security Premium  
(C) Dividend (D) Interest
4. A company purchased machinery for Rs. 1,15,000 and in consideration issued shares at 15% premium. The face value of shares issued will be \_\_\_\_\_. 1  
(A) Rs. 97,750 (B) Rs. 1,00,000  
(C) Rs. 1,15,000 (D) Rs. 1,32,250
5. Perpetreal Debentures are also known as \_\_\_\_\_. 1  
(A) Irredeemable Debentures (B) Mortgage Debentures  
(C) Bearer Debentures (D) Registered Debentures
6. When does purchased Goodwill arise? 1
7. Why is cash balance not transferred to Realisation Account on the dissolution of a partnership firm? 1



8. What is preferential Allotment of shares ? 1
9. On 1<sup>st</sup> April, 2024 P Ltd. received in advance the final call of Rs. 3 per share on 10,000 equity shares. The final call was due on 15-5-2024. Journalise the above transaction. 1
10. What is the nature of Interest on Debentures ? 1
11. How will you deal the following items in the absence of Partnership Deed ? 2
- (a) Interest on Partner's Drawings.
- (b) Interest on Loan by a partner.
12. Salary Rs. 20,000 is paid to partner B and Salary Rs. 10,000 is paid to Accountant of the firm. State how these two are different and show their accounting treatment. 2
13. At the time of change in profit sharing ratio, the firm has Rs. 1,50,000 in investments. The market value of investment changed to Rs. 1,70,000. What will be the net effect in Partners Capital Account ? 2
14. SAYA Ltd. issued a prospectus inviting applications for 4000 shares. Applications were received for 6000 shares and pro-rata allotment was made to the applicants of 4800 shares. If Kebi has been allotted 80 shares, how many shares she must have applied for ? 2
15. (i) Does Schedule III of Companies Act, 2013 allow the preparation of Balance Sheet in 'T' form ? 1+1=2
- (ii) Can Issued Capital be more than Authorised Capital ?

16. How can discount or loss on issue of debentures be written off? 2

17. Show the Accounting treatment on "Issue of Debentures as Collateral Security." 2

18. X, Y and Z are partners in a firm. On 1-4-2023 their capitals stood at Rs. 50,000, Rs. 25,000 and Rs. 25,000 respectively.

As per the provisions of the Partnership Deed :

(i) Z was entitled for a salary of Rs. 5,000 p.a.

(ii) Profit were to be shared in the ratio of partners' capitals.

(iii) Partners were entitled to interest on capital @ 5% p.a.

The net profit for the year 2023 – 2024 of Rs. 33,000 was distributed equally without providing for the above terms. Make an adjustment entry to rectify the above error. 4

Or

A firm earns Rs. 10,000 as its annual profits, the rate of normal profit being 10%. The assets of the firm amounted to Rs. 90,000. The value of Goodwill is Rs. 55,000. Find the value of outsiders' Liabilities. 4

19. Enumerate the various matters that need adjustment on retirement of a partner. 4

Or

Write any four circumstances under which a partnership firm is dissolved. 4

20. A, B and C were partners in a firm sharing profit in 2:2:1 ratio. The partnership deed provided that on the death of a partner his executors will be entitled for the following :

(a) Interest on Capital @ 12% per annum.

(b) Interest on Drawings @ 18% per annum.

(c) Salary of Rs. 24,000 per annum.

(d) Share in the profit of the firm (upto the date of death) on the basis of previous year's profit.



A died on 31<sup>st</sup> May, 2024. His capital was Rs. 1,60,000. He had withdrawn Rs. 30,000 and interest on his drawings was calculated as Rs. 2400. The profit of the firm for the previous year ended 31<sup>st</sup> March, 2024 was Rs. 60,000.

Prepare A's Capital Account to be rendered to his Executors.

4

21. Distinguish between Oversubscription and Undersubscription of shares.

4

Or

Differentiate between Calls in Arrears and Calls in Advance.

4

22. PR. Ltd. bought machinery from Manipur Mechanical Works for Rs. 5,00,000. It paid the consideration partly in cash and partly in shares and debentures. It issued 1,000 shares of Rs. 100 each at 10% premium and 2000, 12% debentures of Rs. 100 each at 5% discount. The balance amount was paid by bank draft. Pass Journal entries.

4

23. The following is the Balance Sheet of Hari and Suraj on 31.03.2024 who shared profit and losses in the ratio of 4:3 :

Balance Sheet of Hari and Suraj as at 31<sup>st</sup> March, 2024

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	72,000	Cash in hand	10,000
Bank Loan	80,000	Bills Receivable	20,000
General Reserve	28,000	Debtors	80,000
Capital Accounts		Plant and Machinery	75,000
Hari	1,60,000	Furniture	75,000
Suraj	1,20,000	Land and Building	2,00,000
	4,60,000		4,60,000

John was admitted as a partner on 1<sup>st</sup> April, 2024 under the following terms :

- (i) The new profit sharing ratio of Hari, Suraj and John will be 5 : 3 : 2 respectively.

- (ii) John pays Rs. 1,00,000 as capital.
- (iii) Goodwill is valued at Rs. 70,000. However, John is unable to bring his share of goodwill in cash.
- (iv) Furniture and Plant and Machinery be depreciated by 5% and 10%.
- (v) Provision for doubtful debts be created on Debtors and Bills Receivables at 5%.
- (vi) Land and Buildings is to be appreciated by Rs. 24,650.

Prepare : (a) Capital Accounts of partners and (b) New Balance Sheet. 5+3=8

Or

P, Q and R were in partnerships sharing Profit in the ratio of 2:1:1. Their Balance Sheet as at 31<sup>st</sup> December, 2023 was as follows :

Liabilities	Rs.	Assets	Rs.
Capital: P	40,000	Cash at Bank	10,000
Q	20,000	Stock	60,000
R	20,000	Debtors-30,000	
Sundry creditors	40,000	Less: Provision-2,000	28,000
Bills payable	10,000	Goodwill	18,000
P's Loan	20,000	Furniture	20,000
Mrs. P's Loan	16,000	Fixed Assets	50,000
Workmen Compensation Reserve	20,000		
	1,86,000		1,86,000

The firm was dissolved on the above date under the following terms :

- (a) P agreed to take over furniture at 20% less than the book value.



- (b) Stock was realised for Rs. 52,400 and Fixed Assets Rs. 32,000.
- (c) Bad Debts amounted to Rs. 5,000.
- (d) Expenses of realisation were Rs. 3,000. Sundry creditors were paid at a discount of 5%.
- (e) There was a claim of Rs. 6,400 for damages against the firm. It had to be paid.

Prepare : (i) Realisation Account and

(ii) Partners' Capital Accounts

5+3=8

24. XY Ltd. invited applications for 1,00,000 Equity Shares of Rs. 10 each payable as follows :

On Application	:	Rs. 2
On Allotment	:	Rs. 3
On First and Final call	:	The balance amount

Applications were received for 3,00,000 shares and the shares were allotted on a pro-rata basis. The excess application money was to be adjusted against allotment only. 'S', a shareholder who had applied for 3000 shares failed to pay the calls money. His shares were accordingly forfeited and reissued at Rs. 8 per share as fully paid.

Pass necessary Journal entries in the books of XY Ltd.

8

*Or*

RR Ltd. issued 5000 shares of Rs. 100 each a premium of Rs. 10 each payable as follows :

On Application	:	Rs. 30
On Allotment	:	Rs. 40 (including premium)
On First and Final Call	:	Rs. 40

All the shares were applied for and instalments received on due dates with the exception of the Allotment and First and Final Call on 100 shares. These shares were forfeited and re-issued as fully paid @ Rs. 105 per share.

You are required to pass necessary Journal entries in the books of the Company.

8

## PART – B

### ANALYSIS OF FINANCIAL STATEMENTS

MARKS : 40

25. Which of the following is limitation of financial analysis? 1
- (A) It does not provide data for comparative study with other firms.
  - (B) It does not reflect changes in price level.
  - (C) It does not measure earning capacity.
  - (D) It does not assess financial strength.
26. Satisfactory Ratio between Long-term Debts and Shareholder's Fund is \_\_\_\_\_. 1
- (A) 1 : 1
  - (B) 1 : 2
  - (C) 2 : 1
  - (D) 3 : 1
27. Net Profit during the year Rs. 2,45,000; Decrease in inventories Rs. 20,000 and Increase in Trade Receivables Rs. 35,000. Net cash from operating activities will be \_\_\_\_\_. 1
- (A) Rs. 2,30,000
  - (B) Rs. 2,60,000
  - (C) Rs. 2,80,000
  - (D) Rs. 3,00,000



28. A company had Furniture worth Rs. 6,00,000 in 2022 and Rs. 5,64,000 in 2023. Determine the percentage changes. 1
29. Current Ratio =  $\frac{\text{Rs. } 80,000}{CL} = 4 : 1$   
What is the value of CL ? 1
30. How will you treat 'Balance of Marketable Securities' while preparing a Cash Flow Statement ? 1
31. SK Ltd. has opening balance in 'Reserve and Surplus' as Statement of Profit and Loss Rs. 70,000 and Securities Premium Rs. 80,000. There was loss in current year Rs. 1,30,000 and Preliminary expenses were Rs. 45,000. How would you calculate the exact amount of 'Reserves and Surplus'? Prepare 'Note to Accounts'. 2
32. Write any two uses of Ratio Analysis. 2
33. Machinery costing Rs. 2,00,000 and Accumulated Depreciation thereon Rs. 1,30,000 was sold for Rs. 30,000. What amount will be added while calculating operating profit ? 2
34. From the following data, prepare a Common Size Statement of Profit and Loss of Raj Ltd. : 4

Particulars	31-3-2023	31-3-2022
Revenue from operations	Rs.1,50,000	Rs.1,00,000
Expenses	Rs.60,000	Rs. 50,000
Other incomes	Rs.18,000	Rs. 20,000
Tax	50%	40%

35. Assuming that Liquid Ratio is 1 : 1, state giving reasons which of the following transactions would (a) Increase (b) Decrease or (c) Not alter the liquid ratio:

4

- (i) Sale of Inventory for cash Rs. 5,000.
- (ii) Purchase of goods on credit Rs. 4,000.
- (iii) Cash paid against Bills Payable Rs. 3,000.
- (iv) Share Issue Expenses written off Rs. 1,000.

36. Net Profit after Interest and Tax is Rs. 1,50,000.

10% Long term Loan Rs. 2,00,000.

10% Debentures Rs. 1,50,000.

Income tax @ 50%. Calculate : Interest Coverage Ratio.

4

Or

Mr. Y Trader carries an Average Inventory of Rs. 80,000. His Inventory Turnover Ratio is 12 times. If he sells goods at a profit of 20% on Revenue from operations, find out his profit.

4

37. You are given the following data :

Trade Receivables Turnover Ratio	4 times
Inventory Turnover Ratio	2.5 times
Gross Profit Ratio	20%
Opening Trade Receivables	Rs. 5,00,000



Gross Profit for the year ended 31<sup>st</sup> March, 2024 was Rs. 4,00,000. Closing Inventory was Rs. 20,000 in excess of Opening Inventory.

- Find out :
- (a) Revenue from Operations
  - (b) Closing Trade Receivables
  - (c) Closing Inventory 8

*Or*

Calculate : (i) Inventory Turnover Ratio (ii) Working Capital Turnover Ratio and (iii) Gross Profit Ratio from the following information : 8

Information : Opening Inventory	Rs. 50,000
Purchases of Stock in Trade	Rs. 1,50,000
Wages	Rs. 20,000
Closing Inventory	Rs. 40,000
Current Liabilities	Rs. 30,000
Liquid Assets	Rs. 50,000

Gross Profit is  $\frac{1}{7}$ th on Revenue from operations.

38. Explain the importance of preparing Cash Flow Statement. 8

*Or*

How are various activities classified (as per AS-3 revised) while preparing Cash Flow Statement ? Explain them briefly. 8