

This Question Paper contains 12 printed pages.

Seat No.:

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Sl. No. :

154(E)

(February, 2025)

Time : 3 Hours]

[Maximum Marks : 100

Instructions :

- 1) This question paper contains 6 sections and total 48 questions.
- 2) Answers should be written according to the instructions only.
- 3) Figures to the right side indicate full marks for the questions.
- 4) Use pencil and scale wherever necessary.
- 5) Use of simple calculator is permitted.
- 6) Start new section on a new page.

SECTION - A

- Questions from 1 to 20 are objective type questions. Choose the correct answer from the options given and write. Each question carries 1 mark :

[20]

1) How would you consider the interest on credit balance of partner's current account for firm?

- (A) An expense (B) Liability
(C) Income (D) Loss

2) Viral withdraws ₹ 500 in the beginning of every month. If 10% p.a. interest is chargeable on drawing, determine interest on drawings.

- (A) ₹ 275 (B) ₹ 300 (C) ₹ 325 (D) ₹ 350

3) Goodwill depends on which aspect.

- (A) On employee of business enterprise
(B) On management of business enterprise
(C) On assets of business enterprise
(D) On future maintainable profit

4) Superprofit means _____

- (A) Capital employed – Expected profit
(B) Expected profit – Capital employed
(C) Average profit – Expected profit
(D) Expected profit – Average profit

- 5) Revaluation account is _____ type of account.
 (A) personal ~~(B)~~ nominal (C) real (D) temporary
- 6) At the time of reconstruction of a partnership firm _____ is prepared.
 (A) Trading account
~~(B)~~ Revaluation account
 (C) Realisation account
 (D) Profit and loss appropriation account
- 7) Internally generated goodwill cannot be shown in the books as per which accounting standard?
 (A) 25 ~~(B)~~ 26 (C) 27 (D) 28
- 8) When only old profit-loss sharing ratio is given; sacrificing ratio of old partners = _____.
 (A) equal ~~(B)~~ old ratio
 (C) old share - new share (D) cannot be calculated
- 9) X, Y and Z are the partners sharing profit and loss in the ratio of 5 : 3 : 2. Z retires. Calculate the new profit and loss ratio.
~~(A)~~ 5 : 3 (B) 5 : 2 (C) 3 : 2 (D) 1 : 1
- 10) Which is the last payment made from the realisation of assets, at the time of the dissolution of a firm :
 (A) Dissolution expense
~~(B)~~ Partner's capital
 (C) Liabilities towards third parties
 (D) Partner's loan
- 11) Which of the following amounts will be written at the credit side of realisation account, when there is balance of debtors ₹ 49,000 and bad-debt reserve of ₹ 5,000 in the balance sheet at the time of dissolution of a firm.
 (A) ₹ 49,000 ~~(B)~~ ₹ 5,000
 (C) ₹ 44,000 (D) ₹ 54,000
- 12) As per SEBI guidelines, the minimum amount on each share called by companies must be at least _____% of the issue price.
~~(A)~~ 25 (B) 30 (C) 5 (D) 20
- 13) Which of the following is not shown under the heading 'Share capital' in a balance sheet?
 (A) Authorised capital (B) Issued capital
~~(C)~~ Reserve capital (D) Subscribed capital

- 14) Before the company decides to redeem the debentures out of profit, the company has to transfer _____% of total face value of issued debentures to debenture redemption reserve account.
 (A) 10 (B) 25 (C) 100 (D) 15
- 15) Which of the following analyses shows stakeholders-based classification?
 (A) External analysis (B) Horizontal analysis
 (C) Short term analysis (D) Vertical analysis
- 16) The expenses of the current year of a company is ₹ 3,00,000 and if it is increased by 20% compared to the previous year, what would be the expenses of the previous year?
 (A) ₹ 60,000 (B) ₹ 2,50,000
 (C) ₹ 3,60,000 (D) None of these
- 17) Which of the following is not included in operating expense?
 (A) Loss on sale of asset (B) Loss due to fire
 (C) Interest paid (D) All of the above
- 18) Which of the following is not included to compute current ratio?
 (A) Debtors (B) Stock
 (C) Bills receivables (D) Furniture
- 19) Dividend or interest received on investment is _____.
 (A) Added to cash flow of operating activity
 (B) Deducted from cash flow of financing activity
 (C) Added to cash flow of investing activity
 (D) Deducted from cash flow of investing activity
- 20) Increase in goodwill in the current year as compared to previous year is _____.
 (A) Sale of goodwill (B) Purchase of goodwill
 (C) Written off goodwill (D) All of the above

SECTION - B

Answer the following questions from 21 to 30 in one sentence each. Each question carries 1 mark :

[10]

- 21) Under which head goodwill is shown in the balance-sheet?
 22) Which is the other name known for the revaluation account?
 23) Who gives the share in goodwill to the retiring or deceased partner?

- 24) What is voluntary dissolution?
- 25) Explain the meaning of realisation account.
- 26) According to Companies Act 2013, for what duration can a company issue debentures?
- 27) What is ratio?
- 28) Are financial expenses included to determine operating ratio?
- 29) What are financing activities?
- 30) For which activity underwriting commission paid is considered?

SECTION - C

Answer the following questions in short. Each question carries 3 marks (Any Four) :

[12]

- 31) Rohit, Virat and Anil are partners sharing profit-loss in equal proportion. Their total capital is ₹ 3,00,000. The proportion of their capital is 2 : 3 : 5. Firm pays 6% interest p.a. on the capital. Partner Virat received ₹ 45,400 including interest on capital. Compute what amount inclusive of interest is received by Rohit and Anil?
- 32) Aaju, Bajju and Kajju are the partners of partnership firm. Their profit-loss sharing ratio is 5 : 4 : 3. All the partners have decided to change their profit and loss sharing ratio to 2 : 2 : 1. From this information find out gain ratio.
- 33) Pass journal entries at the time of dissolution for the following transactions. [Narrations not required]
 - (1) In the balance sheet Land-building ₹ 8,00,000 and Investments of ₹ 2,00,000 are disclosed respectively ₹ 9,00,000 and ₹ 1,50,000 are realised from them.
 - (2) Goodwill is not disclosed in the book. But ₹ 50,000 are realised during dissolution.
 - (3) Income tax liability is now payable ₹ 30,000 is not recorded in the book, which is now paid.
- 34) How would you deal with the following balances disclosed in the balance-sheet at the time of the dissolution of partnership firm? Explain.
 - (i) General reserve

(ii) Workmen accident compensation fund

(iii) Depreciation fund

35) On 1.6.2018, Aditi Limited issued 10,000, 8% debentures of ₹ 200 each at a premium of 5%. The debentures are redeemed on 31.5.2023 at ₹ 220 per debenture. Write the necessary journal entries in the books of company. [Without narrations]

36) Distinguish between shares and debentures.

SECTION - D

Give answers to the following questions showing calculations wherever necessary. Each question carries 4 marks (Any Three):

[12]

37) From the following information of Rahul and Gautam's firm, determine the value of goodwill on the basis of 3 years purchase of last five years weighted average profit.

Year	Profit (₹)
2018-19	20,000
2019-20	30,000
2020-21	37,500
2021-22	45,000
2022-23	60,000

38) Hema, Rekha and Rakhi are partners of partnership firm. They decided to change their profit-loss sharing ratio from 3 : 2 : 1 to 1 : 1 : 1. Therefore they decided to make the valuation of goodwill. On the basis of partnership firm's profit and other information, determine the value of goodwill on the basis of three years purchase of superprofit.

Assets : ₹ 12,00,000

Liabilities : ₹ 5,00,000

Expected rate of return 10%

Actual profit

Year	Profit ₹
2021-22	1,60,000
2022-23	1,40,000
2023-24	1,80,000

- 39) Profit and loss statement for the year ending on 31.3.2023 and 31.3.2024 of Manu Company Limited is as follows :
Prepare comparative profit and loss statement.

Particulars	Note No.	31.3.2024 (₹)	31.3.2023 (₹)
Sales revenue		45,00,000	52,00,000
Other Income		2,00,000	10,00,000
Net purchase		32,00,000	38,00,000
Other expenses (% of sales)		22%	18%
Income tax rate 30%			

- 40) Calculate stock turnover ratio, from the following information of 'L' Company Ltd.

Particulars	Amount (₹)
Sales	30,00,000
Opening stock	3,50,000
Closing stock	2,50,000
Purchases	12,00,000
Gross profit rate	30%

- 41) From the following given information calculate cash flow from investing activities :

Particulars	Amount (₹)
Sale of non-current investments	88,000
Purchase of land	1,48,000
Purchase of machine	98,000
Sale of furniture	45,000
Dividend received on investments	40,000
Paid for goodwill	32,000
Issue of shares	1,20,000
Redemption of debentures	45,000
Loan borrowed	28,000

SECTION - E

Answer the following questions as directed. Each question carries 8 marks (Any Three):

[24]

42) Ravi and Kishan are partners in a firm sharing profit and loss in the ratio of 2 : 1. Their balance sheet as on 31.3.2024 was as under :

Balance-Sheet

Liabilities	Amt.(₹)	Assets	Amt.(₹)
Capital		Goodwill	36,000
Ravi	1,60,000	Land-Building	1,44,000
Kishan	1,20,000	Machinery	80,000
General Reserve	36,000	Stock	72,000
Workmen		Debtors	48,000
compensation		(-)Bad debts	
reserve	9,000	reserve	4,000
Investment		Investment	16,000
fluctuation		Cash-bank	4,000
reserve	3,000	Advertisement	
Creditors	56,000	campaign	
Bills payable	24,000	expenditure	12,000
	4,08,000		4,08,000

They admitted Sushil as a new partner from 1.4.2024 on the following conditions :

- (1) Sushil will bring ₹ 2,00,000 as his capital and ₹ 48,000 as a goodwill in cash.
- (2) Value of land and building is to be increased by ₹ 34,000.
- (3) Value of machinery is to be decreased upto ₹ 64,000.
- (4) Provision for bad-debt is to be kept at 10% of debtors.
- (5) Provision for outstanding electricity bill is to be made at ₹ 2,200.
- (6) New profit sharing ratio of all three partners is to be kept at 2 : 1 : 2.

Prepare revaluation account, partner's capital account, cash-bank account and balance-sheet after admission.

- 43) Surya and Chandra are the partners sharing profit and loss in the ratio of 3 : 2. Their balance-sheet as on 31.3.2024 was as under :

Balance-Sheet

Liabilities	Amt.(₹)	Assets	Amt.(₹)
Creditors	64,000	Bank	56,000
General reserve	12,000	Debtors	80,000
Investment		(-) Provision	
Fluctuation		for	
Reserve	6,000	Bad debts	4,000
Workmen		Investment	90,000
profit sharing		Building	60,000
fund	45,000	Machinery	25,000
Capital			
Surya	1,00,000		
Chandra	80,000		
	1,80,000		
	3,07,000		3,07,000

On 1.4.2024, they admitted Tara as a new partner on the following conditions :

- (1) Tara brought ₹ 20,000 as goodwill in cash.
- (2) Provision for doubtful debt is not required.
- (3) Value of machinery is to be reduced by 10%.
- (4) Market value of building is ₹ 1,00,000.
- (5) Market value of investments is ₹ 98,500.
- (6) Tara will bring 20% of total capital of Surya and Chandra in the new firm as her capital.
- (7) New profit and loss sharing ratio is to be kept at 2 : 2 : 1.
- (8) Surya and Chandra will maintain their capital in the proportion of their new profit and loss sharing ratio.

Prepare necessary accounts and balance-sheet.

- 44) L, B, and W are the partners sharing profit and loss in the ratio of 3 : 2 : 1. Balance sheet of their firm on 31.3.2024 was as under :

Balance-Sheet

Liabilities	Amt.(₹)	Assets	Amt.(₹)
Capital :		Land-building	1,00,000
L	60,000	Machinery	40,000
B	40,000	Investments	20,000
W	20,000	Stock	20,000
General reserve	12,000	Debtors	40,000
Creditors	88,000	(-) Bad debt reserve	4,000
		Cash	4,000
	2,20,000		2,20,000

W retired on 31.3.2024. Following conditions were decided at the time of retirement :

- (1) Value of land-building is to be increased by 20%.
- (2) Machinery is valued at 90% of its book value.
- (3) Market value of investments is 150% of its book value.
- (4) Bad debt reserve on debtors is to be reduced by 5%.
- (5) Goodwill of the firm is valued at ₹ 72,000.
- (6) ₹ 4,000 is outstanding for salary payable to an employee.
- (7) L and B will bring necessary amount in cash in such a manner that amount due to W is to be paid in cash and balance of cash may remain in the firm as working capital ₹ 28,000 and their capital in the new firm become proportionate to their new profit and loss sharing ratio.

Prepare necessary accounts and balance-sheet of the new firm.

- 45) Vishnu Steel Limited issues 6,00,000 equity shares of ₹ 10 each on which amount was payable as under :

- ₹ 3 per share on application
- ₹ 4 per share on allotment
- ₹ 3 per share on first and final call

Company received application for 7,35,000 shares from public. Excess applications were rejected and money paid on them was refunded.

Ram, who was allotted 1000 shares, did not pay allotment and final call money. Rahim, who was allotted 600 shares did not pay final call money.

Company forfeited all the shares on which calls were unpaid and reissued all forfeited shares ₹ 7 per share as fully paid up. Pass necessary journal entries in the books of company for above transactions. [Narration not required]

36) Write journal entries in the books of company for forfeiture and reissue of forfeited shares from the following information.

[Narration not required]

(i) Company forfeited 1600 shares of ₹ 10 each of a shareholder for non-payment of allotment money of ₹ 4 per share and call money of ₹ 3 per share. This shareholder had paid ₹ 3 per share with application. Forfeited shares were reissued at ₹ 8 per share.

(ii) S.K. Company Limited forfeited 300 shares of ₹ 10 each of Amul. Amul had paid application and allotment money of ₹ 5 per share but had not paid ₹ 3 per share and ₹ 2 per share on first call and final call respectively. Out of the forfeited shares, 200 shares were reissued at ₹ 6 per share to Sheetal.

(iii) Company forfeited 600 equity shares of ₹ 10 each held by Kartik for non-payment of allotment money ₹ 4 per share and first and final call money ₹ 3 per share. Company reissued all the forfeited shares after giving maximum permissible discount. These shares were purchased by Manu. <https://www.gujaratboardonline.com>

SECTION - F

Answer the following questions. Each question carries 11 marks:

47) Man and Mohan are partners of partnership firm sharing profit-loss in capital proportion. From the following trial balance and adjustments prepare final accounts of the firm.

[22]

**Trial Balance of Partnership Firm of Man and Mohan
as on 31.3.2024**

Name of Accounts	Debit (₹)	Credit (₹)
Man's capital and drawings	20,000	1,00,000
Mohan's capital and drawings	14,000	50,000
Suppliers and customers	90,000	60,000
Goods returned	2,000	3,000
Bills	15,000	20,800
Cash and bank	1,000	14,000
Bad debt and bad debt reserve	400	1,300
Purchase and sales	1,40,000	2,60,500
Wages and outstanding wages	35,000	2,000
Machinery (office)	36,500	
Depreciation on machinery	3,500	
Furniture	12,000	
Opening stock	46,100	
Prepaid insurance	200	
Salary	23,000	
Insurance premium	2,000	
Rent-taxes	12,000	
Advertisement expenses	2,900	
Goodwill	72,000	
Leasehold building (from 1.10.2021, for 5 years)	14,000	
8% Harsh's loan (1.11.2023)		30,000
	5,41,600	5,41,600

Adjustments :

- (1) Closing stock ₹ 1,10,000 and having market value 20% more than book value.
- (2) Per annum 6% interest is payable on partner's capital.
- (3) Interest on drawings recoverable from partner's : Man ₹ 900, Mohan ₹ 600
- (4) Provide 5% bad debt reserve on debtors.

- (5) Outstanding expenses at the end of accounting year :
rent ₹ 300 and salary ₹ 950.
- (6) Provide depreciation : 10% on machinery and 5% on
furniture.

48) Following is the Trial Balance of Shankar Ltd. as on 31.3.2024:

Particulars	Debit (₹)	Credit (₹)
Equity share capital		7,20,000
Office and sales expenses	72,000	
Purchase	12,78,000	
10% Debenture	Borrowing	3,60,000
Sales		28,80,000
Software	3,60,000	
Bonus	72,000	
Debenture interest	36,000	
Salary	9,00,000	
Provident fund		14,400
Land-building	6,84,000	
Opening stock	1,08,000	
Interest received		46,800
Debtors	5,40,000	
Creditors		28,800
	40,50,000	40,50,000

Other information :

(1) Closing stock ₹ 1,26,000

(2) Make provision for tax at 50% of net profit.

From above information, prepare final accounts of company for the year ended on 31.3.2024 as per Schedule-III and Companies Act 2013. Notes to the accounts are not required.

