



CLASS 12 · CBSE ACCOUNTANCY (055)

Accountancy Solved Board Papers

Chapter-wise and year-wise CBSE board questions with complete step-by-step solutions

10 years · 2016–2026

- ✓ Part A: every question sorted chapter-wise, grouped by marks, with full solutions
- ✓ Part B: complete board papers, each followed by its solutions
- ✓ Board weightage table and most-asked topics for every chapter
- ✓ Journal entries, ledger accounts, balance sheets, ratios and cash flow statements worked in full
- ✓ Only the current syllabus: questions on deleted topics are flagged

WHAT YOU GET

10 years of CBSE Accountancy papers. Every question solved. Sorted chapter-wise.

13

board papers

583

solved questions

10

years · 2016–26

13

chapters

297

MCQs solved

X Questions scattered across years



✓ All in one place, chapter-wise

X Don't know what to study first



✓ Weightage + most-asked topics

X Answers without working



✓ Full entries, accounts and working notes

X Old books carry deleted topics



✓ Only the 2026-27 syllabus

PART A**Chapter-wise****A**

- ✓ Weightage table
- ✓ Most-asked topics
- ✓ Every question + solution

PART B**Full papers****B**

- ✓ Exactly as set by CBSE
- ✓ Solutions after each paper
- ✓ Timed 3-hour practice

2026 · 67/3/1

2026 · 67/4/1

2025 · 67/4/1

2025 · 67/5/1

2024 · 67/1/1

2024 · 67/2/1

2023 · 67/1/1

2022 · 67/2/1 (Term II)

2020 · 67/1/1

2019 · 67/1/1

2018 · 67/1

2017 · 67/2

2016 · 67/1


Complete Notes · Solved PYQs

CLASS 6–12 · ALL SUBJECTS

100%
 QUESTIONS
 SOLVED
Made for board toppers

How to use this book

Part A puts every board question of a chapter together, from 1-mark MCQs to 5-mark long answers. Finish a chapter in your notes, then solve its Part A questions without looking at the solutions. Check your answer, mark the ones you got wrong, and repeat them a week later.

Each question shows where it was asked, for example **CBSE 2026 · 67/3/1 · Q13**. Use the weightage table and the most-asked topics chart at the start of each chapter to decide what to revise first.

Part B gives full papers. In the last month before the exam, sit with a clock and write one paper in 3 hours, then check it with the solutions that follow the paper.

Solutions are written the way the board awards marks: journal entries with narrations, accounts balanced, working notes shown separately, and every ratio with its formula. Write your answers the same way.

Contents

Part A · Chapter-wise questions with solutions

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|---|--|
| 1. Accounting for Partnership: Fundamentals 60 Qs | 7. Accounting for Share Capital 74 Qs |
| 2. Goodwill: Nature and Valuation 14 Qs | 8. Issue of Debentures 53 Qs |
| 3. Change in Profit-Sharing Ratio 17 Qs | 9. Financial Statements of a Company 12 Qs |
| 4. Admission of a Partner 43 Qs | 10. Analysis of Financial Statements 25 Qs |
| 5. Retirement and Death of a Partner 55 Qs | 11. Accounting Ratios 36 Qs |
| 6. Dissolution of Partnership Firm 29 Qs | 12. Cash Flow Statement 46 Qs |
| | 13. Computerised Accounting 119 Qs |

Part B · Full board papers, each followed by its solutions

- | | |
|---------------------------------|---|
| 1. CBSE 2026 · 67/3/1 solutions | 7. CBSE 2023 · 67/1/1 solutions |
| 2. CBSE 2026 · 67/4/1 solutions | 8. CBSE 2022 · 67/2/1 (Term II) solutions |
| 3. CBSE 2025 · 67/4/1 solutions | 9. CBSE 2020 · 67/1/1 solutions |
| 4. CBSE 2025 · 67/5/1 solutions | 10. CBSE 2019 · 67/1/1 solutions |
| 5. CBSE 2024 · 67/1/1 solutions | 11. CBSE 2018 · 67/1 solutions |
| 6. CBSE 2024 · 67/2/1 solutions | 12. CBSE 2017 · 67/2 solutions |
| | 13. CBSE 2016 · 67/1 solutions |

583 questions in all. Questions are taken from the CBSE Class 12 Accountancy board papers and the solutions are our own, checked against the official marking schemes where they are available. Questions on topics deleted from the current syllabus (accounting for not-for-profit organisations, redemption of debentures) are left out of Part A and marked in Part B. Part B questions of the paper include both options: Analysis of Financial Statements and Computerised Accounting.

CHAPTER 1

Accounting for Partnership: Fundamentals

Board weightage 2016–2026

Year	2016	2017	2018	2019	2020	2022	2023	2024	2025	2026
Questions	3	3	2	3	3	–	7	14	12	13
Marks	6	3	9	13	9	–	9	20	18	19

Most asked topics

Interest on a partner's loan without a deed		2
Average period for end-of-quarter drawings		2
Entry for interest on drawings		2
Interest on drawings at the end of each quarter		1
Entry for interest on fixed capital		1
Interest on capital with additional capital		1
Partners collectively		1
Rule in absence of a deed		1

60 questions from 12 papers. Repeated questions are shown once with every year they were asked.

1 mark: MCQ and Assertion–Reason

CBSE 2026 · 67/3/1 · Q3(a)

1 mark

Atul, Bajaj and Madan were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 5. The partnership deed provides that interest on a partner's drawings shall be charged @ 18% per annum. During the year ended 31st March, 2025, Bajaj withdrew ₹ 7,000 at the end of each quarter. Interest on Bajaj's drawings will be :

- (A) ₹ 1,890 (B) ₹ 3,150
(C) ₹ 420 (D) ₹ 5,040

Solution

Answer: (A) ₹ 1,890

Total drawings = $7,000 \times 4 = ₹ 28,000$. For equal amounts withdrawn at the **end** of each quarter, the average period is $4\frac{1}{2}$ months.

$$\text{Interest} = 28,000 \times \frac{18}{100} \times \frac{4.5}{12} = 1,890 (\text{₹}).$$

CBSE 2026 · 67/3/1 · Q3(b)

1 mark

Damodar, Rao and Shridharan were partners in a firm sharing profits and losses in the ratio of 3 : 1 : 1. Their fixed capitals were ₹ 4,00,000; ₹ 3,00,000 and ₹ 2,00,000 respectively. Interest on capital is allowed at the rate of 6% per annum. Journal entry for allowing interest on Rao's capital will be :

	Particulars	Debit ₹	Credit ₹
(A)	Profit & Loss Appropriation A/c Dr. To Rao's Capital A/c	18,000	18,000
(B)	Profit & Loss Appropriation A/c Dr. To Rao's Current A/c	18,000	18,000
(C)	Interest on Capital A/c Dr. To Rao's Current A/c	18,000	18,000
(D)	Interest on Capital A/c Dr. To Rao's Capital A/c	18,000	18,000

Solution**Answer: (C)**

Interest = $3,00,000 \times 6\% = ₹ 18,000$. Interest on capital is first debited to Interest on Capital A/c. With **fixed** capitals, it is credited to the partner's **Current** Account. (Interest on Capital A/c is later closed by transfer to the P&L Appropriation A/c.)

CBSE 2026 · 67/3/1 · Q8

1 mark

Divya and Bholi were partners in a firm sharing profits and losses in the ratio of 3 : 1. On 1st April, 2024, their fixed capitals were ₹ 8,00,000 and ₹ 6,00,000 respectively. On 30th September, 2024, Bholi introduced ₹ 50,000 as additional capital. Partnership deed provided that interest on capital will be allowed @ 12% p.a. Interest on Bholi's capital for the year ended 31st March, 2025 was :

- (A) ₹ 78,000 (B) ₹ 75,000
(C) ₹ 72,000 (D) ₹ 3,000

Solution**Answer: (B) ₹ 75,000**

On ₹ 6,00,000 for 12 months: $6,00,000 \times 12\% = ₹ 72,000$.

On ₹ 50,000 for 6 months (30 Sept to 31 March): $50,000 \times 12\% \times 6/12 = ₹ 3,000$.

Total = ₹ 75,000.

CBSE 2026 · 67/3/1 · Q9(a)

1 mark

Persons who have entered into partnership with one another are collectively called :

- (A) Firm (B) Partnership
(C) Partners (D) Partners' firm

Solution**Answer: (A) Firm**

Individually they are partners; collectively they are a "firm" (Section 4 of the Indian Partnership Act, 1932).

CBSE 2026 · 67/3/1 · Q9(b)

1 mark

In the absence of partnership deed, partners are entitled to :

- | | |
|--|--|
| (A) Interest on Capital | (B) Share of profits/losses in the ratio of their capitals |
| (C) Interest @ 6% p.a. on loans/advances by them to the firm | (D) Remuneration for the firm's work |

Solution

Answer: (C)

Without a deed, there is no interest on capital and no remuneration, profits are shared equally, and a partner gets interest @ 6% p.a. on any loan given to the firm.

CBSE 2026 · 67/3/1 · Q10

1 mark

When capitals of the partners are fluctuating, then the adjustments for drawings, interest on drawings, interest on capital, partners' salary, etc. are shown in the _____.

- | | |
|---------------------------------|---|
| (A) Current Account of partners | (B) Capital Account of partners |
| (C) Drawings Account | (D) Profit and Loss Appropriation Account |

Solution

Answer: (B) Capital Account of partners

Under the fluctuating capital method, there is only one account per partner, the Capital Account, which records all these adjustments.

CBSE 2026 · 67/4/1 · Q1(a)

1 mark

Reena and Teena were partners in a firm sharing profits and losses in the ratio of 2 : 1. Teena withdrew ₹ 20,000 at the beginning of each month during the year ended 31st March, 2025. Interest on drawings was to be charged @ 6% per annum. Interest on Teena's drawings for the year ended 31st March, 2025 will be :

- | | |
|-------------|-------------|
| (A) ₹ 7,800 | (B) ₹ 7,200 |
| (C) ₹ 9,600 | (D) ₹ 6,600 |

Solution

Answer: (A) ₹ 7,800

Total drawings = $20,000 \times 12 = ₹ 2,40,000$. For drawings at the **beginning** of each month, the average period is $6\frac{1}{2}$ months.

Interest = $2,40,000 \times 6\% \times 6.5/12 = ₹ 7,800$.

CBSE 2026 · 67/4/1 · Q1(b)

1 mark

Rohan and Sohan were partners in a firm sharing profits and losses equally. Rohan withdrew ₹ 15,000 at the beginning of each quarter during the year ended 31st March, 2025. Interest on Rohan's drawings will be calculated for an average period of :

- | | |
|---------------|---------------|
| (A) 6 months | (B) 4½ months |
| (C) 7½ months | (D) 6½ months |

Solution**Answer: (C) 7½ months**

Drawings at the beginning of each quarter are outstanding for 12, 9, 6 and 3 months: average = $(12 + 9 + 6 + 3) \div 4 = 7\frac{1}{2}$ months.

CBSE 2026 · 67/4/1 · Q7

1 mark

Ankur and Angad were partners in a firm sharing profits and losses in the ratio of 8 : 7. On 1st July, 2024, Angad advanced a loan of ₹ 8,00,000 to the firm. There is no partnership deed. Angad demands interest on loan @ 10% p.a. On 31st March, 2025, the amount of interest on loan due to Angad will be :

- | | |
|--------------|--------------|
| (A) ₹ 36,000 | (B) ₹ 48,000 |
| (C) ₹ 80,000 | (D) ₹ 60,000 |

Solution**Answer: (A) ₹ 36,000**

Without a deed, interest on a partner's loan is only @ 6% p.a.: $8,00,000 \times 6\% \times 9/12 = ₹ 36,000$.

CBSE 2026 · 67/4/1 · Q16

1 mark

Anita and Priyal were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2024, their capital accounts showed balances of ₹ 3,00,000 and ₹ 4,00,000 respectively. The partnership deed provided for interest on capital @ 8% p.a. The firm earned a profit of ₹ 28,000 for the year ended 31st March, 2025. Interest on capital allowed to Anita and Priyal was :

- | | |
|-------------------------------------|-------------------------------------|
| (A) Anita ₹ 24,000, Priyal ₹ 32,000 | (B) Anita ₹ 16,000, Priyal ₹ 12,000 |
| (C) Anita ₹ 12,000, Priyal ₹ 16,000 | (D) Anita ₹ 16,800, Priyal ₹ 11,200 |

Solution**Answer: (C) Anita ₹ 12,000, Priyal ₹ 16,000**

Interest due: Anita ₹ 24,000, Priyal ₹ 32,000 (total ₹ 56,000), more than the profit of ₹ 28,000.

Interest on capital is an appropriation, so the profit is shared in the ratio of interest, 24 : 32 = 3 : 4
→ Anita ₹ 12,000, Priyal ₹ 16,000.

CBSE 2025 · 67/4/1 · Q2

1 mark

Emily, Flora and Ginni entered into a partnership on 1st October, 2023 with capitals of ₹ 10,00,000 each. The partnership deed provided for interest on capital at 10% p.a. The firm earned a net profit of ₹ 7,50,000 for the year ended 31st March, 2024. The amount of profit transferred to Emily's capital account was :

(A) ₹ 2,00,000

(B) ₹ 1,50,000

(C) ₹ 6,00,000

(D) ₹ 2,50,000

Solution**Answer: (A) ₹ 2,00,000**

Interest for 6 months = $10,00,000 \times 10\% \times 6/12 = ₹ 50,000$ each, ₹ 1,50,000 in all. Remaining profit = $7,50,000 - 1,50,000 = ₹ 6,00,000$, shared equally (no ratio given) → ₹ 2,00,000 each.

CBSE 2025 · 67/4/1 · Q6

1 mark

Assertion (A) : Partners' salary is debited to Profit and Loss Appropriation Account and not to Profit and Loss Account.

Reason (R) : Partners' salary is an appropriation of profit, it is not a charge against profits.

(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) Both A and R are incorrect.

(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.

Solution**Answer: (A)**

Salary to partners is paid only out of profits, so it is an appropriation and goes to the P&L Appropriation A/c.

CBSE 2025 · 67/4/1 · Q8

1 mark

Reema, Meesha and Shikha were partners in a partnership firm sharing profits and losses in the ratio of 8 : 7 : 5. On 1st October, 2023, Reema advanced a loan of ₹ 5,00,000 to the firm. There is no partnership deed. The firm's profit for the year ended 31st March, 2024 before charging interest on Reema's loan amounted to ₹ 2,15,000. The amount of profit credited to Shikha's capital account was :

(A) ₹ 80,000

(B) ₹ 70,000

(C) ₹ 50,000

(D) ₹ 42,500

Solution**Answer: (C) ₹ 50,000**

Without a deed, interest on loan = 6% p.a.: $5,00,000 \times 6\% \times 6/12 = ₹ 15,000$ (a charge). Profit = $2,15,000 - 15,000 = ₹ 2,00,000$. Shikha's share = $5/20 = ₹ 50,000$.

CBSE 2025 · 67/4/1 · Q9

1 mark

'The business of a partnership firm may be carried on by all the partners or any of them acting for all.' The above statement highlights which of the following feature of partnership ?

- | | |
|-----------------------|-------------------|
| (A) Agreement | (B) Business |
| (C) Sharing of profit | (D) Mutual agency |

Solution**Answer: (D) Mutual agency**

CBSE 2025 · 67/5/1 · Q1

1 mark

Assertion (A) : The partners' fixed capital accounts always show a credit balance, which shall remain the same (fixed) year after year unless there is any addition or withdrawal of capital.

Reason (R) : When capitals are fixed, then various items like share of profit or loss, interest on capital, drawings, interest on drawings, etc. are recorded in partners' capital accounts.

- | | |
|---|--|
| (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. |

(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.

Solution**Answer: (C)**

Under the fixed capital method, these items are recorded in the partners' **Current Accounts**, not in the Capital Accounts.

CBSE 2025 · 67/5/1 · Q4

1 mark

Sun and Moon were partners in a firm sharing profits and losses equally. Their fixed capitals were ₹ 5,00,000 each. After the accounts for the year ended 31st March, 2024 were prepared, it was discovered that interest on capital @ 10% p.a. was not credited to the partners' current accounts as provided in the partnership deed. The rectifying adjustment entry for the same will be :

- | | |
|---|---|
| (A) No Entry | (B) Sun's Current A/c Dr. 50,000 To Moon's Current A/c 50,000 |
| (C) Moon's Current A/c Dr. 50,000 To Sun's Current A/c 50,000 | (D) Sun's and Moon's Current A/cs Dr. 50,000 each To Profit and Loss Appropriation A/c 1,00,000 |

Solution**Answer: (A) No Entry**

Each would be credited ₹ 50,000 as interest and debited ₹ 50,000 as reduced profit (equal sharing). The net effect is nil.

CBSE 2025 · 67/5/1 · Q8(a)

1 mark

Sudha, a partner withdrew ₹ 12,000 on 31st October, 2023 for her personal use. Interest on drawings is charged @ 6% p.a. The interest on Sudha's drawings for the year ended 31st March, 2024 will be :

- | | |
|-------------|-----------|
| (A) ₹ 300 | (B) ₹ 30 |
| (C) ₹ 3,000 | (D) ₹ 150 |

Solution**Answer: (A) ₹ 300**

31 Oct to 31 Mar = 5 months: $12,000 \times 6\% \times 5/12 = ₹ 300$.

CBSE 2025 · 67/5/1 · Q8(b)

1 mark

The partnership deed should be prepared as per the provisions of which of the following Acts ?

- | | |
|-----------------------------|--------------------------------------|
| (A) The Companies Act, 2013 | (B) The Indian Partnership Act, 1932 |
| (C) The Indian Stamp Act | (D) The Cooperative Societies Act |

Solution**Answer: (C) The Indian Stamp Act**

The deed should be properly drafted and prepared as per the provisions of the Stamp Act (and preferably registered with the Registrar of Firms).

CBSE 2025 · 67/5/1 · Q9

1 mark

Manoj, Dilip and Rajinder were partners in a firm sharing profits and losses in the ratio of 7 : 3 : 5. Their fixed capitals were ₹ 10,00,000, ₹ 8,00,000 and ₹ 6,00,000, respectively. The partnership deed provided for interest on partners' drawings @ 12% p.a. Which of the following accounts will be debited for charging interest on partners' drawings ?

- | | |
|----------------------------------|---|
| (A) Partners' Capital Account | (B) Profit and Loss Appropriation Account |
| (C) Interest on Drawings Account | (D) Profit and Loss Account |

Solution**Answer: Partners' Current Accounts** (not among the options).

With **fixed** capitals, interest on drawings is debited to the partners' Current Accounts: Partners' Current A/c Dr. To Interest on Drawings A/c. No option says this, so the CBSE marking scheme awarded the mark to every candidate. (Interest on Drawings A/c is credited, not debited.)

CBSE 2024 · 67/1/1 · Q2

1 mark

Abhay, Boris and Chetan were partners in a firm sharing profits in the ratio of 5 : 3 : 2. Boris was guaranteed a profit of ₹ 95,000. Any deficiency on account of this was to be borne by Abhay and Chetan equally. The firm earned a profit of ₹ 2,00,000 for the year ended 31st March, 2023. The amount given by Abhay to Boris as guaranteed amount will be :

- | | |
|--------------|--------------|
| (A) ₹ 17,500 | (B) ₹ 35,000 |
| (C) ₹ 25,000 | (D) ₹ 10,000 |

Solution**Answer: (A) ₹ 17,500**

Boris's share = $2,00,000 \times \frac{3}{10} = ₹ 60,000$; deficiency ₹ 35,000, borne equally → Abhay ₹ 17,500.

CBSE 2024 · 67/1/1 · Q6

1 mark

Assertion (A) : Each partner is a principal as well as an agent for all the other partners.

Reason (R) : As per the definition of Partnership Act, partnership business may be carried on by all the partners or any of them acting for all.

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

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

(C) A is correct, but R is incorrect.

(D) A is incorrect, but R is correct.

(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.

Solution**Answer: (B)**

Because any partner can act for all, each is an agent (binding the others) and a principal (bound by the others).

CBSE 2024 · 67/1/1 · Q7

1 mark

Abha and Babita were partners in a clay toy making firm sharing profits in the ratio of 2 : 1. On 1st April, 2023, their capital accounts showed balances of ₹ 5,00,000 and ₹ 10,00,000 respectively. The partnership deed provides for interest on capital @ 10% p.a. The firm earned a profit of ₹ 90,000 during the year. The amount of interest on capital allowed to Abha will be :

(A) ₹ 50,000

(B) ₹ 1,00,000

(C) ₹ 60,000

(D) ₹ 30,000

Solution**Answer: (D) ₹ 30,000**

Interest due: Abha ₹ 50,000, Babita ₹ 1,00,000 (₹ 1,50,000 in all), more than the profit. The profit of ₹ 90,000 is distributed in the interest ratio 1 : 2 → Abha ₹ 30,000, Babita ₹ 60,000.

CBSE 2024 · 67/1/1 · Q8

1 mark

(Same information as Q7.) Babita's share in profit will be :

(A) ₹ 60,000

(B) ₹ 30,000

(C) Nil

(D) ₹ 1,00,000

Solution**Answer: (C) Nil**

The whole profit goes as interest on capital; nothing is left to share as profit.

CBSE 2024 · 67/2/1 · Q2

1 mark

Which of the following items cannot be recorded in the capital account of partners if the capital accounts of partners are fixed ?

- | | |
|--|--------------------------------|
| (A) Drawings | (B) Withdrawal of capital |
| (C) Introduction of additional capital | (D) Opening balance of capital |

Solution**Answer: (A) Drawings** (they go to the Current Account).

CBSE 2024 · 67/2/1 · Q4(a)

1 mark

On 1st January, 2023, Abhishek, a partner, advanced a loan of ₹ 3,00,000 to the firm. In the absence of a partnership agreement, the amount of interest on the loan for the year ending 31st March, 2023 will be :

- | | |
|--------------|----------------------------------|
| (A) ₹ 18,000 | (B) ₹ 4,500 |
| (C) ₹ 9,000 | (D) No interest will be provided |

Solution**Answer: (B) ₹ 4,500**6% p.a. for 3 months: $3,00,000 \times 6\% \times 3/12$.

CBSE 2024 · 67/2/1 · Q4(b)

1 mark

If a partner withdraws a fixed amount at the end of each quarter, interest on drawings will be charged for _____ months.

- | | |
|-------|--------------------|
| (A) 9 | (B) $7\frac{1}{2}$ |
| (C) 6 | (D) $4\frac{1}{2}$ |

Solution**Answer: (D) $4\frac{1}{2}$** Periods 9, 6, 3 and 0 months; average = $18 \div 4 = 4\frac{1}{2}$.

CBSE 2024 · 67/2/1 · Q5(b)

1 mark

Neeru and Meetu are partners in a firm with capitals of ₹ 2,00,000 and ₹ 1,50,000 respectively. If the firm earned a profit of ₹ 17,500 for the year ended 31st March, 2023, then interest on capital @ 10% p.a. would be :

- | | |
|------------------------------------|-----------------------------------|
| (A) Neeru ₹ 15,000; Meetu ₹ 20,000 | (B) Neeru ₹ 8,750; Meetu ₹ 8,750 |
| (C) Neeru ₹ 20,000; Meetu ₹ 15,000 | (D) Neeru ₹ 10,000; Meetu ₹ 7,500 |

Solution**Answer: (D)**

Interest due ₹ 20,000 and ₹ 15,000 exceeds the profit, so the profit is shared in the ratio 4 : 3.

CBSE 2024 · 67/2/1 · Q8(b)

1 mark

Raju, Sohan and Tina are partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. Tina is guaranteed a minimum amount of ₹ 40,000 as share of profit every year. Any deficiency arising on that account shall be borne by Raju. If profit of the firm for the year ended 31st March, 2023 is ₹ 1,60,000, Raju will bear a deficiency of :

- | | |
|--------------|--------------|
| (A) ₹ 8,000 | (B) ₹ 40,000 |
| (C) ₹ 48,000 | (D) ₹ 4,000 |

Solution**Answer: (A) ₹ 8,000**

Tina's share = $1,60,000 \times 1/5 = ₹ 32,000$; deficiency = $40,000 - 32,000$.

CBSE 2024 · 67/2/1 · Q14

1 mark

Vivek and Nisha were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2022, their capitals were ₹ 8,00,000 and ₹ 4,00,000 respectively. On 1st July, 2022, Vivek introduced additional capital of ₹ 2,00,000. During the year, Vivek's drawings were ₹ 40,000 while drawings of Nisha were ₹ 80,000. As per the partnership agreement, interest on capital is allowed @ 6% p.a., interest on drawings will be charged @ 5% p.a. The net profit for the year ended 31st March, 2023 amounted to ₹ 6,50,000. Interest on capital payable to Vivek will be :

- | | |
|--------------|--------------|
| (A) ₹ 48,000 | (B) ₹ 60,000 |
| (C) ₹ 57,000 | (D) ₹ 24,000 |

Solution**Answer: (C) ₹ 57,000**

$8,00,000 \times 6\% = 48,000 + 2,00,000 \times 6\% \times 9/12 = 9,000$.

CBSE 2024 · 67/2/1 · Q15

1 mark

(Same information as Q14.) The amount of interest on drawings of Nisha would be :

- | | |
|-------------|-------------|
| (A) ₹ 2,000 | (B) ₹ 1,000 |
| (C) ₹ 4,000 | (D) ₹ 4,800 |

Solution**Answer: (A) ₹ 2,000**

Dates not given, so average 6 months: $80,000 \times 5\% \times 6/12$.

CBSE 2023 · 67/1/1 · Q1(a)

1 mark

Hina and Neena are partners in a firm. Neena withdrew ₹ 10,000 per month at the beginning of each month during the year ended 31st March, 2022. Interest on drawings was to be charged @ 6% per annum. Interest on Neena's drawings for the year ended 31st March, 2022 will be :

- | | |
|-------------|-------------|
| (a) ₹ 3,900 | (b) ₹ 325 |
| (c) ₹ 3,600 | (d) ₹ 3,300 |

Solution

Answer: (a) ₹ 3,900

$$1,20,000 \times 6\% \times 6.5/12.$$

CBSE 2023 · 67/1/1 · Q1(b)

1 mark

Vibha and Asha are partners in a firm. Asha withdrew ₹ 1,000 at the end of each quarter during the year ended 31st March, 2022. Interest on drawings will be calculated for an average period of :

- | | |
|---------------|---------------|
| (a) 6 months | (b) 4½ months |
| (c) 7½ months | (d) 6½ months |

Solution**Answer: (b) 4½ months**

CBSE 2023 · 67/1/1 · Q2

1 mark

Aman and Chaman are partners in a firm. On 1st July, 2021 Aman advanced a loan of ₹ 6,00,000 to the firm. There is no partnership deed. On 31st March, 2022, Aman was entitled to get the following amount as interest on loan :

- | | |
|--------------|--------------|
| (a) ₹ 36,000 | (b) ₹ 18,000 |
| (c) ₹ 9,000 | (d) ₹ 27,000 |

Solution**Answer: (d) ₹ 27,000**

$$6\% \text{ p.a. for 9 months: } 6,00,000 \times 6\% \times 9/12.$$

CBSE 2023 · 67/1/1 · Q4

1 mark

Kavita, Savita and Madhu were partners in a firm with capitals of ₹ 6,00,000, ₹ 4,00,000 and ₹ 2,00,000 respectively. After providing interest on capital @ 10% p.a., the profits are divisible as follows : Kavita 1/3, Savita 1/2 and Madhu 1/6. Kavita personally guaranteed that Savita's share of profit after charging interest on capital would not be less than ₹ 1,00,000 in any year. The profit for the year ending 31st March, 2022 amounted to ₹ 3,00,000 before providing interest on capital. Savita's share of profit is short of the guaranteed amount by :

- | | |
|--------------|--------------|
| (a) ₹ 40,000 | (b) ₹ 70,000 |
| (c) ₹ 20,000 | (d) ₹ 10,000 |

Solution**Answer: (d) ₹ 10,000**

Interest on capital = 60,000 + 40,000 + 20,000 = ₹ 1,20,000. Divisible profit = ₹ 1,80,000. Savita's 1/2 = ₹ 90,000, short of ₹ 1,00,000 by ₹ 10,000.

CBSE 2023 · 67/1/1 · Q5

1 mark

(Same information as Q4.) The total profits of the firm after adjustment of guaranteed amount will be distributed between the partners as :

- (a) Kavita ₹ 60,000, Savita ₹ 40,000 and Madhu ₹ 20,000
 (b) Kavita ₹ 50,000, Savita ₹ 1,00,000 and Madhu ₹ 30,000
 (c) Kavita ₹ 60,000, Savita ₹ 90,000 and Madhu ₹ 30,000
 (d) Kavita ₹ 60,000, Savita ₹ 1,00,000 and Madhu ₹ 20,000

Solution**Answer: (b)**

Kavita 60,000 – 10,000 = ₹ 50,000; Savita ₹ 1,00,000; Madhu ₹ 30,000.

CBSE 2023 · 67/1/1 · Q11

1 mark

'A' and 'B' were partners in a firm sharing profits and losses in the ratio of 7 : 1. 'A' withdrew a fixed amount of ₹ 12,000 at the beginning of each quarter. Interest on drawings is charged @ 6% p.a. The journal entry for charging interest on drawings at the end of the year will be :

- (a) Interest on drawings A/c Dr. ₹ 1,800 To A's Capital A/c ₹ 1,800
 (b) Interest on drawings A/c Dr. ₹ 1,800 To A's Current A/c ₹ 1,800
 (c) A's Capital A/c Dr. ₹ 1,800 To Interest on drawings A/c ₹ 1,800
 (d) Profit and Loss Appropriation A/c Dr. ₹ 1,800 To Interest on drawings A/c ₹ 1,800

Solution**Answer: (c)**

Interest = $48,000 \times 6\% \times 7.5/12 = ₹ 1,800$, charged to the partner.

CBSE 2020 · 67/1/1 · Q1

1 mark

In case the partners' capitals are fixed, in which account will withdrawal of capital be recorded ?

Solution

In the **Partners' Capital Accounts**. (Permanent withdrawals of capital change the fixed capital; ordinary drawings go to the current accounts.)

CBSE 2019 · 67/1/1 · Q5

1 mark

Chhavi and Neha were partners in a firm sharing profits and losses equally. Chhavi withdrew a fixed amount at the beginning of each quarter. Interest on drawings is charged @ 6% p.a. At the end of the year, interest on Chhavi's drawings amounted to ₹ 900. Pass necessary journal entry for charging interest on drawings.

Solution

Particulars	Dr. ₹	Cr. ₹
Chhavi's Capital (or Current) A/c Dr. To Interest on Drawings A/c (Interest on drawings charged)	900	900

CBSE 2018 · 67/1 · Q4

1 mark

Ritesh and Hitesh are childhood friends. Ritesh is a consultant whereas Hitesh is an architect. They contributed equal amounts and purchased a building for ₹ 2 crores. After a year, they sold it for ₹ 3 crores and shared the profits equally. Are they doing the business in partnership? Give reason in support of your answer.

Solution

No. They do not buy and sell property as a regular business; mere co-ownership of a property does not amount to partnership.

CBSE 2017 · 67/2 · Q1

1 mark

Durga and Naresh were partners in a firm. They wanted to admit five more members in the firm. List any two categories of individuals other than minors who cannot be admitted by them.

Solution

Any two: persons of unsound mind; insolvent persons; persons disqualified by law (e.g. alien enemies). These are not competent to contract.

CBSE 2017 · 67/2 · Q4

1 mark

P and Q were partners in a firm sharing profits and losses equally. Their fixed capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. The partnership deed provided for interest on capital @ 12% per annum. For the year ended 31st March, 2016, the profits of the firm were distributed without providing interest on capital. Pass necessary adjustment entry to rectify the error.

Solution

Particulars	P	Q	Total
Interest on capital to be credited	24,000	36,000	60,000
Less: Profit to be withdrawn (1 : 1)	(30,000)	(30,000)	(60,000)
Net effect	6,000 Dr.	6,000 Cr.	—

Particulars	Dr. ₹	Cr. ₹
P's Current A/c Dr. To Q's Current A/c (Interest on capital omitted, now adjusted)	6,000	6,000

CBSE 2017 · 67/2 · Q6

1 mark

Distinguish between 'Fixed Capital Account' and 'Fluctuating Capital Account' on the basis of credit balance.

Solution

Basis	Fixed Capital Account	Fluctuating Capital Account
Balance	Always shows a credit balance (adjustments go to current accounts).	May show a credit or a debit balance.

CBSE 2016 · 67/1 · Q1

1 mark

A group of 40 people wants to form a partnership firm. They want your advice regarding the maximum number of persons that can be there in a partnership firm and the name of the Act under whose provisions it is given.

Solution

The maximum number of partners is **50**, as prescribed under the **Companies Act, 2013** (Section 464 read with the Companies (Miscellaneous) Rules, 2014). So 40 people can form the firm.

CBSE 2016 · 67/1 · Q6

1 mark

Tom and Harry were partners in a firm sharing profits in the ratio of 5 : 3. During the year ended 31.3.2015 Tom had withdrawn ₹ 40,000. Interest on his drawings amounted to ₹ 2,000. Pass necessary journal entry for charging interest on drawings assuming that the capitals of the partners were fluctuating.

Solution

Date	Particulars	Dr. ₹	Cr. ₹
2015 Mar 31	Tom's Capital A/c Dr. To Interest on Drawings A/c	2,000	2,000

3 marks: short answer

CBSE 2026 · 67/3/1 · Q18(a)

3 marks

Laxmi, Rani and Priya were partners in a firm sharing profits and losses in the ratio of 5 : 7 : 8. Their fixed capitals were ₹ 8,00,000; ₹ 7,00,000 and ₹ 5,00,000 respectively. The partnership deed provided interest on capital @ 9% per annum. For the year ending 31st March, 2025, interest on capital was provided @ 12% per annum. Showing your workings clearly, pass a single adjustment entry to rectify the error.

Solution

Excess interest given @ 3% must be taken back and the same amount given as profit in 5 : 7 : 8.

Particulars	Laxmi ₹	Rani ₹	Priya ₹	Total ₹
Excess interest to be taken back (3%)	(24,000)	(21,000)	(15,000)	(60,000)
Profit to be given (5 : 7 : 8)	15,000	21,000	24,000	60,000
Net effect	9,000 Dr.	—	9,000 Cr.	—

Date	Particulars	Dr. ₹	Cr. ₹
2025 Mar 31	Laxmi's Current A/c Dr. To Priya's Current A/c (Interest on capital provided in excess by 3%, now rectified)	9,000	9,000

CBSE 2026 · 67/4/1 · Q18(a)

3 marks

Rohit, Ashish and Sameer entered into a partnership on 1st October, 2024 with capitals of ₹ 12,00,000; ₹ 6,00,000 and ₹ 6,00,000 respectively. They decided to share the profits and losses in the ratio of 3 : 1 : 1. Partners were entitled to interest on capital @ 5% per annum as per the provisions of the partnership deed. Sameer was given a guarantee that his share of profit, after charging interest on capital, will not be less than ₹ 1,50,000 per annum. Any deficiency arising on that account shall be met by Rohit. The profit for the year ended 31st March, 2025 amounted to ₹ 5,60,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2025.

Solution

The firm ran for 6 months (1 Oct 2024 – 31 Mar 2025).

Interest on capital @ 5% for 6 months: Rohit ₹ 30,000, Ashish ₹ 15,000, Sameer ₹ 15,000 = ₹ 60,000.

Profit to share = 5,60,000 – 60,000 = ₹ 5,00,000 in 3 : 1 : 1 → Rohit ₹ 3,00,000, Ashish ₹ 1,00,000, Sameer ₹ 1,00,000.

Sameer's guarantee for 6 months = $1,50,000 \times 6/12 = ₹ 75,000$. His share (₹ 1,00,000) is more, so there is **no deficiency**.

Profit and Loss Appropriation Account for the year ended 31st March, 2025			
Dr. Particulars	₹	Cr. Particulars	₹
To Interest on Capital: Rohit 30,000; Ashish 15,000; Sameer 15,000	60,000	By Profit and Loss A/c (Net profit)	5,60,000
To Profit transferred to Capital A/cs: Rohit 3,00,000; Ashish 1,00,000; Sameer 1,00,000	5,00,000		
	5,60,000		5,60,000

CBSE 2026 · 67/4/1 · Q18(b)

3 marks

Tara, Dev and Ishaan were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 1. The partnership deed provided for charging interest on drawings @ 10% p.a. The drawings of Tara, Dev and Ishaan during the year ending 31st March, 2025 amounted to ₹ 30,000; ₹ 18,000 and ₹ 12,000 respectively. After the final accounts were prepared, it was discovered that interest on drawings was not taken into consideration. Give necessary adjusting journal entry to correct the omission. Show your workings clearly.

Solution

Dates of drawings are not given, so interest is charged for an average of 6 months.

Particulars	Tara ₹	Dev ₹	Ishaan ₹	Total ₹
Interest on drawings to be charged (Dr.)	1,500	900	600	3,000
Profit to be credited back (4 : 3 : 1) (Cr.)	1,500	1,125	375	3,000
Net effect	—	225 Cr.	225 Dr.	—

Date	Particulars	Dr. ₹	Cr. ₹
2025 Mar 31	Ishaan's Capital A/c Dr. To Dev's Capital A/c (Omission of interest on drawings rectified)	225	225

CBSE 2025 · 67/4/1 · Q20(a)

3 marks

Abhay and Sujoy entered into partnership on 1st April, 2024 with capitals of ₹ 80,00,000 and ₹ 60,00,000 respectively. The partners decided to share profits in the ratio of their capital contribution. They withdrew ₹ 6,00,000 and ₹ 4,00,000 respectively during the year. The partners were charged interest on drawings @ 10% per annum as per the provisions of the partnership deed. Abhay's share of profit was guaranteed by Sujoy at a minimum of ₹ 3,50,000 per annum. The profit of the firm for the year ended 31st March 2024 amounted to ₹ 6,50,000. Prepare Profit and Loss Appropriation Account of the firm for the year ended 31st March, 2024.

Solution

Profit ratio = 80 : 60 = 4 : 3. Interest on drawings (average 6 months): Abhay $6,00,000 \times 10\% \times 6/12$ = ₹ 30,000; Sujoy ₹ 20,000.

Divisible profit = 6,50,000 + 50,000 = ₹ 7,00,000 → Abhay $4/7$ = ₹ 4,00,000; Sujoy ₹ 3,00,000. Abhay's share exceeds the guarantee of ₹ 3,50,000, so no deficiency.

Profit and Loss Appropriation Account for the year ended 31st March, 2024			
Dr. Particulars	₹	Cr. Particulars	₹
To Profit transferred to Capital A/cs: Abhay 4,00,000; Sujoy 3,00,000	7,00,000	By Profit and Loss A/c (Net profit)	6,50,000
		By Interest on Drawings: Abhay 30,000; Sujoy 20,000	50,000
	7,00,000		7,00,000

CBSE 2025 · 67/4/1 · Q20(b)

3 marks

Sonia and Shruti were partners in a firm sharing profits and losses in the ratio of 5 : 3. On 1st April, 2023 the balance in their fixed capital accounts were ₹ 25,00,000 and ₹ 15,00,000 respectively. The profit of the firm for the year ended 31st March, 2024 was ₹ 24,00,000. Calculate their share of profit if : (i) the partnership deed is silent as to the payment of interest on capital. (ii) the partnership deed provides for interest on capital @ 10% per annum.

Solution

(i) No interest on capital. Profit ₹ 24,00,000 in 5 : 3 → **Sonia ₹ 15,00,000; Shruti ₹ 9,00,000.**

(ii) Interest on capital: Sonia $25,00,000 \times 10\%$ = ₹ 2,50,000; Shruti ₹ 1,50,000 (total ₹ 4,00,000).

Remaining profit = 24,00,000 – 4,00,000 = ₹ 20,00,000 in 5 : 3 → **Sonia ₹ 12,50,000; Shruti ₹ 7,50,000** (besides their interest).

CBSE 2025 · 67/5/1 · Q17

3 marks

Suman and Lata were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 1st April, 2023, their capital accounts showed balances of ₹ 1,50,000 and ₹ 2,00,000, respectively. The partnership deed provided for interest on capital @ 8% p.a. Show the treatment of interest on capital in the following cases if : (i) The firm earned a profit of ₹ 14,000 for the year ended 31st March, 2024. (ii) The firm earned a profit of ₹ 60,000 for the year ended 31st March, 2024.

Solution

Interest due: Suman 1,50,000 × 8% = ₹ 12,000; Lata 2,00,000 × 8% = ₹ 16,000; total ₹ 28,000.

(i) Profit ₹ 14,000 < ₹ 28,000, so the whole profit is distributed as interest in the ratio of interest, 12 : 16 = 3 : 4 → Suman ₹ 6,000, Lata ₹ 8,000.

P&L Appropriation A/c (case i)			
To Interest on Capital: Suman 6,000; Lata 8,000	14,000	By P&L A/c (net profit)	14,000

(ii) Profit ₹ 60,000 is enough: full interest is allowed, and the balance ₹ 32,000 is shared 3 : 2 (₹ 19,200 and ₹ 12,800).

P&L Appropriation A/c (case ii)			
To Interest on Capital: Suman 12,000; Lata 16,000	28,000	By P&L A/c (net profit)	60,000
To Profit: Suman 19,200; Lata 12,800	32,000		
	60,000		60,000

CBSE 2024 · 67/1/1 · Q20(a)

3 marks

Mohan, Suhaan and Adit were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Their fixed capitals were : ₹ 2,00,000, ₹ 1,00,000 and ₹ 1,00,000 respectively. For the year ended 31st March, 2023, interest on capital was credited to their accounts @ 8% p.a. instead of 5% p.a. Pass necessary adjusting journal entry. Show your workings clearly.

Solution

Particulars	Mohan ₹	Suhaan ₹	Adit ₹	Total ₹
Excess interest to be taken back (3%)	(6,000)	(3,000)	(3,000)	(12,000)
Profit to be credited (3 : 2 : 1)	6,000	4,000	2,000	12,000
Net effect	—	1,000 Cr.	1,000 Dr.	—

Particulars	Dr. ₹	Cr. ₹
Adit's Current A/c Dr. To Suhaan's Current A/c (Interest on capital credited at a higher rate, rectified)	1,000	1,000

CBSE 2024 · 67/1/1 · Q20(b)

3 marks

Manoj and Nitin were partners in a firm sharing profits and losses in the ratio of 2 : 1. On 31st March, 2023, the balances in their capital accounts after making adjustments for profits and drawings were ₹ 90,000 and ₹ 80,000 respectively. The net profit for the year ended 31st March, 2023 amounted to ₹ 30,000. During the year Manoj withdrew ₹ 40,000 and Nitin withdrew ₹ 20,000. Subsequently, it was noticed that Interest on Capital @ 10% p.a. was not provided to the partners. Also Interest on Drawings to Manoj ₹ 3,000 and to Nitin ₹ 2,000 was not charged. Pass necessary adjusting journal entry. Show your workings clearly.

Solution

Opening capitals = closing capital + drawings – profit: Manoj 90,000 + 40,000 – 20,000 = ₹ 1,10,000; Nitin 80,000 + 20,000 – 10,000 = ₹ 90,000.

Particulars	Manoj ₹	Nitin ₹
Interest on capital to be credited (10%)	11,000	9,000
Less: Interest on drawings to be charged	(3,000)	(2,000)
Net amount to be credited	8,000	7,000
Less: Profit to be debited back (₹ 15,000 in 2 : 1)	(10,000)	(5,000)
Net effect	2,000 Dr.	2,000 Cr.

Particulars	Dr. ₹	Cr. ₹
Manoj's Capital A/c Dr. To Nitin's Capital A/c (Omission of interest on capital and drawings rectified)	2,000	2,000

CBSE 2024 · 67/2/1 · Q17(b)

3 marks

Chaman, Burman and Aman were partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Aman was guaranteed a minimum amount of ₹ 60,000 as his share of profit every year. The net profit for the year ended 31st March, 2023 amounted to ₹ 1,20,000. Pass necessary journal entries in the books of the firm showing the distribution of profit amongst the partners.

Solution

Aman's share = ₹ 20,000; deficiency ₹ 40,000, borne by Chaman and Burman in their ratio 3 : 2 (₹ 24,000 and ₹ 16,000).

Date	Particulars	Dr. ₹	Cr. ₹
2023 Mar 31	Profit & Loss A/c Dr. To Profit & Loss Appropriation A/c (Net profit transferred)	1,20,000	1,20,000
Mar 31	Profit & Loss Appropriation A/c Dr. To Chaman's Capital A/c To Burman's Capital A/c To Aman's Capital A/c (Profit distributed 3 : 2 : 1)	1,20,000	60,000 40,000 20,000
Mar 31	Chaman's Capital A/c Dr. Burman's Capital A/c Dr. To Aman's Capital A/c (Deficiency of Aman met 3 : 2)	24,000 16,000	40,000

CBSE 2023 · 67/1/1 · Q20(b)

3 marks

Rakshit and Malik are partners in a firm sharing profits and losses in the ratio of 4 : 1. On 1st April, 2021, their capitals were ₹ 1,20,000 and ₹ 80,000 respectively. On 1st December, 2021, they decided that the total capital of the firm should be ₹ 3,00,000 to be contributed by them in the ratio of 2 : 1. According to the partnership deed, interest on capital is allowed to the partners @ 6% p.a. Calculate interest on capital to be allowed for the year ending 31st March, 2022.

Solution

From 1 Dec 2021, capitals become Rakshit ₹ 2,00,000 and Malik ₹ 1,00,000.

Rakshit: $1,20,000 \times 6\% \times 8/12 = 4,800 + 2,00,000 \times 6\% \times 4/12 = 4,000 \rightarrow \text{₹ } 8,800$

Malik: $80,000 \times 6\% \times 8/12 = 3,200 + 1,00,000 \times 6\% \times 4/12 = 2,000 \rightarrow \text{₹ } 5,200$

4 marks: case-based / source-based

CBSE 2020 · 67/1/1 · Q15(a)

4 marks

Ram, Mohan and Sohan were partners sharing profits in the ratio of 2 : 1 : 1. Ram withdrew ₹ 3,000 every month and Mohan withdrew ₹ 4,000 every month. Interest on drawings @ 6% p.a. was charged, whereas the partnership deed was silent about interest on drawings. Showing your working clearly, pass the necessary adjustment entry to rectify the error.

Solution

Interest wrongly charged (average period 6 months): Ram $36,000 \times 6\% \times 6/12 = ₹ 1,080$; Mohan $48,000 \times 6\% \times 6/12 = ₹ 1,440$. Total ₹ 2,520.

Particulars	Ram	Mohan	Sohan
Interest on drawings to be refunded (Cr.)	1,080	1,440	—
Less: Profit to be reduced 2 : 1 : 1 (Dr.)	(1,260)	(630)	(630)
Net effect	180 Dr.	810 Cr.	630 Dr.

Particulars	Dr. ₹	Cr. ₹
Ram's Capital A/c Dr.	180	
Sohan's Capital A/c Dr.	630	
To Mohan's Capital A/c		810
<i>(Interest on drawings wrongly charged, now adjusted)</i>		

CBSE 2020 · 67/1/1 · Q15(b)

4 marks

Yadu, Vidu and Radhu were partners in a firm sharing profits in the ratio of 4 : 3 : 3. Their fixed capitals on 1st April, 2018 were ₹ 9,00,000, ₹ 5,00,000 and ₹ 4,00,000 respectively. On 1st November, 2018, Yadu gave a loan of ₹ 80,000 to the firm. As per the partnership agreement : (i) The partners were entitled to an interest on capital @ 6% p.a. (ii) Interest on partners' drawings was to be charged @ 8% p.a. The firm earned profits of ₹ 2,53,000 (after interest on Yadu's loan) during the year 2018 – 19. Partners' drawings for the year amounted to Yadu : ₹ 80,000, Vidu : ₹ 70,000 and Radhu : ₹ 50,000. Prepare Profit and Loss Appropriation Account for the year ending 31st March, 2019.

Solution

Interest on capital @ 6%: 54,000; 30,000; 24,000. Interest on drawings @ 8% for an average 6 months: 3,200; 2,800; 2,000.

Dr. Profit and Loss Appropriation Account for the year ended 31st March, 2019 Cr.			
Particulars	₹	Particulars	₹
To Interest on Capital: Yadu 54,000; Vidu 30,000; Radhu 24,000 (Current A/cs)	1,08,000	By Profit and Loss A/c (net profit)	2,53,000
To Profit transferred to Current A/cs (4 : 3 : 3): Yadu 61,200; Vidu 45,900; Radhu 45,900	1,53,000	By Interest on Drawings: Yadu 3,200; Vidu 2,800; Radhu 2,000	8,000
	2,61,000		2,61,000

CBSE 2016 · 67/1 · Q11

4 marks

Vikas and Vivek were partners in a firm sharing profits in the ratio of 3 : 2. On 1.4.2014 they admitted Vandana as a new partner for 1/8th share in the profits with a guaranteed profit of ₹ 1,50,000. The new profit sharing ratio between Vivek and Vikas will remain the same but they decided to bear any deficiency on account of guarantee to Vandana in the ratio 2 : 3. The profit of the firm for the year ended 31.3.2015 was ₹ 9,00,000. Prepare Profit and Loss Appropriation Account of Vikas, Vivek and Vandana for the year ended 31.3.2015.

Solution

New ratio: Vikas $3/5 \times 7/8 = 21/40$; Vivek $2/5 \times 7/8 = 14/40$; Vandana $5/40$.

Shares of 9,00,000: Vikas 4,72,500; Vivek 3,15,000; Vandana 1,12,500. Deficiency = 1,50,000 – 1,12,500 = ₹ 37,500, borne Vikas : Vivek = 2 : 3 (as in the Hindi version) → 15,000 and 22,500.

Dr. Profit and Loss Appropriation Account for the year ended 31.3.2015 Cr.

Particulars	₹	Particulars	₹
To Profit transferred to:		By Profit and Loss A/c	9,00,000
Vikas 4,72,500 – 15,000	4,57,500		
Vivek 3,15,000 – 22,500	2,92,500		
Vandana 1,12,500 + 37,500	1,50,000		
	9,00,000		9,00,000

(Reading the English wording "Vivek and Vikas ... 2 : 3" literally gives Vivek 15,000 and Vikas 22,500, i.e. Vikas 4,50,000 and Vivek 3,00,000.)

6 marks: long answer

CBSE 2019 · 67/1/1 · Q15(a)

6 marks

Sonu and Rajat started a partnership firm on April 1, 2017. They contributed ₹ 8,00,000 and ₹ 6,00,000 respectively as their capitals and decided to share profits and losses in the ratio of 3 : 2. The partnership deed provided that Sonu was to be paid a salary of ₹ 20,000 per month and Rajat a commission of 5% on turnover. It also provided that interest on capital be allowed @ 8% p.a. Sonu withdrew ₹ 20,000 on 1st December, 2017 and Rajat withdrew ₹ 5,000 at the end of each month. Interest on drawings was charged @ 6% p.a. The net profit as per Profit and Loss Account for the year ended 31st March, 2018 was ₹ 4,89,950. The turnover of the firm for the year ended 31st March, 2018 amounted to ₹ 20,00,000. Pass necessary journal entries for the above transactions in the books of Sonu and Rajat.

Solution**Working notes**

- Salary = $20,000 \times 12 = ₹ 2,40,000$. Commission = 5% of 20,00,000 = ₹ 1,00,000.
- Interest on capital: Sonu 64,000; Rajat 48,000.
- Interest on drawings: Sonu $20,000 \times 6\% \times 4/12 = 400$; Rajat $60,000 \times 6\% \times 5.5/12 = 1,650$.
- Divisible profit = $4,89,950 - 2,40,000 - 1,00,000 - 1,12,000 + 2,050 = ₹ 40,000 \rightarrow$ Sonu 24,000; Rajat 16,000.

Particulars	Dr. ₹	Cr. ₹
Profit and Loss A/c Dr. To Profit and Loss Appropriation A/c	4,89,950	4,89,950
Partner's Salary A/c Dr. To Sonu's Capital A/c	2,40,000	2,40,000
Profit and Loss Appropriation A/c Dr. To Partner's Salary A/c	2,40,000	2,40,000
Partner's Commission A/c Dr. To Rajat's Capital A/c	1,00,000	1,00,000
Profit and Loss Appropriation A/c Dr. To Partner's Commission A/c	1,00,000	1,00,000
Interest on Capital A/c Dr. To Sonu's Capital A/c To Rajat's Capital A/c	1,12,000	64,000 48,000
Profit and Loss Appropriation A/c Dr. To Interest on Capital A/c	1,12,000	1,12,000
Sonu's Capital A/c Dr. Rajat's Capital A/c Dr. To Interest on Drawings A/c	400 1,650	2,050
Interest on Drawings A/c Dr. To Profit and Loss Appropriation A/c	2,050	2,050
Profit and Loss Appropriation A/c Dr. To Sonu's Capital A/c To Rajat's Capital A/c	40,000	24,000 16,000

CBSE 2019 · 67/1/1 · Q15(b)

6 marks

Jay, Vijay and Karan were partners of an architect firm sharing profits in the ratio of 2 : 2 : 1. Their partnership deed provided the following : (i) A monthly salary of ₹ 15,000 each to Jay and Vijay. (ii) Karan was guaranteed a profit of ₹ 5,00,000 and Jay guaranteed that he will earn an annual fee of ₹ 2,00,000. Any deficiency arising because of guarantee to Karan will be borne by Jay and Vijay in the ratio of 3 : 2. During the year ended 31st March, 2018 Jay earned fee of ₹ 1,75,000 and the profits of the firm amounted to ₹ 15,00,000. Showing your workings clearly prepare Profit and Loss Appropriation Account and the Capital Account of Jay, Vijay and Karan for the year ended 31st March, 2018.

Solution

Jay's fee shortfall = 2,00,000 – 1,75,000 = ₹ 25,000, made good by Jay.

Profit for distribution = 15,00,000 + 25,000 – salaries 3,60,000 = ₹ 11,65,000 → 2 : 2 : 1 = 4,66,000; 4,66,000; 2,33,000.

Karan's deficiency = 5,00,000 – 2,33,000 = ₹ 2,67,000, borne 3 : 2 → Jay 1,60,200; Vijay 1,06,800.

Dr. Profit and Loss Appropriation Account for the year ended 31st March, 2018 Cr.

Particulars	₹	Particulars	₹
To Salary: Jay 1,80,000; Vijay 1,80,000	3,60,000	By Net Profit	15,00,000
To Profit transferred to:		By Jay's Capital A/c (deficiency in fees)	25,000
Jay 4,66,000 – 1,60,200 = 3,05,800	3,05,800		
Vijay 4,66,000 – 1,06,800 = 3,59,200	3,59,200		
Karan 2,33,000 + 2,67,000 = 5,00,000	5,00,000		
	15,25,000		15,25,000

Dr. Partners' Capital Accounts Cr.

Particulars	Jay	Vijay	Karan	Particulars	Jay	Vijay	Karan
To P&L Appropriation A/c (fee deficiency)	25,000	—	—	By Salary	1,80,000	1,80,000	—
To Balance c/d	4,60,800	5,39,200	5,00,000	By P&L Appropriation A/c (profit)	3,05,800	3,59,200	5,00,000
	4,85,800	5,39,200	5,00,000		4,85,800	5,39,200	5,00,000

8 marks: long answer

CBSE 2018 · 67/1 · Q16(b)

8 marks

Moli, Bhola and Raj were partners in a firm sharing profits and losses in the ratio of 3 : 3 : 4. Their partnership deed provided for the following : (i) Interest on capital @ 5% p.a. (ii) Interest on drawing @ 12% p.a. (iii) Interest on partners' loan @ 6% p.a. (iv) Moli was allowed an annual salary of ₹ 4,000; Bhola was allowed a commission of 10% of net profit as shown by Profit and Loss Account and Raj was guaranteed a profit of ₹ 1,50,000 after making all the adjustments as provided in the partnership agreement. Their fixed capitals were Moli : ₹ 5,00,000; Bhola : ₹ 8,00,000 and Raj : ₹ 4,00,000. On 1st April, 2016 Bhola extended a loan of ₹ 1,00,000 to the firm. The net profit of the firm for the year ended 31st March, 2017 before interest on Bhola's loan was ₹ 3,06,000. Prepare Profit and Loss Appropriation Account of Moli, Bhola and Raj for the year ended 31st March, 2017 and their Current Accounts assuming that Bhola withdrew ₹ 5,000 at the end of each month, Moli withdrew ₹ 10,000 at the end of each quarter and Raj withdrew ₹ 40,000 at the end of each half year.

Solution**Working notes**

- Net profit = 3,06,000 – interest on loan 6,000 = ₹ 3,00,000; Bhola's commission = 10% = ₹ 30,000.
- Interest on capital @ 5%: 25,000; 40,000; 20,000.
- Interest on drawings @ 12%: Moli 40,000 × 12% × 4.5/12 = 1,800; Bhola 60,000 × 12% × 5.5/12 = 3,300; Raj 80,000 × 12% × 3/12 = 2,400.
- Divisible = 3,00,000 + 7,500 – 85,000 – 4,000 – 30,000 = ₹ 1,88,500 → 3 : 3 : 4 = 56,550; 56,550; 75,400.

- Raj's deficiency = $1,50,000 - 75,400 = 74,600$, borne by Moli and Bhola 3 : 3 (37,300 each).

Dr. P&L Appropriation Account for the year ended 31st March, 2017 Cr.			
Particulars	₹	Particulars	₹
To Interest on Capital: Moli 25,000; Bhola 40,000; Raj 20,000	85,000	By Profit and Loss A/c (3,06,000 – 6,000)	3,00,000
To Salary – Moli	4,000	By Interest on Drawings: Moli 1,800; Bhola 3,300; Raj 2,400	7,500
To Commission – Bhola	30,000		
To Profit: Moli $56,550 - 37,300 = 19,250$; Bhola $56,550 - 37,300 = 19,250$; Raj $75,400 + 74,600 = 1,50,000$	1,88,500		
	3,07,500		3,07,500

Dr. Partners' Current Accounts Cr.							
Particulars	Moli	Bhola	Raj	Particulars	Moli	Bhola	Raj
To Drawings A/c	40,000	60,000	80,000	By Interest on Capital	25,000	40,000	20,000
To Interest on Drawings	1,800	3,300	2,400	By Salary	4,000	—	—
To Balance c/d	6,450	25,950	87,600	By Commission	—	30,000	—
				By P&L Appropriation (profit)	19,250	19,250	1,50,000
	48,250	89,250	1,70,000		48,250	89,250	1,70,000

(Interest on Bhola's loan, ₹ 6,000, is credited to his Loan Account, not the Current Account.)

CBSE BOARD PAPER

2026 · Q.P. Code 67/3/1

Time: 3 hours

Maximum marks: 80

Part A · Multiple choice (1 mark each)

1. Dharam and Karan were partners in a firm sharing profits and losses in the ratio of 7 : 3. On 1st April, 2025, they admitted Vinod as a new partner in the firm. Dharam surrendered $\frac{1}{3}$ rd of his share in favour of Vinod and Karan surrendered $\frac{1}{4}$ th of his share in favour of Vinod. The new profit sharing ratio will be :

- (A) 7 : 3 : 1 (B) 56 : 27 : 10
(C) 27 : 56 : 10 (D) 56 : 27 : 37

2. Assertion (A) : In case of admission of a new partner in the partnership firm, there is a need to ascertain the new profit sharing ratio among all the partners.
Reason (R) : On admission of a new partner, the profit sharing ratio among the old partners will change, keeping in view their respective contribution to the profit sharing ratio of the incoming partner.

- (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.

(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.

3. (a) Atul, Bajaj and Madan were partners in a firm sharing profits and losses in the ratio of 1 : 2 : 5. The partnership deed provides that interest on a partner's drawings shall be charged @ 18% per annum. During the year ended 31st March, 2025, Bajaj withdrew ₹ 7,000 at the end of each quarter. Interest on Bajaj's drawings will be :

- (A) ₹ 1,890 (B) ₹ 3,150
(C) ₹ 420 (D) ₹ 5,040

OR

- (b) Damodar, Rao and Shridharan were partners in a firm sharing profits and losses in the ratio of 3 : 1 : 1. Their fixed capitals were ₹ 4,00,000; ₹ 3,00,000 and ₹ 2,00,000 respectively. Interest on capital is allowed at the rate of 6% per annum. Journal entry for allowing interest on Rao's capital will be :

	Particulars	Debit ₹	Credit ₹
(A)	Profit & Loss Appropriation A/c Dr. To Rao's Capital A/c	18,000	18,000
(B)	Profit & Loss Appropriation A/c Dr. To Rao's Current A/c	18,000	18,000
(C)	Interest on Capital A/c Dr. To Rao's Current A/c	18,000	18,000
(D)	Interest on Capital A/c Dr. To Rao's Capital A/c	18,000	18,000

4. (a) Paramount Ltd. forfeited 2,000 equity shares of ₹ 100 each, ₹ 80 called up, issued at a premium of 10%, for non-payment of first call of ₹ 20 per share. On forfeiture of these shares, Equity Share Capital Account will be _____ by _____.
 (A) debited, ₹ 1,60,000 (B) credited, ₹ 1,60,000
 (C) debited, ₹ 2,00,000 (D) credited, ₹ 2,00,000
- OR**
- (b) Rudali Ltd. invited applications for issuing 2,00,000 equity shares of ₹ 10 each at a premium of ₹ 2 per share. ₹ 5 per share (including premium) was payable on application. Applications for 2,60,000 shares were received. An applicant for 5,000 shares paid his entire share money along with application. The amount received on application was :
 (A) ₹ 10,00,000 (B) ₹ 12,00,000
 (C) ₹ 12,35,000 (D) ₹ 13,35,000
5. Chaman, Raman and Suman were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. With effect from 1st April, 2025, they decided to share the future profits in the ratio of 2 : 3 : 5. For this purpose, it was agreed that the goodwill of the firm be valued at ₹ 1,00,000. The treatment of goodwill without opening goodwill account will be :
 (A) Debit Chaman's Capital A/c by ₹ 30,000 and Credit Suman's Capital A/c by ₹ 30,000 (B) Debit Suman's Capital A/c by ₹ 30,000 and Credit Chaman's Capital A/c by ₹ 30,000
 (C) Debit Chaman's Capital A/c and Suman's Capital A/c by ₹ 15,000 each and credit Raman's Capital A/c by ₹ 30,000 (D) Debit Raman's Capital A/c by ₹ 30,000 and Credit Chaman's Capital A/c and Suman's Capital A/c by ₹ 15,000 each
6. (a) On 1st April, 2024, Mobi Ltd. issued 3,000, 9% Debentures of ₹ 1,000 each at a premium of 5%. The total amount of interest due on debentures for the year ended 31st March, 2025 will be :
 (A) ₹ 2,70,000 (B) ₹ 1,50,000
 (C) ₹ 27,000 (D) ₹ 15,000
- OR**
- (b) A company may reserve a portion of its uncalled capital to be called only in the event of winding up of the company. Such uncalled amount is called :
 (A) Uncalled capital (B) Paid-up capital
 (C) Called-up capital (D) Reserve capital
7. (a) Anup, Bharti and Manoj were partners in a firm sharing profits and losses in the ratio of 11 : 8 : 1. From 1st April, 2025, they decided to share the future profits in the ratio of 2 : 2 : 1. The gain or sacrifice of each partner due to change in profit sharing ratio will be :
 (A) Anup's gain $\frac{3}{20}$, Manoj's sacrifice $\frac{3}{20}$ (B) Anup's sacrifice $\frac{3}{20}$, Manoj's gain $\frac{3}{20}$
 (C) Anup's gain $\frac{3}{20}$, Manoj's gain $\frac{3}{20}$ (D) Anup's sacrifice $\frac{3}{20}$, Manoj's sacrifice $\frac{3}{20}$
- OR**

(b) Arun, Varun and Tarun were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. On 31st March, 2025, Arun died. Varun and Tarun decided to share future profits equally. The gaining ratio of Varun and Tarun will be :

- (A) 1 : 1 (B) 3 : 2
(C) 2 : 3 (D) 5 : 2

8. Divya and Bholi were partners in a firm sharing profits and losses in the ratio of 3 : 1. On 1st April, 2024, their fixed capitals were ₹ 8,00,000 and ₹ 6,00,000 respectively. On 30th September, 2024, Bholi introduced ₹ 50,000 as additional capital. Partnership deed provided that interest on capital will be allowed @ 12% p.a. Interest on Bholi's capital for the year ended 31st March, 2025 was :

- (A) ₹ 78,000 (B) ₹ 75,000
(C) ₹ 72,000 (D) ₹ 3,000

9. (a) Persons who have entered into partnership with one another are collectively called :

- (A) Firm (B) Partnership
(C) Partners (D) Partners' firm

OR

(b) In the absence of partnership deed, partners are entitled to :

- (A) Interest on Capital (B) Share of profits/losses in the ratio of their capitals
(C) Interest @ 6% p.a. on loans/advances by them to the firm (D) Remuneration for the firm's work

10. When capitals of the partners are fluctuating, then the adjustments for drawings, interest on drawings, interest on capital, partners' salary, etc. are shown in the _____.

- (A) Current Account of partners (B) Capital Account of partners
(C) Drawings Account (D) Profit and Loss Appropriation Account

11. Nigam Ltd. issued 40,000, 11% Debentures of ₹ 100 each at a certain rate of discount. The debentures were to be redeemed at 20% premium. Existing balance of Securities Premium before issue of these debentures was ₹ 13,00,000. After writing off 'Loss on issue of debentures', the balance in Securities Premium was ₹ 3,00,000. The above debentures were issued at a discount of :

- (A) 20% (B) 15%
(C) 10% (D) 5%

12. Deep Ltd. issued 6,000, 9% Debentures of ₹ 500 each at ₹ 490 per debenture. 9% Debentures Account will be credited by :

- (A) ₹ 2,70,000 (B) ₹ 6,00,000
(C) ₹ 29,40,000 (D) ₹ 30,00,000

13. Mogra Ltd. purchased assets of ₹ 14,40,000 from DK Ltd. It issued 9% Debentures of ₹ 100 each at a discount of 4% in full satisfaction of the purchase consideration. The number of debentures issued to DK Ltd. were : 1
- (A) 14,400 (B) 15,000
(C) 3,60,000 (D) 1,500
14. On 31st March, 2025, the partnership between Hari and Om was dissolved. Hari was appointed to look after dissolution work for which he was allowed a commission of ₹ 9,700. He agreed to bear the dissolution expenses. The actual expenses of dissolution amounted to ₹ 8,900 which were paid by Hari's friend, Bhanu on his behalf. The amount debited to Realisation Account will be : 1
- (A) ₹ 9,700 (B) ₹ 8,900
(C) ₹ 10,000 (D) Nil
15. Atul and Nisha were partners in a firm sharing profits and losses in the ratio of 4 : 1. Their capitals were ₹ 1,20,000 and ₹ 90,000 respectively. On 1st April, 2025, they admitted Mona as a new partner in the firm for 1/4th share in the future profits. Mona brought ₹ 1,00,000 as her capital. The value of goodwill of the firm was : 1
- (A) ₹ 22,500 (B) ₹ 4,00,000
(C) ₹ 90,000 (D) ₹ 1,00,000
16. Yashoda and Devi were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2025, their balance sheet showed land and building at ₹ 20,00,000 and furniture at ₹ 6,00,000. On that date they admitted Poonam as a new partner for 1/4th share in the future profits of the firm. On Poonam's admission, it was found that land and building is undervalued by 20%. On Poonam's admission, Revaluation Account will be : 1
- (A) debited by ₹ 5,00,000 (B) debited by ₹ 25,00,000
(C) credited by ₹ 25,00,000 (D) credited by ₹ 5,00,000

Part A · Short answer (3 marks each)

17. Tara, Meera and Neera were partners in a firm sharing profits and losses equally. Their capitals on 1st April, 2025 were ₹ 4,00,000; ₹ 3,00,000 and ₹ 2,00,000 respectively. The firm closes its books on 31st March every year. Tara died on 30th June, 2025. The partnership deed provides that in the event of death of a partner, her legal representatives will be entitled to the following : (i) Interest on capital @ 6% p.a. (ii) Her share in the profits of the firm till the date of her death. Tara had withdrawn ₹ 8,000 for her treatment till 30th June, 2025 and interest on drawings @ 12% p.a. is to be charged. Her share in the profits of the firm was to be calculated on the basis of last year's profit. Last year's profit amounted to ₹ 1,80,000. Prepare Tara's Capital Account to be presented to her legal representatives on her death. 3
18. (a) Laxmi, Rani and Priya were partners in a firm sharing profits and losses in the ratio of 5 : 7 : 8. Their fixed capitals were ₹ 8,00,000; ₹ 7,00,000 and ₹ 5,00,000 respectively. The partnership deed provided interest on capital @ 9% per annum. For the year ending 31st March, 2025, interest on capital was provided @ 12% per annum. Showing your workings clearly, pass a single adjustment entry to rectify the error. 3

OR

(b) Suresh and Surbhi were partners in a firm sharing profits and losses in the ratio of 5 : 3. On 1st April, 2024, they admitted Suman, as a new partner for 1/5th share in the profits of the firm with a minimum guaranteed profit of ₹ 1,20,000. Any deficiency arising on that account will be borne by Suresh. The net profit of the firm for the year ended 31st March, 2025 was ₹ 5,50,000. Prepare Profit and Loss Appropriation Account of the firm for the year ended 31st March, 2025.

3

19. (a) Oasis Ltd. purchased building worth ₹ 12,00,000, machinery worth ₹ 1,90,000 and furniture worth ₹ 3,00,000 from Nitara Ltd. and took over its liabilities of ₹ 90,000 for a purchase consideration of ₹ 15,30,000. Oasis Ltd. paid the purchase consideration by issuing 11% Debentures of ₹ 100 each at a discount of 10%. Pass necessary journal entries in the books of Oasis Ltd. for the above transactions.

3

OR

(b) On 1st April, 2025, Bharat Heavy Industries Ltd. purchased the running business of Mac Ltd. consisting of sundry assets of the book value of ₹ 20,00,000 and sundry liabilities of ₹ 8,00,000 for a purchase consideration of ₹ 15,00,000. The purchase consideration was paid by issuing 8,000, 9% Debentures of ₹ 100 each at a premium of 25% and the balance was paid by a bank draft in favour of Mac Ltd. Pass necessary journal entries for the above transactions in the books of Bharat Heavy Industries Ltd.

3

20. Dhruv and Seema were partners in a firm sharing profits and losses in the ratio of 2 : 3. Their capitals were ₹ 18,00,000 and ₹ 12,00,000 respectively. The normal rate of return was 15%. The profits of the last four years were : 2021–22 ₹ 7,75,000; 2022–23 ₹ 5,00,000; 2023–24 ₹ (75,000); 2024–25 ₹ 7,00,000. The closing stock for the year 2024 – 25 was undervalued by ₹ 1,00,000. Goodwill of the firm is to be valued at three years' purchase of last four years' average super-profits. Calculate the value of goodwill of the firm.

3

Part A · Long answer I (4 marks each)

21. Pass necessary journal entries for issue of debentures for the following transactions : (i) AB Ltd. issued 30,000, 10% Debentures of ₹ 100 each at a premium of 5%, redeemable at a premium of 10%. (ii) CD Ltd. issued 40,000, 8% Debentures of ₹ 100 each at par, redeemable at a premium of 10%.
22. Raman, Daman and Vikram were partners in a firm sharing profits and losses in the ratio of 5 : 4 : 1. On 31st March, 2025, their capitals were ₹ 6,00,000; ₹ 3,00,000 and ₹ 2,00,000 respectively. With effect from 1st April, 2025, they decided to share the future profits equally. Due to change in profit sharing ratio, it was agreed that : (i) Goodwill of the firm will be valued at ₹ 3,00,000. (ii) Revaluation of assets and liabilities will be carried out. The revaluation of assets and liabilities resulted in a loss of ₹ 12,000. (iii) Total capital of the reconstituted firm will be ₹ 12,00,000 and will be in the new profit sharing ratio of the partners. For this purpose, necessary cash will be brought in by the partners or paid off to the partners, as the case may be. Prepare Partners' Capital Accounts on the reconstitution of the firm.

4

4

Part A · Long answer II (6 marks each)

23. (a) Madhav Ltd. invited applications for issuing 4,00,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share. The amount was payable as follows : On Application and Allotment – ₹ 6 per share (including premium ₹ 2); On First and Final Call – Balance. Applications for 6,00,000 shares were received. Applications for 1,00,000 shares were rejected and the application money was refunded. Shares were allotted on pro-rata basis to the remaining applicants. Excess money received on application and allotment was adjusted towards sums due on first and final call. A shareholder, who had applied for 500 shares, failed to pay the first and final call. His shares were forfeited. Pass necessary journal entries in the books of Madhav Ltd. for the above transactions.

6

OR

- (b) (i) NN Ltd. forfeited 800 equity shares of ₹ 100 each for non-payment of the first call of ₹ 20 per share. The second and final call of ₹ 30 per share was not yet made. Out of the forfeited shares, 600 shares were re-issued for ₹ 54,000 as fully paid-up. Pass necessary journal entries for the above transactions in the books of NN Ltd.
- (ii) KG Ltd. forfeited 7,000 equity shares of ₹ 100 each, issued at a premium of ₹ 20 per share, for non-payment of second and final call of ₹ 20 per share. The forfeited shares were re-issued at ₹ 80 per share, fully paid-up. Pass necessary journal entries for the above transactions in the books of KG Ltd.

6

24. Diksha Ltd. was registered with an authorised capital of ₹ 40,00,000 divided into shares of ₹ 10 each. On 1st April, 2025, the company offered to the public for subscription, 1,20,000 shares. Applications for 1,10,000 shares were received and allotment was made in full to all the applicants. A shareholder holding 10,000 shares failed to pay the second and final call of ₹ 2 per share. Answer the following questions on the basis of the above information :
- (i) The amount of 'calls in arrears' will be : (A) ₹ 10,000 (B) ₹ 20,000 (C) ₹ 80,000 (D) ₹ 1,00,000
- (ii) The 'subscribed and fully paid-up capital' of Diksha Ltd. will be : (A) ₹ 9,80,000 (B) ₹ 10,80,000 (C) ₹ 11,00,000 (D) ₹ 10,00,000
- (iii) 'Subscribed but not fully paid-up capital' of Diksha Ltd. will be : (A) ₹ 80,000 (B) ₹ 20,000 (C) ₹ 10,000 (D) Nil
- (iv) The amount of 'share capital' to be shown in the balance sheet of Diksha Ltd. will be : (A) ₹ 11,00,000 (B) ₹ 10,80,000 (C) ₹ 10,00,000 (D) ₹ 9,80,000
- (v) If all the shares on which second and final call was not received, are forfeited, 'Share Forfeiture Account' will appear in the 'Notes to Accounts' at : (A) ₹ 20,000 (B) ₹ 80,000 (C) ₹ 1,00,000 (D) ₹ 1,80,000
- (vi) The minimum price at which the forfeited shares can be reissued is : (A) ₹ 20,000 (B) ₹ 80,000 (C) ₹ 1,00,000 (D) ₹ 1,10,000

6

25. Sophia and Lalit were partners in a firm sharing profits and losses equally. Their firm was dissolved on 31st March, 2025. After transferring sundry assets (other than cash in hand and cash at bank) and the third party liabilities to the Realisation Account, the following transactions took place : (i) The firm had stock of the book value of ₹ 80,000. 50% of the stock was taken over by Sophia at 10% less than its book value and the remaining stock was sold at a gain of 15%. (ii) There was an unrecorded investment which was sold for ₹ 25,000. (iii) There were debtors of ₹ 1,20,000. Debtors realised 90% only and ₹ 5,000 were recovered for bad debts written off last year. (iv) Sophia had given a loan to the firm of ₹ 52,000. She was paid ₹ 41,000 in full settlement of her claim. (v) Creditors of ₹ 60,000 were paid at a discount of 5%. (vi) Expenses of realisation amounting to ₹ 7,000 were paid by Lalit. Pass necessary journal entries for the above transactions in the books of the firm.

26. (a) Anand and Bir were partners in a firm sharing profits and losses in the ratio of 3 : 2. On 31st March, 2025, their Balance Sheet was as follows :

Liabilities	₹	Assets	₹
Creditors	45,000	Cash	9,000
Workmen Compensation Fund	15,000	Debtors	36,000
Capitals: Anand 90,000; Bir 60,000	1,50,000	Stock	45,000
		Furniture	30,000
		Plant and Machinery	90,000
	2,10,000		2,10,000

On 1st April, 2025, they admitted Vishal as a new partner for 1/6th share in the profits of the firm. It was agreed that : (i) Vishal will bring ₹ 45,000 as his capital and ₹ 15,000 for his share of goodwill premium. (ii) Stock was to be reduced by 10% and machinery was to be appreciated by 10%. (iii) Furniture was revalued at ₹ 27,000. (iv) 5% provision for bad debts was to be created and ₹ 600 were to be provided for outstanding repair bill. (v) There were unrecorded investments of ₹ 3,000 which were to be recorded. (vi) A creditor of ₹ 900 was not likely to claim his money and hence was to be written off. Pass necessary journal entries for the above transactions in the books of the firm on Vishal's admission.

OR

(b) Radha, Shyam and Meera were partners in a firm sharing profits and losses equally. Their Balance Sheet as at 31st March, 2025 was as follows :

Liabilities	₹	Assets	₹
Capitals: Radha 4,00,000; Shyam 4,00,000; Meera 4,00,000	12,00,000	Patents	1,80,000
General Reserve	3,00,000	Building	6,90,000
Creditors	1,80,000	Debtors	2,70,000
		Stock	3,60,000
		Bank	1,80,000
	16,80,000		16,80,000

Shyam retired from the firm on the above date on the following terms : (i) The new profit sharing ratio between the remaining partners was agreed at 3 : 2. (ii) The value of stock was to be reduced by ₹ 1,20,000. (iii) Patents were considered as valueless and hence were to be written off. (iv) Goodwill of the firm was valued at ₹ 6,00,000 on Shyam's retirement. (v) Shyam was paid ₹ 1,00,000 immediately on his retirement and the balance was transferred to his loan account. Prepare Revaluation Account and Partners' Capital Accounts.

Part B · Option I: Analysis of Financial Statements

27. (a) Which of the following is a financial statement of a company ?

1

- (A) Common Size Statement of Profit and Loss
(B) Statement of Profit and Loss
(C) Comparative Balance Sheet
(D) Comparative Statement of Profit and Loss

OR

(b) Which of the following is not a Solvency Ratio ?

1

- (A) Debt-Equity Ratio
(B) Return on Investment
(C) Interest Coverage Ratio
(D) Proprietary Ratio

28. The Current Ratio of Megh Raj Ltd. is 1.5 : 1. Which of the following transactions will reduce the ratio ?

1

- (A) Sale of furniture of ₹ 18,000 at a loss of ₹ 2,000
(B) Goods purchased on credit ₹ 75,000
(C) Sale of goods costing ₹ 60,000 for ₹ 80,000
(D) Payment of trade payables ₹ 40,000

29. (a) Which of the following are 'investing activities' for preparation of Cash Flow Statement ?

1

- (i) Payment of taxes (ii) Payment of dividend and interest (iii) Receipt of interest and dividend
(A) (i), (ii) and (iii)
(B) (i) and (ii)
(C) (ii) and (iii)
(D) (iii) only

OR

(b) Which of the following statements is correct ?

- (A) Sale of property is a financing activity. (B) Cash deposited into bank will result in outflow of cash.
(C) Receipt of royalties is an operating activity. (D) Buy-back of own equity shares is an investing activity.

1

30. Statement I : Operating activities are the activities that constitute the primary or main activities of an enterprise.

1

Statement II : Cash advances and loans made by financial enterprises are usually classified as operating activities.

- (A) Both the Statements are false. (B) Statement I is true and Statement II is false.
(C) Statement I is false and Statement II is true. (D) Both the Statements are true.

31. Classify the following items under major heads and sub-heads (if any) in the Balance Sheet of a company as per Schedule-III, Part-I of the Companies Act, 2013 : (i) Prepaid insurance (ii) Securities Premium (iii) Design

3

32. From the following information of Dholakia Ltd., prepare a Comparative Statement of Profit and Loss for the year ended 31st March, 2024 and 2025 :

3

Particulars	2024–25	2023–24
Revenue from operations	₹ 30,00,000	₹ 15,00,000
Cost of revenue from operations	80% of revenue from operations	80% of revenue from operations
Other Expenses	₹ 2,40,000	₹ 1,20,000
Tax Rate	50%	50%

33. (a) From the following information, calculate 'Interest Coverage Ratio' : Shareholders' funds ₹ 30,00,000; 8% Long-term debt ₹ 10,00,000; Net profit after tax ₹ 2,40,000; Tax Rate 40%

4

OR

(b) From the following information, calculate 'Inventory Turnover Ratio' : Revenue from operations ₹ 15,00,000; Opening inventory ₹ 2,00,000. Gross profit is 25% of cost of revenue from operations. Closing inventory was 2 times the opening inventory.

4

34. JC Ltd. earned a net profit of ₹ 50,000 after providing depreciation of ₹ 20,000 on fixed assets and a transfer of ₹ 15,000 to general reserve. The position of its Current Assets and Current Liabilities was as follows :

Particulars	31.03.2025 ₹	31.03.2024 ₹
Trade Receivables	75,000	70,000
Trade Payables	75,000	65,000
Inventories	40,000	25,000
Expenses Payable	7,500	5,000
Prepaid Expenses	5,000	10,000
Accrued Incomes	20,000	15,000
Income Received in Advance	5,000	10,000

Calculate cash flows from operating activities.

Part B · Option II: Computerised Accounting

27. (a)-CA Which of the following is not a feature of 'Generic' Computerised Accounting Software ?

- (A) Increased data security (B) Suitable for business with low accounting operations
(C) Requires minimal system support (D) Cheaper

OR

- (b)-CA Identify what will be displayed on the screen when we specify an intersection of two areas that do not intersect.

- (A) Correct a ##### Error (B) Correct a #NULL! Error
(C) Correct a #Name Error (D) Correct a #REF! Error

- 28-CA Which financial function calculates the lump-sum amount for series of future payments ?

- (A) NPER (B) FV
(C) PV (D) PMT

- 29-CA. _____ provides additional information about a data marker to identify the details of data point in a data series.

- (A) Source data (B) Secondary data
(C) Data series (D) Data label

30. (a)-CA 'Computerised Accounting System enables changing the volume of data processing in accordance with the size and growth of the business.' Identify the feature of Computerised Accounting System being highlighted in the statement :

- (A) Reliability (B) Scalability
(C) Transparency (D) Simple and integrated

OR

(b)·CA The process of comparing input data with some known data is known as :

- (A) Data Validation (B) Storage data
(C) Data entry (D) Redundant data

1

31·CA Explain Sequential codes and Block codes with the help of example.

3

32·CA What are the three categories in which accounting entries can be classified while entering them in vouchers ?

3

33. (a)·CA List the necessary information to be filled by a user on company creation screen.

4

OR

(b)·CA What is a Chart/Graph ? Explain its advantages.

4

34·CA A user wishes to change a 'Text Option' as an element of chart. State how can this be done.

6

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Q1 Answer: (D) 56 : 27 : 37

Dharam surrenders $\frac{1}{3} \times \frac{7}{10} = \frac{7}{30}$; his new share = $\frac{7}{10} - \frac{7}{30} = \frac{14}{30} = \frac{56}{120}$.

Karan surrenders $\frac{1}{4} \times \frac{3}{10} = \frac{3}{40}$; his new share = $\frac{3}{10} - \frac{3}{40} = \frac{9}{40} = \frac{27}{120}$.

Vinod's share = $\frac{7}{30} + \frac{3}{40} = \frac{28+9}{120} = \frac{37}{120}$. New ratio 56 : 27 : 37.

Q2 Answer: (A)

The new partner takes his share from the old partners. Their shares fall according to what each gives up, so the ratio must be worked out again for all partners.

Q3(a) Answer: (A) ₹ 1,890

Total drawings = $7,000 \times 4 = ₹ 28,000$. For equal amounts withdrawn at the **end** of each quarter, the average period is $4\frac{1}{2}$ months.

Interest = $28,000 \times \frac{18}{100} \times \frac{4.5}{12} = 1,890$ (₹).

Q3(b) Answer: (C)

Interest = $3,00,000 \times 6\% = ₹ 18,000$. Interest on capital is first debited to Interest on Capital A/c. With **fixed** capitals, it is credited to the partner's **Current** Account. (Interest on Capital A/c is later closed by transfer to the P&L Appropriation A/c.)

Q4(a) Answer: (A) debited, ₹ 1,60,000

On forfeiture, Share Capital A/c is debited with the **called-up** amount: $2,000 \times ₹ 80 = ₹ 1,60,000$. The premium has already been received, so Securities Premium is not touched.

Q4(b) Answer: (D) ₹ 13,35,000

Application money on 2,60,000 shares @ ₹ 5 = ₹ 13,00,000.

The applicant for 5,000 shares paid the full ₹ 12 per share, i.e. ₹ 7 extra per share: $5,000 \times 7 = ₹ 35,000$.

Total received = $13,00,000 + 35,000 = ₹ 13,35,000$.

Q5 Answer: (B)

Chaman: $\frac{5}{10} - \frac{2}{10} = \frac{3}{10}$ sacrifice; Raman: no change; Suman: $\frac{5}{10} - \frac{2}{10} = \frac{3}{10}$ gain.

Suman compensates Chaman: $1,00,000 \times 3/10 = ₹ 30,000$. So debit Suman's Capital A/c and credit Chaman's Capital A/c by ₹ 30,000.

Q6(a) Answer: (A) ₹ 2,70,000

Interest is always on the **face value**: $3,000 \times 1,000 \times 9\% = ₹ 2,70,000$ (the premium does not matter).

Q6(b) Answer: (D) Reserve capital

It is created by a special resolution and can be called up only on winding up.

Q7(a) Answer: (B)

New ratio $2 : 2 : 1 = 8/20 : 8/20 : 4/20$.

Anup: $11/20 - 8/20 = 3/20$ sacrifice; Bharti: $8/20 - 8/20 = \text{nil}$; Manoj: $4/20 - 1/20 = 3/20$ gain.

Q7(b) Answer: (C) 2 : 3

Gain = new share – old share. Varun: $5/10 - 3/10 = 2/10$; Tarun: $5/10 - 2/10 = 3/10$. Gaining ratio 2 : 3.

Q8 Answer: (B) ₹ 75,000

On ₹ 6,00,000 for 12 months: $6,00,000 \times 12\% = ₹ 72,000$.

On ₹ 50,000 for 6 months (30 Sept to 31 March): $50,000 \times 12\% \times 6/12 = ₹ 3,000$.

Total = ₹ 75,000.

Q9(a) Answer: (A) Firm

Individually they are partners; collectively they are a "firm" (Section 4 of the Indian Partnership Act, 1932).

Q9(b) Answer: (C)

Without a deed, there is no interest on capital and no remuneration, profits are shared equally, and a partner gets interest @ 6% p.a. on any loan given to the firm.

Q10 Answer: (B) Capital Account of partners

Under the fluctuating capital method, there is only one account per partner, the Capital Account, which records all these adjustments.

Q11 Answer: (D) 5%

Loss written off = $13,00,000 - 3,00,000 = ₹ 10,00,000$.

Premium on redemption = $40,000 \times 100 \times 20\% = ₹ 8,00,000$. So discount on issue = $10,00,000 - 8,00,000 = ₹ 2,00,000$.

Rate = $2,00,000 \div 40,00,000 \times 100 = 5\%$.

Q12 Answer: (D) ₹ 30,00,000

The Debentures A/c is always credited with the face value: $6,000 \times 500 = ₹ 30,00,000$. The discount of ₹ 60,000 is debited to Discount/Loss on Issue of Debentures.

Q13 Answer: (B) 15,000

Issue price = $100 - 4 = ₹ 96$. Number = $14,40,000 \div 96 = 15,000$ debentures.

Q14 Answer: (A) ₹ 9,700

Since Hari bears the expenses in return for a fixed commission, only the commission (₹ 9,700) is debited to Realisation A/c and credited to Hari's Capital A/c. The actual expenses, paid on his behalf, are his own concern.

Q15 Answer: (C) ₹ 90,000

Total capital of the new firm implied by Mona's capital = $1,00,000 \times 4 = ₹ 4,00,000$.

Actual combined capital = $1,20,000 + 90,000 + 1,00,000 = ₹ 3,10,000$.

Goodwill (hidden) = $4,00,000 - 3,10,000 = ₹ 90,000$.

Q16 Answer: (D) credited by ₹ 5,00,000

Undervalued by 20% means the book value is 80% of the true value: true value = $20,00,000 \times 100/80 = ₹ 25,00,000$. The increase of ₹ 5,00,000 is a gain, credited to Revaluation A/c.

Q17 Working notes (1 April to 30 June = 3 months):

- Interest on capital = $4,00,000 \times 6\% \times 3/12 = ₹ 6,000$
- Share of profit = $1,80,000 \times 1/3 \times 3/12 = ₹ 15,000$ (credited through P&L Suspense A/c)
- Interest on drawings (withdrawn evenly, average $1\frac{1}{2}$ months) = $8,000 \times 12\% \times 1.5/12 = ₹ 120$

Dr. Tara's Capital Account Cr.			
Particulars	₹	Particulars	₹
To Drawings A/c	8,000	By Balance b/d	4,00,000
To Interest on Drawings A/c	120	By Interest on Capital A/c	6,000
To Tara's Legal Representatives A/c	4,12,880	By P&L Suspense A/c	15,000
	4,21,000		4,21,000

Q18(a) Excess interest given @ 3% must be taken back and the same amount given as profit in 5 : 7 : 8.

Particulars	Laxmi ₹	Rani ₹	Priya ₹	Total ₹
Excess interest to be taken back (3%)	(24,000)	(21,000)	(15,000)	(60,000)
Profit to be given (5 : 7 : 8)	15,000	21,000	24,000	60,000
Net effect	9,000 Dr.	—	9,000 Cr.	—

Date	Particulars	Dr. ₹	Cr. ₹
2025 Mar 31	Laxmi's Current A/c Dr. To Priya's Current A/c (Interest on capital provided in excess by 3%, now rectified)	9,000	9,000

Q18(b) Suman's share = $5,50,000 \times \frac{1}{5} = ₹ 1,10,000$, less than the guarantee of ₹ 1,20,000; deficiency ₹ 10,000 borne by Sukesh.

Remaining $\frac{4}{5} = ₹ 4,40,000$ shared 5 : 3 → Sukesh ₹ 2,75,000, Surbhi ₹ 1,65,000.

Profit and Loss Appropriation Account for the year ended 31st March, 2025			
Dr. Particulars	₹	Cr. Particulars	₹
To Profit transferred to: Sukesh's Capital 2,75,000		By Profit and Loss A/c (Net profit)	5,50,000
Less: Deficiency to Suman (10,000)	2,65,000		
Surbhi's Capital	1,65,000		
Suman's Capital 1,10,000			
Add: From Sukesh 10,000	1,20,000		
	5,50,000		5,50,000

Q19(a) Net assets = $16,90,000 - 90,000 = ₹ 16,00,000$; consideration ₹ 15,30,000, so capital reserve = ₹ 70,000.

Number of debentures = $15,30,000 \div 90 = 17,000$ (face value ₹ 17,00,000; discount ₹ 1,70,000).

Particulars	Dr. ₹	Cr. ₹
Building A/c Dr.	12,00,000	
Machinery A/c Dr.	1,90,000	
Furniture A/c Dr.	3,00,000	
To Liabilities A/c		90,000
To Nitara Ltd.		15,30,000
To Capital Reserve A/c		70,000
<i>(Assets and liabilities taken over)</i>		
Nitara Ltd. Dr.	15,30,000	
Discount on Issue of Debentures A/c Dr.	1,70,000	
To 11% Debentures A/c		17,00,000
<i>(17,000 debentures of ₹ 100 issued at 10% discount)</i>		

Q19(b) Net assets = $20,00,000 - 8,00,000 = ₹ 12,00,000$; consideration ₹ 15,00,000, so goodwill = ₹ 3,00,000.

Debentures: $8,000 \times ₹ 125 = ₹ 10,00,000$ (face ₹ 8,00,000 + premium ₹ 2,00,000); balance by draft = ₹ 5,00,000.

Date	Particulars	Dr. ₹	Cr. ₹
2025 Apr 1	Sundry Assets A/c Dr. Goodwill A/c Dr. To Sundry Liabilities A/c To Mac Ltd. <i>(Business of Mac Ltd. acquired)</i>	20,00,000 3,00,000	8,00,000 15,00,000
Apr 1	Mac Ltd. Dr. To 9% Debentures A/c To Securities Premium A/c To Bank A/c <i>(Consideration paid by 8,000 debentures at 25% premium and balance by bank draft)</i>	15,00,000	8,00,000 2,00,000 5,00,000

Q20

Corrected profit of 2024–25 = 7,00,000 + 1,00,000 = ₹ 8,00,000.

$$\text{Average profit} = \frac{7,75,000 + 5,00,000 - 75,000 + 8,00,000}{4} = \frac{20,00,000}{4} = 5,00,000 \text{ (₹)}$$

Capital employed = 18,00,000 + 12,00,000 = ₹ 30,00,000.

Normal profit = 30,00,000 × 15% = ₹ 4,50,000.

Super profit = 5,00,000 – 4,50,000 = ₹ 50,000.

Goodwill = 50,000 × 3 = ₹ 1,50,000**Q21****(i) Books of AB Ltd.**

Particulars	Dr. ₹	Cr. ₹
Bank A/c Dr. To Debenture Application & Allotment A/c <i>(Application money on 30,000 debentures @ ₹ 105)</i>	31,50,000	31,50,000
Debenture Application & Allotment A/c Dr. Loss on Issue of Debentures A/c Dr. To 10% Debentures A/c To Securities Premium A/c To Premium on Redemption of Debentures A/c <i>(Allotment; premium on issue @ 5% and on redemption @ 10%)</i>	31,50,000 3,00,000	30,00,000 1,50,000 3,00,000

(ii) Books of CD Ltd.

Particulars	Dr. ₹	Cr. ₹
Bank A/c Dr. To Debenture Application & Allotment A/c <i>(Application money on 40,000 debentures @ ₹ 100)</i>	40,00,000	40,00,000
Debenture Application & Allotment A/c Dr. Loss on Issue of Debentures A/c Dr. To 8% Debentures A/c To Premium on Redemption of Debentures A/c <i>(Allotment; premium on redemption @ 10%)</i>	40,00,000 4,00,000	40,00,000 4,00,000

Q22

Sacrifice/gain (new ratio 1/3 each = 10/30): Raman 15/30 – 10/30 = 5/30 sacrifice; Daman 12/30 – 10/30 = 2/30 sacrifice; Vikram 10/30 – 3/30 = 7/30 gain.

Goodwill adjustment: Vikram pays $3,00,000 \times 7/30 = ₹ 70,000$; Raman gets $3,00,000 \times 5/30 = ₹ 50,000$ and Daman $3,00,000 \times 2/30 = ₹ 20,000$.

Revaluation loss ₹ 12,000 in old ratio 5 : 4 : 1 = ₹ 6,000, ₹ 4,800, ₹ 1,200.

New capital of each = $12,00,000 \div 3 = ₹ 4,00,000$.

Dr. Partners' Capital Accounts Cr.							
Particulars	Raman	Daman	Vikram	Particulars	Raman	Daman	Vikram
To Raman's Capital A/c	—	—	50,000	By Balance b/d	6,00,000	3,00,000	2,00,000
To Daman's Capital A/c	—	—	20,000	By Vikram's Capital A/c	50,000	20,000	—
To Revaluation A/c (loss)	6,000	4,800	1,200	By Cash/Bank A/c (bal. fig.)	—	84,800	2,71,200
To Cash/Bank A/c (bal. fig.)	2,44,000	—	—				
To Balance c/d	4,00,000	4,00,000	4,00,000				
	6,50,000	4,04,800	4,71,200		6,50,000	4,04,800	4,71,200

Q23(a) Working notes

- Applicants for 5,00,000 shares got 4,00,000 (pro-rata 5 : 4). Their money: $5,00,000 \times 6 = ₹ 30,00,000$; due on application & allotment: $4,00,000 \times 6 = ₹ 24,00,000$; excess ₹ 6,00,000 → calls in advance.
- First and final call = ₹ 8 per share (capital ₹ 6 + premium ₹ 2): $4,00,000 \times 8 = ₹ 32,00,000$.
- Defaulter: applied 500, allotted 400. Paid $500 \times 6 = ₹ 3,000$; due on application $400 \times 6 = ₹ 2,400$; excess ₹ 600 adjusted to call. Call due $400 \times 8 = ₹ 3,200$; unpaid = ₹ 2,600.
- Bank receipt on call = $32,00,000 - 6,00,000 - 2,600 = ₹ 25,97,400$.
- On forfeiture: amount received towards capital = $3,000 - \text{premium on application } (400 \times 2 = ₹ 800) = ₹ 2,200$.

Particulars	Dr. ₹	Cr. ₹
Bank A/c Dr. To Equity Share Application & Allotment A/c (Money received on 6,00,000 shares @ ₹ 6)	36,00,000	36,00,000
Equity Share Application & Allotment A/c Dr. To Equity Share Capital A/c To Securities Premium A/c To Calls in Advance A/c To Bank A/c (Capital ₹ 4 and premium ₹ 2 credited; excess to calls in advance; 1,00,000 applications refunded)	36,00,000	16,00,000 8,00,000 6,00,000 6,00,000
Equity Share First & Final Call A/c Dr. To Equity Share Capital A/c To Securities Premium A/c (Call due on 4,00,000 shares @ ₹ 8)	32,00,000	24,00,000 8,00,000
Bank A/c Dr. Calls in Arrears A/c Dr. Calls in Advance A/c Dr. To Equity Share First & Final Call A/c (Call received except on 400 shares; calls in advance adjusted)	25,97,400 2,600 6,00,000	32,00,000
Equity Share Capital A/c Dr. Securities Premium A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c (400 shares forfeited for non-payment of call)	4,000 800	2,200 2,600

Q23(b) (i) Books of NN Ltd. Called up = $100 - 30 = ₹ 70$; paid = ₹ 50 per share.

Particulars	Dr. ₹	Cr. ₹
Equity Share Capital A/c (800×70) Dr. To Share Forfeiture A/c (800×50) To Calls in Arrears A/c (800×20) (800 shares forfeited)	56,000	40,000 16,000
Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c (600 shares re-issued as fully paid for ₹ 54,000)	54,000 6,000	60,000
Share Forfeiture A/c Dr. To Capital Reserve A/c (Gain on re-issue: $600 \times 50 = 30,000 - 6,000$)	24,000	24,000

(ii) Books of KG Ltd. Fully called up ₹ 100; paid ₹ 80 towards capital (premium already received).

Particulars	Dr. ₹	Cr. ₹
Equity Share Capital A/c Dr. To Share Forfeiture A/c To Calls in Arrears A/c <i>(7,000 shares forfeited for non-payment of final call)</i>	7,00,000	5,60,000 1,40,000
Bank A/c Dr. Share Forfeiture A/c Dr. To Equity Share Capital A/c <i>(7,000 shares re-issued @ ₹ 80 fully paid)</i>	5,60,000 1,40,000	7,00,000
Share Forfeiture A/c Dr. To Capital Reserve A/c <i>(Balance of forfeiture transferred)</i>	4,20,000	4,20,000

Q24

(i) **(B) ₹ 20,000:** $10,000 \times ₹ 2$.

(ii) **(D) ₹ 10,00,000:** $1,00,000$ shares fully paid $\times ₹ 10$.

(iii) **(A) ₹ 80,000:** $10,000$ shares $\times ₹ 10 = 1,00,000$ less calls in arrears $20,000$.

(iv) **(B) ₹ 10,80,000:** $10,00,000 + 80,000$.

(v) **(B) ₹ 80,000:** amount received on the forfeited shares, $10,000 \times ₹ 8$.

(vi) **(A) ₹ 20,000:** the maximum discount on re-issue equals the forfeited amount ($₹ 8$ per share), so the minimum price is $₹ 2$ per share $\times 10,000 = ₹ 20,000$.

Q25

	Particulars	Dr. ₹	Cr. ₹
(i)	Sophia's Capital A/c Dr. Bank A/c Dr. To Realisation A/c <i>(Half stock taken by Sophia at 40,000 - 10% = 36,000; half sold at 40,000 + 15% = 46,000)</i>	36,000 46,000	82,000
(ii)	Bank A/c Dr. To Realisation A/c <i>(Unrecorded investment sold)</i>	25,000	25,000
(iii)	Bank A/c Dr. To Realisation A/c <i>(Debtors realised 90% = 1,08,000 and bad debts recovered 5,000)</i>	1,13,000	1,13,000
(iv)	Sophia's Loan A/c Dr. To Bank A/c To Realisation A/c <i>(Sophia's loan settled for 41,000)</i>	52,000	41,000 11,000
(v)	Realisation A/c Dr. To Bank A/c <i>(Creditors paid at 5% discount)</i>	57,000	57,000
(vi)	Realisation A/c Dr. To Lalit's Capital A/c <i>(Realisation expenses paid by Lalit)</i>	7,000	7,000

Note: a partner's loan is not transferred to Realisation A/c; it is settled directly, and the gain of ₹ 11,000 goes to Realisation A/c.

Q26(a)

Particulars	Dr. ₹	Cr. ₹
Cash/Bank A/c Dr. To Vishal's Capital A/c To Premium for Goodwill A/c (Capital and premium brought in by Vishal)	60,000	45,000 15,000
Premium for Goodwill A/c Dr. To Anand's Capital A/c To Bir's Capital A/c (Premium credited in sacrificing ratio 3 : 2, same as old ratio)	15,000	9,000 6,000
Workmen Compensation Fund A/c Dr. To Anand's Capital A/c To Bir's Capital A/c (Fund distributed in old ratio; no liability on it)	15,000	9,000 6,000
Revaluation A/c Dr. To Stock A/c To Furniture A/c To Provision for Doubtful Debts A/c To Outstanding Repair Bill A/c (Decrease in assets / new liabilities)	9,900	4,500 3,000 1,800 600
Plant and Machinery A/c Dr. Investments A/c Dr. Creditors A/c Dr. To Revaluation A/c (Increase in assets / decrease in liabilities)	9,000 3,000 900	12,900
Revaluation A/c Dr. To Anand's Capital A/c To Bir's Capital A/c (Revaluation gain 12,900 - 9,900 = 3,000 in 3 : 2)	3,000	1,800 1,200

Q26(b) Gaining ratio: Radha $\frac{3}{5} - \frac{1}{3} = \frac{4}{15}$; Meera $\frac{2}{5} - \frac{1}{3} = \frac{1}{15}$, i.e. 4 : 1. Shyam's share of goodwill = $6,00,000 \times \frac{1}{3} = ₹ 2,00,000$, paid by Radha ₹ 1,60,000 and Meera ₹ 40,000.

Dr. Revaluation Account Cr.			
Particulars	₹	Particulars	₹
To Stock A/c	1,20,000	By Loss transferred to Capital A/cs: Radha 1,00,000; Shyam 1,00,000; Meera 1,00,000	3,00,000
To Patents A/c	1,80,000		
	3,00,000		3,00,000

Dr. Partners' Capital Accounts Cr.							
Particulars	Radha	Shyam	Meera	Particulars	Radha	Shyam	Meera
To Revaluation A/c	1,00,000	1,00,000	1,00,000	By Balance b/d	4,00,000	4,00,000	4,00,000
To Shyam's Capital A/c	1,60,000	—	40,000	By General Reserve	1,00,000	1,00,000	1,00,000
To Bank A/c	—	1,00,000	—	By Radha's Capital A/c	—	1,60,000	—
To Shyam's Loan A/c	—	5,00,000	—	By Meera's Capital A/c	—	40,000	—
To Balance c/d	2,40,000	—	3,60,000				
	5,00,000	7,00,000	5,00,000		5,00,000	7,00,000	5,00,000

Q27(a) Answer: (B) Statement of Profit and Loss

The financial statements are the Balance Sheet, Statement of Profit and Loss, notes to accounts and the Cash Flow Statement. Comparative and common-size statements are tools of analysis.

Q27(b) Answer: (B) Return on Investment

ROI is a profitability ratio.

Q28 Answer: (B)

When the ratio is above 1, an equal increase in current assets and current liabilities lowers it. E.g. CA 1,50,000, CL 1,00,000 → after (B): $2,25,000 \div 1,75,000 = 1.29$. (A) and (C) increase CA, and (D) reduces both equally, which raises the ratio.

Q29(a) Answer: (D) (iii) only

For a non-financial company, receipt of interest and dividend is an investing activity; payment of dividend and interest is financing; payment of tax is operating.

Q29(b) Answer: (C)

Sale of property is investing; depositing cash in bank is not a cash flow (both are cash and cash equivalents); buy-back of shares is financing.

Q30 Answer: (D) Both the Statements are true.

For a financial enterprise, lending is its main business, so loans and advances are operating activities.

Q31

Item	Major head	Sub-head
(i) Prepaid insurance	Current Assets	Other Current Assets
(ii) Securities Premium	Shareholders' Funds	Reserves and Surplus
(iii) Design	Non-Current Assets	Property, Plant & Equipment and Intangible Assets – Intangible Assets

Q32

Comparative Statement of Profit and Loss of Dholakia Ltd. for the years ended 31st March, 2024 and 2025				
Particulars	2023–24 ₹	2024–25 ₹	Absolute change ₹	% change
Revenue from Operations	15,00,000	30,00,000	15,00,000	100
Less: Cost of Revenue from Operations	12,00,000	24,00,000	12,00,000	100
Less: Other Expenses	1,20,000	2,40,000	1,20,000	100
Total Expenses	13,20,000	26,40,000	13,20,000	100
Profit before Tax	1,80,000	3,60,000	1,80,000	100
Less: Tax @ 50%	90,000	1,80,000	90,000	100
Profit after Tax	90,000	1,80,000	90,000	100

Q33(a)

$$\text{Interest Coverage Ratio} = \frac{\text{Net profit before interest and tax}}{\text{Interest on long-term debt}}$$

Net profit before tax = $2,40,000 \times 100/60 = ₹ 4,00,000$.

Interest = $10,00,000 \times 8\% = ₹ 80,000$.

Net profit before interest and tax = $4,00,000 + 80,000 = ₹ 4,80,000$.

Interest Coverage Ratio = $4,80,000 \div 80,000 = \mathbf{6 \text{ times}}$.

Q33(b)

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of revenue from operations}}{\text{Average inventory}}$$

Revenue = Cost + 25% of cost = 125% of cost, so cost of revenue = $15,00,000 \times 100/125 = ₹ 12,00,000$.

Closing inventory = $2 \times 2,00,000 = ₹ 4,00,000$; average inventory = $(2,00,000 + 4,00,000) \div 2 = ₹ 3,00,000$.

Inventory Turnover Ratio = $12,00,000 \div 3,00,000 = \mathbf{4 \text{ times}}$.

Q34

Net profit before tax (and before transfer to reserve) = $50,000 + 15,000 = ₹ 65,000$.

Cash Flows from Operating Activities	₹	₹
Net Profit before Tax		65,000
Add: Depreciation		20,000
Operating profit before working capital changes		85,000
Add: Increase in Trade Payables	10,000	
Add: Increase in Expenses Payable	2,500	
Add: Decrease in Prepaid Expenses	5,000	17,500
Less: Increase in Trade Receivables	(5,000)	
Less: Increase in Inventories	(15,000)	
Less: Increase in Accrued Income	(5,000)	
Less: Decrease in Income Received in Advance	(5,000)	(30,000)
Cash generated from operating activities		72,500

Q27(a)·CA Answer: (A) Increased data security

Generic (ready-to-use) software has **lower** data security, as it is easily available; it is cheap, needs little support and suits small businesses.

Q27(b)·CA Answer: (B) #NULL! error

Q28·CA Answer: (C) PV

PV returns the present value: the lump sum that a series of future payments is worth now.

Q29·CA Answer: (D) Data label

Q30(a)·CA Answer: (B) Scalability

Q30(b)·CA Answer: (A) Data Validation

Q31·CA Sequential codes: numbers and/or letters are assigned in consecutive order. They are used mainly for source documents such as cheques and invoices. They help to spot missing codes (documents) and to trace a document from its code.

Code	Account
CL001	GCERT Ltd.
CL002	XYZ Ltd.
CL003	Aril Corporation of India

Block codes: a range of numbers is divided into sub-ranges, and each sub-range is allotted to a specific group. Within a sub-range, numbers usually follow sequential coding.

Codes	Dealer type
100–199	Small pumps
200–299	Medium pumps
300–399	Pipes
400–499	Motors

- Q32·CA** 1. **Opening entry:** to begin a new financial year, the balances of the previous year are brought forward through an opening entry. Accounts showing assets are debited, and accounts showing amounts owed by the business are credited.
2. **Closing entries:** entries needed to prepare the trading account and the profit and loss account. Their effect is to close the books for the year concerned.
3. **Adjusting entries:** entries that relate the figures to the trading period, for amounts outstanding or prepaid and incomes accrued or received in advance.

- Q33(a)·CA** 1. **Company name**, which is displayed on all company selection lists and internal documents.
2. Company **mailing address**.
3. Company **address**.
4. **Income tax number** allotted by the Income Tax Department.
5. **Accounting module:** to maintain financial accounts only, select "accounts only".
6. **Financial year:** the beginning and closing dates of the financial year.
7. **Saving the company profile:** the software asks for permission to save the profile, and on confirmation the profile is saved in the data bank.

Q33(b)·CA A chart or graph is a **pictorial presentation of data**.

Advantages:

- **Helps to explore:** relationships between variables (e.g. GNP and infant mortality) can be seen quickly from a chart instead of paging through raw data.
- **Helps to present:** information is conveyed in very little time; newspapers and magazines use graphs to sum up ideas.
- **Helps to convince:** large amounts of information become easy-to-follow exhibits that can persuade.

Q34·CA The text in a chart element can be changed with regular text formatting options or with WordArt formats.

Regular text formatting:

1. Click the chart element that contains the text to be formatted.
2. Right-click the text (or select it), then either click the formatting options on the Mini toolbar, or on the Home tab, in the Font group, click the formatting buttons needed.

WordArt styles:

1. In the chart, click the element containing the text to be changed (or select it from the list of chart elements).
2. Click anywhere in the chart to display the Chart Tools, with the Design, Layout and Format tabs.

3. On the Format tab, in the Current Selection group, click the arrow next to the Chart Elements box and select the element to format.
 4. On the Format tab, in the WordArt Styles group, choose any of: Text Fill, Text Outline, Shadow, 3-D format, 3-D rotation or text box.
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