

Roll No. ....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 12

**NOTE :** Question No. 1 is compulsory. Attempt any **five** questions from Q. No. 2 to Q. No. 8.

1. (a) On 1st August, 2022 Happy & Lucky Associates, a firm purchased a machine for ₹ 3,90,000 and spent ₹ 10,000 on its installation. It decided to provide depreciation @15% per annum, using written down value method.

On 30th November, 2025 the machine was dismantled at a cost of ₹ 5,000 and then sold for ₹ 1,00,000.

On 1st December, 2025 the firm acquired and put into operation a new machine at a total cost of ₹ 7,60,000.

Depreciation was provided on the new machine on the same basis as had been used in the case of the earlier machine.

The firm closes its books of account every year on 31st March.

Prepare Machinery Account and Depreciation Account for four accounting years ended 31st March, 2026.

(8 marks)

(b) Mention the purposes for which securities premium can be utilized.

(4 marks)

: 2 :

(c) From the following particulars prepare a Bank Reconciliation Statement on 31st March, 2026 :

- (1) Bank balance as on 31st March, 2026 as per Pass Book ₹ 15,200.
- (2) Bank charges debited ₹ 95 in the Pass Book.
- (3) Cheques issued but not presented to bank for payment ₹ 1,500.
- (4) Cheques deposited to bank but not credited in the Pass Book ₹ 5,000.
- (5) A cheque entered as a deposit in the Cash Book instead of a payment ₹ 600.
- (6) ₹ 835 paid into bank had been entered twice in the Cash Book.
- (7) The receipt column of the Cash Book has been overcast by ₹ 800.
- (8) A cheque drawn for ₹ 9 had been incorrectly entered in the Cash Book as ₹ 99.

(8 marks)

2. (a) Prepare an extract of Balance Sheet as at 31st March, 2026 for prize fund :

Prizes awarded : ₹ 200

Prize Fund as at 31.3.2025 : ₹ 10,000

Donations for prizes received during the year 2025-26 : ₹ 500

10% Prize Fund investments as at 31st March, 2025 : ₹ 10,000

Interest received on Prize Fund Investments : ₹ 600

(6 marks)

: 3 :

- (b) You have joined a company as Compliance Officer. Pramod, Managing Director, of the company wants to know from you the various principles and conventions used in accounting. Write a note to Pramod.

(6 marks)

- (c) From the following information, prepare a schedule of Intangible Assets as it would appear in the Notes to Accounts of Balance Sheet of Tough Ltd. as at 31st March, 2026 :

- (i) Goodwill : Cost ₹ 6,00,000; Amortized for 2 years @ ₹ 1,00,000 p.a.
- (ii) Patent : Cost ₹ 4,00,000; Amortized for 3 years @ ₹ 50,000 p.a.
- (iii) Software : Cost ₹ 90,000; Fully amortized in current year.
- (iv) Trademark : Acquired during current year for ₹ 1,50,000; Useful lifespan is 5 years.

(4 marks)

3. (a) The Cash Book of Clever & Wise, a firm showed an overdraft of ₹ 30,000 on 31st March, 2026.

A comparison of the entries in the cash book and pass book revealed that :

- (i) On 22nd March, 2026, cheques totalling ₹ 6,000 were sent to bankers for collection. Out of these, a cheque for ₹ 1,000 was wrongly recorded on the credit side of the cash book and a cheque amounting to ₹ 300 could not be collected by bank before 1st April, 2026.

: 4 :

- (ii) A cheque for ₹ 4,000 was issued to a supplier on 28<sup>th</sup> March, 2026. The cheque was presented to bank on 4<sup>th</sup> April, 2026.
- (iii) There were debits of ₹ 2,600 in the pass book for interest on overdraft and bank charges, but the same had not been recorded in the cash book.
- (iv) A cheque for ₹ 1,000 was issued to a creditor on 27<sup>th</sup> March, 2026 but by mistake the same was not recorded in the cash book. The cheque was, however, duly encashed by 31<sup>st</sup> March, 2026.
- (v) As per standing instructions, the banker collected dividend of ₹ 500 on behalf of the firm and credited the same to its account by 31<sup>st</sup> March, 2026. The fact was, however, intimated to the firm on 3<sup>rd</sup> April, 2026.

You are required to prepare a bank reconciliation statements as on 31<sup>st</sup> March, 2026.

(8 marks)

- (b) AE, BF and CG were partners in a firm named Sampark sharing profits and losses in the ratio of 3 : 2 : 1. They decided to dissolve their firm w.e.f. 31<sup>st</sup> December, 2025, the Balance Sheet on which date was as follows :

Liabilities	₹	Assets	₹
Creditors	30,000	Machinery	54,000
Loan on mortgage	24,000	Stock	24,000
Joint Life Policy Reserve	15,000	Debtors	36,000
Capital A/c—AE	48,000	Less : Provision	-2,000
Capital A/c—BF	36,000	Debtors (Net)	34,000
Capital A/c—CG	21,000	Joint Life Policy	18,000
		Patents	27,000
		Cash at bank	17,000
Total	1,74,000	Total	1,74,000

: 5 :

*Additional Information :*

- (a) Joint life policy was surrendered and insurance company paid a sum of ₹ 20,000.
- (b) BF took some of the patents at ₹ 4,000 whose book value was ₹ 6,000.
- (c) The remaining assets were realised as follows :  
Machinery = ₹ 35,000; Stock = ₹ 18,000; Debtors = ₹ 30,000;  
Patents = 50% of the book value.
- (d) Liabilities were paid and discount of ₹ 1,500 was allowed by the creditors.
- (e) Expenses of dissolution amounted to ₹ 2,000.

Prepare the necessary ledger accounts to close the books of the firm.

(8 marks)

4. (a) On 1<sup>st</sup> April, 2025, Ruby, Emerald & Diamond entered into partnership with capitals of ₹ 60,000, ₹ 50,000 and ₹ 90,000 respectively.

Ruby advanced ₹ 10,000 as loan to the partnership firm on 1<sup>st</sup> October, 2025. The Partnership Deed has the following clauses :

- (i) Interest on capital is to be allowed @ 6% p.a.
- (ii) Interest on drawings is to be charged @ 6% p.a. Each partner withdrew ₹ 6,000 at the end of each quarter commencing from 30<sup>th</sup> June, 2025.
- (iii) Working partners Emerald and Diamond to get salary of ₹ 600 and ₹ 900 per month respectively.

: 6 :

- (iv) Interest on loan was allowed to Ruby @ 6% p.a.
- (v) Diamond is to get rent of ₹ 1,500 per month for use of his building by the firm. It is paid to him by cheque at the end of every month.
- (vi) Profits are shared equally among the partners.

Profit of the firm for the year ended 31st March, 2026 (before the above adjustments) was ₹ 1,50,000.

Prepare Profit and Loss Appropriation Account and Capital Accounts of Partners if capitals are fixed.

(12 marks)

- (b) What is meant by 'pro-rata allotment' of securities ? Under what circumstances is it made ?

(4 mark)

5. The following is the trial balance of VK & Sons on 31st March, 2026 :

Particulars	Dr (₹)	Cr (₹)
Capital		8,00,000
Opening Stock	1,00,000	
Purchase and Sales	6,00,000	9,50,000
Sales returns	20,000	
Wages	50,000	
Interest on Ram's loan	10,000	
Manufacturing expenses	60,000	

: 7 :

Salaries	34,000	
Insurance	15,000	
Provision for doubtful debts		18,000
Bad debts	3,000	
Bills payable (B/P)		50,000
Interest		10,000
Building	4,00,000	
Machinery	5,00,000	
Furniture	20,000	
Motor car	3,00,000	
Debtors and Creditors	2,54,000	4,00,000
Drawings	25,000	
Cash in hand	8,000	
Motor car expenses	6,000	
Loan from Ram from April 1, 2025 at 12% interest p.a.		3,00,000
Bank deposit	1,00,000	
Depreciation on Machinery	20,000	
Accrued interest on bank deposit	3,000	

# 712

: 8 :

*Adjustments :*

1. Closing stock ₹ 2,50,000.
2. The insurance premium instalment was paid on 1<sup>st</sup> July, 2025 for 12 months.
3. The installing charges of machine ₹ 10,000 were posted to wages account.
4. Goods costing ₹ 8,000 were sent to a customer on sale or approval on 31<sup>st</sup> March, 2026, but were wrongly entered as sales for ₹ 10,000.
5. Write off further bad debts for ₹ 4,000 and increase provision for doubtful debts by ₹ 20,000.
6. Charge depreciation on Motor Car at 10% p.a., 1/3 part of Motor Car is used for private purpose.
7. A bill of ₹ 50,000 was discounted on 25<sup>th</sup> March, 2026, the due date of which was 16<sup>th</sup> April, 2026.

Prepare Trading Account, Profit & Loss Account for the year ended 31<sup>st</sup> March, 2026 and Balance Sheet as on that date.

*(16 marks)*

: 9 :

6. (a) OMEGA LTD. issued 25,000 equity shares of ₹ 100 each at a premium of ₹ 25 per share payable as follows :

On application ₹ 50

On allotment ₹ 50 including premium of ₹ 25 and

On final call ₹ 25

Applications were received for 30,000 shares. Letters of regret were issued to applicants for 5,000 shares and shares were allotted to all other applicants.

XYZ, the holder of 300 shares, failed to pay the allotment and call money; the shares were forfeited.

Show the journal entries and cash book in the books of OMEGA LTD.

(12 marks)

- (b) Amrita and Sumana signed partnership deed on 1<sup>st</sup> July, 2025. They agreed that Sumana will be entitled to a commission of 20% of the net profit after charging Amrita's salary of ₹ 5,000 per quarter and Sumana's commission. The net profit before charging Amrita's salary and Sumana's commission for the year ended 31<sup>st</sup> March, 2026 was ₹ 3,15,000.

Calculate Sumana's commission.

(4 marks)

7. The following is the Receipts and Payment Account for Victory Sport Club for the year ended 31st December, 2025 :

Receipts and Payments Account :

Receipts	₹	Payments	₹
To Cash in hand	11,000	By Bank Overdraft (1.1.2025)	15,000
To Subscriptions :		By Investments	13,600
2024	1,200	By Furniture	10,000
2025	64,800	By Salaries	20,400
2026	6,000	By Printing and Stationery	3,560
To Interest from Securities	2,600	By Postage and Telegrams	5,000
To Entrance Fees	2,000	By Cost of Drama	7,000
To Proceeds from Drama	8,160	By Sundry Expenses	6,000
To Sale Proceeds from old furniture (cost ₹ 400)	800	By Balance :	
		Cash in Hand	4,000
		Cash in Bank	12,000
Total	96,560		96,560

: 11 :

You are required to prepare the Income and Expenditure Account for the year ended 31<sup>st</sup> December, 2025 and the Balance Sheet as on that date after taking into account the following information :

- (a) On 1<sup>st</sup> January 2025, the club premises value stood at ₹ 1,00,000; investments at ₹ 24,000; and furniture at ₹ 15,000.
- (b) The club had 720 members each paying an annual subscription of ₹ 100.
- (c) Salaries for December, 2025 amounting to ₹ 2,500 are outstanding.
- (d) Half of the entrance fees are to be capitalised.
- (e) Stock of stationery on 31<sup>st</sup> December, 2024 was ₹ 2,000 and on 31<sup>st</sup> December 2025 was ₹ 3,000.
- (f) Depreciation of club premises to be 10%.

(16 marks)

8. (a) Rustam Ltd. forfeited 500 shares of ₹ 100 each, ₹ 70 called up, on which the shareholder had paid application money of ₹ 30 per share only. These shares were subsequently reissued at ₹ 60 per share as ₹ 70 paid up.

Pass journal entries for forfeiture and reissue with narrations.

(6 marks)

(b) In which book of original entry would the following transactions be entered ?

- (1) Goods sold on credit were returned by a customer and cash was given immediately.
- (2) A machinery was purchased on credit from M/s XYZ. for ₹ 10,000 for free delivery service.
- (3) Discount allowed on prompt payment received by company.
- (4) Certain goods for which the payment is due after 30 days were sold to Y for ₹ 10,000.
- (5) Payment of salary due to Sananda who resigned from the service and which will be paid on final settlement.

(5 marks)

(c) B Ltd. purchased machinery for ₹ 1,50,000 on 1<sup>st</sup> April, 2022. The estimated life is 10 years and the scrap value after 10 years is estimated at ₹ 15,000. Depreciation @ 10% is charged under diminishing balance method. On 1<sup>st</sup> April, 2025 it has been decided to follow straight line method and it is anticipated that scrap value will be nil at the end of its useful life. Show Machinery Account from 2022 to 2026.

(5 marks)

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