Book-keeping and Accountancy

HSC Board Exam February–March 2027 – Practice Paper

Model Answer Paper

Time: 3 hours **Max. Marks: 80**

Model answers show one correct method; any other correct method gets full marks.

Q.1 (A) Select the most appropriate answer from the alternatives given below and rewrite the sentences. **[5]**

(1) When a new partner is admitted, the ratio in which the old partners give up their share of profit in his favour is called the _____ ratio.

(a) gaining (b) sacrificing
(c) capital (d) new profit sharing

Answer (1 mark)
(b) sacrificing.
Correct sentence: When a new partner is admitted, the ratio in which the old partners give up their share of profit in his favour is called the **sacrificing** ratio.

(2) In a 'Not for Profit' concern, Life Membership Fees received are treated as a _____ receipt.

(a) revenue (b) capital
(c) deferred revenue (d) nominal

Answer (1 mark)
(b) capital.
Correct sentence: In a 'Not for Profit' concern, Life Membership Fees received are treated as a **capital** receipt.

(3) A bill of exchange drawn on 10th March, 2026 payable 60 days after date falls due on _____.

(a) 9th May, 2026 (b) 10th May, 2026
(c) 12th May, 2026 (d) 13th May, 2026

Answer (1 mark)
(c) 12th May, 2026.
Correct sentence: A bill of exchange drawn on 10th March, 2026 payable 60 days after date falls due on **12th May, 2026**.
(60 days from 10th March: March 21 + April 30 + May 9 = 60 days → 9th May; add 3 days of grace → 12th May, 2026.)

(4) The amount received by a company over and above the face value of its shares is credited to _____ account.

(a) Share Capital (b) Calls-in-Arrears
(c) Securities Premium (d) General Reserve

Answer (1 mark)
(c) Securities Premium.
Correct sentence: The amount received by a company over and above the face value of its shares is credited to **Securities Premium** account.

(5) Current ratio shows the relationship between current assets and _____.

(a) fixed assets (b) current liabilities

(c) owners' capital (d) net profit

Answer (1 mark)
(b) current liabilities.
Correct sentence: Current ratio shows the relationship between current assets and **current liabilities**.

Q.1 (B) Write a word / term / phrase which can substitute each of the following statements. **[5]**

(1) The account opened at the time of dissolution to close the accounts of assets and outside liabilities of the firm.

Answer (1 mark)
Realisation Account

(2) The ratio in which the continuing partners acquire the share of profit of a retiring partner.

Answer (1 mark)
Gain Ratio

(3) The written document containing the terms of partnership agreed upon by the partners.

Answer (1 mark)
Partnership Deed

(4) Shares which carry a preferential right to a fixed rate of dividend and to repayment of capital on winding up.

Answer (1 mark)
Preference Shares

(5) The person on whom a bill of exchange is drawn and who accepts it.

Answer (1 mark)
Drawee

Q.1 (C) Complete the following sentences. **[5]**

(1) In the absence of a partnership deed, interest on partners' capital is _____ allowed.

Answer (1 mark)
In the absence of a partnership deed, interest on partners' capital is **not** allowed.

(2) Receipts and Payments Account is a summary of the _____ book.

Answer (1 mark)
Receipts and Payments Account is a summary of the **cash** book.

(3) The amount due to a deceased partner is transferred to his _____ account.

Answer (1 mark)
The amount due to a deceased partner is transferred to his **Executor's** account.

(4) When the drawee fails to pay the amount of the bill on the due date, the bill is said to be _____.

Answer (1 mark)
When the drawee fails to pay the amount of the bill on the due date, the bill is said to be **dishonoured**.

(5) A computerised accounting system stores data in a central _____ from which reports are generated.

> **Answer** (1 mark)
> A computerised accounting system stores data in a central **database** from which reports are generated.

Q.1 (D) State whether you agree or disagree with the following statements. **[5]**

(1) Goodwill is a fictitious asset.

> **Answer** (1 mark)
> **Disagree.** Goodwill is an intangible asset; it has value and can be sold with the business.

(2) Interest on drawings is a gain for the firm.

> **Answer** (1 mark)
> **Agree.** Interest on drawings is debited to the partner's capital/current account and credited to Profit and Loss Account.

(3) Partners' current accounts are opened when the capitals of partners are fluctuating.

> **Answer** (1 mark)
> **Disagree.** Current accounts are opened when capitals are fixed.

(4) A specific donation received by a 'Not for Profit' concern for a building fund is a capital receipt.

> **Answer** (1 mark)
> **Agree.** A donation for a specific purpose is capitalised and shown on the liabilities side.

(5) Computerised accounting makes accounting principles unnecessary.

> **Answer** (1 mark)
> **Disagree.** The computer only processes data; the same accounting principles and rules must still be followed.

Q.2 Solve any ONE of the following. **[10]**

(A) Kiran and Sameer are partners sharing profits and losses in the ratio 3 : 2. Their Balance Sheet as on 31st March, 2026 was as under:

Balance Sheet of Kiran and Sameer as on 31st March, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank	18,000
Kiran	90,000	Sundry Debtors 50,000 Less: R.D.D. 2,000	48,000
Sameer	60,000	Stock	42,000
General Reserve	20,000	Furniture	22,000
Sundry Creditors	45,000	Machinery	60,000
Bills Payable	15,000	Buildings	40,000
Total	**2,30,000**	Total	**2,30,000**

On 1st April, 2026 they admitted Neha as a new partner for 1/5th share in future profits on the following terms:

(1) Neha should bring ₹50,000 as her capital and ₹15,000 as her share of goodwill in cash. Goodwill amount is to be retained in the business.

(2) Stock is to be appreciated by 10% and Buildings are to be revalued at ₹50,000.

(3) Machinery is to be depreciated by 5% and Furniture by 10%.

(4) R.D.D. is to be maintained at 5% on Sundry Debtors.

Prepare: Profit and Loss Adjustment Account, Partners' Capital Accounts and Balance Sheet of the new firm.

Answer (10 marks)

In the books of the firm of Kiran, Sameer and Neha

Dr. Profit and Loss Adjustment Account Cr.

Particulars	₹	Particulars	₹
To Machinery A/c (5% depreciation)	3,000	By Stock A/c (10% of 42,000)	4,200
To Furniture A/c (10% depreciation)	2,200	By Buildings A/c (50,000 – 40,000)	10,000
To R.D.D. A/c (2,500 – 2,000)	500		
To Profit on revaluation transferred to:			
Kiran's Capital A/c (3/5)	5,100		
Sameer's Capital A/c (2/5)	3,400		
Total	**14,200**	Total	**14,200**

Dr. Partners' Capital Accounts Cr.

Particulars	Kiran ₹	Sameer ₹	Neha ₹	Particulars	Kiran ₹	Sameer ₹	Neha ₹
To Balance c/d	1,16,100	77,400	50,000	By Balance b/d	90,000	60,000	–
				By General Reserve A/c	12,000	8,000	–
				By P & L Adjustment A/c	5,100	3,400	–
				By Bank A/c (capital)	–	–	50,000
				By Bank A/c (goodwill)	9,000	6,000	–

Total	**1,16,100**	**77,400**	**50,000**	Total	**1,16,100**	**77,400**	**50,000**

Balance Sheet of the new firm as on 1st April, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank (18,000 + 50,000 + 15,000)	83,000
Kiran	1,16,100	Sundry Debtors 50,000 Less: R.D.D. 2,500	47,500
Sameer	77,400	Stock (42,000 + 4,200)	46,200
Neha	50,000	Furniture (22,000 – 2,200)	19,800
Sundry Creditors	45,000	Machinery (60,000 – 3,000)	57,000
Bills Payable	15,000	Buildings	50,000
Total	**3,03,500**	Total	**3,03,500**

Working Notes:

(1) New profit sharing ratio: Neha = 1/5; remaining 4/5 shared by Kiran and Sameer in 3 : 2 → Kiran 12/25, Sameer 8/25, Neha 5/25 → **12 : 8 : 5**.

(2) Sacrificing ratio = old ratio 3 : 2 (Neha's share is given by the old partners in their old ratio). Goodwill ₹15,000 → Kiran ₹9,000, Sameer ₹6,000.

(3) General Reserve ₹20,000 distributed in old ratio 3 : 2 → Kiran ₹12,000, Sameer ₹8,000.

(4) Bank: 18,000 + 50,000 (capital) + 15,000 (goodwill) = ₹83,000.

Balance Sheet total = **₹3,03,500**.

Marking: Profit and Loss Adjustment Account with correct profit ₹8,500 and its distribution – 3 marks · Partners' Capital Accounts (reserve, revaluation profit, goodwill, Neha's capital) – 3 marks · Balance Sheet of the new firm totalling ₹3,03,500 – 3 marks · Working note on new ratio / sacrificing ratio – 1 mark

Examiner tip: R.D.D. is to be maintained at 5% – debit only the shortfall (₹2,500 – ₹2,000 = ₹500), not the full ₹2,500. Goodwill brought in cash goes to the old partners in their sacrificing ratio.

OR

(B) Anil, Bhushan and Chetan are partners sharing profits and losses in the ratio 2 : 2 : 1. Their Balance Sheet as on 31st March, 2026 was as under:

Balance Sheet of Anil, Bhushan and Chetan as on 31st March, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank	30,000
Anil	80,000	Sundry Debtors	45,000
Bhushan	70,000	Stock	35,000
Chetan	40,000	Furniture	15,000
Reserve Fund	25,000	Machinery	70,000
Sundry Creditors	38,000	Land and Building	70,000
Bills Payable	12,000		
Total	**2,65,000**	Total	**2,65,000**

Chetan retired from the firm on 1st April, 2026 on the following terms:

(1) Land and Building is to be appreciated by 20% and Machinery is to be depreciated by 10%.

(2) A Reserve for Doubtful Debts is to be created at 4% on Sundry Debtors.

(3) Stock is to be valued at ₹32,600.

(4) Goodwill of the firm is valued at ₹30,000. Chetan's share of goodwill is to be adjusted through the capital accounts of the continuing partners without raising a Goodwill Account.

(5) Chetan is to be paid ₹20,000 by cheque and the balance due to him is to be transferred to his Loan Account.

Prepare: Profit and Loss Adjustment Account, Partners' Capital Accounts and Balance Sheet of the new firm.

Answer (10 marks)

In the books of the firm of Anil and Bhushan

Dr. Profit and Loss Adjustment Account Cr.

Particulars	₹	Particulars	₹
To Machinery A/c (10% depreciation)	7,000	By Land and Building A/c (20% of 70,000)	14,000
To R.D.D. A/c (4% of 45,000)	1,800		
To Stock A/c (35,000 – 32,600)	2,400		
To Profit on revaluation transferred to:			
Anil's Capital A/c (2/5)	1,120		
Bhushan's Capital A/c (2/5)	1,120		
Chetan's Capital A/c (1/5)	560		
Total	**14,000**	Total	**14,000**

Dr. Partners' Capital Accounts Cr.

Particulars	Anil ₹	Bhushan ₹	Chetan ₹	Particulars	Anil ₹	Bhushan ₹	Chetan ₹
To Chetan's Capital A/c (goodwill)	3,000	3,000	–	By Balance b/d	80,000	70,000	40,000
To Bank A/c	–	–	20,000	By Reserve Fund A/c	10,000	10,000	5,000
To Chetan's Loan A/c	–	–	31,560	By P & L Adjustment A/c	1,120	1,120	560
To Balance c/d	88,120	78,120	–	By Anil's Capital A/c (goodwill)	–	–	3,000

				By Bhushan's Capital A/c (goodwill)	–	–	3,000
Total	**91,120**	**81,120**	**51,560**	Total	**91,120**	**81,120**	**51,560**

Balance Sheet of the new firm as on 1st April, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank (30,000 – 20,000)	10,000
Anil	88,120	Sundry Debtors 45,000 Less: R.D.D. 1,800	43,200
Bhushan	78,120	Stock	32,600
Chetan's Loan A/c	31,560	Furniture	15,000
Sundry Creditors	38,000	Machinery (70,000 – 7,000)	63,000
Bills Payable	12,000	Land and Building (70,000 + 14,000)	84,000
Total	**2,47,800**	Total	**2,47,800**

Working Notes:

(1) Gain ratio: Anil 2/4 – 2/5 = 1/10; Bhushan 2/4 – 2/5 = 1/10 → **1 : 1**. New ratio of Anil and Bhushan = 1 : 1.

(2) Chetan's share of goodwill = 30,000 × 1/5 = ₹6,000, debited to Anil ₹3,000 and Bhushan ₹3,000 (gain ratio) and credited to Chetan.

(3) Reserve Fund ₹25,000 in 2 : 2 : 1 → ₹10,000, ₹10,000, ₹5,000.

(4) Amount due to Chetan ₹51,560 – paid by cheque ₹20,000 = ₹31,560 transferred to his Loan A/c.

Balance Sheet total = **₹2,47,800**.

Marking: Profit and Loss Adjustment Account with profit ₹2,800 – 3 marks · Partners' Capital Accounts including goodwill adjustment and loan transfer – 3 marks · Balance Sheet of the new firm totalling ₹2,47,800 – 3 marks · Working note on gain ratio and goodwill – 1 mark

Examiner tip: Goodwill is not raised: only Chetan's share (₹6,000) is adjusted, debited to the gaining partners. Show Chetan's Loan as a liability in the new Balance Sheet.

Q.3 Solve any ONE of the following. **[10]**

(A) Rohan, Sahil and Tanvi were partners sharing profits and losses in the ratio 2 : 2 : 1. Their Balance Sheet as on 31st March, 2026 was as under:

Balance Sheet of Rohan, Sahil and Tanvi as on 31st March, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash in Hand	8,000
Rohan	60,000	Sundry Debtors	32,000
Sahil	40,000	Stock	40,000
Tanvi	20,000	Furniture	20,000
General Reserve	15,000	Machinery	50,000
Sundry Creditors	30,000	Building	40,000
Bank Loan	25,000		
Total	**1,90,000**	Total	**1,90,000**

On the above date the firm was dissolved and the following transactions took place:

(1) Rohan took over the Building at ₹45,000.

(2) Stock realised ₹36,000, Machinery ₹42,000 and Furniture ₹15,000.

(3) Debtors realised ₹30,000.

(4) Creditors were paid at a discount of 5% and the Bank Loan was paid in full.

(5) Realisation expenses amounted to ₹3,000.

Prepare: Realisation Account, Partners' Capital Accounts and Cash Account.

Answer (10 marks)

In the books of the firm of Rohan, Sahil and Tanvi

Dr. Realisation Account Cr.

Particulars	₹	₹	Particulars	₹	₹
To Sundry Assets:			By Sundry Liabilities:		
Sundry Debtors	32,000		Sundry Creditors	30,000	
Stock	40,000		Bank Loan	25,000	55,000
Furniture	20,000		By Rohan's Capital A/c (building taken over)		45,000
Machinery	50,000		By Cash A/c (assets realised):		
Building	40,000	1,82,000	Debtors	30,000	
To Cash A/c (creditors paid)		28,500	Stock	36,000	
To Cash A/c (bank loan paid)		25,000	Machinery	42,000	
To Cash A/c (realisation expenses)		3,000	Furniture	15,000	1,23,000
			By Loss on realisation transferred to:		
			Rohan's Capital A/c	6,200	
			Sahil's Capital A/c	6,200	
			Tanvi's Capital A/c	3,100	15,500
Total		**2,38,500**	Total		**2,38,500**

Dr. Partners' Capital Accounts Cr.

Particulars	Rohan ₹	Sahil ₹	Tanvi ₹	Particulars	Rohan ₹	Sahil ₹	Tanvi ₹
To Realisation A/c (building)	45,000	–	–	By Balance b/d	60,000	40,000	20,000
To Realisation A/c (loss)	6,200	6,200	3,100	By General Reserve A/c	6,000	6,000	3,000
To Cash A/c (final payment)	14,800	39,800	19,900				
Total	**66,000**	**46,000**	**23,000**	Total	**66,000**	**46,000**	**23,000**

Dr. Cash Account Cr.

Particulars	₹	Particulars	₹
To Balance b/d	8,000	By Realisation A/c (creditors)	28,500
To Realisation A/c (assets realised)	1,23,000	By Realisation A/c (bank loan)	25,000
		By Realisation A/c (expenses)	3,000
		By Rohan's Capital A/c	14,800
		By Sahil's Capital A/c	39,800
		By Tanvi's Capital A/c	19,900
Total	**1,31,000**	Total	**1,31,000**

Working Notes:

(1) Creditors paid = 30,000 – 5% of 30,000 = ₹28,500.

(2) Loss on realisation ₹15,500 shared 2 : 2 : 1 → ₹6,200, ₹6,200, ₹3,100.

(3) General Reserve ₹15,000 shared 2 : 2 : 1 → ₹6,000, ₹6,000, ₹3,000.

(4) Cash Account total ₹1,31,000; final payments to partners ₹74,500 close the books.

Marking: Realisation Account with loss ₹15,500 – 4 marks · Partners' Capital Accounts (reserve, building, loss, final payment) – 3 marks · Cash Account balancing at ₹1,31,000 – 3 marks

Examiner tip: Cash in hand is not transferred to Realisation Account. Debit Rohan's capital (not cash) for the building he takes over.

OR

(B) On 1st January, 2026 Prakash sold goods worth ₹24,000 to Mahesh and drew a bill on him for the same amount payable after 3 months. Mahesh accepted the bill and returned it to Prakash.
On 4th January, 2026 Prakash discounted the bill with his bank at 12% p.a.
On the due date the bill was dishonoured and the bank paid ₹100 as noting charges.
On the same day Mahesh paid ₹10,100 in cash and accepted a new bill for the balance amount together with interest at 12% p.a. for 2 months.
The new bill was duly met on the due date.
Pass the necessary Journal entries in the books of Prakash and Mahesh.

Answer (10 marks)

Working Notes:

(1) Due date of first bill: 1st Jan + 3 months = 1st April + 3 days of grace = **4th April, 2026**.

(2) Discount = 24,000 × 12/100 × 3/12 = ₹720; bank pays ₹23,280.

(3) On dishonour Mahesh owes 24,000 + 100 = ₹24,100; paid ₹10,100; balance ₹14,000. Interest = 14,000 × 12/100 × 2/12 = ₹280. New bill = ₹14,280.

(4) Due date of new bill: 4th April + 2 months = 4th June + 3 days = **7th June, 2026**.

Journal in the books of Prakash

Date	Particulars	L.F.	Debit ₹	Credit ₹
2026 Jan 1	Mahesh A/c ...Dr.		24,000	
	To Sales A/c			24,000
	(Being goods sold to Mahesh on credit)			
Jan 1	Bills Receivable A/c ...Dr.		24,000	
	To Mahesh A/c			24,000
	(Being bill drawn on Mahesh for 3 months accepted by him)			
Jan 4	Bank A/c ...Dr.		23,280	
	Discount A/c ...Dr.		720	
	To Bills Receivable A/c			24,000
	(Being bill discounted with bank @ 12% p.a. for 3 months)			
Apr 4	Mahesh A/c ...Dr.		24,100	
	To Bank A/c			24,100
	(Being bill dishonoured and noting charges ₹100 paid by bank)			
Apr 4	Cash A/c ...Dr.		10,100	
	To Mahesh A/c			10,100
	(Being cash received from Mahesh)			
Apr 4	Mahesh A/c ...Dr.		280	
	To Interest A/c			280
	(Being interest @ 12% p.a. for 2 months on ₹14,000 charged)			
Apr 4	Bills Receivable A/c ...Dr.		14,280	
	To Mahesh A/c			14,280
	(Being new bill for 2 months accepted by Mahesh)			
Jun 7	Cash A/c ...Dr.		14,280	
	To Bills Receivable A/c			14,280
	(Being new bill met on due date)			
	Total		**1,35,040**	**1,35,040**

Journal in the books of Mahesh

Date	Particulars	L.F.	Debit ₹	Credit ₹
2026 Jan 1	Purchases A/c ...Dr.		24,000	
	To Prakash A/c			24,000
	(Being goods purchased from Prakash on credit)			
Jan 1	Prakash A/c ...Dr.		24,000	
	To Bills Payable A/c			24,000
	(Being bill drawn by Prakash accepted for 3 months)			
Apr 4	Bills Payable A/c ...Dr.		24,000	
	Noting Charges A/c ...Dr.		100	
	To Prakash A/c			24,100
	(Being bill dishonoured and noting charges payable)			
Apr 4	Prakash A/c ...Dr.		10,100	
	To Cash A/c			10,100
	(Being cash paid to Prakash)			
Apr 4	Interest A/c ...Dr.		280	
	To Prakash A/c			280

	(Being interest payable @ 12% p.a. for 2 months on ₹14,000)			
Apr 4	Prakash A/c ...Dr.		14,280	
	To Bills Payable A/c			14,280
	(Being new bill for 2 months accepted)			
Jun 7	Bills Payable A/c ...Dr.		14,280	
	To Cash A/c			14,280
	(Being new bill paid on due date)			
	Total		**1,11,040**	**1,11,040**

Note: No entry is passed in Mahesh's books on 4th January (discounting concerns only the holder of the bill).

Marking: Journal of Prakash – 8 entries – 5 marks (discount and dishonour entries carry 1 mark each) · Journal of Mahesh – 7 entries – 5 marks (noting charges borne by drawee)

Examiner tip: Noting charges paid by the bank are ultimately recoverable from the drawee – add them to Mahesh's dues before calculating interest. Write due dates with 3 days of grace.

Q.4 Solve any ONE of the following. **[8]**

(A) Sahyadri Agro Products Ltd. issued 40,000 Equity Shares of ₹10 each at a premium of ₹2 per share, payable as under:
On Application ₹3; On Allotment ₹5 (including premium ₹2); On First and Final Call ₹4.
All the shares were subscribed and the money was duly received except the First and Final Call on 600 shares held by Mr. Ganesh Patil.
Pass the necessary Journal entries in the books of the company.

Answer (8 marks)

Journal in the books of Sahyadri Agro Products Ltd.

Date	Particulars	L.F.	Debit ₹	Credit ₹
(1)	Bank A/c ...Dr.		1,20,000	
	To Equity Share Application A/c			1,20,000
	(Being application money received on 40,000 shares @ ₹3 per share)			
(2)	Equity Share Application A/c ...Dr.		1,20,000	
	To Equity Share Capital A/c			1,20,000
	(Being application money transferred to share capital)			
(3)	Equity Share Allotment A/c ...Dr.		2,00,000	
	To Equity Share Capital A/c			1,20,000
	To Securities Premium A/c			80,000
	(Being allotment money due on 40,000 shares @ ₹5 including premium ₹2)			
(4)	Bank A/c ...Dr.		2,00,000	
	To Equity Share Allotment A/c			2,00,000
	(Being allotment money received)			
(5)	Equity Share First and Final Call A/c ...Dr.		1,60,000	
	To Equity Share Capital A/c			1,60,000
	(Being first and final call money due on 40,000 shares @ ₹4)			
(6)	Bank A/c ...Dr.		1,57,600	
	Calls-in-Arrears A/c ...Dr.		2,400	
	To Equity Share First and Final Call A/c			1,60,000

	(Being call money received except on 600 shares held by Mr. Ganesh Patil)			
	Total		**9,60,000**	**9,60,000**

Check: Equity Share Capital = 1,20,000 + 1,20,000 + 1,60,000 = ₹4,00,000 (40,000 × ₹10); Securities Premium = 40,000 × ₹2 = ₹80,000; Calls-in-Arrears = 600 × ₹4 = ₹2,400.

Marking: Application received and transferred – 2 marks · Allotment due (with Securities Premium) and received – 3 marks · Call due and received with Calls-in-Arrears – 3 marks

Examiner tip: Premium is credited to Securities Premium Account at the stage at which it is due (here, on allotment) – not to Share Capital.

OR

(B) Answer the following:

(i) What is a Computerised Accounting System? Explain any four advantages of Computerised Accounting. (4 marks)

(ii) Explain any four limitations of Computerised Accounting. (4 marks)

Answer (8 marks)

(i) Meaning: A Computerised Accounting System is a system in which accounting transactions are recorded, classified, summarised and reported with the help of computer hardware and accounting software, using a database. Once vouchers are entered, ledgers, trial balance and final accounts are produced automatically.

Advantages (any four):

(1) **Speed:** Large volumes of transactions are processed and reports are prepared very quickly.

(2) **Accuracy:** Posting, totalling and balancing are done by the computer, so arithmetical errors are reduced.

(3) **Up-to-date information:** Accounts are updated as soon as a voucher is entered, so the latest position is always available.

(4) **Easy storage and retrieval:** Data of many years is stored in little space and any record can be found instantly.

(5) **Reports (MIS):** Reports such as ageing of debtors, cash flow and ratios can be generated for decision making.

(ii) Limitations (any four):

(1) **High cost:** Hardware, software, training and maintenance are costly for small firms.

(2) **Need of trained staff:** Only persons trained in computers and accounting software can operate the system.

(3) **Risk of data loss or fraud:** Viruses, hacking, power failure or system crash may damage or leak data unless backups and passwords are used.

(4) **Errors in input:** The computer cannot judge; wrong data entered gives wrong results (garbage in, garbage out).

(5) **Dependence on power and technology:** Work stops when there is a breakdown, power cut or software problem.

Marking: (i) Meaning – 1 mark; any four advantages explained – ¾ mark each (3 marks) · (ii) Any four limitations explained – 1 mark each (4 marks)

Examiner tip: Give a heading for each point and one line of explanation; a bare list of words earns only half marks.

Q.5 Solve any ONE of the following. **[8]**

(A) Pooja, Ravi and Sunil were partners sharing profits and losses in the ratio 3 : 2 : 1. Sunil died on 30th June, 2026. The books of the firm are closed on 31st March every year. On 1st April, 2026, Sunil's Capital Account showed a credit balance of ₹60,000 and the General Reserve stood at ₹36,000. The partnership deed provides that the executor of a deceased partner is entitled to:
(1) Balance of his capital and his share of General Reserve.
(2) Interest on capital at 10% p.a. up to the date of death.
(3) His share of profit up to the date of death, calculated on the basis of the average profit of the last three years.
(4) His share of goodwill, the goodwill of the firm being valued at two years' purchase of the average profit of the last three years.
The profits of the last three years were: 2023-24 ₹72,000; 2024-25 ₹84,000; 2025-26 ₹96,000.
Sunil had withdrawn ₹6,000 up to the date of his death; interest on his drawings is ₹150.
₹30,000 was paid to his executor by cheque on 30th June, 2026 and the balance was kept in the Executor's Loan Account.
Prepare Sunil's Capital Account and Sunil's Executor's Account.

Answer (8 marks)

Working Notes:

(1) Average profit = (72,000 + 84,000 + 96,000) ÷ 3 = ₹84,000.
(2) Interest on capital = 60,000 × 10/100 × 3/12 = ₹1,500 (1st April to 30th June = 3 months).
(3) Share of profit up to death = 84,000 × 1/6 × 3/12 = ₹3,500 (debited to Profit and Loss Suspense A/c).
(4) Goodwill of firm = 84,000 × 2 = ₹1,68,000; Sunil's share = 1,68,000 × 1/6 = ₹28,000, debited to Pooja and Ravi in their gain ratio 3 : 2 (₹16,800 and ₹11,200).
(5) Share of General Reserve = 36,000 × 1/6 = ₹6,000.

In the books of the firm

Dr. Sunil's Capital Account Cr.

Particulars	₹	Particulars	₹
To Drawings A/c	6,000	By Balance b/d	60,000
To Interest on Drawings A/c	150	By General Reserve A/c (1/6)	6,000
To Sunil's Executor's A/c (transfer)	92,850	By Interest on Capital A/c	1,500
		By Profit and Loss Suspense A/c	3,500
		By Pooja's and Ravi's Capital A/c (goodwill)	28,000
Total	**99,000**	Total	**99,000**

Dr. Sunil's Executor's Account Cr.

Particulars	₹	Particulars	₹
To Bank A/c	30,000	By Sunil's Capital A/c	92,850
To Sunil's Executor's Loan A/c / Balance c/d	62,850		
Total	**92,850**	Total	**92,850**

Amount due to executor = **₹92,850**; balance of ₹62,850 is shown as Executor's Loan.
Note: If the student raises Goodwill Account in full (₹1,68,000) and credits all partners, Sunil's Capital Account is credited 'By Goodwill A/c ₹28,000'; the amount due to the executor (₹92,850) is the same and full credit is given.

Marking: Working notes (average profit, interest, profit share, goodwill) – 2 marks · Sunil's Capital Account with ₹92,850 transferred – 4 marks · Sunil's Executor's Account – 2 marks

Examiner tip: Interest and profit share are only for 3 months (1st April to 30th June) – students often take a full year.

OR

(B) From the following information of Swaraj Traders for the year ended 31st March, 2026, calculate: (1) Current Ratio (2) Liquid (Quick) Ratio (3) Gross Profit Ratio (4) Net Profit Ratio.

Particulars	₹	Particulars	₹
Stock	80,000	Sundry Creditors	55,000
Sundry Debtors	50,000	Bills Payable	15,000
Bills Receivable	10,000	Outstanding Expenses	15,000
Cash and Bank	25,000	Net Sales	4,00,000
Prepaid Expenses	5,000	Cost of Goods Sold	3,00,000
		Net Profit	40,000

Answer (8 marks)

(1) Current Ratio = Current Assets ÷ Current Liabilities

Current Assets = 80,000 + 50,000 + 10,000 + 25,000 + 5,000 = ₹1,70,000

Current Liabilities = 55,000 + 15,000 + 15,000 = ₹85,000

Current Ratio = 1,70,000 ÷ 85,000 = **2 : 1**

(2) Liquid Ratio = Liquid Assets ÷ Current Liabilities

Liquid Assets = Current Assets – Stock – Prepaid Expenses = 1,70,000 – 80,000 – 5,000 = ₹85,000

Liquid Ratio = 85,000 ÷ 85,000 = **1 : 1**

(3) Gross Profit Ratio = Gross Profit ÷ Net Sales × 100

Gross Profit = Net Sales – Cost of Goods Sold = 4,00,000 – 3,00,000 = ₹1,00,000

G.P. Ratio = 1,00,000 ÷ 4,00,000 × 100 = **25%**

(4) Net Profit Ratio = Net Profit ÷ Net Sales × 100 = 40,000 ÷ 4,00,000 × 100 = **10%**

Comment: The current ratio (2 : 1) and liquid ratio (1 : 1) are at the ideal levels, showing a sound short-term financial position.

Marking: Each ratio: formula ½ mark, working 1 mark, answer ½ mark – 2 marks × 4 = 8 marks

Examiner tip: Liquid assets exclude both stock and prepaid expenses. Express current and liquid ratios as 'x : 1' and G.P./N.P. ratios as percentages.

Q.6 Problem on Accounts of 'Not for Profit' Concerns. **[12]**

The following is the Receipts and Payments Account of Shivneri Sports Club, Satara for the year ended 31st March, 2026:

Dr. Receipts and Payments Account for the year ended 31st March, 2026 Cr.

Receipts	₹	Payments	₹
To Balance b/d: Cash 6,000; Bank 24,000	30,000	By Salaries	36,000
To Subscriptions	72,000	By Rent	18,000
To Entrance Fees	10,000	By Sports Equipment purchased	25,000
To Donations	15,000	By Electricity Charges	7,000
To Sale of Old Furniture	3,000	By Tournament Expenses	12,000
To Interest on Fixed Deposit	4,500	By Printing and Stationery	3,500
To Locker Rent	9,200	By Fixed Deposit (made on 1st October, 2025)	30,000
To Life Membership Fees	20,000	By Insurance	4,800
		By Balance c/d: Cash 5,400; Bank 22,000	27,400
Total	**1,63,700**	Total	**1,63,700**

Additional information:

(1) On 1st April, 2025 the Club had: Sports Equipment ₹60,000; Furniture ₹20,000; Fixed Deposit ₹50,000 (at 9% p.a.); Subscriptions outstanding ₹3,000; Salaries outstanding ₹2,000; Cash and Bank as shown above.

(2) Subscriptions received include ₹3,000 for 2024-25 and ₹4,000 for 2026-27. Subscriptions of ₹5,000 for 2025-26 are still outstanding.

(3) Salaries outstanding on 31st March, 2026 ₹3,000; Rent outstanding ₹1,500; Insurance prepaid ₹1,200.

(4) Book value of the furniture sold was ₹4,000.

(5) 40% of Entrance Fees is to be capitalised. Life Membership Fees are to be capitalised.

(6) Donations include ₹10,000 received for the Building Fund.

(7) The new Fixed Deposit carries interest at 10% p.a.

(8) Depreciate Sports Equipment by 10% and the remaining Furniture by 10% (on their book values on 31st March, 2026 before depreciation).

Prepare the Income and Expenditure Account for the year ended 31st March, 2026 and the Balance Sheet as on that date.

Answer (12 marks)

Working Note (1): Opening Capital Fund

Statement of Affairs (Balance Sheet) as on 1st April, 2025

Liabilities	₹	Assets	₹
Outstanding Salaries	2,000	Sports Equipment	60,000
Capital Fund (balancing figure)	1,61,000	Furniture	20,000
		Fixed Deposit	50,000
		Subscriptions outstanding	3,000
		Cash and Bank	30,000
Total	**1,63,000**	Total	**1,63,000**

In the books of Shivneri Sports Club, Satara

Dr. Income and Expenditure Account for the year ended 31st March, 2026 Cr.

Expenditure	₹	₹	Income	₹	₹
To Salaries	36,000		By Subscriptions	72,000	
Less: Outstanding 1-4-2025	2,000		Less: For 2024-25	3,000	
Add: Outstanding 31-3-2026	3,000	37,000	Less: For 2026-27	4,000	
To Rent 18,000 + Outstanding 1,500		19,500	Add: Outstanding 2025-26	5,000	70,000
To Insurance 4,800 – Prepaid 1,200		3,600	By Entrance Fees (60% of 10,000)		6,000
To Electricity Charges		7,000	By Donations (15,000 – 10,000)		5,000
To Tournament Expenses		12,000	By Interest on Fixed Deposit	4,500	
To Printing and Stationery		3,500	Add: Accrued (30,000 × 10% × 6/12)	1,500	6,000
To Loss on Sale of Furniture (4,000 – 3,000)		1,000	By Locker Rent		9,200
To Depreciation:					
Sports Equipment	8,500				
Furniture	1,600	10,100			
To Surplus (excess of income over expenditure) transferred to Capital Fund		2,500			
Total		**96,200**	Total		**96,200**

Balance Sheet of Shivneri Sports Club as on 31st March, 2026

Liabilities	₹	₹	Assets	₹	₹
Capital Fund 1-4-2025	1,61,000		Sports Equipment (60,000 + 25,000)	85,000	
Add: Surplus	2,500		Less: Depreciation	8,500	76,500
Add: Entrance Fees (40%)	4,000		Furniture (20,000 – 4,000)	16,000	
Add: Life Membership Fees	20,000	1,87,500	Less: Depreciation	1,600	14,400
Building Fund		10,000	Fixed Deposit (50,000 + 30,000)		80,000
Subscriptions received in advance		4,000	Interest accrued on Fixed Deposit		1,500
Outstanding Salaries		3,000	Subscriptions outstanding		5,000
Outstanding Rent		1,500	Prepaid Insurance		1,200
			Cash in hand		5,400
			Cash at Bank		22,000
Total		**2,06,000**	Total		**2,06,000**

Working Notes:

(2) Subscriptions: 72,000 – 3,000 (2024-25, already shown as outstanding) – 4,000 (advance) + 5,000 (outstanding) = ₹70,000.

(3) Salaries: 36,000 – 2,000 + 3,000 = ₹37,000.

(4) Interest on F.D.: ₹4,500 received on old F.D. + accrued on new F.D. 30,000 × 10% × 6/12 = ₹1,500 → ₹6,000.

(5) Depreciation: Sports Equipment 85,000 × 10% = ₹8,500; Furniture 16,000 × 10% = ₹1,600. Surplus = 96,200 – 93,700 = **₹2,500**; Balance Sheet total = **₹2,06,000**.

Marking: Opening Capital Fund ₹1,61,000 – 1 mark · Income and Expenditure Account (subscriptions, salaries, interest, depreciation, loss on sale) with surplus ₹2,500 – 6 marks · Balance Sheet totalling ₹2,06,000 – 5 marks

Examiner tip: Life membership fees, building-fund donation and 40% of entrance fees are capital receipts – they go to the Balance Sheet, never to the Income side. Do not count the ₹3,000 of 2024-25 again as income.

Q.7 Problem on Partnership Final Accounts. **[12]**

Arjun and Bhavana are partners sharing profits and losses in the ratio 3 : 2. From the following Trial Balance and adjustments, prepare Trading Account and Profit and Loss Account for the year ended 31st March, 2026 and the Balance Sheet as on that date.

Trial Balance as on 31st March, 2026

Debit Balances	₹	Credit Balances	₹
Opening Stock	48,000	Capital: Arjun	1,20,000
Purchases	2,10,000	Capital: Bhavana	80,000
Sales Returns	5,000	Sales	3,40,000
Wages	18,000	Purchase Returns	4,000
Carriage Inward	4,000	Sundry Creditors	40,000
Salaries	30,000	Bills Payable	7,000
Rent, Rates and Taxes	12,000	Commission Received	3,000
Insurance	6,000	R.D.D.	2,000
Printing and Stationery	3,000		
Advertisement	6,000		
Bad Debts	1,500		
Sundry Debtors	80,000		
Furniture	25,000		
Machinery	1,00,000		
Cash at Bank	27,500		
Drawings: Arjun	12,000		
Drawings: Bhavana	8,000		
Total	**5,96,000**	Total	**5,96,000**

Adjustments:

(1) Closing Stock is valued at ₹62,000.

(2) Wages outstanding ₹2,000 and Insurance prepaid ₹1,500.

(3) Depreciate Machinery at 10% and Furniture at 10%.

(4) Maintain R.D.D. at 5% on Sundry Debtors.

(5) Allow interest on capital at 5% p.a.

(6) Arjun withdrew goods costing ₹3,000 for his personal use, which has not been recorded in the books.

Answer (12 marks)

In the books of Arjun and Bhavana

Dr. Trading Account for the year ended 31st March, 2026 Cr.

Particulars	₹	₹	Particulars	₹	₹
To Opening Stock		48,000	By Sales	3,40,000	
To Purchases	2,10,000		Less: Sales Returns	5,000	3,35,000
Less: Purchase Returns	4,000	2,06,000	By Closing Stock		62,000

To Wages	18,000		By Goods withdrawn by Arjun for personal use		3,000
Add: Outstanding	2,000	20,000			
To Carriage Inward		4,000			
To Gross Profit c/d		1,22,000			
Total		**4,00,000**	Total		**4,00,000**

Dr. Profit and Loss Account for the year ended 31st March, 2026 Cr.

Particulars	₹	₹	Particulars	₹	₹
To Salaries		30,000	By Gross Profit b/d		1,22,000
To Rent, Rates and Taxes		12,000	By Commission Received		3,000
To Insurance	6,000				
Less: Prepaid	1,500	4,500			
To Printing and Stationery		3,000			
To Advertisement		6,000			
To Bad Debts	1,500				
Add: New R.D.D.	4,000				
Less: Old R.D.D.	2,000	3,500			
To Depreciation:					
Machinery	10,000				
Furniture	2,500	12,500			
To Interest on Capital:					
Arjun	6,000				
Bhavana	4,000	10,000			
To Net Profit transferred to:					
Arjun's Capital A/c (3/5)	26,100				
Bhavana's Capital A/c (2/5)	17,400	43,500			
Total		**1,25,000**	Total		**1,25,000**

Balance Sheet of Arjun and Bhavana as on 31st March, 2026

Liabilities	₹	₹	Assets	₹	₹
Capital Accounts:			Machinery	1,00,000	
Arjun	1,20,000		Less: Depreciation	10,000	90,000
Add: Interest on Capital	6,000		Furniture	25,000	
Add: Net Profit	26,100		Less: Depreciation	2,500	22,500
Less: Drawings (12,000 + 3,000)	15,000	1,37,100	Closing Stock		62,000
Bhavana	80,000		Sundry Debtors	80,000	
Add: Interest on Capital	4,000		Less: R.D.D.	4,000	76,000
Add: Net Profit	17,400		Prepaid Insurance		1,500
Less: Drawings	8,000	93,400	Cash at Bank		27,500
Sundry Creditors		40,000			
Bills Payable		7,000			
Outstanding Wages		2,000			
Total		**2,79,500**	Total		**2,79,500**

Working Notes:

(1) R.D.D.: Bad debts 1,500 + new R.D.D. (5% of 80,000) 4,000 – old R.D.D. 2,000 = ₹3,500 charged to P & L A/c.

(2) Interest on capital: Arjun 1,20,000 × 5% = ₹6,000; Bhavana 80,000 × 5% = ₹4,000.
(3) Goods withdrawn by Arjun ₹3,000 (at cost): shown on the credit side of Trading Account and added to Arjun's Drawings (12,000 + 3,000 = ₹15,000). Deducting ₹3,000 from Purchases instead is equally correct (Gross Profit is the same).
(4) Gross Profit ₹1,22,000; Net Profit ₹43,500 shared 3 : 2 → Arjun ₹26,100, Bhavana ₹17,400. Balance Sheet total = **₹2,79,500**.

Marking: Trading Account (including goods withdrawn by Arjun) with Gross Profit ₹1,22,000 – 3 marks · Profit and Loss Account with Net Profit ₹43,500 and its distribution – 4 marks · Balance Sheet (Arjun's drawings ₹15,000) totalling ₹2,79,500 – 5 marks

Examiner tip: Each adjustment appears twice – once in Trading/P & L Account and once in the Balance Sheet. Interest on capital is added to capital as well as debited to P & L Account. Goods withdrawn by a partner are credited to Trading Account (or deducted from Purchases) at cost and added to that partner's Drawings – students often forget one of the two entries.

All the best for your exam!