Book-keeping and Accountancy

HSC Board Exam February–March 2027 – Practice Paper No. 2

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) On retirement of a partner, the profit on revaluation of assets and liabilities is credited to _____.

(a) the continuing partners only
(b) all the partners, including the retiring partner, in their old ratio
(c) the retiring partner only
(d) the continuing partners in their new ratio

Answer (1 mark)
(b) all the partners, including the retiring partner, in their old ratio.
Correct sentence: On retirement of a partner, the profit on revaluation of assets and liabilities is credited to **all the partners, including the retiring partner, in their old ratio**.

(2) On dissolution of a firm, cash received from the sale of an unrecorded asset is credited to _____.

(a) Realisation Account
(b) the Partners' Capital Accounts
(c) Profit and Loss Account
(d) Goodwill Account

Answer (1 mark)
(a) Realisation Account.
Correct sentence: On dissolution of a firm, cash received from the sale of an unrecorded asset is credited to **Realisation Account** (Cash/Bank A/c is debited).

(3) When the holder sends a bill to his bank for collection, he debits _____.

(a) Bills Receivable Account
(b) Bills Sent for Collection Account
(c) the Drawee's Account
(d) Bank Account

Answer (1 mark)
(b) Bills Sent for Collection Account.
Correct sentence: When the holder sends a bill to his bank for collection, he debits **Bills Sent for Collection Account** (Bills Receivable A/c is credited).

(4) In a 'Not for Profit' concern, depreciation on fixed assets is shown on the _____.

(a) receipts side of the Receipts and Payments Account
(b) payments side of the Receipts and Payments Account
(c) expenditure side of the Income and Expenditure Account
(d) liabilities side of the Balance Sheet

Answer (1 mark)
(c) expenditure side of the Income and Expenditure Account.
Correct sentence: In a 'Not for Profit' concern, depreciation on fixed assets is shown on the **expenditure side of the Income and Expenditure Account** (it is a non-cash expense, so it never appears in the Receipts and Payments Account).

(5) In a Common Size Income Statement, _____ is taken as 100.

(a) Gross Profit (b) Net Sales

(c) Net Profit (d) Cost of Goods Sold

> **Answer** (1 mark)
> (b) Net Sales.
> Correct sentence: In a Common Size Income Statement, **Net Sales** is taken as 100.

Q.1 (B) Find the odd one. **[5]**

(1) Salary to Librarian, Electricity Charges, Purchase of Library Books, Honorarium to Secretary

> **Answer** (1 mark)
> **Purchase of Library Books** – it is a capital expenditure; the other three are revenue expenditure debited to the Income and Expenditure Account.

(2) Goods lost by fire, Goods distributed as free samples, Goods withdrawn by a partner, Carriage Inward

> **Answer** (1 mark)
> **Carriage Inward** – it is shown on the debit side of the Trading Account; the other three are shown on the credit side of the Trading Account.

(3) Share Capital, Securities Premium, Calls-in-Advance, Calls-in-Arrears

> **Answer** (1 mark)
> **Calls-in-Arrears** – it has a debit balance (deducted from called-up capital); the other three have credit balances.

(4) Interest on Renewed Bill, Discount on Bill, Rebate on Bill, Bills Receivable

> **Answer** (1 mark)
> **Bills Receivable** – it is an asset shown in the Balance Sheet; the other three are expenses or incomes connected with bills of exchange.

(5) Ready-to-use software, Customised software, Tailored software, Pirated software

> **Answer** (1 mark)
> **Pirated software** – it is illegal cracked software; the other three are categories of accounting packages.

Q.1 (C) Answer in one sentence only. **[5]**

(1) Why is a partner's loan not transferred to the Realisation Account on dissolution?

> **Answer** (1 mark)
> A partner's loan is not an outside liability, so it is not transferred to the Realisation Account; it is repaid separately after all outside liabilities are paid and before the partners' capitals are settled.

(2) Who is an executor of a deceased partner?

> **Answer** (1 mark)
> An executor is the legal representative of the deceased partner to whom the amount due to the deceased partner is paid.

(3) What is meant by outstanding subscription?

> **Answer** (1 mark)
> Outstanding subscription is subscription due from members for the year but not received by the end of the year; it is added to subscription income and shown on the assets side of the Balance Sheet.

(4) What is meant by renewal of a bill?

> **Answer** (1 mark)
> Renewal of a bill means cancelling the old bill at the request of the drawee and drawing a fresh bill on him for a further period, usually with interest.

(5) What is meant by under-subscription of shares?

> **Answer** (1 mark)
> Under-subscription means that the company receives applications for fewer shares than the number of shares offered to the public.

Q.1 (D) Calculate the following. **[5]**

(1) Amit, Bina and Chirag share profits in the ratio 5 : 3 : 2. Chirag retires and Amit and Bina decide to share future profits in the ratio 3 : 2. Calculate their gain ratio.

> **Answer** (1 mark)
> Gain = New share – Old share.
> Amit = 3/5 – 5/10 = 1/10; Bina = 2/5 – 3/10 = 1/10.
> Gain ratio = **1 : 1**.

(2) A bill of ₹48,000 falling due on 30th November, 2026 is retired by the drawee on 31st August, 2026. Rebate is allowed at 10% p.a. Calculate the amount of rebate.

> **Answer** (1 mark)
> Unexpired period = 31st August to 30th November = 3 months.
> Rebate = 48,000 × 10/100 × 3/12 = **₹1,200**.

(3) Stock of stationery on 1st April, 2025 ₹1,200; amount paid for stationery during the year ₹6,500; stock of stationery on 31st March, 2026 ₹900; unpaid bill for stationery on 31st March, 2026 ₹400. Calculate the stationery consumed during the year.

> **Answer** (1 mark)
> Stationery consumed = 1,200 + 6,500 + 400 – 900 = **₹7,200**.

(4) A partner whose share of profit is 1/4 died on 31st July, 2026. The firm's profit for the last year (2025-26) was ₹1,44,000. Books are closed on 31st March. Calculate his share of profit up to the date of death on the basis of the last year's profit.

> **Answer** (1 mark)
> Period = 1st April to 31st July = 4 months.
> Share of profit = 1,44,000 × 1/4 × 4/12 = **₹12,000**.

(5) Net profit of a company was ₹80,000 in 2024-25 and ₹92,000 in 2025-26. Calculate the percentage change for a Comparative Income Statement.

> **Answer** (1 mark)
> Absolute change = 92,000 – 80,000 = ₹12,000.
> Percentage change = 12,000 ÷ 80,000 × 100 = **15% increase**.

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

(A) Nilesh, Omkar and Priya are partners sharing profits and losses in the ratio 4 : 3 : 3. Their Balance Sheet as on 31st March, 2026 was as under:

Balance Sheet of Nilesh, Omkar and Priya as on 31st March, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank	26,000
Nilesh	1,10,000	Sundry Debtors 60,000 Less: R.D.D. 3,000	57,000
Omkar	80,000	Stock	48,000
Priya	60,000	Furniture	18,000
Sundry Creditors	52,000	Machinery	75,000
Bills Payable	12,000	Premises	80,000
		Profit and Loss A/c (debit balance)	10,000
Total	**3,14,000**	Total	**3,14,000**

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

(1) Premises are to be appreciated by 15% and Machinery is to be depreciated by 10%.

(2) Stock is to be reduced by 5%.

(3) R.D.D. is to be maintained at 8% on Sundry Debtors.

(4) An outstanding electricity bill of ₹1,300, not recorded in the books, is to be provided for.

(5) Goodwill of the firm is valued at ₹60,000. Goodwill Account is to be raised in the books and written off immediately. Nilesh and Omkar will share future profits in the ratio 3 : 2.

(6) Priya is to be paid ₹25,000 by cheque and the balance due to her is to be transferred to her 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

Dr. Profit and Loss Adjustment Account Cr.

Particulars	₹	Particulars	₹
To Machinery A/c (10% depreciation)	7,500	By Premises A/c (15% of 80,000)	12,000
To R.D.D. A/c (4,800 – 3,000)	1,800	By Loss on revaluation transferred to:	
To Stock A/c (5% of 48,000)	2,400	Nilesh's Capital A/c (4/10)	400
To Outstanding Electricity Bill A/c	1,300	Omkar's Capital A/c (3/10)	300
		Priya's Capital A/c (3/10)	300
Total	**13,000**	Total	**13,000**

Dr. Partners' Capital Accounts Cr.

Particulars	Nilesh ₹	Omkar ₹	Priya ₹	Particulars	Nilesh ₹	Omkar ₹	Priya ₹
To P & L Adjustment A/c (loss)	400	300	300	By Balance b/d	1,10,000	80,000	60,000
To Profit and Loss A/c (accumulated loss)	4,000	3,000	3,000	By Goodwill A/c (raised 4 : 3 : 3)	24,000	18,000	18,000
To Goodwill A/c (written off 3 : 2)	36,000	24,000	–				
To Bank A/c	–	–	25,000				

To Priya's Loan A/c	–	–	49,700				
To Balance c/d	93,600	70,700	–				
Total	**1,34,000**	**98,000**	**78,000**	Total	**1,34,000**	**98,000**	**78,000**

Balance Sheet of the new firm (Nilesh and Omkar) as on 1st April, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank (26,000 – 25,000)	1,000
Nilesh	93,600	Sundry Debtors 60,000 Less: R.D.D. 4,800	55,200
Omkar	70,700	Stock (48,000 – 2,400)	45,600
Priya's Loan A/c	49,700	Furniture	18,000
Sundry Creditors	52,000	Machinery (75,000 – 7,500)	67,500
Bills Payable	12,000	Premises (80,000 + 12,000)	92,000
Outstanding Electricity Bill	1,300		
Total	**2,79,300**	Total	**2,79,300**

Working Notes:

(1) Revaluation: Premises +12,000; Machinery –7,500; R.D.D. –1,800 (8% of 60,000 = 4,800 less existing 3,000); Stock –2,400; Electricity bill –1,300. Net loss = 13,000 – 12,000 = **₹1,000**, shared 4 : 3 : 3 (₹400, ₹300, ₹300).

(2) Goodwill ₹60,000 raised in the old ratio 4 : 3 : 3 → Nilesh ₹24,000, Omkar ₹18,000, Priya ₹18,000; written off by the continuing partners in the new ratio 3 : 2 → Nilesh ₹36,000, Omkar ₹24,000. Goodwill does not appear in the new Balance Sheet.

(3) Accumulated loss ₹10,000 (debit balance of P & L A/c) written off in the old ratio → ₹4,000, ₹3,000, ₹3,000.

(4) Amount due to Priya = 60,000 – 300 – 3,000 + 18,000 = ₹74,700; paid ₹25,000 by cheque, balance **₹49,700** to her Loan Account.

Balance Sheet total = **₹2,79,300**.

Marking: Profit and Loss Adjustment Account with loss ₹1,000 and its distribution – 3 marks · Partners' Capital Accounts (goodwill raised and written off, accumulated loss, payment and loan) – 4 marks · Balance Sheet of the new firm totalling ₹2,79,300 – 3 marks

Examiner tip: Goodwill is raised in the OLD ratio (all three partners) but written off in the NEW ratio (continuing partners only). The debit balance of Profit and Loss Account is a past loss – debit it to all partners' capitals in the old ratio; it does not go to the new Balance Sheet.

OR

(B) Shreya and Tanmay are partners sharing profits and losses in the ratio 5 : 3. Their Balance Sheet as on 31st March, 2026 was as under:

Balance Sheet of Shreya and Tanmay as on 31st March, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash in Hand	12,000
Shreya	80,000	Sundry Debtors	40,000
Tanmay	50,000	Stock	36,000
General Reserve	16,000	Investments	20,000
Sundry Creditors	36,000	Furniture	14,000
		Land and Building	60,000
Total	**1,82,000**	Total	**1,82,000**

On 1st April, 2026 they admitted Uday as a partner for 1/4th share in future profits on the following terms:

(1) Uday is to bring ₹60,000 as his capital. He is unable to bring his share of goodwill in cash. Goodwill of the firm is valued at ₹48,000 and Goodwill Account is to be raised in the books and retained.

(2) Land and Building is to be appreciated by 20%. Stock is to be valued at ₹33,000 and Investments at their market value of ₹18,500.

(3) Bad debts of ₹2,000 are to be written off and R.D.D. is to be created at 5% on the remaining Sundry Debtors.

(4) Furniture is to be depreciated by 10%.

(5) Sundry Creditors include ₹1,000 which is not payable.

(6) The capitals of Shreya and Tanmay are to be adjusted on the basis of Uday's capital in the new profit sharing ratio. Any excess is to be withdrawn or any deficit brought in by them in cash.

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 Shreya, Tanmay and Uday

Dr. Profit and Loss Adjustment Account Cr.

Particulars	₹	Particulars	₹
To Stock A/c (36,000 – 33,000)	3,000	By Land and Building A/c (20% of 60,000)	12,000
To Investments A/c (20,000 – 18,500)	1,500	By Sundry Creditors A/c (not payable)	1,000
To Sundry Debtors A/c (bad debts)	2,000		
To R.D.D. A/c (5% of 38,000)	1,900		
To Furniture A/c (10% depreciation)	1,400		
To Profit on revaluation transferred to:			
Shreya's Capital A/c (5/8)	2,000		
Tanmay's Capital A/c (3/8)	1,200		
Total	**13,000**	Total	**13,000**

Dr. Partners' Capital Accounts Cr.

Particulars	Shreya ₹	Tanmay ₹	Uday ₹	Particulars	Shreya ₹	Tanmay ₹	Uday ₹
To Cash A/c (excess withdrawn)	9,500	7,700	–	By Balance b/d	80,000	50,000	–

To Balance c/d	1,12,500	67,500	60,000	By General Reserve A/c	10,000	6,000	–
				By P & L Adjustment A/c	2,000	1,200	–
				By Goodwill A/c	30,000	18,000	–
				By Cash A/c (capital)	–	–	60,000
Total	**1,22,000**	**75,200**	**60,000**	Total	**1,22,000**	**75,200**	**60,000**

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

Liabilities	₹	Assets	₹
Capital Accounts:		Goodwill	48,000
Shreya	1,12,500	Cash in Hand	54,800
Tanmay	67,500	Sundry Debtors 38,000 Less: R.D.D. 1,900	36,100
Uday	60,000	Stock	33,000
Sundry Creditors (36,000 – 1,000)	35,000	Investments	18,500
		Furniture (14,000 – 1,400)	12,600
		Land and Building (60,000 + 12,000)	72,000
Total	**2,75,000**	Total	**2,75,000**

Working Notes:

(1) New ratio: Uday 1/4; remaining 3/4 shared 5 : 3 → Shreya 15/32, Tanmay 9/32, Uday 8/32 → **15 : 9 : 8**.

(2) Goodwill ₹48,000 raised and credited to old partners in old ratio 5 : 3 → Shreya ₹30,000, Tanmay ₹18,000. It appears on the assets side of the new Balance Sheet.

(3) General Reserve ₹16,000 in 5 : 3 → ₹10,000 and ₹6,000.

(4) Total capital of the new firm = 60,000 × 32/8 = ₹2,40,000 → Shreya 2,40,000 × 15/32 = ₹1,12,500; Tanmay 2,40,000 × 9/32 = ₹67,500.

(5) Adjusted balances before adjustment: Shreya ₹1,22,000, Tanmay ₹75,200 → excess withdrawn in cash: Shreya ₹9,500, Tanmay ₹7,700.

(6) Cash: 12,000 + 60,000 – 9,500 – 7,700 = ₹54,800.

Balance Sheet total = **₹2,75,000**.

Marking: Profit and Loss Adjustment Account with profit ₹3,200 – 3 marks · Partners' Capital Accounts (reserve, revaluation, goodwill raised, adjustment of capitals) – 4 marks · Balance Sheet of the new firm totalling ₹2,75,000 – 2 marks · Working notes: new ratio and required capitals – 1 mark

Examiner tip: R.D.D. is calculated on debtors AFTER writing off the bad debts (5% of 38,000). Find the old partners' required capitals only after all adjustments – reserve, revaluation and goodwill – have been posted.

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

(A) On 15th February, 2026 Vaishali sold goods worth ₹36,000 to Yogesh. Yogesh paid ₹6,000 in cash immediately and accepted a bill drawn by Vaishali for the balance, payable after 2 months. Vaishali retained the bill with her.

On the due date, Yogesh requested Vaishali to renew the bill. Vaishali agreed on the following terms:

(i) Yogesh paid ₹10,000 in cash along with interest at 15% p.a. for 3 months on the balance amount;

(ii) Yogesh accepted a new bill for the balance amount payable after 3 months.

On 21st June, 2026 Yogesh retired the new bill under a rebate of 12% p.a.

Pass the necessary Journal entries in the books of Vaishali and Yogesh.

Answer (10 marks)

Working Notes:

(1) Due date of first bill: 15th February + 2 months = 15th April + 3 days of grace = **18th April, 2026**.

(2) Balance after part payment = 30,000 – 10,000 = ₹20,000. Interest = 20,000 × 15/100 × 3/12 = ₹750 (paid in cash).

(3) Due date of new bill: 18th April + 3 months = 18th July + 3 days of grace = **21st July, 2026**.

(4) Bill retired on 21st June → unexpired period = 1 month. Rebate = 20,000 × 12/100 × 1/12 = ₹200; cash paid = ₹19,800.

Journal in the books of Vaishali

Date	Particulars	L.F.	Debit ₹	Credit ₹
2026 Feb 15	Yogesh's A/c ...Dr.		36,000	
	To Sales A/c			36,000
	(Being goods sold to Yogesh on credit)			
Feb 15	Cash A/c ...Dr.		6,000	
	To Yogesh's A/c			6,000
	(Being cash received from Yogesh)			
Feb 15	Bills Receivable A/c ...Dr.		30,000	
	To Yogesh's A/c			30,000
	(Being bill for 2 months drawn on Yogesh and accepted by him)			
Apr 18	Yogesh's A/c ...Dr.		30,000	
	To Bills Receivable A/c			30,000
	(Being Yogesh's acceptance cancelled for renewal)			
Apr 18	Cash A/c ...Dr.		10,750	
	To Yogesh's A/c			10,000
	To Interest A/c			750
	(Being part payment received along with interest @ 15% p.a. for 3 months on ₹20,000)			
Apr 18	Bills Receivable A/c ...Dr.		20,000	

	To Yogesh's A/c			20,000
	(Being new bill for 3 months drawn and accepted for the balance)			
Jun 21	Cash A/c ...Dr.		19,800	
	Rebate A/c ...Dr.		200	
	To Bills Receivable A/c			20,000
	(Being new bill retired one month before due date and rebate allowed @ 12% p.a.)			
	Total		**1,52,750**	**1,52,750**

Journal in the books of Yogesh

Date	Particulars	L.F.	Debit ₹	Credit ₹
2026 Feb 15	Purchases A/c ...Dr.		36,000	
	To Vaishali's A/c			36,000
	(Being goods purchased from Vaishali on credit)			
Feb 15	Vaishali's A/c ...Dr.		6,000	
	To Cash A/c			6,000
	(Being cash paid to Vaishali)			
Feb 15	Vaishali's A/c ...Dr.		30,000	
	To Bills Payable A/c			30,000
	(Being bill for 2 months accepted)			
Apr 18	Bills Payable A/c ...Dr.		30,000	
	To Vaishali's A/c			30,000
	(Being our acceptance cancelled for renewal)			
Apr 18	Vaishali's A/c ...Dr.		10,000	
	Interest A/c ...Dr.		750	
	To Cash A/c			10,750
	(Being part payment made along with interest)			
Apr 18	Vaishali's A/c ...Dr.		20,000	
	To Bills Payable A/c			20,000
	(Being new bill for 3 months accepted for the balance)			
Jun 21	Bills Payable A/c ...Dr.		20,000	
	To Cash A/c			19,800
	To Rebate A/c			200
	(Being our acceptance retired and rebate received)			
	Total		**1,52,750**	**1,52,750**

Note: The cancellation entry for renewal may also be written as dishonour of the bill; full credit is given.

Marking: Working notes: due dates, interest and rebate – 2 marks · Journal of Vaishali – 7 entries – 4 marks (renewal and rebate entries carry 1 mark each) · Journal of Yogesh – 7 entries – 4 marks

Examiner tip: Interest paid in cash is credited to Interest A/c (it is not added to the new bill here). Rebate is an expense for the holder (Vaishali) and an income for the acceptor (Yogesh).

OR

(B) Gauri, Hemant and Irfan were partners sharing profits and losses in the ratio 5 : 4 : 1. Their Balance Sheet as on 31st March, 2026 was as under:

Balance Sheet of Gauri, Hemant and Irfan as on 31st March, 2026

Liabilities	₹	Assets	₹
Capital Accounts:		Cash at Bank	6,500
Gauri	50,000	Sundry Debtors	28,000
Hemant	30,000	Stock	34,000
Irfan	1,500	Machinery	45,000
Hemant's Loan	15,000	Furniture	12,000
Sundry Creditors	36,000	Investments	10,000
Bills Payable	9,000	Profit and Loss A/c	6,000
Total	**1,41,500**	Total	**1,41,500**

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

(1) Debtors realised ₹25,000, Stock ₹30,000 and Machinery ₹36,000.

(2) Gauri took over the Investments at ₹11,000 and the Furniture at ₹9,000.

(3) Sundry Creditors were paid ₹34,500 in full settlement and Bills Payable were paid in full.

(4) Hemant's Loan was paid in full.

(5) Realisation expenses amounted to ₹2,400.

(6) Irfan became insolvent and only ₹540 could be recovered from his private estate.

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

Answer (10 marks)

In the books of Gauri, Hemant and Irfan

Dr. Realisation Account Cr.

Particulars	₹	₹	Particulars	₹	₹
To Sundry Debtors A/c		28,000	By Sundry Creditors A/c		36,000
To Stock A/c		34,000	By Bills Payable A/c		9,000
To Machinery A/c		45,000	By Bank A/c (assets realised):		
To Furniture A/c		12,000	Debtors	25,000	
To Investments A/c		10,000	Stock	30,000	
To Bank A/c:			Machinery	36,000	91,000
Sundry Creditors (36,000 – 1,500)	34,500		By Gauri's Capital A/c (Investments and Furniture taken over)		20,000
Bills Payable	9,000	43,500	By Loss on realisation transferred to:		
To Bank A/c (realisation expenses)		2,400	Gauri's Capital A/c (5/10)	9,450	
			Hemant's Capital A/c (4/10)	7,560	
			Irfan's Capital A/c (1/10)	1,890	18,900
Total		**1,74,900**	Total		**1,74,900**

Dr. Partners' Capital Accounts Cr.

Particulars	Gauri ₹	Hemant ₹	Irfan ₹	Particulars	Gauri ₹	Hemant ₹	Irfan ₹
To Profit and Loss A/c	3,000	2,400	600	By Balance b/d	50,000	30,000	1,500
To Realisation A/c (loss)	9,450	7,560	1,890	By Bank A/c (from private estate)	–	–	540

To Realisation A/c (assets taken over)	20,000	–	–	By Gauri's Capital A/c	–	–	250
To Irfan's Capital A/c (deficiency 5 : 4)	250	200	–	By Hemant's Capital A/c	–	–	200
To Bank A/c (final payment)	17,300	19,840	–				
Total	**50,000**	**30,000**	**2,490**	Total	**50,000**	**30,000**	**2,490**

Dr. Bank Account Cr.

Particulars	₹	Particulars	₹
To Balance b/d	6,500	By Realisation A/c (creditors and bills payable)	43,500
To Realisation A/c (assets realised)	91,000	By Hemant's Loan A/c	15,000
To Irfan's Capital A/c (private estate)	540	By Realisation A/c (expenses)	2,400
		By Gauri's Capital A/c	17,300
		By Hemant's Capital A/c	19,840
Total	**98,040**	Total	**98,040**

Working Notes:

(1) Loss on realisation = ₹18,900, shared 5 : 4 : 1 → Gauri ₹9,450, Hemant ₹7,560, Irfan ₹1,890.

(2) Accumulated loss (P & L A/c) ₹6,000 in 5 : 4 : 1 → ₹3,000, ₹2,400, ₹600.

(3) Irfan: 1,500 – 600 – 1,890 = debit balance ₹990; recovered ₹540 from his private estate → capital deficiency **₹450**.

(4) Deficiency borne by solvent partners in their profit sharing ratio 5 : 4 (as in Balbharati) → Gauri ₹250, Hemant ₹200.

(5) Hemant's Loan (₹15,000) is paid before the partners' capitals. It may be shown through Hemant's Loan Account (as below) or directly in the Bank Account.

Dr. Hemant's Loan Account Cr.

Particulars	₹	Particulars	₹
To Bank A/c	15,000	By Balance b/d	15,000
Total	**15,000**	Total	**15,000**

Final payments: Gauri **₹17,300**, Hemant **₹19,840**; Bank Account total ₹98,040.

Marking: Realisation Account with loss ₹18,900 – 4 marks · Partners' Capital Accounts (accumulated loss, insolvency deficiency ₹450 in 5 : 4) – 4 marks · Bank Account – 2 marks

Examiner tip: The asset taken over by a partner is credited to Realisation A/c and debited to that partner's Capital A/c. A partner's loan is never transferred to Realisation A/c – it is paid separately before capitals.

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

(A) Godavari Solar Energy Ltd. issued 25,000 Equity Shares of ₹10 each at a premium of ₹3 per share, payable as under:
On Application ₹2; On Allotment ₹6 (including premium ₹3); On First and Final Call ₹5.
Applications were received for 34,000 shares. Applications for 4,000 shares were rejected and their money was refunded. The remaining applicants were allotted 25,000 shares on pro-rata basis, and the excess application money was adjusted towards the amount due on allotment.
All the money due was received. Mrs. Anjali Deshmukh, an allottee of 500 shares, paid the first and final call money along with the allotment money.
Pass the necessary Journal entries in the books of the company.

Answer (8 marks)

Journal in the books of Godavari Solar Energy Ltd.

Date	Particulars	L.F.	Debit ₹	Credit ₹
(1)	Bank A/c ...Dr.		68,000	
	To Equity Share Application A/c			68,000
	(Being application money received on 34,000 shares @ ₹2 per share)			
(2)	Equity Share Application A/c ...Dr.		68,000	
	To Equity Share Capital A/c			50,000
	To Equity Share Allotment A/c			10,000
	To Bank A/c			8,000
	(Being application money on 25,000 shares transferred to capital, excess on 5,000 shares adjusted towards allotment and money on 4,000 rejected shares refunded)			
(3)	Equity Share Allotment A/c ...Dr.		1,50,000	
	To Equity Share Capital A/c			75,000
	To Securities Premium A/c			75,000
	(Being allotment money due on 25,000 shares @ ₹6 including premium ₹3)			
(4)	Bank A/c ...Dr.		1,42,500	
	To Equity Share Allotment A/c			1,40,000
	To Calls-in-Advance A/c			2,500
	(Being balance of allotment money received and first and final call money received in advance on 500 shares)			
(5)	Equity Share First and Final Call A/c ...Dr.		1,25,000	
	To Equity Share Capital A/c			1,25,000
	(Being first and final call money due on 25,000 shares @ ₹5)			
(6)	Bank A/c ...Dr.		1,22,500	
	Calls-in-Advance A/c ...Dr.		2,500	
	To Equity Share First and Final Call A/c			1,25,000
	(Being call money received and calls-in-advance adjusted)			
	Total		**6,78,500**	**6,78,500**

Working Notes:
(1) Applications 34,000 – rejected 4,000 = 30,000 shares; allotted 25,000 → pro-rata ratio 6 : 5.
(2) Excess application money = 5,000 × ₹2 = ₹10,000, adjusted towards allotment. Refund = 4,000 × ₹2 = ₹8,000.
(3) Allotment received = 1,50,000 – 10,000 = ₹1,40,000; plus calls-in-advance 500 × ₹5 = ₹2,500

→ Bank ₹1,42,500.
(4) Call received = 1,25,000 – 2,500 = ₹1,22,500.
Check: Equity Share Capital = 50,000 + 75,000 + 1,25,000 = ₹2,50,000 (25,000 × ₹10); Securities Premium = ₹75,000.

Marking: Application received and its transfer/adjustment/refund – 2 marks · Allotment due (with premium) and received with calls-in-advance – 3 marks · Call due and received with calls-in-advance adjusted – 2 marks · Working notes – 1 mark

Examiner tip: Only applications of the 30,000 shares that were allotted give excess money for adjustment; the money on rejected applications is refunded. Calls-in-advance is credited when received and debited when the call is made.

OR

(B) Answer the following:
(i) Explain the four categories of accounting packages. (4 marks)
(ii) Distinguish between Manual Accounting and Computerised Accounting (any four points). (4 marks)

Answer (8 marks)
(i) Categories of accounting packages:
(1) **Ready-to-use:** Standard software suitable for small firms with few transactions; low cost, easy to learn, limited users, less secrecy and little scope to link with other systems.
(2) **Customised:** Standard software modified to meet the special needs of the user (e.g. stock updated as soon as a sales voucher is entered); suitable for medium and large firms; higher cost of installation and training; better secrecy.
(3) **Tailored:** Software specially designed for large organisations with many users at scattered locations; part of the MIS; needs specialised training; strong secrecy and authenticity checks.
(4) **Free and Open Source:** Software available free on the Internet for small businesses with a small budget, e.g. GNU Khata.
(ii) Manual vs Computerised Accounting:

Basis	Manual Accounting	Computerised Accounting
(1) Recording	Transactions are written in physical books (journal, ledger).	Transactions are entered as vouchers in accounting software.
(2) Calculations	Totals and balances are worked out by hand.	All totals and balances are calculated automatically.
(3) Ledger posting	Posting is done manually; errors may occur while posting.	Ledger is updated automatically once a voucher is entered.
(4) Trial Balance and Final Accounts	Prepared manually by transferring balances.	Generated automatically at any time.
(5) Closing the books	Balances are carried forward to next year manually.	Balances are carried forward automatically.

Marking: (i) Four categories explained – 1 mark each (4 marks) · (ii) Any four points of distinction – 1 mark each (4 marks)

Examiner tip: Write the distinction in a table with a 'Basis' column; each point must compare both systems on the same basis.

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

(A) From the following information of Indrayani Textiles Ltd., (i) prepare a Comparative Income Statement for the years 2024-25 and 2025-26, taking income tax at 30% of net profit before tax, and (ii) calculate the Operating Ratio and the Operating Profit Ratio for 2025-26.

Particulars	2024-25 ₹	2025-26 ₹
Net Sales	8,00,000	10,00,000
Cost of Goods Sold	5,00,000	6,40,000
Office and Administrative Expenses	80,000	96,000
Selling and Distribution Expenses	60,000	72,000
Non-operating Income (Interest received)	20,000	8,000

Answer (8 marks)

(i) Comparative Income Statement of Indrayani Textiles Ltd. for the years ended 31st March, 2025 and 31st March, 2026

Particulars	2024-25 ₹	2025-26 ₹	Absolute Change ₹	Percentage Change
Net Sales	8,00,000	10,00,000	2,00,000	25% increase
Less: Cost of Goods Sold	5,00,000	6,40,000	1,40,000	28% increase
Gross Profit	3,00,000	3,60,000	60,000	20% increase
Less: Office and Administrative Expenses	80,000	96,000	16,000	20% increase
Less: Selling and Distribution Expenses	60,000	72,000	12,000	20% increase
Operating Profit	1,60,000	1,92,000	32,000	20% increase
Add: Non-operating Income (Interest received)	20,000	8,000	(12,000)	60% decrease
Net Profit before Tax	1,80,000	2,00,000	20,000	11.11% increase
Less: Income Tax @ 30%	54,000	60,000	6,000	11.11% increase
Net Profit after Tax	1,26,000	1,40,000	14,000	11.11% increase

Percentage change = Absolute change ÷ Previous year's figure × 100; e.g. Net Sales = 2,00,000 ÷ 8,00,000 × 100 = 25%. Non-operating income has fallen from ₹20,000 to ₹8,000 (decrease of 60%).

(ii) Operating Ratio = (Cost of Goods Sold + Operating Expenses) ÷ Net Sales × 100
= (6,40,000 + 96,000 + 72,000) ÷ 10,00,000 × 100 = 8,08,000 ÷ 10,00,000 × 100 = **80.8%**

Operating Profit Ratio = Operating Profit ÷ Net Sales × 100 = 1,92,000 ÷ 10,00,000 × 100 = **19.2%**

Check: 80.8% + 19.2% = 100%.

Comment: Sales and operating profit both rose by 25% and 20%, but net profit after tax rose only 11.11% because non-operating income fell.

Marking: (i) Comparative Income Statement – figures of both years 2, absolute changes 1, percentage changes 2 (5 marks) · (ii) Operating Ratio – formula ½, answer 1; Operating Profit Ratio – formula ½, answer 1 (3 marks)

Examiner tip: Percentage change is always on the PREVIOUS year's figure. Non-operating income (interest received) is added after operating profit – it is not part of operating profit.

OR

(B) Rutuja, Siddharth and Tejas were partners sharing profits and losses in the ratio 3 : 1 : 1. Tejas died on 31st August, 2026. The books are closed on 31st March every year. On 1st April, 2026 Tejas's Capital Account had a credit balance of ₹50,000 and the Reserve Fund stood at ₹25,000. It was agreed that:

(1) Building (book value ₹1,20,000) is to be valued at ₹1,35,000; Machinery (book value ₹40,000) is to be depreciated by 10%; Stock (book value ₹30,000) is to be valued at ₹29,000.

(2) Goodwill of the firm is to be valued at 2½ years' purchase of the average profit of the last four years. Tejas's share is to be adjusted through the capital accounts of Rutuja and Siddharth, who will share future profits in the ratio 3 : 1.

(3) Tejas's share of profit up to the date of death is to be calculated on the basis of the last year's profit.

(4) Tejas was entitled to a salary of ₹2,000 per month and interest on capital at 9% p.a.

Profits of the last four years were: 2022-23 ₹92,000; 2023-24 ₹1,14,000; 2024-25 Loss ₹10,000; 2025-26 ₹1,08,000.

Tejas had withdrawn ₹8,000 up to the date of his death; interest on his drawings is ₹200.

His executor was paid ₹40,000 by cheque on the date of death and the balance was transferred to the Executor's Loan Account.

Prepare: Profit and Loss Adjustment Account, Tejas's Capital Account and Tejas's Executor's Account.

Answer (8 marks)

Working Notes:

(1) Average profit = (92,000 + 1,14,000 – 10,000 + 1,08,000) ÷ 4 = 3,04,000 ÷ 4 = ₹76,000.

(2) Goodwill of firm = 76,000 × 2½ = ₹1,90,000; Tejas's share = 1,90,000 × 1/5 = ₹38,000.

Gain ratio: Rutuja 3/4 – 3/5 = 3/20; Siddharth 1/4 – 1/5 = 1/20 → 3 : 1 → Rutuja ₹28,500, Siddharth ₹9,500.

(3) Period 1st April to 31st August = 5 months. Profit up to death = 1,08,000 × 1/5 × 5/12 = ₹9,000 (Profit and Loss Suspense A/c).

(4) Salary = 2,000 × 5 = ₹10,000; Interest on capital = 50,000 × 9/100 × 5/12 = ₹1,875.

(5) Share of Reserve Fund = 25,000 × 1/5 = ₹5,000.

In the books of the firm

Dr. Profit and Loss Adjustment Account Cr.

Particulars	₹	Particulars	₹
To Machinery A/c (10% of 40,000)	4,000	By Building A/c (1,35,000 – 1,20,000)	15,000
To Stock A/c (30,000 – 29,000)	1,000		
To Profit on revaluation transferred to:			
Rutuja's Capital A/c (3/5)	6,000		
Siddharth's Capital A/c (1/5)	2,000		
Tejas's Capital A/c (1/5)	2,000		
Total	**15,000**	Total	**15,000**

Dr. Tejas's Capital Account Cr.

Particulars	₹	Particulars	₹
To Drawings A/c	8,000	By Balance b/d	50,000
To Interest on Drawings A/c	200	By Reserve Fund A/c (1/5)	5,000
To Tejas's Executor's A/c (transfer)	1,07,675	By P & L Adjustment A/c	2,000
		By Rutuja's Capital A/c (goodwill)	28,500
		By Siddharth's Capital A/c (goodwill)	9,500
		By Profit and Loss Suspense A/c	9,000

		By Salary A/c	10,000
		By Interest on Capital A/c	1,875
Total	**1,15,875**	Total	**1,15,875**

Dr. Tejas's Executor's Account Cr.

Particulars	₹	Particulars	₹
To Bank A/c	40,000	By Tejas's Capital A/c	1,07,675
To Tejas's Executor's Loan A/c	67,675		
Total	**1,07,675**	Total	**1,07,675**

Amount due to the executor = **₹1,07,675**; ₹40,000 paid, balance **₹67,675** in Executor's Loan Account.

Marking: Working notes (average profit, goodwill and gain ratio, profit share, salary and interest) – 2 marks · Profit and Loss Adjustment Account – 1 mark · Tejas's Capital Account showing ₹1,07,675 transferred – 4 marks · Tejas's Executor's Account – 1 mark

Examiner tip: A loss year is deducted while finding the average profit. Salary, interest and profit share are only for 5 months (1st April to 31st August).

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

The following is the Receipts and Payments Account of Dnyandeep Public Library, Kolhapur 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 4,500; Bank 15,500	20,000	By Salary to Librarian	36,000
To Subscriptions:		By Honorarium to Secretary	6,000
2024-25 2,500; 2025-26 54,000; 2026-27 3,500	60,000	By Newspapers and Periodicals	9,500
To Legacy	25,000	By Stationery	4,200
To Government Grant	20,000	By Library Books (purchased on 1st October, 2025)	40,000
To Sale of Old Newspapers	1,800	By Electricity Charges	6,300
To Hall Rent	12,000	By Prizes awarded (out of Prize Fund)	6,000
To Interest on Investments	3,600	By Repairs	2,700
To Donation for Prize Fund	15,000	By Balance c/d: Cash 4,700; Bank 42,000	46,700
Total	**1,57,400**	Total	**1,57,400**

Additional information:

(1) On 1st April, 2025 the Library had: Library Books ₹1,50,000; Furniture ₹30,000; 8% Investments ₹60,000; Stock of Stationery ₹800; Subscriptions outstanding for 2024-25 ₹2,500; Subscriptions received in advance for 2025-26 ₹2,000; Salary outstanding ₹3,000; Cash and Bank as shown above.

(2) Subscriptions outstanding for 2025-26 are ₹4,000.

(3) Salary outstanding on 31st March, 2026 ₹3,500; Hall Rent receivable ₹1,000.

(4) Stock of Stationery on 31st March, 2026 ₹1,000.

(5) Legacy is to be capitalised.

(6) Interest on Investments for the full year is to be taken into account.

(7) Depreciate Library Books by 10% p.a. and Furniture by 10% p.a.

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 Salary	3,000	Library Books	1,50,000
Subscriptions received in advance (for 2025-26)	2,000	Furniture	30,000
Capital Fund (balancing figure)	2,58,300	8% Investments	60,000
		Subscriptions outstanding (2024-25)	2,500
		Stock of Stationery	800
		Cash and Bank	20,000
Total	**2,63,300**	Total	**2,63,300**

In the books of Dnyandeep Public Library, Kolhapur

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

Expenditure	₹	₹	Income	₹	₹
To Salary to Librarian	36,000		By Subscriptions (2025-26)	54,000	
Less: Outstanding 1-4-2025	3,000		Add: Received in advance last year	2,000	
Add: Outstanding 31-3-2026	3,500	36,500	Add: Outstanding 2025-26	4,000	60,000
To Honorarium to Secretary		6,000	By Government Grant		20,000
To Newspapers and Periodicals		9,500	By Sale of Old Newspapers		1,800
To Stationery consumed (800 + 4,200 – 1,000)		4,000	By Hall Rent	12,000	
To Electricity Charges		6,300	Add: Outstanding	1,000	13,000
To Repairs		2,700	By Interest on Investments	3,600	
To Depreciation:			Add: Accrued	1,200	4,800
Library Books	17,000				
Furniture	3,000	20,000			
To Surplus (excess of income over expenditure) transferred to Capital Fund		14,600			
Total		**99,600**	Total		**99,600**

Balance Sheet of Dnyandeep Public Library as on 31st March, 2026

Liabilities	₹	₹	Assets	₹	₹
Capital Fund 1-4-2025	2,58,300		Library Books (1,50,000 + 40,000)	1,90,000	
Add: Surplus	14,600		Less: Depreciation	17,000	1,73,000
Add: Legacy (capitalised)	25,000	2,97,900	Furniture	30,000	
Prize Fund (Donation)	15,000		Less: Depreciation	3,000	27,000
Less: Prizes awarded	6,000	9,000	8% Investments		60,000
Subscriptions received in advance (2026-27)		3,500	Interest accrued on Investments		1,200
Outstanding Salary		3,500	Subscriptions outstanding (2025-26)		4,000
			Hall Rent outstanding		1,000
			Stock of Stationery		1,000
			Cash in hand		4,700
			Cash at Bank		42,000
Total		**3,13,900**	Total		**3,13,900**

Working Notes:

(2) Subscriptions for 2025-26: received 54,000 + received in advance last year 2,000 + outstanding 4,000 = ₹60,000. (₹2,500 of 2024-25 clears the opening outstanding; ₹3,500 of 2026-27 is a liability.)

(3) Interest: 60,000 × 8% = ₹4,800 for the year; received ₹3,600, accrued ₹1,200.

(4) Depreciation on books: 1,50,000 × 10% = 15,000 + 40,000 × 10% × 6/12 = 2,000 → ₹17,000. Furniture 30,000 × 10% = ₹3,000.

(5) Prize Fund: donation ₹15,000 less prizes awarded ₹6,000 = ₹9,000 (shown on liabilities side,

not in Income and Expenditure Account).

Income ₹99,600 – Expenditure ₹85,000 = Surplus **₹14,600**; Balance Sheet total = **₹3,13,900**.

Marking: Opening Capital Fund ₹2,58,300 – 1 mark · Income and Expenditure Account (subscriptions, salary, stationery consumed, interest, depreciation) with surplus ₹14,600 – 6 marks · Balance Sheet (legacy, Prize Fund, accruals) totalling ₹3,13,900 – 5 marks

Examiner tip: Subscriptions received in advance last year are income of this year – add them. Prizes paid out of a Prize Fund are deducted from the fund, not debited to the Income and Expenditure Account. Books bought in October get only 6 months' depreciation.

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

Prachi, Kunal and Ruchita are partners sharing profits and losses in the ratio 2 : 1 : 1. 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	56,000	Capital: Prachi	1,20,000
Purchases	2,80,000	Capital: Kunal	80,000
Sales Returns	6,000	Capital: Ruchita	60,000
Wages	22,000	Sales	4,20,000
Carriage Inward	3,000	Purchase Returns	5,000
Salaries	36,000	Sundry Creditors	48,000
Rent (for 10 months)	15,000	Bills Payable	10,000
Insurance	4,800	10% Bank Loan (taken on 1st October, 2025)	30,000
Advertisement	9,000	R.D.D.	3,000
Office Expenses	7,000	Commission Received	4,800
Discount Allowed	1,500		
Bad Debts	2,000		
Sundry Debtors	92,000		
Bills Receivable	12,000		
Furniture	30,000		
Plant and Machinery	1,20,000		
Cash in Hand	5,200		
Cash at Bank	53,300		
Drawings: Prachi	12,000		
Drawings: Kunal	8,000		
Drawings: Ruchita	6,000		
Total	**7,80,800**	Total	**7,80,800**

Adjustments:

(1) Closing Stock is valued at ₹68,000.

(2) Goods worth ₹8,000 were destroyed by fire. The insurance company admitted a claim of ₹5,000, which is not yet received.

(3) Write off further bad debts of ₹2,000 and maintain R.D.D. at 5% on Sundry Debtors.

(4) Depreciate Plant and Machinery by 10% and Furniture by 10%.

(5) Insurance prepaid ₹1,200.

(6) Ruchita is entitled to a commission of 5% on Gross Profit.

Answer (12 marks)

In the books of Prachi, Kunal and Ruchita

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

Particulars	₹	₹	Particulars	₹	₹
To Opening Stock		56,000	By Sales	4,20,000	
To Purchases	2,80,000		Less: Sales Returns	6,000	4,14,000
Less: Purchase Returns	5,000	2,75,000	By Goods lost by fire		8,000
To Wages		22,000	By Closing Stock		68,000
To Carriage Inward		3,000			
To Gross Profit c/d		1,34,000			

Total		4,90,000	Total		4,90,000

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

Particulars	₹	₹	Particulars	₹	₹
To Salaries		36,000	By Gross Profit b/d		1,34,000
To Rent	15,000		By Commission Received		4,800
Add: Outstanding (2 months)	3,000	18,000			
To Insurance	4,800				
Less: Prepaid	1,200	3,600			
To Advertisement		9,000			
To Office Expenses		7,000			
To Discount Allowed		1,500			
To Bad Debts	2,000				
Add: Further Bad Debts	2,000				
Add: New R.D.D.	4,500				
Less: Old R.D.D.	3,000	5,500			
To Loss by fire (8,000 – 5,000)		3,000			
To Depreciation:					
Plant and Machinery	12,000				
Furniture	3,000	15,000			
To Interest on Bank Loan (outstanding)		1,500			
To Commission to Ruchita (5% of G.P.)		6,700			
To Net Profit transferred to:					
Prachi's Capital A/c (2/4)	16,000				
Kunal's Capital A/c (1/4)	8,000				
Ruchita's Capital A/c (1/4)	8,000	32,000			
Total		**1,38,800**	Total		**1,38,800**

Balance Sheet of Prachi, Kunal and Ruchita as on 31st March, 2026

Liabilities	₹	₹	Assets	₹	₹
Capital Accounts:			Plant and Machinery	1,20,000	
Prachi	1,20,000		Less: Depreciation	12,000	1,08,000
Add: Net Profit	16,000		Furniture	30,000	
Less: Drawings	12,000	1,24,000	Less: Depreciation	3,000	27,000
Kunal	80,000		Closing Stock		68,000
Add: Net Profit	8,000		Sundry Debtors	92,000	
Less: Drawings	8,000	80,000	Less: Further Bad Debts	2,000	
Ruchita	60,000		Less: R.D.D. (5% of 90,000)	4,500	85,500
Add: Commission	6,700		Bills Receivable		12,000
Add: Net Profit	8,000		Insurance Claim Receivable		5,000
Less: Drawings	6,000	68,700	Prepaid Insurance		1,200
10% Bank Loan	30,000		Cash in Hand		5,200
Add: Interest outstanding	1,500	31,500	Cash at Bank		53,300
Sundry Creditors		48,000			
Bills Payable		10,000			
Outstanding Rent		3,000			

Total		**3,65,200**	Total		**3,65,200**

Working Notes:

(1) Goods lost by fire ₹8,000 credited to Trading A/c; claim admitted ₹5,000 shown as an asset; loss not covered ₹3,000 debited to P & L A/c.

(2) Hidden adjustments: Rent is paid for 10 months only, so rent for 2 months (15,000 ÷ 10 × 2 = ₹3,000) is outstanding. Interest on the 10% bank loan from 1st October, 2025 to 31st March, 2026 = 30,000 × 10/100 × 6/12 = ₹1,500 is outstanding.

(3) R.D.D.: Debtors 92,000 – 2,000 = 90,000 × 5% = ₹4,500. Charge to P & L = 2,000 + 2,000 + 4,500 – 3,000 = ₹5,500.

(4) Commission to Ruchita = 5% of Gross Profit ₹1,34,000 = ₹6,700 (debited to P & L A/c and credited to her Capital A/c).

(5) Net Profit ₹32,000 shared 2 : 1 : 1 → Prachi ₹16,000, Kunal ₹8,000, Ruchita ₹8,000.

Gross Profit = **₹1,34,000**; Net Profit = **₹32,000**; Balance Sheet total = **₹3,65,200**.

Marking: Trading Account (goods lost by fire) with Gross Profit ₹1,34,000 – 3 marks · Profit and Loss Account (hidden rent and loan interest, R.D.D., loss by fire, commission) with Net Profit ₹32,000 – 4 marks · Balance Sheet totalling ₹3,65,200 – 5 marks

Examiner tip: Watch the hidden adjustments in the Trial Balance: 'Rent (for 10 months)' and a loan taken during the year both need outstanding amounts even if no adjustment is written. Insured goods lost by fire: full value to Trading A/c credit, claim as asset, only the uncovered part to P & L A/c.

All the best for your exam!