Roll No. ....425515....................................

Total No. of Questions : 6

Total No. of Printed Pages : 16

Time allowed : 3 Hours

Maximum Marks : 100

Answer to questions are to be given only in English except in the case of candidates who have opted for Hindi Medium. If a candidate who has not opted for Hindi Medium, his/her answers in Hindi will not be evaluated.

Question No. **1** is compulsory.

Answer any **four** questions from the remaining **five** questions.

Working notes should form part of the answers.

Candidate found copying or receiving or giving any help or defying instructions of the invigilators or having/using mobile phone or smart watch or any other electronic gadget will be expelled from the examination and will also be liable for further punitive action.

Marks

1. (a) State with reasons, whether the following statements are **True** or **False** : **6 × 2 =12**

   (i) An enterprise selecting FIFO or Weighted average method etc. for valuation of inventory is not a selection of accounting policy. F

   (ii) If an amount is posted in the wrong account or it is written on the wrong side or the totals are wrong or a wrong balance is struck, it will be a case of "Error of principle".

   (iii) Discount column of cash book does not record the trade discount.

Marks

(iv) For debentures issued by unlisted companies (other than AIFIs, Banking companies, NBFCs and HFCs), Debenture Redemption Reserve will be considered adequate if it is 15% of the value of Debentures issued through public issue.

(v) Fees received for life membership from some members by a non-profit organisation (NPO), to be capitalised in the books of NPO.

(vi) A company may issue fully paid bonus shares to its shareholders utilizing both Revenue reserves as well as capital reserves including revaluation reserves.

(b) Briefly discuss the fundamental accounting assumptions in the financial statements, about which, if nothing has been written, then it is assumed that they have already been followed in the preparation of financial statements. 4

GC, Accural Consistency

(c) Journalise the following transactions in the books of Arun Enterprises.

(i) Sold goods for ₹ 60,000, charged CGST and SGST @ 9% each.

(ii) Sold goods to Mahesh for ₹ 53,100 including IGST @ 18%.

(iii) Sold goods to Rani for ₹ 60,000 charged IGST @ 18%. Received ₹ 24,000 immediately by cheque and balance to be received after three months.

(iv) Rani was allowed a rebate of ₹ 10,000 as goods supplied to turned out to be defective. These goods were sold by charging IGST @ 18%. 4

Marks

2. (a) Roshan & Sons (the firm) acquired a machinery on 01.01.2020 for ₹ 80,000 and spent ₹ 20,000 on its installation. The machine was put to use on 01.07.2020. The expected useful life of the machine was 10 years and estimated scrap value was ₹ 20,000. The firm followed straight line method of depreciation.

The books are closed on 31st December every year.

On 01.01.2023, the firm received the government grant of ₹ 10,000 for the said machine and on the same date, the firm revalued the machinery upward by ₹ 40,000, also re-assessed the remaining useful life to 9 years with scrap value ₹ 20,000. On 15.8.2025, the machine was destroyed by fire. The insurance company paid 60% of book value as on the date of destruction as per Insurance policy.

Show Machinery Account in the books of Roshan & Sons.

Show workings of (i) depreciation to be charged each year (ii) Insurance claim received and loss on destruction of machine. **10**

(b) The Trial Balance of Mr. Abhay Kumar as on 31st March, 2026 did not agree and the difference was posted to Suspense Account. On a close scrutiny of the books, the following errors were located :

(i) A sale of ₹ 5,500 made to Mr. Ashok was correctly entered in Sales Day Book but wrongly posted to debit of Mr. Abhishek as ₹ 5,000. Mr. Ashok —Dr To Abhishek

(ii) The total of Purchase Returns Book for February 2026 has been casted short by ₹ 2,000. Suspense —Dr To Purchase Return

(iii) The total of sales book have been casted short by ₹ 15,000 for January 2026 and casted in excess by ₹ 16,000 for March 2026.

Marks

(iv) An accrual of ₹ 2,400 for telephone charges had been completely omitted. Telephone charge — Dr To O/S T. Exp

(v) Withdrawal of Goods worth ₹ 4,000 for being personal use of Abhay Kumar not recorded in the books.

(vi) Receipt of cash ₹ 5,000 from Mr. Arpit was posted to the debit of his account.

(vii) A cheque for ₹ 7,500 received from Mr. Deep Kumar had been dishonoured and was posted to the debit of Mr. Deepak Kumar. Deep — Dr To Deepak

(viii) Goods of the value of ₹ 2,500 returned by a customer were entered in the Sales day Book and posted therefrom to the credit of his account. SR — Dr To Custo

You are required to pass necessary journal entries with narrations to rectify the above errors and prepare Suspense Account. 10

3. (a) Monu Singh is a cloth merchant. He follows the practice of paying creditors for goods purchased through his Bank account and making payment in cash on all nominal accounts.

Monu Singh had not kept his books on the double entry principles nor had he balanced his two-column cash book.

However, the following information has been extracted from his accounting records :

Particulars	On 1st April, 2025 (in ₹)	On 31st March, 2026 (in ₹)
Cash in Hand	300	500
Cash at Bank	12000	17000
Sundry Debtors	17500	25000
Sundry Creditors	34100	37500
Inventories	25000	18700
Furniture	20000	??

Marks

Transactions during the year ended 31st March, 2026 were as follows :

Particulars	Amount in ₹
Salaries Paid	35,000
General Expenses Paid	15,000
Payment for Stationery	8,700
Payment for Advertisement	7,000
Lighting Charges paid	2,500
Cash Receipt from Debtors	3,12,500
Payment to creditors through bank and trade expenses in cash	2,00,000
Cash deposit into bank- business	1,87,500
Payment into bank-Additional Capital	2,500
Payment from bank account-Personal use	32,500
Cash Payment – Personal use	9,100
Stock taken for personal use	1,400
New Furniture purchased on Oct 01, 2025, payment made through personal saving account	8,000
Depreciation on Furniture @ 10% p.a. on WDV basis	-

You are required to prepare Trading and Profit and Loss Account for the year ending on 31st March, 2026 and Balance Sheet of Monu Singh as on 31st March, 2026. 10

Marks

(b) Amit, Bharat, and Charan are partners in a firm, sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet as on 31st March, 2025.

Balance Sheet as on 31st March 2025

Liabilities	Amount (₹)	Assets		Amount (₹)
Sundry Creditors	35,000	Cash at Bank		25,000
General Reserve	27,000	Sundry Debtors	30,000	
Amit's Loan a/c	20,000	Less: Provision for Doubtful Debts	(2,500)	27,500
Capital Accounts:				
Amit	40,000	Furniture		12,500
Bharat	15,000	Plant and Machinery		45,000
Charan	8,000	Stock		35,000
Total	**1,45,000**	**Total**		**1,45,000**

With effect from 1st April, 2025, the partners decided to change their profit and loss sharing ratio as 2:2:1, instead of their former ratio of 5:3:2. For that purpose, the following adjustments were agreed upon:

(i) The Provision for Doubtful Debts to be raised to 12% on Debtors.

(ii) The furniture to be appreciated by ₹ 6,400.

However, they did not want to alter the book value of the assets and liabilities but record the changes by passing a single journal entry.

Marks

The Profit and Loss Account of the firm for the year ended 31st March, 2026, showed a net profit of ₹ 36,000 before taking into consideration the following adjustments :

(i) Interest on Capital at 10% p.a.

(ii) Transfer 20% of the divisible profit to General Reserve, after charging such Reserve.

(iii) Interest on partners loan to be provided as per the partnership laws. 6%

You are required to :

(A) show the single journal entry adjusting the partners' capital as on 1st April, 2025.

(B) prepare Memorandum Revaluation Account as on 01.04.2025 and Profit and Loss Appropriation Account for the year ended 31st March 2026. 10

4. (a) Aman and Bhavesh were partners sharing profits and losses in the ratio of 1:3. On 31st March 2026, their Balance Sheet was as follows :

Balance Sheet as on 31st March 2026

Liabilities	Amount in (₹)	Assets	Amount in (₹)
Creditors	1,20,000	Investments	1,00,000
Bank's Loan	60,000	Stock	80,000
Employees' Provident Fund	40,000	Machinery	1,50,000
Investment Fluctuation Fund	15,000	Land and Buildings	50,000
Capital A/cs: Aman: 1,30,000 Bhavesh: 1,12,000	2,42,000	Sundry Debtors (90,000) Less: Provision (3,000)	87,000
		Bank Balance	10,000
Total	**4,77,000**	**Total**	**4,77,000**

Marks

The firm was dissolved on the above date and the assets and liabilities were settled as follows:

(i) Stock was sold at 20% less than book value and machinery realised 10% more than the book value.

(ii) Debtors amounting ₹12,000 turned out to be bad and the remaining paid the amount due.

(iii) A Laptop, which was fully depreciated, is now valued at ₹ 5,000 and is taken over by Aman at this value.

(iv) Bhavesh took over 50% of investments at a 10% discount. The remaining investments were handed over to a creditor of ₹ 70,000. The balance payment of creditors was made in cash.

(v) Aman was appointed to realise the assets and pay off the liabilities, for which he was to be paid a commission of ₹ 3,000.

(vi) Land and Buildings were valued at ₹ 85,000. The Bank took it to settle off the loan of ₹ 60,000 and paid the balance amount of ₹ 25,000 to the firm.

You are required to prepare the Realisation Account, Partners' Capital Accounts, and Bank Account to close the books of the firm. 10

Marks

(b) From the following trial balance and additional information, prepare Trading and Profit and Loss Account of Mr. Karan Kumar for the year ending on 31st March 2026 and balance sheet as at that date.

Particulars	Dr. Balance (₹)	Cr. Balance (₹)
Capital / Drawings	20,000	3,40,000
Plant & Machinery	2,20,000	
Sales / Purchases	1,68,000	3,30,000
Returns	10,000	8,000
Bad Debts / Bad Debts Recovered	10,000	74,900
Freight Inward	10,000	
Freight Outward	14,000	
Office & Administration Expenses	55,000	
Creditors / Debtors	4,50,000	4,15,200
Loan	40,000	1,00,000
Investments	1,00,000	
Opening stock	1,08,000	
Cash in hand and bank	1,01,100	
Bank Overdraft		40,000
Wages	2,000	
Total	**13,08,100**	**13,08,100**

1551739

Marks

Additional Information:

(i) Market price of the closing stock in hand as at 31st March, 2026 was ₹ 1,23,000. However, its cost was ₹ 1,60,000.

(ii) Provide for depreciation on Plant & Machinery @ 10% p.a.

(iii) Provide interest on capital @ 6% p.a. and an additional capital of ₹ 20,000 was introduced on 1st Oct, 2025.

(iv) Charge interest on drawings @ 9% p.a., drawings were made evenly throughout the year.

(v) Goods costing ₹ 20,000 were destroyed due to fire on 30th March, 2026. Insurance Company accepted claim to 60% and paid on 10th April, 2026

(vi) Goods worth ₹ 20,000 were sent out on approval basis and recorded as sale. They remained unsold. Cost of such goods was ₹ 16,000.

(vii) Received on credit a purchase invoice of ₹ 21,000 on 27th March, 2026 and recorded, but goods not received till year end (Goods-in-Transit).

(viii) Manager is entitled to a commission of 5% of final profit after charging his commission. $\frac{\%}{\% + 100}$ **10**

(a) **Attempt any ONE of the two parts i.e. either (i) or (ii)**

(i) Smt. Rajlaxmi is running a small grocery store, on 31st March, 2026, the bank pass book of Smt. Rajlaxmi showed a balance of ₹ 1,60,000 to her credit while balance as per cash book was ₹ 1,31,500. On scrutiny of the two books, she ascertained the following causes of difference:

(1) She has issued cheques amounting to ₹ 90,000 out of which only ₹ 32,000 were presented for payment.

(2) She received a cheque of ₹ 10,000 which she recorded in her cash book but forgot to deposit in the bank.

PB
-32,000

CB PB
+ 10,000 0

Marks

(3) A Cheque of ₹ 24,000 deposited by her has not been cleared yet.

CB PB
+ 24,000 0

(4) Mr. Ekka deposited an amount of ₹ 14,700 in her bank account which has not been recorded by her in cash book yet.

CB PB
0 +14700

(5) Smt. Rajlaxmi provided the facility of receiving payments through debit cards, credit cards and through UPI (through QR Scanner). It is given that

- During the month of March, 2026, total amount of transactions through cards was ₹ 4,30,000. The bank charged a commission at the end of month amounting to ₹ 8,600.

CB PB
0 +421,600
−

- During the month of March, 2026, few customers showed the screen shot of fake payments through UPI and those fake payments amounted to ₹ 2,800.

CB PB
+2800 0
+

(6) Bank has credited an interest of ₹ 1,200.

CB PB
0 +1200

Prepare a bank Reconciliation Statement for Smt. Rajlaxmi as on 31st March, 2026. 5

OR

(ii) A trader prepared his accounts on 31st March, every year. Due to some reasons, no stock taking could be possible till 10th of April, 2026, on which date total cost of goods in his godown came to ₹ 60,000. The following facts were established between 31st March and 10th April, 2026.

(1) Sales ₹ 51,000 (including cash sales of ₹ 10,000)

(2) Purchases ₹ 8,034 (including cash purchases ₹ 1,990)

(3) Sales return ₹ 1,000

Marks

(4) On 10th March, goods of the sale value of ₹ 20,000 were sent on sale of return basis to a customer, the period of approval being four weeks. He returned 30% of the goods on 5th April, approving the rest; the customer was billed on 11th April.

(5) The trader had also received goods costing ₹ 18,000 in March, for sale on consignment basis. 20% of the goods had been sold by 31st March, and another 50% by the 10th April. These sales are not included in above sales.

Goods are sold by the trader at a profit of 10% on sales.

You are required to ascertain the value of inventories as on 31st March, 2026. 5

(b) During the year ended 31st March, 2026, The Youth Club received subscriptions as follows:

	(in ₹)
For the year ended 31st March, 2025	24,000
For the year ended 31st March, 2026	6,60,000
For the year ended 31st March, 2027	36,000
Total	**7,20,000**

There are 400 members and annual subscription is ₹ 2,000 per annum per member. On 31st March, 2026, a sum of ₹ 22,000 was still in arrears for subscriptions for the year ended 31st March, 2025.

Ascertain the amount of subscriptions that will appear on the credit side of Income and Expenditure Account for the year ended 31st March, 2026. Also show how the items would appear in the Balance Sheet as on 31st March, 2025 and the Balance Sheet as on 31st March, 2026. 5

Marks

(c) Sapna Ltd., with an authorized capital of ₹ 50,00,000 divided into Equity shares of ₹ 10 each, on 1st June 2025, invited applications for issuing 3,00,000 Equity shares at a premium of ₹ 5 per share. The amount was payable as follows:

300000@10

On Application	₹ 2 per share
On Allotment (1st July, 2025)	₹ 8 (including premium) per share
↓ 4 Months	
On Final call (1st November, 2025)	₹ 5 per share

APP ₹2 ₹3+

Mr Vishal(8000)
Mr Rohan(2000)
Mr ~~Vishal~~ Shanu (5000)

Applications were received for 3,60,000 shares. Letter of regret were issued to applicants for 60,000 shares and shares were allotted to all the other applicants. Mr. Vishal, holder of 8,000 shares paid the whole of the amount due along with allotment. When the final call was made, one shareholder, Mr. Rohan failed to pay the money due on 2,000 shares held by him and another shareholder, Mr. Shanu having 5,000 shares agreed to pay his due amount after 2 months along with interest @ 10% p.a. on calls in arrears. Shares issued to Mr. Rohan were forfeited. The company also paid interest on calls in advance @ 12% p.a. to Mr. Vishal on 1st November 2025.

Show the necessary entries in Cash Book and entries in Journal (with narrations) to record the above transactions in the books of Sapna Ltd. 1

6. (a) The Balance Sheet of Prashant Ltd. as at 31st March, 2025 inter alia includes the following information :

Particulars	Amount in (₹)
Share Capital	
Issued and Subscribed capital	
6,000, 9% Preference shares of ₹ 100 each, ₹ 80 paid up	4,80,000
15,000 Equity Shares of ₹ 100 each, fully paid up	15,00,000
	19,80,000

Particulars	Amount in (₹)
Reserves and Surplus:	
Securities Premium	50,000
Capital Redemption Reserve	2,60,000
General Reserve	5,50,000
Profit & Loss Account	1,85,000
	10,45,000
Non-current Investments (Face value ₹ 1,00,000)	1,15,000

Under the terms of their issue, the preference shares are redeemable on 31st March, 2026 at 10% premium. In order to finance the redemption, the company makes a right issue of 4,000 equity shares of ₹ 100 each at a premium of 10%, ₹ 25 being payable on application, ₹ 45 (including premium) on allotment and the balance on 1 June, 2026. The issue was fully subscribed and allotment made on 1st March, 2026. The money due on allotment were duly received by 20th March, 2026. Investments are sold at 120% of their face value on 25th March, 2026.

The preference shares were redeemed after fulfilling the necessary conditions of the Companies Act, 2013.

You are required to pass the necessary journal entries with narrations to give effect to the above arrangements. Also prepare the Notes to Accounts of Share Capital, Reserves and Surplus relevant to the Balance Sheet immediately after the redemption of preference shares as on 31st March, 2026. (Ignore date column in Journal.) 15

(b) Briefly explain the advantages of Double entry System. 5
