B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

INDIAN PUBLIC SCHOOLS' CONFERENCE

PRE BOARD III, EXAMINATION 2025-26
ACCOUNTANCY 055 (SET B)

Class: XII | **Time: 3hr**
Date: 15.1.2026 | **Max Marks: 80**
Admission No: | **Roll No:**

General Instructions:
1. This question paper contains 34 questions. All questions are compulsory.
2. This question paper is divided into two parts, Section A and B.
3. Part – A. Accounting for Partnership and Company Accounts
4. Part – B. Analysis of Financial Statements
5. Question Nos.1 to 16 and 27 to 30 carries 1 mark each.
6. Questions Nos. 17 to 20, 31and 32 carries 3 marks each.
7. Questions Nos. from 21, 22 and 33 carries 4 marks each
8. Questions Nos. from 23 to 26 and 34 carries 6 marks each
9. There is no overall choice. However, an internal choice has been provided in 7 questions of 1 mark, 2 questions of 3 marks, 1 question of 4 marks and 2 questions of 6 marks.

SECTION A (60 marks)

Q1) In the absence of a partnership deed, interest on capital is:
(A) 6% p.a. (B) 10% p.a. (C) 12% p.a. (D) Not allowed (1)

OR

Which account is debited when interest on drawings is charged?
(A) Partner's Capital Account (B) Profit and Loss Account
(C) Profit and Loss Appropriation Account (D) Drawings Account

Q2) **Assertion (A):** Reserves are charge against the profit.
Reason (R): Transfer to reserves is shown in Profit and Loss Appropriation A/c
Choose the correct option from the following: (1)
(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)
(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
(C) Only (A) is correct but (R) is not correct
(D) Only (R) is correct but (A) is not correct

Q3) Statement 1: Super profit method = Normal profit minus Actual profit for valuation of goodwill. (1)
Statement 2: Capital employed is not required in the calculation of goodwill under super profit method.
Choose the correct option from the following:
(A) Both statements are correct
(B) Statement 1 is correct, Statement 2 is incorrect
(C) Statement 1 is incorrect, Statement 2 is correct
(D) Both statements are incorrect

Q4) What's TRUE about goodwill? (1)
i) It is an intangible asset

ii) It is not a fictitious asset
iii) It remains constant and is not liable to fluctuations
iv) It is impacted by favourable location and nature of goods
(A) i),ii) and iii) (B) i),iii) and iv) (C) i),ii) and iv) (D) ii),iii) and iv)

Q5) Amit and Sumit are two partners with a PSR of 3:2. They decided to share future profits in 8:7. Goodwill of the firm is Rs.1,50,000. How will goodwill be treated due to the change in PSR. (1)

(A)	Sumit's Capital A/c Dr 10,000 To Amit's Capital A/c 10,000	(B)	Amit's Capital A/c Dr 10,000 To Sumit's Capital A/c 10,000
(C)	Sumit' Capital A/c Dr 30,000 To Amit's Capital A/c 30,000	(D)	Amit's Capital A/c Dr 30,000 To Sumit's Capital A/c 30,000

Q6) Arman and Bindu admit Chandu as a new partner Arman gives 1/10 of his share and Bindu gives 1/10 from her share calculate the new profit sharing ratio if Arman and Bindu had a PSR of 2:1. (1)
(A) 2:1:3 (B) 11: 7:3 (C) 18:7:5 (D) 5:3:2

OR

Dora and Era are partners with a PSR of 12:13.They admit Fana as a new partner the new PSR becomes 7:8:5 calculate the sacrificing ratio.
(A) 12:13 (B) 13:12 (C) 1:1 (D) 3:2

Q7) Dipu and Era share profits and losses equally. They admit Falguni and the new PSR becomes 5:3:2. Falguni brings 40,000 as he share of goodwill. How will the goodwill distributed among old partners. (1)
(A) Both Dipu and Era will get Rs.20,000 each (B) The entire goodwill will be given to Dipu.
(C) The entire goodwill will be given to Era. (D) Dipu will get Rs.24,000 and Era Rs.16,000

Q8) Jim, Kim and Lim are three partners with PSR of 13:12:15. Lim retire his share is taken by Jim and Kim equally calculate the new PSR of Jim and Kim. (1)
(A) 4:3 (B) 41:39 (C) 31:29 (D) 123: 67

Q9) **Assertion (A):** On death of a partner, the firm is compulsorily dissolved.
Reason (R): Death of a partner leads to termination of partnership agreement.
Choose the correct option from the following: (1)
(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)
(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
(C) Only (A) is correct but (R) is not correct
(D) Only (R) is correct but (A) is not correct

OR

Assertion (A): A partnership will come to an end immediately whenever a partner dies.
Reason (R): The payment of deceased partner's share will be received by his heirs/executors.
Choose the correct option from the following:
(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)
(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
(C) Only (A) is correct but (R) is not correct
(D) Only (R) is correct but (A) is not correct

Q10) Statement I: Dissolution of Partnership and Dissolution of Partnership Firm are not same
Statement II: All assets except cash are realised and all liabilities are paid off on Dissolution of Partnership Firm
Choose the correct option from the following: (1)
(A) Both statements are correct. (B) Both statements are incorrect.

(C) Statement I is correct but Statement II is incorrect. (D) Statement II is correct but Statement I is incorrect.

Q11) On dissolution, which of the following is NOT prepared? (1)
(A) Balance Sheet (B) Realisation Account (C) Capital Account (D) Cash Account

OR

On dissolution, unrecorded assets when sold are:
(A) Credited to Realisation Account (B) Debited to Realisation Account
(C) Credited to Capital Account (D) Debited to Cash Account

TipRanks

Skipper Ltd Announces Forfeiture of Partly Paid-Up Shares

Q12) What is true about the above (1)
i) Shareholders of Skipper may not have paid money due on allotment or/and calls.
ii) Before forfeiture Skipper Ltd. must give the defaulting shareholders 14 days notice to pay.
iii) These shares can later be reissued at a discount exceeding the amount paid on such shares.
iv) Profit on reissue if any is transferred to General Reserve
(A) Only i) and ii) (B) Only i) and iii) (C) Only ii) and iii) (D) Only i),ii) and iii)

Q13) When shares are issued to underwriters as commission which account is debited? (1)
(A) Underwriting Commission (B) Underwriters (C) Share Allotment (D) Share Capital

Q14) Sun Glow Ltd took a loan of Rs.8,10,000 and issued adequate debenture as collateral . Which of the statements below is false? (1)
(A) The loan will be shown in company balance sheet under 'Long Term Borrowing'
(B) The company can issue 12% Debentures of Rs.8,00,000 as a collateral.
(C) The company can issue debentures of 8,200, 12% Debenture of Rs.100 each as a collateral.
(D) Sun Glow Ltd might have given some Non-Current Asset as primary mortgage against the loan.

Q15) While issuing __________ type of Debentures, company does not give any undertaking for the repayment of money borrowed by issuing such debentures. (1)
(A) Zero Coupon Rate Debentures (B) Non-Convertible Debentures
(C) Secured Debentures (D) Non-Redeemable Debentures

OR

Debentures holders are the creditors of the company and they are entitled to receive.
(A) Profits (B) Dividend (C) Interest (D) Commission

Q16) Assertion (A): Debentures can be redeemed at par or at premium.
Reason (R): Premium on redemption of debenture is shown in Balance Sheet as 'Other non-current liability'
Choose the correct option from the following: (1)
(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)
(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
(C) Only (A) is correct but (R) is not correct
(D) Only (R) is correct but (A) is not correct

OR

Statement I: Interest payable on debentures is appropriations and shown in Profit and Loss Appropriation
Statement II: 12% Debenture indicate that interest payable on this debenture is 12% p.a.
Choose the correct option from the following:
(A) Both statements are correct. (B) Statement I is correct but Statement II is incorrect.

(C) Statement II is correct but Statement I is incorrect.   (D) Both statements are incorrect.

Q17) Adinath and Shiv are two partners with a PSR of 3:2. Adinath has given a loan of Rs.1,00,000 to the firm on 1st April 2024 and Shiv have taken a loan Rs.2,00,000 on 1st October 2024 from the firm. The partnership deed provides interest on loan at 6% p.a. and interest on loan charged at 9% p.a. Adinath is also allowed a commission of 10% after charging commission on net profit which is 88,000.
Prepare a profit and loss appropriation a/c. (3)

Q18) Prem, Puja and Payal were in partnership sharing profits and losses in 3:2:1.They had a garments business. Prem operated from Delhi and his job was to create market for the products produced by Puja and her friends. Payal was responsible to handle the accounts and all inflow and outflow of goods from their warehouse. She had a small office in the warehouse itself. After eight years of business now they also started exports. As Payal was involved in international trade also she demanded a salary or an equal share in their partnership. After some consultations all the partners agreed that from now on the PSR will become equal.
On this date goodwill of the firm was Rs.6,00,000. General Reserve Rs.90,000. The Balance Sheet showed apart from other things Land and Building Rs.15,00,000 and Creditors Rs.85,000.
Payal informed that the market value of the Building was Rs.20,00,000 and one creditor has decided to give a discount of Rs.10,000 as they had ordered goods in bulk.
i) At the time of change in the PSR, there will be a: (1)
(A) Profit on revaluation Rs.4,90,000 (B) Profit on revaluation Rs.5,10,000
(C) Loss on revaluation Rs.4,90,000 (D) Loss on revaluation Rs.5,10,000
ii) Which of the following is not correct at the time of change in the profit sharing ratio? (1)
(A) Prem will gain by 1/6th share (B) Puja will neither gain nor lose due to the change.
(C) Payal will gain by 1/6th share (D) None of these.
iii) Pass the required journal entry to adjust goodwill due to the change in profit sharing ratio. The partners have decided to keep their capital fixed. (1)

OR

Choubey, Dubey and Pandey are three partners with a PSR of 8:7:5. Their capital balances were Rs.2,00,000; Rs.1,50,000 and Rs.1,30,000 .They now decide that will share profits and losses in 2:2:1 ratio ,with a combined capital of Rs 5,00,000 of the firm. Capital to be adjusted among the partners so that their capitals become as per as their profit sharing ratio by bring in or withdrawing cash after the necessary adjustments. Goodwill of the firm is valued at Rs.2,40,000.
Their balance sheet on the date of change shows apart for other things.
General Reserve 1,20,000; Advertisement Suspense A/c 30,000
Prepare the Capital A/c of the partners and pass journal entry for capital cash brought in or withdrawn.

Q19) Adi, Brij and Carl are partners with a PSR of 5:3:2. They Adi retire and his share is taken in 2:3 ratio among other partners. The goodwill of the firm is Rs.1,20,000 . The capital balance of Adi on the date of retirement was Rs.1,50,000. He is ready to keep Rs.1,20,000 as a loan for the firm. So the rest of the amount was paid by the firm. Calculate the new PSR and amount of money payable to Adi and pass the required journal entries. (3)

Q20) Complete the journal entries with the help of the narration. (3)

Date	Particulars	LF	Amount (Dr)	Amount (Cr)
	Sundry Assets A/c Dr		18,00,000	
	To Sundry Creditors			2,00,000
	To (A)			(C)
	To (B)			(D)
	(Being business of Eve Ltd purchased for a			

	consideration of Rs.15,00,000)			
	(E) Dr		(G)	
	(F) Dr		(H)	
	To 12 % Debenture A/c			(I)
	(Being purchase consideration met by issue of 15,000			
	12% Debenture of Rs.150 each at Rs.100)			

OR

Neptune Ltd purchased the running business of Jupiter Ltd. for Rs.22,50,000. Jupiter Ltd. had the following assets and liabilities Plant and Machinery Rs.15,50,000; Furniture and Fixture Rs.5,85,000; Other assests Rs.4,25,000 and Liabilities worth Rs.4,00,000. It was agreed that the purchase consideration was to be paid by issue of 12% Debentures of Rs.100 each. Record the required journal entries if the debentures were issued at 10% discount

Q21) The profits and loss for the year ended 31st March 2021 to 31st March 2024 were Rs.60,000; Rs.(18,000); Rs.38,000 and Rs.80,000 respectively.
Later it was found that the managerial remuneration of Rs.30,000 was not recorded in any of the years.
On 1st October 2021 a machinery worth Rs.2,00,000 was purchased and it was passed through the profit and loss A/c. This machinery is to be depreciated at 10% p.a. annually. Calculate the goodwill of the firm if it is calculated on the basis of 3 years purchase of the average adjusted profit.
How would the goodwill change if its valued at 10 years purchase of super profit. Capital employed is Rs.3,00,000 and normal rate of return is 12%. (4)

OR

A business has earned average profits of Rs.1,00,000 during the last few years and the normal rate of return is 10%.Calculate the value of goodwill by
i) Capitalisation of super profit method
ii) Super profit method if goodwill is valued at 5 years purchase.
Assets of the business was Rs.8,60,000 and external liabilities was Rs.80,000.

Q22) Max Ltd. was registered with an authorised capital of Rs.2,50,00,000 divided into equity shares of Rs.10 and Preference shares of Rs.100 each in the ratio of 3:2. It offered to public. 80% of the shares and public subscribed 80% of the equity shares and 90% of preference shares offered. All money was received except Rs.3 on 60,000 equity shares. Prepare a Balance Sheet as per Schedule III of Companies Act 2013 Clearly showing Notes to Accounts. (4)

Q23) A and B are partners with a PSR of 4:1, their balance sheet is as follows

Balance Sheet (Extract)

Capital A/c			
A 3,00,000		Investment	2,80,000
B 2,00,000	5,00,000		
Workmen's Compensation Fund	60,000		
Investment Fluctuation Fund	40,000		

C comes in and brings 1,80,000 as capital and 45,000 as premium for goodwill. C takes 1/8 from A and 1/10 from B
Market value of investment is Rs.3,00,000.
Calculate i) New Profit Sharing ratio ii) Sacrificing Ratio iii) Prepare capital account of A,B and C if the capital is adjusted in new PSR by opening current accounts. iv) Pass journal entry for capital adjustment. (6)

OR

X and Y are partners with a PSR of 4:1. They admit Z as a new partner who brings in 20,000 cash, furniture worth 40,000 and machinery worth 90,000 as capital and 42,000 as premium for goodwill. Z takes 1/5 of X's share and 1/20th of Y's share.

Balance Sheet on Z's admission

Capital A/c		Land	75,000
X 1,25,000		Building	55,000
Y 1,00,000	2,25,000	Investment	60,000
WCF	25,000	Inventory	35,000
		Cash at bank	25,000
	2,50,000		2,50,000

The following revaluations were agreed upon.
i) Land is revalued to 1,00,000
ii) Building overvalued by 10%
iii) Market value of investment is 80,000
iv) Claim for Workmen's compensation is 30,000.
Prepare the required accounts and balance sheet of the new firm.

Q24) Mithlesh and Neelesh were partners with a PSR of 8:7, due to some dispute they have now decided to dissolve their firm. Close their books by preparing the required accounts. (6)

Balance Sheet as at 31st March 2025

Liabilities	Rs.	Assets	Rs.
Capital A/c		Goodwill	60,000
Mithlesh 3,00,000		Building	4,25,000
Neelesh 2,50,000	5,50,000	Plant and Machinery	1,00,000
		Investment (5,000 shares)	2,00,000
Bank Loan	2,00,000	Inventory	60,000
Neelesh's wife's loan	1,00,000	Debtors	30,000
Creditors	50,000	Cash at Bank	25,000
	9,00,000		9,00,000

(i) Building was sold for 3/4th of its book value and Machinery could only realise 83,250
(ii) Goodwill was sold at its book value. Inventory was taken at 80% of its value by Mithlesh.
(iii) Market value of each share was Rs.45; the shares were taken in 3:2 by the partners.
(iv) Debtors were offered a discount of Rs.4,000 the same discount was allowed by the creditors also.
(v) Bank Loan was paid off together with 5% interest.
(vi) Neelesh's wife's loan was paid off by Neelesh

Q25) Evergreen Ltd offered to public 20,000 shares of Rs.10 each at a premium of Rs.10 payable as follows. Rs.8 on application (Rs.4 premium) . Rs.10 on allotment (Rs.6 premium) and the rest in the first and final call. All money was received expect for two shareholders Arka and Jain. Arka had 3,000 shares and he paid only the application money. Jain had 2,000 shares and he failed to pay the call money. Both their shares were forfeited. Prepare the journal (6)

OR

(a) Draw the format of the Liability side of Balance Sheet of a Company. (2)
(b) Rose and Tulip Ltd offered to public 50,000 shares payable as Rs 4 on application, Rs.7 on allotment including Rs.3 premium and Rs.2 on first and final call. All money was received except Anil who had 4,000 shares could only pay application money and Sunil who had 6,000 shares paid the application and allotment.

Both their shares were forfeited and later 7,000 shares were reissued at Rs.7 each. The reissued shares included all the shares of Anil. Pass the journal entries to show forfeiture and reissue only. (4)

Q26) a) Akash Infotech Ltd wanted to take a Bank Loan from ICICI Bank of Rs.12,00,000. The company was doing very well and needed to expand. The Bank apart from primary security agreed to take 12,500 12% Debenture of Rs.100 each as collateral. Pass the journal and also present this in the balance sheet. (3)
b) On 30th September and on 31st December Suraj Automobiles declared to pay interest on the debenture holders The company had Rs.8,50,000; 10% debentures. Pass the journal entries for interest due and interest paid. (3)

SECTION B (20 marks)

Q27) According to the Companies Act 2013: Statement of Profit and Loss is prepared as per? (1)
(A) Schedule II Part III (B) Schedule III Part II (C) Schedule III Part I (D) Schedule I Part III

OR

Which of the following is added to 'Subscribed Share Capital' ?
(A) Calls in advance (B) Calls in arrears (C) Capital Reserve (D) Forfeited Share

Q28) Assertion (A): A high debt-equity ratio indicates low financial risk.
Reason (R): It shows that the company is using more equity than debt.
Choose the correct option from the following: (1)
(A) Both (A) and (R) are correct and (R) is the correct explanation of (A)
(B) Both (A) and (R) are correct but (R) is not the correct explanation of (A)
(C) Only (A) is correct but (R) is not correct
(D) Only (R) is correct but (A) is not correct

Q29) The above formula indicates (1)
(A) Working Capital Ratio (B) Working Capital Turnover Ratio
(C) Trade Receivable Turnover Ratio (D) Credit Sales to Net Asset Ratio

Q30) Which one of the following is correct
i) High inventory turnover ratio is good for the organisation.
ii) Sum of operating ratio and operating profit ratio is always 100%
iii) Quick ratio can be more than Current ratio (1)
(A) Only i) and ii) (B) Only i) and iii) (C) Only ii) and iii) (D) All are correct

Q31) Prepare a Common Size Balance Sheet (Asset Side) from the information below. (3)

Particulars	N.No	31st March 2025
ASSETS		
Non-Current Assets		
Property, Plant and Equipment and Intangibles		
Property, Plant and Equipment		8,65,000
Intangibles		3,75,000
Non-current Investment		2,15,000

Current Assets		
Inventories		1,75,000
Trade Receivables		2,05,000
Other current assets		99,000
Cash and Cash equivalents		66,000
TOTAL		20,00,000

OR

Prepare a Comparative Size Revenue Statement

Particulars	N.No	31st March 2025	31st March 2024
Revenue from Operation		20,00,000	17,50,000
Other income		60,000	80,000
TOTAL Revenue		20,60,000	18,30,000
Cost of materials consumed		7,80,000	6,60,000
Purchase of stock in trade		3,25,000	4,00,000
Employee benefit expenses		6,75,000	5,00,000
Finance Cost		1,00,000	65,000
Depreciation and Amortization		75,000	55,000
TOTAL Expenses			
Tax (40%)			

Q32) Name all the different activity ratios and write how they are calculated. (3)

OR

i) The current ratio is 3:1 Find the value of inventory if current liabilities was 80,000 and Quick ratio was 1.8:1
ii) 12% Debenture Rs.2,00,000; 10% Mortgage Loan Rs.80,000 ; Total Assets Rs.15,00,000 .
Profit after Tax Rs.90,000 ; Rate of Income Tax 40%.Calculate Interest Coverage Ratio.

Q33) i) Shareholder Fund Rs.36,00,000; Total debt = 24,00,000 ; Trade payable Rs.5,60,000; Other current liabilities Rs.40,000. Calculate Debt to Total Assets ratio. (2)
ii) Cost of Revenue from operation Rs.30,40,000; Gross Profit is 24% of Revenue from operations. Current Assets 4,60,000 and Current liabilities 60,000. Calculate Working Capital Turnover Ratio (2)

Q34) Zenith Ltd. is a manufacturing company that shared the following information for the financial year ending 31st March 2025:
Purchased machinery worth Rs.5,00,000; Sold old equipment for Rs.1,50,000 (book value Rs.2,00,000).
Purchased investments worth Rs.3,00,000. Received Rs.50,000 as interest on investments.
Received Rs.1,00,000 from the sale of an old vehicle (book value Rs.80,000).
Land valued at 3,50,000 was sold for Rs.4,25,000.
Depreciation charged during the year was Rs.1,20,000. Profit of the year Rs.25,000; Transfer to Capital Redemption Reserve Rs.35,000. Tax paid during the year was Rs.25,000
Based on the above information, answer the following questions:
i) Calculate the Net Cash Flow from Operating and Investing Activities for the year ended 31st March 2025. (4)
ii) Why is the loss on sale of equipment (Rs.50,000) not adjusted in the Cash Flow from Investing Activities?(1)
iii) Under which activity will depreciation be shown in the Cash Flow Statement and why? (1)

OR

From the balance sheets for the year ended 31st March 2025 and 2024 Prepare Cash Flow Statement

Particulars	31st March 2025	31st March 2024
EQUITY and LIABILITIES		
Shareholder’s Fund Share Capital Reserve and Surplus	 7,00,000 2,00,000	 6,00,000 1,10,000
Non-Current Liabilities Long term Borrowings	 3,00,000	 2,00,000
Current Liabilities Trade payables	 30,000	 25,000
	12,30,000	9,35,000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment and Intangibles	11,00,000	8,00,000
Current Assets Inventories Trade receivables Cash and bank balance	 70,000 32,000 28,000	 60,000 40,000 35,000
	12,30,000	9,35,000

Additional Information:

a) During the year a piece of furniture of the book value of Rs.80,000 was sold for Rs.65,000.

b)Depreciation provided on tangible assets during the year amounted to Rs.2,00,000.

----------------------ALL THE BEST-------------------------