ACCOUNTANCY

CLASS-XII

VOLUME-1

LATEST 2026 CBSE SAMPLE PAPERS

Chapter-wise Questions with Detailed Solutions

500+ MCQs along with Practical, Sample Paper & PYQs

Contents

VOLUME-I

PART A: ACCOUNTING FOR PARTNERSHIP FIRMS

CHAPTER 1

Partnership Accounting-Fundamentals

Partnership is the relation between two or more persons who have agreed to share the profits of a business carried on by all or any one of them on behalf of all.

Persons who have entered into partnership with one another are called individually, "partners" and collectively "a firm", and the name under which their business is carried on is called the "firm-name".

FEATURES OF PARTNERSHIP

1. It is an association of two or more persons (Maximum limited to 50)
2. There is an agreement, whether written or oral to undertake partnership business collectively.
3. The business for which the partnership is entered into has to be lawful.
4. There is an agreement to share profits and losses in a specific ratio.
5. Business can be carried by all partners collectively of by one partner on behalf of all others.
6. Registration of firm is optional and not compulsory. However there are certain benefits available to a registered firm.
7. A new partner may be admitted with the consent of all the partners.
8. An existing partner may retire from the firm after giving a proper notice of his intention to do so and with the consent of all the partners or as per the agreement.
9. With the consent of all the existing partners a minor may be admitted to the benefits of a partnership business.

PARTNERSHIP DEED

Partnership deed is a written agreement entered into by the partners that sets forth the conditions subject to which the partnership has been done.

There is no condition to have a partnership deed to carry on partnership business; however it is always better to have everything in writing to avoid disputes arising among partners in future. The partnership deed has to be properly stamped according to the Indian Stamp Act.

The following are the contents of partnership deed:

1. Description of partners like name, address, description, etc.
2. Description of firm like name and style, address, etc.
3. Principal place of business and other place of business.
4. Nature of business.
5. Capital contribution given by partners.
6. Provision related to interest on partner's capital, interest on drawings, salary to working partners, interest on loan given by partner, commission to partner, etc.

7. Profit and loss sharing ratio among partners.
8. Rights and duties of partners.
9. Bank operations.
10. Duration for which partnership has been entered into, like – partnership for specific period, for specific purpose, or it may be at will.
11. Settlement in case of disputes among partners.
12. Any other provision that the partners may decide can be enumerated in the partnership deed.

Provision that apply in the absence of partnership deed or where the partnership deed has been framed but it is silent on such issues.

1. Profit and loss sharing ratio – It will be equal among all partners.
2. Interest on partner's capital – No interest shall be allowed.
3. Interest on partner's drawings – No interest shall be charged.
4. Interest on partner's loan – Interest will be allowed at 6% p.a.
5. Salary, commission, bonus, remuneration, etc. – No such allowance will be given.

DISTRIBUTION OF PARTNERSHIP PROFITS AMONG PARTNERS

In case of partnership form of business, there is a joint right of all partners over the profits of the business unlike a sole proprietorship business where the proprietor enjoys an exclusive right to the profits of his business.

Thus it becomes utmost essential to provide a method to distribute the profits of the business in a fair manner among all the partners in order to avoid disputes. For this purpose, the express conditions as stated in the partnership deed have to be adhered to, and in its absence the provisions of the Indian Partnership Act 1932 shall apply mandatorily.

For distribution of partnership profits a separate account in the name of Profit & Loss Appropriation is made. The following is the pro-forma of P&L Appropriation A/c:

Dr. **Profit and Loss Appropriation A/c** **Cr.**

Particular		Amount (₹)	Particular		Amount (₹)
To Interest on partner's capital		XX	By Bal P&L A/c (Profit)		XX
A	---		By Interest on partner's drawings		XX
B	---		A	---	
To Partner's Salary		XX	B	---	
A	---				
B	---				
To Partner's Commission/Bonus		XX			
A	---				
B	---				
To Reserves (Amount transferred)		XX			
To Profits transferred in PSR:		XX			
A	---				
B	---				
Total:		**XXXX**	**Total**		**XXXX**

8. For transfer of profit to reserve fund
   P&L Appropriation A/c Dr.
   To General Reserve
9. For sharing of balance profits by partners in PSR
   P&L Appropriation A/c Dr.
   To Partner's Capital/current A/c

Difference between Profit & Loss A/c and Profit & Loss Appropriation A/c

P&L A/c	P&L Appropriation A/c
It is prepared after trading account	It is prepared after P&L account
It shows the net profit earned by the business	It shows how the net profit earned by the business is distributed by partners
The debit side of the account represents all expenses	The debit side represents the appropriations
It follows matching concept	It does not require matching concept
It does not require the provisions of partnership deed	It follows the resolutions contained in partnership deed

Difference between charge against profit & Appropriation of profit

Charge against profit	Appropriation of profit
It refers to those amounts that are deducted from profits	It refers to the distribution of profit
It means all expenses	It is a mode/means to divide profits
It is made even if there is a loss	It can only be made in the presence of profits
It is debited to trading and P&L A/c	It is debited to P&L Appropriation A/c
It is done before appropriation	It is done after creation of all charges
Ex – Rent, Salary	Ex – IOC, General Reserve

PARTNER'S CAPITAL ACCOUNTS

The amounts contributed by the partners are shown under their capital accounts. There are two methods by which the partner's capital accounts can be maintained. These are:

1. Fixed capital accounts method
2. Fluctuating capital accounts method

FIXED CAPITAL ACCOUNTS METHOD

Under this system of maintaining partner's capital accounts, two types of accounts are made for each partner. One account for all his capital contributions – Capital A/c and the other for routine affairs, appropriations and adjustments – Current A/c.

1. **Capital A/c –** this account records the initial capital contribution, additional capital contributed, permanent capital withdrawal and balance capital invested in firm. No other amount is entered in this account. This is done to show how much capital has been invested by each partner. This account will not change unless there is any addition or reduction of capital by a partner. Hence this system gets the name of fixed capital accounts where the partner's capital remains fixed over a period of time. It will always have credit balance or at most a nil balance.

Dr. **Partner's Capital A/c** Cr.

Particulars	Mr. X ₹	Mr. Y ₹	Particulars	Mr. X ₹	Mr. Y ₹
To Cash/Bank (Capital withdrawal)	XX	XX	By Bal b/d	XX	XX
To Bal c/d	XX	XX	By Cash/Bank (Additional Capital)	XX	XX
Total:	**XXXX**	**XXXX**	**Total:**	**XXXX**	**XXXX**

2. **Current A/c –** this account records all the other transactions which are not shown in the capital account of a partner. These are – salary, interest on capital, commission, bonus to partner, interest on drawings, drawings, and share of profit or loss of partner. These adjustments may result in debit balance or credit balance in the current account of partner.

Dr. **Partner's Current A/c** Cr.

Particulars	Mr. X ₹	Mr. Y ₹	Particulars	Mr. X ₹	Mr. Y ₹
To Bal b/d*	XX	XX	By Bal b/d*	XX	XX
To Cash/Bank (Normal withdrawal)	XX	XX	By IOC	XX	XX
			By Commission	XX	XX
To IOD	XX	XX	By Salary	XX	XX
To P&L App A/c (Loss)	XX	XX	By P&L App A/c (Profit)	XX	XX
To Bal c/d#	XX	XX	By Bal c/d#	XX	XX
Total:	**XXXX**	**XXXX**	**Total:**	**XXXX**	**XXXX**

**# - Any one*

FLUCTUATING CAPITAL ACCOUNTS METHOD

Under this system of maintaining partner's capital accounts, only one account is prepared for each partner. All the transactions relating to a partner will be recorded in only one account i.e. – partner's capital account. Since all entries are recorded in a single account it is not possible to determine at once about the actual capital contribution by a partner. Also the net effect of all these entries may result in debit or credit or nil balance in a partner's capital account at the end of the accounting period.

Dr. **Partner's Capital A/c** Cr.

Particulars	Mr. X ₹	Mr. Y ₹	Particulars	Mr. X ₹	Mr. Y ₹
To Bal b/d*	XX	XX	By Bal b/d*	XX	XX
To Cash/Bank (Capital withdrawal)	XX	XX	By Cash/Bank (Additional Capital)	XX	XX
To Cash/Bank (Normal withdrawal)	XX	XX	By IOC	XX	XX
			By Commission	XX	XX
To IOD	XX	XX	By Salary	XX	XX
To P&L App A/c (Loss)	XX	XX	By P&L App A/c (Profit)	XX	XX
To Bal c/d#	XX	XX	By Bal c/d#	XX	XX
Total:	**XXXX**	**XXXX**	**Total:**	**XXXX**	**XXXX**

**# - Any one*

INTEREST ON PARTNER'S CAPITAL

The money invested by a partner in business commands some cost in the way of opportunity cost. In order to compensate this cost, the firm may allow interest to partner on his capital contribution at a rate which is fixed at the time of entering into partnership and as stated in the deed.

$$\text{IOC} = \frac{\text{Capital} \times \text{Rate} \times \text{Time}}{12}$$

Situations:

1. **When IOC is an appropriation of profit:**
   - In this case IOC will be allowed only if there is enough profit available to provide IOC.
   - Where the profits are not adequate to provide for full IOC, then IOC shall be first computed as actual and then the ratio of IOC will be calculated, finally available profits will be divided as IOC in the ratio as calculated.
   - In case of loss, no IOC shall be allowed.
2. **When IOC is a charge against profit:**
   - Actual IOC will be allowed even if there is a loss or after providing for IOC, it results into loss.

INTEREST ON PARTNER'S DRAWINGS

The amount withdrawn by a partner involves cost to the firm in the form of interest loss on the amount taken away by the firm. As a consequence the partner compensates the firm by paying interest on his drawings in the manner and at the rate as specified in the deed.

$$\text{IOD} = \frac{\text{Drawings} \times \text{Rate} \times \text{Time}}{12}$$

Interest on drawing has to be calculated for the time for which the amount has remained out of business starting from the date of drawing till the close of the year.

Note: when the date of drawing is not available then interest will be charged for average period of 6 months.

Where drawings are done at more than one time during the year, IOD has to be calculated for each drawing separately and then consolidated.

Simple Method:

Date	Amount ₹	No of Months to 31st Dec	Interest @ 15% p.a
1st Feb	2000	11	$\frac{2000 \times 15 \times 11}{100 \times 12} = 275$
1st May	5000	8	500
30th June	2000	6	150
Total			**925**

EXERCISES

MULTIPLE CHOICE QUESTIONS

1. What is the nature of partnership from legal point of view?

(*a*) It is a separate legal entity
(*b*) It is not a separate legal entity
(*c*) Both (*a*) and (*b*) are correct
(*d*) None of the above

2. Which one from the following is the essential features or characteristics of partnership?

(*a*) Two or more person
(*b*) Mutual agreement
(*c*) Liability of partnership
(*d*) All of the above

3. Which one from the below is not a right of a partner?

(*a*) Right to inspect the books of
(*b*) Right to take part in the management of the firm
(*c*) Right to share the profit/losses with other partners in agreed ratio
(*d*) Right to receive salary at the end of every month

4. X and Y purchased a Building and contributed capital equally to convert the building into an apartment. They let it out on a rent of ₹35,000 and share the rental income equally. Now relation between X and Y is:

(*a*) X and Y are partners
(*b*) X and Y are co-owners
(*c*) Both (*a*) and (*b*)
(*d*) None of the above

5. Rakesh and Suresh are equal partners Rakesh is a sleeping partner and who believes that he is not liable for the act of his other partner. which one from the following is correct?

(*a*) Rakesh is right because he is not a active
(*b*) Rakesh is wrong he is liable for the act of his other partner
(*c*) Rakesh will be liable to the extent of his profit sharing ratio
(*d*) None of the above

6. Which one from the following is the content of partnership deed?

(*a*) Name and address of all the partners
(*b*) Name and address of the firm
(*c*) Nature of business
(*d*) All of the above

7. If there is absence of partnership deed or partnership deed remains silent regarding profit/losses of partners then profit sharing ratio among partners will be:

(*a*) Equal
(*b*) In the ratio of capital
(*c*) whole profit will transfer to general reserve
(*d*) None of the above

8. In the absence of partnership deed what will be the profit share of a sleeping partner if the contribution made by him for capital is 80% of the total capital of the

(*a*) 80% of the total profit
(*b*) Equal share in profit
(*c*) As mutually decided by partners with each other
(*d*) None of the above

17. C and D are partners in a firm. C is to get a commission of 12% of net profit before charging any commission. D is to get a commission of 12% of net profit after charging all commission. Net profit before charging any commission was ₹70,000. Commission of C and D will be:

(*a*) 16,950 for C
12,750 for D

(*b*) 12,750 for C
17,250 for D

(*c*) 17,250 for C
12,750 for D

(*d*) None of the above

18. A and D are partners sharing profits and losses in the ratio of 1 : 1 with capitals of ₹40,000 and 30,000 respectively. On 1st December 2015 A and D granted loans of ₹1,00,000 and 80,000 respectively. The profit before charging interest is ₹6,500. The total amount of distributable profits will be:

(*a*) ₹2,900 (*b*) ₹3,000 (*c*) ₹3,200 (*d*) None of the above

19. C and D are partners sharing profits and losses in the ratio of 1 : 1 with capitals of ₹60,000 and 70,000 respectively. On 1st October 2013 C and D granted loans of ₹90,000 and 80,000 respectively to the firm. The partnership deed is silent as to the interest on partner's loan. The profits before any interest for the year amounted to ₹6,000. The interest on partners loan will be:

(*a*) 2,400 for C
2,000 for D

(*b*) 2,000 for C
2,000 for D

(*c*) 2,700 for C
2,400 for D

(*d*) None of the above

20. The firm DEF earned a profit of ₹2,00,000 during the year ending on 31st March 2016. 15% of this profit was to be transferred to general reserve. The necessary journal entry for the same will be:

(*a*) Profit and loss appropriation A/c	Dr.	27,272	
To General Reserve A/c			27,272
(*b*) Profit and loss appropriation A/c	Dr.	30,000	
To General Reserve A/c			30,000
(*c*) General Reserve A/c	Dr.	30,000	
To Profit and loss appropriation A/c			30,000

(*d*) None of the above

ASSERTION/REASON TYPE MCQs

1. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.

Reason (R): It is defined in the Partnership Act, 1932.

Alternatives:

(*a*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(*b*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(*c*) Assertion (*A*) is true but Reason (R) is false

(*d*) Both Assertion (*A*) and Reason (R) are not correct.

8. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Interest on Loan to partner is charged @ 6% p.a. If Partnership Deed does not provide for the charging of interest.

Reason (R): In the absence of Partnership Deed, provisions of the Partnership Act, 1932 apply. Thus, Interest on loan to Partner should be charged @6% p.a. otherwise, interest is allowed at the agreed rate of interest.

Alternatives:

(*a*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(*b*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(*c*) Assertion (*A*) is true but Reason (R) is false.

(*d*) Both Assertion (*A*) and Reason (R) is not true.

9. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): A profit and Loss adjustment account is required for the rectification of errors or omissions.

Reason (R): This account is prepared to rectify those errors or omissions which are left while preparing final accounts and found after distribution of profits among partners.

Alternatives:

(*a*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(*b*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(*c*) Assertion (*A*) is true but Reason (R) is false.

(*d*) Both Assertion (*A*) and Reason (R) are not correct.

10. Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Bharat, a partner in the firm gave a loan of ₹5,00,000 to the firm without an agreement as to the rate of interest. At the year-end, the remaining partners agreed to allow interest on Loan by Bharat @ 8% p.a.

Reason (R): In the absence of Partnership Deed, provisions of the Partnership Act, 1932 apply. Thus, Interest on Loan to Partner should be charged @ 6% p.a. and not @ 8% p.a.

Alternatives:

(*a*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(*b*) Both Assertion (*A*) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(*c*) Assertion (*A*) is true but Reason (R) is false

(*d*) Assertion (*A*) is false but Reason (R) is true.

MATCHING TYPE MCQs

1. Match the following items:

Column-I	Column-II
1. Partner's current accounts are opened when their capital accounts are	A. Fixed
2. Partner's capital accounts are opened when their capital accounts are	B. Fluctuating
	C. both
	D. none

(*a*) 1-A, 2-C (*b*) 1-B, 2-D (*c*) 1-C, 2-A (*d*) 1-D, 2-B

2. Match the following items:

Column-I	Column-II
1. Rent paid to a partner	A. Charge against profit
2. Salary paid to partner	B. Appropriation of profit
	C. Both

(*a*) 1-A, 2-B (*b*) 1-C, 2-A (*c*) 1-B, 2-C (*d*) 1-A, 2-C

3. Match the following items:

Column-I	Column-II
1. When partnership deed does not provide for interest on capital	A. Interest on capital is not allowed
2. When partnership deed provides for interest on capital but is silent on whether it is charge or appropriation	B. Interest on capital is allowed in all circumstances
	C. Interest on capital is allowed if only profit is their

(*a*) 1-A, 2-C (*b*) 1-B, 2-B (*c*) 1-C, 2-A (*d*) None of these

4. Match the following items:

Column-I	Column-II
1. When drawings are made at the beginning of every quarter	A. 6 months
2. When drawings are made in the middle of every quarter	B. 7.5 months
	C. 4.5 months

(*a*) 1-C, 2-A (*b*) 1-B, 2-A (*c*) 1-C, 2-B (*d*) 1-A, 2-C

5. If Interest on drawings is charged @12% p.a.

Column-I	Column-II
1. Partner withdrew ₹10,000 at the beginning of every month.	A. Interest on Drawings ₹7,200
2. Partner withdrew ₹10,000 every month.	B. Interest on Drawings ₹9,000
3. Partner withdrew ₹10,000 at the beginning of every quarter.	C. Interest on Drawings ₹7,800

(*a*) 1-C, 2-A, 3-B (*b*) 1-A, 2-B, 3-C (*c*) 1-B, 2-C, 3-A (*d*) 1-C, 2-B, 3-A

6. If interest on drawings is charged @ 8% p.a.

Column-I	Column-II
1. Interest on Drawings ₹8,800	A. Withdrew ₹20,000 at the beginning of every month
2. Interest on Drawings ₹10,400	B. Withdrew ₹20,000 every month
3. Interest on Drawings ₹9,600	C. withdrew ₹20,000 at the end of every month

(*a*) 1-C, 2-A, 3-B (*b*) 1-A, 2-B, 3-C (*c*) 1-B, 2-A, 3-C (*d*) 1-A, 2-C, 3-B

7. Match the following items:

Column-I	Column-II
1. Interest on capital allowed to partners	A. Profit and Loss A/c debited
2. Interest on drawing charged by firm	B. Credited to partner's capital A/c
	C. Debited to partner's capital A/cs
	D. Profit and Loss A/c is Credited

(*a*) 1-B, 2-C (*b*) 1-A, 2-B (*c*) 1-C, 2-A (*d*) 1-D, 2-C

8. Match the following items

Column-I	Column-II
1. Interest on Capital	A. Cr. Side of Profit and Loss Appropriation A/c
2. Interest on Drawing	B. Dr. Side of Profit and Loss Appropriation A/c
3. Interest on Partner's Loan	C. Dr, side of Profit and Loss A/c

(*a*) 1-B, 2-A, 3-C (*b*) 1-A, 2-B, 3-C (*c*) 1-B, 2-A, 3-C (*d*) 1-C, 2-B, 3-A

9. Match the following items:

Column-I	Column-II
1. In the absence of Partnership Deed, Interest on a Loan taken from a partner is allowed	A. 12% per annum
2. In the absence of Partnership Deed interest on Drawing of a partner is charged	B. 6% per annum
	C. No Interest is charged

(*a*) 1-B, 2-C (*b*) 1-A, 2-B (*c*) 1-B, 2-A (*d*) 1-C, 2-B

10. Match the following items

Column-I	Column-II
1. Drawings against profits	A. Debited to partner's capital account
2. Drawing against capital	B. Credited to partner's capital account
	C. Debited to drawing account
	D. Credited to drawing account

(*a*) 1-C, 2-A (*b*) 1-A, 2-B (*c*) 1-C, 2-D (*d*) 1-B, 2-C

11. Match the following item

Column-I	Column-II
1. A is entitled to a salary of ₹1,00,000 per annum and a commission of 10% of the net profit after charging his salary but before charging his commission. The net profit is ₹3,20,000. What will be the amount of A's Commission?	A. ₹32,000
2. B is entitled to a commission of 10% on net profit after charging his commission. The Net Profit is ₹2,20,000 what will be the amount of B's Commission?	B. ₹22,000
	C. ₹20,000

(*a*) 1-B, 2-C (*b*) 1-A, 2-B (*c*) 1-C, 2-A (*d*) 1-A, 2-C

12. Match the following items.

Column-I	Column-II
1. X and Y are partners. The net divisible profit as per profit & Loss Appropriation Account is ₹2,50,000. The total interest on partner's drawings is ₹4,000. X's salary is ₹4,000 per quarter and Y's salary is ₹40,000 per annum. What will net profit or loss earned during the year?	A. ₹2,50,000
2. X and Y are partners. The net divisible profit as per Profit & Loss Appropriation account is ₹2,50,000. The total interest on partner's drawings is ₹4,000. X's salary is ₹4,000 per quarter and Y's salary is ₹40,000 per annum. What will be Y's share of profit?	B. ₹1,25,000
	C. ₹3,02,000
	D. ₹3,06,000

(*a*) 1-C, 2-B (*b*) 1-A, 2-B (*c*) 1-B, 2-D (*d*) 1-D, 2-C

13. Match the following Items:

Column-I	Column-II
1. Permanent Drawings	A. Credit side of Partner's Current A/c
2. Partner's Salary	B. Debit side of Partner's Capital A/c
3. Fresh Capital Introduced	C. Debit side of Partner's Current A/c
4. Interest on Drawings	D. Credit side of Partner's Capital A/c

(*a*) 1-B, 2-A, 3-D, 3-C (*b*) 1-A, 2-B, 3-C, 4-D
(*c*) 1-C, 2-A, 3-B, 4-D (*d*) 1-D, 2-B, 3-C, 4-A

14. A firm does not have a partnership Deed. Based on this fact, Match the following:

Column-I	Column-II
1. Permanent Drawings	A. Credit side of Partner's Current A/c
2. Partner's Salary	B. Debit side of Partner's Capital A/c
3. Fresh Capital Introduced	C. Debit side of Partner's Current A/c
4. Interest on Drawings	D. Credit side of Partner's Capital A/c

(*a*) 1-B, 2-A, 3-D, 4-C (*b*) 1-A, 2-B, 3-C, 4-D
(*c*) 1-C, 2-A, 3-B, 4-D (*d*) 1-D, 2-B, 3-C, 4-A

15. Match the following items:

Column-I	Column-II
1. Partnership Deed	A. 50
2. Maximum number of partners	B. 6% p.a.
3. Interest on partner's loan	C. a statement
4. Balance Sheet	D. Written Agreement

(*a*) 1-D, 2-A, 3-B, 4-C (*b*) 1-A, 2-B, 3-C, 4-D
(*c*) 2-B, 3-C, 3-A, 4-D (*d*) 1-C, 2-D, 3-B, 4-A

ANSWERS

MULTIPLE CHOICE QUESTIONS

1. (*b*) It is not a separate legal entity.

2. (*d*) The essential features of partnership are as follows:
Two or more person: Partnership is the association of two or more.
Registration: Registration of a partnership is not. However, if the partners so decide, they may get the firm registered with the registrar of firms.
Liability of partnership: Each partner is liable jointly and severally with all other partners to the third party for all the acts of the firm, while he is a
Mutual agreement: The agreement becomes the basis of relationship between the partners if not in written an oral agreement is equally
Business: The business of the partnership can be carried on by any one of them, acting for Partners are agents as well as the principals of the firm.
Sharing of profit: The agreement between the partners must be to share profits of a business.
Management and control: Every partner has a right to take part in the management of the firm.

3. (*d*) Right to receive salary at the end of every month.

4. (*a*) According to section 4 of the Indian partnership Act, 1932, "Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.

5. (*b*) Sleeping partner is liable for the acts of other partner because of mutual agency relationship.

6. (*d*) Following are the contents of partnership Deed
Name and address of all the partners.
Name and address of all the firm.
Principal place of business.
Nature of Business.
Date of commencement of the Partnership.
Rules regarding operation of bank account.
Salary/Commission to partners.
Interest on capital to partners.
Interest on drawings of partners.
Accounting period of the firm etc.

7. (*a*) In the absence of partnership deed, profits and losses will be distributed equally among the partners.

TEST YOUR KNOWLEDGE & PRACTICE QUESTIONS

PARTNERSHIP DEED

1. X and Y are partners in a firm having no partnership deed. X and Y have contributed ₹1,00,000 and ₹2,00,000 respectively as capitals. Y wants that profit should be distributed in the ratio of capitals but X does not agree to this. State giving reason who is correct in this case.

(***Ans:*** *X is correct*)

2. X and Y are partners in a firm having no partnership deed. Y has advanced ₹10,000 as loan to the firm. He claims interest at the usual interest charged by banks. The rate of interest is 13% p. a. X does not want to give any interest. State giving reason who is correct in this case.

(***Ans:*** *Both X and Y are not correct*)

3. X and Y are partners in a firm having no partnership deed. Y has advanced ₹10,000 as loan to the firm. He claims interest at the rate of 6% p.a. X does not want to give any interest since there is a Net Loss of ₹50,000 during the current year. State giving reason who is correct in this case.

(***Ans:*** *Y is correct*)

4. X and Y are partners in a firm having no partnership deed. X spends twice the time that Y devotes to business. X claims that he should get a salary of ₹6,000 per month for extra time spent. Y does not want to give any salary. State giving reason who is correct in this case.

(***Ans:*** *Y is correct*)

5. X and Y are partners in a firm having no partnership deed. X and Y have contributed ₹1,00,000 and ₹5,00,000 respectively as capitals. Y claims interest @6% p.a. on excess capital of ₹4,00,000. X does not want to give any interest. State giving reason who is correct in this case.

(***Ans:*** *X is correct*)

6. X and Y are partners in a firm having no partnership deed. X made a drawing of ₹10,000. Y wants that an interest @ 6% p.a. should be charged on X's drawings of ₹10,000 but X does not agree to this. State giving reason who is correct in this case.

(***Ans:*** *X is correct*)

7. Following differences have arisen among P, Q and R. State who is correct in each case:

(*a*) P used ₹20,000 belonging to the firm and made a profit of ₹5,000. Q and R want the amount to be given to the firm?

(*b*) Q used ₹5,000 belonging to the firm and suffered a loss of ₹1,000. He wants the firm to bear the loss?

(*c*) P and Q want to purchase goods from A Ltd., R does not agree?

(*d*) Q and R want to admit C as partner, P does not agree?

(***Ans:*** *(a) P must pay ₹25,000; (b) Q must pay ₹5,000; (c) Goods maybe bought from A Ltd; (d) C cannot be admitted*)

8. M and N are partners in a firm. M has given a loan of ₹8,000 to the firm on 1st July, 2023. The Partnership Deed is silent upon the question of provision of interest on partner's loan. Compute the amount of interest payable on the loan advanced by M to the firm, assuming the books are closed on 31st March each year.

(***Ans:*** *Interest on M's loan ₹360*)

9. A, B and C are partners in a firm. They have no partnership agreement for their guidance. At the end of the first year of the commencement of the firm, they have faced the following problems:

(*a*) A wants that interest on capital should be allowed to the partners but B and C do not agree.

(*b*) B wants that the partners should be allowed to draw salary but A and C do not agree.

ACCOUNTANCY

CLASS-XII

VOLUME-2

LATEST 2026 CBSE SAMPLE PAPERS

Chapter-wise Questions with Detailed Solutions

500+ MCQs along with Practical, Sample Paper & PYQs

Contents

VOLUME-II

PART B: ACCOUNTING FOR COMPANIES

CHAPTER

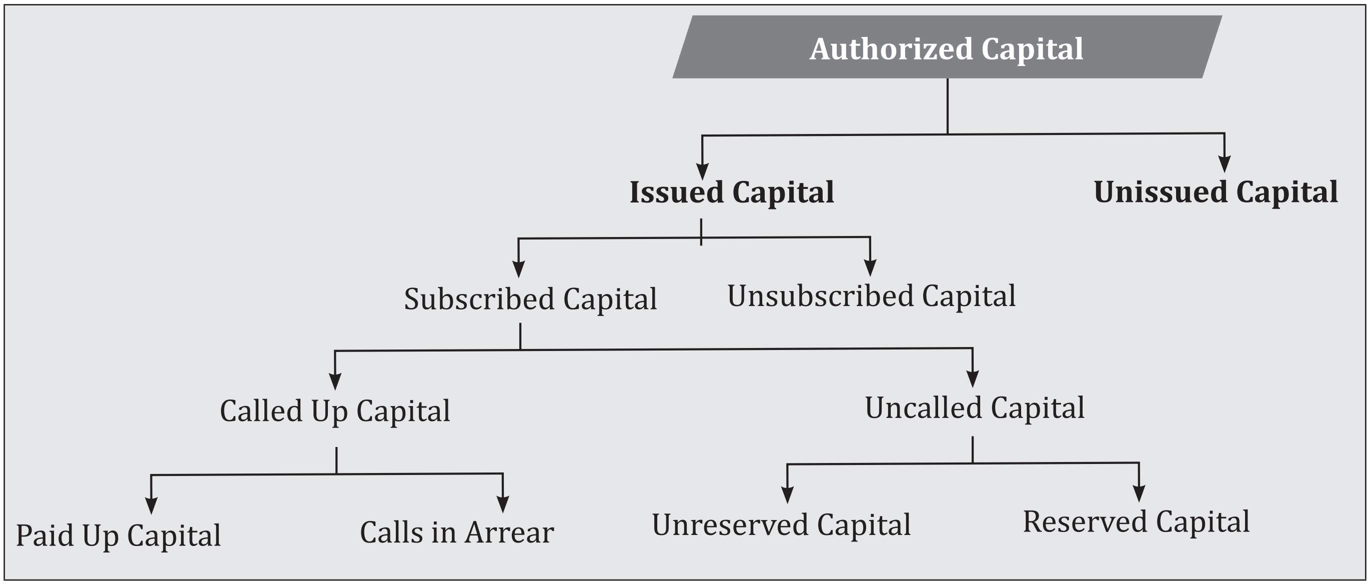
1 Issue of Share Capital

A Company means company which is formed and incorporated under the Companies Act, 2013 or an existing company formed and registered under any of the previous company laws. A company is an artificial person created by law, having separate legal entity with a perpetual succession and a common seal.

FEATURES OF A COMPANY

1. **Incorporated Association:** A company comes into existence through the operation of law. Therefore, incorporation of company under the Companies Act is must. Without such registration, no company can come into existence. Being created by law, it is regarded as an artificial legal person.
2. **Separate Legal Entity:** A company has a separate legal entity and is not affected by changes in its membership. Therefore, being a separate business entity, a company can contract, sue and be sued in its incorporated name and capacity.
3. **Perpetual Existence:** Since company has existence independent of its members, it continues to be in existence despite the death, insolvency or change of members.
4. **Common Seal:** It is the official signature of a Company. The Company's name is engraved on the Seal. The Articles of Association may provide for the documents that require the signature of the Company, i.e. the Common Seal. Where any document is affixed with the Common Seal, it amounts to being signed by the Company. Now, use of common seal has been made optional. All such documents which required affixing the common seal may now instead be signed by two directors or one director and a company secretary of the company.
5. **Limited Liability:** The liability of every shareholder of a company is limited to the amount he has agreed to pay to the company on the shares allotted to him. If such shares are fully paid-up, he is subject to no further liability.
6. **Distinction between Ownership and Management:** Since the number of shareholders is very large and may be distributed at different geographical locations, it becomes difficult for them to carry on the operational management of the company on a day-to-day basis. This gives rise to the need of separation of the management and ownership.
7. **Not a citizen:** A company is not a citizen in the same sense as a natural person is, though it is created by the process of law. It has a legal existence but does not enjoy the citizenship rights and duties as are enjoyed by the natural citizens.
8. **Transferability of Shares:** The capital is contributed by the shareholders through the subscription of shares. Such shares are transferable by its members except in case of a private limited company, which may have certain restrictions on such transferability.

6. **Uncalled Capital:** That portion of the subscribed capital which has not yet been called-up. As stated earlier, the company may collect this amount any time when it needs further funds.
7. **Reserve Capital:** A company may reserve a portion of its uncalled capital to be called only in the event of winding up of the company. Such uncalled amount is called 'Reserve Capital' of the company. It is available only for the creditors on winding up of the company.



Stages of Issue and Allotment of Shares

Stage-I: Issue of Prospectus inviting the public for subscription of given number of shares at a certain price.

Stage-II: Receipt of Applications along with application money from public

Stage-III: Allotment of shares on fulfillment of certain conditions of minimum subscription etc. Finally share certificates are issued to all the allottees; thereby making them the shareholders of the company for given number of shares.

Stage-IV: Call Money: The part of share value not earlier called for by the company is subsequently called as and when the company is in need of funds. The calls can be made by the company any number of times and of any amount, however the total amount called cannot exceed the issue price.

Share Issue Price

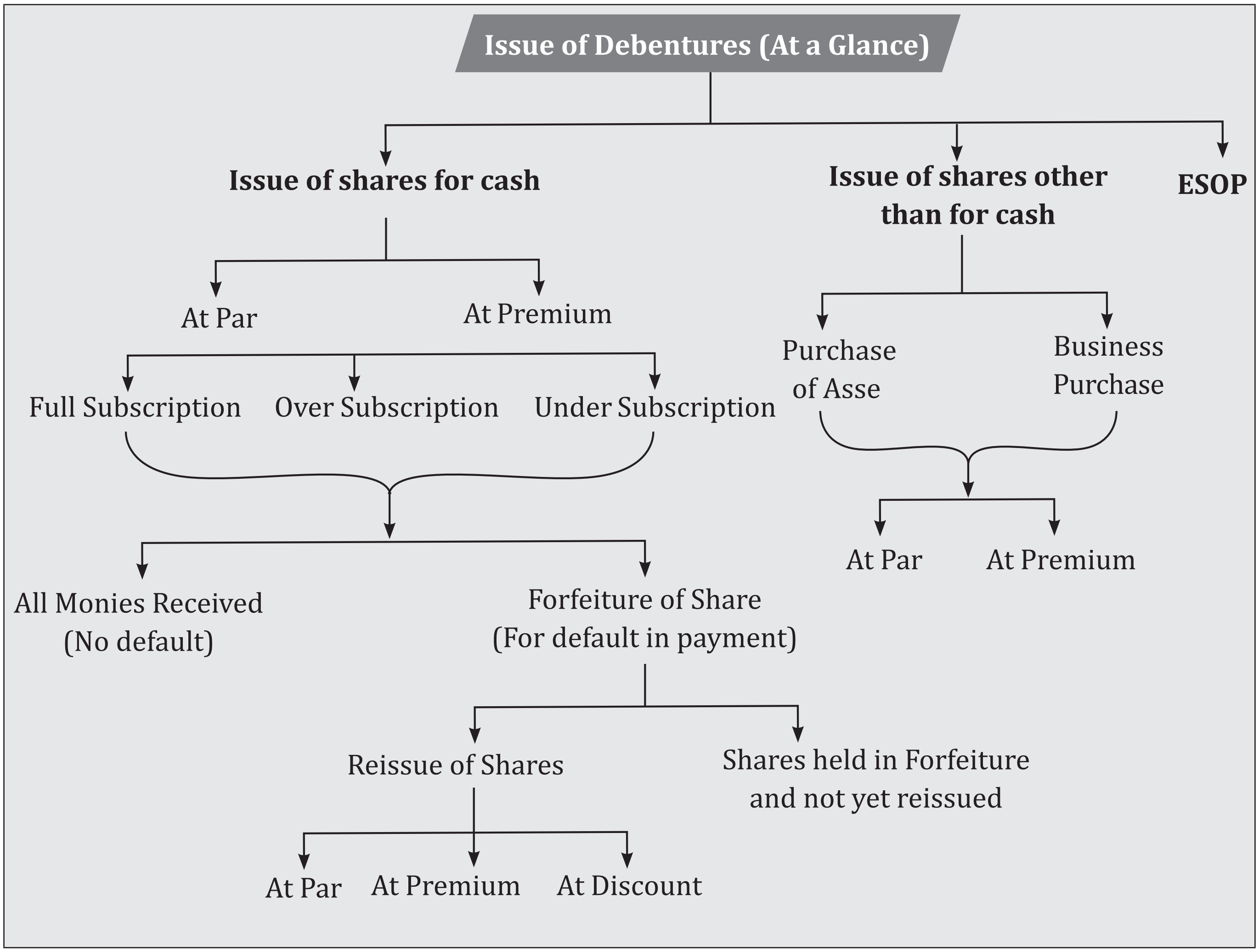
Shares of a company are issued either **at par, at a premium.**

Shares are said to have been issued at par when their issue price is exactly equal to their nominal value/par value according to the terms and conditions of issue.

When the shares of a company are issued more than its nominal value (face value), the excess amount is called premium and the issue is said to have been made at a premium.

When the shares are issued at a price less than the face value of the share, it is known as shares issued at a discount. A company **cannot issue shares at a discount** except issue of shares to employees as ESOP or sweat equity shares.

Calls in Advance: Sometimes some shareholders pay a part or the whole of the amount of the calls not yet made. The amount so received from the shareholders is known as "Calls in Advance". The amount received in advance is a liability of the company and should be credited to 'Call-in-Advance Account." The amount received will be adjusted towards the payment of calls as and when they become due. Table F of the Companies Act provides for the payment of interest on calls in advance at a rate not exceeding 12% per annum.



ISSUE OF SHARES AT PREMIUM (SECTION 52)

When a share of the nominal value of ₹ 100 is issued at ₹ 105, it is said to have been issued at a premium of 5 per cent.

When the issue of shares is at a premium, the amount of premium may technically be called at any stage of the issue of shares. However, premium is generally called with the amount due on allotment, sometimes with the application money and rarely with the call money. The premium amount is credited to a separate account called 'Securities Premium Account' and is shown on the liabilities side of the company's balance sheet under the heading 'Reserves and Surpluses'.

Formation Expenses/Goodwill A/c Dr.

To Share Capital A/c

Similarly, shares can also be issued to the underwriters of the company for rendering underwriting services. The following journal entries shall be passed:

1. For Underwriting Commission Due to Underwriters

   Underwriting Expenses A/c Dr.

   To Underwriter's A/c

2. For issue of share to Underwriters

   Underwriter's A/c Dr.

   To Share Capital A/c

Employees Stock Option Plan (ESOP)

Employees Stock Option Plan is a plan drawn to issue securities (Shares etc.) to employees (including whole time directors) at a discount i.e., at a price which is lower than its market value.

The Companies Act, 2013 (Section 53) prohibits issue of shares at a discount. But, through Section 54, it permits issue of ESOPs at a discount.

Terms	Meaning
Grant Date	Date on which the company and employees agree to the Plan.
Vesting Period	Period between the grant date and the date on which all the specified conditions of Employees Stock Option Plan (ESOP) are satisfied. The minimum period should be one year.
Vesting Date	Date on which an employee satisfies the specified conditions and thus, becomes entitled to the options.
Exercise	It means making an application by an employee for issue of shares against the options vested in him.
Exercise Period	Period after vesting within which an employee should exercise the right to apply under the Plan.
Exercise Price	Price payable by the employee for exercising the right for option granted.

The difference between Market Value and Issue Price is the cost to the company.

Since the Options are given to employees at a price lower than market price, it is an expense.

The following journal entry is passed:

1. During the vesting period

   Employees Compensation Expense A/c Dr.

   To Shares Option Outstanding A/c

Employees Compensation Expense A/c is shown under 'Employees Benefit Expenses' in the Statement of Profit and Loss. Shares Options Outstanding Account is shown as Reserves and Surplus under Shareholders' Funds.

2. For transfer of expense to P&L Account

   Profit & Loss A/c Dr.

To Employees Compensation Expense A/c

3. When all option is exercised by the Employees

Bank A/c Dr.

Shares Options Outstanding A/c Dr.

To Share Capital A/c

To Securities Premium Reserve A/c

4. When all options are not exercised by the employees

Bank A/c Dr.

Shares Options Outstanding A/c Dr.

To Share Capital A/c

To Securities Premium Reserve A/c

To General Reserve A/c

Balance Sheet Extract (Disclosure of Share Capital)

S. No	Particulars	Sch No	Current Year Amount (₹)	Previous Year Amount (₹)
(A)	**EQUITY & LIABILITIES**			
	Shareholders' funds			
	(a) **Share Capital**	I		
	(b) **Reserves & Surplus**	II		

Schedules forming part of the Balance Sheet:

I. Share Capital:

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
Authorized Capital XXXX Shares of ₹ XX/- each	xxx	xxx
Issued & Subscribed Capital XXX Shares of ₹ XX/- each	xxx	xxx
Paid-up Capital XXX Shares of ₹ XX/- each fully called-up	xxx	xxx
Less: Calls-in arrear	xxx	xxx
Add: Shares Forfeited	xxx	xxx

II. Reserves & Surplus:

Particulars	Current Year Amount (₹)	Previous Year Amount (₹)
Revenue Reserve	xxx	xxx
General Reserve	xxx	xxx
Capital Reserve	xxx	xxx
Securities Premium	xxx	xxx
Shares Options Outstanding Account	xxx	xxx

EXERCISES

MULTIPLE CHOICE QUESTIONS

1. What is the minimum subscription amount that a company must receive before it can allot shares?
(*a*) 25% of the nominal value (*b*) 50% of the nominal value
(*c*) 75% of the nominal value (*d*) 100% of the nominal value

2. What is the term for the excess of issue price over face value of shares?
(*a*) Premium (*b*) Discount (*c*) Dividend (*d*) Reserve

3. When are forfeited shares considered as cancelled?
(*a*) After reissue (*b*) Immediately upon forfeiture
(*c*) After the approval of the board (*d*) After the approval of shareholders

4. What is the term for the nominal value of a share that is stated in the company's memorandum of association?
(*a*) Face value (*b*) Book value (*c*) Market value (*d*) Real value

5. Which account is debited when shares are forfeited?
(*a*) Share Forfeiture Account (*b*) Share Capital Account
(*c*) General Reserve (*d*) Securities Premium Account

6. What is the purpose of the Securities Premium Account?
(*a*) To record the issue of bonus shares (*b*) To record the issue of shares at a premium
(*c*) To record the issue of shares at a discount (*d*) To distribute dividends to shareholders

7. How is the forfeited share capital shown in the balance sheet?
(*a*) As a liability (*b*) As an asset
(*c*) As a reduction in share capital (*d*) As an income

8. When can a company issue bonus shares?
(*a*) At any time during its existence (*b*) Only when it makes a profit
(*c*) Only when it accumulates reserves (*d*) Only when it has fully paid-up share capital

9. What is the accounting treatment for the reissue of forfeited shares at a price higher than their forfeited value?
(*a*) No accounting entry is required
(*b*) Credit to Share Forfeiture Account and Debit to Share Capital Account
(*c*) Credit to Share Capital Account and Debit to Securities Premium Account
(*d*) Credit to Share Capital Account and Debit to General Reserve

10. What is the term for the amount that a company can distribute to its shareholders out of profits, without reducing the share capital?
(*a*) Dividend (*b*) Bonus (*c*) Reserve (*d*) Premium

ASSERTION/REASON TYPE MCQs

1. **Assertion (A):** A company is created through the process of incorporation under the Companies Act, 2013.

   Reason (R): It is an artificial person which is a separate legal entity from its members (*S*hareholders).

   (*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*) (*A*) is correct but (R) is incorrect.

   (*d*) (*A*) is incorrect but (R) is correct.

2. **Assertion (A):** The liability of a shareholder is limited up to the nominal price of shares subscribed by one.

   Reason (R): Paid-up Capital is the amount of nominal value of shares that have been called up by the company for payment by the subscriber towards the share.

   (*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*) A is correct but (*R*) is incorrect.

   (*d*) A is incorrect but (*R*) is correct.

3. **Assertion (A)**: Proportionate allotment or pro-rata allotment is made in case of oversubscriptions of shares.

   Reason (R): In the case of over-subscription, it is not possible for the company to allot shares to every applicant in the number that he desires.

   (*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*) A is correct but (*R*) is incorrect.

   (*d*) A is incorrect but (*R*) is correct.

4. **Assertion (A):** Forfeiture of a share refers to the cancellation or termination of membership of a shareholder by taking away the shares and rights of membership.

   Reason (R): Forfeited shares can be reissued at a discount.

   (*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*) A is correct but (*R*) is incorrect.

   (*d*) A is incorrect but (*R*) is correct.

5. **Assertion (A):** A company can issue its share either at par, at a premium, or even at a discount.

   Reason (R): Amount in excess of the nominal value of the share is termed as premium and such amount of premium is credited to Securities Premium Account or Securities premium Reserve Account.

   (*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*) A is correct but (*R*) is incorrect.

   (*d*) A is incorrect but (*R*) is correct.

MATCHING TYPE MCQs

1. Match the following.

Column I	Column II
1. Minimum Subscription	A. 25% of the issue price
2. Application money should not be less than	B. 12% p.a.
3. Interest on calls in advance	C. 10% p.a.
4. Interest on calls in arrear	D. 90%

(*a*) 1-B, 2-A, 3-D, 4-C
(*b*) 1-A, 2-B, 3-C, 4-D
(*c*) 1-D, 2-A, 3-B, 4-C
(*d*) 1-C, 2-D, 3-A, 4-B

2. Match the following.

Column I	Column II
1. Capital to be called up only on liquidation of the company	A. Capital Reserve
2. Profit of forfeiture of shares is transferred to	B. Reserve Capital
3. Intellectual property right	C. Debenture holders
4. Creditors of the company	D. Sweat Equity shares

(*a*) 1-B, 2-A, 3-D, 4-C
(*b*) 1-A, 2-B, 3-C, 4-D
(*c*) 1-D, 2-C, 3-B, 4-A
(*d*) 1-C, 2-D, 3-A, 4-B

3. Match the following.

Column I	Column II
1. When shares are issued more than face value.	A. At par
2. Application received from the public is less than issued share	B. At a premium
3. When shares are issued at face value	C. Under subscription
4. Application received from the public is more than issued share	D. Over subscription

(*a*) 1-B, 2-A, 3-D, 4-C
(*b*) 1-B, 2-C, 3-A, 4-D
(*c*) 1-D, 2-C, 3-B, 4-A
(*d*) 1-C, 2-D, 3-A, 4-B

ANSWERS

MULTIPLE CHOICE QUESTIONS

1. (*d*) 100% of the nominal value

   Explanation: According to company law, a company must receive the full subscription amount before it can allot shares. This ensures that the company has adequate funds to meet its financial obligations.

2. (*a*) Premium

   Explanation: Premium is the amount received by a company over and above the face value of shares. It is a form of capital reserve.

3. (*a*) After reissue

   Explanation: Forfeited shares are considered as cancelled after they are reissued to new shareholders.

4. (*a*) Face value

   Explanation: Face value is the nominal value of a share stated in the company's memorandum of association.

5. (*a*) Share Forfeiture Account

   Explanation: When shares are forfeited, the Share Forfeiture Account is debited to record the forfeiture.

6. (*b*) To record the issue of shares at a premium

   Explanation: Securities Premium Account is used to record the amount received over and above the face value of shares.

7. (*a*) As a liability

   Explanation: Forfeited share capital is shown as a liability in the balance sheet until it is either reissued or cancelled.

8. (*c*) Only when it accumulates reserves

   Explanation: Bonus shares can be issued only when a company has accumulated sufficient reserves.

9. (*c*) Credit to Share Capital Account and Debit to Securities Premium Account

   Explanation: When forfeited shares are reissued at a price higher than their forfeited value, the excess is credited to the Securities Premium Account.

10. (*c*) Reserve

    Explanation: Reserves are amounts set aside from profits that can be used for various purposes, including dividends, without reducing the share capital.

ASSERTION/REASON TYPE MCQs

1. (*b*) Both (A) and (R) are correct, but (R) is not the correct explanation of (A).

   Explanation: Both assertion and reason true but reason does not explain why company is formed under companies act 2013.

2. (*c*) (A) is correct but (R) is incorrect.

   Explanation: Paid up capital is the part of called up capital that actually has been paid by the subscriber.

3. (*a*) Both (A) and (R) are correct, and (R) is the correct explanation of (A).

4. (*b*) Both Assertion and Reason are true, but Reason is not the correct explanation for Assertion.

   Explanation: Both Assertion and Reason are true. But Reason does not explain why share are foreited as per the law.

5. (*b*) Both Assertion and Reason are true, but Reason is not the correct explanation for Assertion.

   Explanation: Share can also be issued at discount to its employees and directors as sweat equity shares but not to the general public. Both Assertion and Reason are true but Reason does not explain why share are issued into three format.

6. (*a*) Both Assertion and Reason are true, and Reason is the correct explanation for Assertion.

7. (*d*) Both Assertion and Reason are false.

   Explanation: Unless 90% of the sum payable on application for shares issued to the public for subscription is received by the company, shares can not be allotted.

8. (*d*) Both Assertion and Reason are false.

9. (*a*) Both Assertion and Reason are true, and Reason is the correct explanation for Assertion.

10. (*a*) Both Assertion and Reason are true, and Reason is the correct explanation for Assertion.

MATCHING TYPE MCQs

1. (*c*) 1-D, 2-A, 3-B, 4-C

2. (*a*) 1-B, 2-A, 3-D, 4-C

3. (*b*) 1-B, 2-C, 3-A, 4-iv

4. (*a*) 1-B, 2-A, 3-D, 4-C

5. (*b*) 1-B, 2-A, 3-C

MULTIPLE CHOICE QUESTIONS

1. The following amounts were payable on the issue of shares by a company: ₹3 on application, ₹2 on the first call, and ₹2 on the final call. S holding 500 shares paid only application and allotment money whereas Y holding 400 shares did not pay a final call. Amount of calls in arrear will be:

(*a*) ₹3,800 (*b*) ₹2,800 (*c*) ₹1,800 (*d*) ₹6,200

Ans. (*b*) Amount of Calls in arrear will be

= 500 × (2 + 2) + 400 × 2 = (500 × ₹4) + ₹800

= ₹2,000 + ₹800 = ₹2,800

2. The subscribed capital of a company is ₹80,00,000 and the nominal value of the share is ₹100 each. There were no calls in arrear till the final call was made. The final call made was paid on 77,500 shares only. The balance in the calls in arrear amounted to ₹62,500. Calculate the final call on share.

(*a*) ₹7 (*b*) ₹20 (*c*) ₹22 (*d*) ₹25

Ans. (*d*) The final call on share:

Total shares = $\frac{80,00,000}{100}$ = 80,000

Share for Calls in Arrear = 80,000–77,500 = 2,500

Calls in Arrear for final call per share = $\frac{`\,62,500}{2,500}$ = ₹25

3. If 500 shares of ₹10 are issued at a premium of ₹1 on which ₹9 (including premium) have been called and ₹7 including premium have been paid are forfeited, the forfeiture account should be credited by:

(*a*) ₹3,000 (*b*) ₹3,500 (*c*) ₹4,000 (*d*) ₹4,500

Ans. (*a*) Forfeiture account will be credited by ₹3000 (500 × 6)

4. Authorised capital of a company is divided into 5,00,000 shares and ₹10 each. It issued 3,00,000 shares. Public applied for 3,60,000 shares. Amount of issued capital will be:

(*a*) ₹30,00,000 (*b*) ₹36,00,000 (*c*) ₹50,00,000 (*d*) ₹6,00,000

Ans. (*a*) The amount of issued capital will be 3,00,000 shares of ₹10 each.

5. A company invited applications for 1,00,000 shares and it received applications for 1,50,000 shares. Applications for 30,000 shares were rejected and the remaining were allotted shares on a pro-rata basis. How many shares on the applicant for 3,000 shares will be allotted?

(*a*) 2,500 shares (*b*) 3,600 shares (*c*) 4,500 shares (*d*) 2,000 shares

Ans. (*a*) We know that the number of shares invited is 1,00,000 but the number of shares to be allotted on a pro-rata basis is 1,50,000-30,000 i.e., 1,20,000. The person who applied for 3,000 shares will be allotted $\frac{5}{6}$ of 3,000. Therefore, the number of shares allotted to an applicant who applied for 3,000 shares is 2,500.

TEST YOUR KNOWLEDGE & PRACTICE QUESTIONS

ISSUE OF SHARES FOR CASH AT PAR

1. A company issued 2,50,000 Equity Shares of ₹ 10 each to public. All amounts have been received in lump sum. Pass necessary Journal entries in the books of the company.

2. XYZ Ltd. invited applications for 10,000 shares of ₹ 10 each payable as ₹ 2 on application, ₹ 3 on allotment, ₹ 2 on first call and the balance on final call. All the shares were applied and allotted. All the money was duly received. You are required to Journalize these transactions.

3. A Company was registered with a Nominal Capital of ₹ 10,00,000 divided into 10,000 shares ₹ 100 each; payable ₹ 10 per share on application, ₹ 20 per share on allotment and balance on first and final call. All the shares were taken up and fully paid for by the public. Pass Journal entries to record the issue of shares.

4. The authorized capital of ₹ 16,00,000 of XYZ Ltd. is divided into 1,60,000 Equity Shares of ₹ 10 each. Out of these shares, 80,000 Equity Shares were issued to the public. The full nominal value is payable on application. All the shares were subscribed by the public and total amount was paid for. Give necessary Journal entries in the books of the company.

5. A company was registered with an Authorized Capital of ₹ 10,00,000 divided into 7,500 Equity Shares of ₹ 100 each and 2,500 9% Preference Shares of ₹ 100 each. 1,000 Equity and 500 Preference Shares were offered to public on the following terms—Equity Shares payable ₹ 10 on application, ₹ 40 on allotment and the balance in two calls of ₹ 25 each. Preference Shares are payable ₹ 25 on application, ₹ 25 on allotment and ₹ 50 on first and final call. All the shares were applied for and allotted. Amount due was duly received. Prepare Cash Book and pass necessary Journal entries to record the above issue of shares and show how the Share Capital Account will appear in the Balance Sheet.

UNDERSUBSCRIPTION

6. B Ltd. was registered with a capital of ₹ 6,00,000 in shares of ₹ 10 each. It issued a prospectus inviting applications for 6,000 shares at par payable as ₹ 4 on Application, ₹ 2 on Allotment, ₹ 2 on First Call and ₹ 2 on Second Call. Applications were received for 5,400 shares. All money was duly received. Pass the necessary Journal entries.

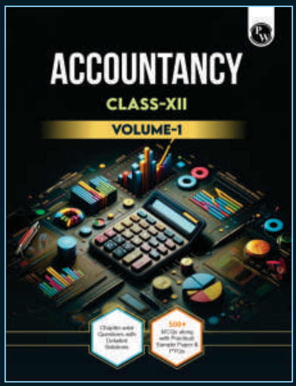
7. A Ltd. invited applications for 6,000 Equity Shares of ₹ 10 each issued at par. The whole amount was payable on application. The issue was under subscribed by 1,000 shares. Pass the necessary Journal entries.

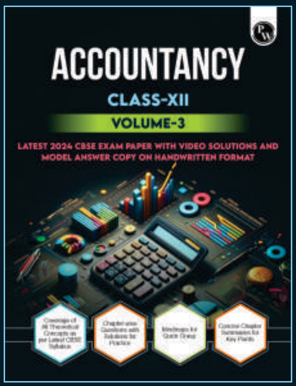
8. The Kalyan Cotton Mills Ltd. was registered on 1st January, 2023 with a capital of ₹ 10,00,000 divided into 1,00,000 shares of ₹ 10 each. The company issued 42,000 shares of which 40,000 shares were taken up by the public and ₹ 1 per share was received with application. On 1st February, these shares were allotted and ₹ 2 per share was duly received on 28th February as allotment money. A first call of ₹ 3 per share was made on 1st March and the call money on all shares with the exception of 100 shares was received. The final call of ₹ 4 per share was made on 1st June and the amount due, with the exception of 400 shares, was received by 30th June.

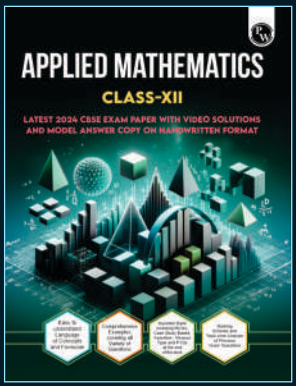
   Pass necessary Journal and Cash Book entries and prepare the Balance Sheet as at 30th June, 2023.

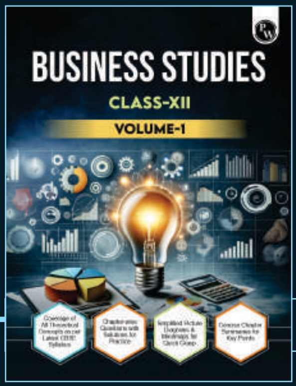
   *(**Ans:** Balance Sheet Total: ₹ 3,98,100)*

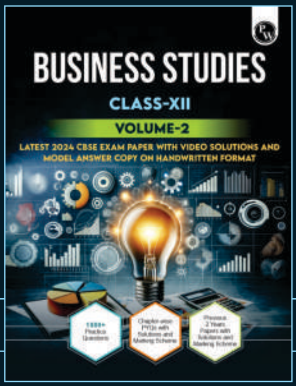
COMPLETE YOUR PREPARATION

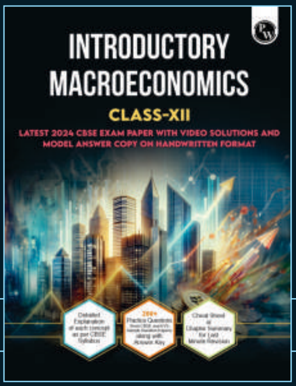


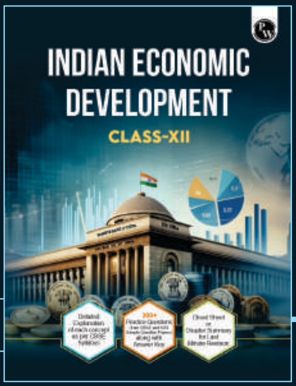












₹ 319/-

PHYSICS WALLAH PUBLICATION

To Buy More Such Books
SCAN ME!

To share Feedback
SCAN ME!

ISBN 978-93-6897-998-2
9 789368 979982
8a8f291e-971d-4ff0-bd4a-0c4f582600cf