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NISHTHA 2.0

ACCOUNTANCY PRACTICE SHEETS

(CLASS 12)

2023

State Council of Educational Research & Training
Varun Marg, Defence Colony, New Delhi 110024
https://scert.delhi.gov.in

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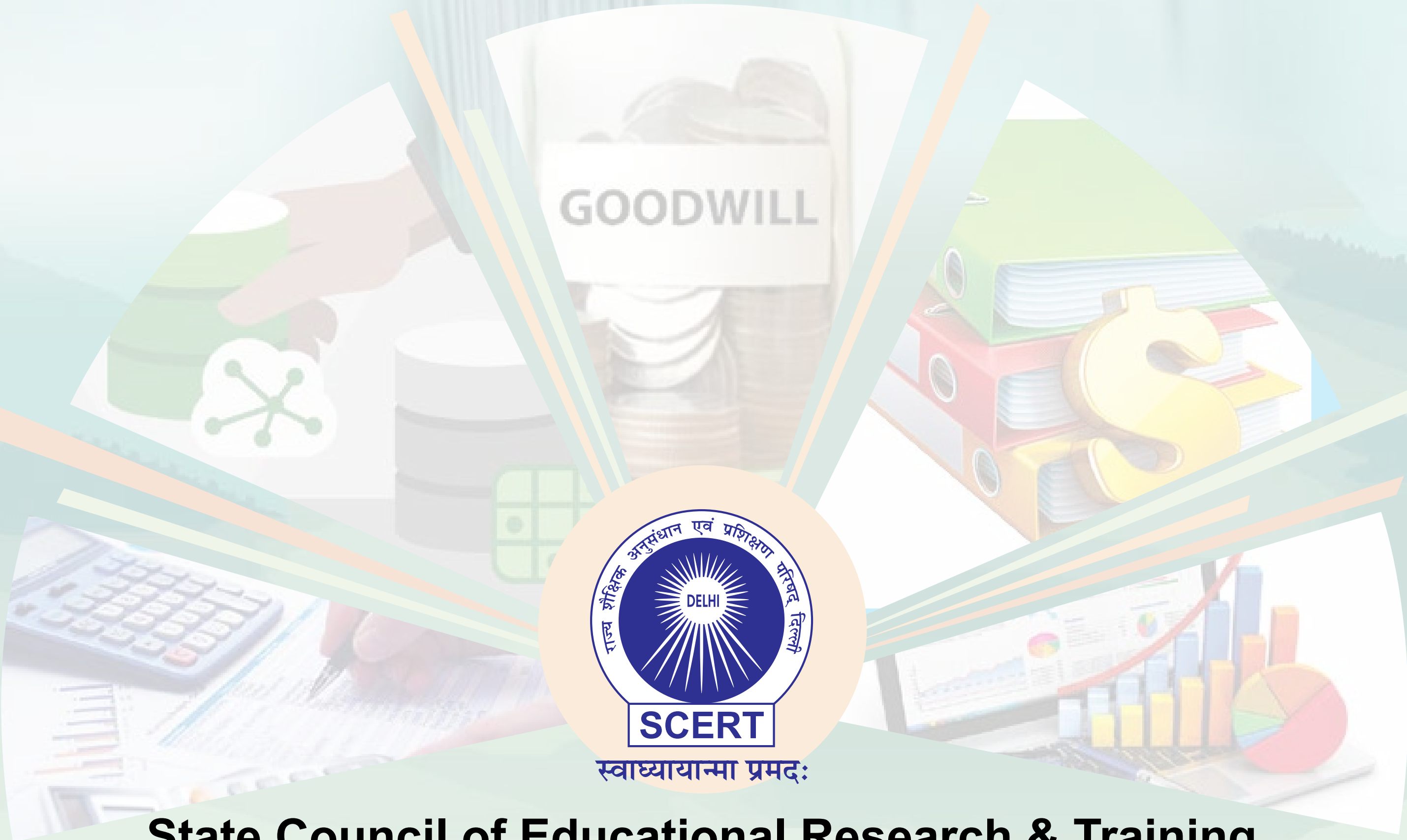

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PREFACE

Dear Readers,

It is a matter of immense pleasure for us to present learning enrichment content of the subject Accountancy in form of Practice sheets/ Comprehensive sheets and Sample Papers. This Learning Enrichment Project is an initiative under Samagra Shiksha Abhiyan where the content has been developed by the subject experts.

Complete syllabus was divided into specific topics for which worksheets of 20 marks each were developed including MCQ's, Short Answer type and Long Answer type Questions according to the final exam pattern. The basic objective was to cover whole syllabus and provide supplementary practice material in these worksheets. Also, comprehensive worksheets were designed of 40 marks each so as to give enhanced practice to the students for preparation of Accountancy subject.

Sample Papers were also framed by the team as per the CBSE pattern.

We hope that teachers will also find these worksheets useful as formative assessment tool in their classrooms during teaching learning process.

We are sure that students will find these worksheets and practice papers very useful to gain confidence and perform their best in the Exams.

We would also like to express our sincere gratitude towards Mr. Rajanish Kumar Singh (Director, SCERT), Dr. Nahar Singh (Joint Director, Academics), Dr. Mukesh Yadav (Publication branch), Ms. Shilpa Grewal (SSA), Ms. Mamta Pandey (Lecturer English), Mr. Mukesh Gera (Graphic designer) and other team members for their consistent support and contribution in this endeavour.

All the Best...

Table of Content

FUNDAMENTALS OF PARTNERSHIP

Meaning, Nature, Rights & Partnership Deed

Time : 40 Minutes **Max Marks: 20**

Q.No.		Marks
1.	Which one of the following is NOT an essential feature of a partnership? a) There must be an agreement; b) There must be a business on a regular basis; c) The business must be carried on for profits; d) The business must be carried on by all the partners.	1
2	Which of the following statements is true about minor as a partner? a) A minor cannot be admitted as a partner; b) A minor can be admitted as a partner, only for the benefits of the partnership; c) A minor can be admitted as a partner, but his rights and liabilities are the same as an adult partner; d) A minor can be admitted only by his own free will.	1
3.	In the absence of an agreement to capital, the partners are: a) Entitled to 6% p.a. interest on their capitals, only when there are profits; b) Entitled to 9%p.a. interest on their capitals, only when there are profits; c) Entitled to interest on their capitals at the bank rate, only when there are profits.; d) Not entitled to interest on their capitals.	1
4.	In the case of a partnership, the act of any partner is: a) Binding on all partners ; b) Binding on that partner only ; c) Binding on all partners except that particular partner; d) Binding only one partner.	1

5.	Ajay, Binod, and Chandra entered into a partnership on 1st April 2019 with a capital of ₹3,00,000; ₹2,00,000 and ₹1,00,000 respectively. In addition to capital, Chandra has advanced a loan of ₹1,00,000. Since they had no agreement to guide them, they faced the following issues during and at the end of the year. 1) Ajay and Binod having contributed larger amounts of capital, desire that the profits are distributed in the ratio of their capital contribution but Chandra disagrees; 2) Chandra wanted the interest on the loan to be paid to him @ 10% p.a, but Ajay and Binod wanted to pay @ 5% p.a. ; 3) Binod, being a working partner, demands a lump sum payment of ₹40,000 as remuneration for which other partners do not agree. You are required to suggest and help them resolve these issues.	3
6.	a) Accounting treatment for a partnership firm is similar to that of a sole proprietorship business with the exception of certain aspects. What are those special aspects of Partnership Accounts? Explain them. b) L and M jointly purchased a building and contributed capital equally to convert the building into a hotel. They let it out on a rent of; ₹2,00,000 per annum and share the rental income equally. The accountant of L wants to show the rental income as income from a partnership between Land M. In the above paragraph, is the accountant correct in doing so? Justify your answer.	2+1
7.	What are the various contents of a Partnership Deed? Mention them.	4
8.	Explain the following main characteristics of a Partnership firm: a) Mutual agency b) Sharing of Profit c) Liability of Partners	6

FUNDAMENTALS OF PARTNERSHIP

Interest of Capital and Drawing, Fixed & Facility Capital Account

Time : 40 Minutes **Max Marks: 20**

Q. No.		Marks
1	Which accounts are to be maintained for the partners when the partners' capitals are fixed. a) Partners' Capital and Current accounts both. b) Only Partners' Capital Accounts c) Only Partners' Current Accounts d) Only the Balance Sheet.	1
2	A and B are partners. B draws a fixed amount at the end of every month. Interest on drawings is charged @15% p.a. At the end of the year interest on B's drawings amounted to ₹ 8,250. Drawings of B were: a) ₹ 12,000 p.m. b) ₹ 10,000 p.m. c) ₹ 9,000 p.m. d) ₹ 8,000 p.m.	1
3	Mr. X draws ₹ 500 per month continuously for nine months starting from July, 2018 on the first day of each month for the year ending March 31, 2019. Interest on drawings will be charged at 12% per annum. What amount of interest on drawings would be charged? (a) ₹ 200 (b) ₹ 225 (c) ₹ 292.50 (d) ₹ 270	1
4	X and Y are partners in the ratio of 3:2. Their capitals are ₹2,00,000 and ₹1,00,000 respectively. Interest on capital is allowed @8%p.a. Firm earned a profit of ₹15,000 for the year ended 31st March 2019.Interest on Capital will be: a) X₹16,000;Y₹8,000 b) X₹9,000;Y₹6,000 c) X₹10,000; Y₹5,000 d) No Interest will be allowed	1
5	Pooja and Archna are partners in a firm sharing profits and losses in the ratio of 2:1. Their fixed capital accounts as on 1st April, 2021 stand at ₹70,000 and ₹30,000 respectively. The partners are allowed interest on capital and charged interest on drawings @ 10% p.a. The drawings of the partners during the year ended 31st March, 2022 amounted to ₹4,800 and ₹3,600 respectively. Pooja has given a loan to firm as on 1st August, 2021 of 20,000. The profit of the firm after all adjustments was ₹72,000. Current A/c balances on 1st April, 2021 were Pooja ₹5,000 (Cr.); Archna ₹ 23,000 (Dr.). Prepare Partners' Current Accounts on 31st March, 2022.	3

<table>
<tr><td>6</td><td>Ganesh is a partner in a firm. During the year ended 31st March 2019, Ganesh's drawings are:
<table><tr><th>Date of withdrawal</th><th>Amount</th></tr><tr><td>30th April, 2018
1st July, 2018
1st Oct,2018
30th Nov, 2018
31st March, 2019</td><td>10,000
15,000
18,000
12,000
20,000</td></tr></table>Interest on drawings is charged @9% p.a. for the year ended 31st March, 2019. Calculate Interest on Drawings of Ganesh.</td><td>3</td></tr>
<tr><td>7</td><td>a) Give two circumstances under which the fixed capitals of partners may change.
b) Distinguish between Fixed Capital Accounts and Fluctuating Capital Accounts on the basis of:
i) Recording of Transactions
ii) Debit or Credit balance.</td><td>4</td></tr>
<tr><td>8</td><td>a) What is the meaning of interest on capital?
b) Why are partners given interest on capital?
c) On 1st April 2021, Brij and Nandan entered into a partnership to construct toilets in government girls' schools in the remote areas of Uttarakhand. They contributed capital of ₹10,00,000 and ₹15,00,000 respectively.

Their profit-sharing ratio was 2:3 and interest allowed on capital as provided in the Partnership Deed was 12% p.a. During the year ended 31st March 2022, the firm earned a profit of ₹2,00,000.

Calculate the interest on capital for the partners.

d) Anil and Sunil are partners in a new start-up providing personal care services to the citizens of a city. Anil and Sunil share profits and losses in the ratio of 3:2. Their capital on 31st March2022 after all the adjustments stood at ₹1,65,500 and ₹1,27,600 respectively. Profits amounting to ₹50,000 for the year 2021-22 were distributed after adjusting interest on drawings @12% p.a. During the year Anil withdrew ₹15,000 at the beginning of every quarter, and Sunil withdrew ₹40,000 during the year. The partnership deed is silent on interest on drawings but provides for interest on capital @5% p.a. Interest on Capital has not been provided.

From the above paragraph, find the amount of Interest on drawings, the Balance in their Capital Accounts on 1st April 2021 and the amount of interest on their Capitals.</td><td>1
+
1
+
2
+
2
=6</td></tr>
</table>

FUNDAMENTALS OF PARTNERSHIP

Division of Profit and Guarantee of Profits

Time : 40 Minutes **Max Marks: 20**

Q. No.		Marks
1.	Which of the following treatments is true regarding 'salary to a partner' when the firm maintains fluctuating capital accounts? a) Debit Partner's Loan A/c and Credit P & L AppropriationA/c. b) Debit P & L A/c and Credit Partner's CapitalA/c. c) Debit P & L Appropriation A/c and Credit Partner's CurrentA/c. d) d. Debit P & L Appropriation A/c and Credit Partner's Capital A/c.	1
2.	Kajal, Neerav and Alisha are partners in a firm, sharing profits in the ratio of 3:2:1. They decided to admit Rajan, their landlord, as a partner in the firm. Rajan brought the sufficient amount of capital and his share of goodwill. In which of the following Accounts the accountant of the partnership firm should pass the entry of rent paid for the building to Rajan? a) Profit and Loss Appropriation Account b) Profit and Loss Account c) Trading Account d) d. Both a. and b.	1
3.	Veer is the manager in a partnership firm and is entitled to receive a salaryof ₹8,000 per month and a commission of 5% on Net Profit after charging such commission. Profit for the year is ₹13,56,000 before charging salary and commission. The commission of Veer is: a) ₹67,800 b) ₹64,571 c) ₹63,000 d) ₹60,000	1
4.	Which of the following statements is not true? a) Profit and Loss appropriation Account is prepared before the partner's capital account. b) Profit and loss Account is prepared after Profit and Loss Appropriation Account and starts with the net profit disclosed by Profit & Loss Appropriation Account. c) Profit and loss Account is prepared to ascertain a net profit or loss. d) d. Profit & Loss Appropriation Account is prepared to distribute the net profit of the year among the partners.	1

5.	a) X and Y are partners in the ratio of 3: 2. Their capital are ₹2,00,000 and ₹1,00,000 respectively. Interest on capital is allowed @ 8% p.a. Firm earned a profit of ₹15,000 for the year ended 31st March 2019. Show the appropriation of profits by preparing Profit and Loss Appropriation Account. b) Ram and Mohan are partners in a firm. The partnership agreement provides the following: . 10% of the trading profit will be transferred to reserves. . 5% of the trading profit will be provided as commission to Ram. Trading profits of the partnership firm ended March 31, 2022 was ₹10,00,000. Prepare Profit & Loss Account for the year ended March 31, 2022.	2 + 1
6.	On 1st August, 2019, Venus, Vij and Veronica started a partnership in a firm sharing profits in the ratio of 21:14:5. Veronica was admitted as a partner with a guaranteed profit of ₹1,50,000 p.a. The profit-sharing ratio between Vij and Venus will remain the same but they decided to bear any deficiency on account of guarantee to Veronica in the ratio 2:3. The profit of the firm for the year ended 31st March, 2022 was ₹9,00,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2022.	3
7.	Anwar, Biswas and Divya are partners in a firm. Their Capital Accounts stood at ₹8,00,000; ₹6,00,000 and ₹4,00,000 respectively on 1st April, 2020. They shared profits and losses in the ratio of 3:2:1 respectively. Partners are entitled to interest on capital @ 6% per annum and salary to Biswas and Divya @ ₹4,000 per month and ₹6,000 per quarter respectively as per the provisions of partnership deed. Biswas's share of profit including interest on capital but excluding salary is guaranteed at a minimum of ₹82,000 p.a. Any deficiency arising on that account shall be met by Divya. Profit for the year ended 31st March, 2021 amounted to ₹3,12,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2021.	4
8.	Parul and Rachna are partners in a firm sharing profits and losses in the ratio of 5:3.Their capital accounts as on 1st April, 2021 stand at ₹70,000 and ₹30,000 respectively. The partners are allowed interest on capital @ 10% p.a. The drawings of the partners during the year ended 31st March, 2022 amounted to ₹4,800 and ₹3,600 respectively. Interest is charged on drawings at the rate of 10% p.a. Parul has given a loan to firm as on 1st November, 2021 of ₹20,000. The profit of the firm before above adjustments was ₹80,300. 10% of net profit is to be kept in a Reserve Account. Current A/c balances on 1st April, 2022 were Parul ₹5,000 (Cr.); Rachna ₹23,000 (Dr.). Prepare Profit and Loss Appropriation Account and Partners' Current Accounts for the year ended 31st March, 2022.	6

FUNDAMENTALS OF PARTNERSHIP

Past Adjustments

Q. No.		Marks
1.	X, Y, and Z are equal partners with fixed capitals of ₹2,00,000, ₹3,00,000, and ₹4,00,000 respectively. After closing the accounts for the year ending 31st March, 2019, it was discovered that interest on capital @8% p.a. was omitte. In the adjusting entry: a) Dr. X and Cr. Y by ₹8,000 b) Cr. X and Dr. Z by ₹8,000 c) Dr. X and Cr. Z by ₹8,000 d) Cr. X and Dr. Y by ₹8,000	1
2.	P and Q are partners sharing profits and losses in the ratio of 2:1 with capitals ₹1,00,000 and ₹80,000 respectively. The interest on capital has been provided to them @ 8% instead of 10%. In the rectifying adjustment entry, P will be: a) Debited by ₹ 400 b) Credited by ₹ 400 c) Debited by ₹ 1,600 d) Credited by ₹ 1,600.	1
3.	Which of the following is not the reason to make past adjustments in accounts? a) Omission of interest on capitals/drawings/loans of the partners. b) Omission of salary, commission, etc., due to a partner from the firm. c) Omission of outstanding expenses and accrued incomes from the final accounts. d) Change in the profit-sharing ratio in the future.	1

4.	Uvi, Veera and Wahi are partners sharing profits in the ratio of 2:3:5. They decide to change the profit sharing ratio to 5:3:2. They also decide to record the effect of the following revaluations and reassessments without affecting the book values of assets and liabilities by passing as in gle adjustment entry: | | BookValue (₹) | RevisedValue (₹) | | LandandBuilding | 3,00,000 | 3,25,000 | | SundryCreditors | 60,000 | 50,000 |	1
	Thesingleadjustment entrywill: (a) Dr. Wahiand Cr. Uviby ₹10,500 (b) Dr. Uviand Cr. Wahiby ₹ 10,500 (c) Dr. Veeraand Cr. Uviby ₹ 10,500 (d) Dr. Wahiand Cr. Veeraby ₹ 10,500	
5.	X, Y, and Z shared profits of Rs. 1,50,000 in the ratio of 2:2:1, but the partnership deed was silent as to the profit-sharing ratio. Pass the necessary adjusting entry.	3
6.	The capitals of A, B and C as on 31.3.2021 amounted to ₹18,000, ₹66,000, and ₹1,32,000 respectively. The profits amounting to ₹36,000 for the year 2020-21 were distributed in the ratio of 4:1:1 after allowing interest on capital @10%p.a. During the year each partner withdrew ₹72,000. The partnership deed provided for interest on capital @12%p.a. Give the necessary adjustment entry.	3
7.	A, B, and C are partners in a firm. On 1st April 2018, their capitals stood at ₹4,00,000, ₹3,00,000, and ₹2,00,000 respectively. As per the provisions of the partnership deed: (i) A was entitled to a salary of ₹5,000 per month. (ii) Partners were entitled to interest on capital @ 10% p.a. The net profit for the year ended 31st March 2019, ₹3,00,000 was divided among the partners without providing for the above items. Showing your work clearly, pass an adjustment entry to rectify the above error.	4
8.	A, B and C were partners. Their fixed capitals were A - ₹30,000; B- ₹20,000 and C - ₹10,000 respectively. According to the partnership deed, they were entitled to interest on capital at 5 % p.a. In addition, B was entitled to draw a salary of ₹500 per month. C was entitled to a commission of 5 % on profits after charging interest on capital, but before charging salary payable to B. Net profit for the year was ₹30,000 was distributed in the ratio of capitals without providing for any of the above adjustments. The profits were to be shared in the ratio 5:2:3. Pass necessary adjustment entry showing the workings clearly.	6

FUNDAMENTALS OF PARTNERSHIP

Valuation of Goodwill

Time : 40 Minutes **Max Marks: 20**

Q. No.		Marks
1.	The profits for the last 3 years were: 1st year = ₹6,000 (including abnormal gain ₹2,000) 2nd year = ₹4,000 (after charging abnormal loss ₹3,000) 3rd year = ₹2,500 (including abnormal income ₹1,500) Calculate goodwill on the basis of 3 years' purchase of last 3 years' profits and losses. a) ₹12,500 b) ₹12,000 c) ₹13,000 d) ₹16,000	1
2.	Capital employed in a business is ₹2,00,000. The normal rate of return oncapital employed is 15%. During 2021, the firm earned a profit of ₹48,000. The company calculates goodwill on the basis of 3 years' purchase of superprofit. On the basis of information, match the following: Column I — Column II a. Normal Profits — (i) 54,000 b. Actual Profits — (ii) 18,000 c. Super Profits — (iii) 48,000 d. Goodwill — (iv) 30,000 (a)—(i), (b)—(iii), (c)—(iv), (d)—(ii) (a)—(i), (b)—(ii), (c)—(iii), (d)—(iv) (a)—(iv),(b)—(iii), (c)—(ii), (d)—(i) (d) (a)—(iv), (b)—(iii), (c)—(i), (d)—(ii)	1
3.	Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): Assertion: (A) Goodwill is considered as an intangible asset but not a fictitious asset Reason (R) Goodwill can neither be seen and touched nor it can be purchased or sold with any other asset. In the context of the above statements, which one of the following is correct?	1

	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 but Reason (R) is not the correct explanation of assertion (A) c) Assertion (A) is false, but Reason (R) is true d) Assertion (A) is true but Reason (R) is false	
4.	When the value of goodwill of the firm is not given but has to be inferred on the basis of the net worth of the firm, it is called................ a) Goodwill under Super profit method b) Goodwill under Average profit method c) Self-generated goodwill d) Hidden goodwill	1
5.	On April l, 2018, a firm had assets of ₹1,00,000 excluding stock of ₹20,000. The current liabilities were ₹10,000, and the balance constituted Partners' Capital Accounts. If the normal rate of return is 8%, the Goodwill of the firm is valued at ₹60,000 at four years' purchase of super profit, find the actual profits of the firm.	3
6.	X and Y are partners in a firm. Their capitals are X - ₹5,00,000 and Y - ₹4,00,000. During the year ended 31st March, 2020 the firm earned a profit of ₹2,50,000. Assuming that the normal rate of return is 20%, calculate the value of goodwill of the firm: i) By capitalisation method; and ii) By super profit method if the goodwill is valued at 3 years' purchase of super profit.	3
7.	X and Y are partners sharing profits and losses in the ratio of 3 : 2. Goodwill is to be calculated at two years' purchase of the average normal profit of past three years. Profits of the last three years ended 31st March, were: 2018–Profit ₹50,000 (including profit on sale of assets ₹5,000). 2019–Loss ₹20,000 (includes loss by fire ₹30,000) 2020–Profit ₹70,000 (including insurance claim received ₹18,000 and interest on investments and Dividend received ₹8,000). Calculate the value of goodwill.	4
8.	a) M/S Hi-Tech India has assets of ₹5,00,000 whereas liabilities are : Partner's Capitals-₹3,50,000, General reserve - ₹60,000 and Sundry creditors - ₹90,000. If the normal rate of return is 10% and goodwill of the firm is valued at ₹90,000 at 2 years' purchase of super profit, find the average profit of the firm. b) Calculate goodwill of a firm on the basis of three years' purchase of the average profits of the last four years. The profits of the last four years were: 2017 ₹20,200; 2018 ₹24,800; 2019 ₹20,000 and 2020 ₹30,000. You are supplied with following information: 1) On September 1, 2019 a major plant repair was undertaken for ₹6,000, which was charged to revenue. The said sum is to be capitalized for goodwill calculation subject to adjustment of depreciation of 10% p.a. on reducing balance method. 2) The Closing Stock for 2018 was overvalued by ₹2,400. 3) To cover management cost an annual charge of ₹4,800 should be made for goodwill valuation. 4) Accounts are closed on 31st December each year.	6

CHANGE IN PROFIT SHARING RATIO

Meaning, Nature, Rights & Partnership Deed

Time : 40 Minutes **Max Marks: 20**

Q. No.		Marks
1.	Ray, Sam, Mo were partners sharing profits in equal ratio. They decided to share the profits in the ratio of 5:3:2 with retrospective effect. What will be the sacrifice or gain of the partners? a) Ray: 5/30 gain, Sam: 1/30 sacrifice, Mo: 4/30 sacrifice b) Ray: 1/30 gain, Sam: 5/30 sacrifice, Mo: 4/30 sacrifice c) Ray: 5/30 gain, Sam: 10/30 sacrifice, Mo: 4/30 sacrifice d) d. Ray: 1/30 gain, Sam: 1/30 sacrifice, Mo: 4/30 sacrifice	1
2.	Vipin, Yuvi and Mac were sharing profits and losses equally. It was decided that Mac will get 1/4th share in profit. What will be the new profit sharing ratio? a) 3:2:2 b) 1:3:3 c) 3:3:2 d) 4:2:1	1
3.	Tom, Ray, Rav are partners sharing profits in the ratio of 3:2:1. As per the new partnership agreement Rav will get 1/4th share, which he acquires from Tom and Ray in the ratio of 1:3. What will be their new profit sharing ratio? a) 5:13:12 b) 45:13:12 c) 3:3:2 d) 23:13:12	1
4.	Chaman, Aria, Asta are partners sharing profits in the ratio of 4:3:2. As per new agreement Asta takes 1/4th share of Chaman and takes 1/5th share of Aria in addition to the existing share. Calculate new profit sharing ratio. a) 5:4:1 b) 5:4:6 c) 3:37:9 d) d. 4:3:7	1

5.	In the following question, a statement of assertion (A) is followed by a statement of reason (R). Read them carefully and select the correct option from the four options given Assertion (A) : Ratio in which partners sacrifice their share of profit in favor of a new partner or incoming partner is called sacrificing ratio. Reason (R): It is because the new partner has to compensate the existing partners for the sacrifice they make in his/her favor. 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 but 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.	1
6.	Mo, Sal and Ro were partners sharing profits and losses in the ratio 4:3:2. Goodwill does not appear in the books but it is valued at ₹36,000. The partners decided to share the future profits in equal proportions. Give an adjustment entry to record the above change. Also, indicate the individual partner's gain or loss due to change in the ratio. Show your workings clearly.	3
7.	Coco, Isla and Jupiter were partners sharing profits in the ratio 5:3:2. They decided to share future profits in losses in the ratio of 2:3:5 with effect from 1st April 2021. They decided to record the effect of the following without affecting their book values. Profit and Loss A/c(Cr Balance) Rs 48,000 Advertisement Suspense account Rs 30,000 Pass the necessary adjustment entry.	3
8.	Kai, Po and Che are sharing profits in the ratio of 2:2:1. They decided to change their profit sharing ratio to 7:5:3. With effect from 1st April 2021. On that date there was a debit balance of profit and loss A/c of Rs 30,000. Give entries for the following: 1. Kai, Po and Che decided to maintain the debit balance of profit and loss A/c 2. They decided to write off the profit and loss A/c	3
9.	Ash, Bunny and Carmen are partners in a firm sharing profits the ratio of 3:2:1. Den is admitted into the firm for 1/4 share in profits, which he gets as 1/8 from Ash and 1/8 from Bunny. The total capital of the firm is agreed upon as Rs. 1,20,000 and Den is to bring in cash equivalent to 1/4 of this amount as his capital. The capitals of other partners are also to be adjusted in the ratio of their respective shares in profits. The capital of Ash, Bunny and Carmen after all adjustments are Rs. 40,000, Rs. 35,000 and Rs. 30,000 respectively. Calculate the new capital of Ash, Bunny and Carmen and record the necessary journal entries.	6

CHANGE IN PROFIT SHARING RATIO & TREATMENT OF GOODWILL

Time : 40 Minutes **Max Marks: 20**

<table>
<tr><th>Q.No.</th><th></th><th>Marks</th></tr>
<tr><td>1</td><td>Which of the following is not a reason of reconstitution of a partnership firm?
a) There is change in profit sharing ratio
b) Admission of partner
c) Partners agree to dissolve the firm
d) Amalgamation of two partnership firms</td><td>1</td></tr>
<tr><td>2</td><td>In the following question, a statement of assertion (A) is followed by a statement of reason (R). Read them carefully and select the correct option from the four options given
Assertion (A) : A new partner should contribute goodwill on his/her admission in an existing firm.
Reason (R): It is because the new partner has to compensate the existing partners for the sacrifice they make in his/her favor.
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 but 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.</td><td>1</td></tr>
<tr><td>3</td><td>Karishma and Rushma were partners sharing profits and losses in the ratio of 3:1. Rohan was admitted for 1/5 th share in the profits. Rohan was unable to bring his share of the premium for goodwill. The Journal entry for goodwill premium was:
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F</th><th>Dr Amount (Rs)</th><th>Cr Amount (Rs)</th></tr>
<tr><td></td><td>Rohan’s Current A/c Dr
Karishma’s Capital A/c
Rushma’s Capital A/c
(Being adjustment of Goodwill Premium on Rohan’s admission)</td><td></td><td>24,000</td><td>
8,000
16,000</td></tr>
</table></td><td>1</td></tr>
<tr><td></td><td>The new profit sharing ratio of Karishma, Rushma and Rohan will be:
a) 41:7:12 b) 13:12:10 c) 3:1:1 d) 5:3:2</td><td></td></tr>
</table>

<table>
<tr><td>4</td><td>Akshay, Deepak and Kajol were equal partners. They decided to change the profit sharing ratio to 4:3:2. The goodwill of the firm was valued at 90,000 at that time.
The journal entry for the treatment of Goodwill on change in profit sharing ratio will be:
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F</th><th>Dr. Amt. (Rs)</th><th>Cr. Amt. (Rs)</th></tr>
<tr><td>a</td><td>Kajol"s Capital A/c Dr
Akshay's Capital A/c</td><td></td><td>10,000</td><td>
10,000</td></tr>
<tr><td>b</td><td>Deepak's Capital A/c Dr
Akshay's Capital A/c</td><td></td><td>10,000</td><td>
10,000</td></tr>
<tr><td>c</td><td>Akshay's Capital A/c Dr
Kajol's Capital A/c</td><td></td><td>90,000</td><td>
90,000</td></tr>
<tr><td>d</td><td>Akshay's Capital A/c Dr
Kajol's Capital A/c</td><td></td><td>10,000</td><td>
10,000</td></tr>
</table></td><td>1</td></tr>
<tr><td>5</td><td>Kabir, Gunjan, Gappu are partners sharing profits in the ratio of 7:6:5. Their fixed capitals are Rs 3,50,000, Rs2,00,000 and Rs 4,00,000 respectively. It is now decided that the total capital of the firm should be Rs18,00,000. The new capitals should be in the profit sharing ratio of the partners. Record necessary adjustment entry for the capitals to be contributed by each partner.</td><td>1</td></tr>
<tr><td>6</td><td>Satyam and Chaman enter into a partnership at a ratio of 4:3 on 1st April 2020. They admitted Tejas as a new partner on 1st April 2021 for 1/5 th share which she acquired equally from Satyam and Chaman. Satyam, Chaman and Tejas earned profits at a higher rate than the normal rate of return for the year ended 31st march 2022. They decided to admit Punnu as a new partner on 1st April 2022 for 1/7th share of the profits which he acquired from Satyam and Chaman in 7:3 ratio.
Calculate:
1) New profit sharing ratio of Satyam, Chaman and Tejas prior to Punnu admission to the firm
2) New profit sharing ratio of Satyam, Chaman, Tejas and Punnu</td><td>3</td></tr>
<tr><td>7</td><td>Vanu and Sanj are partners in a firm sharing profits and losses in the ratio 3:2. They decide to admit Amil into partnership with ¼ share in profits. Amil brings in Rs 30,000 for capital and the necessary amount as premium for goodwill in cash. The goodwill of the firm is valued at Rs 20,000. The new profit sharing ratio is 2:1:1. On the date of Amil's admission the goodwill amount already appears in the books at Rs 12,000 and there was a balance of Rs 20,000 in general reserve. Pass necessary journal entries on Amil's admission.</td><td>3</td></tr>
<tr><td>8</td><td>Antra, Bindu and Criss are partners sharing profits in the ratio of 3:2:2. They decided to share profits equally. On that date, profits for the last 3 years shown by the firm were:15,000, 18,000 and 12,000.
Goodwill is to be calculated at 2 years purchase of average profits of the last 3 years. The Goodwill already exists in the firm at Rs 8,000.
Give the necessary adjustment entry.</td><td>4</td></tr>
</table>

ADMISSION OF PARTNER

Calculation of Gain/Sacrifice and Treatment of Goodwill with
Accumulated profits & Losses.

Time : 40 Minutes **Max Marks: 20**

Q.No.		Marks
1.	Arun and Zaina were partners in a firm sharing profits in the ratio of 7:3. Ritu was admitted for 1/5 th share of profits which she took 75% from Arun and rest from Zaina. The sacrificing ratio of Arun and Zaina will be a) 7:3 b) 3:1 c) 1:1 d) 5:1	1
2.	In the following question, a statement of assertion (A) is followed by astatement of reason (R). Read them carefully and select the correct option from the four options given. Assertion (A) :Change in profit sharing ratio of the existing partners amounts to dissolution of partnership firm. Reason (R): Change in profit sharing ratio of the existing partners results in a change in the existing agreement between the partners leading to reconstitution of the firm 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 but 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.	1
3.	Revaluation of assets at the time of reconstitution is necessary because their present value may be different from their ___________. a) Market Value b) Net Value c) Cost of Asset d) Book Value	1

4.	At the time of reconstitution of a firm, recording of an unrecorded liability will lead to a) Gain to existing partners b) Loss to the existing partners c) Neither loss nor gain d) Gain to new partner	1
5.	Arav and Jaggu are partners in the ratio of 3:2. They admitted Naptic as a partner. Arav surrendered 2/5 th 0f his share and Jaggu surrendered 1/5 th of his share in favour of Naptic. The sacrificing ratio will be: a) 3:5 b) 2:3 c) 1:3 d) 3:1	1
6.	On admission of a partner, a debtor whose dues were of ₹5,000, earlier written off, paid ₹4,000 in full settlement. Bad debts recovered ₹4,000 will be debited to …. and credited to ….. a) Cash A/c, Revaluation A/c b) Bad Debts Recovered A/c, Bad Debts A/c c) Cash A/c, Bad Debts A/c d) Revaluation A/c, Bad Debts Recovered A/c	1
7.	Amber and Raunak were partners in a firm sharing profits and losses in the ratio of 4:3. Their capitals were ₹50,000 each on 31 st March, 2022. On 1st April 2022, they admitted Charan as a new partner for ¼ th share of profits of the firm. On the date of Charan's admission, the Balance Sheet of Amber and Raunak showed a General Reserve of ₹70,000, a debit balance of ₹7,000 in the Profit and Loss Account and an Investment Fluctuation Reserve of ₹10,000. The following was agreed upon on Charan's admission: i) Charan will bring ₹80,000 as his Capital but could not bring his share of Goodwill. ii) The market value of Investments was ₹17,000 less than the book value. iii) New profit sharing ratio was agreed at 2:1:1 On the basis of the above case study, answer the following questions: (I) What will be the value of Goodwill of the firm? a) ₹1,40,000 b) ₹84,000 c) ₹2,36,000 d) ₹3,20,000 (II) What will be the sacrificing ratio of the existing partners on the admission of new partner Charan? a) 4:3 b) 2:1 c) Equal d) 2:5 (III) What will be the accounting treatment of goodwill on the admission of new partner Charan? (IV) What will be the treatment of the Investment Fluctuation Fund on the admission of new partner Charan?	4

8.	Viraj and Sai were partners in a firm with capitals of ₹00,000 and ₹80,000 respectively. They admitted Neha on 1st April 2022 as a new partner for 1/4th share in the future profits of the firm. Neha brought ₹90,000 as her capital. Neha acquired her share as 1/12th from Viraj and the remaining from Sai. Calculate the value of goodwill of the firm and pass necessary journal entries on Neha's admission assuming that Neha did not bring her share of goodwill.	4
9.	Ash and Nora were partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March, 2022, their Balance Sheet was as following:	6

Balance Sheet:

Liabilities	Amount ₹	Assets	Amount ₹
		Plant and Machinery	2,90,000
		Furniture	2,20,000
Capitals: Ash 3,10,000 Nora 2,90,000	6,00,000	Debtors 90,000 Less: Provision DoubtfulDebts (1,000)	89,000
General Reserve	50,000	Stock	1,40,000
Workmen's Compensation Reserve	20,000	Cash	41,000
Creditors	1,00,000		
	7,80,000		7,80,000

On 1st April, 2022, Gocha was admitted into partnership for 1/4th share in the profits on the following terms:

i. Goodwill of the firm was valued at ₹2,00,000.

ii. Gocha brought ₹3,00,000 as her Capital and her share of goodwill premium in cash.

iii. Bad Debts amounted to ₹2,000. Created a provision for doubtful Debts @5% on Debtors.

iv. Furniture was found undervalued by ₹65,400

v. Stock was taken over by Nimish for ₹1,30,000.

vi. The liability against workmen's compensation fund was determined at ₹30,000, to be paid later.

vii. After the above adjustments, the capitals of Ash and Nora were to be adjusted taking Gocha's capital as base. Excess or shortage was to be adjusted by opening current accounts.

Prepare Revaluation Account, Partners' Capital Accounts and Balance Sheet of the firm after Gocha's admission.

ADMISSION OF PARTNER

Preparation of Revaluation Account Capital Account with Balance Sheet

Time : 40 Minutes **Max Marks: 20**

Q.No.		Marks
Q 1	At the time of change of PSR, accumulated profits and losses may exist in the books of the firm. Incase of fluctuating accounts, these are transferred to Partner's Capital Accounts in: a) Sacrificing Ratio b) New profit sharing ratio c) Old Profit sharing ratio d) d. May vary according to the situation	1
Q 2	In the following question, a statement of assertion (A) is followed by a statement of reason (R). Read them carefully and select the correct option from the four options given Assertion (A) :It is necessary to revalue assets and liabilities of a firm in case of admission of partner. Reason (R): It is because the incoming partner is neither put to an advantage or disadvantage due to change in the value of assets and liabilities. 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 but 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.	1
Q 3	Amba, Banta and Carvi were partners in a firm sharing profits and losses in the ratio of 1/2:1/3:1/6. Dori was admitted in the firm for 1/6 th share. Carvi would retain her original share. The new profit sharing ratio will be: a) 12:8:5:5 b) 2:2:1:1 c) Equal d) 4:3:2:1	1

Q 4	The reason for the preparation of Revaluation Account at the time of admission of partner is a) To record the effect of revaluation of assets and liabilities. b) To ensure that the gain or loss on revaluation of assets and liabilities may be divided amongst the old partners in their old profit sharing ratio. c) To ascertain whether the assets of the firm are shown at their current values. d) Both a and b.	1
Q 5	Lakhan and Samba are partners in a firm sharing profits and losses in the ratio of 3:1. They admit Musa for ¼ th share in profits. On that date, Workmen's Compensation Reserve stood at Rs. 6,000. Give journal entries for adjustment of Workmen's Compensation Reserve if a) Liability on account of Workmen's Compensation amounted to Rs 2,000 b) There is no workmen's compensation claim. c) Workmen's Compensation Claim is Rs 7,000	3
Q 6	Give Journal entries for the following, during admission of partner a) Furniture is reduced by Rs 4,000 b) Building is appreciated to Rs 5,50,000 from the original value of Rs 5,00,000. c) Employee Provident Fund is to be increased by Rs 5,000	3
Q 7	Raman and Manan were partners in a Printing shop. They shared profits and losses in the ratio of 3:2. They would do printing jobs for all the offices and schools in the neighbourhood. Their initial fixed capitals contribution was Rs 1,20,000 and Rs 80,000 respectively. At the end of first year, their profit was Rs 1,20,000 before allowing remuneration of Rs 3,000 per quarter to Raman and Rs 4,000 per half year to Manan. They were planning to extend their business to more offices, clubs and schools. They required more funds for this purpose. In the next accounting year, they admitted Sonam on October 1. Sonam was offered a 20% share of profits. Along with a monthly remuneration of Rs 2,500. Sonam brought Rs 1,30,000 as Capital and Rs 70,000 for premium for Goodwill. In addition to this, Sonam provided a loan of Rs 1,00,000 as loan for two years. Based on the above case study, answer the following questions: i. At the end of accounting year, remuneration of Raman and Manan will be transferred to a) Capital A/c b) Loan A/c c) Current A/c d) No remuneration will be paid to either	4

	ii. On admission of Sonam, sacrifice would be done by: a) Raman only b) Manan only c) By Raman and Manan equally d) By Raman and Manan in the ratio of 3:2 iii. Sonam will be entitled to a remuneration of ………. at the end of the year. iv. For the amount of loan that Sonam has agreed to provide, she is entitled to interest at the rate of ……….	
Q 8	Viraj and Raina were partners in a firm sharing profits in the ratio of 7:3. On 1st April 2022, they admitted Suraj as a new partner for ¼ th share in profits of the firm. Suraj brought 1/5 th of the combined capital of Viraj and Raina after all adjustments. He also brought Rs 25,000 as his share of goodwill premium. The Balance Sheet of Viraj and Raina as on 1st April 2022 was as follows:	6

LIABILITIES	₹	ASSETS	₹
Capital A/cs:		Land and Building	3,50,000
Viraj 8,00,000		Machinery	4,50,000
Raina 3,50,000	11,50,000	Debtors 2,20,000 Less: Provision (20,000)	2,00,000
General Reserve	1,00,000	Stock	3,50,000
Workmen's Compensation Reserve	1,00,000	Cash	1,50,000
Creditors	1,50,000		
	15,00,000		15,00,000

It was agreed that:

a) The value of Land and Building will be appreciated by 20%

b) The value of Machinery will be depreciated by 10%

c) The Liabilities of Workmen's Compensation Reserve was determined at Rs 50,000

d) Prepare Revaluation A/c and Partners Capital Accounts.

ADMISSION OF PARTNER

Change in Profit sharing Ratio & Admission of Partner

Time : 40 Minutes **Max Marks: 20**

Q.No.		Marks
1.	Mo, Sam and Yen were equal partners. They decided to change the profit sharing ratio to 4:3:2, for this purpose the goodwill of the firm was valued as Rs 2,70,000. The journal entry for the treatment of goodwill for the change in profit sharing ratio will be: a) Yen's capital A/c Dr 30,000 Mo's capital A/c 30,000 b) Sam's capital A/c Dr 30,000 Mo's capital A/c 30,000 c) Yen's capital A/c Dr 60,000 Sam's capital A/c 60,000 d) Mo's capital A/c Dr 30,000 Yen's capital A/c 30,000	1
2.	In the following question, a statement of assertion (A) is followed by a statement of reason (R). Read them carefully and select the correct option from the four options given Assertion (A) : At the time of change in PSR, the gaining partner pays the sacrificing partner the proportionate share of goodwill which is equal to share gained by him. Reason (R): At the time of reconstitution of a firm, Goodwill is also one of the special aspects which requires adjustment. 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 but 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.	1

3. Due to change in PSR, Sai's gain is 1/6, while Oscar's sacrifice is 1/6. They decide to record the effect of following revaluations without affecting the book values of the assets and liabilities by passing a single adjusting entry. **[1]**

Asset	Book value ₹	Realized value ₹
Building	90,000	1,60,000
Machinery	1,50,000	1,30,000
Trade creditors	50,000	45,000
Outstanding Rent	45,000	60,000

The necessary adjusting entry or will be:

a) Sai's capital A/c Dr 10,000
    Oscar's capital A/c 10,000

b) Oscar's capital A/c Dr 10,000
    Sai's capital A/c 10,000

c) Oscar's capital A/c Dr 10,000
    Sai's capital A/c 10,000

d) Sai's capital A/c Dr 5,000
    Oscar's capital A/c 5,000

4. Yo, Ro, Mo were partners sharing a ratio of 2:2:1. They decided to share future profits in the ratio of 7:5:3, with effect from 1st April 2022. Their balance sheet as on that date showed a balance of Rs 45,000 in advertisement suspense account. The amount to be debited respectively to the capital accounts of Yo, Ro, Mo for writing off the amount in advertisement suspense account will be: **[1]**

a) Rs 18,000, Rs 18,000, Rs 9,000   b) Rs15,000, Rs15,000, Rs 15,000
c) Rs 21,000, Rs 15,000, Rs 9,000   d) Rs 22,500, Rs 22,500 and Rs 0

5. General reserve at the time of admission of partner is transferred to: **[1]**

a) Revaluation account
b) Credit of old partners capital account
c) Debit of old partners capital account
d) Credit of capital accounts of all the partners

6. Bhanu and Sona are partners in a firm sharing profits and losses in the ratio of 3:2. On 31st March, 2022, their Balance Sheet was as below: **[3]**

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Assets	13,800	Furniture	16,000
General Reserve	23,400	Land and Building	56,000
Investment Fluctuation Reserve	20,000	Investments	30,000
Bhanu's Capital A/c	50,000	Trade Receivables	18,500
Sona's Capital A/c	40,000	Cash in Hand	26,700
	1,47,200		1,47,200

	The partners have decided to change their profit sharing ratio to 1:1 with immediate effect. For the purpose, they decided that: a) Investments to be valued at Rs 20,000 b) Goodwill of the firm valued at Rs 24,000 c) General Reserve not to be distributed between the partners. Pass necessary Adjustment entries in the books of the firm.	
7.	Ash and Vik are partners sharing profits and losses in the ratio 3:1. On 31st March 2021, their balance sheet was as follows:	6

Liabilities	Amount ₹	Assets	Amount ₹
Capitals Ash 10,000 Vik 8,000	18,000	Building	14,000
General reserve	2,000	Investment	5,000
Employee Provident Fund	3,200	Stock	3,000
Creditors	3,800	Debtors 6,500 Less: Provision 500	6,000
B/P	3,000	Cash	2,000
	30,000		30,000

They decided to admit Yen on 1st April 2021, for 1/5th share on the following terms:

1. Yen shall bring Rs 6,000 as his share of premium and Rs7,500 for his capital.
2. The unrecorded accrued income of Rs 100 shall be provided for
3. The market value of investment was reduced by Rs 500
4. A debtor whose dues were Rs500 was written off as bad debts, paid Rs 400 in full settlement.
5. A portion of the building worth Rs 4,000 was completely destroyed and a claim of Rs 3,000 was received from the insurance company.
6. Revaluation expenses of Rs 3,000 were paid by Ash.

Prepare revaluation A/c and partners capital accounts after Yen's admission.

RETIREMENT OF PARTNER

Calculation of new Ratio, Gaining ratio & Treatment of Goodwill.

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Ina, Meena & Dika are partners sharing profits in the ratio of 3:2:1. Meena retires, new profit sharing ratio of Ina & Dika will be: a) 3:2 b) 3:1 c) 1:1 d) 2:1	1
2	Goodwill share of outgoing partner will be credited to him/her and will be debited to: a) Remaining Partners in Old Ratio b) Remaining Partners equally c) Remaining Partners in Gaining Ratio d) Remaining Partners in Capital Ratio	1
3	If goodwill appears in the books of the firm at the time of retirement of a partner, it will be written off : a) by debiting all partners' capital account in their old profit -sharing ratio. b) by debiting remaining partners' capital account in their old profit-sharing ratio. c) by debiting remaining partners' capital account in their new profit-sharing ratio. d) by debiting remaining partner's capital account from his share of goodwill.	1
4	Chaman, Rama, Sonica are partners sharing profits in the ratio of 5:3:2. Rama retires.Chaman&Sonica decide to share profits in the ratio of 1:1.The goodwill of the firm is valued at Rs 2,00,000.Rama's share of goodwill will be adjusted : a) by debiting Chaman's capital account &Sonica's capital with 30000 each. b) by debiting Chaman's capital account & Sonica's capital with 42858 & 17142 respectively c) by debiting only Sonica's capital with 30000. d) by debiting only Sonica's capital with 60000	1

5	Mukesh,Sukesh &Suresh are partners sharing profits in the ratio of 14:5:6 respectively.Sukesh retires & surrenders 5/25th share in favour of Mukesh. The goodwill of the firm is valued at Rs.50,000. Goodwill appears in the books at Rs. 75000.Pass necessary entries and show your workings.	3
6	Deepak,Nikunj,& Sumit are partners in a firm sharing profits in the ratio of 5:3:2.Nikunj retires & the new profit sharing ratio among remaining partners will be 2:3.Goodwill of the firm was valued at 2,40000.Pass necessary journal entry for the treatment of goodwill. Calculate gaining ratio.	3
7	Anuj, Prem& Manish are partners Anuj retires. Calculate new profit sharing ratio of remaining partners & gaining ratio if they agree to acquire Anuj's share (a) in the ratio of 5:3;(b) equally.	4
8	M/s Jewel and John is a partnership firm with Joe, James and John as its partners. James wants to retire from the firm, his share has been acquired by remaining partners in the ratio of 2:1, and hence need to value goodwill. Capital employed is 5,00,000. The normal rate of return is 15%. Assume the interest rate is equal to the Normal Rate of Return. Their average profit for the last 4 years is 1,42, 500.Calculate new profit-sharing ratio & goodwill of the firm on the basis of super profits. Pass necessary journal entries for treatment of goodwill.	6

RETIREMENT OF PARTNER

Preparation of Revaluation A/C & Capital A/C with Balance sheet

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	In case of retirement of a partner, gain or loss on Revaluation A/C is transferred to partners in : (1) a) New profit sharing ratio b) old profit sharing ratio c) gaining ratio d) sacrificing ratio	1
2	Arjun, Karun ,& Varun are partners sharing profits in the ratio of 3:2:1.Varun retired. On that date ,Workmen Compensation Reserve appeared in balance sheet at ₹ 60,000.Workmen Compensation Claim was ₹ 90,000.Varun will be credited with what amount? a) ₹10,000 b) ₹ 60,000 c) Nil d) ₹ 5,000	1
3	There was an increase in the value of a creditor at the time of retirement of a partner. For this ______ account will be debited and ______ account will be credited. a) Revaluation ; Capital b) Capital ; Revaluation c) Revaluation ; Creditors d) Creditors ; Revaluation	1
4	Kavish, Sunish and Manish were partners in a firm. Sunish retired and following balances were there. Determine the amount payable to Sunish on retirement. a) Credit balance in Sunish capital account ₹ 20,000. b) Goodwill of the firm ₹ 21,000 c) General Reserve balance shown in Balance sheet ₹ 30,000 d) Revaluation Gain :- ₹ 6,000 e) Profit and Loss (Dr.) Balance ₹ 15,000 i) ₹ 20,000 ii) ₹ 34,000 iii) ₹ 48,000 iv) ₹ 44,000	1

<table>
<tr>
<td>5</td>
<td>Mudit, Mohit and Sonu are partners sharing profit in the ratio 3 : 2 : 1. Mudit retires from the partnership. In order to settle his claim, the following revaluation of assets and liabilities was agreed upon:
i) The value of Machinery is increased by ₹ 25,000.
ii) The value of Investment is reduced by ₹ 2,000.
iii) A provision for outstanding bill standing in the books at ₹1,000 is now not required.
iv) Pass necessary journal entries for above.</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Murari, jain, and Vohra were partners in a firm with capitals of Rs. 1,20,000; 2,00,000 and Rs. 1,60,000 respectively. On that date, the creditors of Murari, Jain and Vohra were Rs. 60,000 and bank overdraft was Rs. 15,000. Their assets apart from cash included stock Rs. 10,000; debtors Rs. 40,000; plant and machinery Rs. 80,000; land and building Rs. 2,00,000. It was agreed that stock should be depreciated by Rs. 2,000; plant and machinery by 20%, Rs. 5,000 should be written-off as bad debts and land and building should be appreciated by 25%. Prepare revaluation account.</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Lalit, Madhur and Neena were partners sharing profits as 50%, 30% and 20% respectively. On 31st March, 2022, their balance sheet was as follows:
<table>
<tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr>
<tr><td>Creditors</td><td>28,000</td><td>Cash</td><td>34,000</td></tr>
<tr><td>Provident Fund</td><td>10,000</td><td rowspan="2">Debtors 47,000
(-) PDD (3,000)</td><td rowspan="2">44,000</td></tr>
<tr><td>Investment Fluctuation Fund</td><td>10,000</td></tr>
<tr><td>Capital A/cs</td><td></td><td>Stock</td><td>15,000</td></tr>
<tr><td>Lalit 50,000</td><td></td><td>Investments</td><td>40,000</td></tr>
<tr><td>Madhur 40,000</td><td></td><td>Goodwill</td><td>20,000</td></tr>
<tr><td>Neena 25,000</td><td>1,15,000</td><td>Profit and Loss A/c</td><td>10,000</td></tr>
<tr><td></td><td>1,63,000
=======</td><td></td><td>1,63,000
=======</td></tr>
</table>
On this date, Madhur retired and Lalit and Neena agreed to continue on the following terms:
i) The goodwill of the firm was valued at Rs 70,000.
ii) There was a claim for workmen's compensation to the extent of Rs 6,000
iii) Investments were brought down to Rs 15,000.
iv) Provision for bad debts was reduced by Rs 1,000.
v) Madhur was paid Rs 16,000 in cash and the balance was transferred to his loan account payable in two equal installments together with interest @ 12% per annum.
Prepare partners' capital accounts</td>
<td>4</td>
</tr>
</table>

8	Vidhi, Vivek and Vineet are partners in a firm sharing profits in 2:2:1 ratio. On 31.3.2022 Vivek retires from the firm.	6

On the date of Vivek's retirement, the balance sheet of the firm was as follows:

Liabilities	**Amount**	**Assets**		**Amount**
Creditors	54,000	Bank		55,000
Bills Payable	24,000	Debtors	12,000	
Outstanding Rent	4,400	(-) PDD	(800)	11,200
Provision for Legal	12,000	Stock		18,000
Claim	92,000	Furniture		8,200
Vidhi's Capital	60,000	Premises		1,94,000
Vivek's Capital	40,000			
Vineet's Capital				
	2,86,400			**2,86,400**

On Vivek's retirement. It was agreed that:

i) Premises will be appreciated by 5% and furniture will be appreciated by Rs. 2,000 Stock will be depreciated by 10%

ii) Provision for bad debts was to be made at 5% on debtors and provision legal damages to be made for Rs. 14,400. Outstanding Rent to be paid off.

iii) Goodwill of the firm is valued at Rs. 48,000.

iv) Rs. 50,000 from Vivek's Capital A/c will be transferred to his Loan A/c and balance will be paid by cheque.

Prepare Partners Capital A/c and Balance Sheet of Vidhi, Vineet after Vivek's retirement.

RETIREMENT OF PARTNER

Adjustment of capital at the time of retirement and Partner's Loan Account

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Manisha, Divya & Hiren are partners in a firm sharing profits in the ratio of 2:1:1. Divya retires. Manisha and Hiren decided that the capital of the new firm will be fixed at ₹ 1,20,000, to be contributed in proportion. Closing capital of Manisha and Hiren will be: a) 82,000 and 41,000, b) 80,000 and 40,000, b) 60,000and 60,000, d) 40,000 and 80,000	1
2	Rahul, Garvit and Shivansh were partners sharing profits equally. On Garvit's retirement, capital balances of all partners were ₹ 4,50,000; ₹ 6,40,000 and ₹ 4,10,000 respectively. Garvit was to be paid through cash brought in by Rahul and Shivansh equally. What will be the new capitals of Rahul and Shivansh? a) ₹ 1,30,000 and ₹ 90,000, b) ₹ 3,20,000 and ₹ 3,20,000, b) ₹ 7,70,000 and ₹ 7,30,000 d) ₹ 7,50,000 and ₹ 7,50,000	1
3	Radhey, Sohan and Mohan were partners sharing profits in the ratio 7:5:3. Sohan retired. Radhey and Mohan decided to share future profits equally among themselves. Capital balances of Radhey and Mohan after Sohan's retirement were ₹ 8,50,000 and ₹ 9,50,000. They decided to maintain their capital in proportion to new ratio and for this, current accounts were to be opened. What entry will be passed for Radhey? (1) a) Radhey's Current A/c Dr. 50,000 To Radhey's Capital 50,000 b) Radhey's Capital A/c Dr. 50,000 To Radhey's Current Account 50,000 c) Radhey's Capital A/c Dr. 9,00,000 To Radhey's Current Account 9,00,000 d) Radhey's Current A/c Dr. 9,00,000 To Radhey's Capital 9,00,000	1

<table>
<tr><td>4</td><td>Bhola, Mohan, and Gopal were partners having equal shares in the firm. Mohan decides to retire on 31st March 2022 and the remaining partners decide to continue the business as equal partners. The remaining partners decided to bring in a sufficient amount to make payment to Mohan. Capital balances of Bhola & Gopal are ₹ 1,26,800, ₹ 70,800.Amount payable to retiring partner is ₹ 1,04,400

Calculate the amount to be brought in by Bhola and Gopal.</td><td>3</td></tr>
<tr><td>5</td><td>X, Y and Z are partners in a firm sharing profits in the ratio of 3 : 2 : 1. On 1st April, 2022, X retires from the firm, Y and Z agrees that the capital of the new firm shall be fixed Rs. 2,10,000 in the profit sharing ratio. The capital accounts of Y and Z after all adjustment on the date of retirement showed balances of ₹ 1,45,000 and ₹ 63,000 respectively. Pass necessary entries for Capital to be brought in or withdrawn by Y and Z.</td><td>4</td></tr>
<tr><td>6</td><td>Ankit, Yogesh and Zubin are partners in a firm sharing profits in the ratio of 2:2:1 Ankit retires on 31 March, 2020 and after all adjustments, Ankit's dues came out to be ₹ 4,40,000. Ankit was being paid ₹ 40,000 immediately and balance was to be paid in two equal annual instalments together with interest @ 12% p.a.. Prepare Ankit's Loan account till it is finally closed.</td><td>4</td></tr>
<tr><td>7</td><td>The Balance Sheet of Mohita, Neeraja and Sohani who are partners in a firm sharing profits according to their capitals as on March 31, 2017 was as under:
<table>
<tr><th>Liabilities</th><th>Amount</th><th>Assets</th><th>Amount</th></tr>
<tr><td>Creditors</td><td>21,000</td><td>Building</td><td>1,00,000</td></tr>
<tr><td>Mohita's capital</td><td>80,000</td><td>Machinery</td><td>50,000</td></tr>
<tr><td>Neeraja's Capital</td><td>40,000</td><td>Stock</td><td>18,000</td></tr>
<tr><td>Sohani's Capital</td><td>40,000</td><td>Debtors 20000</td><td></td></tr>
<tr><td>General Reserve</td><td>20,000</td><td>-Provision (1000)</td><td>19,000</td></tr>
<tr><td></td><td></td><td>Cash at bank</td><td>14,000</td></tr>
<tr><td></td><td>2,01,000</td><td></td><td>201000</td></tr>
</table>
On that date, Neeraja decided to retire from the firm and was paid for her share in the firm subject to the following:
1) Buildings to be appreciated by 20%.
2) Provision for Bad debts to be increased to 15% on Debtors.
3) Machinery to be depreciated by 20%.
4) Goodwill of the firm is valued at Rs. 72,000 and the retiring partner's share is adjusted through the capital accounts of remaining partners
5) The capital of the new firm is fixed at Rs. 1,20,000.
6) Prepare capital account.</td><td>6</td></tr>
</table>

DEATH OF PARTNER

Calculation of deceased partner's share of profit

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Ajay Bijay and Chirag were partners, sharing profit in the ratio of 3:2:1. Bijay died on 30th June, 2022. Profit share of the deceased partner from the beginning of the financial year was to be estimated based on the sales till the date of death and profit of the previous year. Net Profit earned in the previous year was 20% of the net sale. Net sale for the period of three months ended 30th June, 2022 was ₹ 6,00,000. The profit share of Bijay will be (1) a) ₹ 35,000 b) ₹ 40,000 c) ₹ 20,000 d) ₹ 60,000	1
2	X, Y and Z were partners sharing profits in the ratio of 2:2:1. Y died on 30th June, 2022 and profit for the accounting year ended 31st March, 2022 was ₹ 3,60,000. If profit share of deceased partner is to be calculated based on previous year's profit, amount of profit credited to Y's Capital Account will be a) ₹ 72,000 b) ₹ 36,000 c) ₹ 1,44,000 d) ₹ 2,50,000	1
3	Pawan, Karman and Harman were partners sharing profit equally. Pawan died on 31st July, 2022. Journal entry passed for Pawan's share of loss for the intervening period will be: a) Pawan's Capital A/c Dr. To Profit and Loss Suspence A/c b) Pawan's Capital A/c Dr. To Karman's Capital A/c c) Pawan's Capital A/c Dr. To Profit and Loss A/c d) Profit and Loss Suspence A/c Dr. To Pawan's Capital A/c	1

4	On the death of a partner, his share in the profits of the firm till the date of his death is transferred to the a) Debit of Profit and Loss Account b) Credit of Profit and Loss Account c) Debit of Profit and Loss Suspense Account d) Credit of Profit and loss Suspense Account	1
5	Rama, Ravish, and Mohanty were partners sharing profit in a ratio of 3: 2: 1. Books of the firm are closed on 31st March every year. Ravish died on 12th June 2022 and the profit of the firm till this date is to be ascertained on the basis of previous year's profit which is ₹ 3,00,000. Calculate Ravish's share in the profit of the firm and pass the necessary Journal Entries.	3
6	Soni, Moni, and Ranu were partners sharing profit in the ratio of 2: 2:1. They used to close their accounts on 31st March every year. Moni died on 31st August 2022 and the sales of the firm till this date amounted to ₹ 6,00,000. Calculate the profit share of Moni on the basis of sales, if the last year's profit and last year's sales were ₹ 90,000 and ₹ 9,00,000, respectively.	3
7	Amita, Sumita, and Rajit were partners sharing profit in a ratio of 4 : 3 : 2 and closes their books on the 31st March of every year. Sumita died on 30th sep 2022 and as per the partnership deed, the share of profit of the deceased partner till the date of her death is to be calculated on the basis of the Average profit of the last five years. Calculate the share of profit of Sumit up to the date of her death and pass the necessary journal entries. Profit for the last five years was: ₹ 28,000, ₹ 36,000, ₹ 32,000, ₹ 20,000 (loss) and ₹ 32,000.	4
8	Good, Better and Best were partners in a firm sharing profits or losses in the ratio of 4:5:6. On 31-3-2022 Better retired on the date of retirement their capital were ₹ 3,00,000; ₹ 1,00,000 and ₹ 50,000 respectively. • Goodwill of the firm was valued at ₹ 1,80,000. • Revaluation Gain was ₹ 30,000. • General reserve was ₹ 60,000. The amount payable to Better was transferred to his loan account. Good and Best agreed to pay Better in two yearly instalments of ₹ 80,000 each including interest @10% p.a. on the outstanding balance during the first two years and the balance including interest in the third year. Books were to be closed on March 31 every year. Prepare Better's Loan account till it is finally paid and show the working clearly.	6

DEATH OF PARTNER

Amount payable to Deceased Partner & Preparation of executor's Account

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	What treatment is made of accumulated profits on the death of a partner: a) Credited to all partners' capital account in old ratio b) debited to all partners' capital account in old ratio c) credited to remaining partners' capital account in new ratio d) credited to remaining partners' capital account in gaining ratio	1
2	According to Indian Partnership Act1932, interest payable to deceased partner on the amount left by him, if partnership deed is silent, will be a) 6% per annum b) 10% per annum c) 12% per annum d) Nil	1
3	On the death of a partner , his capital account will be credited with : (1) i) Revaluation profit, ii) Goodwill share, iii) Accumulated Reserves Only I and II Only II and III Only I and III All I, II and III	1
4	At the time of the death of the partner, if goodwill appears in the balance sheet, it must be written off; the capital account of all the partners are debited a) in their new profit sharing ratio b) in capital ratio c) in old profit sharing ratio d) in gaining ratio	1

5	Prem, Quadir & Raman are partners sharing profits and the ratio of 3:2: 1. Firm closes its account books on 31st March every year. Quadir died on 12th June, 22.On Quadir's death his share in the profits of the firm was to be calculated on the basis of previous years profit or loss. Net loss during the year 21-22 was 15,000.Goodwill of the firm valued at 30,000 Calculate his share in the profit/loss of the firm. Pass necessary journal entries.	3
6	Shrish, Harish and Asha are partners sharing profits in the ratio of 5:4 :1.Shrish died on 30th June 22.According to partnership deed in addition to deceased partners' capital account, his legal representatives are entitled to get the share in the profits of the firm At that time, general reserve of ₹ 80,000 and workmen compensation reserve of ₹45,000 was in the books of the firm. He withdrew ₹ 15,000 till his death. Pass necessary journal entries.	3
7	Kareem. Saleem& Raheem are partners in a firm sharing profits in the ratio of 3:4:3.The firm closes its books on 31st March every year..On1st October 2022 Kareem died. On Kareem's death, goodwill of the firm was valued at 3,50,000. His share in the profits in the year of his death was to be calculated on the basis of average profit of the last four years. Profits for the last four years were ₹ 1,70,000, ₹ 1,30,000, ₹ 1,90,000, ₹ 1,10,000 .The total amount payable to Kareem's executors on his death was₹ 7,35,000.It was paid on 15th October 22 . Prepare Kareem's capital a/c to be rendered.	4
8	Puneet,Sunit, & Manit are partners in a firm sharing profits in the ratio of 4:5:1.Punit died on 31 July, 2020.Amount payable to his executors is ₹ 3,22,333. His executors were paid ₹ 1,72,333. & balance is paid in two equal installments (annual) with interest of 10% p.a. on outstanding amount. 1st installment was paid on 31 July, 2021. Pass necessary journal entry for transfer of Punit's capital balance to his executors. Prepare Punit's executor account till it is finally settled. Accounts are closed on 31st March each year.	6

DISSOLUTION OF FIRM (THEORY)

M.M.-20 **TIME :40 Min**

S.No.	Question	Marks
1	Which of the following accounts are prepared at the time of dissolution of the firm? i) Realisation account ii) Partners' capital account iii) Cash account iv) Partners' loan account a) Only I b) Only I, II and IV c) Only I, III and IV d) All I, II, III and IV	1
2	On dissolution of a firm Goodwill appearing in the balance sheet is transferred to: a) Debit side of Capital account of partners b) Cash account c) Debit side of realisation account d) Credit side of realisation account.	1
3	**Assertion:** Dissolution of firm means winding up or discontinuance of business firm. **Reason:** Dissolution of firm necessarily brings in dissolution of partnership but dissolution of partnership does not necessarily mean dissolution of firm. a) Assertion (A) is correct but the Reason (R) is wrong. b) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A) c) Both, Assertion (A) and Reason (R) are incorrect. d) Both, Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1

4	Which of the following is not a condition for a firm to get dissolved compulsorily? a) When all the partners or all but one partner, become insolvent, rendering them incompetent to sign a contract b) When the business of the firm becomes illegal c) When some event has taken place which makes it unlawful for the partners to carry on the business of the firm in partnership, e.g., when a partner who is a citizen of a country becomes an alien enemy because of the declaration of war with his country and India. d) By the death of a partner.	1
5	State the provisions of Section 49 of the Act, with reference to the settlement of both the debts of the firm and private debts of a partner co-exist.	3
6	A firm had Creditors of ₹ 80,000 at the time of dissolution of firm. Furniture of ₹ 16,000 was given to 25% of the creditors in settlement of dues. Remaining Creditors were settled at 10% Discount. i) Calculate the amount of Cash to be paid to the Creditors. ii) What will be source of funds for the firm to pay remaining creditors? iii) What will be the consequences if the firm does not have sufficient funds to pay the creditors?	3
7	A and B are partners in a firm, A met with an accident and dies. Does the Death of A will be considered as 'Dissolution of Firm' or Dissolution of Partnership''? State other contingent condition where the continuation of partnership becomes a challenge for the partners as per the terms of contract between the partners.	4
8	a) Differentiate between Dissolution of Partnership and Dissolution of Firm. b) Differentiate between Realisation Account and Revaluation Account.	6

DISSOLUTION OF FIRM (JOURNAL ENTRIES)

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	When the firm is dissolved, its books of account are to be closed and to compute profit or loss arising on sale of its assets and discharge of liabilities, ________Account is prepared. a) Realisation Account b) Revaluation Account c) Profit and Loss Appropriation Account d) Profit and Loss Account	1
2	Alpha, Beta and Gama are partners sharing profit and losses in the ratio of 2:2:1. They decided to dissolve the business. Anuradha, a creditor to whom Rs. 10,000 was due accepts office equipment worth Rs. 12,000. What will be the journal entry for the given transaction. a) Bank A/c Dr. Rs. 2,000; To Realisation A/c Rs. 2,000 b) Realisation A/c Dr. Rs. 2,000; To Bank A/c Rs. 2,000 c) Equipment A/c Dr. 12,000; To Creditor A/c 10,000, To Bank A/c 2,000 d) Creditor A/c Dr. 10,000, Bank A/c Dr. 2,000; To Equipment A/c 12,000;	1
3	When a partnership firm dissolves, bank overdraft will be transferred to______. a) Cash Account b) Bank Account c) Realisation Account d) Partner's capital Account.	1
4	4. The accumulated losses and fictitious assets are transferred to________. a) Debit side of Realisation Account b) Debit side of Partners' Capital Accounts c) Credit side of Partners' Capital Accounts d) Credit side of Realisation Account.	1

5 Arun and Beena are partners in a firm sharing profits in the ratio of 2:1. Mrs. Arun had given a loan of Rs. 2,20,000 to the firm and Beena had extended a loan of 10,000 to the firm. The firm was dissolved and its assets were realised for Rs. 3,20,000. Give necessary Journal entries to settle the accounts of Mrs. Arun's loan and B's loan, if there were no creditors of the firm. 3

S.No.	Particulars	Amount Dr. (in Rs.)	Amount Cr. (in Rs.)
1	____________________ Dr. To Realisation A/c (Liabilities transferred to Realisation Account)	______	________
2	Realisation A/c Dr. To Bank A/c (Loan repaid)	______	________
3	____________________ _ Dr. To Bank A/c (Partner's loan repaid)	______	________

6 Pass entries for the following transactions at the time of dissolution of firm. 3

a) There was an old typewriter which had been written-off completely from the books. It was estimated to realise ₹ 400. It was taken away by Priti (a partner) at an estimated price less 25%.

b) On the dissolution of the firm of Rajan and Jatin, the current account of Rajan showed a credit balance of ₹ 15,000 and Jatin's current account showed a debit balance of ₹ 25,000.

c) Contingent liability in respect of bills discounted with the bank was also materialised and paid off ₹ 9,800.

7 Aman and Raman are partners in a firm sharing profits equally. At the time of dissolution total assets are worth Rs. 30,000 and external liabilities are worth Rs. 12,000. Assets realised 120% and realisation expenses paid were Rs. 4,000. Give the journal entries for the above transactions. 4

8 Narayan and Arna were partners sharing profits equally Their Balance Sheet as on March 31, 2022 was as follows: 6

Liabilities	Amount (in Rs.)	Assets	Amount (in Rs.)
Capitals: Narayan 1,00,000 Arna 50,000	1,50,000	Bank	25,000
Bills Payables	20,000	Debtors	35,000
Creditors	5,000	Inventory	40,000
Workmen Compensation Reserve	15,000	Machinery	60,000
Arna's Current Account	10,000	Furniture	30,000
		Goodwill	10,000
Total	**2,00,000**	**Total**	**2,00,000**

	The firm was dissolved on the above date: 1) Narayan took over 70% of the stock at 5% less on its book value, and the remaining stock was sold at a profit of 10%. Furniture and Machinery realised for Rs.30,000 and Rs.50,000 respectively. 2) There was an unrecorded investment which was sold for Rs. 34,000. 3) Debtors realised 80% only. 4) Rs.3,200 were recovered for bad debts written-off last year 5) There was an outstanding bill for repairs which had to be paid for Rs.1,200. Record necessary journal entries to close the books of the firm.	

DISSOLUTION OF FIRM

Journal Entries for treatment of WCR, Dissolution Expenses and partner's Loan A/c

Time- 40mins **M.M.-20**

S.No.	Question	Marks
1	Ranjan looked after the dissolution work for remuneration of Rs. 8,500 and agreed to bear dissolution expenses up to Rs. 6,000. Actual expenses paid by her were Rs. 7,600. Realisation A/c will be Debited by ________ . a) Rs. 8,500 b) Rs. 6,000 c) Rs. 7,600 d) Rs. 10,100	1
2	Dissolution expenses amounted to ₹ 8,000, out of which, ₹ 3,000 were to be borne by the firm and the balance was to be borne by Dharma, a partner. Dharma paid ₹ 5,000 towards realisation expenses from his private funds. What entry will be passed? a) Dr. Realisation by Rs. 3,000; Cr. Bank by Rs. 3,000 b) Dr. Realisation by Rs. 3,000; Cr. Dharma by Rs. 3,000 c) Dr. Realisation by Rs. 5,000; Cr. Dharma by Rs. 5,000 d) Dr. Dharma by Rs. 8,000; Cr. Bank by Rs. 8,000	1
3	In case of dissolution of a firm, the accumulated profits and reserves at the time of dissolution are transferred to: a) Realisation Account in old ratio b) Partners' Capital Accounts in their profit sharing ratio c) Bank Account d) Partners' Capital Accounts in their capital ratio	1
4	In case of dissolution of a partnership firm, the firm had to pay Rs. 3,000 as compensation to the workers. On the date of dissolution, there was no workmen compensation fund in the Balance Sheet of the firm. Claim for compensation to the workers must be debited to _______ and credited to in the books of ____________ a) Realisation Account; Bank Account b) Bank Account, Realisation Account c) Capital Account, Bank Account d) Bank Account, Capital Account	1

<table>
<tr><td>5</td><td>Rohan, Kushal and Saran are partners in a firm. They decided to dissolve their firm. Various assets (other than Cash and Bank) and the third party liability have been transferred to Realisation Account. Their Balance Sheet as on the date of dissolution shows the following:

Goodwill Rs. 12,000; Profit and Loss A/c (Dr. Bal) Rs. 6,000; General Reserve Rs. 24,000

Pass necessary Journal entries to close the above accounts at the time of dissolution.</td><td>3</td></tr>
<tr><td>6</td><td>A and B share profits and losses in the ratio of 3:2. They have decided to dissolve the firm. Assets and external liabilities have been transferred to Realization A/c. Their Balance Sheet showed a balance of Rs. 20,000 in workmen compensation reserves.

Pass the journal entries to affect the following:
a) If at the time of dissolution the claim from workmen.
b) If at the time of dissolution the claim from workmen is 10,000.
c) If at the time of dissolution the claim from workmen is 24,000.</td><td>3</td></tr>
<tr><td>7</td><td>Record journal entries at the time of dissolution of a partnership firm of Varsha, Rabya and Geetika in the following cases:
a) Dissolution expenses amounted to Rs. 9,500.
b) Dissolution expenses Rs. 5,200 were paid by Rabya.
c) Varsha was appointed to look after the dissolution process for which she was given a remuneration of Rs. 10,000
d) Geetika was appointed to look after the dissolution work for which she was allowed a remuneration of Rs.15,000. She agreed to bear dissolution expenses. Actual dissolution expenses paid by her amounted to Rs. 11,800.
<table>
<tr><th>S.No.</th><th>Particulars</th><th>Amount Dr. (in Rs.)</th><th>Amount Cr. (in Rs.)</th></tr>
<tr><td>a.</td><td>__________________ Dr.
To Bank A/c
(Dissolution expense paid by the firm)</td><td>__________</td><td>__________</td></tr>
<tr><td>b.</td><td>Realisation A/c Dr.
To __________ A/c
(Dissolution Expenses paid by Rabya)</td><td>__________</td><td>__________</td></tr>
<tr><td>c.</td><td>__________ A/c Dr.
To Varsha's Capital A/c
(Remuneration given to Varsha)</td><td>__________</td><td>__________</td></tr>
<tr><td>d.</td><td>Realisation A/c Dr.
To Geetika's A/c
(Remuneration allowed to Geetika for looking after dissolution work)</td><td>__________</td><td>__________</td></tr>
</table></td><td>4</td></tr>
</table>

8	X, Y and Z are partners in a firm and decided to dissolve the firm. Assets and Liabilities are transferred to Realisation account. Pass necessary journal entries: a) X's Loan to the firm of ₹ 50,000 was settled at ₹ 45,000. b) Y's Loan to the firm of ₹ 60,000 was being paid along with interest of ₹ 10,000. c) Z's Loan to the firm of ₹ 80,000 and he took over Furniture of ₹ 1,00,000 in full settlement. d) Loan to X of ₹ 40,000 was settled at ₹ 45,000. e) To clear his loan of ₹ 50,000 'Y' paid Realisation Expenses of ₹ 65,000 in full settlement. f) To clear his loan of ₹ 30,000 'Z' paid to Creditors of ₹ 40,000.	6

DISSOLUTION OF FIRM

Preparation of Realisation A/c

TIME :40 Min **Marks-20**

S.No.	Question	Marks
1	At the time of dissolution, the Balance Sheet of Alpha and Beta shows debtors at Rs. 16,000 and provision for doubtful debts at Rs. 2,000. In the Realisation Account, the debtors will be transferred at which amount: a) Rs. 16,000 b) Rs. 14,000 c) Rs. 18,000 d) Rs. 2,000.	1
2	In the event of dissolution, A, a partner received ₹ 6,000 against his loan of ₹ 6,500 to the firm. Difference of ₹ 500 will be shown on _________ a) Realisation account credit side b) Realisation account debit side c) Loan account debit side d) A's capital account credit side.	1
3	One of the partners, Alka, was supposed to get commission in cash @ 2% of the net cash realised from the dissolution and bear the costs of dissolution. The costs of realisation were 1,000. Assets, other than Cash in hand realised ₹ 1,50,000 and ₹ 40,000 were paid towards liabilities. What entry will be passed? a) Bank A/c Dr. Rs. 22,000, To Realisation A/c Rs. 22,000 b) Realisation A/c Dr. Rs. 2,200, To Bank A/c Rs. 2,200 c) Realisation A/c Dr. Rs. 10,000, To Bank A/c Rs. 10,000 d) Realisation A/c Dr. Rs. 2,200, To Alka's Capital A/c Rs. 2,200	1
4	Anjana, Binita and Charu are partners. The firm had given a loan of ₹ 20,000 to Binita. They decided to dissolve the firm. In the event of dissolution, the loan will be settled by: a) Transferring it to debit side of Realization account. b) Transferring it to credit side of Realization account. c) Realising the loan dues in Cash. d) Binita paying Anjana and Charu privately.	1

5 Aditya and Sapna are partners in a partnership firm sharing Profits and Losses in the ratio 3:2. They decided to dissolve the firm on 31st March 2022. **[4]**

Their Balance Sheet as on 31.3.22 is as follows:

Liabilities		Amount (in Rs.)	Assets	Amount (in Rs.)
Capitals:			Bank	25,000
Aditya	90,000		Debtors	35,000
Sapna	30,000	1,20,000	Inventory	45,000
Bills Payables		20,000	Machinery	60,000
Creditors		50,000	Furniture	28,000
Bank Overdraft		6,000	Goodwill	3,000
Total		**1,96,000**	**Total**	**1,96,000**

a) An old typewriter which was not recorded in the books was sold for Rs. 4000 whereas its expected value was Rs. 3000.

b) Stock of Rs. 30000 was taken by Aditya at a discount of 20%.

c) A creditor for Rs.30000 accepted machinery valued Rs. 28000 in full settlement of his claim.

d) Remaining machinery realised at 10% less.

e) Remaining Stock and Debtors realised at book values.

f) Prepare Realisation A/c.

6 Priya and Smita were partners sharing profits equally Their Balance Sheet as on March 31, 2022 was as follows: **[6]**

Liabilities		Amount (in Rs.)	Assets	Amount (in Rs.)
Capitals:			Bank	40,000
Priya	40,000		Debtors	24,000
Smita	30,000	70,000	Inventory	16,000
Bills Payables		20,000	Land and Building	28,000
Creditors		30,000	Furniture	12,000
Employee Provident Fund		20,000	Goodwill	20,000
Total		**1,40,000**	**Total**	**1,40,000**

Prepare Realisation A/c on the dissolution of firm with the following additional information:

a) On the above date Priya took over the Creditors and Smita took over the Bills Payable.

b) Assets realized as debtors Rs. 9,000; stock Rs. 6,000 and land and building Rs.60,000

c) Expenses of realization paid by Smita were Rs. 10,000.

d) Workmen Claim amounted to Rs.15,000.

e) An unrecorded Asset of ₹ 60,000 was taken over by Priya for ₹ 80,000.

7 Sanjeev and Rajeev were partners in a firm sharing Profits in the ratio of 3:2. On 31st March, 2022 their Balance Sheet was as follows :

Balance sheet of Sanjeev and Rajeev as on March 31, 2022

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Creditors	36,000	Cash	47,000
Outstanding Expenses	10,000	Bank	93,000
Rajeev's 6wife's loan	50,000	Debtors 80,000	
Workmen Compensation		(-)PDD (4,000)	76,000
Fund	80,000	Stock	2,00,000
Employees' Provident Fund	20,000	Furniture	20,000
Capitals:		Leasehold	1,00,000
Sanjeev 2,80,000		Premises	80,000
Rajeev 1,60,000	4,40,000	Building	20,000
		Goodwill	
	6,36,000		6,36,000

On the above date the firm was dissolved. The various assets were realized and liabilities were settled as under:

i) Rajeev agreed to pay his wife's loan.

ii) Leasehold premises realised ₹ 1,50,000 and Debtors ₹ 12,000 less.

iii) Half of the creditors agreed to accept furniture of the firm in full settlement of their claim and remaining half agreed to accept 10% less.

iv) 50% stock was taken over by Sanjeev on payment by cheque of ₹90,000 and remaining stock was sold for ₹ 94,000.

v) Workmen claim amounted to ₹ 60,000.

vi) Realization expenses of ₹ 10,000 were paid by Rajeev on behalf of the firm.

Prepare Realisation Account.

DISSOLUTION OF FIRM

Comprehensive Problems

TIME :40 Min **Marks-20**

S.No.	Question	Marks
1	Assertion (A): At the time of Dissolution of Partnership Firm, the amount received from realisation of all the assets of the firm is used first of all to pay the external liabilities of the firm Reason (R): As per Sec. 48 of the Indian Partnership Act, outside liability should be paid first of all at the time of dissolution of partnership firm. a) Both Assertion and reason are true and reason is correct explanation of assertion. b) Assertion and reason both are true but reason is not the correct explanation of assertion. c) Assertion is true, reason is false. d) Assertion is false, reason is true.	1
2	Realization Account is a: (1) a. Real Account b. Personal Account c. Nominal Account d. Valuation Account	

3	Following is the Balance sheet of Karan and Sandeep who share profits and losses equally as on 31st March 2022.	6

Liabilities	**Rs**	**Assets**	**Rs**
Karan's Capital	1,00,000	Bank	40,000
Sundeep's Capital	50,000	Debtors	25,000
Creditors	30,000	Stock	35,000
Workmen compensation fund	15,000	Machinery	60,000
Bank loan	5000	Furniture	40,000
	2,00,000		2,00,000

The firm was dissolved on the above date.

i) Karan agreed to take over 50% of the stock at 10% less on its book value. The remaining stock was sold at a gain of 15%. Furniture and machinery were realized for Rs 30,000 and 50,000 respectively.

ii) There was unrecorded Investments which was sold for Rs 25,000.

iii) Debtors realized Rs 31,500 (with interest) and Rs 1200 was recovered for bad debts written off last year.

iv) There was an outstanding bill for repairs which had to be paid Rs 2000.

v) Prepare necessary Ledger accounts to close the books of the firm.

4 Following is the Balance sheet of X and Y who share profits in the ratio of 4:1 as on 31st March 2022.

Balance Sheet as at 31.3.22

Liabilities	**Rs.**	**Assets**		**Rs.**
Sundry Creditors	8,000	Bank		20,000
Capitals- X-50,000 Y-40,000	90,000	Debtors Less: PDD	17,000 (2,000)	15,000
		Stock		15,000
X's Brother's loan	8,000	Investments		25,000
Y's Loan	3,000	Building		25,000
Investment Fluctuation fund	5,000	Goodwill		10,000
Bank overdraft	6,000	Profit and Loss a/c		10,000
	1,20,000			1,20,000

The firm was dissolved on the above date and the following was decided—

a) X agreed to pay off his brother's loan

b) Debtors of Rs 5000 proved bad.

c) Other assets realized as follows—Investments 20% less, and Goodwill at 60%.

d) One of the creditors for Rs 5000 was paid only Rs 3000.

e) Building was auctioned for Rs 30,000 and the auctioneer's commission amounted to Rs 1,000.

f) Y took over part of the stock at Rs 4000 (being 20% less than the book value. Balance stock realized 50%.

g) Realisation expenses amounted to Rs 2000.

Prepare Realisation account, Partners capital accounts and Bank account.

5 A, B and C commenced business on 1st April, 2020 with capitals of Rs 50,000, Rs.40,000 and Rs 30,000 respectively. Profits and losses are shared in the ratio of 4:3:3. During years ended 31 March, 2021 and 31 March, 2022 they made profits of Rs 20,000 and Rs 25,000 respectively. Each partner withdrew Rs 5,000 per year. **6**

On 31st March, 2022, they decided to dissolve the firm. Creditors and Cash on that date were Rs 12,000 and Rs 2000 respectively. The Assets realized Rs 1,50,000. Creditors were settled for Rs 11,500 and realization expenses were Rs 500.

Prepare Realisation a/c, Partner's Capital Account and Cash Account.

Accounting for Share Capital

Issue of Shares at Par and Premium, Calls in Arrears and Calls in Advance

Time-40 mins **Marks-20**

S.No.	Question	Marks
1	As per Companies Act, 2013, Minimum Application money is …….. 5% of Issue Price of shares / 5% of face value of shares 5% of market value of shares / 5% of discounted value of shares	1
2	**Assertion :-** A company invited applications for 50,000 shares. The company must receive applications for atleast 45,000 shares so as to allot the shares. **Reason :-** Minimum Subscription is 90% of the issued share capital and if company doesn't receive minimum subscription, all the applications must be rejected. 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 incorrect d) Both A and R are incorrect	1
3	Jupiter Ltd. invited applications for 1,20,000, equity shares of ₹ 10 each. Full amount was payable on application. Public had applied for 1,60,000 shares, out of which pro-rata allotment was made to applicants of 1,50,000 shares and remaining were sent letters of regret. Determine the amount to be refunded at the time of allotment of shares. ₹ 1,00,000 / ₹ 16,00,000 ₹ 3,00,000 / ₹ 4,00,000	1
4	Ajanta Ltd. was registered with an authorised capital of ₹ 25,00,000 divided into shares of ₹ 10 each payable ₹ 2 on application, ₹ 5 on allotment and balance on call. The Company offered 60,000 shares. All the money was duly received except Sonu holding 5,000 shares who paid nothing after application and Monu holding 3,000 shares paid nothing after allotment. Determine the amount received on first call by the company. ₹ 1,65,000 / ₹ 1,71,000 ₹ 1,56,000 / ₹ 1,80,000	1

5	Shinchan Ltd. invited applications for 1,50,000 shares of ₹ 20 each payable ₹ 6 on application, ₹ 9 on allotment (along with ₹ 4 premium) and ₹ 5 on call. All the money had been duly received except allotment money on 6,000 shares and call money on 10,000 shares. Pass necessary entries.	3
6	Santa Ltd. issued ₹ 20,00,000, 9% Preference shares of ₹ 50 each payable ₹ 15 on application, ₹ 25 on allotment and ₹ 10 on call. Issue was oversubscribed and applications were received for 50,000 shares. All the shares were alloted on pro-rata basis. Ranjan, an applicant of 2,500 shares paid all his dues along with allotment. Pass necessary entries.	3
7	Jagmag Ltd. invited application for 80,000 shares of ₹ 10 each payable ₹ 3 on application, ₹ 5 on allotment and balance on call. Public had applied for 2,70,000 shares. Allotment was made as under Applicants of 1,40,000 shares Alloted 50,000 shares Applicants of 1,20,000 shares Alloted 30,000 shares Applicants of 10,000 shares Rejected Excess money on application was utilised towards sums due on allotment and subsequent calls. Pass necessary entries.	4
8	Solemn Ltd. invited applications for 1,00,000 shares of ₹ 10 each at ₹ 12 per share, payable ₹ 3 on application, ₹ 7 on allotment (including premium) and ₹ 2 on call. Public had applied for 1,70,000 shares. Pro-rata allotment was made in proportion of 3:2 and remaining applications were sent letters of regret. I) Raj holding 4,000 shares failed to pay allotment money which he paid along with call money. II) Sonia holding 5,000 shares failed to pay call money. III) Manoj holding 8,000 shares paid all his dues along with allotment. Pass necessary entries.	6

ACCOUNTING FOR SHARE CAPITAL

Issue of Shares for consideration other than Cash, Forfeiture and Re-issue of Shares

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Aqua Ltd. purchased Equipments of ₹ 25,00,000 and in consideration issued them shares of ₹ 10 each at a premium of 25%. Determine the number of shares issued by Aqua Ltd. to Vendors. a) 2,00,000 shares b) 2,50,000 shares c) 1,00,000 shares d) 20,000 shares	1
2	ABC Ltd. took over Assets of ₹ 60,00,000 ad Liabilities of ₹ 8,00,000 of PQR Ltd. and in consideration issued them 50,000 shares of ₹ 100 each at 10% premium. Which of the following holds correct. a) Goodwill Debit ₹ 3,00,000 b) Capital Reserve Credit ₹ 3,00,000 c) Goodwill Debit ₹ 2,00,000 d) Capital Reserve Credit ₹ 2,00,000	1
3	Simba Ltd. took over Assets of ₹ 40,00,000 and Liabilities of ₹ 4,50,000 from Raaka Ltd. for a purchase consideration of ₹ 37,00,000 by paying ₹ 1,00,000 through cheque and balance by issue of shares of ₹ 20 each at 20% premium. Determine the number of shares to be issued. a) 3,00,000 shares b) 3,60,000 shares c) 1,50,000 shares d) 1,80,000 shares	1
4	Latin Ltd. issued 40,000 shares of ₹ 10 each, ₹ 8 paid up and given a bank draft of ₹ 60,000 to Irish Ltd. from which Assets were purchased. Determine the amount of assets purchased. a) ₹ 4,60,000 b) ₹ 4,00,000 c) ₹ 3,80,000 d) ₹ 3,20,000	1
5		

6	Munnabhai Ltd forfeited 5,000 shares of ₹ 10 each on which ₹ 8 was called and only ₹ 3 was paid. Out of these 3,000 shares were re-issued @ ₹ 9 per share as fully paid up. Pass entries for forfeiture and re-issue of shares.	3
7	Rahul Ltd. took over Assets of ₹ 32,00,000 and Liabilities of ₹ 6,50,000 from Laxman Ltd. and issued them ₹ 25,00,000 shares at 20% premium along with cheque of ₹ 1,00,000 in consideration Pass entries.	3
8	Paltu Ltd. forfeited 8,000 shares of ₹ 10 each for non-payment of final call of ₹ 3 per share. Out of these 5,000 shares were re-issued @ ₹ 12 per share and few days later, remaining shares were also re-issued at the maximum possible discount. Pass necessary entries for forfeiture and re-issue of shares.	4
9	Jaggu Dada Ltd. invited applications for 2,00,000 shares of ₹ 10 each, issued at ₹ 2 premium. Share was payable as ₹ 3 on application, ₹ 6 on allotment (including ₹ 1 premium) and balance on call. Public had applied for 1,80,000 shares. All the money had been duly received except Monty holding 5,000 shares failed to pay allotment money and Jonty holding 6,000 shares failed to pay the call money. Their shares were forfeited and later on 3,000 shares of Monty and 5,000 shares of Jonty were re-issued @ ₹ 9 per share as fully paid up. Pass necessary entries.	6

ACCOUNTING FOR SHARE CAPITAL

Presentation of Share Capital in Balance Sheet

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Babubhai Ltd. was registered with an authorised capital of 2,00,000 shares of ₹ 10 each payable ₹ 2 on application, ₹ 5 on allotment and balance whenever required. Company had invited applications for 80,000 shares, out of which public had applied for 75,000 shares. Determine the amount of Issued capital. a) ₹ 7,50,000 b) ₹ 5,25,000 c) ₹ 8,00,000 d) ₹ 5,60,000	1
2	**Assertion :-** A company had invited 50,000 shares of ₹ 10 each, on which ₹ 8 were called up and received. It will be categorised as Subscribed and fully paid up capital. **Reason :-** Since there is no calls in arrears out of money called by the company, so it is a part of subscribed but not fully paid up capital. 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 incorrect d) Both A and R are incorrect	1
3	Scorpio Ltd. was registered with an authorised capital of ₹ 40,00,000 divided into 4,00,000 shares of ₹ 10 each. The company offered 1,50,000 shares for public subscription issued at ₹ 2 premium, payable ₹ 3 on application, ₹ 6 on allotment (including premium). First and Final Call was not yet made. All the money had been duly received except allotment money on 5,000 shares held by Alok, whereas another shareholder Manish holding 3,000 shares paid all his dues along with allotment. Determine the amount of Share Capital to be shown in Balance Sheet of the company. a) ₹ 15,00,000 b) ₹ 11,70,000 c) ₹ 11,80,000 d) ₹ 10,30,000	1

4	Max India Ltd. was registered with an authorised capital of ₹ 1,00,00,000 divided into 1,00,000 equity shares of ₹ 100 each. The company offered for public subscription 60,000 equity shares at a premium of ₹ 10 per share. Applications for 50,000 shares were received and allotment was made to all the applicants. All calls were made and duly received except the second and final call of ₹ 20 per share on 2,000 shares. These shares were forfeited and out of these 1,500 shares are reissued at ₹110 per share, as fully paid up. Calculate the amount of share capital to be shown in Balance Sheet. a) ₹ 59,50,000 b) ₹ 49,50,000 c) ₹ 49,65,000 d) ₹ 59,65,000	1
5	Jubiliant Ltd. issued 60,000 shares of ₹ 10 each payable ₹ 3 on application, ₹ 5 on allotment and ₹ 2 on call. Public had applied for 50,000 shares. All the money had been duly received except allotment money on 3,000 shares and call money on 4,000 shares. Present the Share Capital in the Balance Sheet. Also prepare Notes to Accounts.	3
6	Circle Ltd. issued 2,50,000 shares of ₹ 10 each, payable ₹ 3 on application, ₹ 5 on allotment and ₹ 2 on call. Public had applied for 3,00,000 shares. Pro-rata allotment was made. Mr. Rohit holding 10,000 shares failed to pay allotment and call money. What amount of Share Capital will be shown in the Balance Sheet of the Company?	3
7	Rockstar Ltd. was registered with an authorised capital of ₹ 20,00,000 divided into 2,00,000 shares of ₹ 10 each. The company offered 1,20,000 shares for public subscription, payable ₹ 3 on application, ₹ 5 on allotment along with ₹ 2 premium and ₹ 2 on call. Ranjan the holder of 10,000 shares failed to pay allotment and first call money. His shares were forfeited and re-issued 6,000 shares @ ₹ 12 per share as fully paid up. Another shareholder Kavya holding 5,000 shares failed to pay the call money. Present the Share Capital in the Balance Sheet. Also prepare Notes to Accounts.	4
8	Ajanabee Ltd invited applications for 1,20,000 shares of ₹ 10 each payable ₹ 2 on application, ₹ 3 on allotment, ₹ 3 on first call and ₹ 2 on final call. Public had applied for 1,70,000 shares and pro-rata allotment was made to the applicants of 1,50,000 shares. Mr.Rohit, who had applied for 5,000 shares failed to pay allotment and first call money and his shares were immediately forfeited. 3,000 of the shares were re-issued @ ₹ 6 per share as ₹ 8 paid up. Final call was not yet made. Present the Share Capital in the Balance Sheet. Also prepare Notes to Accounts.	6

ACCOUNTING FOR SHARE CAPITAL

Pro-Rata Questions

Time-40 mins **Marks-20**

<table>
<tr><th>S.No.</th><th>Question</th><th>Marks</th></tr>
<tr><td>1</td><td>Statement I :- Pro-rata allotment of shares means proportionate allotment of shares.

Statement II :- In case of pro-rata allotment, excess money on application can be utilised towards allotment and subsequent calls.

<table><tr><td>a)</td><td>Only Statement I is true</td><td>b)</td><td>Only Statement II is true</td></tr><tr><td>c)</td><td>Both Statements are true</td><td>d)</td><td>Both Statements are false</td></tr></table></td><td>1</td></tr>
<tr><td>2</td><td>Ajnabee Ltd. invited applications for 2,00,000 shares of ₹ 10 each payable ₹ 3 on application, ₹ 7 on allotment (including ₹ 2 premium) and balance on call. Public had applied for 2,50,000 shares. Allotment was made as under

Applicants of 1,80,000 shares — Allotted 1,50,000 shares
Applicants of 50,000 shares — Allotted in full

The amount to be refunded at the time of allotment of shares will be ________ and amount to transferred to Share Allotment A/c will be _______ .

<table><tr><td>a)</td><td>₹ 60,000 and ₹ 90,000</td><td>b)</td><td>₹ 90,000 and ₹ 60,000</td></tr><tr><td>c)</td><td>₹ 1,50,000 and Nil</td><td>d)</td><td>Nil and ₹ 1,50,000</td></tr></table></td><td>1</td></tr>
<tr><td>3</td><td>JDM Ltd. invited applications for ₹ 25,00,000 divided into shares of ₹ 10 each, issued at ₹ 2 premium. Share was payable as ₹ 5 on application (including premium) and balance on allotment. Public had applied for 3,20,000 shares out of which applications for 20,000 shares were rejected and remaining were alloted on pro-rata basis. Determine the amount to be received by the company with allotment dues.

<table><tr><td>a)</td><td>₹ 17,50,000</td><td>b)</td><td>₹ 14,00,000</td></tr><tr><td>c)</td><td>₹ 16,00,000</td><td>d)</td><td>₹ 15,00,000</td></tr></table></td><td>1</td></tr>
</table>

<table>
<tr><td>4</td><td>Jacques Ltd. invited applications for 1,50,000 shares of ₹ 10 each at ₹ 12 per share. The share was payable as ₹ 3 on application, ₹ 6 on allotment (including premium) and balance whenever required. Public had applied for 2,30,000 share. Pro-rata allotment was made in proportion of 4:3. Ranjeet, who had applied for 12,000 shares failed to pay allotment money. Determine the amount of calls in arrears at the time of allotment.
<table><tr><td>a) ₹ 72,000</td><td>b) ₹ 54,000</td></tr><tr><td>c) ₹ 45,000</td><td>d) ₹ 27,000</td></tr></table></td><td>1</td></tr>
<tr><td>5</td><td>Anthony who had applied for 5,000 shares paid ₹ 3 on application but was alloted 4,000 shares. He failed to pay ₹ 5 on allotment and ₹ 2 on call. His shares were forfeited. Out of these 3,000 shares were re-issued @ ₹ 8 per share as fully paid up. Pass entries for forfeiture and re-issue of shares.</td><td>3</td></tr>
<tr><td>6</td><td>Janta Ltd. forfeited 8,000 shares of Rahul, who was alloted 9% preference shares as 80% of the shares applied for by him. He paid ₹ 3 on application, but failed to pay allotment money of ₹ 5 on allotment (along with ₹ 1 premium). Out of these 5,000 shares were re-issued @ ₹ 10 per share as ₹ 8 paid up. Pass entries for forfeiture and re-issue of shares.</td><td>3</td></tr>
<tr><td>7</td><td>Rahul Ltd. forfeited 2,000 equity shares of Sahil (who was allotted 2/3 of the shares applied), who paid ₹ 4 on application (including ₹ 1 premium) but failed to pay allotment money of ₹ 6 on allotment (including ₹ 1 premium) and ₹ 3 on call (including ₹ 1 premium). Out of these the company re-issued 1,500 shares @ ₹ 12 per share and 500 shares at maximum possible discount. Pass entries for forfeiture and re-issue of shares.</td><td>4</td></tr>
<tr><td>8</td><td>Acko Ltd. was registered with an authorised capital of ₹ 50,00,000 divided into 3,00,000 equity shares of ₹ 10 each and 2,00,000, 9% preference shares of ₹ 10 each. The company offered 1,00,000 equity shares for public subscription at ₹ 2 premium. Share was payable as ₹ 3 on application, ₹ 6 on allotment (including premium) and balance on call. Company received ₹ 4,05,000 on application. Applications for 10,000 shares were rejected and remaining were allotted on pro-rata basis.

Pankaj, the holder of 8,000 shares failed to pay allotment and call money. Hemant, an applicant of 5,000 shares failed to pay the call money. Pankaj's shares were forfeited and later on re-issued 5,000 shares @ ₹ 8 per share as fully paid up. Pass entries.</td><td>6</td></tr>
</table>

Issue of Debentures

Issue of Debentures at Par, Premium and Discount

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Statement I :- Debentures can be issued at discount whereas shares can't be issued at discount to general public. Statement II :- Debentures carry fixed rate of dividend whereas shares carry fluctuating rate of interest. a) Only Statement I is true; b) Only Statement II is true c) Both Statements are true; d) Both Statements are false	1
2	**Assertion :-** Debentures may be issued without carrying any Coupon Rate. **Reason :-** Zero Coupon Bonds are type of debentures which do not carry any interest. They are issued at huge discount and redeemed at par. 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 incorrect d) Both A and R are incorrect	1
3	Jupiter Ltd. invited applications for 80,000, 9% Debentures of ₹ 100 each. Full amount was payable on application. Public had applied for 1,05,000 debentures, out of which application for 5,000 debentures were rejected altogether and remaining were alloted on pro-rata basis. Determine the amount to be refunded at the time of allotment of debentures. a) ₹ 5,00,000; b) ₹ 20,00,000 c) ₹ 80,00,000; d) ₹ 25,00,000	1
4	Following is the definition of debentures given in four parts. a) Debenture includes debenture stocks, b) bonds or any other instruments of a Company c) surrounding a debt, d) whether constituting a charge on the assets of the Company or not". Which part of the definition is not correct?	1

	<table><tr><td>a) Debenture includes debenture stocks</td><td>b) bonds or …… instruments of a Company</td></tr><tr><td>c) surrounding a debt</td><td>d) whether constituting ….Company or not</td></tr></table>	
5	Jubilee Ltd. invited applications for 50,000, 9% Debentures of ₹ 100 each issued at 10% Discount. Debenture was payable as ₹ 30 on application and balance on allotment. All the money had been duly received except allotment money on 3,000 debentures. Pass necessary entries.	3
6	Janardhan Ltd. issued ₹ 40,00,000, 12% Debentures of ₹ 100 each, issued at a premium of 20%. Amount was payable as ₹ 40 on application and balance on allotment. Issue was oversubscribed by 10,000 debentures. All the money has been duly received. Pass necessary entries.	3
7	Saturn Ltd. invited application for 60,000, 8% Debentures of ₹ 100 each payable ₹ 30 on application, ₹ 50 on allotment and balance on call. Public had applied for 80,000 debentures, out of which applications for 5,000 debentures were rejected altogether and remaining were alloted on pro-rata basis. All the money was duly received except call money on 8,000 debentures held by Munish. Pass necessary entries.	4
8	Automatic Ltd. invited applications for 80,000 debentures of ₹ 100 each at a premium of 30%, payable ₹ 30 on application (and ₹ 10 premium), ₹ 50 on allotment (and ₹ 10 premium) and balance on call. Applications were received for 70,000 debentures. All the money has been duly received except from Sonu who holds 6,000 debentures who paid all his dues along with allotment and Monu holding 4,000 debentures failed to pay allotment and call money. Pass necessary entries.	6

Issue of Debentures

Issue of Debentures for consideration other than cash,
Issue of Debentures as a Collateral Security.

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1.	When debentures issued as collateral security are recorded in the books of accounts, _______ is debited. (a) Debenture A/c (b) Debenture Suspense A/c (c) Security A/c (d) None of above	**1**
2.	Excess value of net assets over purchase consideration at the time of purchase of business is transferred to: (a) General Reserve (b) Capital Reserve (c) Vendor's Account (d) Goodwill Account	**1**
3.	When 15,000; 14% debentures of ₹100 each are issued as collateral security against a Bank loan of ₹12,00,000, the account debited is _______ by an amount of __________. a) 14% Debentures A/c; □15,00,000 b) 14% Debentures A/c; □12,00,000 c) Debentures Suspense A/c; □12,00,000 d) Debentures Suspense A/c; □15,00,000	**1**
4.	Z Ltd. obtained a loan of ₹ 15,00,000 from SBI Bank and issued ₹18,00,000 13% debentures as collateral security along with the Plant and Machinery worth ₹15,00,000 as the principal security. Z Ltd. failed to repay the loan. What option does SBI Bank have to realize the amount of loan, if principal security is also insufficient? a) Present the debentures before the company for redemption. b) Sell the debentures in the open market. c) Both (a) and (b) d) (d) Neither (a) nor (b)	**1**

5.	Zello Limited purchased a business. The purchase price was settled by 20,000; 6% debentures of ₹100 each issued at a premium of 10%. The purchase consideration was ___________. a) 20,00,000 b) 22,00,000 c) 18,00,000 d) None of these	1
6.	Monica Ltd. took a loan of ₹10,00,000 from ICICI Bank and issued 10% debentures of ₹12,00,000 of ₹100 each as a collateral security alongwith primary security of land worth ₹20,00,000. Explain how you will deal with the issue of debentures in the books of the company if journal entry is passed by the company?	**3**
7.	Madhur Ltd. purchased assets of the book value of ₹4,00,000 and took over the liability of ₹50,000 from Raj Ltd. It was agreed that the purchase consideration, settled at ₹3,80,000, be paid by issuing 13% debentures. What journal entries will be made in the following three cases, if debentures are issued: Case 1- at par | Case 2-at a discount of 10% | Case 3-at a premium of 10%	**4**
8.	Khaneja Limited obtained a loan of ₹8,00,000 from State Bank of India @ 10% interest. The company issued ₹10,50,000, 10% debentures of ₹100 each, in favour of State Bank of India as collateral security, Pass necessary journal entries for the above transactions: i) When company decided to disclose the issue of 10% Debentures as collateral security without passing a journal entry. ii) When company decided to disclose the issue of 10 % Debentures as collateral security by passing a journal entry.	**4**
9.	Megha Limited issued ₹10,00,000 15% debentures as follows to: i) For Cash at 90% ₹5,50,000 ii) To Vendor of Machinery for ₹2,00,000 in satisfaction of his claim ₹2,00,000 iii) To Bankers as Collateral Security for a bank loan of ₹25,00,000 for which principal security is Business Premises worth ₹27,50,000. ₹2,50,000 Pass necessary journal entries in the above cases.	**4**

Issue of Debentures

Issue of Debentures with Conditions of Redemption;

Writing off Discount / Loss on issue of Debenture; Interest on Debentures

Time : 40 Minutes **Max Marks: 20**

<table>
<tr><th>S.No.</th><th>Question</th><th>Marks</th></tr>
<tr><td>1</td><td>The following journal entry appears in the books of MNO Co. Ltd.
<table>
<tr><th>Date</th><th>Particulars</th><th>L.F.</th><th>Debit (₹)</th><th>Credit (₹)</th></tr>
<tr><td></td><td>Bank A/c Dr.
Loss on Issue of debenture A/c Dr.
To 12% Debentures A/c
To Premium on Redemption of Debenture A/c</td><td></td><td>7,60,000
1,20,000</td><td>

8,00,000
80,000</td></tr>
</table>
Debentures have been issued at a discount of:
a) 15% b) 5% c) 10% d) Nil</td><td>1</td></tr>
<tr><td>2</td><td>Out of following choose the correct option to write off Discount Allowed or Loss on Issue of Debentures:
a) Capital Reserve and Securities Premium reserve
b) Securities Premium Reserve and Capital reserve
c) Statement of Profit and Loss, Capital Reserve and Securities Premium Reserve
d) Securities Premium Reserve and Statement of Profit and Loss</td><td>1</td></tr>
<tr><td>3</td><td>Pass necessary journal entries and prepare 10% Debentures Account for the issue of 2,500, 10% Debentures of ₹100 each at a discount of 5%, redeemable at a premium of 10%.</td><td>3</td></tr>
</table>

4	On 1.4.2019 Fashion Fiesta Ltd. issued 2000, 6% debentures of ₹100 each at a discount of 4%, redeemable at a premium of 5% after three years. The amount was payable as follows: On application ₹50 per debenture and balance on allotment On that date, balance of Securities Premium stood at ₹20,000 Record the necessary journal entries for issue of debentures and writing of Loss on issue of Debentures.	3
5	You are required to pass the journal entries relating to the issue of the debentures in the books of Raj & Sons Ltd. a) 240, 8% debentures of ₹1,000 each are issued at 5% discount and repayable at par. b) 300, 7% debentures of ₹1,000 each are issued at 5% discount and repayable at premium of 10%. c) 160, 9% debentures of ₹1,000 each are issued at 5% premium.	4
6	Arjav Ltd. issued 1,000, 16% debentures of ₹100 each on 1 April, 2019 at a discount of 5% redeemable at a premium of 10%. Give journal entries for the year 2019-20 relating to debentures interest and writing off loss on issue of debentures assuming that interest is paid half-yearly on September 30 and March 31 and tax deducted at source is 10%.	4
7	On 1 April 2019, Alok Ltd. has issued ₹5,00,00, 9% debentures of ₹100 each at a discount of 8%. These debentures are to be redeemed equally, spread over 5 annual instalments, starting from 31 March 2020, at 10% premium Pass necessary journal entries for the year 2019-20 to record issue of debentures and writing off discount on issue of debentures. Also, show Discount on Issue of Debentures Account.	4

FINANCIAL STATEMENTS OF A COMPANY

Classification of Balance Sheet Items

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	The nature of financial statements can be described as, "the statements prepared for the purpose of presenting a periodical review of report on progress by the management and deal with the status of investment in the business and the results achieved during the period under review. They reflect a combination of recorded facts, accounting principles and personal judgements". Which of the following does not describe the nature of financial statements: a) Recorded facts b) Accounting conventions c) Based on Postulates d) Prophecy	1
2	In the following question, a statement of assertion (A) is followed by a statement of reason (R). Read them carefully and select the correct option from the four options given **Assertion (A):** Disclosures relating to share capital are to be given in notes to accounts. **Reason (R):** The balance of "Reserve and Surplus" after adjusting the negative balance of Surplus, if any, shall be shown under "Reserve and Surplus" even if the resulting figure is 'negative'. 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 but 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.	1
3	The Balance Sheet provides information about financial position of an enterprise: a) Over a period of time b) For a period of time c) At a point of time d) During a period of time	1

4	Balance Sheet of a Company is required to be prepared in the format given in a) Table A b) Schedule III Part I c) Schedule III Part II d) Schedule III Part III	1
5	As per Companies Act, the Balance Sheet of a Company is required to be presented in a) Horizontal Form b) Vertical Form c) Either Horizontal or Vertical Form d) Both Horizontal or Vertical Form	1
6	What do you understand by the following terms: a) Trade Receivables b) Short term loans and advances c) Current Investments	3
7	Under which major head/sub-head will the following items be presented in the Balance Sheet of a Company as per Schedule III, Part I of Companies Act, 2013? a) Outstanding salary b) Patents c) Interest accrued on Investments d) Computer Software e) Calls-in-advance f) Securities Premium	6
8	Nikki Ltd. has an authorised capital of Rs. 50,00,000 divided into equity shares of Rs. 100 each. The company invited applications for 40,000 shares, applications for 36,000 shares were received. All calls were made and duly received except for 500 shares on which the final call of Rs. 20 was not received. The company forfeited 200 shares on which final call was not received. Show how share capital will appear in the balance sheet of the company. Alsoprepare 'Notes to Accounts' for the same.	6

Hints: 1 d, 2 b, 3 c 4 b 5 b

6: Definitions

7. As per Balance Sheet

8. Rs 35,90,000

FINANCIAL STATEMENTS OF A COMPANY

Classification of Statement of Profit and Loss Items and Contingent Liabilities and Commitments

Time : 40 Minutes **Max Marks: 20**

S.No.	**Question**	Marks
1	Which of the following can be included in Employee Benefit Expenses: Closing Inventory Interest paid on Cash Credit Discount on Issue of Debentures written off Medical Expenses	1
2	In the following question, a statement of assertion (A) is followed by a statement of reason (R). Read them carefully and select the correct option from the four options given Assertion (A) : After the Proposed dividend is declared by the shareholders, it becomes a liability for the company and is accounted for in the books. Reason (R): Since declaration of proposed (final) dividend is contingent upon shareholders approval, Proposed dividend is shown as contingent liability. 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 but 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.	1
3	Revenue from operations does not include a) Sale of products b) Sale of services c) Other operating revenues d) Reserves	1

<table>
<tr><td>4</td><td>Cost of Materials consumed can be calculated as:
a) Opening Inventory of Materials + Purchases of Materials - Closing Inventory of Materials
b) Opening Inventory of Materials - Purchases of Materials - Closing Inventory of Materials
c) Opening Inventory of Materials + Purchases of Materials + Closing Inventory of Materials
d) Opening Inventory of Materials - Purchases of Materials + Closing Inventory of Materials</td><td>1</td></tr>
<tr><td>5</td><td>Finance Cost does not include:
a) Interest paid on Debentures
b) Loan processing charges
c) Employee Provident Fund
d) Discount or Loss on Issue of Debentures written off</td><td>1</td></tr>
<tr><td>6</td><td>Give any three uses of Financial Statements</td><td>3</td></tr>
<tr><td>7</td><td>Calculate the revenue from operations, other incomes and total revenue for a non-financial company from the following particulars:
<table>
<tr><td>Sales</td><td>Rs 20,00,000</td></tr>
<tr><td>Sales Return</td><td>Rs 1,00,000</td></tr>
<tr><td>Sales of Scrap</td><td>Rs 40,000</td></tr>
<tr><td>Sales of Misc. items</td><td>Rs 5,000</td></tr>
<tr><td>Refund of Income Tax</td><td>Rs 10,000</td></tr>
<tr><td>Interest on time deposits</td><td>Rs 20,000</td></tr>
</table></td><td>6</td></tr>
<tr><td>8</td><td>From the following particulars, prepare Statement of profit and loss for the year ending March 2022, showing profit before tax as per schedule III of the Companies Act – 2013.
<table>
<tr><th>Balances</th><th>Amount (Rs)</th><th>Amount (Rs)</th></tr>
<tr><td>Plant and Machinery
Land
Depreciation on Plant and Machinery
Purchases (Adjusted)
Closing stock
Wages
Sales (Net)
Salaries
Bank overdraft
10% debentures (issued on 1st April, 2021)
Equity share capital – shares of Rs. 100 each (fully paid)
Preference share capital – 1,000; 6% shares of Rs. 100 each (fully paid)</td><td>1,60,000
6,74,000

16,000
4,00,000
1,50,000
1,20,000

80,000</td><td>10,00,000
2,00,000
1,00,000
2,00,000
1,00,000</td></tr>
<tr><td></td><td>16,00,000</td><td>16,00,000</td></tr>
</table></td><td>6</td></tr>
</table>

Hints:1.d 2 a 3 d 4 a 5 c 6.Any three uses of financial statements

7. Rs 19,75,000 8. Profit before Tax:Rs 3,74,000

ANALYSIS OF FINANCIAL STATEMENTS

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	The most commonly used tool/tools of financial analysis is/are: a) Horizontal analysis b) Vertical analysis c) Ratio analysis d) All of the above	1
2	Financial statement analysis is significant for: a) Creditors b) Management c) Employees d) All of the above	1
3	Which of the following is not a limitation of financial statement analysis a) Historical analysis b) Ignores price changes c) Free from biases d) Variation in accounting practices	1
4	Bankers and lenders are interested in financial analysis to judge a) Profitability b) Liquidity c) Solvency d) both b & c	1
5	Some of the objectives of financial statement analysis are to make comparative study with other similar concerns and to know the capability of payment of dividend and interest. State three more objectives of financial analysis	3
6	State the significance of financial analysis to top management.	3
7	Explain the interest of Trade creditors in analysis of Financial Statements."	4
8	What do you understand by Analysis of Financial Statements? State any four objectives of Analysis of Financial Statements.	6

Hints: 1 d, 2 d, 3 c, 4 d, 5 any 3 objectives, 6 Any significance, 7 one mark for each point, give 4 points, 8 explanations for 2 marks and any 4 objectives.

LIQUIDITY AND SOLVENCY RATIOS

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Mohak Ltd. had Current Assets of ₹40,000, and Current Liabilities of ₹22,000. Later, it purchased goods worth ₹2,000 on credit. Calculate the Current Ratio after the purchase of goods. a) 1.75: 1 b) 2:1 c) 2.5:1 d) None of these	1
2	Calculate Debt-Equity ratio from the following information: Total Assets ₹20,00,000; Current Liabilities ₹7,50,000; Total Debts ₹15,00,000 a) 2:1 b) 1.4:1 c) 1.5:1 d) 1:1	1
3	From the following information calculate Interest Coverage Ratio: Net profit after interest and tax ₹3,00,000; Rate of income tax 40%; 10% debentures ₹1,50,000; 15% loan from Bank ₹2,00,000.	3
4	From the following information, Calculate Debt to Capital Employed Ratio:- Non Current Assets 19,20,000 Current Assets 5,60,000 Cash and Cash Equivalents 2,40,,000 Total Debts 8,00,000 10% Debentures 7,20,000 Reserves and Surplus 3,00,000	3

5	Calculate 'Total Assets to Debt ratio' and 'Proprietary ratio' from the following information:	4

Particulars	Amt. (₹)
Non Current Assets	3,25,000
Cash and cash equivalents	2,67,000
Equity Share Capital	2,00,000
Long Term Borrowings	90,000
Surplus i.e. Balance in statement of Profit and Loss	50,000
General Reserve	35,000
Current Liabilities	16,000
Long Term Provisions	60,000

6	The Proprietary ratio of Raman Ltd. is 0.9:1. State with reasons whether the following transactions will increase or not change the Proprietary ratio: 1) Redeemed 13% Redeemable Preference Share ₹50,000. 2) Issued equity shares to the vendors of machinery purchased for ₹2,00,000. 3) Purchased a building for cash ₹80,000. 4) Obtained a loan from the bank ₹1,50,000.	4
7 (a)	Current assets of a company are Rs. 1,75,000. Current ratio is 2.5:1 and the Liquid ratio is 1:1. Calculate the value of current liabilities, liquid assets and inventories.	4
(b)	X Ltd. has Liquid Ratio of 1.5:1; Inventory ₹90,000 and Current Liabilities ₹1,20,000. Calculate Current Ratio.	

Hints: 1. a 2. c 3. 12.11 Times (approx.) 4. Capital Employed = 14,40,000, Debt to Capital Employed Ratio = 0.5:1 5. Total assets to debt Ratio = 3:1 ; Shareholder's Fund = 0.633 6. Proprietary Ratio = 0.9:1 7.a Current Ratio = 2.5:1 and Quick Ratio = 1:1 Inventories = 1,05,000 7.b. Liquid Assets = ₹2,70,000; Current Ratio = 2:1

ACCOUNTING RATIOS

Turnover Ratios and Profitability Ratios

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	Gross Profit Ratio of the company is 30%. Which of the following transactions will not change the ratio? 1) Stock in trade of ₹10,000 withdrawn for personal use. 2) Purchased more stock in trade for ₹16,000 3) Revenue from operations increased by ₹15,000 4) Paid wages ₹20,000 Choose the correct option a) 1 and 2 only b) 1, 2, and 3 only c) 2 and 4 only d) All of the above	1
2	What will be the Net Assets turnover Ratio from the following information: ₹ Shareholders' Fund 2,00,000 Non current liabilities 50,000 Current Liabilities 15,000 Gross Profit 20% (on cost) 4,00,000 Choose the correct option a) 5 times b) 5.4 times c) 6.4 times d) 9.6 times	1
3	Calculate opening and closing trade payable from the following information. Trade Payable Turnover ratio is 6 times, closing trade payables were ₹15,000 in excess of opening trade payable. **Other information;-** Revenue from operations ₹5,00,000, cash purchase are 25%, Cost of Revenue from operation ₹ 10,00,000.	3

4	From the following information calculate Trade Receivable turnover ratio. Cost of Revenue from operation =₹15,00,000 Gross Profit = 25% on Sales Credit sales = 60% of total sales Opening Debtors and Bills Receivable = ₹1,00,000 Closing Debtors and Bills Receivable = ₹80,000	3
5	a) Calculate Operating Profit ratio from the following Gross Profit Ratio :- 20% Operating expenses :- ₹7,20,000 Operating Cost ₹1,5,00,000 b) What is the relationship between operating Profit Ratio and operating Ratio. What will be the operating Ratio in Part (a)	4
6	a) Calculate Return on Investment in Percentage from the following information. Total Assets ₹40,00,000 Current Assets ₹12,00,000 Cash and Cash Equivalents ₹3,00,000 Current Liabilities ₹5,00,000 10% Debentures ₹15,00,000 Net Profit after Interest and Tax ₹8,40,000 Rate of Tax 30%	4
7	Revenue from operations is ₹21,00,000, Gross Profit is 33₹% on Revenue from operations. Inventory turnover Ratio is 4 times. Calculate opening Inventory and Closing Inventory in the following cases. 1) If closing inventory is 2 times more than that of the opening inventory. 2) If closing inventory is ¼ of opening inventory. 3) If closing inventory is 6 times the opening inventory.	4

Hints: 1. b 2. d 3. Credit Purchases = 3,75,000; ₹ = 55000 (opening) ; ₹ + 15000= 70000(closing) 4. Trade receivable turnover ratio = 12 times 5. revenue from operations = 17,85,000 Operating Profit = 2,85,000 Operating Profit Ratio = 15.97% 6. Net Profit Int & Tax = ₹13,50,000; Tax = 3,60,000; Capital Employed(Asset Approach) = 35,00,000; Return on Investment =38.57% 7. 1. ₹= 1,75,000(opening) ₹+2₹ = 5,25,000(closing) 2. ₹= 14,00,000(closing) 4₹ = 54,00,000(opening) 3. ₹= 100,000(opening) 6₹ = 600000(closing)

BASICS OF CASH FLOW STATEMENT AND OPERATING ACTIVITIES

Time : 40 Minutes **Max Marks: 20**

<table>
<tr><th>S.No.</th><th>Question</th><th>Marks</th></tr>
<tr><td>1</td><td>Which of the following transactions will result in inflow of cash?
1) Loans Raised
2) Royalties, fees, commission etc. received.
3) Proceeds from sale of securities
4) Loans and advances repaid by third parties
5) Repayment of long term and short term loans
Choose the correct option
a) (i) and (ii) only   b) (i),(ii) and (iii) only
c) (i),(ii),(iii) and (iv) only   d) All of these</td><td>1</td></tr>
<tr><td>2</td><td>Match the two columns:
<table><tr><th></th><th>Column-A</th><th></th><th>Column-B</th></tr><tr><td>1.</td><td>Cash and cash equivalents</td><td>A</td><td>Tax paid on gain on sale of land</td></tr><tr><td>2.</td><td>Operating Activities</td><td>B</td><td>Corporate dividend Tax paid on dividend paid to shareholders</td></tr><tr><td>3.</td><td>Investing Activities</td><td>C</td><td>Cash received for rendering services</td></tr><tr><td>4.</td><td>Financing Activities</td><td>D</td><td>Marketable securities purchased</td></tr></table>Choose the correct alternative
a) 1.-A, 2.-B, 3-C, 4-D
b) 1.-D, 2.-C, 3-A, 4-B
c) 1.-D, 2.-C, 3-B, 4-A
d) 1.-A, 2.-B, 3-D, 4-C</td><td>1</td></tr>
</table>

3	**Which of the following will not be considered as Operating Activity for a Financing Company?** a) Interest paid b) Interest received c) Dividend paid d) Dividend received	1
4	**Choose the odd-one out:** a) Cash at bank b) Marketable securities c) Cash credits d) Current investments (Marketable)	1
5	**From the following transactions identify, which will result in inflow, outflow or no flow of cash?** a) Received from Trade Receivables b) Increase in Bank overdraft c) Purchase of non-current investments d) Purchase of current investments e) Interest received on Debentures f) Payment of interest on debentures g) Building purchased for starting a new factory h) Proceeds from sale of shares of XYZ ltd.	4
6	**Classify the following as operating, investing or financing Activities.** a) Issue of shares at premium b) Rent received by a manufacturing company c) Rent received by a real estate company d) Repayment of Debentures e) Sale of goods f) Building sold at a profit of Rs.10,000 g) Received from Debtors h) Payment of proposed dividend	4
7	**Which of the following will be considered as operating activities, if** i) It is a manufacturing company ii) It is a financing company a) Loans and advances made b) Purchase of shares of ABC Ltd. c) Sale of goods d) Paid wages, salaries and other general expenses e) Interest paid on borrowings f) Payment to trade payables g) Dividend received on shares of ABC ltd. h) Payment made for electricity bill, telephone bill and repairs	4

<table>
<tr>
<td>8</td>
<td>

Calculate Cash from operating activities from the following information:

The profit of Young India Sports Ltd. was Rs. 25,35,000. The profit was calculated after considering the following items:

<table>
<tr><th>Particulars</th><th>Amount (Rs.)</th></tr>
<tr><td>Transfer to general reserve</td><td>1,50,000</td></tr>
<tr><td>Provision for taxation</td><td>35,000</td></tr>
<tr><td>Loss on sale of Building</td><td>46,000</td></tr>
<tr><td>Patents written off</td><td>75,000</td></tr>
<tr><td>Interest paid on debentures</td><td>2,00,000</td></tr>
</table>

Additional information:

<table>
<tr><th>Particulars</th><th>Previous year</th><th>Current year</th></tr>
<tr><td>Trade payables</td><td>76,000</td><td>65,000</td></tr>
<tr><td>Outstanding Expenses</td><td>42,000</td><td>12,000</td></tr>
<tr><td>Accrued incomes</td><td>63,600</td><td>63,000</td></tr>
<tr><td>Bank overdraft</td><td>32,800</td><td>56,000</td></tr>
<tr><td>Trade Receivables</td><td>6,000</td><td>14,000</td></tr>
<tr><td>Inventory</td><td>86,000</td><td>56,000</td></tr>
<tr><td>Cash and Cash equivalents</td><td>45,000</td><td>35,000</td></tr>
</table>

</td>
<td>4</td>
</tr>
</table>

CASH FROM INVESTING AND FINANCING ACTIVITIES, FULL FLEDGED QUESTIONS

Time : 40 Minutes **Max Marks: 20**

S.No.	Question	Marks
1	**Abhay Ltd. had a fire in its factory. In that fire machinery having book value of Rs.7,50,000 got damaged. The insurance company paid only Rs.6,00,000 as a claim. The resulting loss was transferred to the Statement of profit and Loss.** The loss will be recorded in the cash flow statement in which manner? a) Added to net profit before tax and extraordinary items under cash flow from operating activities. b) Deducted from net profit before tax and extraordinary items under cash flow from operating activities. c) Added to net profit before tax and extraordinary items under cash flow from operating activities and as outflow in investing activities. d) Will not be recorded at all in the cash flow statement.	1
2	**How will you take the following additional information in the cash flow statement for the year ending 31st March 2022.** **"Proposed dividend for the year ending 31st March 2021 was Rs. 86,000 and for the year ending 31st March 2022 is Rs. 1,00,000"** a) Add Rs. 1,00,000 in Surplus to calculate Net profit before tax and extraordinary items and deduct Rs. 1,00,000 in Financing activities. b) Add Rs. 86,000 in Surplus to calculate Net profit before tax and extraordinary items and deduct Rs. 86,000 in Financing activities. c) Add Rs. 1,00,000 in Surplus to calculate Net profit before tax and extraordinary items and deduct Rs. 86,000 in Financing activities. d) Add Rs. 86,000 in Surplus to calculate Net profit before tax and extraordinary items and deduct Rs. 1,00,000 in Financing activities.	1

3	**Calculate cash flow from the financing activities with the given information:** <table><tr><td>Long term borrowings</td><td>31st March,2022</td><td>31st March, 2021</td></tr><tr><td>10% Debentures</td><td>4,00,000</td><td>3,50,000</td></tr></table>10% Debentures were issued on 30th September,2021 Cash flow from Financing activities Rs. 12,500 Cash used in Financing activities Rs. 12,500 Cash flow from Financing activities Rs. 37,500 Cash flow from Financing activities Rs. 50,000	1
4	**Government paid compensation for damage in a factory building due to flood in Mumbai. It will be shown in cash flow statement as:** a) Extra-ordinary item in Investing Activities as outflow b) Extra-ordinary item in Investing Activities as inflow c) Extra-ordinary item in Operating Activities as outflow d) Extra-ordinary item in Operating Activities as inflow	1
5	**A company issued 50,000; 10% debentures of Rs. 100 each at 10% discount redeemable at 15% premium. The balance in the Securities Premium Account is Rs. 10,00,000. How will this transaction be reflected in the Cash Flow statement?** a) Added Rs.2,50,000 under Operating Activities as loss on issue of debentures written off and inflow of Rs. 50,00,000 as financing activities. b) Added Rs.5,00,000 under Operating Activities as loss on issue of debentures written off and inflow of Rs. 50,00,000 as financing activities. c) Added Rs.12,50,000 under Operating Activities as loss on issue of debentures written off and inflow of Rs. 45,00,000 as financing activities. d) Added Rs.2,50,000 under Operating Activities as loss on issue of debentures written off and inflow of Rs. 45,00,000 as financing activities.	1
6	**From the following information , find out cash flow from Investing Activities:** Balance in Furniture account on 31st March 2021 was Rs.8,00,000 and on 31st March 2022 was Rs.6,00,000. Depreciation on furniture charged during the year was Rs.65,000. Furniture purchased during the year was Rs.1,00,000 and furniture was sold at a loss of Rs.40,000. a) Inflow Rs.100,000 b) Outflow Rs. 195,000 c) Outflow Rs. 95,000 d) Inflow Rs. 1,95,000	1

7	**Sumita and Nikita Ltd. Buy back its own shares. This will be shown in cash flow statement as:** a) Inflow under financing activities b) Outflow under financing activities c) Inflow as extraordinary item under operating activities d) Will result in no flow of cash	1
8	**15% preference shares were redeemed at 10% premium by Raja and Ranchu Ltd. A Real estate financing co. while preparing cash flow statement it will be treated as:** a) Inflow under financing activity b) Outflow under financing activity c) Inflow under operating activity d) Outflow under operating activity	1
9	**Prepare cash flow from Investing and Financing activities from the given balance sheet and additional information:** **Balance sheet**	6

Particulars	**Note No.**	**31.03.2022**	**31.03.2021**
I. EQUITY AND LIABILITIES			
1) Shareholder's Fund			
a) Share capital		15,00,000	7,50,000
b) Reserves and surplus		(4,00,000)	(1,50,000)
(P&L A/c)			
1) Non-current liabilities:		4,00,000	3,00,000
a) Long term borrowings (10%			
debentures)		50,000	60,000
1) Current Liabilities		40,000	65,000
a) Short term borrowings(cash			
credits)		40,000	37,000
b) Trade payables		16,30,000	10,62,000
c) Other current liabilities(outstanding			
Expenses)		9,00,000	5,02,000
TOTAL		1,00,000	1,60,000
II. ASSETS			
1) NON CURRENT ASSETS		2,00,000	2,50,000
a) Fixed Tangible assets		1,30,000	50,000
b) Non current		3,00,000	1,00,000
investments		16,30,000	10,62,000
2) CURRENT ASSETS			
a) Inventories			
b) Trade receivables			
c) Cash and cash equivalents			
TOTAL			

	Additional Information: Share issue expenses Rs.5,000 were written off from the statement of profit and loss in the year 2021-22. A piece of machinery costing Rs.40,000 on which depreciation charged was Rs.25,000 was sold for rs. 20,000. Depreciation charged on fixed assets during the year was 1,30,000.	
10	Answer the following questions on the basis of the given hypothetical text:	6

a) Calculate net profit before tax and extraordinary items
b) Calculate operating profit before working capital changes
c) Calculate cash flow from investing activities
d) Calculate cash flow from financing activities
e) Calculate closing cash and cash equivalents

The profits of GBT Ltd. Was Rs. 17,20,000. Following appropriations were considered in this profit:

Particulars	Amount
Amount transferred to general reserve	2,00,000
Patents amortised	75,500
Loss on sale of machinery	64,000
Interest received on shares of WLK Ltd.	3,00,000
Refund of tax	65,000

Additional information:

Particulars	**31-03-2022**	**31-03-2021**
Investments in Treasury Bills	3,50,000	2,75,000
Equity share capital	15,00,000	12,00,000
Securities Premium	4,30,000	4,00,000
Goodwill	4,35,000	2,00,000
Machinery	10,00,000	8,00,000
Cash at bank	2,34,000	2,00,000
Shares in WLK Ltd.	12,43,000	12,43,000
Cash credits	4,00,000	4,37,000
Provision for tax	1,40,000	2,00,000

Note: Proposed dividend for the year ending 31st march, 2022 was Rs. 2,00,000 and for the year ending 31st march 2021 was Rs. 1,75,000.

ACCOUNTING FOR PARTNERSHIP FIRMS

Time : 90 Minuts **Max Marks : 40**

Q.1 Rahul and Ruksana are partners in a firm sharing profits in 3:2 ratio. They admitted Purkar as a new partner. Rahul surrendered 1/3 of his share in favour of Purkar and Ruksana surrendered 1/4 of her share in favour of Purkar. From the options given, choose the correct new profit sharing ratio of Rahul, Ruksana and Purkar: (I)

(a) 4:3:3

(b) 8:2:2

(c) 7:5:4

(d) 3:2:2

Q.2 On retirement /death of a partner ,the remaining partner(s)who have gained due to change in profit sharing ratio should compensate the : (1)

(a) retiring partners only.

(b) remaining partners (who have sacrificed) as well as retiring partners.

(c) remaining partners only (who have sacrificed).

(d) none of these.

Q.3 Assertion: Partners' private property can be applied to pay a firm's debt. Reason (R): In a partnership firm, partners have unlimited liability. In the context of the above two statements, which of the following is correct? (1)

(a) Assertion (A) is correct but the Reason (R) is wrong.

(b) Assertion (A) and Reason (R) are correct but the Reason (R) is not the correct explanation of Assertion (A)

(c) Both, Assertion (A) and Reason (R) are incorrect.

(d) Both, Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of

Q.4 Nature of Goodwill A/c is (1)

(a) Real Account (b) Personal A/c (c) Normal A/c (d) Tanglible Asst

Q.5 Raghu and Seema are partners in a firm sharing profits in the ratio of 4:3. They admitted Mehmud as a new partner. The profit sharing ratio of Raghu, Seema and Mehmud will be 2:3:1. Select the correct option of the following for the gain or sacrifice of old partners: (1)

(a) Raghu's sacrifice: 10/42, no sacrifice by Seema

(b) Raghu's sacrifice: ½, Seema's sacrifice: ¼

(c) No sacrifice by Raghu; Seema's sacrifice: 10/42

(d) Both Raghu and Seema sacrificed ½.

Q.6 Which of the following is not the mode of dissolution of the firm?

(a) By Mutual Agreement

(b) On happening of an event

(c) Dissolution by court

(d) Retirement of a partner (1)

Q.7 Mr. X, draws ₹ 500 per month continuously for nine months starting from July, 2018 on the first day of each month for the year ending March 31, 2019. Interest on drawings will be charged at 12% per annum. What amount of interest on drawings would be charged? (1)

(a) ₹200 (b) ₹225 (c) ₹292.50 (d) ₹270

Q.8 Different factors favourably affecting the goodwill of the firm. (1)

i. Nature of business

ii. Location of customer

iii. Efficiency of management

iv. Possession of trademark & patents

Which of the following statements given above is/are correct?

(a) i , iii, and iv

(b) Only iv

(c) Only ii

(d) i, ii and iii (1)

Q.9 Soni, Moni and Roli are partners sharing profit in the ratio of 2:2:1.Moni died on 15th June 2022.Her share of profits is to be calculated on the basis of average profits for the past 4 years. Profits for the years ending on march 31st of 2018, 2019, 2020, 2021, 2022 respectively were 25,000;15,000;17,000;19000,& 13,000 Moni's share of profit will be: (1)

a) 1333 b) 1600 c) 8,000 d) 4,000

Q.10 In the absence of an agreement to the contrary, the partners are

1. Entitled to 6% interest on their capitals, only when there are profits.
2. Entitled to 9% interest on their capitals, only when there are profits.
3. Entitled to interest on their capitals at the bank rate, only when there are profits.

4. Not entitled to interest on their capitals (1)

Q.11 Calculate goodwill of a firm on the basis of three years' purchase of the average profits of the last four years. The profit of the last four years were: 2017 ₹20,200; 2018 ₹24,800; 2019 ₹20,000 and 2020 ₹30,000.

You are supplied with following information:

1. On September 1, 2019 a major plant repair was undertaken for ₹6,000, which was charged to revenue. The said sum is to be capitalised for goodwill calculation subject to adjustment of depreciation of 10% p.a. on reducing balance method.
2. The Closing Stock for the year 2018 was overvalued by ₹2,400.
3. To cover management cost an annual charge of ₹4,800 should be made for purpose of goodwill valuation. (3)

Q.12 A, B and C are partners in a firm. On 1st April, 2018 their capitals stood at ₹4,00,000, ₹3,00,000 and ₹2,00,000 respectively. As per the provisions of the partnership deed: (4)

(i) A was entitled to a salary of ₹5,000 per month.

(ii) Partners were entitled to interest on capital @ 10% p.a.

The net profit for the year ended 31st March, 2019, ₹3,00,000 was divided among the partners without providing for the above items. Showing your working clearly, pass an adjustment entry to rectify the above error.

Q.13 Q 18 A, B, C and D were partners sharing profits in the ratio of 1: 2: 3:4. D died, 3 months after the last balance sheet was prepared and his share was acquired by A and B equally. Goodwill was valued at 48000,3 year's purchase of average profits of last 4 years,. Profit till date of death was 40,000. General Reserve showed a balance of 1,30,000 and D's Capital in the Balance Sheet was 3,00,000 at the time of D's death. You are required to record necessary Journal entries in the books of the firm and show your workings. (4)

Lalit, Pankaj and Rahul are partners sharing profits in the ratio of 4 : 3 : 3. After all adjustments, on Lalit's retirement with respect to general reserve, goodwill and revaluation etc., the balances in their capital accounts stood at Rs. 70,000, Rs. 60,000 and Rs. 50,000 respectively. It was decided that the amount payable to Lalit will be brought by Pankaj and Rahul in such a way as to make their capitals proportionate to their profit sharing ratio. Calculate the amount to be brought by Pankaj and Rahul and record necessary journal entries for the same. Also record necessary entry for payment to Lalit. After Lalit's retirement, the new profit sharing ratio between Pankaj and Rahul is 3 : 3, i.e. 1 : 1.

Q.15 Darshan, Priya and Ritik were partners in a firm sharing profits and losses in the ratio of 3:2:1. The firm was dissolved on 31st March, 2020. After transfer of assets (other than cash) and external liabilities to the Realization Account, the following transactions took place.

(i) A debtor, whose debt of 70,000 was written off as bad, paid 68,000 in full settlement.

(ii) A creditor, to whom 1,00,000 were due to be paid, accepted furniture at 56,000 and the balance was paid to him by cheque.

(iii) Ritik had given a loan of 21,000 to the firm. He accepted 19,000 in full settlement of his loan.

(iv) Stock was worth 88,000 out of which stock worth 78,000 was taken over by Darshan at 60,000 and the balance of the stock was sold for 12,000.

Pass the necessary journal entries for the above transactions in the books of the firm, assuming that partners' capitals were fixed. (4)

Q.16 Anwar, Biswas and Divya are partners in a firm. Their Capital Accounts stood at ₹ 8,00,000; ₹ 6,00,000 and ₹ 4,00,000 respectively on 1st April, 2020. They shared profits and losses in the ratio of 3:2:1 respectively. Partners are entitled to have interest on capital @ 6% per annum and salary to Biswas and Divya @ ₹ 4,000 per month and ₹ 6,000 per quarter respectively as per the provisions of partnership deed.

Biswas's share of profit including interest on capital but excluding salary is guaranteed at a minimum of ₹ 82,000 p.a. Any deficiency arising on that account shall be met by Divya. Profit for the year ended 31st March, 2021 amounted to ₹ 3,12,000. Prepare Profit and Loss Appropriation Account for the year ended 31st March, 2021. (6)

OR

Rajat and Renu are doing a partnership business. They share profits and losses in the ratio of 3:2.

The Balance Sheet of the Firm on April 1, 2022 was:

Liabilities	**Amount (Rs)**	**Assets**	**Amount (Rs)**
Sundry Creditors	20,000	Cash in hand	3,000
Capitals		Debtors	12,000
Rajat 30000 Renu 20000	. 50,000	Stock	15,000
		Furniture	10,000
		Plant and Machinery	30,000
	70,000		70,000

On that date, Irfan is admitted into partnership on the following terms:

a. Irfan is to bring in Rs 15,000 as Capital and Rs 5,000 as premium for Goodwill for 1/6 share.

b. The value of Stock is reduced by 10% while Plant and Machinery is appreciated by 10%.

c. Furniture is revalued by Rs 9,000.

d. A Provision for Doubtful Debts is to be created on Sundry Debtors at 5% and Rs 200 is to be provided for an Electricity Bill.

e. There is an unrecorded Investment worth Rs 1,000.

f. A creditor of Rs 100 is not likely to claim his money and is to be written off.

Record Journal Entries to show the above transactions/adjustments.

Q.17 The Balance Sheet of Radha, Bishnu and Charu who were sharing profits and losses in the ratio of1/2, 1/3 and 1/6 respectively was as follows as on 1st April, 2022.

Liabilities	Amount	Assets	Amount
Reserve fund	9,000	Cash	6,100
Sundry Creditors	12,600	Investments	8,000
Provident fund	3,000	Debtors	29,000
Capitals:		Stock	24,000
Radha	40,000	Patent	6,000
Bishnu	35,500	Plant & Machinery	48,000
Charu	21,000		
	1,21,000		1,21,000

Charu retired from business on 1st April, 2019 and his share in the firm was to be ascertained on the revaluation of assets as follows.

a) The goodwill of the firm was valued at ₹ 27,000.

b) Depreciation to be provided @10 % on machinery.

c) Patents were to be reduced by 20%.

d) Liability on account of provident fund was admitted at ₹ 2,400.

e) Charu took over investments at ₹ 15,800.

Prepare Revaluation A/c and Partners capital A/c. (6)

ACCOUNTING FOR SHARE CAPITAL

Time : 90 Minuts **Max Marks : 40**

	1 MARK QUESTIONS
1	Nayantara Ltd. was registered with an authorised capital of ₹ 25,00,000 divided into 2,00,000 equity shares of ₹ 10 each and 5,000 8% Preference shares of ₹ 100 each. The company offered 1,20,000 equity shares for public subscription payable as ₹ 3 on application, ₹ 5 on allotment and balance on call. A shareholder holding 6,000 shares paid all his dues at the time of application. Determine the amount received by the company while collecting allotment dues.

a) ₹ 6,00,000	b) ₹ 5,58,000
c) ₹ 5,70,000	d) ₹ 5,88,000

2 ABC Ltd. invited applications for issuing 20,000 15% debentures of ₹100 each at a premium of ₹20 each. Applications were received for 25,000 debentures. Applications for 5,000 debentures were rejected and the money was refunded to the applicants. They have passed the first entry.

Bank A/C	Dr.	30,00,000
To Debentures Application and allot. A/C		30,00,000

What is next correct journal entry to record the above transaction:

		Dr.	Cr.
a.	Bank A/C Dr. To Debentures Application and allot. A/C To Securities premium A/c To Bank A/C	24,00,000	 18,00,000 4,00,000 2,00,000
b.	Debentures Application and allot. A/C Dr. To 15% Debentures A/C To Securities premium A/c To Bank A/C	30,00,000	 20,00,000 4,00,000 6,00,000
c.	Debentures Application and allot. A/C Dr. To 15% Debentures A/C To Securities premium A/c	30,00,000	 20,00,000 10,00,000
d.	Debentures Application and allot. A/C Dr. To 15% Debentures A/c To Bank A/C	30,00,000	 20,00,000 10,00,000

3	What will be the amount of Share Capital to be shown in the Balance Sheet, if the following balances are given in Notes to Accounts? . I. Share Forfeited Account ₹ 15,000 II. Subscribed and Fully paid up Share Capital ₹ 8,70,000 III. Subscribed but not Fully paid up Share Capital ₹ 56,000 IV. Issued Share Capital ₹ 10,00,000 a) ₹ 10,00,000 b) ₹ 8,70,000 c) ₹ 9,26,000 d) ₹ 9,41,000
4	Interest payable on Debenture is calculated on its: a. Issue price of Debentures b. Market price of Debentures c. Nominal Value of Debentures d. Redeemable value of Debentures
5	The following Journal Entry appears in the books of PQR Ltd. Find the rate of discount at which Debentures are being issued:(Face Value- ₹100 each) Bank A/c Dr. 6,30,000 Discount on issue of debentures A/C Dr. 1,05,000 To 13% Debentures A/c 7,00,000 To Premium on redemption of Deb. A/c 35,000 a. 10% b. 15% c. 5% d. Can't be calculated
6	Securities Premium balance can be utilised for which of the following purpose I. Writing off preliminary expenses II. Providing for writing off depreciation on fixed assets III. Providing for premium payable on redemption of debentures IV. Issuing fully paid up bonus shares V. Writing off all Capitalised Expenditures a) Only I, II, III and IV b) Only I, III and IV only c) Only II, III and V d) Only I, III, IV and V

7 Match the following columns

COLUMN I	COLUMN II
A - Rate of Interest on Calls in Arrears	I - 5%
B - Rate of Interest on Calls in Advance	II - 10%
C - Minimum Subscription as per SEBI guidelines	III - 12%
D - Minimum Application money as per Companies Act, 2013	IV - 90%

a) A-I; B-II; C-IV; D-III	b) A-II; B-III; C-IV; D-I
c) A-III; B-II; C-IV; D-I	d) A-II; B-III; C-I; D-IV

8 Black Bang Ltd. purchased a business. The purchase price was paid by 15,000 ; 14% Debentures of ₹100 each at a premium of 10%. What is the amount of purchase consideration?

a. 15,00,000

b. 15,50,000

c. 16,00,000

d. 16,50,000

9 Aflatoon Ltd. forfeited 8,000 shares of ₹ 10 each which were issued at ₹ 2 premium, on which only application money of ₹ 4 (including ₹ 1 premium) has been paid. Out of these; 5,000 shares were re-issued @ ₹ 11 per share. Determine the amount of Share Forfeited balance to be shown in the balance sheet.

a) ₹ 24,000	b) ₹ 12,000
c) ₹ 9,000	d) ₹ 14,000

10 By executing a transfer deed, following type of debentures can be transferred:

a. Irredeemable debentures

b. Redeemable Debentures

c. Registered Debentures

d. Bearer Debentures

3 MARKS QUESTIONS

11 Sultan Ltd. took over Assets of ₹ 25,00,000 and Liabilities of ₹ 5,40,000 from Badshah Ltd. and issued them 3,00,000 shares of ₹ 10 each as ₹ 8 paid up along with bank draft of ₹ 2,00,000. Pass entries in the books of Sultan Ltd.

12 Beauty & Brain Ltd. has 8,000, 12% Debentures of ₹100 each on 1st April, 2018. According to the terms of issue, interest is payable on Half yearly basis, i.e. on 30th Sept and on 31st march every year. The TDS rate is 10%.

Pass the journal entries for the interest paid on debentures for the year 2018-19.

	4 MARKS QUESTIONS
13	Anthony Ltd. was registered with an authorised capital of ₹ 50,00,000 divided in shares of ₹ 10 each. The company issued 30,000 shares as fully paid up against purchase of Machinery of ₹ 3,50,000. The company offered 2,00,000 shares for public subscription payable ₹ 3 on application, ₹ 6 on allotment (including ₹ 1 premium) and balance on call. Public has applied for 2,50,000 shares and pro-rata allotment was made to applicants of 2,40,000 shares. All the money duly received except call money on 6,000 shares held by Raju and 5,000 shares held by Sumit. Their shares were forfeited and later on re-issued shares of Raju @ ₹ 7 per share as fully paid up. Prepare the Balance Sheet of the company, showing the balance of Share Capital only. Also prepare Notes to Accounts.
14	**Answer the following:** a) Differentiate between shares and Debentures on the basis of Returns and voting rights. b) Explain Debenture Trust Deed. c) What are Zero Coupon Bonds
15	Disney Ltd. forfeited 6,000 shares of Gaurav, who had applied for 10,000 shares on which only application money of ₹ 4 has been paid. Allotment money of ₹ 5 per share (including ₹ 3 premium) and first call of ₹ 2 per share was not paid. Final call of ₹ 2 per share was not yet made. Out of these 4,000 shares were re-issued @ ₹ 8 per share as fully paid up. Pass necessary entries for forfeiture and re-issue of shares.
	6 MARKS QUESTIONS
16	Lalaji Ltd. invited applications for 2,50,000 equity shares of ₹ 10 each at ₹ 2 premium. The share was payable as ₹ 3 on application and balance on allotment. Application money of ₹ 12,00,000 was received. Pro-rata allotment was made in 7:5 ratio. Rajan, an applicant of 14,000 shares failed to pay allotment money. His shares were forfeited and later on re-issued 60% shares @ ₹ 8 per share as fully paid up. Pass necessary entries.
17	ZED Black Ltd. is a Zero Debt company. So the managers have decided to raise funds for their upcoming project by Issuing debentures to enjoy the benefits of Financial Leverage. For the same the company decided to issue 15,000; 10% debentures of ₹100 each at a premium of ₹5 each repayable after 5 years at ₹115 per share. You are required to answer the following questions: a. Pass the journal entries for the issue of Debentures b. Pass the journal entry for writing off the Discount/Loss on issue of Debenture. c. Calculate the amount of annual fixed obligation associated with debentures.

SAMPLE PAPERS

SAMPLE QUESTION PAPER-1

CLASS XII – **ACCOUNTANCY 055**

TIME 3 HOURS **MAX. MARKS 80**

GENERAL INSTRUCTIONS:

1) This question paper contains 34 questions. All questions are compulsory.
2) This question paper is divided into two parts, Part A and B.
3) Part - A is compulsory for all candidates.
4) Part - B (Analysis of Financial Statements .
5) Question 1 to 16 and 27 to 30 carries 1 mark each.
6) Questions 17 to 20, 31 and 32 carry 3 marks each.
7) Questions from 21 ,22 and 33 carries 4 marks each
8) Questions 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 one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

PART A

(Accounting for Partnership Firms and Companies)

S.No	Question	Marks
1	When a new partner does not bring his share of goodwill in cash, the amount is debited to a) cash account b) current account of new partner c) capital accounts of old partners d) premium for goodwill account	1
2	**Assertion (A):-** The amount brought in by the new partner is divided between the existing partners in their sacrificing ratio. **Reason (R):-** The new partner acquires his or her share of profit from the existing partners a) (A) is correct but (R) is wrong b) Both (A) and (R) are correct, but (R) is not the correct explanation of (A) c) Both (A) and (R) are incorrect. d) Both (A) and (R) are correct, and (R) is the correct explanation of (A)	1

3	X,Y and Z are partners sharing profits in the ratio of 3:2:1.They decided to change their profit sharing ratio to 2:3:5 with effect from 1st April 22.Goodwill of the firm was valued at Rs 1,20,000. Partners decided goodwill is to be adjusted to partners capital account and to pass an adjusting entry for this.Which of the following is the correct option: a) z's capital /c **Dr** 40,000 To x's capital A/c 36000 To y's capital A/c 4000 b) z's current A/c **Dr** 40000 To x's current A/c 36000 To y's current A/c 4000 c) z's capital A/c **Dr** 40,000 To x's current A/c 36000 To y's current A/c 4000 d) z's current A/c **Dr** 40,000 To x's capital A/c 36000 To y's capital A/c 4000 Or Priya, Supriya & Monica are partners in a firm sharing profits in the ratio of 3:2:1.Interest on capital of Priya,Supriya and Monica Rs 18000,21000 &15000 respectively is omitted to be provided.The adjustment entry will be: a) Priya's capital account **Dr** 6000 Supriya's capital account **Dr** 3000 To Monica's capital account 9000 b) Supriya's capital account **Dr** 3000 Monica''s capital account **Dr** 6000 To Priya's capital account 9000 c) Priya's capital account **Dr** 9000 To Supriya's capital account 3000 To Monica's capital account 6000 d) Monica's capital account **Dr** 9000 To Priya's capital account 3000 To Supriya's capital account 6000	1

4	A Company limited by shares shall not issue which of the following preference shares: a) Convertible preference shares b) Redeemable preference shares c) Irredeemable preference shares d) Participating preference shares Or XYZ limited issues 10,000 shares of ₹ 10 each payable ₹2 on application ₹3 on allotment ₹3 on first call and balance on final call. Ram was allotted100 shares .He failed to pay allotment money and his shares were immediately forfeited. Identify that amount with which share capital would be debited a) 5 b) 8 c) 0 d) 3	1
5	Krishna and Suresh are partners sharing profits and losses in the ratio of 3:2.They admitted Mohan 1/5 share.At the time of Mohan's admission, revaluation gain was 3000. Choose the correct option for distribution of revaluation : a) Revaluation A/c **Dr** 3000 To Krishna's capital A/c 1800 To Suresh's capital A/c 1200 b) Revaluation A/c **Dr** 3000 To Krishna's capital A/c 1440 To Suresh's capital A/c 960 To Mohan's capital A/c 600 c) Krishna's capital A/c 1800 Suresh's capital A/c 1200 To revaluation A/c 3000 d) Revaluation A/c **Dr** 3000 To Krishna's current a/c 1800 To Suresh's current a/c 1200	1

6	A Company purchased assets of the book value of Rs 9,90,000 from Verani limited. It was agreed that the purchase consideration would be paid by issuing 11%debentures of 100 each at a discount of 10%..Choose the correct option for number of debentures issued by company a) 9900 b) 9000 c) 11,000 d) 10,000 Or View limited took over assets of Rs 3,20,000 and liabilities of Rs 30,000 from Mayur limited at an agreed purchase consideration of Rs 5,40,000 to be satisfied by issue of 11% debentures of Rs 100 each at a discount of 10%. These debentures are redeemable at a premium of 5% .Loss on issue of debentures will be debited by a) 90,000 b) 45,000 c) 30,000 d) 54,000	1

7	Amount collected as securities premium cannot be utilized for a) issuing fully paid bonus shares b)purchase of fixed assets c)writing of preliminary expenses d)the premium payable on redemption of preference shares	1
8	If super profits of the firm is Rs 20,000,what will be the goodwill of the firm if the rate of return is 8% a) 2,00,000 b) 250000 c) 25,000 d) 20,000 Or If the capital employed of a firm is Rs 5,00,000 and a profit for the year 2022 is ₹ 40,000,what will be the Super profit if rate of return is7% on capital employed a) 4000 b) 50,000 c) 5000 d) 2800	1
9	The profit for the five years of a firm are as follows – year 2013 Rs. 4,00,000; year 2014 Rs. 3,98,000; year 2015 Rs. 4,50,000; year 2016 Rs. 4,45,000 and year 2017 Rs. 5,00,000. Calculate goodwill of the firm on the basis of 4 years purchase of 5 years average profits. a) 17,54,400 b) 43,86,000 c) 17,53,400 d) 17,43,400	1
10	A business has earned average profits of Rs. 1,00,000 during the last few years and the normal rate of return in a similar business is 10%. Ascertain the value of goodwill by capitalisation average profits method, given that the value of net assets of the business is Rs. 8,20,000. a) 10,00,000 b) 1,80,000 c) 1,20,000 d) 10,80,000	1
11	Choose the correct sequence of the following transactions in context of Application of assets (as per the provisions of section 48 of Indian partnership: (i) in paying each partner proportionately what is due to him/her from the firm for advances as distinguished from capital (ii) in paying debts of the firm to the 3rd parties. (iii) the balance, if any, shall be divided among the partners in their profit -sharing ratio. (iv)in paying each partner proportionately what is due to him on account of capital a) (i); (ii);(iii) ; (iv) ; b) (iii); (i) ; (ii) ; (iv) c) (iii) ; (ii) ; (i); (iv) d) (ii); (i); (iv); (iii) One Shareholder holding 500 shares, of 10 rupee each ,did not pay first and final call of ₹2 per share and his shares were forfeited. Company reissued 300 shares to Rama at Rs 8 fully paid up .The amount to be transferred to capital reserve will be : a) 1800 b) 3400 c) 4000 d) 2400	1

13	In case of issue of debentures as collateral security for bank loan, the account debited will be: a) bank account b) bank loan account c) debentures account d) debenture suspense account	1
14	Amit, Banit are partners sharing profits in the ratio of 5:4.They admitted Jayan for 1/5share, for which he paid1,80,000 against capital and 90,000 as goodwill. Find the capital balances for each partner taking Jayan's capital as base capital a) 4,00,000;180,000; 1,80,000 b) 6,00,000;480,000; 2,70,000 c) 4,00,000;3,20,000; 1,80,000 d) 6,00,000;2,70,000; 2,70,000	1
15	Closing capitals of Anil &Sunil, at the end of the year ending 31st March 22, were Rs 3,00,000 & Rs 1,50,000respectively. During the year Anil withdrew Rs 10,000 which was debited to his capital account. Profits for the year ended 31st March 2022 was Rs 32,000 which was credited to their capital accounts. During the year Anil introduced Rs 32,000as additional capital. What was the opening capital of Anil ? a) 3,00,000 b) 3,10,000 c) 2,62,000 d) 2,52000 Or Which of the following statements are correct ? i)liability of a partner for acts of the form is unlimited ii) private assets of a partner can also be used for paying the debts of the firm iii) each partner is liable jointly with all other partners and also severely to the third parties for all the acts of the firm done, while he is a partner iv)Liability of the each partner is limited to the extent of his capital contribution a) only (iii) b) (i) & (ii) c) (i), (ii), & (iii) d) (i), (ii), (iii), & (iv)	1
16	There was an unrecorded assets of Rs 12,000 which was taken over by a partner Rs 10,500. Realization account will be credited by a) 12,000 b) 10,500 c) 1500 d) 32,500	1
17	Mukesh, Rakesh and Naresh are partners. Mukesh died on 30th April 2022. Firm had a Workman compensation reserve of Rs 20,000 against which there is a claim of Rs 2000.On this date. Firm has an investment of market value of Rs 1,90,000 appearing in the books at Rs. 2,00,000 close shop investment fluctuation fund at rupees Rs 40,000. Pass journal entries for the treatment of these reserves	3

18	Sachin, Kapil & Jadeja have been sharing profits and losses of 3:2:1 respectively. Jadeja wants that profit should be shared equally and she wants that this change should be applicable from the last three years. Other partners have no objection to this .Profits for the last three years were Rs 60,000; Rs 47,000and Rs 55,000. Record the adjustment by means of journal entry. Show your workings properly. Or Annaya, Arnav& Mohit are partners in our firm with a fixed capital of Rs 1,00,000,Rs 75,000 & Rs 50,000.Their profit sharing ratio for the year ended 31.3 2021 was 3:2:1 but for the year ended 31.3. 2022 it was in the ratio of their capital. On 1st April 22 they found that interest on capital at the rate of 10% but this has been ignored . Rectify the error giving workings. De limited purchased machinery of Rs 2,70,000 from Vee limited. The payment was made by issue of 8% Debentures of Rs 100 each at a discount of 10%. Pass necessary journal entries. Or	3
19	Shruti Ltd. bought business of Sona ltd on 1st april 2022 consisting assets of 7,60,000& creditors of Rs.1,00,000 for a purchase consideration of 700000.. Rs.2,00,000 was paid by a draft payable after 3 months.For balance 6% preference shares of 100 each were issued @ premium of 25% on 5th april 2022. Pass necessary journal entries.	3
20	Arti, Roman and Geisha are partners. They have been sharing profits and losses in the ratio of 5:3:2. From 1st April 2019 they decided to share future profits in the ratio of 2:3:5. Balance sheet showed a debit balance of Rs 40000 in profit and loss account;general reserve of Rs 36,000 and Rs 12,000 in Workman compensation reserve . Claim on account of Workman compensation amounted to Rs 20,000.Pass necessary journal entries	3
21	Mukta limited had authorized capital of ₹ 4,00,000 equity shares of 10 each .Company offered to the public for subscription of 1,00,000 shares. Applications were received for 97,000 shares,amount was payable as follows on application ₹2 per share;on allotment 4 per share and balance on 1st and final call. A shareholder holding 800 shares failed to pay the allotment money his shares were forfeited; the company did not make the first and final call. Present a share capital in the balance sheet of the company and also prepare notes to account.	4
22	A, B, C are partners in a firm sharing profit and loss in a 3:2:1 ratio. They decide to share profit and loss equally in future. On that date, the books of the firm show Rs 1,20,000 as general reserve, profit due to revaluation of building Rs 30,000. Pass adjustment entry through the capital accounts without affecting the books of accounts.	4
23	X Ltd. was registered with a capital of 23,00,000 in shares of Rs. 10 each. It issued a prospectus inviting applications for 23,000 shares at 40% premium payable as follows:- On application Rs. 5 (including Rs. 1 premium) On allotment Rs. 4 (including Rs. 1 premium) On first call Rs. 3 (including Rs. 1 premium) On second call Rs. 2 (including Rs. 1 premium)	6

	Applications were received for 23,000 shares, all money was duly received. Pass the necessary journal entries Or Fill the missing spaces: Share capital A/c **Dr** To share forfeited A/c 3000 To share allotment A/c ------------------------ To share 1st call A/c ------------------------ (1000 shares of 10 each, 8 called up issued at a premium of 2 per share --- forfeited due to non payment of 5 as allotment & 1st call of 2 per share)	
	Bank A/c **Dr** To share capital A/c ------------------------ To ----------------------- (700 shares reissued @14 per share as fully paid) ---	
	Share forfeited A/c **Dr** To Capital Reserve A/c (------------------------)	
24	Nitu, Karan & Rati are partners in a firm sharing profits in the ratio of 5:3:2. The firm was dissolved on 31st March 2022. After transfer of assets & liabilities to Realization a/c, the following transactions took place: a) Unrecorded liability of 45000 was paid by Nitu b) Creditors to whom 67000 were to be paid . Accepted furniture at 35000 & balance was paid in cash. c) Karan had given a loan of18000 to the firm which was paid. d) Stock of 85000 was taken over by Rati at 72000 e) Expenses of dissolution amounted to 6000 & were paid by Karan f) Loss on realization 40000 Or Pranay, Kiya & Riya were partners in a firm sharing profits in the ratio of 2:2:1. Kiya died on 12.6.22. According to deed, legal representative of Kiya were entitled to the following : i) Balance in capital a/c ₹200000 ii) interest on capital a/c @12% p.a iii) share of goodwill, goodwill of the firm was valued at 60000 iv) profit share till death, calculated on the basis of last year's profit. Last year's profit was 500000 v) v)general reserve of 150000 appeared in the balance sheet. Prepare Kiya's capital to be rendered to her executors	
25	Sanju and Manju are partners sharing profits in the ratio of 3:2. On 31st March2022their balance sheet was as follow:	6

Workman compensation Reserve	60,000	Cash	1,66,000
Creditors	60,000	Debtors 146000 Provision (2000)	1,44,000
Capital: Sanju 5,00,000 Manju 4,00,000	9,00,000	Stock	1,50,000
		Investment	2,60,000
		Furniture	3,00,000
	1020000		1020000

on 1st April 22, they admitted Neetu as a new partner for 1/4 share in the profits on the following terms :
a) goodwill of the firm was valued at rupees 400000. Neetu brings necessary amount in cash and half of the amount is withdrawn by partners
b) stock was to be increased by 20%and furniture was to be reduced to 90%
c) Investments are valued at rupees 3,00,000 Manju took over investment at this value. Neetu bought 3,00,000 as her capital. Prepare revelation a/c & partners' capital a/c

26	On 1st April 2021 Moon limited issues of rupees 10,00,000, 10% debentures of 100 each at a discount of 8% repayable at a premium of 7%. Interest on these debentures was to be paid half yearly. Pass journal entries for the issue of debentures & interest on debentures for 1st year. Prepare loss on issue of debentures account in the books of the company	6
	Part B :- Analysis of Financial Statements (Option – I)	
27	1. The financial statements of a business enterprise include: a) Balance sheet b) Statement of Profit and loss account c) Cash flow statement d) All the above Or Earning capacity of a company is ascertained by: a) solvency ratios a) profitability ratios b) liquidity ratios c) working capital turnover ratios	1
28	All of the following would be included in company's Operating Activities except a) Income tax payment b) Collections from customer c) Cash Payment to suppliers d) Interest on Current Investment	1

29	On 1st January 2022 company issued shares of Rs. 10,00,000 and paid Rs. 10,000 as share Issue Expense. Amount shown in Financing Activities a) Rs, 10,00,000 as Inflow and Rs. 10,000 as Outflow. b) 9,90,000 as Inflow. c) Rs. 10,10,000 as Inflow d) Rs.10,00,000 as Inflow from shares and Rs. 10,000 as Inflow for share Issue Expenses.	1
30 31	Which is /are true about the cash equivalent? a) More liquid short-term investment b) Minimum risk c) Maturity of 3 months or less than 3 months d) All the above Under which major head and sub head of the Assets part of the Balance Sheet will the following be shown: i) Intangible assets; ii) Intangible assets under development; iii) Investments(more than 12 months); iv) Deferred tax assets (Net); v) stores and spares; and vi) Loose tools?	1 3
32	What relationships will be established to study? a) Inventory Turnover b) Trade Receivables Turnover c) Trade Payables Turnover	3
33	On the basis of the following information, calculate: (i) Debt equity ratio (ii) Working capital turnover ratio. Information — Amount Cash Revenue from Operations — 40,00,000 Credit Revenue from Operations — 20,00,000 Cost of Revenue — 35,00,000 Other Current Assets — 8,00,000 Current Liabilities — 4,00,000 Paid-up-share capital — 17,00,000 6% Debentures — 3,00,000 9% Loan from Bank — 1,00,000 Debenture Redemption Reserve — 3,00,000 Closing Inventory — 1,00,00	4

34	Following are the Balance Sheets of Krishtee Ltd. for the years ended 31st march 2022 and 2021 Particulars Note No. 31.3.2022 31.3.2021 **I EQUITY AND LIABILITIES** 1) Shareholders' Funds: a) Share capital 12,00,000 8,00,000 b) Reserves and Surplus 3,50,000 4,00,000 2) Non-current liabilities Long Term Borrowings 4,40,000 3,50,000 3) Current Liabilities: Trade Payables 60,000 50,000 Total 20,50,000 16,00,000 II ASSETS 1) Non-current Assets Fixed Assets Tangible Assets 12,00,000 9,00,000	6

2) Current Assets:		2,00,000	1,00,000
a) Inventories		3,10,000	2,30,000
b) Trade Receivables		3,40,000	3,70,000
c) Cash and Cash Equivalents			
Total		20,50,000	16,00,000

a) The company paid interest Rs. 36,000 on its long term borrowings

b) Depreciation charged on tangible fixed assets was Rs. 1,20,000 You are required to

1) Calculate Operating profit before working capital changes
2) Calculate Cash Flow from operating activities
3) Calculate Cash Flow from Investing activities
4) Calculate Cash Flow fromFinancing activities
5) Calculate Net Increase or Decrease in Cash and Cash Equivalents.

SAMPLE QUESTION PAPER-2

CLASS XII – **ACCOUNTANCY 055**

Time Allowed: 3 Hours **Max Marks : 80**

GENERAL INSTRUCTIONS:

1) This question paper contains 34 questions. All questions are compulsory.
2) This question paper is divided into two parts, Part A and B.
3) Question 1 to 16 and 27 to 30 carries 1 mark each.
4) Question 17 to 20, 31 and 32 carries 3 marks each.
5) Question 21, 22 and 33 carries 4 marks each.
6) Question 23 to 26 and 34 carries 6 marks each.
7) There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

	PART – A **(Accounting for Partnership firms and Companies)**	
1	Z Ltd. had allotted 10,000 shares to the applicants of 14,000 shares on a pro-rata basis, and application money on another 6000 shares was refunded. The amount payable on the application was ₹ 2. Mr. Saurabh applied for 420 shares. The number of shares allotted to him will be: a) 320 shares b) 340 shares c) 60 shares d) 300 shares	1
2	What is super profit? a) Actual profit + Normal Profit b) Actual profit – Normal Profit c) Normal Profit - Actual profit d) Average profit – Actual profit	1

3	Assertion (A): Rent paid to a partner is debited to Profit & Loss A/c. Reason (R): Rent paid to a partner is a charge against profit and not an appropriation. In the context of the above two statements, which of the following is correct? a) Assertion (A) is correct but Reason (R) is wrong. b) Both Assertion (A) and Reason (R) are correct, but Reason (R) is not the correct explanation of Assertion (A). c) Both Assertion (A) and Reason (R) are incorrect. d) Both Assertion (A) and Reason (R) are correct and Reason (R) is the correct explanation of Assertion (A).	1
4	The weighted average method of calculating goodwill is used when: a) Profits are fluctuating b) Profits are not equal c) Profits show an increasing or decreasing trend d) Profits remain the same OR Any change in the relationship of existing partners which results in end of the existing agreement and enforces a new agreement is called: a) Revaluation of partnership b) Reconstitution of partnership c) Realization of partnership d) Dissolution of the partnership firm.	1
5	Goodwill is ______________ a) a tangible asset b) an intangible asset c) a current asset d) both (b) & (c)	1
6	Debentures represent the: a) Investment of Equity-Shareholders b) Long-term Borrowings of a Company c) Directors' shares in a company d) Short-term Borrowings of a Company	1

7	Assertion (A): Undistributed profits or losses appearing in the balance sheet at the time of admission of a partner should be transferred to old partners' capital/current accounts. Reason (R): Undistributed profits or losses appearing in the balance sheet at the time of admission belong to the old partners as they had earned those profits. Alternatives: Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A). Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A). Assertion (A) is true but Reason (R) is False Assertion (A) is False but Reason (R) is true.	1
8	The ratio in which a partner surrenders his share in favor of a partner is known as: a) Sacrificing Ratio b) Gaining Ratio c) Capital Ratio d) New profit-sharing ratio OR P, Q and R are partners sharing profits in the ratio of 8:5:3. P retires. Q takes 3/16th share from P and R takes 5/16th share from P. What will be the new profit-sharing ratio? a) 1:1 b) 10:6 c) 9:7 d) 5:3	1
9.	The amount of money not received out of called-up capital is: a) Added to share capital b) Subtracted from share capital c) Shown as current liabilities d) Shown as Capital Reserve	1

	Read the following hypothetical situation and answer Q 10 and Q 11. X, Y and Z are partners having capitals of ₹ 4,00,000, ₹ 3,00,000 and ₹ 2,00,000 respectively. Their deed provides that: (i) Each of the partner is to be credited at the end of each year with an annual salary of ₹ 4,000. (ii) X, Y and Z have a right to withdraw ₹ 10,000, ₹ 12,000 and ₹ 16,000 respectively for personal use. Any drawing in excess of the given limit will be charged interest @ 10% p.a. (iii) Manager of the firm is to be given commission @ 5% on net profit after charging his commission. During the year, partners' drawings were: X - ₹ 22,000; Y - ₹ 20,000 and Z - ₹ 16,000. During the year 2021-22, firm's profit after allowing partners' salary but before the commission was ₹ 1,72,800.	
10	The net Profit of the firm is a) ₹ 1,84,800 b) ₹ 1,76,000 c) ₹ 1,80,000 d) ₹ 1,92,000	1
11	Interest on drawings to be credited to Profit & Loss Appropriation A/c will be – a) ₹ 1,500 b) ₹ 2,000 c) ₹ 1,600 d) ₹ 1,000	1
12	As per the Companies Act 2013, balance of Securities Premium Account can be utilized for which of the following purpose(s)? a) Writing off all Capital Expenditures b) Writing off loss on issue of debentures c) Buy Back of Debentures d) Issuing bonuses to existing shareholders or to convert partly paid-up into fully paid-up shares OR "40,000 shares issued to existing employees of the company as per their choice and option at the below price than the market price." This is an example of — a) Public Issue b) Private Placement c) ESOP d) Issue of shares other than cash	1

13	Zen Ltd purchased a vehicle worth ₹ 1,98,000. The payment is made by issue of debenture of ₹ 100 each at a 10 % Discount. In this case, the no. of the debentures will be: a) 1100 b) 2200 c) 3300 d) 4400	1
14	A and B are partners sharing profits and losses in the ratio of 3:2. C is admitted as a partner, and he takes ¼th of his share from A. B gives 3/16 from his share to C. What is the share of C? a) 1/4 b) 1/16 c) 1/6 d) 1/8	1
15	A minor may be admitted for the benefit of the partnership if: a) One partner agrees b) All partners agree c) More than one partners agree d) Both (a) or (b) OR Better quality of product will increase the sales and profit. Identify the factor affecting goodwill: a) Capital Employed b) The efficiency of Management c) Location d) Risk	1
16	A and B are partners sharing profits in the ratio 2:1. They admit C for $1/5^{th}$ share in future profits. On the admission date, A's capital was ₹ 1,02,000 and B's capital was ₹ 73,000. C brings ₹ 25,000 as his share of goodwill and he agrees to contribute proportionate capital of the new firm. How much capital will be brought by C. a) ₹ 43,750 b) ₹ 37,500 c) ₹ 50,000 d) ₹ 40,000	1
17	A, B, C, and D are partners sharing profits in the ratio of 3:3:2:2 respectively. D retires and A, B, and C decide to share the future profits in the ratio of 2:2:1. Goodwill of the firm is valued at ₹ 12,00,000. Goodwill already appears in the books at ₹ 9,00,000. Give the necessary journal entries to record Goodwill. Show your workings clearly.	3

18	A, B, and C enter into partnership on 1st April 2019 with capital ₹ 3,00,000, ₹ 2,00,000, and ₹ 1,00,000 respectively. In addition to capital, C has advanced a loan of ₹ 1,00,000. Since they had no agreement to guide them, they faced the following issues during and at the end of the year. 1) A wanted interest on capital to be provided @ 8% p.a., but B and C did not agree. 2) C wanted the interest on the loan to be paid to him @ 10% pa, but A and B wanted to pay @ 5% pa. 3) B, being a working partner, demands a lump sum payment of ₹40,000 as remuneration for which other partners are not in agreement. You are required to help them resolve these issues.	3
19	Nirmala, Divisha, and Sara were partners in a firm sharing profits and losses in the 3:4:3. Books were closed on 31st March every year. Sara died on 1st February 2022. As per the partnership deed, Sara's executors are entitled to her share of profit till the date of death on the basis of Sales turnover. Sales for the year ended 31st March 2021 was ₹ 10,00,000 and profit for the same year was ₹ 1,20,000. Sales show a positive trend of 20% and the percentage of profit earnings is reduced by 2%. Journalize the transaction and give working notes. Or A, B and C are partners in a firm sharing profits and losses equally. C died on 1st December 2021. Capitals of the partners, after all adjustments, were ₹ 45,000, ₹ 85,000 and ₹ 50,000 respectively. A and B continued to carry on the business without settling the accounts of C. The final payment to C's executors was made on 1st March 2022. The firm earned a profit of ₹ 1,800 during the period from 1st December 2021 to 28th February 2022. What are the rights of C's executors to share the subsequent profit as per the provisions of Section 37 of the Indian Partnership Act, 1932? Which option C's executors should exercise in this case?	3
20	Youth Ltd. took a loan of ₹ 15,00,000 from State Bank of India @10%p.a., against the security of tangible assets. In addition, it issued 10,000 11% debentures of ₹ 100 each as collateral security. Pass necessary journal entries for the above transactions, if the company decided to record the issue of 11% debentures as collateral security and disclose these debentures in the Balance Sheet of Youth Ltd. OR Asoka Ltd. issued 15,000; 10% Debentures of ₹100 each on 1st April, 2020. The issue was fully subscribed. According to the terms of issue, interest is due on a half-yearly basis. Pass journal entries for Interest on Debentures for the year ended 31st March, 2021	3

21	Pass necessary Journal entries for the following transactions: **a)** Santoshi Ltd. purchased a running business from Aman Ltd. for a sum of ₹ 15,00,000. The payment of ₹ 15,00,000 was made by issue of fully paid equity shares of ₹ 10 each at a premium of 25%. The assets and liabilities consisted of the following: Plant ₹ 3,50,000; Stock ₹ 4,50,000; Land and Building ₹ 6,00,000; Sundry Creditors ₹ 1,00,000. b) Santoshi Ltd. issued 2,500 shares of ₹10 each credited as fully paid to the underwriters for their underwriting services.	4
22	Neeraj, Dheeraj and Sheeraj were partners in a firm since 2015. Due to some personal financial needs and constant disagreements among them, they decided to dissolve the firm. Pass necessary Journal entries for the following transactions in the books of the firm, assuming realizable assets and outside liabilities have been transferred to realization account: There was an old computer which had been written off from the books. It was estimated to realize ₹ 8,000. It was taken by Neeraj (Partner), at the estimated price less 25%. A disputed claim of ₹ 50,000 of a worker for compensation which remained unrecorded in the books was finally settled at ₹ 30,000. Dheeraj paid ₹ 60,000 for using the name of the firm. There was an unrecorded asset of ₹ 60,000, half of which was sold for ₹ 30,000 and the remaining half was taken by Sheeraj (partner) for 25,000.	4
23	Sanchit Ltd. invited applications for issuing 2,40,000 equity shares of ₹ 10 each at a premium of ₹ 4 per share. The amount was payable as under: On application – ₹ 4 per share (including premium ₹ 2) On allotment – ₹ 4 per share, on first and final call – ₹ 6 per share (including premium ₹ 2) Applications for 3,00,000 shares were received and pro-rata allotment was made to all the applicants. Excess application money received on the application was adjusted towards sums due on allotment. All calls were made and were duly received except from Rohini, who failed to pay allotment and first and final call on 7,500 shares applied by her. These shares were forfeited. Afterward, 40% of the forfeited shares were re-issued at □ 11 per share as fully paid-up. Pass the necessary journal entries in the books of Karur Ltd. Open call-in-arrears and call-in-advance accounts wherever necessary. OR Sugar Ltd. was registered with an authorized capital of ₹ 20,00,000 in ₹ 10 per equity share, of these 60,000 Equity Shares issued as fully paid to the vendor for the purchase of the building. 80,000 Equity Shares were issued for subscription and ₹5 per Equity Share was called up, payable ₹2 on application, ₹1 on the allotment, ₹1 on the first call, and ₹1 on the second call. The amounts received in respect of these shares were: On 60,000 Equity Shares, the full amount was received, On 12,500 shares ₹4 per Equity Share, On 5,000 shares ₹3 per Equity Share, On 2,500 shares ₹2 per Equity Share.	6

The company forfeited 7,500 Equity Shares on which less than ₹4 per Equity Share had been paid.

a) Disclose the Share Capital in the Balance Sheet of the company as per Schedule III, Part I of the Companies Act, 2013.

b) Also prepare Notes to Accounts for the same.

24 Pass necessary journal entries in the books of PP Ltd. for the issue of debentures in the following cases: 6

Issued 500, 9% debentures of ₹ 100 each at a discount of 6% redeemable at a premium of 9%.

Issue of 9% debentures of ₹ 100 each at a premium of 20% for taking over the business consisting of assets worth ₹ 8,40,000 and liabilities of ₹ 80,000 of Ram Ltd. at an agreed value of ₹ 7,20,000.

25 On 31st March, 2019 the balance sheet of Madan and Mohan who share profits and losses in the ratio 3:2 was as follows: 6

BALANCE SHEET

as at 31st March 2019

Particulars		₹	Particulars		₹
Creditors		28,000	Cash at bank		10,000
General reserve		10,000	Debtors	65,000	
Employee's provident fund		22,000	Less Provision for doubtful debts	(5,000)	60,000
Capitals:					33,000
Madan	60,000	1,00,000			57,000
Mohan	40,000	1,60,000			1,60,000

They decided to admit Gopal on 1st April 2019 for 1/5th share which Gopal acquired wholly from Mohan on the following terms:

a. Gopal shall bring ₹ 10,000 as his share of the premium for Goodwill.

b. A debtor whose dues of ₹ 3,000 were written off as bad debt paid ₹ 2,000 in full settlement.

c. A claim of ₹ 5,000 on workmen's compensation was to be provided for.

d. Patents were undervalued by ₹ 2,000.

e. Stock in the books was valued at 10% more than its market value.

f. Gopal was to bring in capital equal to 20% of the combined capitals of Madan and Mohan after all adjustments.

Prepare the Revaluation account and partner's capital accounts.

OR

The Balance Sheet of X, Y and Z who were sharing profits in the ratio of 5:3:2 as at 31st March, 2017 is as follows:

Liabilities	Amount ₹	Assets	Amount ₹
Creditors Employees' Provident Fund Partners Capitals: X 82,500 Y 87,500 Z 50,000	42,000 10,000 2,20,000	Bank Debtors Stock Fixed Assets	32,000 1,00,000 80,000 60,000
	2,72,000		2,72,000

X retired on the same date on the following terms:

a) Goodwill of the firm is to be valued at ₹80,000 and future profits are to be shared in the ratio of 2:3.

b) Loss on revaluation is ₹5,500.

c) The amount to be paid to X by Y and Z should be brought in such a way that their capitals become proportionate and leave a balance of ₹15,000 in the Bank account.

Prepare Partners' Capital Accounts.

26	B, C and D were partners sharing profits as 50%, 30% and 20% respectively. On March 31, 2019, their Balance Sheet stood as follows: Balance Sheet of B, C and D as at March 31, 2019.	6

Liabilities	₹	Assets	₹
Capital A/cs:		Land and Building	1,40,000
B 40,000		Cash	10,200
C 50,000		Debtors	27,300
D 52,000	1,42,000	Stock	24,500
General Reserve	70,000	Profit and Loss A/c	70,000
Creditors	43,000		
Bills Payable	17,000		
	2,72,000		**2,72,000**

B died on 30th June 2019. The partnership deed provided for the following on the death of a partner:

a) Goodwill of the firm was to be valued at 3 years' purchase of the average profit of the last 5 years. Profits were ₹70,000, ₹60,000, ₹50,000, ₹40,000 for the year ending 31st March 2018, 2017, 2016, and 2015 respectively.

b) B's share of profit or loss till the date of his death was to be calculated on the basis of profit and loss for the year ended 31st March 2019.

You are required to:

i. Pass the necessary journal entry to record B's share of profit/loss up to the date of his death.

ii. Prepare the deceased Partner's Capital Account.

PART B

(Analysis of Financial Statements)

27	Statement -1: In Cash Flow Statement 'Rent paid' is classified under Operating Activities. Statement -II: Interest received in cash on loans and advances results in cash flow from financing activities. a. Both statements are true b. Both statements are false c. Statement -1 is true, statement II is false d. Statement II is true, and statement-1 is false OR Which of the following is not a part of cash and cash equivalents? a. Inventory b. Current investment c. Short-term deposit d. Marketable security	1

28	If Revenue from Operations ₹6,00,000; Gross Profit 20%; Office Expense ₹30,000 and Selling Expenses are ₹48,000, calculate the Operating ratio. a. 80% b. 85% c. 96.33% d. 93% OR From the following, calculate the Interest Coverage ratio – Net Profit after tax ₹ 12,00,000; 10% Debentures ₹ 1,00,00,000; Tax rate is 40% a. 1.2 times b. 3 times c. 2 times d. 5 times	1
29	Which of the following is not an objective of the Analysis of Financial Statements? a. To judge the financial health of the firm. b. To judge the short-term and long-term liquidity position of the firm. c. To judge the reasons for the change in the firm's profitability. d. To judge the variations in the accounting practices of the business followed by different enterprises.	1
30	All of the following would be included in the company`s Operating activities except: a. Payment of Income tax b. Collections from customer c. Cash payment to suppliers d. Interest on Current Investment OR In financial enterprises, cash flow from interest and dividend received and interest paid is classified as cash flow from: a. Operating Activity b. Investing Activity c. Financing Activity d. Cash and Cash Equivalents.	1
31	Under which major heads and subheads of the Balance Sheet of a financial company, will the following items be shown: - i) Provision for Warranties ii) Current maturities of long-term Debt iii) Income received in Advance	3

32	Sanchit Ltd. and Garima Ltd. use different accounting policies for inventory valuation. These variations leave a big question mark on the a comparison of these two firms. Identify the limitation of ratio analysis highlighted in the above situation. Also, explain any two other limitations of ratio analysis apart from the ones identified above.	3
33	From the following information, calculate – (i) Return on Investment ratio (ii) Net Assets Turnover ratio **Particulars** — ₹ Net profit after interest and tax — 2,40,000 Income Tax — 1,60,000 Net Fixed assets: Property, Plant and Equipment and Intangible Assets — 10,00,000 Non-current investments (Non trade) — 1,00,000 Equity share capital (Face Value ₹ 10 per share) — 5,00,000 15% Preference share capital — 1,00,000 Reserves and Surplus (Including Surplus of the year under consideration) — 2,00,000 10% Debentures — 4,00,000 Revenue from Operations — 24,00,000 OR Debt to Capital Employed Ratio of a company is 0.4:1. State giving reasons, which of the following will improve, reduce or not change the ratio? (i) Sale of machinery at a loss of ₹ 50,000. (ii) Purchase of Stock in trade on the credit of two months for ₹ 80,000. (iii) Conversion of debentures into equity shares of ₹ 5,00,000. (iv) Purchase of Fixed assets for ₹ 4,00,000 on a long-term deferred payment basis.	4
34	On the basis of information given in the Balance Sheets of Relga Ltd. as at 31st March, 2019 and 31st March, 2020, calculate cash flow from operating activities and investing activities. Additional Information: a. During the year a piece of machinery with a book value of ₹ 30,000; provision for depreciation on it ₹ 10,000 was sold at a loss of 50% on book value. b. Debentures were redeemed on 31st March 2020.	

Particulars	Note No.	31st March 2019	31st March 2020	6
1) Equity and Liabilities				
1) Shareholder's Funds				
a) Share Capital				
b) Reserves and		2,00,000	2,50,000	
Surplus	1	50,000	70,000	
2) Non-current Liabilities				
Long-term Borrowings	2	1,00,000	80,000	
3) Current Liabilities				
a) Trade Payables	3	60,000	1,60,000	
b) Other Current	4	25,000	20,000	
Liabilities		4,35,000	5,80,000	
Total				
I1) Assets				
1) Non-current Assets				
a) Fixed Assets				
i) Tangible Assets	5	1,50,000	2,00,000	
ii) Intangible Assets	6	10,000	2,000	
b) Long-term Loans and Advances		1,00,000	1,30,000	
2) Current Assets		70,000	90,000	
a) Inventories		40,000	60,000	
b) Trade Receivables		65,000	98,000	
c) Cash and Cash Equivalents				
Total		4,35,000	5,80,000	

Note to Accounts

	Particulars	31st March 2019	31st March 2020
1	**Reserves and Surplus** Genetal Reserve	50,000	70,000
2	**Long-term Borrowings** 12% Debentures	1,00,000	80,000
3	**Trade Payables** Creditiors Bills Payable	40,000 20,000 60,000	60,000 1,00,000 1,60,000
4	**Other Current Liabilities** Outstanding Expenses	25,000	20,000
5	**Tangible Fixed Assets** Machinery *Less : Provision for Depreciation*	2,00,000 (50,000) 1,50,000	2,60,000 (60,000) 2,00,000
6	**Intangible Fixed Assets** Goodwill	10,000	2,000

SAMPLE QUESTION PAPER-3

CLASS XII – **ACCOUNTANCY 055**

Time Allowed: 3 Hours **Max Marks : 80**

General Instructions

1) This question paper contains 34 questions. All questions are compulsory.
2) The question paper is divided into two parts, **Part A and Part B**.
3) Question 1 to 16 and 27 to 30 carries one mark each;
4) Question 17 to 20, 31 and 32 carries 3 marks each;
5) Question 21, 22 and 33 carries 4 marks each;
6) Question 23 to 26 and 34 carries 6 marks each.
7) All questions are compulsory.
8) 25% marks will be deducted for not making formats or writing narrations wherever required.
9) There is no overall choice. However, an internal choice has been provided in 7 questions of one mark, 2 questions of three marks, 1 question of four marks and 2 questions of six marks.

S.No.	**Question**	**Marks**
	Part A – Partnership and Company Accounts	
1	An amount of ₹ 50,000 was debited to Profit and Loss Appropriation Account. Which of the following items is not possible for the same?- a) Interest on Partner's Capital b) Interest on Partner's Drawings c) Transfer to General Reserve d) Commission to Partner Or Which of the following items will not appear on the debit side of Partner's Current Account? a) Loss for the year b) Drawings during the year c) Capital withdrawn d) Interest on Partner's Drawings	1
2	Goodwill amounted to ₹ 40,000 was appearing in the old books. At the time of reconstitution of the firm, this will be....... a) Debited to all partners' capital in new ratio b) Debited to old partners' capital in old ratio c) Gaining partner will be debited and Sacrificing partner will be credited d) Gaining partner will be credited and sacrificing partner will be debited	1

<table>
<tr>
<td>3</td>
<td>Loan to A, a partner, amounted to ₹ 40,000 was appearing in the books. At the time of dissolution of the firm, this loan was settled by paying to creditors of ₹ 45,000 in full settlement. What entry will be passed?
<table>
<tr><td>A</td><td>Realisation A/c Dr.
To A’s Loan A/c</td><td>45,000</td><td>
45,000</td></tr>
<tr><td>B</td><td>Realisation A/c Dr.
To A’s Loan A/c
To A’s Capital A/c</td><td>45,000</td><td>
40,000
5,000</td></tr>
<tr><td>C</td><td>Realisation A/c Dr.
To A’s Loan A/c</td><td>40,000</td><td>
40,000</td></tr>
<tr><td>D</td><td>A’s Loan A/c Dr.
To Realisation A/c</td><td>40,000</td><td>
40,000</td></tr>
</table>
Or
Anshu, a partner was appointed to realise the assets and pay off the liabilities and was allowed remuneration of ₹ 15,000. Realisation Expenses amounted to ₹ 10,000 was paid by Anshu. What entry will be passed?
<table>
<tr><td>A</td><td>Realisation A/c Dr.
To Anshu’s Capital A/c</td><td>15,000</td><td>
15,000</td></tr>
<tr><td>B</td><td>Realisation A/c Dr.
To Anshu’s Capital A/c</td><td>25,000</td><td>
25,000</td></tr>
<tr><td>C</td><td>Realisation A/c Dr.
To Anshu’s Capital A/c</td><td>10,000</td><td>
10,000</td></tr>
<tr><td>D</td><td>Anshu’s Capital A/c Dr.
To Realisation A/c</td><td>25,000</td><td>
25,000</td></tr>
</table>
</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Creditors of ₹ 50,000 took over Furniture of ₹ 65,000 and balance was to be settled in Cash. What entry will be passed?
<table>
<tr><td>A</td><td>Realisation A/c Dr.
To Cash A/c</td><td>15,000</td><td>
15,000</td></tr>
<tr><td>B</td><td>Cash A/c Dr.
To Realisation A/c</td><td>15,000</td><td>
15,000</td></tr>
<tr><td>C</td><td>Creditors A/c Dr.
Cash A/c Dr.
To Furniture A/c</td><td>50,000
15,000</td><td>

65,000</td></tr>
<tr><td>D</td><td>Furniture A/c Dr.
To Creditors A/c
To Cash A/c</td><td>65,000</td><td>
50,000
15,000</td></tr>
</table>
</td>
<td>1</td>
</tr>
</table>

5 The following transactions took place at the time of reconstitution of a firm. Which of the following will affect the Revaluation Account? **1**

Prepaid Insurance ₹ 20,000.

Outstanding Salaries ₹ 15,000.

Goodwill in books ₹ 30,000 and now valued at ₹ 40,000.

Bank Loan ₹ 30,000 now repaid.

a) Only (i), (ii) and (iii)	b) Only (i), (ii) and (iv)
c) Only (i) and (ii)	d) Only (iii) and (iv)

6 A partnership firm was formed on August 01, 2021. A partner withdrew ₹ 60,000 during the year ended March 31, 2022. Interest on drawings was to be charged @ 6% p.a Calculate Interest on Drawings. **1**

a) ₹ 3,600	b) ₹ 1,200	c) ₹ 1,800	d) ₹ 2,400

7 One, Two and Three were partners sharing P&L in the ratio 3:2:1. Profit for the year ended was ₹ 6,00,000. Two was guaranteed that his share of profits will not be less than ₹ 2,40,000. Deficiency if any will be borne by One and Three equally. Determine the amount of share of profits of all three partners. **1**

a) ₹ 3,00,000, ₹ 2,00,000 and ₹ 1,00,000 respectively
b) ₹ 2,70,000, ₹ 2,40,000 and ₹ 90,000 respectively
c) ₹ 2,80,000, ₹ 2,40,000 and ₹ 80,000 respectively
d) ₹ 2,60,000, ₹ 2,40,000 and ₹ 1,00,000 respectively

8 Flair, Cello and Doms were partners sharing profits in the ratio 7:5:3. They decided to share future profits equally. For which of the following balances, Flair will be credited, if the firm decides to continue with these balances in a reconstituted firm as well. **1**

a) Profit and Loss (Cr.)	b) General Reserve	c) Profit and Loss (Dr.)	d) Reserve Fund

9 C, G and S were partners sharing P&L in the ratio 2:2:1. They admitted T as a new partner for 25% share, which he acquired from C, G and S in their original share. What will be the new ratio? **1**

a) 1:1:1:1	b) 3:2:1:2	c) 2:2:1:1	d) 6:6:3:5

Or

AB, CD and EF were partners sharing P&L in the ratio 5:3:2. AB retired and his share was taken over by CD and EF equally. What will be the new ratio?

a) 1:1	b) 3:2	c) 11:9	d) 9:11

10	Sid, Joe and Rambo were partners sharing P&L in the ratio 3:5:2. Sid died on 01 August, 2022. His share of profits till his date of death was to be calculated on the basis of average profits of the last 3 years. Profits for last few years were as follows :- 2019-20 - 5,00,000; 2020-21 - ₹ 9,00,000 and 2021-21 ₹ 2,00,000 (Loss) What entry will be passed? A: Profit and Loss Suspense A/c Dr. 40,000 / To Sid's Capital A/c 40,000 B: Sid's Capital A/c Dr. 40,000 / To Profit and Loss Suspense A/c 40,000 C: Profit and Loss Appropriation A/c Dr. 40,000 / To Sid's Capital A/c 40,000 D: Sid's Capital A/c Dr. 40,000 / To Profit and Loss Appropriation A/c 40,000	1
11	Goodwill of the firm was to be valued at 4 years' purchase of Super profits. If Capital Employed was ₹ 20,00,000; Average profits were ₹ 45,000 and Goodwill was valued at ₹ 6,00,000, determine normal rate of return. a) 10% b) 5% c) 15% d) 7.5%	1
12	ABC Ltd forfeited 5,000 equity shares of ₹ 10 each (₹ 8 called up) for non-payment of first call of ₹ 3 per share. The maximum possible discount that can be allowed at the time of re-issue is ____ a) ₹ 15,000 b) ₹ 35,000 c) ₹ 25,000 d) ₹ 10,000 Or PQR Ltd. forfeited 6,000 shares of ₹ 10 each on which only ₹ 4 was paid. Out of which 4,000 shares were re-issued at a discount of ₹ 1.50 per share. Determine the balance of Share Forfeited Account after re-issue of 4,000 shares. a) ₹ 6,000 b) ₹ 8,000 c) ₹ 10,000 d) ₹ 10,000	1
13	Agrim Ltd. issued 20,000, 8% Debentures of ₹ 100 each at a certain rate of premium., and to be redeemed at 6% premium. After writing off loss on issue of debentures, balance left in Securities Premium was ₹ 80,000. If there was no previous balance of Securities Premium, then at what rate of premium, these debentures were being issued? a) 6% b) 4% c) 2% d) 10%	1

<table>
<tr><td>14</td><td>
<table>
<tr><th>Column- I</th><th>Column- II</th></tr>
<tr><td>a) Writing off Preliminary Expenses</td><td>i) Securities Premium Credited</td></tr>
<tr><td>b) Net Assets > Purchase Consideration</td><td>ii) Capital Reserve Credited</td></tr>
<tr><td>c) Issuing Shares at a price higher than face value</td><td>iii) Securities Premium Debited</td></tr>
<tr><td>d) Net Assets < Purchase Consideration</td><td>iv) Goodwill Debited</td></tr>
</table>
Match the above columns.
<table>
<tr><td>a) A-III; B-II; C-I; D-IV</td><td>b) A-I; B-II; C-III; D-IV</td></tr>
<tr><td>c) A-III; B-IV; C-I; D-II</td><td>d) A-I; B-IV; C-III; D-II</td></tr>
</table>
</td><td>1</td></tr>
<tr><td></td><td>Following is a hypothetical situation:-

Santosh and his six friends were very ambitious and innovative. They decided to open a Kiosk for selling old electronic gadgets like Mobiles, Laptops, PC. Tablets etc. For this, they need funds which they were not having. So they decided to form a company and arrange the funds from the general public. They fulfilled all the legal formalities and got the registered capital of ₹ 50,00,000 divided in shares of ₹ 10 each. They decided to issue 2,00,000 shares to the general public payable ₹ 3 on application; ₹ 5 on allotment and balance on call. ₹ 7,20,000 were received on application and all the shares were allotted on a pro-rata basis. Mukund who had applied for 6,000 shares failed to pay call money.

Based on the above situation, answer Q No. 15 and 16.</td><td></td></tr>
<tr><td>15</td><td>Determine the amount to be refunded at the time of allotment of shares.
<table>
<tr><td>a) ₹ 1,20,000</td><td>b) ₹ 7,20,000</td><td>c) ₹ 6,00,000</td><td>d) Nil</td></tr>
</table>
Or
Determine the amount received by the company on allotment.
<table>
<tr><td>a) ₹ 10,00,000</td><td>b) ₹ 8,80,000</td><td>c) ₹ 11,20,000</td><td>d) ₹ 1,20,000</td></tr>
</table>
</td><td>1</td></tr>
<tr><td>16</td><td>Determine the amount of Calls in Arrears.
<table>
<tr><td>a) ₹ 25,000</td><td>b) ₹ 10,000</td><td>c) ₹ 12,000</td><td>d) ₹ 32,000</td></tr>
</table>
</td><td>1</td></tr>
<tr><td>17</td><td>Eena and Meena were partners sharing P&L in the ratio 3:2. They admitted Deeka as a new partner for 20% share, which was sacrificed by Eena and Meena equally. On the admission of Deeka, there was Investment and Investment Fluctuation Reserve appearing in the books at ₹ 2,50,000 and ₹ 80,000 respectively. Investments were now valued at ₹ 2,20,000. Also Goodwill was valued at ₹ 2,00,000 and Deeka could bring 60% of his share of goodwill.

Pass the necessary journal entries for the treatment of goodwill and Investment Fluctuation Reserve at the time of Deeka's admission.</td><td>3</td></tr>
</table>

18	Nishant, Dheeraj and Dharma were partners in a firm sharing profits and losses in the ratio of 5:3:2. Their Capital balances as on March 31, 2022 were ₹ 7,00,000, ₹ 8,00,000 and ₹ 5,00,000 respectively. Dharma died on 01 April, 2022. Nishant and Dheeraj decided to share future P&L equally. Goodwill of the firm on the date of reconstitution was valued at ₹ 4,00,000. Nishant and Dheeraj decided to pay off the dues of Dharma's executors. Show your workings clearly.	3
19	Amber Ltd. purchased Equipments of ₹ 12,00,000 and Computer Software for ₹ 6,00,000 from Techguru Ltd., payable ₹ 4,20,000 by cheque and balance by issue of 8% Debentures of ₹ 100 each at a premium of 15%. Pass the journal entries in the books of Amber Ltd. Or Dhruvtaara Ltd. took over Assets of ₹ 25,00,000 and Liabilities of ₹ 6,50,000 of Mandal Ltd. for a purchase consideration of ₹ 18,00,000. The amount was to be settled by issue of Equity shares of ₹ 10 each at 50% premium. Pass entries in the books of Dhruvtaara Ltd.	3
20	Aim and Goal were partners with fixed capitals of ₹ 25,00,000 and ₹ 15,00,000 respectively. For the year ended March 31, 2022 Interest on Capitals was provided @ 10% p.a, though the deed was silent. Also Salary to be allowed to Goal of ₹ 40,000 per quarter was omitted from the books of accounts. You are required to pass the necessary adjustment entry. Show your workings clearly. Or Happy and Glory were partners sharing P&L in the ratio 3:2. Their drawings for the year ended March 31, 2022 were ₹ 1,00,000 and ₹ 2,00,000 respectively. Interest on drawings was to be charged @ 10% p.a. Profits of the year ₹ 2,40,000 were distributed equally without charging Interest on Drawings. You are required to pass the necessary adjustment entry. Show your workings clearly.	3
21	On 1/7/2021, Jugnu Ltd. issued 20,000, 8% Debentures of ₹ 100 each at 5% discount and to be redeemed at a premium of 10% at the end of third year. Pass Journal entries for issue of debentures. Also prepare Loss on Issue of Debentures A/c, if there was balance in Securities Premium of ₹ 1,80,000 and debit balance in Statement of Profit and Loss of ₹ 2,50,000. Determine the balance of Statement of Profit and Loss after writing off Loss on Issue of debentures.	4

22	Pass necessary Journal entries for the following transactions on the dissolution of the firm, assuming assets and liabilities have already been transferred to the Realisation Account. i) Debtors were of ₹ 1,25,000 and Provision for Doubtful Debts were ₹ 15,000. Partner Rancho took over debtors amounted to ₹ 75,000 at ₹ 65,000 and the remaining debtors were sold to a debt collecting agency at 80% of the value. ii) Sundry Assets were of ₹ 4,50,000. Simba, one of the creditors took over Assets of ₹ 2,50,000 in full settlement of his dues of ₹ 2,80,000. Remaining Assets were taken over by partner Chintu in settlement of his loan dues of ₹ 1,60,000. iii) Bhimsen, a partner, assumed the responsibility of discharge of his brother's loan of ₹ 80,000 for ₹ 85,000, including interest. iv) Akbar, a partner, paid realisation expenses of ₹ 15,000 on behalf of another partner Birbal. Or Rohit, Virat and Shikhar were partners sharing P&L in the ratio 5:3:2. Their Capitals as on March 31, 2022 amounted to ₹ 2,50,000, ₹ 3,50,000 and ₹ 4,00,000 respectively. Due to continuous losses over the last few years, they decided to wind up the business on 31 March, 2022. On that date, the following balances were appearing in their books of accounts. Creditors ₹ 1,50,000; Bank Overdraft ₹ 50,000; Cash and Bank ₹ 1,20,000; Profit & Loss (Dr.) Balance ₹ 80,000. Assets were realised at 80% only and Creditors allowed 20% discount. Workers were being paid ₹ 40,000 immediately due to short notice of firm closure. Prepare a Realisation Account.	4
23	Achanak Ltd invited applications for 2,00,000 shares of ₹10 each payable ₹3 on application, ₹4 on allotment and balance whenever required. Public had applied for 2,70,000 shares and pro-rata allotment was made to the applicants of 2,50,000 shares. Mr.Rohit, who had applied for 10,000 shares failed to pay allotment money and his shares were immediately forfeited. 5,000 shares were re-issued @₹6 per share as fully paid up. Call was not yet made. Pass entries in the books. Also determine the amount of Subscribed and fully paid up share capital.	6

24	King and Queen are partners sharing profits and losses in the ratio of 2:1. Their Balance Sheet as on 31st March, 2022 is as follows:	6

Liabilities	₹	Assets	₹
Capitals:		Land and Building	2,00,000
King 1,60,000		Plant and Machinery	1,20,000
Queen 1,40,000	3,00,000	Investment	1,00,000
Reserve Fund	1,20,000	Stock	60,000
Sundry Creditors	80,000	Sundry Debtors 43,000	
Bills payable	32,000	Less: Provision 3,000	40,000
Workmen Compensation Reserve	48,000	Cash	60,000
	5,80,000		**5,80,000**

They decided to admit Jack into the partnership with effect from 1st April, 2022 on the following terms:

Jack shall bring in a capital of ₹ 1,20,000 and will also be bringing necessary amount for goodwill, which was valued as ₹ 60,000 for the firm. The new profit sharing ratio was decided as equal between all the partners.

Land was to be appreciated by ₹ 50,000 and Investment was to be appreciated to ₹ 1,30,000.

Stock was to be overvalued by ₹ 10,000.

Bad Debts amounted to ₹ 1,000. Remaining all debtors were good.

Creditors including ₹ 3,000 were no longer payable, hence to be written off.

Prepare Revaluation Account and Capital Accounts of partners.

Or

Amar, Akbar and Anthony were partners sharing P&L in the ratio 5:3:2. Their fixed capitals were ₹.16,00,000; ₹.10,00,000 and ₹.10,00,000 respectively. As per their partnership deed

a) Interest on Capitals to be allowed @10% p.a.

b) Salary to Amar @₹.20,000 p.m and to Anthony ₹.50,000 per quarter.

c) Interest on Drawings @6% p.a. Their drawings were; Amar ₹.1,00,000 (on May 31,2021); Akbar ₹.1,20,000 (during the year) and Anthony ₹.1,20,000 (drawn evenly at the beginning of every month).

d) Akbar had granted a loan of ₹.2,00,000 to the firm and interest on loan was agreed to be @8% p.a.

e) Rent payable to partner Anthony @₹.20,000 p.m.

f) For the year ended March 31, 2022, the firm made profits of ₹.14,56,000 before above mentioned adjustments.

g) You are required to prepare P&L Appropriation Account and Partner's Capital A/c.

25	Ikka, Dukka and Teeka were partners in a firm sharing in the ratio of 4:3:3. On 31 July, 2021 Dukka retired. On the date of retirement, their capital were ₹ 6,00,000; ₹ 4,00,000 and ₹ 5,00,000 respectively. ● Goodwill of the firm was valued at ₹ 3,00,000. ● Revaluation Gain was ₹ 2,00,000. ● General reserve was ₹ 1,00,000. The amount payable to Dukka was transferred to his loan account. Ikka and Teeka decided to pay ₹ 1,30,000 to Dukka on his retirement and the balance was to be paid in three equal half yearly instalments together with interest @ 6% p.a. Books were to be closed on March 31 every year. Prepare Dukka's Loan account till it is finally closed.	6
26	Anther Ltd forfeited 8,000 shares of ₹ 10 each (issued at ₹ 2 premium) for non-payment of allotment money of ₹ 5 (including premium) and final call money of ₹ 3 per share. Out of these, 5,000 shares were re-issued @ ₹ 8 per share as fully paid up. Pass entries for forfeiture and re-issue. Manmani Ltd. was registered with an authorised capital of ₹ 80,00,000 divided into 8,00,000 shares of ₹ 10 each. The company offered 3,00,000 shares for public subscription at ₹ 2 premium. Manjeet, a shareholder holding 10,000 shares failed to pay final call money of ₹ 3 per share and his shares were forfeited. Out of these, 3,000 shares were re-issued @ ₹ 11 per share as fully paid up. Present the Share Capital in the Balance Sheet of the company. Also prepare Notes to Accounts. Or On 1st August, 2021, Otua Ltd. issued 30,000, 9% Debentures of ₹ 100 each at 10% Discount. These Debentures to be redeemed at 5% premium. Interest on these debentures was payable on March 31 every year. Pass entries for Interest on Debentures for the year ended March 31, 2022. A company took a loan of ₹ 20,00,000 from IFCI Bank and issued 25,000, 8% Debentures of ₹ 100 each as collateral security. Pass necessary entries and also show the extract of the Balance Sheet of the company.	6
	Part B – Analysis of Financial Statements	
27	Assertion (A) :- Loose Tools and Stores and Spares will be excluded from Inventory while calculating Current ratio. Reason (R) :- These items won't be available for sale for the purpose of payment to Current Liabilities. **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, R is incorrect **D.** Both A and R are incorrect	1

Or

Which of the following transactions will not change Current Ratio.

a)	Machinery purchased on short term Credit
b)	Goods purchased for Cash
c)	Goods purchased on Credit
d)	Goods sold at profit on cash basis

28 Which of the following will be interested in judging the long term financial position of the firm while doing analysis of financial statements? **1**

a) Employees	b) Banks	c) Government	d) Researchers

29 What will be the correct sequence of the following while preparing a Cash Flow Statement? **1**

Profit before Tax and Extraordinary Items

Cash Flow from Operating Activities

Cash Flow from Operating Activities before working capital changes

Cash Flow from Operating Activities before Tax paid

a) I, IV, III, II	b) I, III, IV, II	c) IV, I, III, II	d) II, I, III, IV

30 Marketable Securities of ₹ 30,000 were purchased by Financial Enterprise. It will be classified under ………… **1**

a) Operating Activities	b) Investing Activities
c) Financing Activities	d) Cash and Cash Equivalents

Or

While preparing Cash Flow Statement, Loss on Sale of Machinery will be treated by

a)	Added under Non-Cash and Non-Operating Expenses
b)	Subtracted under Non-Cash and Non-Operating Expenses
c)	Added under Cash from Investing Activities
d)	Subtracted under Cash from Investing Activities

31 Give two examples for each of the following sub-headings of financial statements of a company as per Schedule III of Companies Act, 2013. **3**

i) Other Expenses
ii) Property, Plant and Equipments
iii) Short Term Borrowings

32 From the following information, calculate Cost of Materials consumed and Change in Inventories. **(3)**

Particulars	31 March, 2022	31 March, 2021
Raw Materials	60,000	40,000
Finished Goods	2,00,000	1,50,000
Work in Progress	1,20,000	1,00,000
Stock in Trade	60,000	50,000

Raw Materials purchased during the year amounted to ₹ 12,80,000

33 **(4)**

a) The proprietary ratio of Shubendu Ltd. was 0.8: 1. Which of the following would result in improvement, decline or no change in debt equity ratio? Also give reasons for the same.

ii) Conversion of Debentures into Shares.

iii) Issue of Shares for purchase of Equipment.

b) Calculate the quick ratio from the following information:

Total assets = ₹ 6,00,000 ; Non-current liabilities = ₹ 2,00,000; Shareholders' Funds = ₹ 3,00,000; Non-Current Assets: Property, Plant and Equipments = ₹ 2,50,000 Non-current Investments = ₹ 1,50,000, Inventory = ₹ 40,000

34 **(6)**

a) Calculate Cash from Investing Activities from the following information

Particulars	31 March 2022 (₹)	31 March 2021 (₹)
Plant and Machinery	20,00,000	15,00,000
Accumulated Depreciation	(3,50,000)	(2,40,000)
12% Investments	6,00,000	4,00,000

Additional Information:-

ii) During the year 2021-22, the firm sold Machinery costing ₹ 2,00,000 (Book Value ₹ 1,50,000) at a loss of ₹ 30,000.

iii) Additional Investments were purchased on July 01, 2021.

a) Determine the missing figures and how it will impact the Cash Flow Statement?

Goodwill Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To ______	2,00,000	By ______	80,000
To ______	____	By ______	_____
	3,50,000		____

स्वाध्यायान्मा प्रमदः

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