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**Part- A**  
**(Accounting for Not for Profit organizations, Partnership firms and Companies)**

1) Gagan, a partner in a partnership firm withdrew ₹10,000 in the beginning of each quarter. For how many months would interest on drawings be charged?

1-Mark

2) At the time of admission of a partner, General Reserve' appearing in the Balance Sheet of the firm is transferred to the capital accounts of the following:

- (A) Old partners in old profit sharing ratio
- (B) Old partners in new profit sharing ratio
- (C) All the partners in the new profit sharing ratio
- (D) Old partners in sacrificing ratio

1-Mark

3) \_\_\_\_\_ is a part of Authorised Capital that is issued for subscription.

- (A) Subscribed Capital
- (B) Called-up Capital
- (C) Issued Capital
- (D) Paid-up Capital

1-Mark

4) Income and Expenditure Account is prepared by Not-for-Profit Organisations on \_\_\_\_\_ basis. (Cash/Accrual)

1-Mark

5) Kiran Limited purchased machinery for 12,00,000 from Rohan Limited. The company paid the amount by issue of equity shares of ₹10 each at a premium of 20%. The number of shares to be issued to Rohan Limited will be:

- (A) 1,80,000 shares
- (B) 1,50,000 shares
- (C) 1,20,000 shares
- (D) 1,00,000 shares

1-Mark

- 6) At the time of dissolution of a partnership firm, a creditor worth ₹90,500 took away stock worth ₹77,775 in full settlement. Which of the following will be the accounting entry for the same?

Option	Particulars	Debit Amount	Credit Amount
A	Realisation Account To Bank Account	90,500	90,500
B	Realisation Account To Bank Account	77,775	77,775
C	Creditor's Account To Bank Account	77,775	77,775
D	No entry		



1-Mark

- 7) Shiv, Mohan and Hari were partners sharing profits in the ratio of 2:1:1. Mohan died on 31st March, 2020. Profit earned by the firm for the year ended 31st March, 2020 was ₹1,44,000. Amount of profit to be credited to Mohan's Capital Account will be:
- (A) ₹72,000  
 (B) ₹3,600  
 (C) ₹36,000  
 (D) ₹18,000

1-Mark

- 8) X, Y and Z were partners in a firm sharing profits in the ratio of  $\frac{1}{2}$ ,  $\frac{1}{3}$  and  $\frac{1}{6}$  respectively. Z decided to retire from the firm. On the date of his retirement, 'Workmen Compensation Reserve' of ₹1,20,000 was appearing in the Balance Sheet of the firm. The claim on account of Workmen Compensation was determined at ₹67,500. Excess of claim amount over the reserve will be:
- (A) Debited to Revaluation Account  
 (B) Credited to Revaluation Account  
 (C) Debited to Partners' Capital Accounts  
 (D) Credited to Partners' Capital Accounts

1-Mark

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9) Which of the following is a charge against profit?

- (A) Interest on Partners' Loan
- (B) Partners' Salary
- (C) Interest on Partners' Capital
- (D) Interest on Partners' Drawings

1-Mark

10) In the absence of a \_\_\_\_\_ mutual relations between partners are governed by the Indian Partnership Act, 1932.

1-Mark

11) \_\_\_\_\_ is opened to credit the share of profit of the deceased partner, till the time of his death to his Capital Account.

- (A) Profit and Loss Appropriation Account
- (B) Profit and Loss Suspense Account
- (C) Profit and Loss Account
- (D) Profit and Loss Adjustment Account

1-Mark

12) A and B are partners in a firm sharing profits in the ratio of 3:2. C was admitted as a new partner. A surrendered  $\frac{1}{4}$ th of his share and B surrendered  $\frac{1}{3}$ rd of his share in favour of C. The new profit sharing ratio will be:



- (A) 27: 16: 15
- (B) 27: 16 :17
- (C) 27: 16: 14
- (D) 27: 16 : 13

1-Mark

13) Super-profit is equal to

- (A) Actual Profit: Normal Profit
- (B) Normal Profit; Actual Profit
- (C) Average Profit; Net Assets
- (D) Assets; Outside Liabilities

1-Mark

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- 14) From the following information, calculate the amount of medicines consumed during the year that would appear in the Income and Expenditure Account for the year ended 31st March, 2020:

Particulars	Amount
Stock of Medicines on 1.4.2019	1,50,000
Creditors for Medicines on 1.4.2019	60,000
Stock of Medicines on 31.3.2020	1,90,000
Creditors for Medicines on 31.3.2020	24,000
Amount paid for Medicines during the year	5,00,000

3-Marks

**OR**

From the following information, calculate the amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31 March, 2020:

Particulars	Amount
Subscriptions received during the year	1,60,000
Subscriptions outstanding on 31 March, 2020	11,600
Subscriptions outstanding on 31 March, 2019	38,000
Subscriptions received in advance on 31st March, 2020	9,000
Subscriptions received in advance on 31st March, 2019	17,000



3-Marks

- 15) P, Q and R were partners in a firm sharing profits and losses in the ratio of 5:3:2. The partnership deed provides for charging interest on drawings @ 10% p.a. The drawings of P, Q and R during the year ending 31st March, 2020 amounted to ₹20,000, ₹30,000 and ₹50,000 respectively. After the final accounts have been prepared, was discovered that interest on drawings had not been charged.

Pass the necessary adjustment entry to rectify the omission of interest on drawings. Also show your working notes clearly.

4-Marks

**OR**

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W, X and Y were partners sharing profits and losses in the ratio of 2 :2:1. X was guaranteed a profit of ₹10,00,000. The firm earned a profit of ₹17,50,000 for the year ended 31st March, 2020.

Prepare the Profit and Loss Appropriation Account of W, X and Y for the year ended 31st March, 2020.

4-Marks

- 16)** On 1st April, 2019, Chetan Ltd. was formed with an authorised capital of ₹22,50,000 divided into 22,500 equity shares of ₹100 each. The company invited applications for 18,750 equity shares. The amount was payable as follows:

On application	₹ 30 per share
On allotment	₹ 40 per share
On first and final call	₹ 30 per share

The issue was fully subscribed and the company allotted shares to all applicants. All money was received except the first and final call on 3,500 shares.



- i. Present the share capital in the Balance Sheet of the company as per Schedule III Part I of the Companies Act, 2013.
- ii. Also prepare 'Notes to Accounts' for the same.

4-Marks

- 17)** Pass the necessary journal entries for the following transactions in case of dissolution of the partnership firm of X and Y after various assets (other than cash and bank) and third party liabilities have been transferred to Realisation Account:

- i.** Dissolution expenses were ₹4,000.
- ii.** Machinery of the book value of ₹50,000 was sold in the market for ₹47,000 for which a commission of ₹500 was paid to the broker.
- iii.** A creditor for ₹70,000 accepted stock valued at ₹90,000 and paid to the firm ₹20,000.
- iv.** Loss on realisation ₹40,000 was divided between the partners' X and Y in the ratio of 5:3.

4-Marks

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**18)** State whether the claim is valid if the partnership deed is silent in the following cases, give reason in support of your answer:

- i.** Anil and Priya are partners in a firm. Anil had advanced a loan to the firm. He claims interest @ 9% p.a.
- ii.** S and V are partners in a firm. S wants interest on capital @8% p.a.

4-Marks

**19)** From the following Receipts and Payments Account of Cool Club, prepare Income and Expenditure Account for the year ended 31st March, 2020:

**Receipts and Payments Account of Cool Club for the year ended 31st March, 2020**

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	42,500	By Salaries	33,500
To Subscriptions :		By Printing	23,000
2018-19 ₹ 1,500		By Sports Material	21,000
2019-20 ₹60,000		By Furniture (1.10.2019)	20,000
2020- 21 ₹ 1,800	63,300	By 10% Investments (1.10.2019)	70,000
To Proceeds from Charity Show (Included 1,700 of last year)	81,700	By Balance c/d	20,000
	<b>1,87,500</b>		<b>1,87,500</b>

**Additional Information:**

Depreciation to be provided @ 20% p.a. on furniture.

6-Marks

**20)**

- i. Anand Ltd. purchased machinery worth ₹3,15,000 from Mahima Ltd. The payment was made by issue of 10% debentures of ₹100 each issued at a discount of 10%.

Pass the necessary journal entries for purchase of machinery and debentures in the books of Anand Ltd.

- ii. Manas Ltd. issued 10,000, 7% debentures of ₹100 each at a premium of 10% redeemable at a premium of 10% after 6 years.

Pass the necessary journal entries in the books of Manas Ltd. regarding issue of debentures.

6-Marks

**21)**

- a) R and S were partners in a firm sharing profits and losses in the ratio of 3: 2. Their Balance Sheet as at 31st March,2020 was as follows:

**Balance Sheet of R and S as at 31st March, 2020**



<b>Liabilities</b>	<b>Amount ₹</b>	<b>Assets</b>	<b>Amount ₹</b>
Capitals:		Cash at Bank	10,000
R 60,000		Debtors 65,000	
S 40,000	1,00,000	Less: Provision for Doubtful Debts 5,000	60,000
General Reserve	20,000	Stock	20,000
Creditors	20,000	Machinery	50,000
Bills payable	20,000	Land and Building	20,000
	<b>1,60,000</b>		<b>1,60,000</b>

M was admitted on the above date as a new partner for 1/5th share in the profits of the firm. The terms of agreement were as follows:

- M will bring ₹80,000 as his capital and ₹60,000 as his share of goodwill premium.
- Machinery was revalued at ₹45,000
- Stock will be reduced by 10% and Land and Building will be appreciated by 40%.

Prepare Revaluation Account and Partners' Capital Accounts.

8-Marks

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**OR**

b) X, Y and Z were partners in a firm sharing profits and losses in the ratio of 5:3:2. Their Balance Sheet as at 31st March, 2020 was as follows:

**Balance Sheet of X, Y and Z as at 31st March, 2020**

<b>Liabilities</b>	<b>Amount ₹</b>	<b>Assets</b>	<b>Amount ₹</b>
Creditors	66,500	Land	3,00,000
Bills Payable	10,000	Furniture	10,000
Profit & Loss Account	22,500	Stock	20,000
Provision for Legal Claims	57,500	Debtors	20,000
Capitals:		Less: Provision for Doubtful Debts	500
X	1,20,000	Patents	45,000
Y	97,000	Bank	50,000
Z	71,000		
	<b>4,44,500</b>		<b>4,44,500</b>



On the above date, Z retired. The terms of retirement were:

- i. Goodwill of the firm was valued at ₹80,000
- ii. Land will be appreciated by 10% and furniture will be depreciated by 5%.
- iii. Provision for legal claims will be made at ₹61,000
- iv. ₹90,000 from Z's capital account will be transferred to his Loan Account and the balance will be paid to him by cheque.

Prepare Revaluation Account and Partners' Capital Accounts.

8-Marks



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**22)**

- i. Anurag Ltd. invited applications for issuing 1,00,000 equity shares of ₹10 each at a premium of 10%. The amount was payable as follows:

On application – ₹3 per share

On allotment - ₹3 per share (including premium)

On first call - ₹2 per share

On second and final call - Balance

Applications for 1,50,000 shares were received. The directors decided to reject applications for 50,000 shares and to refund the excess application money in full. Gopal, holding 600 shares, failed to pay the first call and the second and final call.

Pass the necessary journal entries for the above transactions in the books of Anurag Ltd. Open Calls-in-Arrears Account, wherever necessary.

8-Marks



**OR**

Pass journal entries for the following transactions:

- i. AXN Ltd. forfeited 2,400 shares of ₹10 each for non-payment of final call of ₹3 per share. Out of the forfeited shares, 800 shares were reissued at 8 per share as fully paid-up.
- ii. Vanya Ltd. purchased a running business from Hardik Ltd. for a sum of ₹18,00,000. The payment of ₹10,00,000 was made by issue of equity shares of ₹10 each and balance by a cheque. The assets and liabilities acquired from Hardik Ltd. consisted the following:

	₹
Machinery	9,00,000
Land and Building	13,50,000
Furniture	8,50,000
Sundry Creditors	3,00,000

8-Marks

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**Part – B**

**Option-1**

**(Analysis of Financial statements)**

- 23)** Which of the following is not a limitation of financial analysis?
- It is just a study of interim reports.
  - It does not consider price level changes.
  - It may be misleading without the knowledge of the changes in accounting procedures followed by a firm.
  - It identifies the reasons for change in the financial position of the firm.
- 1-Mark
- 24)** \_\_\_\_\_ will be the operating profit ratio, if the operating ratio is 83.79%.
- 1-Mark
- 25)** Liquid Assets do not include:
- Trade Receivables
  - Cash and Cash Equivalentents
  - Inventory
  - Short-term Investments
- 1-Mark
- 26)** Which of the following transactions will not result in flow of cash?
- Purchase of Building of ₹12,75,000 for cash
  - Cash deposited into Bank ₹12,50,000
  - Issue of Equity shares of ₹20,00,000 for cash
  - Redemption of 8% Debentures of ₹7,50,000 for cash
- 1-Mark
- 27)** While preparing Cash Flow Statement, 'Commission and Royalty' received is shown under:
- Financing Activity
  - Investing Activity
  - Operating Activity
  - Both (B) and (C)
- 1-Mark

28) Horizontal analysis is also known as \_\_\_\_\_ analysis.

1-Mark

29) \_\_\_\_\_ helps to assess the short-term solvency of a business.

- a) Turnover Ratio
- b) Solvency Ratio
- c) Liquidity Ratio
- d) Profitability Ratio

1-Mark

30)

- a) The Current Ratio of a company is 2 : 1. State giving reasons, whether the following transactions would reduce, improve or not change the Current Ratio:
  - i. Payment of Current Liability
  - ii. Purchased Goods on Credit
  
- b) Under which heads will the following items appear in the Balance Sheet of a company as per Schedule III Part I of the Companies Act, 2013?
  - i. Loose Tools
  - ii. Capital Reserve
  - iii. Bills Payable

3-Marks



31)

- a) From the following information, prepare a Comparative Statement of Profit and Loss:

Particulars	2019-20	2018-19
Revenue from Operations	60,00,000	45,00,000
Employee Benefit Expenses	30,00,000	20,00,000
Other Expenses	15,00,000	10,00,000
Tax Rate	60%	60%

4-Marks

OR

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b) From the following information, prepare a Common Size Balance Sheet

	<b>Particulars</b>	<b>Note No.</b>	<b>31.3.2020 ₹</b>	<b>31.3.2020 ₹</b>
	<b>I. Equity and Liabilities:</b>			
1.	Shareholder's Funds		4,00,000	2,00,000
2.	Non-Current Liabilities		2,50,000	1,00,000
3.	Current Liabilities		1,50,000	1,00,000
	<b>Total</b>		<b>8,00,000</b>	<b>4,00,000</b>
	<b>II. Assets</b>			
1.	Non-Current Assets		5,00,000	2,50,000
2.	Current Assets		3,00,000	1,50,000
	<b>Total</b>		<b>8,00,000</b>	<b>4,00,000</b>

4-Marks

32)

- i. From the following information, calculate cash flow from Investing Activities:

<b>Particulars</b>	<b>31.3.2020 ₹</b>	<b>31.03.2019 ₹</b>
Plant and Machinery	3,00,000	2,00,000
Goodwill	1,20,000	40,000

**Additional Information:**

A machine costing ₹50,000 (depreciation provided thereon ₹15,000) was sold for ₹40,000. Depreciation charged during the year was ₹50,000. Show your working notes clearly.

- ii. From the following information, calculate cash flow from Financing Activities:

<b>Particulars</b>	<b>31.3.2020 ₹</b>	<b>31.03.2019 ₹</b>
Equity Share Capital	18,00,000	10,00,000
12% Debentures	4,00,000	3,00,000
Securities Premium Reserve	1,40,000	1,00,000

**Additional Information:**

Interest paid on Debentures was ₹36,000.

6-Marks