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

- 1) When a company plans to redeem its debentures out of profits, it should transfer minimum _____ % of the face value of the outstanding debentures to Debenture Redemption Reserve out of surplus available for payment of dividend. (1-Mark)

- 2) _____ capital accounts always show a credit balance. (1-Mark)

- 3) In the case of retirement, if full or part of the amount payable to the retiring partner still remains to be paid, and there is no agreement among the partners then retiring partner will get
 - (i) Interest @ 6% p.a on the Balance amount.
 - (ii) Share of profit earned proportionate to his amount outstanding to total capital of the firm.
 - (iii) Interest @ 9% p.a. on the balance amount.



Which out of the following is correct ?

- (a) (i)
 - (b) (ii)
 - (c) (iii)
 - (d) Have a choice to get either (i) or (ii) (1-Mark)
-
- 4) The following information has been extracted from the financial statements of a not-for-profit-organization for the year ended 31st March, 2019.

Particulars	Amount (Rs.)
Opening balance of Match Fund	5,00,000
Sale of Match tickets	3,75,000
Donation for Match Fund received during the year	1,24,000
Match expenses	10,00,000

Which of the following statements is correct for the presentation of the above items in the financial statements of the not-for-profit-organization?

- (a) Negative Balance of Match fund Rs. 1,000 will be shown on the liabilities side of the Balance sheet as at 31st March, 2019.
- (b) Opening Balance of Match Fund Rs. 5,00,000 will be shown on the liabilities side of Balance Sheet as at 1-4-2018.
- (c) Negative balance of match fund, Rs. 1,000 will be shown on the expenditure side of the Income and Expenditure Account for the year ended 31-3-2019.
- (d) Both (b) and (c). (1-Mark)



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- 5) Anita and Babita were partners sharing profits and losses in the ratio of 3 : 1. Savita was admitted for 1/5th share in the profits. Savita was unable to bring her share of goodwill premium in cash. The journal entry recorded for goodwill premium is given below:

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.
	Savita's Current A/c. Dr.		24,000	
	To Anita's Capital A/c.			8,000
	To Babita's Capital A/c.			16,000
	(Being adjustment of goodwill premium on Savita's Admission)			

The new profit sharing ratio of Anita, Babita and Savita, will be

- (a) 41 : 7 : 12
 (b) 13 : 12 : 10
 (c) 3 : 1 : 1
 (d) 5 : 3 : 2 (1-Mark)
- 6) Amla, Bimla and Kavita were partners sharing profits and losses in the ratio of 4 : 3 : 1. Bimla retires and gives her share of profit to Amla for Rs. 3,600 and to Kavita for Rs. 3,000. The gaining ratio of Amla and Kavita will be :
- (a) 4 : 5
 (b) 2 : 1
 (c) 6 : 5
 (d) 4 : 1 (1-Mark)
- 7) Capital Reserve is created out of _____ profits. (1-Mark)



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- 8) Avya, Divya and Kavya 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 at Rs. 90,000.

The journal entry for the treatment of Goodwill on change in profit sharing ratio will be:

Date	Particulars	L.F.	Dr. Rs.	Cr. Rs.

- (a) Kavya's Capital A/c. Dr. 10,000
 To Avya's Capital A/c. 10,000
- (b) Divya's Capital A/c. Dr. 10,000
 To Avya's Capital A/c. 10,000
- (c) Avya's Capital A/c. Dr. 90,000
 To Kavya's Capital A/c. 90,000
- (d) Avya's Capital A/c. Dr. 10,000
 To Kavya's Capital A/c. 10,000 (1-Mark)
- 9) Mohit, Shobhit and Rohit are partners sharing profits and losses in the ratio 2 : 1 : 1. Rohit is guaranteed a profit of Rs. 14,000. The firm incurred a profit of Rs. 20,000 during the year. Calculate the amount of deficiency borne by Mohit and Shobhit. (1-Mark)
- 10) Which of the following is not a purpose for which the Securities Premium amount can be used?
- (a) Issuing fully paid bonus shares to shareholders.
(b) Issuing partly paid up bonus shares to shareholders.
(c) Writing off preliminary expenses of the company.
(d) In purchasing its own shares (buy back) (1-Mark)
- 11) Tangible Assets of the firm are Rs. 14,00,000 and outside liabilities are Rs. 4,00,000. Profit of the firm is Rs. 1,50,000 and normal rate of return is 10%. The amount of Capital employed will be
- (a) Rs. 10,00,000
(b) Rs. 1,00,000
(c) Rs. 50,000
(d) Rs. 20,000 (1-Mark)

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12) Income and Expenditure Account records:

- (a) Receipts and Payments of Revenue and Capital nature both.
- (b) Income and Expenditure of Revenue nature only.
- (c) Expenditure of Capital nature only.
- (d) Receipts of Revenue nature only. (1-Mark)

13) When the business of the firm becomes illegal, the way of dissolution of the firm is _____. (1-Mark)

14) On 31st March 2018 SS Ltd. had 50,000 10% debentures of Rs. 100 each outstanding. These debentures were due for redemption on 31st March, 2019. Debenture Redemption Reserve has a balance of Rs. 5,00,000 on 31st March, 2018.

Ignoring the entries for interest, pass the necessary journal entries for redemption of debentures. (3-Marks)

OR

X Ltd. has 4,000 12% debentures of Rs. 100 each on 1st April, 2018. According to the terms of issue interest on debentures is payable half yearly on 30th September and 31st March and the rate of tax deducted at source is 10%.

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



(3-Marks)

15) From the following information, calculate the amount of sports material that will be debited to the 'Income and Expenditure Account' of Bright Sports Club for the year ended 31-3-2019.

Particulars	1st April, 2018 Rs.	31st March, 2019 Rs.
Stock of Sports Material	1,10,000	1,50,000
Creditors for Sports Material	25,000	60,000
Advance paid for Sports Material	25,000	70,000

Additional Information:

Cash purchase of sports material during the year was Rs. 2,50,000. Rs. 1,50,000 were paid to the creditors of sports material. (4-Marks)

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16) A and B are partners sharing profits and losses in the ratio of 3:2. Their capital on 31st March, 2018 after all adjustments stood at Rs. 1,65,500 and Rs. 1,27,600 respectively.

Profits amounting to Rs. 50,000 for the year 2017-18 were distributed after allowing interest on drawings @ 12% p.a. During the year A withdrew Rs. 15,000 at the beginning of every quarter and B withdrew Rs. 40,000 during the year. Partnership deed is silent on interest on drawings but provides for interest on Capital @ 5% p.a. Interest on Capital has not been provided.

Showing your workings clearly, pass the necessary adjustment entry to rectify the above errors. (4-Marks)

OR

Arun, Shobha and Yuvraj were partners in a firm. On 1st April, 2018 their Fixed Capitals stood at Rs. 1,00,000, Rs. 50,000 and Rs. 50,000 respectively.

As per the provisions of partnership deed,



(i) Partners were entitled to an annual salary of Rs. 20,000 each.

(ii) Interest on Capital @ 10% p.a. was to be provided.

(iii) Profits were to be shared in the ratio 3:1:1. Net profit for the year ended 31st March, 2019 was Rs. 90,000.

Pass Journal Entries for the above in the books of the firm. (4-Marks)



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- 17) From the following Receipts and Payments Account of Shyam Music Club for the year ended 31st March, 2019 and additional information, prepare Income and Expenditure Account for the year ended 31-3-2019.

Receipts and Payments Account of Shyam Music Club for the year ended 31-3-2019.
Receipts Amount Payments Amount



Receipts	Amount (Rs.)	Payments	Amount (Rs.)
To Balance b/d		By Honorarium	71,000
Cash 10,000		By Musical Instruments	40,000
Bank 15,000	25,000	By Electricity Bill	31,000
To Subscription :		By Balance c/d	
2017 - 18 13,000		Cash 50,000	
2018 - 19 2,00,000		Bank 40,500	
2019 - 20 17,000	2,30,000	Fixed Deposit (@ 7% p.a. On 31-3-2019) 1,15,000	2,05,500
To Locker Rent	8,000		
To Sale of old furniture (book value Rs. 10,000)	15,000		
To Building Fund Donations	45,000		
To Life Membership Fee	19,500		
To Admission Fee	5,000		
	3,47,500		3,47,500

Additional Information:

- (i) The Club had 225 members each paying an annual subscription of Rs. 1,000.
(ii) Musical instruments were purchased on 1-10-2018. Depreciation @ 15% p.a. was to be charged on musical instruments. (4-Marks)

- 18) X, Y and Z were partners in a firm sharing profits and losses in the ratio of 2 : 2 : 1. The firm closes its books on 31st March every year. Y died on 24th June, 2018. On Y's death goodwill of the firm was valued at Rs. 1,20,000. Y's share in the profits of the firm till the date of death from the last Balance Sheet was to be calculated on the basis of sales. Sales during the year 2017-18 was Rs. 15,00,000 and profit earned during the year was Rs. 3,00,000. Sales from 1st April, 2018 to 24th June, 2018 were Rs. 2,00,000. The total amount payable to Y's executors on his death was Rs. 1,75,000. This amount was paid to them on 15-7-2018.

Pass the necessary journal entries for the above transactions in the books of the firm. (4-Marks)

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- 19) Harish and Gopal were partners in a firm sharing profits in the ratio of 3:2. On 31st March, 2018, their Balance Sheet was as follows:

Balance Sheet of Harish and Gopal as at March 31, 2018

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Creditors	36,000	Cash	47,000
Outstanding expenses	10,000	Bank	93,000
Gopal's wife's loan	50,000	Debtors	76,000
Capitals :		Stock	2,00,000
Harish 2,80,000		Furniture	20,000
Gopal 1,60,000	4,40,000	Leasehold premises	1,00,000
	5,36,000		5,36,000

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

- (i) Gopal agreed to pay his wife's loan.
- (ii) Leasehold premises realised Rs. 1,50,000 and Debtors Rs. 12,000 less.
- (iii) Half of the creditors agreed to accept furniture of the firm as full settlement of their claim and remaining half agreed to accept 10% less.
- (iv) 50% stock was taken over by Harish on payment by cheque of Rs. 90,000 and remaining stock was sold for Rs. 94,000.
- (v) Realization expenses of Rs. 10,000 were paid by Gopal on behalf of the firm.

Prepare Realization Account. (6-Marks)

OR



Sudha, Naresh and Geeta were partners in a firm sharing profits in the ratio of 5 : 3 : 2. Their fixed capitals were Rs. 6,00,000; Rs. 4,00,000 and Rs. 2,00,000 respectively. Besides her capital Geeta had given a loan of Rs. 75,000 to the firm. Their partnership deed provided for the following:

- (i) Interest on capital @ 9% p.a.
- (ii) Interest on partners' drawings @ 12% p.a.
- (iii) Salary to Sudha Rs. 30,000 per month and to Naresh Rs. 40,000 per quarter.
- (iv) Interest on Geeta's loan @ 9% p.a.

During the year Sudha withdrew Rs. 50,000 at the end of each quarter; Naresh withdrew Rs. 50,000 in the beginning of each half year and Geeta withdrew Rs. 70,000 at the end of each half year.

The profit of the firm for the year ended 31-3-2019 before allowing interest on Geeta's loan was Rs. 7,06,750.

Prepare Profit and Loss Appropriation Account. (6-Marks)

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20) Pass journal entries in the book of X Ltd. in the following cases:

- (i) The Company took a loan of Rs. 1,60,000 from SBI and issued 2,000, 12% debentures of Rs. 100 each as collateral security.
- (ii) Issued 1,000, 12% debentures of Rs. 100 each at 10% premium, redeemable at a premium of 5%.
- (iii) Purchased machinery Rs. 4,60,000, from Beta Ltd. Payment was made by issue of 9% debentures of Rs. 100 each at a premium of 15% redeemable at par. (6-Marks)

21) Zee Ltd. invited applications for issuing 3,40,000 equity shares of Rs. 10 each at a premium of Rs. 5 per share. The amount was payable as follows:

On application Rs. 4 per share (including Rs. 2 premium)

On allotment Rs. 5 per share (including Rs. 2 premium)

On First and Final call – Balance.

Applications for 6,00,000 shares were received. Application for 1,80,000 shares were rejected and application money was refunded. Shares were allotted on prorata basis to the remaining applicants. Excess money received with applications was adjusted towards sum due on allotment.

Yamini who had applied for 2100 shares failed to pay allotment money and her shares were forfeited immediately. Vani to whom 6800 shares were allotted paid her entire share money due on allotment. Afterwards First and Final call was made and was duly received. Out of the forfeited shares 850 shares were reissued to Vansh at Rs. 8 per share fully paid up.

Pass necessary journal entries for the above transactions in the books of the company by opening calls-in-arrears and calls-in-advance accounts. (8-Marks)

OR

K.N. Ltd. invited applications for issuing 6,00,000 equity shares of Rs. 10 each at a premium of Rs. 3 per share. The amount was payable as follows:

On Application and Allotment Rs. 3 per share.

On First Call Rs. 4 per share.

On Second and Final Call Balance (including premium).



Applications for 8,00,000 shares were received. Applications for 50,000 shares were rejected and the application money was refunded. Shares were allotted to the remaining applicants as follows:

Category I : Those who had applied for 4,00,000 share were allotted 3,00,000 shares on pro-rata basis.

Category II : The remaining applicants were allotted the remaining shares on pro-rata basis.

Excess application money received with applications was adjusted towards sums due on first call. Rakesh to whom 6,000 shares were allotted failed to pay the first call money. Rakesh belonged to category I. His shares were forfeited. The forfeited shares were re-issued at Rs. 13 per share fully paid up. The second call was made afterwards and was duly received.

Pass necessary journal entries for the above transactions in the books of K.N. Ltd. (8-Marks)

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- 22)** Raman and Aman were partners in a firm and were sharing profits in 3 : 1 ratio. On 31-3-2019 their balance sheet was as follows:

Balance Sheet of Raman and Aman as on 31-3-2019



Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Provision for bad debts	7,000	Bank	24,000
Outstanding Expenses	18,000	Bills Receivable	80,000
Bills Payable	47,000	Sundry Debtors	95,000
Sundry Creditors	1,02,000	Stock	14,000
Workmen Compensation Reserve	55,000	Furniture	70,000
Capitals :		Machinery	2,00,000
Raman 3,00,000		Land & Building	1,96,000
Aman 1,50,000	4,50,000		
	6,79,000		6,79,000

On the above date Suman was admitted as a new partner for 1/5th share in the profits on the following conditions:

- (i) Suman will bring Rs. 2,00,000 as her capital and necessary amount for her share of goodwill premium. The goodwill of the firm on Suman's admission was valued at Rs. 1,00,000.
- (ii) Outstanding expenses will be paid off. Rs. 5,000 will be written off as bad debts and a provision of 5% for bad debts on debtors was to be maintained.
- (iii) The liability towards workmen compensation was estimated at Rs. 60,000.
- (iv) Machinery was to be depreciated by Rs. 18,000 and Land and Building was to be depreciated by Rs. 54,000.

Pass necessary journal entries for the above transactions in the books of the firm. (8-Marks)

OR

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A, B and C were partners in a firm. Their Balance Sheet as at 31st March, 2019 was as follows:



Balance Sheet of A, B and C as at 31st March, 2019

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Bill payable	20,000	Bank	20,000
Creditors	40,000	Furniture	28,000
General Reserve	30,000	Stock	20,000
Workmen Compensation Reserve	6,000	Debtors : 45,000	
Capitals :		Less : Provision for doubtful debts 5,000	40,000
A 60,000		Land & Building	1,20,000
B 40,000			
C 32,000	1,32,000		
	2,28,000		2,28,000

B retired on 1st April, 2019. A and C decided to share profits in the ratio of 2 : 1. The following terms were agreed upon :

- (i) Goodwill of the firm was valued at Rs. 30,000.
- (ii) Bad-debts Rs. 4,000 were written off. The provision for doubtful debts was to be maintained @ 10% on debtors.
- (iii) Land and Building was to be increased to Rs. 1,32,000.
- (iv) Furniture was sold for Rs. 20,000 and the payment was received by cheque.
- (v) Liability towards Workmen Compensation was estimated at Rs. 1,500.
- (vi) B was to be paid Rs. 20,000 through a cheque and the balance was transferred to his loan account.

Prepare Revaluation Account, Partners' Capital Accounts and Bank Account. (8-Marks)

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**PART – B
Option – I
(Analysis of Financial Statements)**

- 23)** The quick ratio of a company is 0.5 : 0.75. Will cash sales of Rs. 5,000 increase, decrease or not change the ratio ? Give reason in support of your answer. (1-Mark)
- 24)** Employee benefit expenses include _____. (bonus/depreciation/income tax) (1-Mark)
- 25)** Which of the following is not a limitation of analysis of financial statements?
 (a) Window Dressing
 (b) Price level changes ignored
 (c) Subjectivity
 (d) Intra firm comparison possible (1-Mark)
- 26)** Under which of the following headings/sub-headings, Calls in advance will be presented in the Balance Sheet of a Company as per Schedule III Part I of the Companies Act, 2013?
 (a) Current Liabilities
 (b) Share Capital
 (c) Share Application Money Pending Allotment
 (d) Reserves and Surplus. (1-Mark)
- 27)** Interest received in cash from loans and advance is considered as ____activity while preparing cash flow statement. (1-Mark)
- 28)** List any two items other than cash in hand and cheques in hand that are presented under the sub-heading 'Cash and Cash Equivalents' in the Balance Sheet of a company. (1-Mark)
- 29)** While preparing cash flow statement, will 'Cash withdrawn from bank' result into inflow, outflow or no flow of cash? Give reason in support of your answer. (1-Mark)
- 30)** The Revenue from operations of a firm is Rs. 6,00,000. Its inventory turnover ratio is 3 times. If gross profit ratio is 25%, calculate its opening inventory and closing inventory. The opening inventory is 25% of closing inventory. (3-Marks)



OR

From the following information, calculate 'Interest coverage Ratio':

Profit after interest and tax Rs. 6,00,000

10% Debentures Rs. 8,00,000

Rate of Income Tax 40% (3-Marks)

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- 31)** Fill in the amounts left blank in the following Common Size Statement of **Profit and Loss for the year ended 31st March, 2019.**
Common-Size Statement of Profit & Loss for the year ended 31st March, 2019

Particulars	Absolute Change		% of Revenue from operations	
	2017-18 Rs.	2018-19 Rs.	2017-18	2018-19
I. Revenue from operations	20,00,000	25,00,000	.....	100
II. Other Income	1,00,000	2,50,000	.....	10
III. Total Revenue	21,00,000	27,50,000	105	110
IV. Expenses				
(a) Cost of Material consumed	8,00,000	.....	30	32
(b) Change in Inventory	1,00,000	2,00,000	.....	8
(c) Employee Benefit Expense	.....	4,50,000	15	18
(d) Other expenses	.....	2,25,000	10	9
Total Expenses	12,00,000	16,75,000	.....	67
V. Profit before Tax (III-IV)	9,00,000	10,75,000	45	43
Less : Tax	2,00,000	2,50,000	10	.....
VI. Profit after Tax	7,00,000	8,25,000	35	33



(4-Marks)

OR

From the following Statement of Profit and Loss of Skills India Ltd. for the year ended 31st March, 2018 and 2019, prepare a Comparative Statement of Profit and Loss.

Particulars	2018-2019 (₹)	2017-2018 (₹)
Revenue from operations	45,00,000	20,00,000
Employee Benefit Expenses	10,00,000	8,00,000
Other expenses	5,00,000	2,00,000
Tax rate	30%	30%



(4-Marks)

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- 32)** From the following Balance Sheet of Gopal Ltd. and the additional information as at 31st March, 2019, prepare a Cash Flow statement when cash flows from financing activities is Rs. 2,32,000.

**Gopal Ltd.
Balance Sheet as at 31-3-2019**

Particulars	Note no.	31.3.2019 (₹)	31.3.2018 (₹)
I – Equity and Liabilities :			
1. Shareholders Funds :			
(a) Share Capital		10,00,000	8,00,000
(b) Reserves and Surplus	1	4,00,000	(1,00,000)
2. Non-Current Liabilities :			
Long-term Borrowings	2	9,00,000	9,00,000
3. Current Liabilities :			
(a) Short term Borrowings	3	2,40,000	1,00,000
(b) Short term Provisions	4	2,00,000	1,75,000
Total		27,40,000	18,75,000
II – Assets :			
1. Non-Current Assets :			
(a) Fixed Assets :			
(i) Tangible Assets	5	20,00,000	14,42,000
(ii) Intangible Assets	6	46,000	58,000
(b) Non-current Investments		1,00,000	45,000
2. Current Assets :			
(a) Current Investments		2,00,000	1,20,000
(a) Inventories	7	2,14,000	90,000
(b) Cash and Cash Equivalents		1,80,000	1,20,000
Total		27,40,000	18,75,000

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Notes to Accounts :

Note Number	Particulars	31.3.2019 (₹)	31.3.2018 (₹)
1	Reserves and Surplus		
	Surplus (Balance in Statement of Profit & Loss)	4,00,000	(1,00,000)
2	Long-term Borrowings :		
	12% Debentures	9,00,000	9,00,000
3	Short Term Borrowings:		
	Bank Overdraft	2,40,000	1,00,000
4	Short Term Provisions:		
	Provision for Tax	2,00,000	1,75,000
5	Tangible Assets:		
	Machinery	24,00,000	16,42,000
	Less: Accumulated depreciation	(4,00,000)	(2,00,000)
	Total	20,00,000	14,42,000
6	Intangible Assets :		
	Goodwill	46,000	58,000
7	Inventories		
	Stock in trade	2,14,000	90,000

Additional Information :

Tax Rs. 1,50,000 was paid during the year.

(6-Marks)