Sample Paper – 2014
Class – XII
Subject – Accountancy

Time : 3Hours **Maximum Marks : 80**

Roll No. ………………….. **Code 55B**

General instructions :-

i. **All questions are compulsory.**
ii. **Working notes must be part of your answer (where require).**
iii. **Avoid overwriting and cutting.**
iv. **Write your roll no. on the question paper.**
v. **Don't leave blank page/pages in between your answers.**
vi. **(*) Before a question is an indication of inclusion of value based question.**

Part – A

1. Salary to a partner (Samay) is allowed as per articles of partnership but it is not mentioned whether in case of loss it will be allowed or not. State it will be allowed or not in the case of loss to firm. 1
2. How does the factor 'License' affect the goodwill of a firm? 1
3. On admission of a partner C, the balance of Capital A/c of old partners A and B are Rs.1,70,000 and Rs.1,80,000 after making all adjustments including premium for goodwill of Rs.20,000 brought in by new partner for her $1/6^{th}$ share in profits. C brings Rs. 1,20,000 as capital for proportionate share in profits. If capital of old partners is also to be adjusted in their profit sharing ratio taking C's Capital as basis then calculate capital of A which should be in new firm. 1
4. When is Memorandum Revaluation A/c prepared ?. 1
5. Give one point of distinction between a share and a debenture on the basis of meaning. 1
6. State any two provisions of the Indian Companies Act, 1956 for the issue of shares at a discount. 1
7. **One of the following statements is wrong. Rewrite that wrong statement correctly.** 1
   (A) Capital reserve is created out of capital profits while Reserve Capital is that portion of uncalled share capital which shall not be called up except in the event of winding up.
   (B) As per Table A interest on calls in arrears is charged @6% p.a. while on calls in advance interest is allowed @5% p.a.
   (C) Oversubscription of shares means public applied for more than issued shares while under subscription of shares means public applied for less than issued shares.
   (D) Calls in Advance means amount not called by the company on shares but paid by shareholder in advance while calls in arrears means amount called by the company on shares but not paid by the shareholders.

8. M and N were partners with fixed capital and their closing capital balance on 31st March,2013 were Rs.1,20,000 and Rs.80,000. **The net profit** of Rs.1,00,000 for the year ended 31st March, 2013 has been duly distributed between partners M and N in their agreed ratio 3 : 2 respectively. Amount withdrawn by M during the year was Rs.50,000. It was discovered on 1st April, 2013 that the under mentioned transactions were not recorded before distribution of Profits:

(i) Interest on Capital was allowed @5% p.a.

(ii) Interest on drawings was to be charged @12% p.a.

Pass an adjustment entry to rectify the above errors. **3**

9. X Ltd. On 1st April 2009 acquired assets of the value of Rs.6,00,000 and liabilities worth Rs.60,000 from Y Ltd. at an agreed value of Rs.5,50,000. X Ltd. Issued 12% Debentures of Rs.100 each at a premium of 10% in full satisfaction of purchase consideration. The debentures were redeemable 3 years later at a premium of 8%. Pass journal entries at the time of issue of debentures. **3**

10. Journalise the following transactions:

(i) A company redeemed (**at the option of debenture-holders before the date of redemption**) 5,000 12%Debentures of Rs.100 each which were issued at a discount of 5% by converting them into equity shares of Rs.10 each issued at par.

(ii) A company redeemed its 2,000 15% debentures of Rs.10 each issued at a premium of 10% by conversion into 11% Preference shares issued at a premium of 25%. **3**

11. Icon ltd. has an authorised capital of Rs.15,00,000 divided into 1,00,000 equity shares of Rs.10 each and 50,000 9% preference share of Rs10 each. The company invited application for 90,000 equity shares (issued at par)only. Public subscribed for 10% less than issued shares. All the money called and received except Rs.3,000 on final call(Rs.3 per share) from Ashwin. These shares were forfeited and half of these were reissued for Rs.2,500.

Prepare an extract of balance sheet of the company as per Revised schedule VI Part-1 of the companies Act,1956 disclosing the above information.

Also prepare Notes to Accounts for the same. **4**

12. A, B, C and D are partners in a firm sharing profits in the ratio of 3 : 3 : 2 : 2 respectively. D retired and A, B and C decide to share the future profits in the ratio of 3 : 2 : 1. Goodwill of the firm is valued at Rs.3,00,000. Goodwill already appeared in the books at Rs.4,50,000. The Loss for the first year after D's retirement amount to Rs.60,000.

Give necessary journal entries to record Goodwill and to distribute the profit/loss. Show your calculations clearly. **4**

***13.** Rehan and Smith were partners in a firm sharing profits in the ratio of 4 : 1. On 21-10-2012, they admitted Simran (**handicapped unemployed friend)** as a new partner for 1/3rd share in the profits of the firm. They fixed the new profit sharing ratio as 4 : 2 : 3.

The P & L A/c on the date of admission showed a balance of Rs50,000(Dr.). The firm also had a reserve of Rs.5,000. Simran's share in firm goodwill was calculated Rs.60,000 but she was able to bring only Rs.30,000 in cash and furniture worth Rs.20,000 as premium for his share of goodwill.

(i) *State any two values which are shown by old partners in admitting Simran as a new partner. 1

(i) Showing your workings clearly, pass necessary journal entries to record the above transactions. 3

***14.** Latest Choice & Fresh Retail Ltd. was incorporated for purchasing goods only from small scale industries and farmers of India. Company would purchase only those goods from other big industries which are not produced by SSI or farmers. It would also pay 25% of its profit before tax to SSI and farmers as incentive in proportion of the purchase made from them. Company issued 80,000 shares of Rs.10 each at a premium of Rs.2 per share payable as Rs.3 on Application, Rs.4 (Including premium) on allotment and the balance on first and final call. Applications were received for 1,20,000 shares. The Directors resolved to make pro-rata allotment. Olina who had applied for 1,200 shares failed to pay allotment money.

You are required :

i. *State two **values which has been considered** by the company during incorporation . **1**

ii. *Identify/Highlight the value conveyed in allotment of shares. **1**

ii. Calculate the amount received on allotment. **2**

15. X,Y and Z started partnership business with capitals of Rs.1,50,000, Rs.1,50,000 and Rs.1,00,000 respectively on 1st April 2012. X advanced Rs.20,000 on July 1, 2012. The partnership deed provided for the following:

(a) Interest on Capital at 5% p.a.

(b) Interest on drawings at 6% p.a. Each partner withdrew Rs.10,000 on July 1,2012.

(c) Rs.20,000 is to be transferred to a Reserve Account.

(d) Profit and Loss to be shared in the proportion of 3:2:1 upto Rs.60,000 and above Rs.60,000 equally.

Net profit of the firm for the period ended 31st December 2012 before above adjustments was Rs.1,24,700. There was a dispute regarding interest on partner's loan and to be adjusted. From the above information, prepare Profit and Loss Appropriation Account & Accounts related to partners. **6**

16. Raman and Vimal were partners in a firm sharing profits in the ratio of 3 : 5. On 31-03-2013 their Balance Sheet was as follows :

Liabilities	Rs.	Assets	Rs.
Capital :		Goodwill	43,000

Raman Rs.3,00,000 Vimal Rs.5,00,000	8,00,000	Land and Building Machinery	3,57,000 3,00,000
Creditors	1,79,000	Debtors	2,22,000
Employees' provident fund	21,000	Cash at Bank	78,000
	10,00,000		10,00,000

The firm was dissolved on 01-04-2013 and the assets and liabilities were settled as follows:

(i) Land and Building realised Rs.3,87,000.

(ii) Debtors realised Rs.2,25,000 (with interest) and Rs.1,000 were recovered for bad-debts written off last year.

(iii) There was an unrecorded investment which was sold for Rs.25,000.

(iv) Vimal took over machinery at Rs.2,80,000 for cash.

(v) Creditors were paid at a discount of Rs.4,000.

Pass necessary journal entries for dissolution of the firm. **6**

17. Suraj ltd. invited applications for issuing 80,000 equity shares of Rs.10 each at par. The amount was payable as follows :

On Application Rs.3 per share, on allotment Rs.4per share and balance on 1^{St} and final call.

Applications were received for 1,50,000 shares and pro-rata allotment was made as follows :

(A) Applicants for 15,000 shares were allotted 5,000 shares on pro-rata basis.

(B) Applicants for 70,,000 shares were allotted 50,000 shares on pro-rata basis.

(C) Remaining shares were allotted to applicants of 30,000 shares.

Exess Money in utilised in allotment and calls in advance. Money returned to rejected applicants. Hunny, a shareholder who had applied for 3,500 shares out of group B failed to pay allotment and call money. Rashi, a shareholder who was allotted 3,000 shares paid the call money along with allotment. Rashi belonged to group C.

Pass necessary journal entries to record the above transactions in the books of the company. 8

OR

Give Journal entries to record the following transactions of forfeiture and re-issue of shares and open Share forfeited account in the books of the respective companies.

(i) A Ltd. forfeited 2,000 shares of Rs.100 each issued at a discount of 5%. On these shares the first call of Rs.30 per share was not received and the final call of Rs.20 per share was yet to be called. These shares were subsequently re-issued at Rs.70 per share Rs.80 paid up. **4**

(ii) B Ltd. forfeited 5000 shares of Rs.10 each issues at a premium of Rs.3 per share for non-payment of

Allotment money of Rs.6 per share(Including premium of Rs.3 per share) and the first and final call of Rs.3 per share. Out of these 1000 shares were subsequently re-issued at RS.14 per share. **4**

18. **X**, **Y and Z** were partners sharing profits and losses in the ratio of 5:3:2. On 31st March, 2013 their Assets except an item and Liabilities were as under:

Assets : Leasehold – Rs.1,25,000 ; Patents – Rs.40,000 ; Machinery-Rs.1,50,000; Stock-Rs.1,40,000; Cash at Bank- Rs.40,000

Liabilities : Capitals : X-Rs.1,00,000; Y-Rs.1,25,000, Z-Rs.75,000; Creditors- Rs.1,85,000 ; Workmen Accident Compensation Fund – Rs.50,000

X died on 1st August, 2013 and it was agreed that:

(i) Goodwill of the firm is to be valued at Rs.35,000.
(ii) Interest on capital be provided @6% p.a.
(iii) Machinery is overvalued by 25% and Patents is increased by Rs.35,000 .
(iv) Claim of a workmen for accident is to be settled at Rs.20,000.
(v) For the purpose of calculating X's share in the profits of 2013-2014, the profits should be taken to have accrued on the same scale as in 2012-2013, which were Rs.1,50,000.

Pass necessary journal entries & prepare X's Capital A/c to be rendered to his executor. **8**

OR

A, B and C are in partnership sharing profits and losses in the ratio of 3 : 1 : 2 respectively. Their balance sheet as on 31st March, 2013 was as under:

Liabilities		**Rs.**	**Assets**		**Rs.**
Capital Accounts :			Cash		7,000
A	30,000		Debtors	Rs.20,000	
B	30,000		Less: Provision	Rs. 1,000	19,000
C	28,000	88,000			
Reserve		12,000	Stock		22,000
Sundry Creditors		18,000	Furniture		12,000
Bills payable		12,000	Machinery		30,000
			Freehold premises		40,000
		1,30,000			1,30,000

C retires from the business and the partners agree to the following revaluation :

i. Freehold premises and stock are to be appreciated by 20% and 15 % respectively.
ii. Machinery and furniture are to be depreciated by 10 % and 7 % respectively.
iii. Bad debts provision is found short by Rs.500.
iv. Goodwill is valued at Rs.21,000 on C's retirement.
v. The continuing partners have decided to adjust their capitals in their new profit sharing ratio after

retirement of C. Surplus/Deficit, if any, in their capital accounts will be brought in or paid in cash.

Prepared necessary ledger accounts and draw the balance sheet of reconstituted firm. **8**

Part - B

19. Stock Turnover Ratio is 5 times. Will it increase or reduce or not change on increase in closing stock. **1**

20. When is int. received relate to Operating Activities while preparing Cash Flow Statement? **1**

***21.** **Viyan Ltd.** took the health policy and accident policy of its all employees and considered these as operating Expenses. State any one value involved in such decision. **1**

22. State the major head and sub-head under which the following items in the Balance Sheet of a company will be presented as per revised schedule VI : **3**

(i) Public Deposits (ii) Bank Overdraft (iii) Discount on issue of shares to be written off next year
(iv) Loose tools (v) Calls in Arrears (vi) Calls in advance

23. From the following information prepare a common size Statement of Profit & Loss : **4**

Particulars	**Subex Ltd. 2013(Rs.)**	**Subex Ltd. 2012(Rs.)**
Total Revenue	35,00,000	25,00,000
Other Income	7,00,000	5,00,000
Total Expenses	20,00,000	10,00,000
Income Tax	50%	40%

24. From the following details, calculate Trade Receivable Turnover Ratio and Average Collection Period: **4**

		Rs.
Total Revenue from operation for the year (Total Sales)		2,25,000
Cash Revenue from operation(Cash Sales)		20% of Total Revenue
Revenue from operation returns - Out of Credit revenue(Sales return)		20,000
Trade Receivables :	Opening Balance	8,000
	Closing Balance	12,000

25. **Prepare 'Cash flow Statement' From the following summarized Balance Sheets of X Ltd. Company:** **6**

	Note No.	**31.3.2013(Rs.)**	**31.3.2012 (Rs.)**
I Equity & Liabilities			
Shareholders' funds:			
Share Capital		1,50,000	100,000
Reserve and Surplus (Profit & Loss Balance)		60,000	30,000
Non-Current Liabilities			
Long Term Borrowings	(1)	80,000	60,000
Current Liabilities			

	Trade Payables		35,000	30,000
	Short Term Provisions	(2)	55,000	70,000
		Total	**3,80,000**	**2,90,000**
II	**Assets**			
	Non-current Assets : Fixed Assets	(3)	2,40,000	1,50,000
	Non-current Investments		30,000	40,000
	Current Assets:			
	Inventories		55,000	40,000
	Trade receivables		45,000	40,000
	Cash & Cash Equivalents		10,000	20,000
		Total	**3,80,000**	**2,90,000**

		(2013) Rs.	(2012) Rs.
Note : (1)	**Long Term Borrowings**:		
	12%Debentures	80,000	60,000
(2)	**Short Term provisions :**		
	Provision for Tax	18,000	20,000
	Proposed dividend	37,000	50,000
(3)	**Fixed Assets**	2,76,000	1,68,000
	(-) Accumulated Depreciation	(36,000)	(18,000)
		2,40,000	1,50,000

Additional Information :

(i) New Debentures were issued on 30th September 2012 and interest on non-current investment was received Rs.2,000.

(ii) A part of fixed aseets costing Rs.5,000, on which depreciation of Rs.2,000 had been charged was sold for Rs.2,000. Depreciation charged during the year was Rs.20,000.

Special Attachment of 100 MCQ on 10+2 Accountancy.

Accountancy

Time : 6 hours **M.M.: 200**

Note :- (i) Good practice on this paper may help you in scoring 100 % in C.B.S.E. Accountancy of 10 + 2.
(II) Read carefully all the options of each question and specially of the question having false as an answer. Every time read all 4 options of questions (Which of the following is false). Remember all the correct options and try to correct the false one.

1. Which of the following is false:
(A) Amount invested by the owner of business is known as Capital.

(B) Value of the goods/ amount withdrawn by the owner of business for personal/private/domestic use is known as Drawings.
(C) Increase in Capital A/c is credited in Capital A/c & decrease in Capital A/c is debited in Capital A/c.
(D) Amount due to partners as Interest on Capital, Salary and Commission may exceed the profit available for appropriation.

2. Which of the following is false?
(A) Reconstitution of Partnership means Dissolution of Partnership but not the dissolution of partnership firm.
(B) Gaining ratio is calculated to compensate the retiring/deceased partner's share in firm goodwill.
(C) Sacrificing ratio is calculated for adjusting New Partner's share in firm goodwill whether brought in or not.
(D) when it is mentioned in partnership deed that in which ratio profits will be shared but it is silent about the sharing of loss then loss will be shared in equal ratio.

3. Which of the following is false :
(A) Cash/Bank A/c is debited in case of capital invested by owner in cash, Loan taken, Fixed Asset sold for cash, amount received from debtors and cash sales.
(B) Cash/Bank A/c is credited in case of cash withdrawn by owner, expenses paid, payment to creditors purchase of fixed assets for cash and loan repaid.
(C) When shares are issued in consideration of Fixed Assets purchased or to promoters for their services or for providing know-how or any intellectual property rights then it is known as shares issued for consideration other than cash.
(D) A public company restricts the right to transfer its shares, limits the number of members to fifty, Prohibits to invite public to purchase its shares or debentures and can not accept deposits from public.

4. Which of the following is false?
(A) Provident Fund & Employees' Pension Fund shown in Liabilities side of Balance sheet of a partnership firm are actual liabilities and not to be distributed among old partners on reconstitution of partnership firm.
(B) When we prepare a Memorandum Balance Sheet to find out a missing figure and item related to missing figure is not disclosed in the question anyway then we assumed it balance of Profit/Loss.
(C) Memorandum Revaluation A/c is prepared when effect of the revised value of assets and liabilities is to be adjusted in Partners' Capital on Reconstitution of Partnership Firm but not to be shown in the B/Sheet.
(D) If any Provision has created on any Asset then Asset A/c is closed at Net value (Full value – Provision) by debiting Realisation A/c on dissolution of Partnership Firm.

5. A firm has assets of Rs.3,60,000 excluding furniture which is 10% of the Total Assets. Total outside liabilities of the firm are Rs.1,00,000. Amount of capital employed in the firm is:
(A) Rs. 2,60,000 (B) Rs.2,96,000 (C) Rs.3,00,000 (D) None of these

6. **Which of the following is false?**

(A) In case of dissolution, balance in partners loan A/c is transferred to his Capital A/c instead of paying back if his Capital A/c shows negative(Dr.) balance after all adjustments.(upto negative balance in capital A/c)

(B) In case of Fixed Capital A/c of partners, balance of partners' capital A/c may change due to adjustments of interest on capital, remuneration to partner/s, drawings, interest on drawings and share in profit and loss.

(C) In the absence of partnership deed interest on partner's loan is allowed @6%p.a.(simple rate).

(D) In the case of Death/Retirement of partner if nothing is mentioned in the question about the new PSR and gain of partners then old ratio in between remaining partners become their new PSR and also gaining ratio.

7. **Yio Ltd. forfeited 800 shares of Rs.10 each(Rs.6 called-up) issued at a discount of 10% to Ram on which he has paid Rs.3 per share. Out of these 600 shares were re-issued to Z as Rs.8 paid up for 6 per share. What is the minimum amount at which remaining 200 shares can be reissued as fully paid up?**

(A) Rs. 6 (B) Rs. 1,400 (C) Rs. 7 (D) Rs.1,200

8. **Which of the following is false?**

(A) When the terms and conditions of partnership business are written on a document duly stamped and signed by all the partners then it is known as partnership deed or Articles of Partnership.

(B) In case a partner gets the guarantee of a certain amount in profit then he is entitled to that guaranteed amount even in the case of loss.

(C) When interest on partners' capital is as a charge on the profit then it is allowed even in the case of loss and it will be shown in P/L Adjustment A/c instead of P/L Appropriation A/c.

(D) Loss in case of partnership is distributed in profit and Loss Appropriation A/c while profit of Partnership firm is appropriated or distributed in Profit & Loss Adjustment A/c.

9. **Which of the following is false?**

(A) In case of admission, When share of new partner is given and nothing else mention in that case old ratio of old partners become their sacrifice ratio.

(B) In case of change in profit sharing ratio of existing partners gaining partner/s compensate to sacrificing partner/s for his/their gain in goodwill.

(C) In case of dissolution of partnership, firm continues its business but in case of dissolution of firm, business does not be continue.

(D) In case of Dissolution of partnership firm Revaluation A/c is prepared to close the Assets (other than cash) and outside liabilities Accounts.

10. **Goodwill of the firm is valued at Rs.1,50,000 on the basis of capitalisation of super profits. What will be the value of super profit if normal rate of return is 8%?**

(A) Rs.18,750 (B) Rs.12,000 (C) Rs.12,500 (D) Rs.20,000

11. **Super profit of a partnership firm are half of its actual average profit. Normal Rate of Return is 25 %. Which**

method for valuation of goodwill would you recommend to partners for higher valuation of goodwill :

(A) 5 Years' purchase of Super Profit (B) Capitalisation of Super Profit
(C) 2 Years' purchase of Average Profit (D) All of these fetch same value

12. Which of the following is false?

(A) Goodwill is a valuable fixed intangible asset and not the fictitious asset.
(B) Increase in the book value of goodwill is considered as purchase while decrease in the book value of goodwill is known as amortization.
(C) Self generated goodwill is not be shown in the books of accounts while purchased goodwill can be shown.
(D) Favorable location of business and efficiency of management adversely affect (decrease) goodwill's value.

13. Capitalised value of average profit – Rs. 15,00,000; Average Capital employed – Rs.10,00,000
Assets(excluding goodwill) – Rs.11,50,000; Liabilities – Rs.1,00,000
Value of goodwill on the basis of Capitalisation of Average Profits is :-

(A) Rs.5,00,000 (B) Rs.4,50,000 (C) Rs.3,50,000 (D) None of these

14. In which of the following problem answer given after problem is incorrect?

(A) In a partnership firm of A & B, A gave guarantee to B that his share in profit in any year would not be less than Rs.50,000. Profit earned by the firm during the half year ended were Rs.45,000. **Deficiency in in B's guaranteed amount to be adjusted from A's Capital is Rs2,500.**
(B) Anna and Kana were partners sharing profits in capital ratio and their capital were Rs.2,00,000 and Rs.1,00,000 respectively. Interest on capital was allowed @10% p.a. and profit of firm before making that adjustment was Rs.24,000. **Interest to be given on Anna's capital was Rs.20,000.**
(C) **N**eeta, Geeta and Seeta are partners sharing profits and losses in the ratio of 3 : 2 : 2. They decided to share future profits and losses in the ratio of 2 : 2 : 3. They also decided to record the effect of the following without affecting their book values :
General Reserve – Rs.30,000 : Profit & Loss A/c (Dr.) – Rs.5,000.
They also want to make the adjustment for goodwill which is valued at Rs.10,000.
In a single adjustment entry for the above Seeta(1/7 gain) will compensate Rs.5,000 to Neeta(1/7Sacrif)
(D) M and N are partners sharing profits in their fixed capital ratio and their closing capital balance on 31st December,2012 are Rs.1,20,000 and Rs.80,000. **The net profit** of Rs.1,00,000 for the year ended 31st December, 2012 has been duly distributed between its partners. After closing the books of Accounts it was discovered on 1st Jan. 2013 that the Interest on Capital was allowed @5% p.a. but not considered. **When making the rectification for the error no adjustment entry is required to be passed.**

15. Which of the following is false?

(A) When a partner withdrew a certain amount in the beginning of each quarter during the year ended then interest on total drawings is charged for 7.5 months.

(B) When a partner withdrew a certain amount in the beginning of each month during the half year ended then interest on total drawings is charged for 6.5 months.

(C) When a partner withdrew a certain amount in the mid of each quarter during the year ended then interest on total drawings is charged for 6 months.

(D) When a partner withdrew a certain amount at the end of each month during the year ended then interest on total drawings is charged for 5.5 months.

16. What will be the value of super profit if goodwill of the firm is valued at Rs.80,000 at 2.5 years' purchase of super profit?

(A) Rs. 2,00,000 (B) Rs. 20,000 (C) Rs. 30,000 (D) Rs. 32,000

17. Which of the following is false:

(A) A retiring partner is paid by gaining partner some amount extra than his share after making adjustments for reserves, accumulated profits / losses, Fictitious Assets and Profit/Loss on Revaluation of Assets and Liabilities. The extra is for goodwill.

(B) Revaluation A/c is prepared on Reconstitution of Partnership firm because only old partners are entitled to any Profit or Loss due to change in the value of assets and liabilities and in old ratio only.

(C) Cash/Bank A/c, General Reserve, Contingency Reserve, Profit/Loss balance, other free Reserves, Loan to or by Partners and Fictitious Assets are transferred to Realisation A/c on dissolution of Partnership Firm.

(D) In case of Dissolution of partnership firm if it is not mentioned in the question that what amount is realised from the Assets then it is assumed that Book Value is realised except for Goodwill.

18. Zoly and Manshi are partner sharing profits and losses in 7 : 3 ratio. Chatur is admitted with 3/7th share in the profits which he took 2/7th from Zoly and 1/7th from Mansi. New Profit Sharing Ratio will be :

(A) 29 : 11 : 30 (B) 8 : 9 : 15 C) 17 : 13 : 23 (D) 7 : 3 : 3

19. Which of the following is false?

(A) If a manager of a firm is allowed a commission of 8% on the net profit before charging such commission and Profit of the firm before charging commission is Rs.1,00,000 then commission will be Rs.8,000.

(B) If a manager of a firm is allowed a commission of 5% on the net profit before charging such commission and Profit of the firm after charging commission is Rs.95,000 then commission will be Rs.4,750.

(C) If a manager of a firm is allowed a commission of 5% on the net profit after charging such commission and Profit of the firm before charging commission is Rs.1,05,000 then commission will be Rs.5,000

(D) If a manager of a firm is allowed a commission of 5% on the net profit after charging such commission and Profit of the firm after charging commission is Rs.1,00,000 then commission will be Rs.5,000.

20. Which of the following is false:

(A) When debentures are issued in addition to primary security against a loan then it is known as issue of debentures as collateral securities.

(B) Debenture Suspense A/c is debited and Debentures A/c is credited for debentures issued as collateral securities.

(C) Goodwill A/c **or** Incorporation Cost A/c is debited for shares issued to promoters for their services or for providing know-how or any intellectual property rights.

(D) Escrow A/c means the predetermined time period during which securities purchased in a specialized way can't be sold.

21. Harshul and Anshul are partners sharing profits and losses in 5 : 3 ratio respectively. They admit Pushpit for 20% share in the profits and losses. The new profit sharing ratio of Harshul, Anshul and Pushpit will be :

(A) 2 : 2 : 1 (B) 1 : 1 : 1

(C) 5 : 3 : 2 (D) 7 : 5 : 3

22. Which of the following is False ?

(A) Closing Capital = Op. Capital + Add. Capital + Profits – Drawings

(B) Revaluation A/c is prepared in case of Reconstitution of partnership firm while Realisation A/c is prepared in case of Dissolution of partnership firm.

(C) Cost of Goods Sold or Revenue= Op. Inventories + Net purchases + Direct Exp. – Closing Inventories

(D) Revaluation A/c is debited for Increase in Assets & decrease in Liabilities.

23. Which of the following is false?

(A) A minor can be admitted in partnership firm only for profits and with limited liability as per Section 30 of Indian partnership Act, 1932 but only on consent of all the partners.

(B) Any new partner can be admitted only with the consent of all the partners.

(C) In case a new partner is unable to bring his share for premium for goodwill in cash then normally his Current A/c is debited for his share in firm's goodwill.

(D) When share of deceased partner is transferred for expected loss during the year upto the date of his death then Profit & Loss Suspense A/c is debited.

24. Ashok and Vinod are partners sharing profits and losses in the ratio of 3 : 2. Bheem is admitted as a new partner for 1/5th share in profits of the firm. Bheem acquires 1/4th of Ashok's share and 1/20th from Vinod. The new profit sharing ratio will be :

(A) 9 : 11 : 5 (B) 9 : 7 : 4

(C) 2 : 2 : 1 (D) 5 : 7 : 3

25. **Anil, Bhavesh and Chander were partners sharing profits and losses in the ratio of 4 : 3 : 1. Bhavesh retired, selling his share of profit for Rs.10,800 to Anil and Chander. Anil compensated Rs. 4,800 while Chander Compensated Rs.6,000 to Bhavesh. The new profit sharing ratio of Anil and Chander will be respectively :**

(A) 1 : 2
(B) 4 : 3
(C) 2 : 1
(D) 1 : 1

26. **Which of the following is false?**

(A) Capital of the company is divided into many small unit of equal denomination and each unit is known as Share.
(B) Authorised Capital is the maximum capital which can be issued by the company during its lifetime while subscribed capital is that part of issued share capital which has been subscribed for by the public.
(C) Subscribed and fully paid up capital means capital of those shares on which company has called the face value and also paid by the shareholders.
(D) Debentures includes debenture stock, bonds and any other securities of a company never constituting any charge on the assets of the company.

27. **Which of the following is wrong in relation to dissolution of partnership firm by an order of the court (Sec.44):**

(A) When a partner has become of unsound mind.
(B) When a partner has become permanently incapable of performing his duties as a partner.
(C) When a partnership firm can not be carried on except at a loss.
(D) When object for which firm was formed has been fulfilled.

28. **Compulsory dissolution of partnership firm takes place when :**

(A) any partner give notice to other partners for dissolution in case of partnership is at will.(Sec.43)
(B) all or all but one partner of the firm become insolvent or business becomes illegal. (Sec.41)
(C) a partner becomes insolvent or on the expiry of the period for which firm was formed.(Sec.42)
(D) all partners agree to dissolve the firm.(Sec.40)

29. **Which of the following is false?**

(A) Expired portion of the cost incurred during the Accounting year is known as Revenue expenditure while unexpired portion of the cost incurred is known as Capital expenditure.
(B) Operating profit = Gross profit – Operating Expenses
while Net Profit = Gross Profit +Other income – operating & non-operating expenses
(C) Provisions are made for known liabilities and charge on profit while Reserves are created for unknown liabilities and appropriated to strengthen the financial position of the business enterprise.

(D) The minimum number of partners is 2 while maximum number of partners is 20 in general business and limit of maximum Number of partners is imposed by Indian Partnership Act, 1932.

30. Securities Premium Reserve can not be utilised for which of the following objective :

(A) In writing off preliminary Expenses , underwriting commission & discount on issue of shares/Debentures.
(B) For issuing fully paid up bonus shares & for providing for premium payable on redemption of Redeemable Preference Shares or Debentures.
(C) For buy back of its own shares as per section 77-A.
(D) For distribution of Dividend among its shareholders.

31. Vinayak and Maruti are partners in a firm. They admit Hero as a partner for equal share in profits. Hero will bring his capital and premium for goodwill in cash. For this purpose goodwill of the firm is valued on the basis of capitalisation of average super profit earned during the last four years. Profit for the last four year were:-

2009 – Profit of Rs. 90,000(including speculation profit of Rs.10,000)
2010 - Profit of Rs.1,00,000(Closing stock was under valued by Rs.20,000)
2011 - Loss of Rs.80,000
2012 – Profit of Rs.2,36,000

A computer costing Rs.40,000 purchased on 30Th June 2012 was charged to revenue and depreciation on computer is to be charged @40% p.a. . Remuneration to Vinayak is allowed Rs.2,000 per quarter. Average Capital employed is Rs.5,00,000. 8% return is expected as interest on Bank Deposits and 4% extra return is expected in the business considering the risk. The value of goodwill will be :

(A) Rs. 1,80,000 (B) Rs. 2,50,000 (C) Rs.2,00,000 (D) Rs.3,00,000

32. A and B were partners sharing profits and losses in the ratio of 3 : 2. Profits of the year has been distributed without considering A's salary of Rs. 5,000 per annum. They want to make an adjustment entry for the above error. In adjustment Entry, A's capital A/c will be credited by :

(A) Rs. 5,000 (B) Rs. 3,000 (C) Rs. 2,000 (D) None of these

33. Hazari and Banarsi are partner sharing profits in 4 : 3 ratio. They admit Alisha as a new partner for 1/5th share in profits. She acquires her share of profits in the ratio of 1 : 2 from Hazari and Banarsi. The new profit sharing ratio of partners after admission of Alisha will be :

(A) 53 : 31 : 21 (B) 15 : 7 : 5 (C) 5 : 3 : 2 (D) 56 : 32 : 22

34. Which of the following is false :

(A) When shares issued at discount are reissued at a loss after forfeiture then Share Discount A/c is debited upto the original discount given at the time of issue and any excess loss is set off from Share Forfeiture A/c.
(B) While forfeiting shares which were issued at a premium, Securities premium Reserve A/c is debited/Cancelled only if premium has become due and not received.
(C) While forfeiting shares which were issued at a discount, Share Discount A/c is always credited /cancelled as discount is never received.

(D) Balance amount of Share Forfeiture of re-issued shares is transferred to General Reserve A/c.

35. Which of the following is false :

(A) Capital reserve is created out of capital profits while Reserve Capital is that portion of uncalled share capital which shall not be called up except in the event of winding up.

(B) As per Table A interest on calls in arrears is charged @5% p.a. while on calls in advance interest is allowed @6% p.a.

(C) Oversubscription of shares means public applied for more than issued shares while under subscription of shares means public applied for less than issued shares.

(D) Calls in Arrears means amount not called by the company on shares but paid by shareholder in advance while calls in advance means amount called by the company on shares but not paid by the shareholders.

36. In which of the following case creation of Debenture Redemption Reserve is required :

(A) Debentures are redeemed by an infrastructure company.

(B) Debentures are redeemed within 18 months of the issue.

(C) A Debentures are redeemed by a manufacturing company out of profits after 18 months of the issue.

(D) Debentures are redeemed by conversion.

37. Which of the following is false?

(A) Executors or Legal Heir of deceased partner has the right (for the period of death to settlement)to receive interest @6% p.a.(simple rate) on the balance capital of deceased partner or share in profits in proportion of capital at their discretion.

(B) All accumulated profits/losses and reserves are distributed among the old partners in their old ratio in case of Reconstitution of Partnership Firm.

(C) Partner's capital A/c is debited if any asset of the firm is taken by the partner.

(D) Balance in the Partner's capital A/c is decreased when any liability of firm is taken/paid by him.

38. Which of the following is not correct in relation to the procedure followed for issuing shares at discount:

(A) Shares of a class already issued can be issued at a discount by a company which has received certificate for commencement of business at least one year before such issue

(B) An ordinary resolution is to be passed in the general meeting of the shareholders mentioning the rate of discount.

(C) In case discount exceeds 10% of the face value of shares then any sanction from the Company Law Tribunal or Central Government in not required.

(D) The issue must be made within the time allowed by the Company Law Tribunal.

39. Which of the following method is used for valuation of goodwill according to capitalisation of super profit?

(A) Average profits x Nos. of years purchased

(B) Super profits x Nos. of years purchased

(C) $\frac{\text{Super profits}}{\text{Normal Rate}} \times 100$

(D) Capitalised value of Average profits - Actual Capital Employed

40. Which of the following is false :

(A) In the absence of partnership deed interest on capital, Salary to partners, commission to partners are allowed.

(B) Gaining Ratio = New Ratio - Old Ratio

(C) Sacrificing Ratio = Old Ratio - New Ratio

(D) Premium for goodwill brought in by new partner is distributed among sacrificing partners in their sacrificing ratio.

41. If a share of Rs.10 issued at a premium of Rs.2, on which Rs.9 (including premium) have been called and Rs.7(including Premium)paid is forfeited, the capital account should be debited by :

(A) Rs.12 (B) Rs.10 (C) Rs.5 (D) Rs.7

42. Which of the following is false :

(A) The debentures which are secured either by fixed charged on particular assets or by floating charge on all assets are known as Secured Debentures.

(B) In case of bearer debentures the name and address of the debentureholders is not recorded in the register of the company and coupon are attached with these debentures for interest payment.

(C) If debentures can be repaid by the company during its lifetime whether in lump sum or in instalments, these are known as Redeemable Debentures.

(D) When debentures are convertible into equity shares or other securities at a stated rate of exchange either at the option of the debentureholders or at the option of the company after a specified period, these are known as Non- Convertible Debentures.

43. A ltd. issued 100, 12%Debentures of Rs. 100 each at a Discount of 5% and redeemable at a premium of 10%. the amount to be debited in Loss on issue of debentures A/c Will be :

(A) Rs 750 (B) Rs.1,500 (C) Rs.10500 (D) Rs.11,000

44. 250 Debentures of Rs.500 each are due for redemption at a premium of 10 %. The amount due to debentureholders at the time of redemption will be :

(A) Rs.12,500 (B) Rs.1,37,500

(C) Rs. 1,25,000 (D) None of these

45. Which of the following is false?

(A) Forfeiture of shares means cancellation of shares by the company due to non-payment of call money.

(B) Surrender of shares means voluntary surrenders of shares by the shareholder to company for cancellation.

(C) Buy back of shares means purchase of its own shares by the company.

(D) Pro-rata allotment means giving full shares to applicant.

46. Which of the following is false?

(A) Right issue- When a company proposes to issue fresh securities to its existing shareholder in proportionate of their holding.
(B) Employee Stock Option- When a company give option to its Directors, officers or employees to purchase the Securities of the company on a future date at an optional price.
(C) Sweat Equity Shares – When shares of a listed company are issued to its promoters or employees at a discount or for consideration other than cash.
(D) Preferential Allotment - When shares are issued to promoters/ financial institution or strategic investors at a predetermined price with lock in period.

47. Which of the following is false?
(A) Minimum subscription – It is fixed at 90% of the issued shares by the companies Act & to be received within 120 days of the issue.
(B) Preliminary Expenses – These expenses are incurred by a company prior to incorporation.
(C) When a company issue its shares at a price more than face value it is known as issue of shares at a premium while issue of shares at a price less than face value is known as issue of shares at a discount.
(D) Shares of Alpha Ltd. are not freely transferrable while shares of Gamma Pvt. Ltd. are freely transferrable.

48. Eman Ltd. allotted 50,000 shares to the applicants of 75,000 shares on pro-rata basis. Calculate the nos. of shares applied by Suman if company allotted her 600 shares.
(a) 400 Shares
(b) 600 shares
(c) 900 shares
(d) 750 shares

49. Patents appeared in the Balance at Rs. 12,000. On revaluation it was find out that patents are undervalued by 20%. Then after revaluation value of patents would increase to :
(A) Rs.15,000
(B) Rs.2,400
(C) Rs. 14,400
(D) Rs.3,000

50. A and B are partners sharing profits and losses in the ratio of 4 : 1. C was a manager who received the salary of Rs.2,000 per month in addition to a commission of 5% on net profits after charging salary but before commission. Profits for the year is Rs.3,39,000 before charging salary and such commission. Find total remuneration of C :
(A) Rs.39,000
(B) Rs.44,000
(C) Rs.43,500
(D) Rs.39,750

51. Which of the following is false :
(A) In case of Fluctuating Capital A/c of partners, Current A/c of partners are not required to be opened.
(B) In case of Fixed Capital A/c of partners, Current A/c of partners are prepared.
(C) In case of Reconstitution of partnership, goodwill shown in B/S is written off among old partners in the new

ratio.

(D) Normally Capital A/c of partners have Credit balance.

52. On admission of a partner Kajal, the balance of Capital A/c of old partners Sweety and Preety are Rs.170,000 and Rs.1,90,000 after making all adjustments including premium for goodwill of Rs.40,000 brought in by new partner for her 1/6th share in profits. Kajal is required to bring capital proportionate to her share in profits on the basis of the capital of old partners. So, Kajal will bring for her Capital :

(A) Rs.1,00,000 (B) Rs.80,000 (C) Rs. 72,000 (D) Rs.1,20,000

53. On admission of a partner C, the balance of Capital A/c of old partners A and B are Rs.170,000 and Rs.1,90,000 after making all adjustments including premium for goodwill of Rs.20,000 brought in by new partner for her 1/6th share in profits. C bring Rs. 90,000 as capital for proportionate share in profits. If capital of old partners is also to be adjusted in their profit sharing ratio then Capital of A Should be :

(A) Rs.2,00,000 (B) Rs.1,80,000

(C) Rs. 2,25,000 (D) Rs.1,50,000

54. Which of the following is false :

(A) In case of Reconstitution of partnership, accumulated profits/losses are distributed among old partners in the old ratio.

(B) In case of death of a partner, the total balance of his capital will be transferred to deceased partner's A/c.

(C) In case of retirement Gaining partners paid the share of retiring partner in goodwill in their gaining ratio.

(D) Revaluation A/c is not prepared in case of dissolution of partnership firm.

55. Workmen Compensation Fund appeared in the Balance Sheet of A and B was Rs. 50,000. On admission of C it was find out that there is a claim of Rs.20,000 of a workman for compensation. What will be share of B in Workmen Compensation Fund if their profit sharing ratio was 3 : 2.

(A) Rs.15,000 (B) Rs.30,000 (C) Rs. 18,000 (D) Rs.12,000

56. In a partnership firm, a new partner (P) is admitted who brings proportionate amount of Rs. 3,00,000 for his 1/5th share in profits. Total Capital of old partner L and N was Rs.7,00,000 after all adjustments on admission of P except for premium for goodwill which is included in the amount brought in by new partner. Calculate the premium for goodwill included in the amount brought in by new partner:

(A) Rs. 20,000 (B) Rs. 60,000 (C) Rs. 1, 00,000 (D) Rs.25, 000

57. Which of the following is false?

(A) Realisation A/c is debited & Cash or Bank A/c is credited for any outside liability (Recorded or Unrecorded) and Realisation Expenses paid by a partner on dissolution of partnership firm.

(B) Cash or Bank A/c is debited & Realisation A/c is credited for any Assets (recorded or unrecorded) realised by the firm on dissolution of partnership firm.

(C) Partner's Capital A/c is debited & Realisation A/c is credited for any asset (recorded or unrecorded) is taken over by the partner while Realisation A/c is debited and Partner's Capital A/c is credited for any liability(recorded or unrecorded) and realisation expenses paid by a partner on dissolution of firm.

(D) No entry is passed for any assets(recorded or unrecorded) taken over by any creditors/lender in settlement of their dues and expenses of realisation paid by partner which were to be borne by him.

58. In a partnership firm of X, Y and Z who were distributing profits and losses in the ratio of 3 : 2 : 2, Z retired and capital balance of X, Y and Z are Rs.1,75,000, Rs. 1,50,000 and Rs. 1,25,000 respectively after all adjustments. On retirement of Z, it was decided that X and Y will bring sufficient cash to pay Z's balance and amount will be brought in such a way that their capital should be in their new profit sharing ratio 2 : 1 . So, amount brought in by X is :

(A) Rs.196,667 (B) Rs.1,05,000

(C) Rs. 20,000 (D) Rs.1,25,000

59. In a partnership firm of A, B and C who were distributing profits and losses in the ratio of 3 : 1 : 2, B retired and capital balance of A and C are Rs.46,500 and Rs. 29,000. On retirement of B, entire capital of new firm is fixed at Rs. 70,000 which should be in their new profit sharing ratio and any excess or deficiency to be withdrawn or brought in cash. So, amount withdrawn by A is :

(A) Rs.17,000 (B) Rs.9,500

(C) Rs. 1,000 (D) Rs.4,500

60. Which of the following is not a sub-head of non-current liabilities?

(A) Long Term Borrowings (B) Other long term liabilities

(C) Long Term Loans and Advances (D) Long term Provisions

61. Which of the following is false?

(A) Zero Coupon Bond are issued at a discount and redeemed at par. Rate of Interest is not mentioned in case **o**f Zero Coupon Bond

(B) When Debentures are redeemed at the option of the debentureholders before the due date of redemption then amount due to Debentureholders can't exceed the amount received at the time of issue or face value of debentures whichever is less .

(C) Preference Shares have preferential rights over the Equity Shareholders to receive dividend at a fixed rate and capital at the time of liquidation of the company.

(D) Cumulative Preference Shares carry the special right of getting additional dividend with their fixed dividend if Equity Shareholders are paid dividend at a rate more than the predetermined.

62. Which of the following is not a major head of Equity and Liabilities side?

(A) Shareholders' Fund (B) Non-Current Liabilities

(C) Short term loans and advances (D) Current Liabilities

63. **Which of the following is not an item of Tangible fixed Assets?**
(A) Freehold Land (B) Leasehold Land (C) Patents (D) Railway sidings

64. **Which of the following is not an item of Inventories?**
(A) Stores and spares (B) Loose tools (C) Goods in transit (D) Trade Marks

65. **Which of the following is not a sub head of Current Assets?**
(A) Current Investments (B) Cash &Bank Balance
(C) Other Current Assets (D) Short Term Loans and Advances

66. **Which of the following is false?**
(A) Capital Employed = Shareholders' Fund + Non-Current Liabilities
(B) Capital Employed = Total Assets – Current Assets
(C) Capital Employed = Equity and Liabilities (Total) - Current Liabilities
(D) Capital Employed = Non-Current Assets + Working Capital

67. **Which of the following is not an item of Other Current Liabilities?**
(A) Income received in Advance (B) Interest Accrued on borrowings (Due/Not due)
(C) Outstanding Expenses (D) Proposed Dividend

68. **Which of the following is False?**
(A) Working Capital = Total Assets – (Non-Current Assets + Current Liabilities)
(B) Working Capital = Current Assets - Current Liabilities
(C) Working Capital = Capital Employed – Non-Current Assets
(D) Working Capital = Shareholders' Fund + Debt

69. **Which of the following is shown under sub head -Short term Provisions of Current Liabilities?**
(A) Proposed Dividend (B) Unclaimed Dividend
(C) Both A & D (D) Provision for Income Tax

70. **Which of the following is not correct:**
(A) Current Ratio is good if it is 2 : 1 or more
(B) Liquid Ratio is considered good if it is 1 : 1 or more
(C) Interest coverage ratio and Trade Receivable turnover ratio are good if these are 6 to 7 Times or more
(D) Debt-Equity Ratio is considered good when it is more than 2 : 1

71. **Which of the following is false?**
(A) Financial Statements are prepared at the end of the year to know the financial performance and financial position of the business & includes Statement of P/L and Balance Sheet.
(B) Analysis of financial statements means analytic study on the data of Statement of P/L and B/S to know the financial strengths and weaknesses of the enterprise.
(C) Tools for analysing the financial statements are Comparative & Common Size Financial Statements,

Accounting Ratios, Cash Flow Statement, Fund Flow Statement & Trend Analysis etc.

(D) Affected by Window Dressing, Different Accounting Policies & effect of Personal Ability(subjectivity) and Bias of the Analyst are importance of Financial Analysis

72. Which of the following is a sub head of Shareholders' Fund ?

(A) Share Capital (B) Reserves & Surplus
(C) Money Received against Share Warrants (D) All of these

73. Which of the following Ratios help in knowing the capabilities of a company to pay its long term borrowing and interest thereon whenever they become due?

(A) Liquidity Ratios (B) Solvency Ratios
(C) Activity Ratios (D) Profitability Ratios

74. Which of the following is correct?

(A) Current Assets = Total Assets – Non Current Assets
(B) Current Liabilities = Total Debt(Liabilities) – Non-current Liabilities
(C) Inventories = Current Assets - Liquid Assets
(D) All of these

75. ***Inventory Turnover Ratio : 4 times ; Sales : Rs.3,00,000 : Gross Profit Ratio : 25% on cost***
Current Liabilities : 20% less than opening inventory ; Quick Ratio : 0.75 : 1
Inventory in the end was 40% more than inventory in the beginning.
Current Ratio of the company on the bass of above information will be:

(A) 2.4 : 1 (B) 2.5 : 1
(C) 2.33 : 1 (D) 2.25 : 1

76. If a company received Rs. 10,000 for an installment of a Laptop (goods)sold. This amount include interest of Rs. 2,000 then which of the following treatment is the correct while Preparing Cash Flow Statement:-

(A) Rs. 10,000 to be shown In Operating Activities.
(B) Rs. 8,000 to be shown in Operating while Rs.2,000 in Financing Activities
(C) Rs. 2,000 in Investing Activities and Rs.8,000 in Operating Activities.
(D) Rs.10,000 in Investing Activities only.

77. If a company paid Rs. 30,000 for an installment of a Machinery purchased. This payment include interest of Rs. 6,000 then which of the following is the correct while Preparing Cash Flow Statement:-

(A) Rs. 30,000 to be shown In Financing Activities.
(B) Rs. 30,000 to be shown in Investing Activities.
(C) Rs. 24,000 in Investing Activities and Rs.6,000 in Financing Activities.
(D) Rs.24,000 in Operating Activities and Rs.6,000 in Financing Activities.

78. If Current ratio is 2.5 : 1, Liquid Ratio 1: 1 and Current Assets are Rs1,50,000 then Inventories are :

(A) Rs. 75,000 (B) Rs.90,000

(C) Rs.60,000 (D) None of These

79. If Current ratio is 2.5 : 1, Liquid Ratio 1: 1 and Working Capital is Rs.60,000 then Inventories are :

(A) Rs. 40,000 (B) Rs.1,00,000
(C) Rs.60,000 (D) None of These

80. If Current ratio is 2.5 : 1, Liquid Ratio 1: 1 and Inventories is Rs1,50,000 then Working Capital is :

(A) Rs. 75,000 (B) Rs.90,000
(C) Rs.60,000 (D) Rs.1,50,000

81. Average Collection period 1.5 months, Closing Trade Receivable are 50 % more than the Opening Trade Receivable ; Credit Revenue from Operation(Sales) is equal to Total Revenue from Operation(Sales). Revenue from Operation(Sales) Returns is Rs. 1,00,000 which is 25% of Net Credit Revenue from Operation(Sales). Value of closing Trade Receivable is :

(A) Rs.40,000 (B) Rs.50,000
(C) Rs.60,000 (D) Rs.1,00,000

82. Which of the following is false?

(A) As per AS-3, Cash flow statement is prepared to know sources and uses of Cash & Cash Equivalents from Operating, Investing and Financing activities separately.
(B) Cash flow means inflow and outflow of Cash & Cash Equivalents.
(C) Increase or decrease in Cash & Cash Equivalents during an accounting year is known by adding Cash Flow from Operating Activities, Cash flow from Investing Activities & Cash flow from Financing Activities.
(D) If file charges, inspection fees or any other charges are paid against a Long term loan then these are to be shown in Cash Flow from Operating Activities.

83. Closing balance of Accumulated Depreciation is Rs.1,000 less than the opening balance. A fixed Asset Costing Rs.15,000, Accumulated Depreciation thereon Rs. 9,000, was sold for Rs.13,000. The amount of Current year depreciation is ………………… .

(A) Rs. 9,000 (B) Rs.8,000
(C) Rs.7,000 (D) Rs.10,000

84. Net profit after interest & before tax- Rs.1,00,000 ; Rate of Income Tax – 50 % ; 10% Deb.-Rs.1,00,000. Then profit before interest and Tax will be :

(A) Rs.1,10,000 (B) Rs.2,10,000 (C) Rs.40,000 (D) Rs.1,60,000

85. Net profit after tax- Rs.1,00,000 ; Rate of Income Tax – 50 % ; 10% Deb.-Rs.1,00,000 Then profit before interest and Tax will be :

(A) Rs.1,10,000 (B) Rs.2,10,000
(C) Rs.40,000 (D) Rs.1,60,000

86. **Particulars** | | |

Particulars	Rs.(2013)	Rs.(2012)
Provision for Tax	40,000	15,000
Proposed Dividend	15,000	5,000
Balance in Statement of P/L	90,000	35,000

Profit Before Taxation to be used as starting point in Cash Flow from operating activities will be :
(A) Rs.1,20,000 (B) Rs.80,000 (C) Rs.1,10,000 (D) Rs.1,45,000

87. **Which of the following is shown as an item of financing Activities for a Finance Company?**
(A) Proceeds from Long Term Borrowings (B) Interest Paid
(C) Repayment of Long Term Borrowings (D) Dividend Paid

88. **Which of the following is shown as an item of Investing Activities for a Financing Company?**
(A) Sale of Investments (B) Interest & Dividend Received
(C) Sale of Tangible Fixed Assets (D) Purchase of Investments

89. **Which of the following Current Liabilities is normally not considered while making adjustments for changes in Working Capital in Cash Flow Statement?**
(A) Short Term Borrowings (B) Trade Payables
(C) Shot Term Provisions (D) Other Current Liab.

90. **Which of the following Current Assets in not considered while making adjustments for changes in Working Capital in Cash Flow Statement?**
(A) Inventories (B) Trade Receivables
(C) Cash & Cash Equivalent (D) Short term Loans & Advances

91. **Amount received by issue of shares is always shown in financing in any type of company and interest Received on calls in arrears on shares issued is shown under :**
(A) Operating Activities (B) Investing Activities
(C) Financing Activities (D) None of these

92. **Which of the following is false in relation to interest of different parties in the analysis of Financial Statements ?**
(A) Shareholders/ Potential Investors want to judge the present & future earning capacity, future prospects and safety of their investment.
(B) Tax Authorities not want to know that legal provision has been followed and taxes paid appropriately.
(C) Bankers/ Financial institutes/ lenders want to know the financial soundness and earning capacity of the business to repay debts and interest thereon.
(D) Management of the business want to know profitability, solvency and all other strengths and

weaknesses for future planning and correct decision making.

93. In which of the following amount of Gross Profit is incorrect?

(A) If Gross Profit is 25% & Cost of Goods sold is Rs.3,00,000 then Gross Profit will be Rs.75,000.

(B) If Gross Profit is 25% on sales & Sales is Rs.3,00,000 then Gross Profit will be Rs.75,000.

(C) If Gross Profit is 15% on cost & Cost of Goods sold is Rs.6,00,000 then Gross Profit will be Rs.90,000.

(D) If Gross Profit is 20% on cost & sales is Rs.3,00,000 then Gross Profit will be Rs.50,000.

94.

Particulars	**Rs.(2013)**	**Rs.(2012)**
Discount on issue of Debentures(**Other Non-Current Assets**)	50,000	15,000
Discount on issue of Debentures(**Other Current Assets)**	10,000	5,000

In the beginning of the year company issued Rs.10,00,000 12%Dbentures at 5% discount.

What will be amount of Discount on issue of debentures to be adjusted in Cash Flow Statement under Cash Flow from Operating Activities?

(A) Rs.10,000 (B) Rs.5,000

(C)Rs.15,000 (D) Rs.40,000

95.

Particulars	**Rs.(2012)**	**Rs.(2013)**
Provision for Tax	**40,000**	**35,000**

Income tax paid during the year was Rs.50,000. Provision for Tax made in 2013 is :

(A) Rs. 55,000 (B) Rs.45,000

(C) Rs.40,000 (D) Rs.35,000

96.

Particulars	**Rs.(2013)**	**Rs.(2012)**
Discount on issue of Debentures(**Other Non-Current Assets**)	40,000	15,000
Discount on issue of Debentures(**Other Current Assets)**	15,000	5,000

In the beginning of the year company issued Rs.10,00,000 12%Dbentures at 5% discount.

What will be amount of Discount on issue of debentures to be adjusted in Cash Flow Statement under Cash Flow from Operating Activities?

(A) Rs.10,000

(B) Rs.5,000

(C)Rs.15,000

(D) Rs.40,000

97. Which of the following are not items of Cash & Cash Equivalent?

(A) Cash & Bank Balance

(B) Cheques and Drafts received not deposited

(C) Marketable Securities & Demand Deposits

(D) Inventories & Trade Receivables

98. **Which of the following is not an item of Operating Activities for a Trading/Manufacturing Company?**
(A) Payment for Cost of Revenue (B) Office Exp. Paid
(C) Selling Exp. Paid (D) Finance Cost

99. **Which of the following is not an item of investing Activities for a Trading/Manufacturing Company?**
(A) Purchase of Non-Current Assets
(B) Sale of Non-Current Assets
(C) Interest & Dividend Received
(D) Redemption of Debentures on premium

100. **Which of the following is not an item of financing Activities for a Trading/Manufacturing Company?**
(A) Proceeds from issue of Share Capital
(B) Proceeds from Long term Borrowing
(C) Repayment of Long term borrowing
(D) Interest & Dividend received.

Hidden Goodwill :-

Hidden goodwill means value of goodwill is not directly given in the problem but hidden in some special transaction and to be calculated on some special basis. Remember, in the question of hidden goodwill where new partner brought in proportionate amount for his share in profit, total capital of old partners should also be in proportion of their share in profit but after making all adjustments including for premium for goodwill brought in by new partner.

Some examples with clear logic:-

P.1. **In a partnership firm, a new partner (P) is admitted who brings proportionate amount of Rs. 3,00,000 for his 1/5th share in profits. Total Capital of old partner L and N was Rs.7,00,000 after all adjustments on admission of P except for premium for goodwill which is included in the amount brought in by new partner. Calculate the premium for goodwill included in the amount brought in by new partner.**

Sol. In this type of problem goodwill is calculated on the basis of amount brought in by new partner. The amount brought in by new partner also includes premium for goodwill for his share otherwise it is never possible to calculate value of goodwill on the basis of amount brought in by new partner.

P brought amount for his 1/5th share = Rs.3,00,000
So, value of firm(including goodwill) on that basis = 3,00,000 × 5/1 = Rs.15,00,000
Capital of new firm **(Premium included in the amount brought in by new partner is also added because it is transferred to old partners' capital in sacrifice ratio)** = Rs.7,00,000 + Rs.3,00,000 = Rs. 10,00,000
Goodwill of the firm = Value of the firm (including goodwill) – Capital of new firm

= Rs.15,00,000 – Rs.10,00,000

Goodwill of the firm = Rs.5,00,000

Premium included in the amount brought in by new partner for his share = Rs.5,00,000×1/5 = Rs.1,00,000

P.2. In a partnership firm of P and Q, a new partner (S) is admitted who brings proportionate amount of Rs. 3,00,000 for his 1/5th share in profits. Fixed Capital of each old partner was Rs.4,00,000 on admission of S except adjustment of premium for goodwill which is included in the amount brought in by new partner. Calculate the premium for goodwill included in the amount brought in by new partner.

Sol. In this type of problem goodwill is calculated on the basis of amount brought in by new partner. The amount brought in by new partner also include premium for goodwill for his share otherwise it is never possible to calculate value of goodwill on the basis of amount brought in by new partner.

Share of new partner(S) in the firm = 1/5

So, Profit remaining for old partners = 1 – 1/5 = 4/5

Capital of old partner will be taken as the base because in case of fixed capital premium included in the amount brought in by new partner is transferred to Current Accounts of old partners instead of Capital A/c.

Capital of old partners for 4/5th share in new firm = Rs.4,00,000 + Rs.4,00,000 = Rs.8,00,000

So, Total capital of new firm after admission of S should be = Rs.8,00,000 × 5/4 = Rs.10,00,000

Proportionate Capital of P should be for his 1/5th share = Rs.10,00,000 × 1/5 = Rs.2,00,000

P brought amount for his 1/5th share = Rs.3,00,000

Premium included in the amount brought in by new partner for his share = Rs.3,00,000 - Rs.2,00,000 = Rs.1 lac

Goodwill of the firm = Rs.1,00,000 × 5/1 (calculated on the basis on premium brought in by new partner for his 1/5th share)

Goodwill of the firm = Rs.5,00,000

Paper Submitted By:

Name Naveen Gupta

Email eduwingacademy@gmail.com

Phone No. 0946678430