

Question Series No.	Que. No. of series	Question No.	Question	Answer
Question Series 1	1	1	True / False: - 1. Under NPO, sale of old newspaper is shown as an income.	1. [True] Reason: By selling the old newspaper amount is credited to Income and Expenditure Account. Thus, it is Revenue Receipt and treated as an Income.
	2	2	Fill in the Blanks: - 2. Token payment made to a person, who voluntarily undertakes a service which would normally command a fee is _____.	Fill in the Blanks: - 2. [Honorarium]
	3	3	Multiple Choice Questions: - 3. Income and Expenditure Account is based on (a) Cash Basis of Accounting. (b) Accrual Basis of Accounting. (c) Mixed Basis of Accounting. (d) Management Accounting	[b] Reason: Income and Expenditure Account is based on Accrual Accounting, i.e., it records items of revenue nature whether received or not relating to current accounting year.
Question Series 2	1	4	Fill in the Blanks 1. The ratio in which one or more partners of the firm forego i.e., sacrifice their share of profits in favour of one or more partners of the firm is called _____.	Fill in the Blanks 1. Sacrificing Ratio
	2	5	True / False 2. Sudhir and Bhuwan are partners in a firm sharing profits in the ratio of 3:2. They decided to share future profit equally. On the date of change in profit sharing ratio, Profit and Loss Account has a debit balance of Rs. 50,000. It will be adjusted in Partners Capital Accounts by passing the following Journal Entry: Sudhir's Capital A/c ...Dr. 30,000 Bhuwan's Capital A/c ...Dr. 20,000 To Profit and Loss A/c 50,000.	2. True Reason: Profit and Loss Account (Dr.) is shown on the Assets side of Balance Sheet and is an accumulated loss distributed among old partners in old profit sharing ratio. Sudhir's Share = $50,000 \times \frac{3}{5}$ = Rs. 30,000 Bhuwan's Share = $50,000 \times \frac{2}{5}$ = Rs. 20,000.
	3	6	Multiple Choice Questions 3. Gaining Ratio is calculated by deducting (a) Sacrificed profit share from new profit share of the partner. (b) Sacrificed profit share from old profit share of the partner. (c) New profit share from old profit share of the partner. (d) Old profit share from new profit share of the partner.	3. d Reason: - Gaining ratio means increase in share. Thus, new profit share will be higher than the old profit share. Therefore, Gaining Ratio = New Ratio – Old Ratio.
Question	1	7	Fill in the Blank	Fill in the Blank

Series 3			1. Goodwill is valued with a purpose to compensate _____ partner(s) by the _____ partners.	1. Sacrificing, Gaining
	2	8	True / False 2. Large Customer base results in higher valuation of Goodwill.	2. True Reason If a customer is large in size then they demand more of good and ultimately goodwill of that product increases.
	3	9	Multiple Choice Question 3. Which of the following statement is Correct? (a) Goodwill is a fictitious asset. (b) Goodwill is a current asset. (c) Goodwill is a wasting asset. (d) Goodwill is an intangible asset.	3. d Reason Goodwill is an intangible asset as it cannot be seen or touched but has a value.
Question Series 4	1	10	Fill in the Blanks: - 1. Partners may or may not have written _____.	Fill in the Blank 1. Partnership Deed
	2	11	True / False 2. Partnership is the relation between persons who have agreed to share profits of a business carried on by all or any of them acting for all.	True / False 2. True Reason It is one of the essential characteristic of Partnership that it is a relation between persons who have agreed to share profits of business carried on by all or any of them acting for all.
	3	12	Multiple Choice Question 3. In case partners have guaranteed profit to a partner and deficiency of profit. The deficiency happens it is borne by (a) All the partners in new profit sharing ratio (b) Remaining partners in the ratio in which they have given guarantee (c) All the partners in sacrificing ratio. (d) All the partners in old profit sharing ratio.	Multiple Choice Question 3. b Reason The Partners have an agreement with the other partner to give him a minimum profit. The deficiency thus, will be borne by the guaranteeing partner in the ratio in which they have guaranteed the minimum profit. If the ratio of guarantee is not given, they will share the deficiency in their profit – sharing ratio.
Question Series 5	1	13	True/False 1. The claim of Workmen Compensation is less than Workmen Compensation Reserve at the time of admission of a partner. The difference is Workmen Compensation Reserve and claim will be transferred to Capital Accounts of the old partners in their old profit sharing ratio.	True Reason: If claim is more than reserve then for the deficit Revaluation Account is debited.
	2	14	Fill in the Blank 2. If book value and the market value of investment is same, Investment Fluctuation Reserve at the time of Admission of a Partner, is distributed among _____ in their _____.	

	3	15	<p>Multiple Choice Question</p> <p>3. A, B and C are partners sharing profits and losses in the ratio 6 : 3 : 3, they agreed to take D, as new partner with 1/8th Share of profits. The new profit sharing ratio will be:</p> <p>(a) 14 : 7 : 7 : 4 (b) 1 : 1 : 1 : 1 (c) 12 : 27 : 36 : 42 (d) 12 : 36 : 27 : 42.</p>	<p>b</p> <p>Reason: - As D is admitted for a share of 1/8th, therefore the remaining share of 7/8th will be shared by the old partner's, in the ratio 6 : 3 : 3, and the new ratio will be 14 : 7 : 7 : 4.</p>
Question Series 6	1	16	<p>True/False</p> <p>1. Two factors affecting goodwill are efficient management, repeated customers leading to higher sales and profit thus; it leads to higher value of goodwill.</p>	<p>1. True</p> <p>Reason: Management if efficient leads to higher profits and thus, increase in the value of Goodwill. Similarly repeated Customer's leads to increased sale and thus higher profits increase in value of Goodwill.</p>
	2	17	<p>Fill in the Blank</p> <p>2. A firm earns profit of Rs. 1,10,000. The Normal Rate of Return is 10% on Capital. Assets of the firm are Rs. 11,00,000 and Liabilities Rs. 1,00,000. Value of Goodwill by Capitalisation of Average Profit will be _____.</p>	<p>Fill in the Blank</p> <p>2. Rs. 1,00,000</p>
	3	18	<p>Multiple Choice Question</p> <p>3. In the event of firm's business being taken over, the amount paid in excess of net assets (Assets – Liabilities) is debited to</p> <p>(a) Profit and Loss Account (b) Capital Accounts (c) Reserve Account (d) Goodwill Account.</p>	<p>3. d</p> <p>Reason: Amount paid in excess of net assets is not on account of any asset but for acquiring a running business and in effect to earn profit from the day the business is taken over. Hence it is debited to Goodwill Account.</p>
Question Series 7	1	19	<p>True/False</p> <p>1. At the time of change in profit sharing ratio the combined shares of all partners remains unchanged.</p>	<p>1. True</p> <p>Reason: At the time of Change in Profit Sharing Ratio the combined shares of all partners remains unchanged because their share may change but their total share remains same.</p>
	2	20	<p>Fill in the Blank</p> <p>2. The ratio in which one or more partners of the firm forego i.e., sacrifice their share of profits in favour of one or more partners of the firm is called _____.</p>	<p>Fill in the Blank</p> <p>2. Sacrificing Ratio</p>
	3	21	<p>Multiple Choice Question</p> <p>3. Goodwill is accounted in the books if</p> <p>(a) It is a Purchased Goodwill (b) It is a Self-Generated Goodwill (c) It is decided to be accounted by the Partners (d) Its amount is paid by the Gaining Partner</p>	<p>Multiple Choice Question</p> <p>3. a</p> <p>Reason:- According to AS-26, Intangible Assets, if any consideration is paid for Goodwill (Purchased Goodwill) it be accounted in the books otherwise it is not to be accounted. Thus, Self-generated Goodwill is not</p>

				accounted. It is open to the partners to decide whether Self-generated Goodwill is to be accounted or not. Similarly, amount brought by Gaining Partner is settlement of his account.
Question Series 8	1	22	True/False 1. Gaining partner always compensates Sacrificing Partner.	1. False Reason: Partnership is governed by the agreement among the partners. Partners may agree not to receive compensation for sacrificing their shares in profits. In the event Sacrificing Partners decide not to take compensation for the sacrificed share, Gaining Partner or Partners will not compensate the Sacrificing Partner or Partners. Thus, it not always that Gaining Partner or Partners compensate the Sacrificing Partners.
	2	23	Fill in the Blank 2. At the time of admission of partner, A new partner brings capital and goodwill to get share in future ___ in the firm.	Fill in the Blank 2. Profits
	3	24	Multiple Choice Question 3. A and B are sharing profits and losses in the ratio 5 : 3. They admitted C as a partner and gave him 1/5th share of the profits. He acquired his share equally from A and B. New profit sharing ratio will be: (a) 5 : 6 : 3 (b) 2 : 4 : 6 (c) 21 : 11 : 8 (d) 18 : 24 : 38.	3. c Reason: As C is admitted for a share of 1/5th (or 2/10th), which he takes 1/10th from A and 1/10th from B. Therefore remaining shares of A and B will be 21/40 (5/8 – 1/10) and 11/40 (3/8 – 1/10) respectively. The new ratio will be 21 : 11 : 8.
Question Series 9	1	25	True / False 1. Income and Expenditure Account shows transactions of revenue nature for the accounting year.	1. True Reason: Income and Expenditure Account is a nominal Account the net result of which is either Surplus (Excess of Income over Expenditure) or deficit (Excess of Expenditure over Income).
	2	26	Fill in the Blank 2. Building Fund, Library Fund etc. is accounted following _____.	Fill in the Blank 2. Fund Based Accounting
	3	27	Multiple Choice Question 3. Which of the following is an example of Not-for-Profit Organization? (a) Public Hospitals (b) Corporation (c) Audit Firm (d) Insurance Companies.	3. a Reason: Charitable Organizations are Not-For-Profit Organisation since their object is not to earn profit but to render service to the society. Public Hospital is a Charitable Organisation, since it provides medical services to the society at a nominal fee.

Question Series 10	1	28	<p>True / False</p> <p>1. All partners consent is required to admit a new partner.</p>	<p>1. True</p> <p>Reason: A partner can be admitted into partnership if the Partnership Deed exists and it has a clause for admission of a partner. In other case, The Partnership Act, 1932 prescribes that a partner can be admitted into Partnership with the consent of all the partners.</p>
	2	29	<p>Fill in the Blank</p> <p>2. Reserve appearing in the Balance Sheet will be divided among partners during admission in _____ ratio.</p>	<p>Fill in the Blank</p> <p>2. Old Profit Sharing</p>
	3	30	<p>Multiple Choice Question</p> <p>3. A and B are sharing profits and losses in the ratio 3 : 2. They admitted C as a new partner to give him 2/10th share in the profit. The new profit sharing ratio will be:</p> <p>(a) 12 : 8 : 5 (b) 3 : 2 : 2 (c) 3 : 2 : 5 (d) 2 : 1 : 2.</p>	<p>3. a</p> <p>Reason: As C is admitted for a share of 2/10th, therefore the remaining share of 4/5th will be shared by the old partner's, in their Old Profit-Sharing ratio i.e., 3 : 2, Thus, the new ratio will be 12 : 8 : 5.</p>
Question Series 11	1	31	<p>True / False</p> <p>1. Surplus or Deficit of a Not-For-Profit Organisation is added to or subtracted from Accumulated Fund.</p>	<p>1. True</p> <p>Reason General/Corpus/Accumulated Fund is an Unrestricted Fund since it can be used for any of the purposes of the NPO. Surplus earned can be spent by a NPO for any of its objects. Thus, it is credited to Accumulated Fund. It comprises of Opening Balance, which is increased by the Surplus for the year and decreased by the deficit.</p>
	2	32	<p>Fill in the Blank</p> <p>2. Amount paid by the members to keep their membership remains alive is termed as _____.</p>	<p>Fill in the Blank</p> <p>2. Subscriptions</p> <p>Reason:- Subscription is the amount paid by the member monthly/quarterly/half yearly/yearly so that they can avail the services of the NPO. If they do not pay subscription they may not be allowed to avail the services.</p>
	3	33	<p>Multiple Choice Question</p> <p>3. Rs. 1,00,000 received as annual subscription. Out of this, Rs. 20,000 is of previous year whereas Rs. 10,000 is receivable at the end of the current year. Amount of subscription that will be shown in the Income and Expenditure Account will be:</p> <p>a) Rs. 1,00,000 b) Rs. 90,000</p>	<p>3. b</p> <p>Reason: Rs. 1,00,000 (Subscription Received During the year) + Rs. 10,000 (Subscription Outstanding at the end of the year) – Rs. 20,000 (Subscription Outstanding in the beginning of the year) = Rs. 90,000.</p>

			c) Rs. 1,20,000 d) Rs. 80,000	
Question Series 12	1	34	Fill in the Blank 1. Any change in the relationship of existing partners which results in an end of the existing agreement and brings into effect a new agreement is _____	Fill in the Blank 1. Reconstitution of Partnership Reason: Any change in existing agreement of partnership is reconstitution of the firm. As a result, existing agreement comes to an end and new agreement comes into existence but the firm continues.
	2	35	True / False 2. In the event of change in Profit-sharing ratio, General Reserve existing in the Balance Sheet is transferred to Capital Accounts of partners in their Old Profit Sharing Ratio.	True / False 2. True Reason: General Reserve existing in the Balance Sheet is transferred to Capital Accounts of partners in old profit-sharing ratio because it is set aside out of the profits earned by the firm the profit sharing ratio had changed. Had these profits distributed and not set aside to General Reserve each partner would have received credit in their old profit sharing ratio.
	3	36	Multiple Choice Question 3. X and Y shared profits and losses in the ratio of 3:2 with effect from 1st April, 2019; they decided to share profits equally. Goodwill of the firm was valued at Rs.60,000. The adjustment entry for Goodwill will be: (a) Dr. Y's Capital A/c and Cr. X's Capital A/c with Rs.6,000. (b) Dr. X's Capital A/c and Cr. Y's Capital A/c with Rs.6,000. (c) Dr. X's Capital A/c and Cr. Y's Capital A/c with Rs.600. (d) Dr. Y's Capital A/c and Cr. X's Capital A/c with Rs.600.	3. a Reason X Y Old profit-sharing ratio 3 2 New profit-sharing ratio 1 1 Change in profit-sharing ratio = $\frac{3}{5} - \frac{1}{2}$ $\frac{2}{5} - \frac{1}{2}$ = $6 - \frac{5}{10}$ $4 - \frac{5}{10}$ = $\frac{1}{10}$ (Sacrificing) $-\frac{1}{10}$ (Gain) Value of Goodwill of the firm = Rs.60,000 Y's share = Rs.60,000 $\times \frac{1}{10}$ = Rs.6,000 X's share = Rs.60,000 $\times \frac{1}{10}$ = Rs.6,000.
Question Series 13	1	37	True / False 1. Weighted Average Method of calculating goodwill is useful when Profits are similar in all the years	1. False Reason: Weighted Average Method of calculating goodwill is used when profit shows a trend because profits of latest years indicate the profit the firm is likely to earn in coming years.
	2	38	Fill in the Blank 2. Goodwill is not valued by the firm at the time of _____.	Fill in the Blank 2. Dissolution of firm
	3	39	Multiple Choice Question 3. Capital employed by a firm is	3. b Reason: Capital Employed =

			Rs.5,00,000. Its average profit is Rs.60,000. The normal rate of return in similar type of business is 10%. The amount of super profits is a. Rs.50,000 b. Rs.10,000 c. Rs.6,000 d. Rs.56,000	Rs.5,00,000 Average Profit = Rs.60,000 Normal Profit = Capital Employed × NRR/100 = Rs.5,00,000 × 10/100 = Rs.50,000 Super Profit = Average Profit – Normal Profit = Rs.60,000 – Rs.50,000 = Rs.10,000.
Question Series 14	1	40	True / False 1. Relationship between the partners is of Senior – subordinate.	1. False Reason: According to the Partnership Act, 1932, the partners are principals and agents of the partnership firm, who acts on the behalf of the firm.
	2	41	Fill in the Blank 2. Manager’s commission is a _____ against profit.	Fill in the Blank 2. charge
	3	42	Multiple Choice Question 3. If the partnership deed provides for payment of interest on capital of the partners, then interest can be paid only out of (a) Accumulated Profits (b) Past Year’s Profits (c) Current Year’s Profits (d) General Reserve	3. c Reason: If the Partnership Deed or agreement provides for the payment of interest on capital of the partners, interest can be paid out of current year’s profit only, and not from the past year’s profit or accumulated profits because it is for the current year and therefore is an appropriation of current year’s profit.
Question Series 15	1	43	True / False 1. A NPO has a ‘Match Fund’ of Rs. 1,00,000 and Match Expenses of Rs. 40,000, Match Fund and Match Expenses will be shown in Liabilities side of Balance Sheet, expenses being deducted from fund	1. True Reason: Match Fund is a specific fund and fund amount is more than expense therefore, Expenses will be deducted from the fund and balance amount will be shown in the liabilities side of Balance Sheet
	2	44	Fill in the Blank 2. Amount received as donation by a NPO under will of a deceased person is termed as _____.	Fill in the Blank 2. Legacy Reason:- Donation may be received by a NPO from a living person or an entity. Legacy is also a Donation, the only difference is that it is received from a deceased person by way of his will or wish.
	3	45	Multiple Choice Question 3. Surplus of Not-for-Organisations a) is distributed among members b) is not distributed among members c) may be distributed or may not be distributed among members d) is debited to General Fund	Multiple Choice Question 3. b Reason: A NPO is set up for the welfare of the society at large and it is not owned by anyone. Thus, unlike in the case of business entity surplus is not distributed among members but it is used further for the objects of the NPO.

Question Series 16	1	46	True / False 1. As per Accounting Standard – 26, Both purchased and self-generated goodwill are accounted in the books of accounts.	1. False Reason: According to AS-26 only purchased goodwill is accounted in the books of account. Self-generated goodwill is not accounted as its value is subjective in nature.
	2	47	Fill in the Blank 2. Capital employed by a partnership firm is Rs.5,00,000. Its average profit is Rs. 60,000. The normal rate of return in similar type of business is 10%. The amount of Super Profit is _____.	Fill in the Blank 2. Rs. 10,000
	3	48	Multiple Choice Question 3. Average profit of a business over the last five years was Rs.60,000. The normal yield on capital invested in such a business is estimated at 10% p.a. The net capital invested in the business is Rs.5,00,000. Amount of goodwill, if it is based on 3 years purchase of last 5 years super profits will be : a. Rs.1,00,000 b. Rs.1,80,000 c. Rs.30,000 d. Rs.1,50,000	3. c Reason: - Average Profit = Rs.60,000 Normal Profit = Capital Employed × NRR/100 $= Rs.5,00,000 \times 10/100$ $= Rs.50,000$ Super Profit = Average Profit – Normal Profit $= Rs.10,000$ Goodwill = Super Profit × Number of year’s purchase $= Rs.10,000 \times 3$ $= Rs.30,000$
Question Series 17	1	49	True / False 1. A and B were partners in a firm sharing profits or losses in the ratio of 3 : 5. With effect from 1st April, 2019, they decided to share profits or losses equally. Due to the change in profit sharing ratio, A’s sacrifice will be 1/8.	1. False Reason: A B Old Ratio 5 3 5 New Ratio 1 1 1 Change in Profit sharing Ratio $= \frac{3}{8} - \frac{1}{2}$ $\frac{5}{8} - \frac{1}{2}$ $= \frac{3}{8} - \frac{4}{8}$ $\frac{5}{8} - \frac{4}{8}$ $= -\frac{1}{8}$ (Gain) $\frac{1}{8}$ (Sacrifice)
	2	50	Fill in the Blank 2. If profit-sharing ratio changes, Investments Fluctuation Reserve is _____ by the amount of fall in value of investments.	Fill in the Blank 2. Debited Reason:- If profit-sharing ratio changes, Investments Fluctuation Revenue is debited by the amount of fall in value of investments because it is a specific reserve set aside to meet this loss.
	3	51	Multiple Choice Question 3. Change in the relationship of existing partners which results coming to an end in agreement and a new agreement coming into effect is: (a) Revaluation of Partnership	3. b Reason: - Reconstitution of partnership means change in the relationship of existing partners. As the existing agreement has come to an end, and new agreement has come into effect, it

			(b) Reconstitution of Partnership (c) Realisation of Partnership (d) Dissolution of Firm	is change in partnership i.e., reconstitution of partnership.
Question Series 18	1	52	True / False 1. Admission of a Partner means Reconstitution of a firm as existing agreement comes to an end and a new agreement comes into effect because of the Admission of a Partner.	1. True Reason: Reconstitution of firm takes place when there is a change in Profit-Sharing Ratio, Admission, Retirement or Death of a Partner because new terms are agreed among partners and fresh Partnership Deed is entered. As a result, old Partnership comes to an end and new agreement comes into effect.
	2	53	Fill in the Blank 2. When existing goodwill is written off at the time of admission of new partner, it is transferred among old partners in _____.	Fill in the Blank 2. Old Profit Sharing Ratio Reason:- Existing Goodwill is written off among old partners in their old profit-sharing ratio because it is an intangible asset coming into existence before the admission of the partner and new partner compensates the sacrificing partner by paying Goodwill.
	3	54	Multiple Choice Question 3. If Capitals are maintained on Fixed Capitals Basis, Undistributed profits, Profit and Loss Account, General Reserve etc. are transferred to: (a) Partner's Fixed Capital A/c (b) Partner's Current A/c (c) Revaluation A/c (d) Profit and Loss Adjustment A/c	3. b Reason: - Where the capital accounts of partners are maintained following Fixed Capital Accounts method, two accounts are maintained for each partner i.e. Capital account and Current account. Capital account is credited or debited with the permanent increase or decrease in capitals of the partners. All other credits and debits are shown in the Current accounts. Thus, the undistributed profits, General Reserve etc. will be transferred to Partners' Current Accounts.
Question Series 19	1	55	True / False 1. An advance receipt of subscriptions from members of the Not-For-Profit Organization is a Liability.	1. True Reason: Subscription is the amount received by NPO from members to keep their membership alive. Subscription for the year whether received or not is credited to Income and Expenditure Account. Subscription received in advance is subscription for the next year or years but received before it is due. Thus, it is a liability in the year, it is received.
	2	56	Fill in the Blank 2. Life Membership Fee received by a NPO is a _____.	Fill in the Blank 2. Capital Receipt Reason: Life Membership Fee is a one-time payment received by a NPO from a person to avail the membership of an

				organisation to avail benefit/services for life without further payment of subscription. Hence it is Capital Receipt.
	3	57	<p>Multiple Choice Question</p> <p>3. If Life Membership Fee of Rs. 5,000 wrongly treated as revenue receipt then effect of this error on surplus and closing balance of Capital Fund will be:</p> <p>(a) Capital Fund increased and Surplus increased by Rs. 5,000.</p> <p>(b) Capital Fund decreased and Surplus increased by Rs. 5,000.</p> <p>(c) No effect on Capital Fund but Surplus increased by Rs. 5,000.</p> <p>(d) Capital Fund decreased by Rs. 5,000 but no effect on Surplus.</p>	<p>Multiple Choice Question</p> <p>3. c</p> <p>Reason: Life Membership Fees is a Capital Receipt item if it is wrongly treated as revenue receipt then wrongly Surplus is also increased by Rs. 5,000 but Capital Fund does not effect at all.</p>
Question Series 20	1	58	<p>True / False</p> <p>1. In the absence of provision in the partnership deed, interest on loans given by the partners is allowed @ 6%.</p>	<p>1. False</p> <p>Reason: If the partnership deed is silent on allowing interest on Loan to the partners, the provisions of the Partnership Act, 1932 shall apply. It provides that interest on Loan shall be allowed @ 6% p.a.</p>
	2	59	<p>Fill in the Blank</p> <p>2. If a fixed amount is withdrawn by a partner on the first day of every month interest on the total amount is charged for _____ months.</p>	<p>Fill in the Blank</p> <p>2. 6.5 months</p> <p>Reason: If fixed amount is withdrawn by partners on the first day of every month interest on the total amount is charged for 6.5 months.</p>
	3	60	<p>Multiple Choice Question</p> <p>3. There are two partners in a firm P and Q. R is admitted into the firm for 1/3th share of profit with the guaranteed annual profit of Rs. 18,000. Firm's profit for the year is Rs. 42,000. What amount of profit would be given to R as his share of profit by the firm?</p> <p>(a) Rs. 20,000</p> <p>(b) Rs. 25,000</p> <p>(c) Rs. 18,000</p> <p>(d) Rs. 16,000</p>	<p>3. c</p> <p>Reason: R (new partner) has been guaranteed minimum profit of Rs. 18,000 per annum. His capital account will be credited by that amount, irrespective of his share at all.</p>
Question Series 21	1	61	<p>True/False</p> <p>1. P, Q and R are partners sharing profits in the ratio of 5 : 4 : 3. Q retires and P and R decide to share future profits equally. Gaining Ratio will be 1 : 3.</p>	<p>1. True</p> <p>Reason: Old profit sharing Ratio among P,Q and R is 5:4:3</p> <p>Q retires and P and R decides to share profit equally</p> <p>Gaining Ratio = $\frac{1}{2} - \frac{5}{12}$</p> <p>P's share = $\frac{(6 - 5)}{12} = \frac{1}{12}$</p> <p>R's share = $\frac{1}{2} - \frac{3}{12}$</p> <p style="padding-left: 40px;">= $\frac{(6 - 3)}{12} = \frac{3}{12}$</p> <p>Gaining Ratio = 1:3.</p>

	2	62	Fill in the Blank 2. On the death of partner, the amount due to him will be credited to _____.	2. His Executor's Account. Reason: The death of partner, the amount due to him will be credited to His Executor's Account on his legal heir.
	3	63	Multiple Choice Question 3. Raja, Mohan, Roy are partners in a firm sharing profits and losses in the ratio of 4 : 3 : 1. As per the terms of Partnership Deed on the death of any partner, Goodwill was to be valued at 50% of the net profits credited to that Partner's Capital Account during the last three completed years before her death. Raja died on 28th February, 2019. The profits for the last five years were 2014 – Rs. 60,000; 2015 – Rs. 97,000; 2016 – Rs. 1,05,000; 2017 – Rs. 30,000 and 2018 – Rs. 84,000. On the date of Raja's death. Calculate the amount of Raja's share of Goodwill in the firm The new profit-sharing ratio between Mohan and Roy will be equal. (a) Rs. 1,09,500 (b) Rs. 27,375 (c) Rs. 54,750 (d) Rs. 73,000	3. (b) Reason: Sum of Profit of last three completed years = Rs. 1,05,000+Rs. 30,000+Rs. 84,000 = Rs. 2,19,000 Raja's Share is $\frac{4}{8}$ i.e., $\frac{1}{2}$ of Rs. 2,19,000 = Rs. 1,09,500 50% of Rs. 1,09,500 = Rs. 54,750 Raja's share is 50% of net profit = Rs. 27,375.
Question Series 22	1	64	True/False 1. Anurag, Sanjeev and Sumit are partners sharing profit or loss in the ratio of 2 : 3 : 4. Anurag retires and after Anurag's retirements Sanjeev and Sumit agreed to share profit or loss in the ratio of 3 : 4 in future. Their gaining ratio will be 4 : 3.	False Reason: Old Profit sharing ratio among Anurag, Sanjeev and Sumit = 2:3:4 Anurag retires from the firm. New profit sharing ratio between Sanjeev and Sumit = 3:4 Gaining Ratio = New Ratio – Old Ratio Sanjeev's Gain = $\frac{3}{7}-\frac{3}{9}$ $= \frac{(27-21)}{63}=\frac{6}{63}$ Sumit's Gain = $\frac{4}{7}-\frac{4}{9}$ $= \frac{(36-28)}{63}=\frac{8}{63}$ Gaining Ratio = 6:8. $= 3:4$
	2	65	Fill in the Blank 2. Retiring partner is compensated for foregoing his share in future profits in favour of remaining partners or continuing partners. The compensation so paid is _____.	2. Gaining Ratio Reason: The remaining partner compensate the retiring partner in gaining ratio i.e., New ratio – Old Ratio.
	3	66	Multiple Choice Question 3. P, Q and R have been sharing profits in the ratio of 8 : 5 : 3. P retires. Q takes $\frac{3}{16}$ th share from P and R takes $\frac{5}{16}$ th share from P. New profit sharing ratio will be :	Multiple Choice Question 3. a Reason: Old profit sharing ratio among P,Q and R is 8:5:3 Q retires from the firm and his share is taken by P and R.

			<p>a. 1 : 1 b. 10 : 6 c. 9 : 7 d. 5 : 3</p>	<p>P's share = 8/16 Q's new share = 5/16+3/16=8/16 R's new share = 3/16+5/16=8/16 New Profit sharing Ratio = 8:8 Between Q and R = 1:1.</p>
Question Series 23	1	67	<p>True / False 1. Excess of Income over Expenditure in Income and Expenditure Account prepared by a NPO is termed Surplus</p>	<p>1. True Reason: The terms profit and loss are used to show the financial performance of a business entity whose objective is to earn profit whereas the objective of NPO is not to earn profit. In line with the activity, excess of Income over Expenditure is termed as Surplus.</p>
	2	68	<p>Fill in the Blank 2. Income and Expenditure Account is based on _____ Basis of Accounting.</p>	<p>Fill in the Blank 2. Accrual Reason: Income and Expenditure Account is based on Accrual Accounting because it shows either Surplus or Deficit for the accounting year.</p>
	3	69	<p>Multiple Choice Question 3. Delhi Cricket Club gives the following information: Opening Stadium Fund is Rs. 10,00,000, Donation for Stadium fund received during the year Rs. 5,00,000, Income from Stadium Fund Investment Rs. 1,00,000. Amount spend during the year on construction of stadium Rs. 6,00,000. Identify which of the following statement is correct in respect to preparation of Balance Sheet. a) Rs. 6,00,000 is shown as an asset in the Balance Sheet. b) Rs. 6,00,000 is shown as an asset in the Balance Sheet. Also Rs. 6,00,000 is transferred to the credit of Income and Expenditure Account. c) Rs. 6,00,000 is shown as an asset in the Balance Sheet and also Rs. 6,00,000 is transferred from Stadium Fund to General Fund in the Balance Sheet. d) Rs. 6,00,000 is shown as an expense in the Income and Expenditure Account and Rs. 6,00,000 is transferred to the credit of Income and Expenditure Account from Stadium Fund.</p>	<p>Multiple Choice Question 3. c Reason: Balance in the fund shows the amount yet to be used for the purpose they are received or set aside by the NPO. Rs. 6,00,000 will be transferred from Stadium Fund to General Fund to show that Rs. 10,00,000 (Balance i.e., Rs. 10,00,000 + Rs. 5,00,000 + Rs. 1,00,000 – Rs. 6,00,000) is yet to be applied for construction of Stadium while Rs. 6,00,000 is used which is shown as an asset in the Balance Sheet.</p>
Question Series 24	1	70	<p>True / False 1. Unrecorded Assets or Liabilities are transferred to Partner's Capital Accounts.</p>	<p>1. False Reason: Unrecorded assets and liabilities are credited and debited respectively in Revaluation Account</p>

				and resulting gain (profit) or loss is credited / debited to Partners Capital Accounts. Correct Statement: Unrecorded asset is credited in Revaluation Account and unrecorded liability is debited. Resulting gain (profit) or loss is transferred to Partners Capital Accounts.																														
	2	71	Fill in the Blank 2. Goodwill brought by the incoming partner is distributed among the old partners in their _____.	2. Sacrificing Ratio Reason: Old partners sacrifice their share of profit in favour of incoming partner. Therefore, Incoming Partner compensates the sacrificing partners in their sacrificing ratio.																														
	3	72	Multiple Choice Question 3. A and B are sharing profits and losses in the ratio of 3 : 2. They admitted C as a partner for 1/3rd share in the profits of the firm. The new profit sharing ratio will be: (a) 6 : 4 : 5 (b) 3 : 2 : 2 (c) 3 : 2 : 5 (d) 5 : 2 : 3	3. a Reason: When the sacrificing ratio is not given, it is presumed that the partners have sacrificed in their profit sharing ratio. In this case the sacrificing ratio will be 3 : 2. Sacrificing ratio will be deducted from the Old profit – sharing ratio to arrive at the new profit – sharing ratio. New profit – sharing ratio is calculated as follows: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">B</td> <td style="width: 33%; text-align: center;">C</td> </tr> <tr> <td>Old Profit – Sharing Ratio</td> <td style="text-align: center;">3/5</td> <td style="text-align: center;">2/5</td> </tr> <tr> <td>Less: Sacrificing Ratio</td> <td style="text-align: center;">3/5th of 1/3rd</td> <td style="text-align: center;">2/5th of 1/3rd</td> </tr> <tr> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Or</td> <td></td> <td></td> </tr> <tr> <td>1/5th or 3/15th</td> <td></td> <td style="text-align: center;">2/15th</td> </tr> <tr> <td>New Profit – Sharing Ratio</td> <td style="text-align: center;">2/5 (3/5 – 1/5)</td> <td style="text-align: center;">4/15 (2/5 – 2/15)</td> </tr> <tr> <td>1/3</td> <td style="text-align: center;">Or</td> <td></td> </tr> <tr> <td>6/15</td> <td style="text-align: center;">4/15</td> <td style="text-align: center;">5/15</td> </tr> <tr> <td>6</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> </table>		B	C	Old Profit – Sharing Ratio	3/5	2/5	Less: Sacrificing Ratio	3/5th of 1/3rd	2/5th of 1/3rd	-			Or			1/5th or 3/15th		2/15th	New Profit – Sharing Ratio	2/5 (3/5 – 1/5)	4/15 (2/5 – 2/15)	1/3	Or		6/15	4/15	5/15	6	4	5
	B	C																																
Old Profit – Sharing Ratio	3/5	2/5																																
Less: Sacrificing Ratio	3/5th of 1/3rd	2/5th of 1/3rd																																
-																																		
Or																																		
1/5th or 3/15th		2/15th																																
New Profit – Sharing Ratio	2/5 (3/5 – 1/5)	4/15 (2/5 – 2/15)																																
1/3	Or																																	
6/15	4/15	5/15																																
6	4	5																																
Question Series 25	1	73	True / False 1. Old profit sharing ratio plus new profit sharing ratio is sacrificing ratio.	1. False Reason: Sacrificing Ratio is the ratio which is given by the old partners to the new partner. Thus, new profit – sharing ratio is lesser than the old profit – sharing ratio. Thus, Sacrificing Ratio will be Old Profit – sharing Ratio less New Profit – Sharing Ratio.																														
	2	74	Fill in the Blank 2. Raj is admitted in a firm for 1/4th share in the profits for which he brings Rs.30,000 as goodwill. It will be credited to the Old Partners Capital Accounts in their _____.	Fill in the Blank 2. Sacrificing Ratio																														

	3	75	<p>Multiple Choice Question</p> <p>3. A and B are sharing profits and losses in the ratio of 3 : 2. They admit C as partner for 1/3rd share in the profits. He takes this share 3/5th from A and 2/5th from B. New profit sharing ratio will be:</p> <p>(a) 5 : 6 : 3 (b) 2 : 4 : 6 (c) 6 : 4 : 5 (d) 18 : 24 : 38</p>	<p>3. c</p> <p>Reason: C takes 3/5th and 2/5th share from A and B respectively. Thus, sacrifice by A and B is 3/5th of 1/3rd and 2/5th of 1/3rd respectively. Sacrificing ratio will be deducted from the Old profit share to arrive at the new profit – sharing ratio. New profit – sharing ratio is calculated as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> <td style="text-align: center;">C</td> <td></td> </tr> <tr> <td colspan="4">Old Profit – Sharing Ratio</td> </tr> <tr> <td style="text-align: center;">3/5</td> <td style="text-align: center;">2/5</td> <td></td> <td style="text-align: right;">-</td> </tr> <tr> <td colspan="4">Less: Sacrificing Ratio</td> </tr> <tr> <td style="text-align: center;">3/5th of 1/3rd</td> <td></td> <td style="text-align: center;">2/5th of 1/3rd</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">-</td> <td></td> </tr> <tr> <td colspan="4">Or 1/5th or 3/15th</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">2/15th</td> <td></td> </tr> <tr> <td colspan="4">New Profit – Sharing Ratio</td> </tr> <tr> <td></td> <td style="text-align: center;">2/5 (3/5 – 1/5)</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: center;">4/15 (2/5 – 2/15)</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">1/3</td> <td></td> </tr> </table> <p>Or</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">6/15</td> <td style="text-align: center;">4/15</td> <td style="text-align: center;">5/15</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> </table>	A	B	C		Old Profit – Sharing Ratio				3/5	2/5		-	Less: Sacrificing Ratio				3/5th of 1/3rd		2/5th of 1/3rd				-		Or 1/5th or 3/15th						2/15th		New Profit – Sharing Ratio					2/5 (3/5 – 1/5)				4/15 (2/5 – 2/15)					1/3		6/15	4/15	5/15	6	4	5
A	B	C																																																								
Old Profit – Sharing Ratio																																																										
3/5	2/5		-																																																							
Less: Sacrificing Ratio																																																										
3/5th of 1/3rd		2/5th of 1/3rd																																																								
		-																																																								
Or 1/5th or 3/15th																																																										
		2/15th																																																								
New Profit – Sharing Ratio																																																										
	2/5 (3/5 – 1/5)																																																									
	4/15 (2/5 – 2/15)																																																									
		1/3																																																								
6/15	4/15	5/15																																																								
6	4	5																																																								
Question Series 26	1	76	<p>True / False</p> <p>1. Collateral Security is the main or principal security mortgaged for loan taken by the company.</p>	<p>1. False</p> <p>Reason: It is secondary or additional security besides the main security because it is a security given for the loan where the company is not in a position to give security of physical nature.</p>																																																						
	2	77	<p>Fill in the Blank</p> <p>2. Securities Premium Reserve Account is shown on ____ side of the Balance Sheet under ____.</p>	<p>Fill in the Blank</p> <p>2. Liabilities, Reserves and Surplus</p>																																																						
	3	78	<p>Multiple Choice Question</p> <p>3. Debentures issued as collateral security will be debited to:-</p> <p>a) Debenture Application and Allotment Account b) Debenture Suspense Account c) Bank Account d) Bank Loan Account</p>	<p>3. b</p> <p>Reason: Debenture Suspense Account will be debited at the time of issue of Debentures as Collateral Security.</p>																																																						
Question Series 27	1	79	<p>True / False</p> <p>1. Redemption out of profit means the company shall set aside amount equal to 100% of the nominal (face) value of debentures to DRR.</p>	<p>1. True</p> <p>Reason: Out of profits means source of redemption is surplus or profit of the company distributable among shareholders as dividend in the form of bonus issue. If DRR is created of amount lower than 100%, it is redemption partly out of profits.</p>																																																						

	2	80	Fill in the Blank 2. After redemption of debentures, proportionate amount from Debenture Redemption Reserve Account may be transferred to _____ Account.	Fill in the Blank 2. General Reserve
	3	81	Multiple Choice Question 3. What is the nature of 'Premium on Redemption of Debentures Account'? a) Real b) Nominal c) Personal d) Expense	3. c Reason: 'Premium on Redemption of Debentures Account' is a personal account since it is payable to Debenture holders. It can be termed as Representative Personal Accounts because of showing premium payable to each Debenture holder, it is shown as a single amount.
Question Series 28	1	82	True / False 1. Equity shareholders are the owners of the company.	1. True Reason: Equity shareholders are the holders of the company as they have voting rights in all the circumstances.
	2	83	Fill in the Blank 2. The % associated with preference shares as prefix (e.g., 10% Preference Share)s is the rate of _____.	Fill in the Blank 2. Dividend
	3	84	Multiple Choice Question 3. Which of the following capitals is shown in the company's Balance Sheet:- (a) Authorised Capital (b) Issued Capital (c) Subscribed and Fully Paid Up (d) Reserve capital	3. c Reason: In the Company's Balance Sheet, only Subscribed and Fully paid up share Capital Amount is shown. Authorised Capital and Issued Capital are shown in Notes to Accounts and Reserve Capital is not shown in the Company's Balance Sheet and Note to Accounts.
Question Series 29	1	85	True / False 1. Subscribed capital can be more than issued capital.	1. False Reason: Subscribed Capital is a part of Issued Capital which the company has issued for cash or for consideration other than cash. It includes shares issued for subscription and subscribed, shares subscribed by signatories to the Memorandum of Association, shares subscribed by the directors as qualifying shares and shares allotted for consideration other than cash. Hence we can say that it cannot be more than issued capital.
	2	86	Fill in the Blank 2. When the called up amount is not paid by the shareholder then it may be transferred to _____ account.	Fill in the Blank 2. Calls-in-Arrears
	3	87	Multiple Choice Question 3. When the shares are issued for consideration other than cash which account will be credited:-	3. d Reason: If shares are issued to Vendor then following entry is passed:- Vendor's A/cDr. (With

			(a) Securities Premium Account (b) Capital Reserve Account (c) Vendor's Account (d) Share Capital Account	the nominal value of shares allotted) To Share Capital A/c Hence it is clear that Share Capital Account will be credited since the allotted share amount transfer to Share Capital Account.
Question Series 30	1	88	True / False 1. When the business of the firm is unlawful then it is compulsory dissolved.	1. True Reason: No one is allowed to disobey the law of the country hence if any firm is engaged in unlawful business then it must be compulsory dissolved.
	2	89	Fill in the Blank 2. Liability of a partner is unlimited _____ and _____.	2. Joint, Several
	3	90	Multiple Choice Question 3. Nature of Realisation Account is:- a) Nominal Account b) Real Account c) Personal Account d) Asset Account	3. a Reason: The nature of Realisation Account is Nominal as it records expenses and gains.
Question Series 31	1	91	True / False 1. Debtors of Rs. 50,000 are realized at a loss of 2% the amount thus realised is Rs. 49,000.	1. True Reason:- Debtors = Rs. 50,000 less (2% of Rs. 50,000) Amount Realised = Rs. 49,000
	2	92	Fill in the Blank 2. Partner's Loan Account is not transferred to Realisation on _____.	Fill in the Blank 2. dissolution
	3	93	Multiple Choice Question 3. Partners Loan Account is:- a) Personal Account b) Real Account c) Nominal Account d) Expense Account	3. a Reason: Partner's Loan Account is Personal Account since it is related to a person.
Question Series 32	1	94	True/False 1. Profit or Loss of Revaluation Account is transferred to Partners Capital Accounts of all partners (including retired or deceased partner) in their profit – sharing ratio at the time of retirement or death of a partner.	2. True Reason: Profit or loss that arises before the retirement or death of a partner is shared by all the partners in their profit – sharing ratio because it had arisen before the partner retired or died.
	2	95	Fill in the Blank 2. Decrease in assets at the time of retirement of a partner is _____ to Revaluation Account.	Fill in the Blank 2. debited
	3	96	Multiple Choice Question 3. A, B and C were partners sharing profits in the ratio of 4 : 5 : 3, C retired and continuing partners decided to share future profits in the ratio of 7:8. Gaining ratio will be: (a) 8 : 7 (b) 4 : 5	Multiple Choice Question 3. a Reason: Gaining Ratio = New profit – sharing ratio – Old profit – sharing ratio. Gaining Ratio is 8 : 7 calculated as follows: A B (i) New Profit – sharing Ratio

			(c) 1 : 1 (d) 2 : 1	7/15 8/15 (ii) Old Profit – sharing Ratio 4/12 5/12 Gaining Ratio (i) – (ii) 8/60 7/60
Question Series 33	1	97	True/False 1. Decrease in liabilities at the time of admission of a partner is credited to Revaluation Account.	1. True Reason: Decrease in liabilities is a gain (profit) for the firm. Following the rule 'Credit all Incomes and Gains', Revaluation Account is credited.
	2	98	Fill in the Blank 2. At the time of admission of a partner the balance of Profit and Loss Account is transferred to the capital account of _____ in their _____ ratio.	Fill in the Blank 2. Old Partners, Old Profit-Sharing Ratio
	3	99	Multiple Choice Question 3. X is admitted into the partnership for 1/4th share. Total capital of the firm is Rs. 4,50,000, the amount that X will bring in (a) Rs. 1,50,000 (b) Rs. 1,20,000 (c) Rs. 1,12,500 (d) Rs. 1,00,000	3. b Reason: Existing capital of the firm is Rs. 4,50,000, being 3/4th in the new firm. Therefore, total capital of the new firm will be Rs. 6,00,000 (Rs. 4,50,000 x 4/3). X's share in the new firm is 1/4th, thus capital of X will Rs. 1,50,000.
Question Series 34	1	100	True/False 1. Profits and losses of partners in absence of oral or written agreement will be shared in the ratio in their Capital Ratio.	1. False Reason: The Partnership Act, 1932 provides that the parties to the partnership may determine the profit sharing ratio. But, in case they do not decide the profit sharing ratio, profit is to be shared equally.
	2	101	Fill in the Blank 2. The extension of Profit and Loss Account is _____.	Fill in the Blank 2. Profit and Loss Appropriation Account
	3	102	Multiple Choice Question 3. Interest on Partner's Capital Accounts is credited to: (a) Partners' Capital Accounts (b) Revaluation Account (c) Interest Account (d) Goodwill Account	3. a Reason: Interest on capital is allowed to the partners on their capital balance. Interest allowed is credited to Partner's Capital account. In the absence of information, it is assumed that Capital Accounts are maintained on Fluctuating Capital Accounts method hence, interest on Capital is credited to Partner's Capital Accounts.
Question Series 35	1	103	True/False 1. Total Capital employed in the firm is Rs.8,00,000, Normal Rate of Return is 15% and profit for the year is Rs.1,20,000. Value of goodwill as per Capitalization Method would be Rs.4,20,000.	1. False Reason: Capitalised value of the business=(Average Profit ×100)/NRR =(Rs.1,20,000 ×100)/15 = Rs.8,00,000 Capital employed = Rs.8,00,000 Goodwill = Rs.8,00,000 – Rs.8,00,000

				= Nil																	
	2	104	Fill in the Blank 2. Capital invested in a firm is Rs. 5,00,000. Normal Rate of Return is 10%. Average profits of the firm are Rs. 64,000 (after abnormal loss of Rs. 4,000). Value of Goodwill at four years purchase of Super Profits will be _____.	Fill in the Blank 2. Rs. 72,000																	
	3	105	Multiple Choice Question 3. Profit earned over the last 5 years are as follows: Rs.60,000; Rs.65,000 Rs.70,000 Rs.90,000 and Rs. 10,000 (loss). Based on 2 years purchase of the last 5 years profits, value of Goodwill will be: a. Rs.23,600 b. Rs.22,000 c. Rs.1,10,000 d. Rs.1,18,000	3. c Reason: - Average Profit = $(Rs.60,000 + Rs.65,000 + Rs.70,000 + Rs.90,000 - Rs.10,000) / 5$ Average Profit = Rs.55,000 Goodwill = Average Profit × Numbers of year's purchase = Rs.55,000 × 2 Goodwill = Rs.1,10,000																	
Question Series 36	1	106	True/False 1. In the event of change in Profit-sharing ratio, General Revenue existing in the Balance Sheet is transferred to Capital Accounts of partners in their Old Profit-Sharing Ratio.	1. True Reason: General Revenue existing in the Balance Sheet is transferred to Capital Accounts of partners in old profit-sharing ratio as it is from the effort of the partners before the reconstitution of partnership firm.																	
	2	107	Fill in the Blank 2. If profit-sharing ratio changes and market value of investment is more than Book value, Investment Fluctuation Reserve appearing in the Balance Sheet is transferred to _____ of partners in their old profit sharing ratio.	Fill in the Blank 2. Capital Account																	
	3	108	Multiple Choice Question 3. Neha and Nisha shared Profits and Losses in the ratio of 5:4. With effect from 1st April, 2019 they decided to share profits equally. The goodwill of the firm was valued at Rs.36,000. The necessary single adjustment entry will be: (a) Dr. Nisha's Capital A/c and Cr. Neha's Capital A/c with Rs.2,000 (b) Dr. Neha's Capital A/c and Cr. Nisha's Capital A/c with Rs.2,000 (c) Dr. Neha's Capital A/c and Cr. Nisha's Capital A/c with Rs.200 (d) Dr. Nisha's Capital A/c and Cr. Neha's Capital A/c with Rs.200	3. a Reason: - <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Neha</td> <td style="width: 50%;">Nisha</td> </tr> <tr> <td>Old profit-sharing ratio</td> <td></td> </tr> <tr> <td>5</td> <td>4</td> </tr> <tr> <td>New profit-sharing ratio</td> <td></td> </tr> <tr> <td>1</td> <td>1</td> </tr> <tr> <td>Change in profit-sharing ratio =</td> <td></td> </tr> <tr> <td>$5/9 - 1/2$</td> <td>$4/9 - 1/2$</td> </tr> <tr> <td>= $10 - 9/18$</td> <td>= $8 - 9/18$</td> </tr> <tr> <td>= $1/18$ (Sacrificing)</td> <td>= $-1/18$ (Gain)</td> </tr> </table> Goodwill of the firm = Rs.36,000 Neha's Share = $Rs.36,000 \times 1/18$ = Rs.2,000 Nisha's Share = Rs.2,000	Neha	Nisha	Old profit-sharing ratio		5	4	New profit-sharing ratio		1	1	Change in profit-sharing ratio =		$5/9 - 1/2$	$4/9 - 1/2$	= $10 - 9/18$	= $8 - 9/18$	= $1/18$ (Sacrificing)
Neha	Nisha																				
Old profit-sharing ratio																					
5	4																				
New profit-sharing ratio																					
1	1																				
Change in profit-sharing ratio =																					
$5/9 - 1/2$	$4/9 - 1/2$																				
= $10 - 9/18$	= $8 - 9/18$																				
= $1/18$ (Sacrificing)	= $-1/18$ (Gain)																				
Question	1	109	True/False	1. False																	

Series 37			1. Raj is admitted in a firm for 1/4th share in the profits for which he brings Rs. 30,000 as goodwill. It will be taken by the old partners in gaining ratio.	Reason:- It is a principle that Gaining Partner or Partners compensate the Sacrificing Partner or Partners. Therefore, Gaining Partner or Partners will compensate the Sacrificing Partner or Partners. Correct Statement: Raj is admitted in a firm for 1/4th share in the profits for which he brings Rs. 30,000 as Goodwill. It will be taken by the old partners in their Sacrificing Partners.
	2	110	Fill in the Blank 2. A and B are partners sharing profits in the ratio of 7 : 3. C is admitted for 3/7th share in profits. If the new profit sharing ratio is 14 : 6 : 5, sacrificing ratio will be _____.	Fill in the Blank 2. 7 : 3
	3	111	3. X and Y are partners sharing profits and losses in the ratio 3 : 2, Z was admitted for the 1/5th share he brings Rs. 150,000, as his capital. If capitals are to be proportionate to profit – sharing ratio, the respective capitals of the partners will be: (a) Rs. 3,00,000 : 3,00,000 : 1,50,000 (b) Rs. 3,60,000 : 2,40,000 : 1,50,000 (c) Rs. 1,50,000 : 1,50,000 : 1,50,000 (d) Rs. 1,50,000 : 2,00,000 : 4,00,000	3. b Reason: Z has brought in Rs. 150,000 as capital for his 1/5th share in profits. Thus, total capital of the firm will be Rs. 750,000 (Rs. 150,000 x 5 / 1). New profit – sharing ratio is 12 : 8 : 5 calculated as follows: New profit – sharing ratio X = $\frac{4}{5} \times \frac{3}{5} = \frac{12}{25}$ Y = $\frac{4}{5} \times \frac{2}{5} = \frac{8}{25}$ Z = 1/5 or 5/25 (Given) Therefore, capitals of X and Y will be Rs. 360,000 and Rs. 240,000 respectively (Rs. 750,000 x 12 / 25 for X and Rs. 750,000 x 8 / 25 for Y).
Question Series 38	1	112	True/False 1. Capital Account of the partners will be credited for Writing off goodwill.	1. False Reason:- Goodwill has a debit balance and so does the loss in case of debit balance in the Profit and Loss Account. Goodwill when written off or loss when distributed, Capital Account of the partners will be debited. Profit on revaluation of assets or reassessment of liabilities will have credit balance, which will be credited to the Capital Accounts. Correct Statement:- Capital Account of the partners will be credited for Writing off goodwill.
	2	113	Fill in the Blank 2. The amount brought by an incoming partner besides the capital at the time of his admission is _____.	Fill in the Blank 2. Premium for goodwill
	3	114	Multiple Choice Question 3. Current Accounts of the partners are	Multiple Choice Question 3. b

			<p>opened:-</p> <p>(a) When capital are fluctuating</p> <p>(b) When capital are fixed</p> <p>(c) When fresh capital is introduced</p> <p>(d) Whether Capitals are fluctuating or fixed</p>	<p>Reason: Capital accounts of partners can be maintained following either Fixed Capital Accounts Method or Fluctuating Accounts Capital Method. If Fixed Capital Accounts Method is followed, two accounts are opened for each partner i.e. Capital Account and Current Account. Entries relating to additional capital being introduced and capital withdrawn are posted into the Fixed Capital a/c, while other entries such as salary, interest, profit or loss distribution etc. are posted to Current Account</p>
Question Series 39	1	115	<p>True/False</p> <p>1. Life Membership Fee received by a NPO is a Specific Donation.</p>	<p>1. False</p> <p>Reason: Life Membership Fee is a one-time payment received by a NPO from a person to avail the membership of an organisation to avail benefit/services for life without further payment of subscription. Hence it is Capital Receipt.</p>
	2	116	<p>Fill in the Blank</p> <p>2. Surplus or deficit of the Income and Expenditure Account is transferred to the _____.</p>	<p>Fill in the Blank</p> <p>2. Capital Fund</p>
	3	117	<p>Multiple Choice Question</p> <p>3. A NPO has following information: Prize Fund (Opening) – Rs. 50,000, Donations received during the year Rs. 40,000 and Prizes awarded during the year Rs. 1,00,000. Identify which of the following statement is correct with respect to preparation of Balance Sheet.</p> <p>a) Prizes awarded of Rs. 1,00,000 will be shown in Income and Expenditure Account while Rs. 90,000 will be shown in the Liabilities side of the Balance Sheet.</p> <p>b) Rs. 1,00,000 (Prize Awarded) will be shown as expense in the debit of Income and Expenditure Account while Rs. 90,000 will be shown as income in the credit of Income and Expenditure Account.</p> <p>c) Rs. 10,000 (Rs. 1,00,000 – Rs. 90,000) will be transferred to General Fund in the Balance Sheet.</p> <p>d) Prizes awarded (Rs. 1,00,000) is more than the Prize Fund (Rs. 90,000), the difference (Rs. 10,000) will be shown in the debit of Income and Expenditure</p>	<p>3. d</p> <p>Reason: Specific Funds are used for the purposes they are received or set aside. Use of specific fund may or may not result in creation of an asset. When it does not result in creation of an asset, expenses incurred in excess of the fund is the expense of the NPO and is shown i.e., debited to Income and Expenditure Account.</p>

			Account.	
Question Series 40	1	118	True/False 1. The statement that compares items of profitability of a firm of different periods of time is Common Size Balance Sheet.	1. False Reason: Profitability is shown by Statement of Profit and Loss. Comparative Statement is prepared to compare items of two or more years of the firm taking previous year value as the base. Hence, the answer is "Comparative Statement of Profit and Loss".
	2	119	Fill in the Blank 2. The statement that shows percentage of items of profitability of a firm of the same period to a common base is called _____.	Fill in the Blank 2. Comparative Balance Sheet
	3	120	Multiple Choice Question 3. If Revenue from Operations for current year is Rs. 10,00,000 and proportionate increase is 25%, Revenue from Operations of the previous year? (a) Rs. 9,00,000 (b) Rs. 6,00,000 (c) Rs. 8,00,000 (d) Rs. 7,00,000	3. c Reason: Current year's Revenue from Operations is Rs. 10,00,000 and proportionate increase is 25% as compared to the previous year's Revenue from Operations. Previous year's Revenue from Operations is Rs. 8,00,000 calculated as follows Rs. $10,00,000 \times 100 / 125$.
Question Series 41	1	121	True/False 1. If Shareholders' Funds in the current year are Rs. 20,00,000 and absolute change is Rs. 6,00,000 the percentage change will be 35%.	1. False Reason: Percentage Change = Rs. $6,00,000 / Rs. 15,00,000 \times 100 = 40\%$.
	2	122	Fill in the Blank 2. In preparing Common size Balance Sheet, Common base taken is _____.	Fill in the Blank 2. Balance Sheet Total
	3	123	Multiple Choice Question 3. The statement that shows percentage of items of profitability of a firm of the same period to a common base is called:- (a) Comparative Statement of Profit and Loss. (b) Comparative Balance Sheet. (c) Common Size Statement of Profit and Loss. (d) Common Size Balance Sheet.	Multiple Choice Question 3. c Reason: Profitability is shown by Statement of Profit and Loss. Common Size Statement is prepared to show percentage of items of Statement of Profit and Loss to a common base (Revenue from Operations) of the same year. Hence, the answer is "Common Size Statement of Profit and Loss".
Question Series 42	1	124	True/False 1. Increase in the value of assets and unrecorded assets being recorded at the time of retirement or death of a partner is debited to Revaluation Account.	1. False Reason: Increase in the value of asset or unrecorded asset being recorded is credited to Realisation Account because increase in asset means Asset Account shall be debited and Revaluation Account shall be credited. It is a gain (profit) for the firm. Journal entry for increasing assets is:

				Asset A/c ...Dr. To Revaluation A/c Correct Statement: Increase in the value of assets and unrecorded assets being recorded at the time of retirement or death of a partner is credited to Revaluation Account.
	2	125	Fill in the Blank 2. Goodwill may be recorded in the books of account only when consideration is paid in ____ or ____.	Fill in the Blank 2. money, money's worth
	3	126	Multiple Choice Question 3. B and C were partners sharing profits in the ratio 2 : 2 : 1, having capital accounts as Rs. 50,000, Rs. 50,000 and Rs. 25,000, respectively. B retired. On that date, balance in General Reserve was Rs. 15,000. If firm's Goodwill is valued at Rs. 30,000 and Gain (profit) on Revaluation is Rs. 7,050, amount payable to B will be: (a) Rs. 50,820 (b) Rs. 70,820 (c) Rs. 8,820 (d) Rs. 9,000	3. b Reason: Amount payable to B will be Rs. 70,820 calculated as follows: Balance in Capital Account Rs. 50,000 Share of General Reserve Rs. 6,000 Share of Revaluation Gain (Profit) Rs. 2,820 Share of Goodwill Rs. 12,000 Total Rs. 70,820
Question Series 43	1	127	True/False 1. A is drawing Rs.1,000 p.m. on the last day of every month. If the rate of interest is 5% p.a. then the total interest chargeable from him in the accounting year ending on March 31, 2020 will be Rs. Rs. 275.	1. True Reason: Interest will be charged @ 5% on Rs. 12,000 for 5 ½ months. Thus, interest will be Rs. 12,000 x 5% x 5 ½ / 12 = Rs. 275.
	2	128	Fill in the Blank 2. A partnership firm cannot have more than ____ partners and is prescribed in the ____.	Fill in the Blank 2. 50, Companies Act, 2013
	3	129	Multiple Choice Question 3. A and B are partners sharing in the ratio 2 : 1. They decided to share in the ratio 3 : 2 in future. If the goodwill of the firm is valued at Rs. 60,000, how the adjustment in the profit will be affected? (a) B pays A Rs. 4,000 (b) A pays B Rs. 4,000 (c) A pays B Rs. 6,000 (d) B pays A Rs. 6,000	3. a Reason: A B New Ratio 3/5 2/5 Old Ratio 2/3 1/3 Gaining / Sacrificing Ratio (1/15) 1/15 i.e., B is the Gaining Partner while A is the Sacrificing Partner. Therefore, B will compensate A an amount equal to 1/15th of Rs. 60,000 i.e. Rs. 4,000.
Question Series 44	1	130	True/False 1. Revaluation Account is debited to transfer gain(profit) on Revaluation to old Partners' Capital Accounts in their old profit sharing ratio.	1. True Reason: Revaluation Account is closed by transferring the balance in the account to the Capital Accounts of the partners. Excess of total of credit side

				over the total of debit side is gain (profit) to the firm. Therefore, Revaluation Account is debited by the amount of gain (profit). Since, the gain (profit) is due to the old partners, old partners' Capital Accounts are credited in their old profit sharing ratio.
	2	131	Fill in the Blank 2. The amount earlier written off as bad debt now received is Revaluation Account is credited to _____.	Fill in the Blank 2. Revaluation Account
	3	132	Multiple Choice Question 3. X is admitted into the partnership for 1/4th share. Total capital of the firm is Rs. 4,50,000, the amount that X will bring in (a) Rs. 1,50,000 (b) Rs. 1,20,000 (c) Rs. 1,12,500 (d) Rs. 1,00,000	3. a Reason: Existing capital of the firm is Rs. 4,50,000, being 3/4th in the new firm. Therefore, total capital of the new firm will be Rs. 6,00,000 (Rs. 4,50,000 x 4/3). X's share in the new firm is 1/4th, thus capital of X will Rs. 1,50,000.
Question Series 45	1	133	True/False 1. Notes to Accounts is not a technique of financial analysis.	1. True Reason: Notes to Accounts is an attachment to financial statements that states the Accounting Policies and Explanatory Notes of various entries in the Financial Statements. Common Size Statements, Ratio Analysis and Cash Flow Statements are the analytical tools.
	2	134	Fill in the Blank 2. Analysis and interpretation are _____ to each other.	Fill in the Blank 2. Complementary
	3	135	Multiple Choice Question 3. The term Financial Analysis includes: (a) Analysis. (b) Interpretation. (c) Both analysis and interpretation. (d) Preparation of financial statements.	3. c Reason: Analysis of financial statements are carried out using analytical tools like Comparative Statements, Common Size Statements, Accounting Ratios and Cash Flow Statement. Analysis will be useful only if it is interpreted to take a decision. Thus, Analysis and Interpretation are part of analysis of financial statements.
Question Series 46	1	136	True / False 1. Dissolution of Partnership is different from Dissolution of partnership Firm.	1. True Reason:- Dissolution of Partnership means old partnership deed has come to an end and new partnership deed has come into effect. On the other hand, Dissolution of Partnership Firm means the business of the firm has come to an end. As a result, Partnership Agreement has also come to an end.

Question Series 48	1	142	True/False 1. Billiard Match Expenses of Rs. 50,000 incurred by a NPO will be shown in Liabilities side of Balance Sheet.	1. False Reason: Since Specific fund does not exist and expenses incurred are revenue, hence it will be shown in the debit side of the Income and Expenditure Account.
	2	143	Fill in the Blank 2. In financial analysis _____ information is considered while _____ aspects are ignored.	Fill in the Blank 2. Monetary, Non-Monetary
	3	144	Multiple Choice Question 3. A member from whom Rs. 10,000 was due as subscription, resigned and did not pay the dues. Journal entry for writing off subscription will be: a) Subscription written-off A/cDr. 10,000 To Subscription A/c 10,000 b) Subscription A/c ...Dr. 10,000 To Subscription written off A/c 10,000 c) Outstanding Subscription A/c ...Dr. 10,000 To Subscription written off 10,000 d) Subscription Written Off A/c ...Dr. 10,000 To Outstanding Subscription A/c 10,000	3. d Reason: At the time of subscription being made due 'Outstanding Subscription' or 'Subscription Receivable' is debited while Subscription Account is credited. Therefore, at the time of Writing off subscription, Outstanding Subscription Account is credited and it being a loss to the NPO. Subscription written off Account is debited. The Journal Entry passed is: Subscription written-off A/cDr. To Outstanding Subscription A/c
Question Series 49	1	145	True/False 1. In preparing Comparative Financial Statements, percentage change is based on current year values.	1. False Reason: In Comparative Financial statements, percentage change is based on previous year's values and not current year's values. Correct Statement: In preparing Comparative Financial Statements, percentage change is based on previous year values.
	2	146	Fill in the Blank 2. Analysis and comparison of two enterprises will not be reliable if different _____ are adopted by them.	Fill in the Blank 2. accounting policies
	3	147	Multiple Choice Question 3. Choose the correct option from the following statements: Statement I – Suppliers of long-term funds are concerned with firm's long-term solvency Statement II – Investors are interested about the credit worthiness of the firm. (a) Only Statement II is true (b) Only Statement I is true (c) Both Statements are true (d) Both Statements are false	Multiple Choice Question 3. b Only Statement I is true Reason: Suppliers of long-term funds are interested in long-term solvency of the firm while investors are concerned with safety of their investments and return thereon.

Question Series 50	1	148	True/False 1. The court can order the Dissolution of a Partnership Firm, if any of the partners becomes a person of unsound mind.	1. True Reason: The Partnership Act, 1932 prescribes for dissolution of the firm, if a partner becomes a person of unsound mind.
	2	149	Fill in the Blank 2. Accumulated Profits/losses are distributed amongst the partners in their _____ ratio at the time of Dissolution of Partnership Firm.	Fill in the Blank 2. Profit sharing
	3	150	Multiple Choice Question 3. Section 48 of the Indian Partnership Act, 1932 deals with :- (a) Payment of firms debts and private debts (b) Settlement of account when the firm is dissolved (c) Dissolution of the firm (d) Admission of a partner	Multiple Choice Question 3. b Reason: Section 48 of the Indian Partnership Act, 1932 deals with the manner in which assets of the firm shall be used on it being dissolved. It provides that assets be used in following order 1. Payment of outside liabilities. 2. Payment of Partner's loan. 3. Repayment of capitals.
Question Series 51	1	151	True/False 1. The amount due to deceased partner is paid to his executor.	1. True Reason: As a result of death of a partner, payment of amount due to him cannot be made not being a living person. His legal heirs become entitled to his estate. Therefore, the payment is made to legal heirs of the deceased partners.
	2	152	Fill in the Blank 2. A , B and C were partners, B retired from the firm. On the date of his retirement Stock, Sundry Debtors and Provisions for Doubtful Debts were Rs.50,000, Rs.45,000 and Rs.4,500 respectively. The partners decided to reduce the value of stock to 90%. The journal entry passed will be Dr. Rs. 5,000 To Rs.5,000	Fill in the Blank 2. Revaluation A/c, Stock A/c
	3	153	Multiple Choice Question 3. A, B, C and D were partners sharing profits and losses in the ratio 18 : 15 : 18 : 3, D retired and his share of profits is taken by the remaining partners A, B and C as 1/54, 1/54 and 1/54. The gaining ratio will be: a. 1 : 1 : 1 b. 6 : 9 : 1 c. 2 : 1 : 1 d. 2 : 2 : 1	Multiple Choice Question 3. a Reason: Gaining Ratio = New Profit – sharing Ratio – Old Profit – sharing Ratio. However, in the present question Gaining Ratio is already given to be 1:1:1.
Question	1	154	True/False	1. False

Series 52			1. Subscription received in advance during the current year is shown as a/an Income.	Reason: Subscriptions received in advance means subscriptions received being income of next year. Therefore, it is shown in the liabilities side of Balance Sheet and is transferred to Income and Expenditure in next year.
	2	155	Fill in the Blank 2. Government Grant, Endowment Fund, Annuity Fund, Sports Fund are examples of _____ Fund.	Fill in the Blank 2. Restricted
	3	156	Multiple Choice Question 3. Furniture as on 31st March, 2018 Rs 4,40,000. Furniture (having B.V as on 1st April, 2018 of Rs 40,000) was sold at a loss of 20% on 31st December, 2018. Furniture is depreciated @ 10% p.a. Furniture for Rs. 3,00,000 was purchased on 1st October, 2018 ended 31st March, 2019. Loss on sale of furniture is: (a) Rs.9,400 (b) Rs.6,400 (c) Rs.8,000 (d) Rs. 7,400	Multiple Choice Question 3. d Reason: Book Value of furniture is Rs. 40,000. Depreciation charged till 31st December, 2018 is Rs. Rs. 3,000. Depreciated value at the time of Sale Rs. 37,000. Loss is 20% on sale of asset. Therefore, Loss is Rs. 7,400.
Question Series 53	1	157	True/False 1. If creditors are ₹ 20,000, loan (credit) is ₹ 10,000, capital is of ₹ 1,50,000 and cash balance is ₹ 30,000, remaining assets will be ₹ 1,80,000.	1. False Reason: Assets are always equal to liabilities + Capital. Hence, ₹ 20,000 (creditors) + ₹ 10,000 (loan) + ₹ 1,50,000 (capital) = ₹ 30,000 (cash) + Balance Assets = ₹ 1,80,000 = ₹ 30,000 + Balance Assets Balance Assets = ₹ 1,80,000 - ₹ 30,000 = ₹ 1,50,000. Correct Statement: If creditors are ₹ 20,000, Loan (credit) is ₹ 10,00 capital is 1,50,000 and cash balance is ₹ 30,000, remaining assets will be ₹ 1,50,000.
	2	158	Fill in the Blank 2. When amount is realised from sale of unrecorded asset, it is _____ to Cash/Bank Account and _____ to Realisation Account.	Fill in the Blank 2. debited, credited
	3	159	Multiple Choice Question 3. If a partner pays liability of a firm on dissolution Journal entry passed will be: (a) Realisation A/c Dr., To Bank/Cash A/c (b) Realisation A/c Dr., To Partners Capital A/c (c) Bank/Cash Dr., To Partners Capital A/c	Multiple Choice Question 3. b Reason: If a partner to pays the liability of a firm on dissolution it will be recorded as: Realisation A/c ...Dr. To Partners Capital A/c Partners' Capital A/c will be credited if partner pays the liability of the firm

			(d) Partners' Capital A/c Dr., To Bank A/c	
Question Series 54	1	160	True/False 1. A, B and C are three partners B retires from the firm, on the date of retirement Stock Rs. 50,000. The partners decided to reduce of stock to 90%. The entry passed will be stock Stock A/c ...Dr. Rs. 5,000 To Revaluation A/c Rs. 5,000.	1. False Reason: Decrease in the value of asset is credited to the Asset Account and debited to Revaluation Account. Hence, the entry will be Revaluation A/c Dr. Rs. 5,000 To Stock A/c Rs. 5,000
	2	161	Fill in the Blank 2. Retiring partner is compensated for foregoing his share in future profit in favour of continuing partners. The continuing partners compensate the retiring partner in their _____.	Fill in the Blank 2. gaining ratio
	3	162	Multiple Choice Question 3. Deo, Narain and Zaidi were partners sharing profits in the ratio of 2 : 2 : 1, Narain died on 31st March, 2019. Profit earned by the firm for the year was Rs. 72,000. Amount of profit that will be credited to Narain's Capital A/c will be: (a) Rs. 14,400 (b) Rs. 28,800 (c) Rs. 43,200 (d) Rs. 7,200	3. b Reason: The firm earned profit of Rs. 72,000 for the year ended 31st March, 2019 and Narain died on 31st March, 2019. Thus, Narain's share in profit will be Rs. 28,800 calculated as follows: Profit for the year Rs. 72,000. Narain's share of profit will be Rs. 28,800 (2/5 of Rs. 72,000)
Question Series 55	1	163	True/False 1. Cash Balance in Receipts and Payments account will show Debit or Nil balance.	1. True Reason: Payments cannot exceed the cash in hand. It can at the most equal cash in hand. Therefore, cash balance can be either debit or nil balance.
	2	164	Fill in the Blank 2. Amount paid by a person at the time of becoming a member of a Not-for-Profit Organisation is _____.	Fill in the Blank 2. Entrance Fees
	3	165	Multiple Choice Question 3. Income and Expenditure account shows transactions of a) Revenue Nature b) Capital Nature c) Both Revenue and Capital Nature d) Income of only revenue nature and expenditure of revenue and capital nature.	Multiple Choice Question 3. a Reason: Income and Expenditure Account is a nominal account prepared on Accrual Basis of Accounting It therefore includes expenses, losses and incomes for the current accounting year. It results in either surplus (If income is more than expenses) or deficit (If expenses are more than income) of the current accounting period.
Question Series 56	1	166	True/False 1. X & Y are partners sharing profits equally. Y draws Rs. 1,000 at the beginning of each month for six months	1. True Reason: Total amount withdrawn will be Rs. 6,000. Rate of interest is 6%. Therefore, interest = Rs. 6,000X6X19

			year ended on 31st March, 2019. If interest on drawings is to be charged @ 6% p.a. The interest on drawings of Y will be Rs. 285.	= Rs.285 100X12X2
	2	167	Fill in the Blank 2. If there is no partnership deed or agreement the provisions of the ____ are applicable.	Fill in the Blank 2. Partnership Act, 1932
	3	168	Multiple Choice Question 3. P and Q are partners with a capital of Rs. 30,000 and Rs. 20,000 respectively. They are allowed interest @ 10% on the total capital. Interest allowed to P and Q will be: (a) Rs. 1,500, Rs. 1,000 (b) Rs. 3,000, Rs. 2,000 (c) Rs. 2,000, Rs. 3,000 (d) Rs. 1,000, Rs. 1,000	3. b Reason: The rate of interest is 10%, and the amount of capital of P and Q is Rs. 30,000 and Rs. 20,000 respectively. Interest will be Rs. 3,000 and Rs. 2,000 respectively
Question Series 57	1	169	True/False 1. Gain on forfeited shares that have been reissued is transferred to Capital Reserve.	1. True Reason: If forfeited shares are reissued at par or premium the total amount forfeited on forfeited shares is a gain of capital nature hence, transferred to Capital Reserve Account.
	2	170	Fill in the Blank 2. When the shares are issued at a price more than face value it is shares issued at ____.	Fill in the Blank 2. Premium
	3	171	Multiple Choice Question 3. X Ltd. forfeited 2,000 shares of ₹ 10 each (which were issued at par) held by Naresh for non-payment of allotment money of ₹ 4 per share. The called-up value per share was ₹ 9. On forfeiture, the amount debited to Share Capital Account will be (a) ₹ 10,000 (b) ₹ 8,000 (c) ₹ 2,000 (d) ₹ 18,000	Multiple Choice Question 3. d Reason: - Share Capital A/c ...Dr. 18,000 To Forfeited Shares A/c 10,000 To Calls-in-Arrears A/c 8,000
Question Series 58	1	172	True/False 1. At the time of retirement of a partner, gain (profit) on revaluation is credited to capital Account of all partners in the old profit – sharing ratio.	True/False 1. True Reason: It is the gain (profit) of the firm when the retiring partner was also a partner in the firm. Since the gain (profit) arose when retiring partner was also a partner, he is also entitled to his share in that gain (profit). Hence, gain (profit) on revaluation is credited to Capital Accounts of all the partners in their old profit – sharing ratio.
	2	173	Fill in the Blank	Fill in the Blank

			2. A, B and C were partners sharing profits in the ratio of 2 : 2 : 1 respectively having Capital Accounts as Rs.50,000, Rs.50,000 and Rs.25,000 respectively. B retired from the firm and balance in General Reserve on that date was Rs.15,000. If the goodwill of the firm was valued at Rs.30,000, Profit on Revaluation was Rs.7,050. The amount payable to B will be _____.	2. Rs.70,820
	3	174	Multiple Choice Question 3. State the true statement out of the following: (a) Goodwill at the time of retirement of a partner is credited to continuing Partners' Capital Accounts in their sacrificing ratio. (b) Goodwill at the time of retirement of a partner is credited to continuing Partners' Capital Accounts in their gaining ratio. (c) Goodwill at the time of retirement of a partner is debited to continuing Partners' Capital Accounts in their sacrificing ratio. (d) Goodwill at the time of retirement of a partner to the extent of retiring partner's share is debited to continuing Partners' Capital Accounts in their gaining ratio.	3. d Reason: Goodwill is the amount paid by the gaining partner or partners to the sacrificing partner or partners. The retiring partner sacrifices his share in favour of all or some of the partners who compensate him by paying goodwill. The share of Goodwill of the retiring partner share is debited to Gaining Partners in their gaining ratio and crediting Retiring Partner's Capital Account.
Question Series 59	1	175	True/False 1. Depreciation is a non-cash item and this is added back to the net profit.	1. True Reason: Non-cash Transactions are those transactions in which flow (inflow or outflow) of Cash and Cash Equivalents does not take place hence are added back to the net profit. Depreciation is also a non-cash expense.
	2	176	Fill in the Blank 2. Amount transferred to General Reserve will be affecting ____ Activity of Cash Flow Statement.	Fill in the Blank 2. Operating
	3	177	Multiple Choice Question 3. Cash Flow Statement is based on (a) Accrual basis of Accounting (b) Cash basis of Accounting (c) Mixed basis of Accounting (d) Accounting Equation	Multiple Choice Question 3. b Reason: Cash Flow Statements is based on Cash basis of accounting since it records inflows and outflows of Cash and Cash Equivalents.
Question Series 60	1	178	True/False 1. The Current Ratio of a Company is 2 : 1. Bills Payable Rs. 5,000 discharged will result in increase in Current Ratio.	1. True Reason: Discharge of Bills Payable Rs. 5,000 will increase Current Ratio because both Current Assets (Cash)

				and Current Liabilities (Bills Payable) reduce by the same amount.
	2	179	Fill in the Blank 2. Price Earning (P/E) Ratio = ? / Earning Per Share (EPS)	Fill in the Blank 2. Market Value of Equity Share
	3	180	Multiple Choice Question 3. Quick Assets = ? (a) Current Assets – Prepaid Expenses (b) Current Assets – Inventory – Prepaid Expenses (c) Current Assets + Inventory – Prepaid Expenses (d) Current Assets – Inventory + Prepaid Expenses	3. b Reason: Quick Assets = Current Assets – Inventory – Prepaid Expenses Quick Assets are those Current Assets of an enterprise which are either in the form of Cash and Bank Balance or can be converted into Cash and Bank Balance within a short period.
Question Series 61	1	181	True/False 1. Increase in the value of assets and unrecorded assets being recorded at the time of retirement or death of a partner is debited to Revaluation Account.	1. False Reason: Increase in the value of asset or unrecorded asset being recorded is credited to Realisation Account because increase in asset means Asset Account shall be debited and Revaluation Account shall be credited. It is a gain (profit) for the firm. Journal entry for increasing assets is: Asset A/c ...Dr. To Revaluation A/c Correct Statement: Increase in the value of assets and unrecorded assets being recorded at the time of retirement or death of a partner is credited to Revaluation Account.
	2	182	Fill in the Blank 2. A, B and C were partners sharing profits and losses in the ratio 3 : 2 : 1. C retired and the new profit sharing ratio between the continuing partners is 3 : 2. Gaining ratio will be _____.	Fill in the Blank 2. 3 : 2
	3	183	Multiple Choice Question 3. Decrease in liability at the time of retirement of a partner is (a) Credited to Revaluation Account. (b) Debited to Revaluation Account. (c) Debited to Profit and Loss Account. (d) Transfer to Partner's Capital Account.	3. a Reason: Decrease in liability at the time of retirement of a partner is a gain (profit). Since, liability account has a credit balance, therefore, liability account is debited. It being a gain (profit) is credited to Revaluation Account, it being a nominal account. Net result of Revaluation Account (Gain (profit) or Loss) is transferred to the Partners' Capital / Current Accounts, including retiring Partner's Capital Account, in their profit – sharing ratio.
Question Series 62	1	184	True/False 1. The statement that compares items of	1. False Reason: Financial Position is shown by

			financial position of a firm of different periods of time is Common Size Balance Sheet.	the Balance Sheet. Comparative Statement is prepared to compare items of two or more years of the firm taking previous year value as the base. Hence the answer is "Comparative Balance Sheet".
	2	185	Fill in the Blank 2. If Profit after Tax was Rs. 40,000 and Tax rate was 20%, then Profit before Tax was Rs. _____.	Fill in the Blank 2. 50,000.
	3	186	Multiple Choice Question 3. The statement that shows percentage of items of financial position of a firm of the same period to a common base is called _____ (a) Common Size Statement of Profit and Loss. (b) Comparative Balance Sheet. (c) Common Size Statement of Profit and Loss. (d) Common Size Balance Sheet.	3. c Reason: Financial position is shown by the Balance Sheet. Common Size Statement is prepared to show percentage of items of Balance Sheet to a common base (Total of Assets / Liabilities Side) of the same year. Hence, the answer is "Common Size Statement of Profit and Loss".
Question Series 63	1	187	True/False 1. The court can order the Dissolution of a Partnership Firm, if any of the partners becomes a person of unsound mind.	1. True Reason: The Partnership Act, 1932 prescribes for dissolution of the firm, if a partner becomes a person of unsound mind.
	2	188	Fill in the Blank 2. A firm is compulsory dissolved when all the partners or all the partners except one become ____.	Fill in the Blank 2. insolvent.
	3	189	Multiple Choice Question 3. Court may pass order of the dissolution of the firm: - (a) Expiry of the term for which the firm was constituted (b) When the business of the firm can't be carried on except at a loss (c) On completion of the venture (d) When the business incur profit	3. b Reason: Court may pass order of the dissolution of the firm when the business of the firm can't be carried on except at a loss because contribution of business at a loss will result in erosion of capital.
Question Series 64	1	190	True/False 1. Salary paid to a partner is debited to Partner's Capital A/c.	1. False Reason: Salary to a partner is debited to Profit & Loss Appropriation A/c as it is an appropriation of profit and not a charge on profit.
	2	191	Fill in the Blank 2. If Capital accounts are maintained on Fixed Capital Accounts method, Interest on Capital, Salary, Commission and share of profit is shown in the ____ of Partner's Current Account.	Fill in the Blank 2. credit
	3	192	Multiple Choice Question 3. In the absence of an agreement to the	3. d Reason: The absence of partnership

			<p>contrary, the partners are</p> <p>(a) Entitled to 6% interest on their capitals, only when the firm earns profits.</p> <p>(b) Entitled to 5% interest on their capitals, regardless whether the firm earns profits or not</p> <p>(c) Entitled to interest on capital at the bank rate, only when there is profit</p> <p>(d) Not entitled to any interest on their capitals</p>	<p>deed on interest on drawing by the partners, the provisions of the Partnership Act, 1932 shall apply. It provides that interest on drawings will not be charged in such a situation.</p>
Question Series 65	1	193	<p>True/False</p> <p>1. Net assets of a firm including fictitious assets of Rs. 5,000 are Rs. 85,000. Net liabilities of the firm are Rs.30,000. Normal Rate of Return is 10% and the Average Profits of the firm is Rs.8,000. Value of goodwill as per Capitalisation of Super Profit Method will be Rs. 30,000.</p>	<p>1. True</p> <p>Reason: Net Assets = Rs.85,000 – Rs.5,000 (Excluding fictitious assets) = Rs.80,000 Net Liabilities = Rs.30,000 Capital Employed = Net Assets – Net Liabilities = Rs.80,000 – Rs.30,000 = Rs.50,000 Normal Profit = Capital Employed × NRR/100 = Rs.50,000 × 10/100 = Rs.5,000 Super Profit = Average Profit – Normal Profit = Rs.8,000 – Rs.5,000 = Rs.3,000 (Capitalisation Super Profit) Goodwill = Super Profit × 100/NRR = Rs.3,000 × 100/10 Goodwill = Rs.30,000</p>
	2	194	<p>Fill in the Blank</p> <p>2. Customer Satisfaction ____ the value of goodwill.</p>	<p>Fill in the Blank</p> <p>2. increases</p>
	3	195	<p>Multiple Choice Question</p> <p>3. Average Capital Employed of a firm is Rs.4,00,000 and the Normal Rate of Return is 15% .Average profit of the firm is Rs.80,000 per annum. If management cost is estimated at Rs.10,000 per annum, then on the basis of two years purchase of Super-Profit, value of Goodwill will be :</p> <p>a. Rs.10,000</p> <p>b. Rs.20,000</p> <p>c. Rs.60,000</p> <p>d. Rs.80,000</p>	<p>3. b</p> <p>Reason: - Actual Profit = Rs.80,000 – Rs.10,000 = Rs.70,000 Super Profit = Actual Profit – Normal Profit = Rs.70,000 – Rs.60,000 = Rs.10,000 Goodwill = Super Profit × Number of year's purchase = Rs.10,000 × 2 = Rs.20,000.</p>
Question Series 66	1	196	<p>True/False</p> <p>1. Loose Tools is a part of Inventory while calculating Current Ratio.</p>	<p>1. True</p> <p>Reason: Loose tools is a part of Inventory while calculating Current Ratio.</p>

	2	197	Fill in the Blank 2. Solvency of business is assessed through _____.	Fill in the Blank 2. Solvency Ratio
	3	198	Multiple Choice Question 3. Fixed assets of a company are increased from Rs. 3,00,000 to Rs. 4,00,000. What is the percentage change? (a) 25% (b) 33.3% (c) 20% (d) 40%	Multiple Choice Question 3. b Reason: Percentage Change = $\frac{Rs. 1,00,000}{Rs. 3,00,000} \times 100 = 33.3\%$.
Question Series 67	1	199	True/False 1. Current Accounts of the partners are opened when capital is withdrawn.	1. False Reason: Capital accounts of partners can be maintained following either Fixed Capital Method or Fluctuating Capital Method. If Fixed Capital Method is followed, two accounts are opened for each partner i.e. Capital Account and Current Account. Entries relating to additional capital being introduced and capital withdrawn are posted into the Fixed Capital a/c, while other entries such as salary, interest, profit or loss distribution etc. are posted to Current Account.
	2	200	Fill in the Blank 2. In the absence of Partnership Deed, interest on Loan by partners to the firm is allowed @ _____.	Fill in the Blank 2. 6% p.a.
	3	201	Multiple Choice Question 3. Interest on drawings of the partners is a (a) Loss to the business (b) Gain to the business (c) Profit to partners (d) Loss to partners	3. b Reason: Drawing is the amount withdrawn by the partners for their personal use. If the firm charges interest on the drawing made by a partner it will be a gain to the business and expense for the partner.
Question Series 68	1	202	True/False 1. Balance Sheet of a Not-for-Profit Organisation such as charitable hospital does not have Owner's Equity.	1. True Reason: NPO although set up by individual, is not owned by them. Thus, it does not have capital (Owner's Equity) but has fund called Corpus Fund, Accumulated Fund or General Fund
	2	203	Fill in the Blank 2. Outstanding subscriptions at the end are shown in the _____ side of the Balance Sheet.	Fill in the Blank 2. Assets
	3	204	Multiple Choice Question 3. Subscription received by a School for Annual Dinner is a: a) Capital Receipt	Multiple Choice Question 3. c Reason: Subscription received for Annual Dinner is for a special

			b) Revenue Receipt c) Special Receipt d) Earned Income	purpose .i.e., Annual Dinner. Thus, it is a special receipt.										
Question Series 69	1	205	True/False 1. A and B were partners in a firm sharing profits or losses equally. With effect from 1st April, 2019 they decided to share profits and losses in the ratio of 4 : 3. Due to the change in profit sharing ratio. B's sacrifice will be 1/14.	1. True Reason: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">A</td> <td style="width: 50%;">B</td> </tr> <tr> <td>Old Ratio</td> <td></td> </tr> <tr> <td>1</td> <td>1</td> </tr> <tr> <td>New Ratio</td> <td></td> </tr> <tr> <td>4</td> <td>3</td> </tr> </table> Change in Profit sharing Ratio = $\frac{1}{2} - \frac{4}{7}$ $\frac{1}{2} - \frac{3}{7}$ = $\frac{7 - 8}{14}$ $\frac{7 - 6}{14}$ = $-\frac{1}{14}$ (Gain) $\frac{1}{14}$ (Sacrifice) B's sacrifice = $\frac{1}{14}$	A	B	Old Ratio		1	1	New Ratio		4	3
	A	B												
	Old Ratio													
1	1													
New Ratio														
4	3													
2	206	Fill in the Blank 2. If the profit sharing ratio among A, B and C 3:2:1 is changed to 1:2:3, then the partner(s), whose share will be unaffected is/are _____.	Fill in the Blank 2. B											
3	207	Multiple Choice Question 3. Journal entry passed for recording an unrecorded asset at the time of reconstitution of partnership is: (a) Revaluation A/c ...Dr. To Asset (Unrecorded) A/c (b) Asset (Unrecorded) A/c ...Dr. To Cash A/c (c) Cash A/c ...Dr. To Asset (Unrecorded) A/c (d) Asset (Unrecorded) A/c ...Dr. To Revaluation A/c	3. d Reason: - Unrecorded Asset means increase in the value of asset since increase in asset is debited, Asset (Unrecorded) will be debited. Revaluation A/c will be credited because it is a gain (profit) for the firm.											
Question Series 70	1	208	True/False 1. When the business of the firm becomes unlawful, business of the firm has to be discontinued.	1. True Reason: A firm can carry on business that is lawful. If a business becomes unlawful, has to be discontinued i.e., dissolved.										
	2	209	Fill in the Blank 2. Bharat, a partner was appointed to look after the dissolution for a remuneration of Rs. 50,000. Bharat agreed to bear the dissolution expenses. Actual dissolution expenses Rs.30,000 which were paid by Bharat. Realisation Account will be debited by _____.	Fill in the Blank 2. Rs. 50,000										
	3	210	Multiple Choice Question 3. Liabilities to third parties in case of dissolution of partnership firm include: - (a) Reserves (b) Credit Balance of Profit and Loss Account (c) Partners loan	3. d Reason: Liabilities to third parties means liability of the firm to persons other than liability towards Partners Capitals or loans, if any. The first two i.e., Reserves and Credit Balance of Profit and Loss are transferred to										

			(d) Loan by Relative.	Partners' Capital Accounts in their profit-sharing ratio. Partners loan is paid to Partner before repayment of capital. Relative is not a partner hence, is a outside liabilities i.e., third party liabilities.
Question Series 71	1	211	True/False 1. If interest on capital is to be allowed as per the agreement, then interest on capital is calculated with reference to time and is calculated on Capital in the beginning.	1. True Reason: Interest is allowed on capital that is used in the business during the year. Therefore, interest is allowed on the opening capital.
	2	212	Fill in the Blank 2. Interest on Drawings is charged if the Partnership Deed provides for it and whether the firm earns _____ or not.	Fill in the Blank 2. Profit
	3	213	Multiple Choice Question 3. In the absence of provision in the partnership deed, interest on loans given by the partners is allowed @ (a) 8% p.a. (b) 6% p.a. (c) 10% p.a. (d) 9% p.a.	3. b Reason: If the partnership deed is silent on interest it is allowed as is provided in the Partnership Act, 1932. It provides that interest on loan shall be allowed @ 6% p.a.
Question Series 72	1	214	True/False 1. Expenditure greater than income of a Not-For-Profit Organization give rise to a Profit.	1. False Reason: Excess of Expenditure over Income is Deficit.
	2	215	.Fill in the Blank 2. Entrance Fee is shown in debit side of _____ and credited to _____.	Fill in the Blank 2. Receipts and Payments Account, Income and Expenditure Account
	3	216	Multiple Choice Question 3. Not-for-Profit Organizations prepare all the following accounts except the a) Receipts and Payment Accounts b) Income and Expenditure Account c) Balance Sheet d) Profit and Loss Account	3. d Reason: Final Accounts of an NPO consists of Receipts and Payments Account, Income and Expenditure Account and Balance Sheet. Profit and Loss Account is prepared by an enterprise.
Question Series 73	1	217	True/False 1. Partners are liable for firm's debt jointly and severally.	1. True Reason The Partnership Act, 1932 prescribes that liability of partners is unlimited, joint and several.
	2	218	Fill in the Blank 2. Loss of Realisation Account is debited to Partners' Capital Accounts in their ____.	Fill in the Blank 2. Profit Sharing Ratio
	3	219	Multiple Choice Question 3. When Realisation expenses are borne and also paid by the same partner: - (a) No entry will be passed for expenses (b) Realisation Account will be debited,	3. a Reason: Amount payable to the partner as be remuneration and expense is credited to his Capital Account. The transaction of payment

			Cash Account will be credited (c) Realisation Account will be credited, Cash Account will be debited (d) Realisation Account is debited, Partners' Capital Account will be credited	of expense by the partner is not a transaction that of the firm. Hence, entry is not passed for it.
Question Series 74	1	220	True/False 1. Capital employed by a partnership firm is Rs.5,00,000. Its average profit is Rs.60,000. The normal rate of return in similar type of business is 10%. The amount of super profits is Rs. 10,000.	1. True Reason - Capital employed = Rs.5,00,000 Average Profit = Rs.60,000 Normal Profit = Capital Employed × NRR/100 = Rs.5,00,000 × 10/100 = Rs.50,000 Super Profit = Average Profit – Normal Profit = Rs.60,000 – Rs.50,000 = Rs.10,000.
	2	221	Fill in the Blank 2. Expenses expected to be incurred to earn profit are deducted to determine normal profit for valuation of _____.	Fill in the Blank 2. Goodwill
	3	222	Multiple Choice Question 3. Under the Capitalisation Method of Valuation of Goodwill the formula for calculating goodwill is : a. Super profits multiplied by the rate of return b. Average profits multiplied by the rate of return c. Super profits divided by the rate of return d. Average profits divided by the rate of return	3. c Reason: - The formula for calculation of Goodwill as per Capitalisation Method of Goodwill = Super Profit × 100/NRR. Thus, Super Profit when divided by NRR and multiplied by 100 gives the value of Goodwill.
Question Series 75	1	223	True/False 1. A, B and C are the partners sharing profits in the ratio 3 : 2 : 1. C retires, if A and B take the share of retiring partner equally .The new profit sharing ratio will be 5:7.	1. False Reason: Gaining ratio is given as 1 : 1. It means A has gained ½ of 1/6 and B has gained ½ of 1/6. The formula for determining New profit share is Old Profit Share + Share gained. Therefore, A's new profit share is 3/6 + 1/3 = 5/6, and B's new profit share is 2/6 + 1/3 = 5/6. Hence, the Gaining Ratio is 1 : 1. Correct Statement: A, B and C are the partners sharing profits in the ratio 3 : 2 : 1. C retires, if A and B take the share of retiring partner equally .The new profit sharing ratio will be 1 : 1.
	2	224	Fill in the Blank 2. On the death of a partner his legal	Fill in the Blank 2. Death

			heirs are entitled to his share of profit from the beginning of the financial year up to the date of _____.	
	3	225	Multiple Choice Question 3. If Capital Accounts are maintained following Fixed capital Accounts Method, balance of Revaluation Account is transferred to: (a) Partner's Fixed Capital Account. (b) Partner's Current Account. (c) Profit & Loss Account. (d) Balance Sheet.	3. b Reason: Balance in Revaluation Account is either gain (profit) or loss belonging to the old partners of the firm because it has arisen during the period of their partnership. It is not transferred to Partner's Fixed Capital Account as the account is credited or debited with permanent increase or decrease in capital. All other entries are recorded in the Partner's Current Account.
Question Series 76	1	226	True/False 1. Payment for purchase of fixed asset is classified or shown as investing activity for both Non-Financing and Financing Company	1. True Reason: Because it is associated with the objective of generate earning.
	2	227	Fill in the Blank 2. A machinery is purchased under Hire-Purchase system instalment will include interest and a part of principal. Cash paid for Principal is _____.	Fill in the Blank 2. Investing
	3	228	Multiple Choice Question 3. An Example of Cash and Cash Equivalents: (a) Sale of Fixed Assets (b) Interest Received (c) Refund of tax (d) Marketable Securities	Multiple Choice Question 3. d Reason: Marketable Securities are highly liquid so it is considered as Cash and Cash Equivalents..
Question Series 77	1	229	True/False 1. 'Proposed Dividend of the Current year' will be treated as Contingent Liability.	1. True Reason: Because it is passed after the Balance Sheet was prepared..
	2	230	Fill in the Blank 2. An example of non-cash expenses is _____.	Fill in the Blank 2. Depreciation
	3	231	Multiple Choice Question 3. An example of Investing Activity both for Financing and Non-Financing Companies (a) Purchase of Non-Current Assets (b) Purchase of Stock (c) Transfer to General Reserve (d) Refund of Tax	3. a Reason: Purchase of Non-Current Assets either tangible or intangible is an Investing Activity.
Question Series 78	1	232	True/False 1. Balance in the Forfeited Shares Account is shown in the Balance Sheet under the head Unsecured Loans	1. False Reason: Balance in the forfeited Shares Account is shown in the Balance Sheet under the head share capital. After reissue of all the forfeited shares,

				balance left in forfeited Share Account is transferred to Capital Reserve Account.
	2	233	Fill in the Blank 2. Application money should be refunded, if _____ is not received.	Fill in the Blank 2. Minimum Subscription
	3	234	Multiple Choice Question 3. If a share of Rs. 10 issued at a premium of Rs. 2 on which the full amount has been called and Rs. 8 (including premium) paid is forfeited, the Share Capital Account should be debited with (a) Rs. 12 (b) Rs. 10 (c) Rs. 8 (d) Rs. 6	Multiple Choice Question 3. b Reason: The Journal Entry is Share Capital A/c ...Dr. 10 To Forfeited Shares A/c 6 To Calls-in-Arrears A/c 4
Question Series 79	1	235	True/False 1. A Company can issue shares at discount to public.	1. False Reason: A company can issue shares at par and at premium but cannot issue shares at discount.
	2	236	Fill in the Blank 2. When the shares are issued at a price more than face value it is known as _____.	Fill in the Blank 2. Premium
	3	237	Multiple Choice Question 3. The part of Authorised Capital which can be called-up only on winding up is called (a) Issued Capital (b) Unsubscribed Capital (c) Reserve Capital (d) Nominal Capital	3. c Reason: Reserve Capital is that part of uncalled capital which the company resolves to call at the time of winding up of the company.
Question Series 80	1	238	True/False 1. A, B and C are the partners sharing profits in the ratio of 4 : 5 : 3. C retired and remaining partners shared profits in the ratio of 7 : 8. The gaining ratio will be 8 : 7.	1. False Reason: New profit sharing ratio is given as 7 : 8. The formula for determining Gaining Ratio is New profit share – Old profit share. Therefore, A's Gain in profit share is $\frac{7}{8} - \frac{4}{12} = \frac{13}{24}$, and B's Gain in profit share is $1 - \frac{5}{12} = \frac{7}{12}$ or $\frac{14}{24}$. Hence, the Gaining Ratio is 13 : 14 Correct Statement: A, B and C are the partners sharing profits in the ratio of 4 : 5 : 3. C retired and remaining partners shared profits in the ratio of 7 : 8. The gaining ratio will be 13 : 14.
	2	239	Fill in the Blank 2. A, B and C were partners, B retired from the firm. On the date of his retirement Stock, Sundry Debtors and Provisions for Doubtful Debts were	Fill in the Blank 2. Revaluation, Stock

			Rs.50,000, Rs.45,000 and Rs.4,500 respectively. The partners decided to reduce the value of stock to 90%. The journal entry passed will be A/c Dr. Rs. 5,000 To A/c Rs.5,000																																						
	3	240	Multiple Choice Question 3. A, B and C were partners sharing profits in the ratio 2 : 2 : 1, having capital accounts as Rs. 50,000, Rs. 50,000 and Rs. 25,000, respectively. B retired. On that date, balance in General Reserve was Rs. 15,000. If firm's Goodwill is valued at Rs. 30,000 and Gain (profit) on Revaluation is Rs. 7,050, amount payable to B will be: (a) Rs. 50,820 (b) Rs. 70,820 (c) Rs. 8,820 (d) Rs. 9,000	3. [b] Reason: Amount payable to B will be Rs. 70,820 calculated as follows: Balance in Capital Account Rs. 50,000 Share of General Reserves Rs. 6,000 Share of Revaluation Gain (Profit) Rs. 2,820 Share of Goodwill Rs. 12,000 Total Rs. 70,820																																					
Question Series 81	1	241	True/False 1. Newly admitted partner does not have the right on the assets of the firm.	1. False Reason: Newly admitted partner has right in the assets from the date he or she becomes partner.																																					
	2	242	.Fill in the Blank 2. Revaluation Account is _____ to post (transfer) increase in Provision for Doubtful Debts.	Fill in the Blank 2. debited																																					
	3	243	Multiple Choice Question 3. A, B and C are sharing profits and losses in the ratio of 3 : 2 : 1, D is admitted in the firm for 1/7th share of profit which he takes from A. New profit sharing ratio will be: (a) 15 : 14 : 7 : 6 (b) 15 : 14 : 6 : 7 (c) 14 : 15 : 7 : 6 (d) 15 : 7 : 14 : 6	3. [a] D takes his share from A. Therefore, A's share will reduce by 1/7th (the share takes by D) and shares of remaining partners will remain unchanged. The new profit sharing ratio will be 15 : 14 : 7 : 6 calculated as follows: <table border="0"> <thead> <tr> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th></th> </tr> </thead> <tbody> <tr> <td>Old Profit Sharing Ratio</td> <td></td> <td></td> <td></td> <td>3</td> </tr> <tr> <td>2</td> <td>1</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Less: Sacrificing Ratio 1/7th</td> <td>-</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>New Profit Sharing Ratio 15/42</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(3/6th – 1/7)</td> <td>2/6</td> <td>1/6</td> <td>1/7</td> <td></td> </tr> </tbody> </table> Or <table border="0"> <tbody> <tr> <td>15/42</td> <td>14/42</td> <td>7/42</td> <td>6/42</td> </tr> <tr> <td>15</td> <td>14</td> <td>7</td> <td>6</td> </tr> </tbody> </table>	A	B	C	D		Old Profit Sharing Ratio				3	2	1	-			Less: Sacrificing Ratio 1/7th	-	-			New Profit Sharing Ratio 15/42					(3/6th – 1/7)	2/6	1/6	1/7		15/42	14/42	7/42	6/42	15	14	7
A	B	C	D																																						
Old Profit Sharing Ratio				3																																					
2	1	-																																							
Less: Sacrificing Ratio 1/7th	-	-																																							
New Profit Sharing Ratio 15/42																																									
(3/6th – 1/7)	2/6	1/6	1/7																																						
15/42	14/42	7/42	6/42																																						
15	14	7	6																																						
Question Series 82	1	244	True/False 1. Change in business relationship among the Partners is Dissolution of Partnership.	1. [True] Reason: Dissolution of partnership firm is different from Dissolution of Partnership. In the event of dissolution of partnership, firm continues. As a																																					

				result of the change in relationship old Partnership Agreement comes to an end and new Partnership Agreement comes into existence. Thus, change in business relationship among partners is Dissolution of Partnership.
	2	245	Fill in the Blank 2. Creditors of Rs. 30,000 and Bills Payable of Rs. 8,000 were due one month after 31st March, 2019 but they were paid on 31st March, 2019 at a discount of 6% p.a., the amount debited to Realisation Account will be ____.	Fill in the Blank 2. Rs. 37,810
	3	246	Multiple Choice Question 3. Liabilities to third parties in case of dissolution of partnership firm include: - (a) Reserves (b) Credit Balance of Profit and Loss Account (c) Partners loan (d) Loan by Relative.	3. [d] Reason: Liabilities to third parties means liability of the firm to persons other than liability towards Partners Capitals or loans, if any. The first two i.e., Reserves and Credit Balance of Profit and Loss are transferred to Partners' Capital Accounts in their profit-sharing ratio. Partners loan is paid to Partner before repayment of capital. Relative is not a partner hence, is a outside liabilities i.e., third party liabilities.
Question Series 83	1	247	True/False 1. A NPO received Rs. 5,00,000 as Legacy Donation to be used for setting up a Library. It will be shown as Library Fund in the Liabilities side of Balance Sheet	True Reason: The donor has specified the purpose for which the legacy donation is to be used i.e., for setting up the library. Hence it is a capital receipt to be shown as Library Fund
	2	248	Fill in the Blank 2. Sports material consumed during the year is debited to Income and Expenditure Account and balance amount is carried forward in the _____.	Fill in the Blank 2. Balance Sheet
	3	249	3. Salaries paid during the year Rs 36,000 salaries paid in advance at the end of previous year was Rs. 54,000. Salaries Account debited in Income and Expenditure Account will be: (a) 54,000 (b) 36,000 (c) 90,000 (d) 18,000	3. c Reason: Salaries for the Current Year is Salary paid during the year i.e., Rs. 36,000 + Advance Salary of Previous Year Rs. 54,000 = Rs. 90,000
Question Series 84	1	250	True/False 1. Collateral Security is the main or principal security mortgaged for loan	1. False Reason: It is secondary or supplementary security besides the

			taken by the company.	main security.
	2	251	Fill in the Blank 2. Interest on Debenture is a _____ against profit.	Fill in the Blank 2. Charge
	3	252	Multiple Choice Question 3. 10% Debenture. Here 10% is _____. (a) Coupon Rate (b) Dividend Rate (c) Floating Rate	3. a Coupon Rate means fixed rate of interest on which debentures are issued.
Question Series 85	1	253	True/False 1. Interest on Debentures is paid only when a Company earns profit.	1. False Reason: Interest on debentures is paid whether the company earns profit or loss since it is charge against profits.
	2	254	Fill in the Blank 2. Debentures can be converted into _____.	Fill in the Blank 2. share
	3	255	Multiple Choice Question 3. Out of the following, to which category of Account, 'Debentures' belong? (a) Asset (b) Capital (c) Liability (d) Expense	3. c Reason: Debentures include debenture stock, bonds and any other instrument of the company evidencing a debt whether constituting a charge on the asset of the company or not Hence it belongs to liability.
Question Series 86	1	256	True/False 1. Payment for purchase of fixed Assets is classified or shown as investing activity for both non-finance and finance company.	1. True Reason: Because it is associated with the objective of generating earning.
	2	257	Fill in the Blank 2. Share issue Expenses are shown as outflow of cash under _____ activity.	Fill in the Blank 2. Financing
	3	258	Multiple Choice Question 3. Rent received by a Real Estate company is classified as which type of activity? (a) Operating (b) Investing (c) Financing (d) Financing and Investing	Multiple Choice Question 3. a Reason: Rent received by a Real Estate company is there core business.
Question Series 87	1	259	True/False 1. F Ltd is carrying on a mutual fund business. It invested ₹ 20,00,000 in shares and ₹ 15,00,000 in debentures of various companies Dividend and Interest received is a financing Activity.	1. False Reason: Because that is revenue producing Activity. i.e., Operating Activity
	2	260	Fill in the Blank 2. Proposed Dividend of ₹ 60,000 and ₹ 50,000 as on 31st March, 2018 and 31st March, 2019 respectively. The amount of ₹ 50,000 will be _____ as shown in the	Fill in the Blank 2. Contingent Liability.

			notes of accounts.	
	3	261	Multiple Choice Question 3. Example of Cash and Cash Equivalents. (a) Sale of fixed Assets (b) Interest received (c) Marketable securities (d) Refund of Tax	3. c Reason: Because marketable securities are highly liquid so it is considered cash and cash Equivalents.
Question Series 88	1	262	True/False 1. At the time of admission of a partner, Revaluation Account is credited on increase in the value of Plant and Machinery.	1. True Reason: Asset (Plant and Machinery) has a debit balance and therefore any increase in its value is debited to it. Since, it is a gain (profit) because of increase value of Plant and Machinery. It is credited to Revaluation Account.
	2	263	Fill in the Blank 2. The amount earlier written off as bad debt now received is _____ to Revaluation Account.	Fill in the Blank 2. Credited
	3	264	Multiple Choice Question 3. If X pays Rs. 1,50,000 as his share of goodwill to Y (privately), an existing partner, the treatment will be: (a) Goodwill Account will be debited by Rs. 1,50,000 (b) Goodwill Account be debited by Rs. 6,00,000 (c) Goodwill Account be credited by Rs. 1,50,000 (d) No entry will be passed.	Multiple Choice Question 3. d Reason: If goodwill is paid privately, it is not recorded in the books of account of the firm.
Question Series 89	1	265	True/False 1. Current Ratio is the example of Long term Solvency Ratio.	1. False Reason: Current Ratio is calculated to assess whether the firm will be able to meet its short-term liabilities hence it is short term solvency ratio.
	2	266	Fill in the Blank 2. Short-term Loans and Advances are included in _____.	Fill in the Blank 2. Current Assets
	3	267	Multiple Choice Question 3. If current ratio is 2:1 current assets are Rs. 82,000. Current liabilities will be: (a) Rs. 41,000 (b) Rs. 38,000 (c) Rs. 15,000 (d) Rs. 20,000	3. a Reason: Current Ratio = Current Assets/Current Liabilities $2/1 = \text{Rs. } 82,000 / \text{Current Liabilities}$ Current Liabilities = Rs. 41,000.
Question Series 90	1	268	True/False 1. Rent received by a Trading Company is an investing activity..	1. True Renting of property is not the Principal Revenue Producing Activity of a Trading Company. Assets owned by a Trading Company is an investing activity for it hence Rent received by a Trading is an Investing Activity.

	2	269	Fill in the Blank 2. Buy-Back of own shares are shown in _____ activity under cash flow statement.	Fill in the Blank 2. Financing activity
	3	270	Multiple Choice Question 3. Rent received by a Real Estate company is classified as (a) Operating Activity (b) Investing Activity (c) Financing Activity (d) Financing and Investing Activity	3. a Reason: For a real estate company, purchase/sale of properties and their renting is its Principal Revenue Producing Activity. Hence, rent received is its Operating Activity.
Question Series 91	1	271	True/False 1. Calls-in-Arrears is the amount not received by the company against the amount called towards share capital.	1. . True Reason: The amount which is not received by the company against called up share capital by the shareholder is Calls-in-Arrears.
	2	272	Fill in the Blank 2. SEBI prescribes that application money should not be less than _____ of the issued price.	Fill in the Blank 2. 25%
	3	273	Multiple Choice Question 3. Reserve Capital is a part of (a) Issued Capital (b) Authorised Capital (c) Subscribed Capital (d) Called-up Capital	Multiple Choice Question 3. c Reason: Reserve Capital is a Capital which is called in the event of winding up of the company on the subscribed shares. Such shares are shown as 'Subscribed but not fully paid-up'.
Question Series 92	1	274	True/False 1. Honorarium is a token payment paid to a person in recognition of his service that normally commands a fee. It is a revenue expense for a NPO.	1. True Reason: Honorarium is a token payment made to a person who voluntarily undertakes a service which normally command a fee. It is an expense for a NPO not resulting in an enduring benefit. Hence, it is revenue expenditure.
	2	275	Fill in the Blank 2. Closing Balance of Receipt and Payments Account is shown in the _____ as an _____.	Fill in the Blank 2. Balance Sheet
	3	276	Multiple Choice Question 3. Which of the following is the accounting equation for a Not-For-Profit Organisations? a) Asset = Capital + Liabilities b) Capital + Liabilities = Assets c) Capital Fund + Liabilities = Assets d) Liabilities = Asset + Capital Fund	3. c Assets = Capital Fund + Liabilities A NPO does not have capital but instead has Capital Fund or General Fund or Corpus Fund.
Question Series 93	1	277	True/False 1. Debentures are part of Shareholder's Funds.	1. False Reason: Debenture is a debt of the Company and thus, is a loan liability and not Shareholders' Funds.
	2	278	Fill in the Blank 2. Debenture holders do not have right to	Fill in the Blank 2. Vote

			_____.	
	3	279	<p>Multiple Choice Question</p> <p>3. Debentures are issued in terms of Issue of Debentures and is an agreement between the Company and the _____ for repayment of Principal amount and interest on the specified date.</p> <p>(a) Shareholder (b) Preference Shareholder (c) Debenture holder (d) Equity Shareholder</p>	<p>3. c</p> <p>Reason: Issue of Debentures means company agreed to pay principal amount and certain interest at the specified period. The debenture holder had applied for the debentures in terms of its issue. Hence, it is an agreement.</p>
Question Series 94	1	280	<p>True/False</p> <p>1. Secured Debentures are those debentures which are secured against fixed charge..</p>	<p>1. False</p> <p>Reason: Secured Debentures are those debentures which are secured against fixed charge or floating charge.</p>
	2	281	<p>Fill in the Blank</p> <p>2. Premium on issue of debentures is transferred to _____.</p>	<p>Fill in the Blank</p> <p>2. Security Premium Reserve</p>
	3	282	<p>Multiple Choice Question</p> <p>3. Interest paid to debenture holders is a</p> <p>(a) Fixed Expense (b) Fluctuating Liability (c) Assets of a Company (d) Revenue of the Company</p>	<p>3. a</p> <p>Reason: Interest is paid by the company is an expense and is paid whether the company earns profit or incurs loss.</p>
Question Series 95	1	283	<p>True/False</p> <p>1. Payment for purchase of fixed Assets is classified or shown as Investing Activity for both Non-Financing and Financing Companies.</p>	<p>1. True</p> <p>Reason: it gives benefit of enduring nature as it increases the revenue earning expenses.</p>
	2	284	<p>Fill in the Blank</p> <p>2. Bank overdraft, cash credit, short-term loans and debentures are examples of _____.</p>	<p>Fill in the Blank</p> <p>2. Financing Activity</p>
	3	285	<p>Multiple Choice Question</p> <p>3. Example of Investing activity both for 'Financing and Non-Financing Companies' is</p> <p>(a) Purchase of Non-Current Assets (b) Purchase of stock (c) Transfer to General Reserve (d) Purchase of Current Assets</p>	<p>3. a</p> <p>Reason: Assets gives benefit of enduring nature increasing the earning capacity of a company. Therefore, Purchase of Non-Current Assets either tangible or intangible is an investing activity.</p>
Question Series 96	1	286	<p>True/False</p> <p>1. Intra-firm Comparison is Comparison of values between two or more firms..</p>	<p>1. False</p> <p>Reason: In Intra-firm Comparative Statement value of one period is compared to another period of the same firm.</p>
	2	287	<p>Fill in the Blank.</p> <p>2. Comparison of each component of Financial Statement for two accounting periods, prepared in a form reflecting financial data is known as _____.</p>	<p>Fill in the Blank</p> <p>2. Comparative Statement</p>
	3	288	Multiple Choice Question	Multiple Choice Question

			<p>3. Comparison of each component or item of Financial Statement for two or more accounting periods prepared of a firm in the form showing financial data is known as</p> <p>(a) Common size Statements (b) Comparative Statements (c) Ratio Analysis (d) Cash Flow Statement</p>	<p>3. b Reason: Comparative Statement means a comparative study of elements or components of Balance Sheet and Statement of Profit and Loss of the firm for two or more years.</p>
Question Series 97	1	289	<p>True/False 1. Inter-Firm Comparison of financial values of two firms of same period.</p>	<p>1. True Reason: Inter-Firm Comparative Statement is a Statement in value or item or component is compared with the data of another firm for the same period.</p>
	2	290	<p>Fill in the Blank 2 When Comparative Statement of the firm's financial statements for two or more years is prepared, it is known as _____.</p>	<p>Fill in the Blank 2. Intra-firm Comparison</p>
	3	291	<p>Multiple Choice Question 3. A Comparative Balance Sheet has _____ columns. (a) Two (b) Three (c) Six (d) Five</p>	<p>3. c Reason: A Comparative Balance Sheet has 6 columns. First column is for elements of Balance Sheet in 2nd Column Note Number is given, in 3rd column amount of previous year are written in 4th column amount of current year are written in fifth column difference in amounts between the current year and previous year are written and in last column or sixth column percentage change is written taking column 3 as the base.</p>
Question Series 98	1	292	<p>True/False 1. Comparative Statement indicates trend and helps in forecasting.</p>	<p>1. True Reason: Comparative Statement gives information about the changes affecting financial position and performance of an enterprise for two or more years hence, it shows a trend which helps in forecasting.</p>
	2	293	<p>Fill in the Blank 2. Comparative Statement of firm's to compare financial values with that of another firm or with industry data is known as _____.</p>	<p>Fill in the Blank 2. Inter-Firm Comparison</p>
	3	294	<p>Multiple Choice Question 3. A company has Trade Receivables of Rs. 8,80,000 on 31st March, 2016 and Rs. 9,90,000 on 31st March, 2017. The percentage change is (a) 20% (b) 12.5%</p>	<p>Multiple Choice Question 3. b Reason: Percentage change is calculated as Absolute change/Amount of Previous Year X 100. Therefore the change is Rs. 1,10,000 and amount of previous year is Rs. 8,80,000. So the</p>

			(c) 15% (d) 25%	percentage is Rs. 1,10,000/Rs.8,80,000 $X 100 = 12.5\%$.
Question Series 99	1	295	True/False 1. Common-Size Statement indicates trend and helps in forecasting.	1. True Reason: Common-Size Statement helps in indicating trends.
	2	296	Fill in the Blank 2. _____ Comparative Statement of firm's financial statements is prepared with that of another firm or with industry data or with the budget.	Fill in the Blank 2. Inter-Firm Comparison
	3	297	Multiple Choice Question 3. A company has Trade Receivables amounted to Rs. 8,80,000 on 31st March, 2016 and Rs. 9,90,000 on 31st March, 2017. The percentage change is (a) 20% (b) 12.5% (c) 15% (d) 25%	Multiple Choice Question 3. b Reason: Percentage change is calculated as Absolute change/Amount of Previous Year X 100. Therefore the change is Rs. 1,10,000 and amount of previous year is Rs. 8,80,000. So the percentage is Rs. 1,10,000/Rs.8,80,000 $X 100 = 12.5\%$.
Question Series 100	1	298	True/False 1. Debtors and Bills Receivable are included in Trade Receivable..	1. True Reason: Debtors are the person who gives the credit to enterprises for normal course of business. i.e., credit sale made by the enterprise.
	2	299	Fill in the Blank 2. Financial performance of a firm is assessed through _____ ratio.	Fill in the Blank 2. Profitability
	3	300	Multiple Choice Question 3. Opening Inventory is Rs. 20,000; closing inventory is Rs. 60,000 purchases Rs. 1,60,000. Stock Turnover Ratio is (a) 4 Times (b) 6 Times (c) 3 Times (d) 2 Times	Multiple Choice Question 3. c Reason: : Stock Turnover Ratio = Cost of Revenue from Operations/Average Inventory Cost of Revenue from Operations = Opening Inventory + Purchases – Closing Stock = Rs. 20,000 + Rs. 1,60,000 – Rs. 60,000 = Rs. 1,20,000 Average Inventory = Opening Inventory + Closing Inventory/2 = (Rs. 20,000 + Rs. 60,000)/2 = Rs. 40,000 Inventory Turnover Ratio = Rs. 1,20,000/Rs. 40,000 = Rs. 3 Times
Question Series 101	1	301	True/False 1. High Working Capital Turnover Ratio shows efficient use of working capital.	1. True Reason: High Working Capital Turnover Ratio shows the number of times Working Capital has been turned over in generating revenue. Higher revenue means higher profit. Thus, high Working Capital Turnover Ratio means efficient use of working capital.
	2	302	Fill in the Blank	Fill in the Blank

			2. Solvency of business is assessed by _____.	2. solvency ratios
	3	303	Multiple Choice Question 3. _____ provides an assessment of average time that it takes to collect debtors. (a) Trade Receivables Turnover Ratio (b) Trade Payables Turnover Ratio (c) Debt Collection Period (d) Gross Profit Ratio	3. (c) Reason: Debt Collection Period shows an average period for which the credit revenue from operations remains outstanding.
Question Series 102	1	304	True/False 1. Assets (say, Debtors) having provisions (say, Provision for Doubtful Debts) are transferred to Realisation Account at its net value. When the firm is dissolved.	1. False Reason: Assets and Provisions are maintained as separate accounts. In the Balance Sheet, Provision is deducted from the value of assets. Realisation Account is prepared to transfer all assets and outside liabilities at the time of firm's dissolution. Assets and Provision being separate accounts are transferred to Realisation Account separately to close the respective accounts in the ledger. Hence, the statement is false.
	2	305	Fill in the Blank 2. Private property is applied first to pay _____ then towards firm's liability.	Fill in the Blank 2. Private Debt
	3	306	Multiple Choice Question 3. Section 48 of the Indian partnership act 1932 deals with :- (a) Payment of firms debts and private debts (b) Settlement of account when the firm is dissolved (c) Dissolution of the firm (d) Admission of a partner	3. (b) Reason: Section 48 of the Indian Partnership Act, 1932 deals with Liabilities and assets of the firm shall be used on it being dissolved. It provides that assets be used in following order 1. Payment of outside liabilities. 2. Payment of Partner's loan. 3. Repayment of capitals.
Question Series 103	1	307	True/False 1. Dissolution Expenses of Rs. 30,000 were paid by Partner Tarun on behalf of the firm. Tarun's Capital A/c will be credited by Rs. 30,000.	1. True Reason: It is an expense to be borne by the firm but is paid by Tarun. Thus, his capital Account will be credited.
	2	308	Fill in the Blank 2. Loan by Partner's relative to the firm is transferred to Realisation Account at the time of firm's dissolution because _____.	Fill in the Blank 2. it is a liability of the firm payable to outsider, i.e., not payable to the partners.
	3	309	Multiple Choice Question 3. Sudhir accepted furniture of ₹ 10,000 and computer of ₹ 20,000 in settlement of his loan of ₹ 40,000 on dissolution of the firm. Balance in loan Account i.e., ₹ 10,000 will be:	3. (c) Reason: Sudhir has accepted furniture and computer in settlement of his loans. Thus, the firm does not have to pay him the balance amount i.e., ₹ 10,000. ₹ 10,000 is gain (profit) for the

			(a) Transferred to his Capital Account (b) Paid to him (c) Transferred to Realisation Account (d) Transferred to Partners' (All) Capital Accounts in their Capita	firm, and therefore will be transferred to Realisation Account.
Question Series 104	1	310	True/False 1. Raj is admitted in a firm as a partner for 1/4th share in the profits for which he brings Rs. 30,000 as goodwill. It will be taken by the old partners in gaining ratio.	1. False Reason: It is a principle that Gaining Partner or Partners compensate the Sacrificing Partner or Partners. Therefore, Gaining Partner or Partners will compensate the Sacrificing Partner or Partners.
	2	311	Fill in the Blank 2. A and B are partners sharing profits in the ratio of 7 : 3. C is admitted as a partner for 3/7th share in profit. If the new profit sharing ratio of the partners is 14 : 6 : 5, sacrificing ratio will be _____.	Fill in the Blank 7 : 3
	3	312	Multiple Choice Question 3. A and B are partners sharing profits and losses in the ratio of 3 : 2. Their capitals are Rs. 30,000 and Rs. 20,000 respectively. On 31st March 2019, there is balance of General Reserve of Rs. 10,000. On 1st April, 2019 C was admitted for 1/3rd share who also brings Rs. 6,000 as share of goodwill. On the date of his admission, furniture was reduced by Rs. 1,000, Provision for Doubtful Debts increased by Rs. 1,000 and there is an appreciation of Rs. 4,000 in stocks. Old partners decide that C's capital should be in accordance with his share of profit and capital of old partner's. Total capital of the firm after admission of C will be: (a) Rs. 1,20,000 (b) Rs. 1,02,000 (c) Rs. 1,30,000 (d) Rs. 1,10,000	3. (b) Reason: Capitals of A and B after adjustment for Reserves, Revaluation Profit and Share in Goodwill will be Rs. 68,000, calculated as follows: Existing Capitals of A and B (Combined) Rs. 50,000 Add: General Reserve Distributed Rs. 10,000 Profit on Revaluation (Rs. 4,000 – Rs. 1,000 – Rs. 1,000) Rs. 2,000 Goodwill Brought in by C Rs. 6,000 Total Rs. 68,000 Capital of Rs. 68,000 is 2/3rd of total capital of the firm. Thus, total capital of the firm = Rs. 68,000 x 3/2 = Rs. 102,000.
Question Series 105	1	313	True/False 1. Newly admitted partner does not have the right on the assets of the firm.	True/False 1. False Reason: Newly admitted partner has right in the assets from the date he or she becomes partner.
	2	314	Fill in the Blank 2. The amount earlier written off as bad debt now received is credited to _____ on admission of a partner.	Fill in the Blank 2. Revaluation Account
	3	315	Multiple Choice Question 3. X and Y are partners sharing profits in	3. (c) Reason: Remaining share (after 1/5th

			<p>the ratio of 3 : 2, and capitals as Rs. 100,000 and Rs. 50,000 respectively, after adjustments. Z is admitted for 1/5th share in profits, The amount Z will contribute as capital will be:</p> <p>(a) Rs.50,000 (b) Rs.35,000 (c) Rs.37,500 (d) Rs.60,000</p>	<p>share of Z) is 4/5th and the capital for 4/5th share is Rs. 150,000. Total capital of the firm will be Rs. 187,500 (Rs. 150,000 x 5/4), and Z's share will be Rs.37,500 (Rs. 187,500 – Rs. 150,000).</p>
Question Series 106	1	316	<p>True/False 1. A NPO received Rs. 5,00,000 as Legacy Donation to be used for setting up a Library. It will be shown in the Liabilities side of Balance Sheet</p>	<p>1. True Reason: The donor has specified the purpose for which the legacy donation is to be used i.e., for setting up the library. Hence it is a capital receipt to be shown as Library Fund.</p>
	2	317	<p>Fill in the Blank 2. Stock of Sports Material consumed during the year is shown in the _____.</p>	<p>Fill in the Blank 2. Income and Expenditure Account</p>
	3	318	<p>Multiple Choice Question 3. Life Membership Fee received by a NPO is a a) Capital Receipt b) Revenue Receipt c) General Donation d) Specific Donation</p>	<p>3. (a) Reason: Life Membership Fee is a one-time payment received by a NPO from a person to avail the membership of an organisation to avail benefit/services for life without further payment of subscription. Hence, it is Capital Receipt.</p>
Question Series 107	1	319	<p>True/False 1. Rs. 10,000 received as the annual subscription. Out of this, Rs. 2,000 relates to the previous year whereas Rs. 1,000 is receivable at the end of the current accounting year. Amount of subscription that will be shown in the Income and Expenditure Account for Current accounting year will be Rs. 10,000.</p>	<p>1. False Reason: Rs. 10,000 (Subscription Received During the year) + Rs. 1,000 (Subscription Outstanding at the end of the year) – Rs. 2,000 (Subscription Outstanding in the beginning of the year) = Rs. 9,000. Rs. 9,000 will be shown in the Income and Expenditure Account.</p>
	2	320	<p>Fill in the Blank 2. Corpus fund is an _____ fund.</p>	<p>Fill in the Blank 2. Unrestricted</p>
	3	321	<p>Multiple Choice Question 3. Income and Expenditure accounts shows a) Cash available to an organization b) Closing capital of an organization c) Cash available in the bank account d) Surplus or Deficit for the current accounting period.</p>	<p>3. (d) Reason: Income and Expenditure Account is a nominal account and prepared to show expenses, losses and incomes for the current accounting year. It results in either surplus (If income is more than expenses) or deficit (If expenses are more than income) of the current accounting period.</p>
Question Series 108	1	322	<p>True/False 1. Comparative Balance Sheet and Comparative Statement of Profit and Loss are intra-firm analysis.</p>	<p>1. False Reason: Because the data being analysed is of the same enterprise. Hence they are intra-firm analysis.</p>

	2	323	Fill in the Blank 2. Comparison of values of two firms involving same accounting period is called _____ comparison.	Fill in the Blank 2. Inter-firm
	3	324	Multiple Choice Question 3. In a company, current assets are Rs. 6,30,000 and total assets are Rs. 9,00,000. The percentage of current assets to total asset will be: (a) 57% (b) 60% (c) 70% (d) 65%	3. (c) Reason: Current Assets are Rs. 6,30,000 and total assets are Rs. 9,00,000. Therefore percentage change is Rs. 6,30,000 / Rs. 9,00,000 X 100 = 70% .
Question Series 109	1	325	True/False 1. Redemption of Debentures by a Banking Company can be redeem only out of Capital.	1. True Reason: Because Banking companies are exempted from creating DRR. Therefore, they redeem their debentures out of capital.
	2	326	Fill in the Blank 2. Discount or Loss on issue of Debentures is a _____.	Fill in the Blank 2. Capital Loss
	3	327	Multiple Choice Question 3. C Ltd. is to redeem 10,000, 8% Debentures of Rs. 100 each at a premium of Rs. 10 out of profit. Amount that should be set aside to Debenture Redemption Reserve (DRR) is (a) Rs. 2,50,000 (b) Rs. 10,00,000 (c) Rs. 11,00,000 (d) Rs. 7,50,000	3. (b) Reason: When debentures are redeemed out of profits only, DRR is created by transferring an amount that is equal to 100% of the nominal (Face) value of the outstanding debentures to DRR. Therefore 100% is (10,000 X 100) = Rs. 10,00,000.
Question Series 110	1	328		1. True Reason: Debentures when redeemed without transferring amount to DRR is redemption out of capital. Hence, if amount is transferred to DRR, it is not redemption only out of capital.
	2	329		Fill in the Blank 2. Profit
	3	330		3. (a) Reason: According to Rule 18 (7)(c) of the Companies Rules, 2014, the company shall invest an amount at least equal to 15% of the nominal (face) value of debentures that shall be redeemed by the company by 31st March of next year. Hence, it shall invest Rs. 2,25,000 (15% of Rs. 15,00,000) in DRI.
Question Series 111	1	331	True/False 1. Comparative Financial Statement is used in forecasting and planning.	1. True Reason: Analysing changes and trend in the financial data of previous years

				helps the management in forecasting and planning.
	2	332	Fill in the Blank 2. Comparison of each component or item of financial statement for two or more accounting periods prepared by a firm reflecting financial data is known as _____.	Fill in the Blank 2. Comparative Statement
	3	333	Multiple Choice Question 3. Which technique of financial analysis shows a comparative study of items or components of financial statements for two or more years? (a) Common-Size Statement (b) Ratio Analysis (c) Comparative Statement (d) Cash flow Statement	3. (c) Reason: Comparative study is a tool of financial analysis that shows change in cash item from the base year in absolute amount and in percentage, taking the amounts of the previous year as a base.
Question Series 112	1	334	True/False 1. Bank charges are included in finance costs.	True/False 1. False Reason: Bank charges are the expenses which are incurred on availing the service from the Bank.
	2	335	Fill in the Blank 2. Balance Sheet and Statement of Profit and Loss together are known as _____.	Fill in the Blank 2. Financial Statements
	3	336	Multiple Choice Question 3. Which of the following cannot be identified with the help of Comparative Statement of Profit and Loss? (a) Rate of increase or decrease in revenue from operations. (b) Rate of increase or decrease in trade receivables. (c) Rate of increase or decrease in incomes. (d) Rate of increase or decrease in net profit.	3. (b) Reason: Trade Receivables or Debtors are not the part of profit and loss. It is subject of balance sheet.
Question Series 113	1	337	True/False 1. The objective of Comparative Income Statement is to analyse each item of Revenue and Expense of two or more years.	1. True Reason: Comparative Income Statement is used to analyse increase or decrease in each item of Revenue and Expense in terms of Rupees as well as Percentage for two or more years.
	2	338	Fill in the Blank 2. A company has Fixed Assets Rs. 6,00,000; Non-Current Investments Rs. 1,00,000 and Current Assets Rs. 3,00,000. Percentage of Current Assets to Total Assets is _____.	Fill in the Blank 2. 30%
	3	339	Multiple Choice Question 3. While preparing Common-Size Balance	3. (d) Reason: In Common-Size Balance Sheet,

			<p>Sheet each item of Balance Sheet is expressed as % of</p> <p>(a) Current Assets</p> <p>(b) Non-Current Assets</p> <p>(c) Non-Current Liabilities</p> <p>(d) Total Assets/Total Liabilities</p>	Total Assets or Total Equity and Liabilities are taken as 100 and all the figures are expressed as percentage of Revenue from operations.
Question Series 114	1	340	<p>True/False</p> <p>1. The part of Authorised Capital which can be called-up only on winding up is called issued capital.</p>	<p>True/False</p> <p>1. False</p> <p>Reason: Reserve Capital is part of uncalled capital which the company resolves to call at the time of winding up of the company.</p>
	2	341	<p>Fill in the Blank</p> <p>2. X Ltd. purchased business of Y Ltd. by paying Rs. 13 Lakh for the Assets of Rs. 18 Lakh and Liabilities of 4 Lakh. _____ A/c will be credited by Rs. 1 Lakh.</p>	<p>Fill in the Blank</p> <p>2. Capital Reserve</p>
	3	342	<p>Multiple Choice Question</p> <p>3. When shares are forfeited, Share Capital Account is debited with</p> <p>(a) Nominal Capital.</p> <p>(b) Called-Up value of shares.</p> <p>(c) Paid-Up value of shares.</p> <p>(d) Market value of shares.</p>	<p>Multiple Choice Question</p> <p>3. (b)</p> <p>Reason: When shares are forfeited, Share Capital Account is debited with the called-up up to the date of forfeiture on share forfeited because it was credited with the amount called up as share capital.</p>
Question Series 115	1	343	<p>True/False</p> <p>1. A Machinery is purchased under Hire-purchase system, each instalment will include interest and a part of principal. Cash paid for interest is Financing Activity.</p>	<p>True/False</p> <p>1. True</p> <p>Reason: Hire-Purchase System means payment for asset purchased is made in instalment. Interest is paid on deferred payment. In brief, it is a financing arrangement. Thus, interest part of the instalment is shown as Financing Activity.</p>
	2	344	<p>Fill in the Blank</p> <p>2. Rent received by a Real Estate Company is classified as _____.</p>	<p>Fill in the Blank</p> <p>2. Operating Activity</p>
	3	345	<p>Multiple Choice Question</p> <p>3. Example of Cash and Cash Equivalents</p> <p>(a) Sale of Fixed Assets</p> <p>(b) Interest Received</p> <p>(c) Marketable Securities</p> <p>(d) Refund of Tax</p>	<p>Multiple Choice Question</p> <p>3. (c)</p> <p>Reason: Because marketable securities are highly liquid and are held for resale. It is assumed that its value will not change significantly. Therefore, it is shown as Cash and Cash Equivalents.</p>
Question Series 116	1	346	<p>True/False</p> <p>1. Income tax paid on gain of sale of fixed assets is Operating activity.</p>	<p>True/False</p> <p>1. False</p> <p>Reason: Income-Tax paid is shown as operating activity unless it relates to investing or financing activity. Purchase and sale of fixed asset is an investing Activity. Therefore, tax paid on profit on</p>

				sale of fixed assets is shown as Investing Activity.
	2	347	Fill in the Blank 2. Discount received on making payment to suppliers' results in _____.	Fill in the Blank 2. Outflow of Cash and Cash Equivalents
	3	348	Multiple Choice Question 3. Cash collection from booking of room in Hotel Industry is (a) Operating Activity (b) Investing Activity (c) Financing Activity (d) Operating and Investing Activity	Multiple Choice Question 3. (c) Reason: Renting rooms is Principal Revenue Producing Activity for Hotel Industry. Hence, Rent received is shown as Operating Activity for a Hotel Industry.
Question Series 117	1	349	True/False 1. Decrease in cash credit is a financing activity.	True/False 1. True Reason: Cash credit means borrowing for a short period. Borrowing is shown as Financing Activity.
	2	350	Fill in the Blank 2. Current Investment is _____.	Fill in the Blank 2. Cash and Cash Equivalents
	3	351	Multiple Choice Question 3. Goodwill of Rs. 10,000 and Rs. 20,000 as on 31st March, 2018 and 31st March, 2019. The increase of goodwill will be (a) Operating Activity (b) Investing Activity (c) Financing Activity (d) Operating and Investing Activity	Multiple Choice Question 3. (b) Reason: Goodwill is an intangible Fixed Asset. Increase the amount of Goodwill means purchase of Goodwill, It is therefore shown as Investing Activity.
Question Series 118	1	352	True/False 1. Provision for Tax is Rs. 10,000 and Rs. 5,000 as on 31st March, 2018 and 31st March, 2019. Provision for tax made is Rs. 5,000. Amount of tax paid will be Rs. 10,000.	True/False 1. True Reason: When tax paid during the year is not given, it is presumed that current year's Provision for Tax is Provision made while previous year's Provision for Tax is tax paid. Hence Rs. 10,000 is tax paid during the year.
	2	353	Fill in the Blank 2. Issue of Shares and Debentures for consideration other than cash is _____.	Fill in the Blank 2. No Flow of Cash
	3	354	Multiple Choice Question 3. A Machinery is purchased under Hire-Purchase System, each instalment will include interest and a part of principal. Cash Paid for interest is:- (a) Financing Activity (b) Operating Activity (c) Investing Activity (d) Financing and Investing Activity	Multiple Choice Question 3. (a) Reason: Hire-Purchase System means payment for asset purchased is made in instalments. Interest is paid on deferred payments. In brief, it is a financing arrangement. Thus, interest part of the instalment is shown as Financing Activity.
Question Series 119	1	355	True/False 1. Admission of a partner means reconstitution of a firm as existing	1. True Reason: Reconstitution of firm happens when there is a change in profit-sharing

			agreement comes to an end and a new agreement comes into effect because of the admission of a partner..	ratio, admission retirement or death because new terms are agreed among partners and fresh Partnership Deed is entered. As a result, old partnership comes to on end and new agreement comes into effect.
	2	356	Fill in the Blank 2. Partners' Capital Account is _____ to transfer to gain (profit) of Revaluation Account.	Fill in the Blank 2. Credited
	3	357	Multiple Choice Question 3. Profit or Loss on revaluation of assets and reassessment liabilities is transferred to Partner's Capital Accounts in their: (a) Fixed Capital Ratio (b) Equal Ratio (c) Old Profit Sharing Ratio (d) Gaining Ratio	Multiple Choice Question 3. (c) Reason: Profits or losses on the revaluation of assets and reassessment of liabilities is transferred to old Partner's Capital Account in their old profit sharing ratio because the profit or loss arising out of revaluation relates to the period of the old partnership i.e., before the admission of the new partner. Thus, they will share the profit or loss in their old profit sharing ratio i.e. the ratio before the admission of the new partner.
Question Series 120	1	358	True/False 1. Admission of a partner is reconstitution of the firm because existing agreement comes to an end and a new agreement comes into effect consequent to admission of a partner. .	True/False 1. True Reason: Reconstitution of firm takes place when there is a change in profit-sharing ratio, admission retirement or death because new terms are agreed among partners and fresh Partnership Deed is executed. As a result, old partnership comes to on end and new agreement comes into effect.
	2	359	Fill in the Blank 2. Creditors of Rs. 30,000 and Bills Payable of Rs. 8,000 were due on an average basis of one month after 31stMarch, 2019 but they were paid immediately on 31stMarch, 2019 @ 6% discount p.a., the amount debited to Realisation Account will be _____.	Fill in the Blank 2. Rs. 37,810
	3	360	Multiple Choice Question 3. Ashima and Nagma are partners in M/s Saraswati Enterprise. They admit Ashok as partner w.e.f 1st April, 2019. They agreed to value goodwill at 3 years' purchase of Super Profit for which they decided to take average of last 5 years profit. The profits for the last five years were: Year Ended Rs.	Multiple Choice Question 3. (c) Reason: Calculation of Normal Profit Year Ended Profit (Rs.) Adjustment (Rs.) Normal Profit (Rs.) 31st March, 2015 2,00,000 (25,000) 1,75,000 31st March, 2016 1,70,000 50,000 2,20,000 31st March, 2017 2,10,000

			<p>31st March, 2015 2,00,000 (including gain of Rs. 25,000 From sale of fixed assets); 31st March, 2016 1,70,000 (including abnormal loss of Rs. 50,000) 31st March, 2017 2,10,000; 31st March, 2018 2,30,000; 31st March, 2019 2,50,000. Capital employed in the firm is Rs. 15,00,000 and normal rate of return in similar business is 10%. Calculate value of goodwill.</p> <p>a) Rs. 2,01,000 b) Rs. 1,01,000 c) Rs. 2,01,000 d) Rs. 3,06,000</p>	<p>- 2,10,000 31st March, 2018 2,30,000 - 2,30,000 31st March, 2019 2,50,000 - 2,50,000 10,85,000 Average Profit = Total Normal Profit / Number of Years = Rs. 10,85,000/5 = Rs. 2,17,000 2. Calculation of Normal Profit : Capital Employed = Rs. 15,00,000 Normal Rate of Return = 10% Normal Profit = Rs. 15,00,000 X 10/100 = Rs. 1,50,000 3. Calculation of Super Profit: Super Profit = Average Profit – Normal Profit = Rs. 2,17,000 – Rs. 1,50,000 = Rs. 67,000 4. Value of goodwill: Goodwill = Super Profit X Number of Years' Purchase = Rs. 67,000 X 3 = Rs. 2,01,000</p>
Question Series 121	1	361	<p>True/False 1. A and B are sharing profits and losses in the ratio 3:2. They admitted C as a partner and gave him 1/3rd share in the profits of the firm. New profit sharing ratio will be 6:4:5.</p>	<p>1. True Reason: Sacrificing Ratio of A and B is not given. Thus, their sacrificing ratio is their profit-sharing ratio i.e., 3:2. Profit share of C is 1/3 Thus, Balance Profit is $1 - 1/3 = 2/3$, which will be shared by A and B in the ratio of 3:2 A's share in profits is $2/3 \times 3/5$ i.e., 2/5 or 6/15 B's share in profits is $2/3 \times 2/5$ i.e., 4/15 C's share of profit is 1/3 or 5/15 New Profit-sharing Ratio is 6:4:5.</p>
	2	362	<p>Fill in the Blank 2. Bharat, a partner was to look after the dissolution for an amount of Rs. 50,000. Bharat agreed to bear the dissolution expenses. Actual dissolution expenses were Rs.30,000 which were paid by Bharat. Realisation Account will be debited by _____.</p>	<p>Fill in the Blank 2. Rs. 50,000</p>
	3	363	<p>Multiple Choice Question 3. Capital Account of the partners will be</p>	<p>Multiple Choice Question 3. (c)</p>

			credited for (a) Writing off goodwill (b) Distribution of debit balance of Profit & Loss Account (c) Profit on revaluation of assets and reassessment of liabilities (d) Loss on revaluation of assets and reassessment of liabilities	Reason: Goodwill has a debit balance and so does the loss in case of debit balance in the Profit and Loss Account. Goodwill when written off or loss when distributed, Capital Account of the partners will be debited. Profit on revaluation of assets or reassessment of liabilities will have credit balance, which will be credited to the Capital Accounts.
Question Series 122	1	364	True/False 1. At the time of admission, General Reserve is transferred to Capital Accounts of the partners in old profit sharing ratio.	True/False 1. True Reason: General Reserve is an appropriation of profit. General Reserve in the books of the firm is set aside out of profits earned when old partners were partners in the firm. Thus, old Partners have the right to that profit and not the new partner.
	2	365	Fill in the Blank 2. In case of admission of a partner, the entry for unrecorded investment is _____.	Fill in the Blank 2. Debit Investment A/c and Credit Revaluation A/c
	3	366	Multiple Choice Question 3. There are three partners in a firm P & Q. R is admitted in the firm for 1/3rd share of profit with the guaranteed annual profit of Rs. 18,000 p.a. The firm's total profit for the year is Rs. 42,000. If A stood as guarantor of guaranteed profit to R, how much profit would be given to Q (a) Rs. 20,000 (b) Rs. 15,000 (c) Rs. 10,000 (d) Rs. 18,000	Multiple Choice Question 3. (c) Reason: Q has guaranteed the share of profit to the R. Therefore, Q will bear the deficiency out of his share of profit. Total profit will be distributed in the profit sharing ratio as given, thereafter the deficiency of the guaranteed profit of R will be charged from Q. Profit shares of Q and R before adjustment is Rs. 14,000 each. Deficiency in R's profit is Rs. 4,000 (Rs. 18,000 – Rs. 14,000) which will be borne by Q. Therefore, Q's share of profit is Rs. 10,000 (Rs. 14,000 – Rs. 4,000).
Question Series 123	1	367	True/False 1. Debentures by a Banking Company can be redeemed out of capital.	True/False 1. True Reason: Because Banking companies are exempted from setting aside amount to DRR. Therefore, they can redeem their debentures out of capital.
	2	368	Fill in the Blank 2. If the capital account of a partner shows a debit balance at the time of final settlement then he will bring _____ equal to the debit balance.	Fill in the Blank 2. Cash
	3	369	Multiple Choice Question 3. A and B are partners sharing profits in the ratio 2 : 1. They decided to share future profit in the ratio 3 : 2. If the	Multiple Choice Question 3. (a) Reason: A B New Ratio

			<p>goodwill of the firm is valued at Rs. 1,80,000, how the adjustment in the profit will be affected?</p> <p>(a) B pays A Rs. 12,000 (b) A pays B Rs. 12,000 (c) A pays B Rs. 18,000 (d) B pays A Rs. 18,000</p>	$\frac{3}{5}$ $\frac{2}{5}$ Old Ratio $\frac{2}{3}$ $\frac{1}{3}$ Gaining / Sacrificing Ratio (1/15) $\frac{1}{15}$ i.e., B is the Gaining Partner while A is the Sacrificing Partner. Therefore, B will compensate A an amount equal to $\frac{1}{15}$ th of Rs. 1,80,000 i.e. Rs. 12,000.
Question Series 124	1	370	<p>True/False</p> <p>1. General Reserve can be transferred to Debenture Redemption Reserve.</p>	<p>True/False</p> <p>1. True</p> <p>Reason: A company before redeeming the debentures shall transfer out of profits available for payment as dividend to shareholders at least 25% of the nominal value of the outstanding debentures to DRR. Dividend can be paid by a company from General Reserve. Thus, DRR can be created from General Reserve.</p>
	2	371	<p>Fill in the Blank</p> <p>2. Capital + Reserves - Fictitious Assets - Non-trade investments = _____.</p>	<p>Fill in the Blank</p> <p>2. Capital Employed</p>
	3	372	<p>Multiple Choice Question</p> <p>3. The amount set aside for redeeming debentures out of profits available for payment of dividend is termed:</p> <p>(a) General Reserve (b) Security Premium Reserve (c) Debenture Redemption Reserve (d) Capital Redemption Reserve</p>	<p>Multiple Choice Question</p> <p>3. (c)</p> <p>Reason: A company is required by law to transfer amount to Debenture Redemption Reserve (DRR) out of profits available for payment of dividend for the purpose of redemption of debentures.</p>
Question Series 125	1	373	<p>True/False</p> <p>1. Weighted Average Method of calculating goodwill is useful when Profits are similar in all the years.</p>	<p>True/False</p> <p>1. False</p> <p>Reason: Weighted Average Method of calculating goodwill is used when profit shows a trend because profits of latest years indicate the profit the firm is likely to earn in coming years. Profits of later years is given more weightage it being profit of more recent years.</p>
	2	374	<p>Fill in the Blank</p> <p>2. If debentures are redeemed without setting aside amount to Debenture Redemption Reserve (DRR), it is redemption out of _____.</p>	<p>Fill in the Blank</p> <p>2. Capital</p>
	3	375	<p>Multiple Choice Question</p> <p>3. Average net profit of Anjara Depot expected in future is Rs. 54,000 per year. Average Capital Employed in the business is Rs. 3,00,000. Normal Profit expected from Capital invested in this class of business is 10%. Management Cost is</p>	<p>Multiple Choice Question</p> <p>3. (c)</p> <p>Reason: Rs. Average Profit 54,000 Less: Management Cost Rs. 9,000 Normal Profit on Capital Employed (Rs.</p>

			<p>estimated to be Rs. 9,000 p.a. Determine the value of goodwill on the basis of two years' purchase of super profit.</p> <p>a) Rs. 60,000 b) Rs. 90,000 c) Rs. 30,000 d) Rs. 45,000</p>	<p>3,00,000 X 10/100) Rs. 30,000 39,000 Super Profit 15,000 Goodwill, being two years' purchase of Super Profit = Rs. 15,000 X 2 = Rs. 30,000. Management Cost is deducted to determine normal profit because it is the value of their services to the firm for handling business.</p>
Question Series 126	1	376	<p>True/False 1. Goodwill is valued only at the time of change in profit sharing ratio.</p>	<p>True/False 1. False Reason: Goodwill is calculated at the time of reconstitution of firm that is at the time of change in profit-sharing ratio, admission of a partner, retirement or death of a partner so that gaining partners should compensate the sacrificing partners accordingly.</p>
	2	377	<p>Fill in the Blank 2. Amount earlier written off as bad debt now received is transferred to Revaluation Account in the _____.</p>	<p>Fill in the Blank 2. Credit</p>
	3	378	<p>Multiple Choice Question 3. Amount is not set aside to Debenture Redemption Reserve (DRR) on (a) Fully Convertible Debenture (b) Non-Convertible Debenture (c) Secured Debentures (d) Irredeemable Debenture</p>	<p>Multiple Choice Question 3. (a) Reason: According to Companies Act, 2013 and Rule 18(7) (b) of Companies (Share Capital and Debentures) Rules 2014, amount is not set aside to DRR if the debentures are fully convertible into shares or debentures.</p>
Question Series 127	1	379	<p>True/False 1. At the time of admission of a Partner, Gain (Profits) or Losses arising on the revaluation of assets and reassessment of liabilities is transferred to old Partners' Capital Account in their old profit sharing Ratio.</p>	<p>True/False 1. True Reason: New partner when admitted should not be put to an advantage or disadvantage. Therefore, assets are revalued and liabilities are reassessed at the time of admission. Gain (profit) or loss arising there from is transferred to old partners in their old profit sharing ratio.</p>
	2	380	<p>Fill in the Blank 2. Comparative Statement is _____ analysis.</p>	<p>Fill in the Blank 2. horizontal</p>
	3	381	<p>Multiple Choice Question 3. The excess of Purchase Consideration over net assets is debited to (a) Goodwill A/c (b) Capital Reserve A/c (c) General Reserve A/c (d) Reserve Capital A/c</p>	<p>Multiple Choice Question 3. (a) Reason: If Purchase Consideration is more than net assets acquired, the difference amount is paid towards Goodwill. It therefore, is debited to Goodwill Account.</p>
Question	1	382	<p>True/False</p>	<p>True/False</p>

Series 128			1. Ram and Shyam share profits and losses in the ratio of 4 : 3. They admit Mohan in the firm for 3/7th share which he gets 2/7th from Ram and 1/7th from Shyam. The new profit sharing ratio will be 2 : 2 : 3.	1. True Reason: Mohan is admitted for 3/7th share in profits. He gets 2/7th from Ram therefore Ram's share in profit $4/7 - 2/7 = 2/7$, Shyam's share in profit $3/7 - 1/7 = 2/7$ and Mohan's share in profit is 3/7. Therefore New Profit-Sharing Ratio is 2 : 2 : 3.
	2	383	Fill in the Blank 2. It is necessary that the firm should do only business that is _____.	Fill in the Blank 2. Lawful
	3	384	Multiple Choice Question 3. Favourable attributes or factors on which goodwill of a firm depends will not include: (a) Customer's attitude (b) Turnover of the business (c) Desirable location (d) Absence of competition	Multiple Choice Question 3. (c) Reason: The existence of positive customer's attitude, turnover of business and absence of competition are essential elements for goodwill. The existence of these three elements may not require the firm to have desirable location.
Question Series 129	1	385	True/False 1. Loan by a partner to the firm is an outside liability.	True/False 1. False Reason: Partner's Loan is not an outside liability. It is payable after payment of outside liabilities but before repayment of capital.
	2	386	Fill in the Blank 2. For the firm, interest on drawings is an _____.	Fill in the Blank 2. income
	3	387	Multiple Choice Question 3. Under Premium Method, share of goodwill brought in cash by the new partner is shared among the old partners: (a) Equally (b) In their Sacrificing Ratio (c) In their new Ratio (d) In their Capital Ratio	Multiple Choice Question 3. (b) Reason: Premium for Goodwill brought by the new partner is shared by the existing partners in their sacrificing ratio. Sacrificing Ratio is the ratio in which the partners have given up their shares in favour of the new partner.
Question Series 130	1	388	True/False 1. All liabilities except Partner's Capital Accounts are transferred to Realisation Account.	1. False Reason: All outside liabilities are transferred to Realisation Account. Thus, Partner's Loan Account (given by the Partner) and Partner's Capital Accounts are not transferred to Realisation Account. It is so because outside liabilities are paid first, therefore Loan by Partner's is repaid and lastly Partner's Capital Account.
	2	389	Fill in the Blank 2. If a fixed amount is withdrawn by a partner on the first day of every month for one year, interest on the total	Fill in the Blank 2. 6.5

			amount is charged for ____ months.	
	3	390	<p>Multiple Choice Question</p> <p>3. X and Y are partners sharing profits equally. X draws Rs. 2,000 at the end of each month for 6 months. If interest on drawings is to be charged @ 6% p.a. What will be the interest on drawings of X?</p> <p>(a) Rs. 150 (b) Rs. 160 (c) Rs. 170 (d) Rs. 155</p>	<p>Multiple Choice Question</p> <p>3. (a) Reason: Total amount withdrawn will be Rs. 12,000. Rate of Interest @ 6% p.a. Therefore interest = Rs. 2,000 X 6 X 6 X 5 / (100 X 12 X 2) = Rs. 150</p>
Question Series 131	1	391	<p>True/False</p> <p>1. Dissolution of Partnership Firm means Relationship among the Partners come to an end.</p>	<p>1. True Reason: Dissolution of Partnership Firm means closure of business and Partnership coming to an end. Hence, when the firm is dissolved partnership also comes to an end.</p>
	2	392	<p>Fill in the Blank</p> <p>2. Common Size Financial Statements are ____ analysis of financial statements.</p>	<p>Fill in the Blank</p> <p>2. Vertical</p>
	3	393	<p>Multiple Choice Question</p> <p>3. Sleeping Partners are those who:</p> <p>(a) Take active part in the conduct of the business but provide no capital. However, Salary is paid to them. (b) Do not take any part in the conduct of the business but provide capital and share profits and losses in the agreed ratio. (c) Take active part in the conduct of the business but provide no capital. However, Share Profits and Losses in the agreed ratio. (d) Do not take any part in the conduct of the business and contribute no capital. However, share profits and losses in the agreed ratio.</p>	<p>Multiple Choice Question</p> <p>3. (b) Reason: Sleeping partners are those who do not take business decision and thus, do not take part in the conduct of the business. However,, they invest capital in the business and share profits and losses in the agreed ratio.</p>
Question Series 132	1	394	<p>True/False</p> <p>1. Raju a partner was to bear realisation expenses, for which he was to be given Rs. 40,000. Raju paid Rs. 50,000 as Realisation Expenses. Realisation Account will be debited by Rs. 50,000.</p>	<p>1. False Reason: Realisation Account is debited by the amount that is borne by the firm. In the present question, firm is bearing Rs. 40,000, the amount agreed to be paid by the firm.</p>
	2	395	<p>Fill in the Blank</p> <p>2. Share Capital that a Company decides to call at the time of winding up is termed as _____.</p>	<p>Fill in the Blank</p> <p>2. Reserve Capital</p>
	3	396	<p>Multiple Choice Question</p> <p>3. Maximum Number of partners in a partnership firm can be:</p> <p>(a) Two</p>	<p>Multiple Choice Question</p> <p>3. (d) Reason: Maximum Number of Partners in a Partnership Firm can be fifty. It is so</p>

			(b) Ten (c) One Hundred (d) Fifty	provided in the Companies Act, 2013.
Question Series 133	1	397	True/False 1. Debenture holders have a right to vote in the event they are not paid interest.	1. False Reason: Debentureholders do not have any voting rights even if they have not been paid interest. They are lenders of the Company who are entitled to interest alone.
	2	398	Fill in the Blank 2. Discount or Loss on Issue of debentures is a _____ loss.	Fill in the Blank 2. Capital
	3	399	Multiple Choice Question 3. In the absence of agreement, partners are entitled to: (a) Salary (b) Commission (c) Interest on Capital (d) Interest on Loan to the firm @ 6% p.a.	Multiple Choice Question 3. (d) Reason: In the absence of agreement, provision of the Partnership Act, 1932 apply. It provides that in the absence of Partnership Deed, Partners will not get salary, commission, interest on capital but will get interest @ 6% p.a. on the loan given to the firm.
Question Series 134	1	400	True/False 1. Debenture issued at Par means Debenture issued at a nominal (face) value.	1. True Reason: Debenture issued at their Nominal (Face) value is called Debenture issued at Par.
	2	401	Fill in the Blank 2. Remuneration is paid to partners only if the _____ allows it to be paid.	Fill in the Blank 2. Partnership Deed
	3	402	Multiple Choice Question 3. Sangeeta and Ankita are partners in a firm. Sangeeta's Capital is Rs. 70,000 and Ankita's Capital is Rs. 50,000. Firm's Profit is Rs. 60,000. Ankita's Share in profit will be: (a) Rs. 25,000 (b) Rs. 30,000 (c) Rs. 35,000 (d) Rs. 20,000.	Multiple Choice Question 3. (b) Reason: Firm's Profit = Rs. 60,000 Profit Sharing Ratio is not given. It means profit will be shared equally by partners. Therefore Ankita's Share = Rs. 30,000.
Question Series 135	1	403	True/False 1. According to the Partnership Act, 1932 (Sec. 37), interest payable to the deceased partner on the amount left by him will be @ 6%.	True/False 1. False Reason: The Partnership Act, 1932 provides that interest payable to the retiring partner on the amount not paid to him will be @ 6% p.a. and not 6%.
	2	404	Fill in the Blank 2. Total Profit of the year is apportioned between the periods of pre-death and post-death on the basis of turnover by applying _____.	Fill in the Blank 2. Turnover Basis Method
	3	405	Multiple Choice Question 3. Normal Profit for Goodwill Valuation is calculated:	Multiple Choice Question 3. (c) Reason: Goodwill is valued on the basis

			(a) By deducting abnormal gains (profit) (b) By adding abnormal losses (c) By deducting abnormal gains and adding abnormal losses (d) By adding Depreciation	of normal profit. Normal Profit is calculated by deducting abnormal gains (like sale of investment) and adding abnormal losses (like loss by fire).
Question Series 136	1	406	True/False 1. Debentures can be issued at par, premium or discount.	True/False 1. True Reason: The Companies Act, 2013 permits issue of debentures at par, discount or at premium.
	2	407	Fill in the Blank 2. Goodwill is recognised in the books of account only when consideration in _____ or _____ has been paid for it.	Fill in the Blank 2. Money, Money's Worth
	3	408	Multiple Choice Question 3. The formula for Capitalisation of Super Profit Method is: (a) Super Profit X Number of Year's Purchase (b) Super Profit X 100/Normal Rate of Return (c) (Super Profit – Normal Profit) X 100 / Number Rate of Return (d) Super Profit X 100/Number of Years' Purchase	Multiple Choice Question 3. (b) Reason: Capitalisation of Super Profit = Super Profit X 100/Normal Rate of Return.
Question Series 137	1	409	True/False 1. If firm's assets are inadequate to meet firm's debts, private assets of the partners are applied to meet firm's debts.	1. True Reason: Liability of a partner is unlimited, joint and several. Thus if firm's assets are not adequate to meet firm's debts, net private assets of the partners are applied to pay the deficiency.
	2	410	Fill in the Blank 2. If a Company has Reserve Capital, such shares, in the Notes to Account on Share Capital, are shown as _____.	Fill in the Blank 2. Subscribed and not fully paid up
	3	411	Multiple Choice Question 3. 'Discount received on making payment to suppliers' results in: (a) Inflow of Cash and Cash Equivalents. (b) Outflow of Cash and Cash Equivalents. (c) No Flow of Cash and Cash Equivalents. (d) Both inflow and outflow of Cash and Cash Equivalents.	Multiple Choice Question 3. (b) Reason: Discount Received against payment to suppliers will reduce the amount payable to them. As a result, decrease in creditors will mean outflow of cash.
Question Series 138	1	412	True/False 1. Raju a partner was to bear realisation expenses for which he has paid Rs. 40,000. Raju paid Rs. 50,000 as Realisation Expenses. Realisation Account will be debited by Rs. 50,000.	True/False 1. False Reason: Realisation Account is debited by the amount that is borne by the firm. In the present question, firm is bearing Rs. 40,000, the amount agreed to be paid by the firm.

	2	413	Fill in the Blank 2. Statement prepared for comparing assets, equity and liabilities for two or more accounting periods is called _____.	Fill in the Blank 2. Comparative Balance Sheet
	3	414	Multiple Choice Question 3. Receipts and Payments Account is summary of: (a) Day to day cash transactions. (b) Summary of cash transactions. (c) Credit transactions. (d) Both Cash and Credit transactions.	Multiple Choice Question 3. (b) Reason: Receipts and Payments Account is a summary of Cash and Bank transactions. It starts with opening cash and bank balance and ends with closing cash and bank balance and shows receipts and payments during the year under appropriate heads of accounts.
Question Series 139	1	415	True/False 1. Surplus or Deficit of a Not-for-Profit Organisation is transferred to Capital A/c.	1. False Reason: A NPO does not have Capital Account but has Capital Fund Account . Surplus is added to Capital Fund while Deficit is deducted from it.
	2	416	Fill in the Blank 2. Interest on Loan taken by a partner is _____ to Profit and Loss Account.	Fill in the Blank 2. credited
	3	417	Multiple Choice Question 3. Example of Investing Activity both for 'Financial' and 'Non-Financial' Companies: (a) Purchase of Non-Current Assets. (b) Purchase of Stock. (c) Transfer to General Reserve. (d) Purchase of Current Asset.	Multiple Choice Question 3. (a) Reason: Purchase of Non-Current Assets either tangible or intangible is an investing activity.
Question Series 140	1	418	True/False 1. M Ltd. purchased a machinery of Rs. 12,00,000 by paying cash of Rs. 3,00,000 and issue of shares at premium for Rs. 9,00,000. In the Cash Flow Statement, the transaction will be shown as outflow under investing activity Rs. 12,00,000.	True/False 1. False Reason: Cash Flow Statement is prepared showing inflow and outflow of cash and cash equivalents under Operating, Investing and Financing Activity. In the present question, Rs. 3,00,000 is paid. Hence Rs. 3,00,000 will be shown as outflow under Investing Activity.
	2	419	Fill in the Blank 2. Smaller number of shares are allotted to each applicant according to the number of shares applied by him. This is called _____.	Fill in the Blank 2. pro-rata
	3	420	Multiple Choice Question 3. The amount set aside for redeeming the debentures out of profits available for payment of dividend is termed as: (a) General Reserve. (b) Security Premium Reserve. (c) Debenture Redemption Reserve.	Multiple Choice Question 3. (c) Reason: A company is required by law to transfer amount to Debenture Redemption Reserve (DRR) out of profits available for payment of dividend for the purpose of redemption

			(d) Capital Redemption Reserve.	of debentures. This provision however, does not apply to All India Financial Institutions governed by RBI, Banking Companies, Fully Convertible Debentures and Convertible Part of Partly Convertible Debentures.
Question Series 141	1	421	True/False 1. Shares issued to promoters of a company is not a flow of Cash.	True/False 1. True Reason: Shares issued to promoters not generating the revenue or Cash.
	2	422	Fill in the Blank 2. A, B and C are partners sharing profits in the ratio of 1/4 : 3/10: 9/20. New profit sharing ratio on retirement of C will be _____.	Fill in the Blank 2. 5 : 6
	3	423	Multiple Choice Question 3. X contributes Rs. 2,00,000 for his 1/4th share then the total capital of the firm will be: (a) Rs. 6,50,000. (b) Rs. 5,62,500. (c) Rs. 8,00,000. (d) Rs. 10,00,000.	Multiple Choice Question 3. (c) Reason: X brings in Rs. 2,00,000 for his 1/4th share in the new firm. Therefore, the total capital of the firm will be Rs. 8,00,000 (Rs. 2,00,000 X 4/1).
Question Series 142	1	424	True/False 1. Voluntary Retirement Compensation paid to employees is an operating activity.	True/False 1. True Reason: Compensation is paid by the enterprise to its retiring employees, who work to produce revenue for the enterprise. Hence, it is an Operating Activity.
	2	425	Fill in the Blank 2. In case of _____ allotment is made to all the applicants.	Fill in the Blank 2. under subscription
	3	426	Multiple Choice Question 3. Which of the following statement is true? (a) A minor cannot be admitted as a partner. (b) A minor can be admitted as a partner, only for the benefits of the partnership. (c) A minor cannot be a sleeping partner. (d) A minor can be admitted as a partner but his rights and liabilities are same of adult partner.	Multiple Choice Question 3. (b) Reason: A minor can be admitted as a partner only into the benefits of the partnership because a minor is not capable to take sound decisions.
Question Series 143	1	427	True/False 1. Debenture holders have a right to vote in the event they are not paid interest.	True/False 1. False Reason: Debentureholders do not have any voting rights even if they have not been paid interest. They are lenders of the Company who are entitled to interest alone.
	2	428	Fill in the Blank	Fill in the Blank

			2. Discount or Loss on Issue of debentures is a _____ loss.	2. Capital
	3	429	Multiple Choice Question 3. In the absence of agreement, partners are entitled to: (a) Salary (b) Commission (c) Interest on Capital (d) Interest on Loan to the firm @ 6% p.a.	Multiple Choice Question 3. (d) Reason: In the absence of agreement, provision of the Partnership Act, 1932 apply. It provides that in the absence of Partnership Deed, Partners will not get salary, commission, interest on capital but will get interest @ 6% p.a. on the loan given to the firm.
Question Series 144	1	430	True/False 1. Debentures can be issued at par, premium or discount.	1. True Reason: The Companies Act, 2013 permits issue of debentures at par, discount or at premium.
	2	431	Fill in the Blank 2. Goodwill is recognised in the books of account only when consideration in _____ or _____ has been paid for it.	Fill in the Blank 2. Money, Money's Worth
	3	432	Multiple Choice Question 3. The formula for Capitalisation of Super Profit Method is: (a) Super Profit X Number of Year's Purchase (b) Super Profit X 100/Normal Rate of Return (c) (Super Profit – Normal Profit) X 100 / Number Rate of Return (d) Super Profit X 100/Number of Years' Purchase	Multiple Choice Question 3. (b) Reason: Capitalisation of Super Profit = Super Profit X 100/Normal Rate of Return.
Question Series 145	1	433		
	2	434		
	3	435		
Question Series 146	1	436		
	2	437		
	3	438		
Question Series 147	1	439		
	2	440		
	3	441		
Question Series 148	1	442		
	2	443		
	3	444		
Question Series 149	1	445		
	2	446		
	3	447		
Question Series 150	1	448		
	2	449		