Practice Paper:- 2

A: Not-for Profit Organisation, Partnership and Company Accounting

Q1). P, Q and R are partners in a firm. On 15th December, 2016 R died, sales upto the date of death was ₹ 6,00,000. The firm sold goods at a profit of 15% on sales. Compute R's share of profit and pass Journal entry for it. { **Ans:** R's profit: ₹ 30,000 }

Q2). The book value of assets (other than cash and bank) transferred to Realisation Account is ₹ 5,00,000. 40% of the assets are taken over by Malik (a partner) at a discount of 10%, 60% of the remaining assets are sold at a profit of 20% on cost, 10% of the balance being obsolete, realised nothing and remaining assets are handed over to a Creditor, in full settlement of his claim. You are required to record the journal entries for realisation of assets.

Q3). On the basis of the information given below calculate the amount of stationery to be shown in Income & Expenditure A/C of a club for the year ended 31st March 2022.

Particulars	**(₹)**
Stock of stationery on 1.4.2021	15,000
Stock of stationery on 31.3.2022	20,000
Amount paid for stationery during the year	1,00,000
Creditors for stationery on 1.4.2021	25,000
Creditors for stationery on 31.3.2022	15,000
Advance for stationery on 1.4.2021	6,000
Creditors for stationery on 31.3.2022	8,000

{ **Ans:** ₹ 83,000 }

Q4). How will you treat the following while preparing financial statement for Delhi Literacy Club for the year ending 31.3.2017:

Particulars	**(₹)**
Building Fund on 1.4.2016	25,00,000
Donation received during the year for the Building	10,00,000
Expenditure incurred during 2016-17 on construction of Building	17,00,000
Total estimated expenditure on construction of Building	42,50,000
Donation for Books received during 2016-17	5,00,000
Books Purchased during 2016-17	3,00,000

Or

How will you treat the following while preparing the financial statements of NPO for the year ending 31.3.2018:

Details	**(₹)**
Match Fund	2,20,000
10% Match Fund Investments	1,00,000
Match Expenses	1,05,000
Interest on Match Fund Investments	6,500
General Fund	6,00,000
7% General Fund Investments	2,00,000
Interest on General fund investment	12,000

Q5). Pankaj Ltd. issued 20,000, 11% debentures ₹ 100 each at par for cash, which will be redeemed at 10% premium after 5 years. The company also raised a loan of ₹ 45,00,000 from SBI and issued 10,000, 11% debentures of ₹ 100 each as collateral security. Show the issue of above debentures in the Balance Sheet of the company.

Or

DELL Ltd. took over Assets of ₹ 15,00,000 and Liabilities of ₹ 1,75,000 of HTC Ltd. for an agreed amount of ₹ 27,00,000. DELL Ltd. issued of 9% debentures of ₹ 100 each at a premium of 10%, which are redeemable at 6% premium after 4 years. Pass necessary Journal Entries in the books of DELL Ltd. **(3)**

Q6). *G, R* and *F* were partners of a firm sharing profits in the ratio of 4:1:2. On 31.3.2020 their capitals were ₹ 4,00,000, ₹ 5,00,000 and ₹ 2,00,000 respectively. On 31st July, 2020 *F* died. Firm's profit upto the date of death determined ₹ 2,10,000. On the date of death Profit & Loss A/c showed a debit balance of ₹ 1,75,000.

G and *R* agreed to pay *F* ₹ 3,00,000 in full settlement of his claim. Pass necessary Journal Entries on *F's* death on the basis of above information. **(3)**

Q7). Pass Journal Entries to record the following transactions in the books of A Ltd:

a). Company issued 10,000, 15% Debentures of ₹ 100 each at par, repayable at par premium at the end of 5th year.

b). Company issued 6,000, 9% Debentures of ₹ 50 each at 6% discount, redeemable at par at the end of 3rd year.

Q8). R, T and P were in partnership sharing profits and losses in the ratio of 2:2:1, Their position on 31st March, 2018 was as follows:

Liabilities	(₹)	Assets	(₹)
Creditors	65,000	Debtors	55,000
Bank Loan	25,000	Investment	22,000
Outstanding Rent	5,000	Equipments	70,000
Workmen Compensation Fund	10,000	Furniture	50,000
Capitals:		Bank	28,000
R 50,000		Advertisement Expenditure	10,000
T 60,000			
P 40,000	1,50,000		
	2,55,000		**2,55,000**

They decided to dissolve the firm on the following conditions:

a). A customer who owed ₹ 5,000 became insolvent and could pay only 40%, remaining debtors realised at 10% discount.

b). Banker accepted Investment in full settlement of his claim.

c). Liability on account of Workmen Compensation is ₹ 14,000

d). Creditors Proved at ₹ 82,000 owing to an unrecorded purchases bill. Creditors accepted Equipment at ₹ 60,000.

e). A discount bill of ₹ 5,000 dishonored and noting charges charged by Bank ₹ 500

f). Furniture taken over by T at ₹ 47,000 and Outstanding Rent paid by P.

g). Realisation Expenses paid by R ₹ 5,000.

Prepare Realisation Account. (5)

{ Realisation Loss: ₹ 49,500 }

Or

The following is the Balance Sheet of Rain, Strom and Dust as on 31st March, 2017 who share profit in the ratio of their capitals:

Liabilities	(₹)	Assets	(₹)
Sundry Creditors	60,000	Patents	18,000
Reserve Fund	20,000	Furniture	90,000
Capitals:		Stock	50,000
Rain	1,00,000	Sundry Debtors	70,000
Strom	50,000	Cash at Bank	52,000
Dust	50,000		
Total	**2,80,000**	**Total**	**2,80,000**

Dust retired on 30th June, 2017. Under the terms of partnership deed retiring partner were entitled to:

a). Share of goodwill which is valued at ₹ 45,000.

b). Share in Revaluation Profit/loss of Assets and Liabilities, which resulted in following:

i). Patents written off by 20% and Furniture written up by 10%.

ii). A debtor of ₹ 5,000 became insolvent, only 60% realizable from his estate and a provision of 5% be created on Debtors for doubtful debts.

iii). Repairs charges of household Furniture of Rain ₹ 5,850 treated as firm's repair in the last year.

iv). There was an unrecorded Investment being no market value, so, it had been written off, Dust took over it at ₹ 10,000.

Prepare Revaluation Account and Partners' Capital Accounts.

{ Revaluation Gain: ₹ 16,000, Dust's Loan ₹ 94,000,
Capital Balance of: Rain ₹ 82,150 and Strom ₹ 44,000, }

Q9). From the following item of Receipts & Payments A/c. of Young Ladies Club, prepare an Income and Expenditure Account for the year ended 31-3-2022.

Salaries paid	₹ 50,000
Lighting and Heating	₹ 5,000
Printing and Stationery (including ₹ 500 for the previous year)	₹ 3,500
Subscriptions received (including ₹ 2,000 received in advance and ₹ 5,000 for the previous year)	₹ 40,000
Net proceeds of Refreshment Room	₹ 45,000
Miscellaneous expenses.	₹ 16,000
Interest paid on Loan for half year	₹ 1,200
Rent and Rates (including ₹ 1,000 prepaid)	₹ 7,500
Locker rent received	₹ 4,500

Additional Information:

Subscriptions in arrears on 31-3-2022 were ₹ 8,000 and Half year's interest on loan was also outstanding.

Part: B Analysis of Financial Statements

Q10). Calculate Cash flow from Financing Activities from the following:

Particulars	2020-21 (₹)	2019-20 (₹)
I). Equity and Liabilities:		
A). Shareholders Funds:		
7% Preference Share Capital	5,00,000	8,00,000
B). Non Current Liabilities:		
(a). Long term Borrowings:		
9% Debentures	2,60,000	4,50,000
(b). Other Non-Current Liabilities:		
Premium on Redemption of Debentures	31,200	54,000

Additional Information:

(a). Preference shares redeemed at 10% premium.

Q1). From the following statement of Profit and Loss of Star Ltd., for the years ended 31st March, 2022 and 2021, prepare a Comparative statement of Profit and Loss.

Particulars	Note No.	2022-21 (₹)	2020-21 (₹)
Revenue from Operations		50,00,000	40,00,000
Purchase of stock in trade		30,00,000	25,00,000
Employees Benefit Expenses		10,00,000	8,00,000
Interest on Investment		1,00,000	75,000
Tax Rate		40%	30%

Q11). Net profit of Mohan Ltd. after considering the following items was ₹ 2,10,000. You are required to calculate "Cash Flow from Operating Activates:

Depreciation	₹ 45,000
Goodwill write off	₹ 20,000
Provision for Tax	₹ 22,000
Proposed Dividend for Last year	₹ 25,000
Interim Dividend for current year	₹ 12,000
Interest Loan paid	₹ 9,000
Transfer to General Reserve	₹ 15,000
Loss on Sale of Investment	₹ 7,500
Provision for Doubtful Debts	₹ 3,000

Change in Current Assets and Liabilities were as under:

Increase in Trade Payables	₹ 30,000
Decrease in Outstanding Salaries	₹ 7,000
Excess of closing Inventories over opening Inventories	₹ 24,000
Decrease in Trade Receivables	₹ 25,000
Increase in Prepaid Rent	₹ 12,500

{ Cash Flow From Operating Activities: ₹ 3,80,000 }