

**Chapter - 1 (Accounting for Partnership Firms)****1 Marks Questions Year 2019** Q1. In the absence of Partnership deed ,what interest is allowed on capital ?

(a) @ 6% p.a. (b) @ 12 % p.a. (c) @ 5% p.a. (d) will not be given

Q2. When fix amount is regularly withdrawn for a year at the beginning of every month , then interest on drawings will be charged for how many months?(a) 5 (b) 5.5 (c) 6 (d) 6.5

Q3. In the absence of Partnership deed ,Interest on drawings is calculated at :(a) @ 6% p. (b) @ 12% (c) @ 5% (d) not

Q4. In the absence of Partnership deed ,interest will be given on partner's loan sat :

(a) @ 6% p.a. (b) @ 12 % p.a. (c) @ 10% p.a. (d) will not be given

Q5. When fix amount is regularly withdrawn for a year at the end of every month , then interest on drawings will be charged for how many months?(a) 5 months (b) 5.5 months (c) 6 months (d) 6.5 months

**Year 2020** Q6. Interest on partners loan is paid at the rate of :(a) 4% (b) 5% (c) 6% (d) 10%

Q7. Interest on Capital is calculated on the : (a) Opening Capital (b) Average capital (c) Closing Capital (d) None

Q8. Liability of a Partner is :(a) Limited (b) Unlimited (c) Determined by court (d) Determined by Partnership Act

Q9. When time of Withdrawal is not given , Interest on drawings is charged is Charged for :

(a) 6.5 Months (b) 6 Months (c) 5.5 months (d) 12 Months

Q10. the relation of Partner with a firm is that of :(a) Manager (b) An owner (c) An Agent (d) An owner and an agent

Q11. In the absence of agreement , partners are not entitled to receive :(a) Salaries (b) Interest (c) Commission (d) All

**Year 2021** Q12. Partners current Accounts are opened , when the capitals are :

(a) Fixed (b) Fluctuating (c) Fixed or Fluctuating (d) All of the above .

Q13. When a certain amount is drawn on 1st day of every month during the year .the interest on drawings will be charged for the month of: (a) 5 (b) 5.5 (c) 6 (d) 6.5

Q14. In the absence of Partnership deed ,interest will be given on partner's loan at :(a) @ 6% p.a. (b) @ 12 % p.a. (c) @ 10% p.a. (d) will not be given

Q15. In the absence of agreement , partners are not entitled to receive a) Salaries (b) Interest (c) Commission (d) All o

Q16. The current accounts of partners may have :(a) Credited balance (b) Debit balance (c) No any balance (d) may have Debit or Credit balance

Q17. When dates of withdrawal are not mentioned Interest on drawings is charged for :

(a) 6.5 months (b) 6 months (c) 5.5 months (d) 12 months

Q18. In the absence of agreement , partners are not entitled to receive :

(a) Salaries (b) Interest (c) Commission (d) All of these

Q19. In absence of partnership deed interest will a capital a capital at rate of :

(a) 6% annually (b) 12% annually (c) 5% annually (d) No Interest will be given .

Q20. When fix amount is regularly withdrawn for a year at the end of every month , then interest on drawings will be charged for how many months?(a) 5 months (b) 5.5 months (c) 6 months (d) 6.5 months

Q21. Interest on Capital is calculated on the : (a) Opening Capital (b) Average capital (c) Closing Capital (d) None

**Year -2022** Q23. the relation of Partner with a firm is that of :(a) Manager (b) An owner (c) An Agent (d) An owner and an agent Q24. The current accounts of partners may have :(a) Cr. bal. (b) Debit balance (c) No any balance (d) may have Dr. or Cr. balance

Q25. When dates of withdrawal are not mentioned Interest on drawings is charged for :

(a) 6.5 months (b) 6 months (c) 5.5 months (d) 12 months Q26. Partners current Accounts are opened , when the capitals are :(a) Fixed (b) Fluctuat (c) Fixed or Fluctuating (d) All of the above .

Q27. When a Partner is entitled to interest on capital , it is payable (a) out of profits (b) Out of capital (c) May be out of profits or capital (d) None of these

Q28. The maximum number of partners in a firm is :(a) 2 (b) 7 (c) 50 (d) 100 Q29. Interest on Capital is calculated on the : (a) Opening Capital (b) Average capital (c) Closing Capital (d) None o

Q30. Partners collectively are called :(a) Business (b) Firm (c) Company (d) Cooperative society

**Year - 2023** Q31. Partnership Agreement can be :(a) Oral (b) Written (c) Oral or Written (d) All the above

Q32. In absence of partnership deed interest will a capital a capital at rate of :(a) 6% annually (b) 12% annually (c) 5% annually (d) No Interest will be given .

Q33. In the absence of Partnership deed ,Interest on drawings is calculated at :(a) @ 6% p.a. (b) @ 12% (c) @ 5% (d) will not be given

**Year - 2024** Q1. In the absence of partnership deed , interest will be charged on Partner's drawings:

(a) Not charged interest (b) Charged @6% PA (c) Charged @9% PA (d) Charged @ 5% PA

Q2. In the absence of Partnership deed ,Interest on drawings is calculated at :(a) @ 6% p.a. (b) @ 12% (c) @ 5% (d) will not be given

Q3. Liability of a Partner is :(a) Limited (b) Unlimited (c) According to their capitals (d) None of these

Q4. In the absence of Partnership deed ,interest will be given on partner's loan sat :

(a) @ 6% p.a. (b) @ 12 % p.a. (c) @ 10% p.a. (d) will not be given

Q5. Q1. Match the following items :

(A) Company act (i) A Statement

(b) Partnership Act (ii) Limited

(c) Balance sheet (iii) 1932

(d) Shareholder liability (iv) 2013

(A) (A)-(ii), (b)-(iii), (c)-(iv), (d) -i (B) (A)-(iii), (b)-i, (c)-ii, (d) -iv (C) (A)-(iv), (b)-iii, (c)-i, (d) -ii (D) (A)-(iv), (b)-iii, (c)-ii, (d) -i

**2 Marks Questions Year - 2017** Q1. Define partnership. Q2. A and B are partnership sharing profits and losses in the ratio of 3:2 with capital of Rs. 80,000 and 40,000 respectively . show the distribution of profit , if there is no provision of interest on capital in partnership deed and the profits for the profits for the year are Rs. 25,000. Q3. Define Partnership deed .

Q2. A and B are partnership sharing profits and losses in the ratio of 3:2 with capital of 6,00,000 and Rs 3,00,000 respectively . show the distribution of profit if deed prove 8% interest on capital and the profits for the year are Rs.1,50,000.

Q4. What is the meaning of Fixed capital A/c ?

Q5. A and B shares profits and losses in the ratio 2:1 with capital of Rs 4,00,000 and Rs 2,00,000 respectively . show the distribution of profits if partnership deed in silent and partner A has given Rs. 1,00,000 as loan and demanding 8% interest thereon . The profits for the year are Rs. 90,000.

**Year - 2018** Q1. Write the name of the rules applicable in the absence of partnership deed.

Q2. Vibhor is a Partner in a firm . He Draws Rs. 6,000 at the middle of every month , interest on drawing is to be charged 10% p.a. calculate interest on drawing of the partner for the year 2017.

Q3. Write any two characteristics of Partnership . Q4. Ananya is a partner in a firm . She draws Rs.6,000 at the beginning of every month . Interest on drawing is to be charged @10% p.a calculate interest on drawing of the partner for the year 2017. Q5. Why is necessary to have a partnership to have a Partnership Deed?

Q6. Arjun is a partner in a firm . He draws Rs 6,000 at the end of every month Interest on Drawings is to be Charged @ 10% p.a. Calculate Interest on drawings for the year 2017.

**Year - 2019** Q7. Mr. A is a partner in a firm . He draws Rs. 7,000 from the firm in the beginning of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing for the year 2018.

Q8. Mr. Shivam is a partner in a firm . He draws Rs. 8,000 from the firm in the mid of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing for the year 2018.

Q9. Mr. Aseem is a partner in a firm . He draws Rs. 6,000 from the firm in the end of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing for the year 2018.

**Year - 2020** Q10. Mr. Vishal is a partner in a firm . He draws Rs. 3,600 from the firm in the middle of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing for the year 2018. (2020,2021)

Q11. Mr. Ram is a partner in a firm . He draws Rs. 4,200 from the firm in the end of every month . Interest on drawing is to be charged @8% p.a. calculate Interest on drawing for the year 2018. (2020,2021)

Q12. Mr. Shankar is a partner in a firm . He draws Rs. 3,200 from the firm in the Beginning of every month . Interest on drawing is to be charged @10% p.a. calculate Interest on drawing for the year 2018.

**Year - 2021** Q13. What is meant by Partner and a Partnership firm ?

Q14. Write difference between fluctuating capital Accounts and Fixed capital Accounts .

Q15. Mr. Shankar is a partner in a firm . He draws Rs. 3,200 from the firm in the beginning of every month . Interest on drawing is to be charged @10% p.a. calculate Interest on drawing for the year 2018.

Q16. Distinguish between Partners Capital Account and Current Accounts .

Q17. What are main features of Partnership firm ? Q18. What is Partnership deed ?

Q19. What do you mean by Profit and loss /c ?

**Year - 2022** Q19. Write the names of rules applicable in the absence of partnership deed.

Q20. Mr. Ram is a partner in a firm . He draws Rs. 5,000 from the firm in the end of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing . Q21. What is profit and loss appropriation A/c .

Q22. What is Partnership deed ? Q23. Mr. Arun is a partner in a firm . He draws Rs. 5,000 from the firm in the mid of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing .

Q24. What is meant by partnership firm ?

Q25. Mr. Atul is a partner in a firm . He draws Rs. 5,000 from the firm in the Beginning of every month . Interest on drawing is to be charged @12% p.a. calculate Interest on drawing .

**Year - 2023** Q26. Kunal is a partner in a firm . He draws Rs. 6,000 from the firm in the middle of every month for the year 2020. Calculate Interest on drawing @12% p.a. for the year 2020.

Q27. Mr. Ashish is a partner in a firm . He draws Rs. 4,000 from the firm in the beginning of every month for 6 months on 30th june, 2022. Interest on drawing at @12% p.a.

Q28. Ankit is a partner in a firm . He draws Rs. 1,500 from the firm in the middle of every month for the year 2020. Calculate Interest on drawing @4% p.a. for the year 2018.

**Year - 2024 2 Marks Questions** Q1. Write two features of partnership. Q2. A partner drawn Rs. 600 at the end of every month for his personal use. Rate of interest on drawings is 10%. calculate interest on drawings.

Q3. What is the meaning of Partnership deed ? Write its two elements. Q4. A partner drawn Rs. 400 at the middle of every month for his personal use. Rate of interest on drawings is 10%. calculate interest on drawings.

## Chapter - 2 (Valuation of Goodwill)

**Year 2024 1 Marks Questions**

Q1. Match the following items :

- |                                 |                               |
|---------------------------------|-------------------------------|
| (A) Profit on revaluation       | (i) Average profit method     |
| (b) Admission of partner        | (ii) Super profit             |
| (c) Valuation of goodwill       | (iii) Revaluation A/c         |
| (d) actual profit normal profit | (iv) Old profit sharing ratio |

(A) (A)-(iv), (b)-iii, (c)-ii, (d) -i (B) (A)-(iii), (b)-iv, (c)-i, (d) -ii (C) (A)-(iv), (b)-iii, (c)-i, (d) -ii (D) (A)-(ii), (b)-iii, (c)-i, (d) -iv

**Year 2017 2 Marks Questions** Q1. What is goodwill ? Q2. What is the meaning of super profit?

**3 Marks Questions** Q1. A firm has a capital of Rs.50,000. the normal profit is expected at 10% p.a. If the actual average profit of the firm is Rs. 9,000 . Calculate the value of goodwill on the basis of three year purchase of super profit.

Q2. A firm earns a profit of Rs. 33,000. In such type of business, @15% return is reasonable return. The total assets of the firm are Rs. 1,80,000 whereas liabilities are Rs. 20,000. Find out the value of goodwill by capitalization method.

Q3. Calculate the value of goodwill as on 1st January, 2015 on the basis of two years purchase of the average profit of the last 5 years of a firm. The profit and losses for the years of a firm. The profits and losses for the 5 years were as follows: Year 2010-25,000, 2011-50,000, 2012-10,000 (Loss), 2013-40,000, 2014-75,000. **Year 2019 3 Marks Questions**

Q1. A firm earned a profit of Rs. 50,000 on the capital of Rs. 4,00,000. Normal rate of return is 11%. Calculate the value of goodwill at three years purchase of super profit.

Q2. A firm has earned an average profit of Rs. 50,000 during the last few years and normal rate of return in similar type of business is 10%. The firm has net assets worth Rs. 4,20,000. Find out the goodwill by Average Profit Capitalisation method.

Q3. A firm earns Rs. 90,000. The normal rate of return is 10%. The assets of the firm amounted to Rs. 10,00,000 and liabilities to Rs. 2,50,000. Calculate the value of goodwill by capitalisation of average actual profits.

**Year 2020 2 Marks Questions** Q1. Define Goodwill.

**3 Marks Questions**

Q1. A firm earned profits of Rs. 10,000, Rs. 12,000, Rs. 8,000 and Rs. 16,000 respectively in last four years. The firm has capital invested Rs. 50,000. A fair rate of return on investment is 15% p.a. Calculate goodwill of the firm based on three years purchase of super profit.

Q2. The expected net profit of Mahajan & sons is Rs. 70,000 a year. The average capital employed in the business is Rs. 2,00,000. The rate of return expected from such types of business is 20%. The remuneration of partners is estimated Rs. 15,000 p.a. Calculate the value of goodwill on the basis of two years purchase of super profit.

Q3. The average profit of firm is Rs. 18,000. The capital of firm is Rs. 1,20,000 and 10% is the reasonable return in this business. Calculate the amount of Goodwill by Capitalisation method.

**Year 2021 2 Marks Questions** Q1. Define Goodwill. Why is it needed? Q2. How interest on drawings is calculated? Give names of its methods.

**3 Marks Questions** Q1. A firm earned a profit of Rs. 60,000 on the capital of Rs. 5,00,000. Normal rate of return is 10%. Calculate the value of goodwill at three years purchase of super profit.

Q2. A firm earned a profit of Rs. 40,000 on the capital of Rs. 3,00,000. Normal rate of return is 10%. Calculate the value of goodwill at three years purchase of super profit.

Q3. Explain the capitalisation method for valuation of goodwill. Q4. Define Goodwill. Why is it needed?

Q5. What is goodwill? On what occasion does the need for the valuation of goodwill rise?

Q6. Explain the various factors affecting the goodwill of a partnership firm.

**Year - 2022** Q5. A firm earned a profit of Rs. 40,000 on the capital of Rs. 2,00,000. Normal rate of return is 15%. Calculate the value of goodwill at three years purchase of super profit.

Q6. Calculate the amount of goodwill at three years purchase of the last four years purchase average profit. The profit and losses for the four years were 1st year Rs. 5,000, 2nd year Rs. 8,000, 3rd year (loss) Rs. 3,000 and 4th year Rs. 6,000. Q7. A firm has earned an average profit of Rs. 40,000 during the last few years and the normal rate of return in similar type of business is 10%. The firm has net assets (capital) worth Rs. 3,30,000. Find out the goodwill by capitalization of average profit methods.

**4 Marks Questions** Q1. Why is the valuation of goodwill needed? Describe the methods of its valuation.

Q2. The expected net profit of Mahavir Ice Works is Rs. 65,000 a year. The average capital employed in the business is Rs. 2,00,000. The rate of return expected from such types of business is 20%. The remuneration of partners is estimated Rs. 10,000 p.a. Calculate the value of goodwill on the basis of two years purchase of super profit.

**Year - 2023 3 Marks Questions**

Q1. The average capital employed in the business is Rs. 4,50,000. The rate of return expected from capital invested in such class of business is 10%. The expected net profit of the firm is Rs. 85,000 per year. The remuneration of the partner is estimated to be Rs. 15,000 p.a. Calculate the value of goodwill on the basis of two years purchase of super profit. Q2. The average profit of a business over the last five years amounted to Rs. 18,000. The normal commercial yield on capital invested in such a business is deemed to be 20%. The net capital employed in the business is 70,000. Calculate the amount of goodwill if it is based on 3 years purchase of last 5 years average profits. Q3. A firm earned net profit during last four years as follows: 2013 - Rs. 18,000, 2014 - Rs. 10,000, 2015 - Rs. 12,000, 2016 - Rs. 24,000. The firm has capital investment of Rs. 80,000. A fair rate of return on investment of Rs. 80,000. A fair rate of return on investment is 15% p.a. Calculate goodwill of the firm based on three years purchase of average super of last four years.

### **Chapter - 3 (Reconstitution of Partnership Firms)**

**Year 2020 1 Marks Questions** Q1. Formula for calculation of sacrificing Ratio is : **(2022, 2023)**

(a) Old share - New share (b) Old share ÷ New share (c) Old share + New share (d) New share - old share

Q2. The goodwill brought in cash by new partner is shared by old partners in :

(a) sacrificing ratio (b) New profit sharing ratio (c) New profit sharing ratio (d) Old profit sharing ratio

Q3. When the new partner does not bring his share amount in cash, then that amount is debited to : (a) Premium A/c (b) Cash A/c (c) New Partner's capital A/c (d) Old Partner's capital A/c **Year 2021**

Q4. When the profit sharing ratio among the existing partners changes, then :

(a) Old partnership comes to end (b) Old partnership does not come to end (c) Partnership firm comes to end (d) none of the above. Q5. Recording of an unrecorded liability on the reconstitution of a Partnership firm will be (a) Gain to Existing Partners (b) Loss to existing partner (c) Neither gain nor loss to the existing partners (d) All of the above. Q6. Change in profit sharing ratio may take place : (a) With mutual consent of partners (b) At the time of admission of new partner (c) At the time of retirement of partner (d) All of the above cases

**Year 2018 2 Marks Questions** Q1. Give any two differences between sacrificing ratio and gaining ratio.

Q2. What do you mean by sacrificing ratio? Q3. What do you mean by gaining ratio?

**6 Marks Questions** Q1. What is Revaluation A/c? How is it prepared? Write journal entries according to it.

**Year 2020 2 Marks Questions** Q1. What is reconstitution of partnership?

**Year 2012 Marks Questions** Q1. Why revaluation of Assets and Liabilities is needed on reconstitution of Partnership firm ? Q2.

What is meant by change in profit sharing ratio?

**3 Marks Questions** Q1. What do you mean by sacrificing ratio ? Why is it needed?

**Year 2022 Marks Questions** Q1. Under what conditions partnership firm is reconstituted?

Q2. Give two circumstances when sacrificing ratio is applied. Q3. What is sacrificing ratio ?

**Year 2024 1 Marks Questions** Q1. Match the following items :

- (A) Gaining ratio (i) Old ratio + gaining ratio  
(b) Sacrificing ratio (ii) Credit side of the partner's capital A/c  
(c) New ratio (iii) New ratio – old ratio  
(d) Profit on revaluation (iv) Old ratio – New ratio

(A) (A)-(iv), (b)-(iii), (c)-(ii), (d) – i (B) (A)-(iii), (b)-(iv), (c)-(i), (d) – ii (C) (A)-(iii), (b)-(iii), (c)-(iv), (d) – ii (D) (A)-(ii), (b)-(iii), (c)-(i), (d) – iv

**4 Marks Questions** Q1. What is the meaning of reconstitution of partnership firm ? Explain those causes, with which a partnership firm is reconstituted.

#### Chapter - 4 (Admission of Partners)

**Year 2024 1 Marks Questions** Assertion(A): An increase in the value of assets and decrease in the value of liabilities, at the time of admission of partner are debited in the revaluation A/c.

Reason ®: Revaluation A/c is nominal a/c in nature:

(a) both A and R are correct and R is the correct explanation of A (b) Both A and R are correct, but R is not the correct explanation of A (c) Assertion is true, but reason is false. (d) Assertion is incorrect but reason is correct.

Q2. Assertion(A): On the time of admission of partner in a firm, the assets and liabilities are revalued and profit or gain is distributed among old partners in old ratio.

Reason ®: On the time of admission of partner in a firm, the assets and liabilities are revalued and profit or gain is distributed among old partners in old ratio, so that the effect of this does not put on the new partner.

(a) both A and R are correct and R is the correct explanation of A (b) Both A and R are correct, but R is not the correct explanation of A (c) Assertion is true, but reason is false. (d) Assertion is incorrect but reason is correct.

Q1. Kapil and Pankaj are partners in a firm sharing profit and losses in the ratio of 3:4. They admit Atul in partnership for 1/5th share of profits. Calculate new profit sharing ratio.

Q2. Arjun and Karna are partners in a firm sharing profit and losses in the ratio of 3:2. They admit Vibhor in partnership for 1/4th share of profits. Calculate new profit sharing ratio.

Q2. Akshita and Nikita are partners in a firm sharing profit and losses in the ratio of 5:3. They admit Manik in partnership for 1/3th share of profits. Calculate new profit sharing ratio.

**5 Marks Questions** Q1. Following is the balance sheet of A and B who are sharing profits and losses in the ratio of 2:1:

Liabilities	Rs.	Assets	Rs.
Creditors	18,000	Cash	20,000
Profit and loss A/c	12,000	Debtors 35,000	
Capital :		Less :	
A 45,000		Provision 3,500	31,500
B 30,000	75,000	Stock	22,000
		Fixture	7,500
		Goodwill	24,000
	1,05,000		1,05,000

New partner C is admitted for 1/5th share in profits who brings Rs. 30,000 as his capital on the following terms : (i) Goodwill of the firm is to be valued at two-year purchase of the average profit of the last 3 years which were Rs. 40,000, Rs. 15,000 and Rs. 35,000. No Goodwill b A/c is to be retained in the books of the new firm. (ii) Stock is to be discounted at 10% and Provision for doubtful debts reduced by Rs. 1,000.

(iii) Fixtures are Rs. 3,200 (iv) A bill for Rs. 500 for electric charges has been omitted to be recorded.

(v) There is a claim against the firm for damages amounting to Rs. 1,500. This will have to be paid in future. Prepare Revaluation A/c and Capital A/c of the new firm.

Q2. M and K were partners in a firm their balance sheet as on 31st March, 2015 stood as follows

Liabilities	Rs.	Assets	Rs.
Outstanding Expense	10,000	Cash in hand	4,000
Sundry cr.	30,000	Cash at bank	56,000
Bank overdraft	20,000	Debtors	30,000
Bills payable	30,000	Furniture	12,000
Reserve		Machinery	24,000
Capital :		building	57,000
A 45,000			
B 30,000	75,000		
	1,83,000		1,83,000

They admit R on the following terms : (i) That machinery, building and furniture be depreciated by 5%. (ii) A provision at 5% be created for doubtful debts (iii) The goodwill of the firm valued at Rs. 1,20,000 and R did not bring his share of goodwill in cash. (iv) R brings Rs. 45,000 as capital for his 1/4th share in future profits. Q3. A and B were carrying on business in partnership sharing profits and losses in the ratio of 3:2 respectively.

Liabilities	Rs.	Assets	Rs.
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A's Capital A/c	30,200	Land on building	40,000
B's Capital A/c	35,400	Furniture	10,600
Bank loan	20,000	Stock	38,500
Sundry cr.	20,800	Sundry debtors	19,000
Bills payable	10,000	Cash	8,300
	1,16,400		1,16,400

They admit C on the following terms (i) C would be entitled to 1/3rd share in profits.

ii) C would bring Rs. 30,000 as capital and Rs. 10,000 as his share of goodwill .(iii)The book value of land and building be increased by Rs 12,000 and provision for baddebts @ 10% on sundry debtors would be created (iv) Bank loan would be paid - off .

**Year 2018 3 Marks Questions** Q1. Kapil and pankaj are partners in a firm sharing profit and losses in the ratio of 3:4 .they Admit Atul in partnership for 1/5th share of profits . calculate newprofit sharing ratio.

Q2. Arjun and Karna are partners in a firm sharing profit and losses in the ratio of 3:2 .they Admit Vibhor in partnership for 1/4th share of profits . calculatenew profit sharing ratio.

Q2. Akshita and Nikita are partners in a firm sharing profit and losses in the ratio of 5:3. they Admit Manik in partnership for 1/3th share of profits . calculatenew profit sharing ratio.

**5 Marks Questions** Q4.Following is the balance sheet of kalpana and Raj , who were sharing profit in the ratio 2:1 .

Liabilities	Rs.	Assets	Rs.
Creditors	67,000	Cash	300
Capitals :		Bank	2,000
Kalpana 30,000		Debtors	9,700
Raj 20,000	50,000	Stock	20,000
		Plant and machinery	35,000
		Building	50,000
	1,17,000		1,17,000

They admit Ritu on the following terms : (i)ritu would be entitled to 1/3rd share in profits was to bring Rs. 15,000 as herCap.and Rs. 60,000 as her share of goodwill (ii)Value of stock and plant and machinery were to be reduced by 10 % (iii)Building was to be appreciated by Rs. 10,000 (iv) Provision of 5% was to be created for bad debts .

Q4.Following is the balance sheet of Arjun and Ananya ,who are sharing profit equally on 31 Dec. 2017

Liabilities	Rs.	Assets	Rs.
Creditors	20,000	Cash	3,000
Bills Payable	15,000	Sundry Debtors	20,000
Outstanding Expenses	5,000	Bills Receivables	5,000
Capital Account :		Closing Stock	12,000
Arjun - 30,000		Building	30,000
Ananya - 20,000	50,000	Machinery	20,000
	90,000		90,000

They decided to admit Manik as a new partner for 1/3 share of profits on the followingterms :

(i) Manik will bring Rs. 35,000 as capital and Rs. 10,000 as his share of goodwill both thesum to be retained .

(ii)A provision of 5% to be created on sundry debtors for bad and doubtfuldebt and the value of stock will be reduced by Rs. 2,000.(iii)Building was to be appreciated by 10 % where as machinery will be depreciate d by 5% prepare Revaluation Account and capital Account ofpartners in the new firm.

Q4.Following is the balance sheet of X and Y ,who were sharing profits in the ratio of 2:1 on 31st December who are sharing profit equally on 31 Dec. 2017

Liabilities	Rs.	Assets	Rs.
Creditors	65,900	Building	50,000
General Reserve	30,000	P & M	35,000
Capital A/c :		Stock	20,000
X-30,000		Debtors	9,700
Y-20,000	50,000	Cash in hand	1,200
		Bank	30,000
	1,45,900		1,45,900

They decided to admit Z as a new partner.the following terms :

(i) Z was to bring Rs. 15,000 as his capital and Rs. 6,000 as goodwill for 1/4 share in the firm

(ii)That the value of stock and Plant and machinery were to be reduced by 10%

(iii)That s provision of bad debts was to be created in respect of debtors at Rs. 750(iv) Building to be depreciated by 10%.v)Goodwill money was to be retained in the business . Prepare Revaluation A/c and Partner's capital A/c .

**Year 20191 Marks Questions** Q1. Akshita and Nikita are partners in a firm sharing profit and losses in the ratio of 5:3. they Admit Vibhorin partnership for 1/5th share of profits . calculatenew profit sharing ratio.

(a) 3:2:1 (b) 5:3:2 (c) 4:3:2 (d) 2:2:1Q2. Ananya and Nikita are partners in a firm sharing profit and losses in the ratio of 2:1. they Admit Aryan in partnership for 1/4th share of profits . calculatenew profit sharing ratio. (a) 3:2:1 (b) 2:2:2 (c) 2:1:1

(d) 4:3:2Q2.Ruchi and Manju are partners in a firm sharing profit and losses in the ratio of 3:2 .. they Admit Kajal in partnership for 1/3th share of profits . calculatenew profit sharing ratio.(a) 12:8:5 (b) 21:11:8 (c) 6:4:5 (d) 3:2:1

**2 Marks Questions** Q1. Why are assets and liabilities revalued at the admission of a new partner ?

**5 Marks Questions** Q1.Jain and Gupta were partners in a firm sharing profits and losses in the ratio of 4:3 the following is the balance sheet of the firm as on 31st Dec , 2018Balance Sheet of Jain and Gupta .

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	20,000	Cash	14,800
Bills Payable	3,000	Debtors 20,500	
Bank Overdraft	17,000	Less: Provision 300	20,200
Capital		Stock	20,000
Jain 70,000		Plant	40,000
Gupta 60,000	1,30,000	Building	75,000
	1,17,000		1,17,000

They agreed to admit Mishra as a partner with effect from 1st, 2019 with 1/4th share in profits on the following (a) Building to be appreciated by Rs. 14,000 (b) Plant to be depreciated by Rs. 7,000

(c) Goodwill of the firm has been valued at Rs. 21,000 (d) Mishra contributed Rs. 25,000 as capital Accounts.

Q2. The following is the balance sheet of Priya and Mamta

Liabilities	Rs.	Assets	Rs.
Creditors	60,000	Bank	60,000
Bills Payable	30,000	Debtors	30,000
General reserve	18,000	Furniture	12,000
Capital		Building	81,000
Priya	45,000		
Mamta	30,000		
	1,83,000		1,83,000

They agreed to admit Vijaya as a partner on the following terms : (a) Building to be reduced by 5% (b) A provision of 5% to be created on debtors . (c) Goodwill of the firm has been valued at Rs. 12,000 (d) Vijaya brings Rs. 36,000 as his capital and gets 1/4 share in future profits . prepare Rev. A/c and Partner's capital A/c . Q2. The following is the balance sheet of Akshit and Rajat on 31st Dec. 2015. they share profits and losses in the ratio 3:1.

Liabilities	Rs.	Assets	Rs.
Creditors	70,000	Buildings	50,000
Bills Payable	5,000	Fixtures	2,000
General reserve	8,000	Stock	40,000
Capital		Debtors	32,000
Akshit	60,000	Bills Receivable	6,000
Rajat	32,000	Cash	5,000
	1,75,000	Bank	40,000
			1,75,000

They agreed to admit Vijaya as a partner on the following terms : (a) Building to be reduced by 5% (b) A provision of 5% to be created on debtors . (c) Goodwill of the firm has been valued at Rs. 12,000 (d) Vijaya brings Rs. 36,000 as his capital and gets 1/4 share in future profits . prepare Rev. A/c and Partner's capital A/c .

**Year 2020 4 Marks Questions** Q1. The following is the balance sheet of X and Y

Liabilities	Rs.	Assets	Rs.
Creditors	60,000	Bank	60,000
Bills Payable	30,000	Debtors	30,000
General reserve	18,000	Furniture	12,000
Capital		Building	81,000
X	45,000		
Y	30,000		
	1,83,000		1,83,000

They agreed to admit Z as a partner on the following terms : (a) Building to be reduced by 5% (b) A provision of 5% to be created on debtors . (c) Goodwill of the firm has been valued at Rs. 12,000 (d) Z brings Rs. 36,000 as his capital and gets 1/4 share in future profits . prepare Rev. A/c and Partner's capital A/c .

Q2. P and Q share profits in the ratio of 7:3. R is admitted for 2/7th share in profit. Goodwill already appears in the balance sheet at Rs. 10,000. Pass the journal entries if : (i) R cannot bring cash for his share of goodwill Rs. 8,000. (ii) R brings in cash Rs. 8,000 for his share of goodwill. Explain in detail how the valuation of goodwill is done at the time of admission of a partner.

**Year 2021 1 Marks Questions**

Q1. Anita and Sunita are partners in a firm sharing profit and losses in the ratio of 5:3 . they Admit Reeta in partnership for 1/5th share of profits . calculate new profit sharing ratio. (a) 3:2:1 (b) 5:3:2 (c) 4:3:2 (d) 2:2:1 Q2. Ayush and Abhishek are partners in a firm sharing profit and losses in the ratio of 2:1. they Admit Aryan in partnership for 1/4th share of profits . calculate new profit sharing ratio. (a) 3:2:1 (b) 2:1:1 (c) 4:3:2 (d) 2:2:2 Q3. M and N are partners in a firm sharing profit and losses in the ratio of 3:2. they Admit O in partnership for 1/3th share of profits , as a new partner . while value of goodwill is valued at 36,000 , what amount of goodwill of his share will be brought by O? (a) Rs. 13,000 (b) Rs. 14,000 (c) Rs. 12,000 (d) Rs. 15,000 Q4. On the admission of a new partner : (2022) (a) Old firm has to be dissolved (b) Both old firm and partnership have to be dissolved (c) Old partnership to be dissolved (d) Neither partnership nor firm to be dissolved . Q5. Rekha and Sulekha are partners in a firm . who distributed profit & loss in the ratio of 3:2 . They admitted Manju in firm for 1/3rd share in profits . what will be New Profit sharing ratio? (a) 12:8:5 (b) 21:11:8 (c) 6:4:5 (d) 3:2:1

Q6. A and B are partners in a firm . they admitted C for 1/5th share of profits in the firm where as goodwill of firm is valued for Rs. 40,000. what amount C will bring as his share of Goodwill? (a) Rs. 12,000 (b) Rs. 10,000 (c) Rs. 11,000 (d) Rs. 8,000

**3 Marks Questions** Q1. Shanti and Sukhdev are old partners sharing profit in the ratio of 5:3 .Darshanadmitted in the firm as a new partner with 1/5th share of profit . calculate the new profit sharing ratio and sacrifice ratio. What are the main adjustments are made at the time of admission of a new partner? Describe in brief .

Q2. How would you deal with Reserve funds and undistributed profits on admission of a new partner. Explain with journal entry.Q3. P,Q and R are partners sharing profits in the ratio of 4:3 . R is admitted for 1/5th share . calculate the New ratio and Sacrifice ratio.

**4 Marks Questions** Q1. A and B are partners , sharing profits and losses in the ratio of 3:2. Goodwill appears in the books at Rs 3,000. They admit C in the partnership. for 1/4th share of profits C . Pays Rs. 1,000 as his share of premium .while A and B share profit and losses equally. Pass Journal entries to record this .

Q2. Pand S are partners sharing profits in ratio of 3:2 Goodwill appears in the books for Rs. 20,000 .they admitted R for for 1/5th share of profits . he brings Rs. 8,000 as his share of goodwill and 10,000 as capital , while P and S themselves share profits R losses equally . pass Journal entries to record this .

**Year 2022 1 Marks Questions** Q1. X and Y are partners in a firm and share the profits and losses in the ratio of 3:2 .they admitted Z for 1/5th share in profit . New profit sharing ratio will be :(a) 5:3:2 (b) 12:8:5 (c) 8: 5: 3 (d) 3:2:1

Q2. When a new partner brings his share of goodwill in cash , the amount is debited to :

(a) Premium for goodwill A/c (ii) Cash A/c (c) Capital A/c of old Partners (d) Capital A/c of New Partners

Q3. if at the time admission there is some unrecorded liability it will be:(a) Dr. to Rev. A/c(b) Cr. to rev A/c (c) transferred to old partner's capital A/c(d) Transferred to all partner's capital A/c .

Q4.the capital brought in by new partner at the time of admission is credited:(a) In Cash A/c (b) In Goodwill A/c of a New Partner (c) In the capital A/c of new partner (d) In the capital A/c of old part

Q5. A new partner may be admitted to a partnership:(a) Without the consent of old partners (b) With the consent of all old partners (c) with the consent of any one partner (d) with the consent of 2/3 rd of old partners.

**2Marks Questions** Q1 What rights the new partner get?**4 Marks Questions** Q1. A and B are in partnership sharing profit and losses in the ratio of 2:1 . C comes in as a partner for one - fourth share in the firm's profit , which he acquires from A . C contributes Rs 15,000 as a capital and Rs. 5,000 as goodwill .Journalise the above transactions , When (i) Goodwill amount is paid privately .(ii) Goodwill retained in the business.(iii) Goodwill is withdrawn.Q2. A and B are partners in a firm sharing profits in the ratio of 5:3 . Goodwill appears in their balance sheet at Rs. 4,000.they admit C in the firm for 1/2 share in profit . the goodwill is valued at Rs. 16,000 at the admission of C . give journal entries :(a) When C bring in cash his share of goodwill .(b) When C does not brings cash for his share of goodwill.Q3. X and Y are partners sharing profit and losses in the ratio of 3:2 .they decided to admit Z as a partner and to share future profits and losses equally. Z brings in Rs. 50,000 as his capital .goodwill of the firm is valued at Rs. 60,000. Pass the necessary journal entries:a) When no goodwill appears in books (b) When goodwill appears at Rs. 50,000 in books .

**Year 2023 1 Marks Questions** Q2. When a new partner does not bring his share of goodwill in cash , the amount is debited to: (a) Premium for goodwill A/c (b) Cash A/c (c) Capital A/c of New Partner (d) Capital A/c of old partners.

**2Marks Questions** Q1. Arun and Varun are partners sharing profits and losses in the ratio of 4:3 .they admit sarika for 1/8 share of profits in partnership firm . Calculate new profit sharing ratio.

Q2. What are the effects of admission of a New Partner in a firm ?

Q3. Sohan and Mohan are partners sharing profits in the ratio of 2:1. Rohanadmitted in partnership for 1/6th share . He brings Rs. 50,000 as capital and 24,000 for his share of goodwill in cash.goodwill is retained in the business . give journal entries to record these transactions.Q4.Reena and Meena are partners in a firm sharing profit and losses in the ratio of 5:3. they admit sahu for 1/4th share of profits in partnership Calculate New profit sharing ratio.**Year 2024 4Marks Questions**

Q1.When a partner is admitted in a partnership firm,explain any four adjustments in detail which are made in partnership firm.or

Q2.The following is the balance sheet of A and B

Liabilities	Rs.	Assets	Rs.
Capital A : 60,000		Business premises	50,000
B: 32,000	92,000	Fixture	2,000
Creditors	70,000	Stock	40,000
Bills payable	5,000	Debtors	32,000
General reserve	8,000	Bills rec	6,000
		Cash at bank	40,000
		Cash	5,000
	1,75,000		1,75,000

They agreed to admit C as a partners on the following terms :

(a)That C brings Rs 20,000 as his capital for 1/5<sup>th</sup> share of profit.  
(b) He brings Rs 8,000 as goodwill and A and B withdrawn from the firm. ©That the value of business premises be appreciated b Rs 20 % . (d) Stock & Fixtures be reduced by 10% (e) Make provision for bad debts on fdebtors @ 5% on debtors .prepareRev. A/c and Partner's capital A/c and balance sheet.

Q3.When a partner is admitted in a firm , explain the accounting treatement of goodwill?

Or

The following is the balance sheet of Sushil and satish as on 31<sup>st</sup> dec 2016.

Liabilities	Rs.	Assets	Rs.
Capital A : 25,000		Business premises	10,000
B: 9,000	34,000	Machinery	5,400
Creditors	18,400	Stock	12,500
		Debtors	22,500
		Less: provision/debt	18,500
		Cash	6,000
	52,400		52,400

They agreed to admit Samir as a partners on the following terms :

(a) That Samir will bring Rs 6,000 as his capital for 2/7<sup>th</sup> share of profit both amount will remain in business (b) Business premises have been revalued Rs 15,000, stock to be discounted at 10%.

(d) Provision for bad debts to be reduced Rs 1,000. Prepare revaluation A/c, Partner's cap A/c and balance

sheet of new firm Q4. Ashish and Dutta are partners in a partnership firm sharing profit or losses in the ratio of 3:2. They admitted Vimal on 31<sup>st</sup> Dec. 2020 for 1/5<sup>th</sup> share of profit in a partnership firm. The balance sheet of Ashish and Dutta on that date as follows:

Liabilities	Rs.	Assets	Rs.
Capital Ashish : 80,000		Land & Building	35,000
Dutta: 35,000	1,15,000	Plant	45,000
Creditors	15,000	Debtors 20,000	
Bills Payable	10,000	Pro.d/debt -2000	20,000
		Stock	35,000
		cash	5,000
	1,40,000		1,40,000

They agreed to admit Vimal as a partner on the following terms :

(a) The value of land & building be increased by Rs 15,000 (b) the value of plant be increased by Rs 10,000

(c) Vimal to bring Rs 36,000 as capital and Rs 20,000 as goodwill. Prepare revaluation A/c, Partner's cap A/c and balance sheet of new firm

### Chapter - 5 (Retirement of Partner's)

#### Year 2017 7 Marks Questions

Q1. How many a partner retire from the firm? How will you deal with goodwill at the time of retirement of a partner? Q2. A, B and C are in partnership sharing profits in the ratio of 3:2:1. Their balance sheet as on 31<sup>st</sup> Dec, 2014

Liabilities	Rs.	Assets	Rs.
Capital A/cs :	18,000	Bank	1,600
A 16,000		Stock	10,400
B 12,000		Debtors	12,000
C 10,400	38,400	Machinery	9,600
Creditors	8,000	Land and building	14,400
Bills Payable	1,600		

A retired on 1<sup>st</sup> January, 2015 and assets of firm were revalued as under:

	Rs.
Goodwill	3,000
Machinery	8,800
Stock	9,600
Land and building	17,500
Debtors	11,200

Creditors to the extent of 2.5 are not likely to claim their dues. Assuming that the above adjustments are duly carried through, Prepare Revaluation A/c, Partners capital A/cs and Balance sheet after A's retirement.

Q3. C, D and E were partners sharing profits in the ratio of 1/2, 1/3 and 1/6 respectively. The balance sheet of C, D and E as on 31<sup>st</sup> December, 2015 is as follows.

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	19,000	Cash at bank	2,500
Bills payable	5,000	Debtors 16,000	
Reserve fund	12,000	Less: Reserve 500	15,500
Capital A/cs:		Stock	25,000
C 40,000		Motors Vans	8,000
D 30,000		Plant and Machinery	35,000
E 25,000	95,000	Factory Building	45,000
	1,31,000		1,31,000

D retire on that date subject to the following adjustment : (i) Goodwill of the firm to be valued at Rs. 18,000 (ii) Plant to be depreciated by 10% and Motor vans by 15%. (iii) Stock to be appreciated by 20% and building by 10%. (iv) The Reserve for doubtful debts to be increased by Rs. 1,950. Prepare Revaluation A/c, Partner's capital A/c and the balance sheet after D's retirement.

What accounting procedure is followed during retirement in the following cases? (a) Revaluation of assets and liabilities (b) Undistributed profit and loss (c) Reserve fund appearing in the balance sheet.

Year 2018 Q4. The balance sheet of Ritika, Neeraj and Tarun, who share profits in the proportion of their capital.

Liabilities	Amount	Assets	Amount
Creditors	6,900	Cash	5,500
Capital		Debtors 5,000	
Ritika	20,000	Less: Provision 100	4,900
Neeraj	10,000	Stock	8,000
Tarun	10,000	Plant and Machinery	8,500
General Reserve	5,000	Land and Building	25,000
	51,900		51,900

Neeraj retired and it was agreed that : (i) Stock be appreciated by 6%. (ii) Land and Building be appreciated by 20%. (iii) Goodwill be valued at Rs 20,000. No goodwill account is to be raised. (iv) Provision of Rs.330 be made in respect of legal charges (v) Capital of the new firm be fixed at Rs. 30,000, contribution on the basis of profit sharing ratio 3/5 Ritika and 2/5 Tarun. Give necessary ledger and Balance sheet.

Q5. Explain the procedure of determining the amount payable to deceased partner and different ways in which amount is paid A, B and C were partners sharing profits in 3:2:1. On 1st January 2017, B retired. On that date the Balance sheet as follows :

Liabilities	Amount	Assets	Amount
General Reserve	6,000	Plant and Machinery	30,000
Expenses owing	2,000	Patents	11,000
Bills Payable	5,000	Debtors	3,000
Creditors	10,000	Stock	9,500
Capital A/c		Cash	5,00
A 12,000			
B 10,000			
C 9,000	31,000		
	<hr/>		<hr/>
	54,000		54,000

The term are: (i) Goodwill was to be valued at Rs. 12,000 but no goodwill account was to be raised.

(ii) New Ratio between A and C will be 3:2. (iii) Expenses owing are to be brought down to Rs. 1,500. Plant and Machinery is to be valued at 10% less and patents at Rs. 12,000 (iv) The total capital of new firm will be fixed at Rs. 25,000 to be contributed by partners in the profit sharing ratio. (v) The total capital of new firm will be fixed at Rs. 25,000 to be contributed by partners in profit sharing ratio. Prepare Revaluation A/c, Partner's capital Account and balance sheet.

Q6. What is Goodwill? Explain the different modes of treatment of goodwill on the retirement of a partner.

Vani, Avni and Mehak were partners sharing profits in 3:2:1. On 1st January 2017, B retired. On that date the Balance sheet as follows :

Liabilities	Amount	Assets	Amount
General Reserve	9,000	Cash in hand	6,000
Creditors	27,000	Debtors 31,000	
Capital A/c		Less: Provision 1,000	30,000
Vani 45,000		Stock	10,000
Avni 30,000		Furniture	20,000
Mehak 15,000	90,000	Plant and Machinery	60,000
	<hr/>		<hr/>
	1,26,000		1,26,000

The term are: (i) The provision for bad and doubtful debts to be raised (ii) Plant and machinery to be appreciated by 10% (iii) Furniture to be fixed at Rs. 22,000 (iv) Stock to be fixed at Rs. 7,000. (v) The total capital of new firm will be fixed at Rs. 80,000 in new partners in profit sharing. Show the necessary ledger accounts and balance sheet of the firm after retirement of Mehak.

**Year - 2019** Q1. A, B and C are partners in a firm sharing profits in the ratio of 3:2:1. The profits of the firm for the year ending on 31st Dec, 2017 was Rs. 60,000. B dies on 31st March, 2018. What is B's share of profit? Q2. Muskan, Khushboo and Kiran are partners in a firm sharing profit in the ratio of 2:2:1. The profit of the firm for the year ending 31st Dec. 2017 was Rs. 1,00,000. Kiran dies on 30th June, 2018. What is Kiran's share of profit? (a) 10,000 (b) 8,000 (c) 12,000 (d) 7,000

Q3. Nikhil, Shivam and Akhil are partners in a firm sharing profits in the ratio of 4:3:3. The profits of the firm for the year ending 31st Dec. 2017 was Rs. 1,80,000. Akhil dies on 1st Oct., 2018. Calculate Akhil's share of profit? (a) Rs. 40,000 (b) Rs. 40,500 (c) 50,000 (d) 50,500

**6 Marks Questions** A, B and C were partners sharing profits in 3:2:1. On 1st January 2018, B retired. On that date the Balance sheet as follows :

Liabilities	Amount	Assets	Amount
General Reserve	12,000	Plant and Machinery	22,500
Expenses O/s	4,500	Patents	12,000
Bills Payable	4,500	Debtors	15,000
Creditors	3,500	Stock	12,000
Capital A/c		Cash	9,000
A 16,000			
B 15,000			
C 15,000	46,000		
	<hr/>		<hr/>
			46,000

The term are: (i) Goodwill was to be valued at Rs. 12,000 but no goodwill account was to be raised.

(ii) New Ratio between A and C will be 3:2. (iii) Expenses owing are to be brought down to Rs. 1,500.

(iv) Plants to be reduced by 10% and patents at Rs 4,000. (v) The total capital of new firm will be fixed at Rs. 25,000 to be contributed by partners in profit sharing ratio. Prepare Revaluation A/c, Partner's capital Account. Q2. Sachin, Ankush and Ritik were partners sharing profits in 3:2:1. On 1st January 2018, Ritik retired. On that date the Balance sheet as follows :

Liabilities	Amount	Assets	Amount
General Reserve	3,200	Cash in hand	3,200
Expenses O/s	12,000	Debtors 19,000	
		Less : Provision - 1,000	18,000
Creditors		Stock	14,000
Capital A/c		Furniture	12,000
Sachin	20,000	Plant and Machinery	28,000
Ankush	20,000		
	<hr/>		<hr/>

Ritik	20,000		
	75,200		75,200

(i) That a provision for Bad and doubtful debts be raised by Rs.1,000(ii)The value of stock be depreciated by 5% and Machinery by 10%(iii)Furniture be revalued at Rs. 14,500(iv) Capital of new firm be fixed at Rs. 50,000 in the new profit and loss sharing ratio .Show necessary ledger Accounts and balance sheet of new firm.Q3.Manju ,Ruchi and Muskan on 31st Dec,2016 was as follows :

Liabilities	Amount	Assets	Amount
Creditors	50,000	Goodwill	30,000
Capital accounts		Land and building	80,000
Manju	80,000	Plant and Machinery	56,000
Ruchi	80,000	Motors car	54,000
Muskan	60,000	Debtors	48,000
		Cash	2,000
	2,70,000		2,70,000

The following term have been agreed upon on Manju's Retirement :

(i) Goodwill is to be valued at Rs. 42,000 .Partners decided not to show goodwill as an asset.(ii)The value of land and building would be appreciated by Rs. 20,000.(iii)The value of plant and Machinery would be reduced to Rs 46,000.  
(iv) Create provision of Rs. 1,400 on creditors .(v) The entire sum payable to Manju is to be brought by Ruchi and Muskan in such a manner that their capital accounts are in proportion to their sharing ,which is equal .Prepare Revaluation A/c ,partner's Capital A/c and Balance sheet of Ruchi and Muskan.

Year - 2020Q3.X,Yand Z are partners sharing profits in the ratio of 3:2:1.their balance as on on 31<sup>st</sup> Dec .,2018 was as under :

Liabilities	Amount	Assets	Amount
Capital:		Goodwill	1,600
X 16,000		Stock	10,400
Y 12,000		Debtors	12,000
Z 10,400	38,400	Machinery	9,600
creditor	8,000	Land and building	14,400
Bill payable	1,600		
	48,000		48,000

The following term have been agreed upon on X's Retirement :

The assets of the firm were revalued as under :Goodwill Rs3,000,stock Rs.11,200,Machinery Rs8,800 ,land and Building Rs17,500. Creditors to the extent of 2.5% are not likely to claim their dues .Assuming that the above adjustments are duly carried through. You are required to prepare revaluation A/c Capital A/c and balance sheet of the new firm.or How a partner may retire from the firm ?write in detail ,the problem arise when a partner retires.1Marks questionsQ1. On the death of a partner,the amount of joint life insurance policy is credited to the capital A/c of : (a) Retiring partner in old ratio (b)All partners in old ratio (c ) Remaining partners in new ratio (d) Remaining partner in old ratio Q2.On the retirement of a partner, reserve should be the capital A/c of : (a) Retirement partner (b)Remaining partner (c) All Partners (d) None of these Q3.A,Band Care partners sharing profits in the ratio of 3:2:1.their balance as on on 31<sup>st</sup> Dec .,2018 was as under :

Liabilities	Amount	Assets	Amount
Sundry creditors Reserve	12,600	Cash	11,600
fund Capital:	6,000	Bank	1,000
A 10,000		Sundry debtors	9,000
B 10,000		Stock	7,000
C 10,000		Machinery	6,000
	30,000	Building	14,000
	48,000		48,000

The following term have been agreed upon on C's Retirement :

(i)To provide a reserve of 5% on sundry debtors for doubt debts.(ii) To depreciate stock by 5%and machinery by 10%(iii) Building to be revalued at Rs.15,100.Show the revaluation A/c Partners capital A/c and balance sheet.Year- 20211 Marks QuestionsQ1.Profit or loss on revaluation is transferred to revaluation is transferredto : (a)Cap A/c of old partner (b)CapA/c of new partner(c ) Cap A/c of all partner (d) Cap A/c of Continuing partnerQ2.D,Kand P arethe partner in a firm sharing profit and loss in the ratio 5:3:2.D retires from firm. What will be new ratio of K and P ?(a)5:2 (b) 5:3 (c) 3:2 (d) 3:5 Q2.On the retirement of a partner, reserve should be the capital A/c of : (a) Retirement partner (b)Remaining partner (c) All Partners (d) None of these

3 Marks questions Q2. A,B,C and D are partners sharing profits in the ratio of 6:5:3:2 .D retires from firm . Calculate new profit sharing and gaining ratio of A,B and What is meant by retirement of a partner ? How a partner may retire from the firm?

6 Marks Questions Q1.A,Band Care sharing profit in the ratio of 3:2:1. Goodwill is appearing in the account books at a value of Rs 24,000. B retires and on the date of B's retirement, goodwill is valued at Rs 60,000. A & C decided to share future profit in the ratio 3:2 pass necessary journal entries . Or

Distinguish between Sacrificing ratio and Gaining ratio.

Year- 20221 Marks Questions Q1.In case of death of the partner , the whole amount standing to the credit of his capital A/c is transferred to : (a)Capital A/c of old partner (b)Capital A/c of new partner(c ) Capital A/c of all partner (d) Cap A/c of Continuing partnerQ2.A,Band C arethe partner in a firm sharing profit and loss in the ratio 5:3:2.A retires from firm the newProfit sharing ratio?(a)5:2 (b) 5:3 (c) 2:3 (d) 3:2

Q3. The meaning of retirement of a partner:(a) Incoming of a partner in a firm (b) outgoing of a partner from the firm (c) outgoing of all partner from the firm (d) Death of all partner

**4 Marks Questions** Q1.A,Band Care partners sharing profits in the ratio of 3:2:1.their balance as on on 31<sup>st</sup> Dec .,2018

Liabilities	Amount	Assets	Amount
Sundry creditors Reserve	12,600	Cash	11,600
fund Capital:	6,000	Bank	1,000
A 10,000		Sundry debtors	9,000
B 10,000		Stock	7,000
C 10,000		Machinery	6,000
	—	Building	14,000
	30,000—		
	48,000		48,000

The following term have been agreed upon on C's Retirement :

(i)To provide a reserve of 5% on sundry debtors for doubt debts.(ii) To depreciate stock by 5%and machinery by 10%(iii) Building to be revalued at Rs.15,100Show the revaluation A/c Partners capital A/c and balance sheet of new firm. Q2.A,Band Care partners sharing profits in the ratio of 3:2:1.their balance as on on 31<sup>st</sup> Dec .,2021 was as under :

Liabilities	Amount	Assets	Amount
Capital A/c		Bank	1600
A 16,000		Stock	10,400
B 12,000		Debtors	12,000
C 10,400	—	Machine	9,600
Creditors	38,400	building	14,400
Bills Payable	8,000		
	1,600—		—
	48,000		48,000

The following term have been agreed upon on A's Retirement on 1<sup>st</sup> jan.2022 and the asset of the firm were revalued as under:Goodwill Rs 3,000, Stock Rs.9600 Debtors Rs. 11200 , Machine Rs 8,800 and building Rs.17,500. Creditors to the extent of 2.5 arenot likely to claim their dues. Assuming that the above adjustments are duly carried through .you are required to prepare revaluation A/c and the partner's capital A/c .Q3.A,Band Care partners sharing profits in the ratio of 3:2:1.their balance as on on 31<sup>st</sup> Dec .,2020 was as under :

Liabilities	Amount	Assets	Amount
Capital A/c		Cash A/c	11,800
A 30,000		Debtors	16,000
B 20,000		Stock	23,200
C 16,000	66,000	Building	46,000
Creditors	27,000	Goodwill	30,000
General Reserve	24,000		
Bank loan	10,000		
	1,27,000		1,27,000

The following term have been agreed upon on C's Retirement on 1<sup>st</sup> jan.2022

(a) The value of building should be appreciated by Rs. 14,000(b) Create provision @ 5% on debtors for bad and doubtful debt .(c ) Goodwill of the firm was valued at Rs 36,000 and it was decided not to show goodwill in the accounting books .(d) C,be paid Rs. 10,400 in cash and the balance be transferred to his loan goodwill in the account

How would you calculate the amount payable to the representative of a deceased partner?

**Year - 2023 1 Marks Questions**

Q1.X,Y,Z are partners sharing profits in the ratio of 4:3:2 .Z retires from .calaculate gaining ratio.(a) 3:2 (b) 3:4 (c) 4:2 (d) 4:3

Q2.In case of retirement of a partner, retiring partner share will be given to :(a) Nominee (b) legal Representative (c) Retiring partner himself (d) None of these

Q3. The old profit sharing ratio among A,B,C were 2:2:1 the new profit sharing ratio after B's retirement is 3:2 the gaining ratio is :(a) 3:2 (b)2:1 (c) 1:1 (d) 2:3**4 Marks Questions** Q1.X,Yand Z are in partnership , sharing profits and lossesin the proportion of 3:2:1 on 1<sup>st</sup> Jan,2015 .Y retire from the firm . on that date , their balance sheet was as follow :

Liabilities	Amount	Assets	Amount
Capital A/c		Cash in hand	1,500
X 15,000		Cash at bank	7,500
y 15,000		Debtors	15,000
Z 15,000		Stock	12,000
Trade creditors	3,000	Factory	22,500
Bills Payable	4,500	Machinery	8,000
Outstanding exp.	4,500	Loose tools	4,000
Reserve fund	13,500		
	70,500		70,500

The following term have been agreed upon on C's Retirement on 1<sup>st</sup> jan.2022

(a)Goodwill of the firm is valued at Rs. 13,500.(b)Expenses outstanding to be brought down to 3,750.

(c )Machinery and loss tools are to be valued at 10% less than their book valued (d)Factory premises is to be revalued at Rs24,300. OrWhat is goodwill ? Discuss the different modes of treatement of goodwill on the retirement.**Year - 2024 1marks**

M, N and O are partners in a firm, they sharing profit or losses in the ratio of 5:3:2 N retires . the new profit sharing ratio of M and O is 3:1. The gaining ratio of M and O will be : (a) 3:1 (b) 4:1 (c) 5:1 (d) 7:2

Q2. A, B and C are three partners in a firm . their profit sharing ratio is 3:2:1 C retires. The new profit sharing ratio of A and B will be (a) 3:1 (b) 2:1 (c) 3:2 (d) 1:3  
 Q3. X, Y and Z are three partners in a firm . their profit sharing ratio is 5:4:3 Z retires from the firm. X and Y take Z's share in the ratio of 2:1. The new profit sharing ratio of A and B will be (a) 5:4 (b) 17:13 (c) 7:5 (d) 5:3

#### 4 Marks Questions

Q1. Explain the four methods of payment to retiring partner.

Or

Q1. Ram, Mohan and Sohan are in partnership , sharing profits and losses in the proportion of 3:2:1 on 31<sup>st</sup> dec, 2020 . Sohan retires from the firm . on that date , their balance sheet was as follow :

Liabilities	Amount	Assets	Amount
Capital A/c		Cash in hand	600
R 10,000		Cash at bank	1,000
M 10,000		Debtors	9,000
S 10,000	30,000	Stock	7,000
creditors	1600	Machinery	6,000
		Building	14,000
Reserve fund	6,000		
	<u>37,600</u>		<u>37,600</u>

The following terms have been agreed upon on Sohan's Retirement on 1<sup>st</sup> Jan. 2022

(a) Provision for bad debts @5% created on debtors .

(b) Depreciate stock by 5% and machinery by 10% (c) Building is to be at Rs 15,000. Prepare revaluation A/c, Partner's capital A/c and balance sheet.  
 Q2. When a partner is retired from partnership firm , explain major four adjustments in detail made in partnership.  
 Q1. C, D and E are in partnership , sharing profits and losses in the proportion of 3:2:1 on 31<sup>st</sup> dec, 2020 . Sohan retires from the firm . on that date , their balance sheet was as follow :

Liabilities	Amount	Assets	Amount
Capital A/c		Cash	2,500
C 40,000		Debtors	16,000
D 30,000		Less : Prov for b/debt	-500
E 25,000	95,000	Stock	2,500
creditors	19,000	Motor vans	8,000
Bills Payable	5,000	Plant & Machinery	35,000
Reserve fund	12,000	Building	45,000
	<u>37,600</u>		<u>37,600</u>

The following terms have been agreed upon on D Retirement on 1<sup>st</sup> Jan. 2022

(a) Goodwill of the firm is revalued at Rs 18,000 (b) Depreciated by Plant & Machinery 10% and Motor vans by 15% (c) Stock to be appreciated by 20% Building is to be at 10%. (d) The provision for bad debts increased by 1,950. Prepare revaluation A/c, Partner's capital A/c and balance sheet.

Q2. What is the meaning of retirement of partner? When a partner is retired from a partnership firm , explain major three adjustments in detail; which has made in partnership firm .

Or Q3. Mohit, Heeraj and Sohan are in partnership , sharing profits and losses in the proportion of 2:1:1 on 31<sup>st</sup> dec, 2020 . Sohan retires from the firm . on that date , their balance sheet was as follow :

Liabilities	Amount	Assets	Amount
Capital A/c		Building	1,00,000
M 80,000		Machinery	50,000
N 40,000		Stock	18,000
S 40,000	1,60,000	Debtors	20,000
creditors	21,000	Less: Provision for bad /debt	1,000
		Cash	14,000
General Reserve	20,000		
	<u>2,01,000</u>	Total	<u>2,01,000</u>

The following terms have been agreed upon on N Retirement on 1<sup>st</sup> Jan. 2022

(a) Building to be appreciated by 20%. (b) Goodwill of the firm is revalued at Rs 72,000

(c) Depreciated by Machinery 20% (d) The provision for bad debts increased by 15% on debtors . (e) Amount payable to Neeraj is transferred to his loan A/c . Prepare revaluation A/c, Partner's capital A/c and balance sheet.

#### Chapter - 6 (Death of Partners)

#### Chapter - 7 (Dissolution of Partnership firm)

#### Year - 2024 1 Marks Questions

Q1. At the time of dissolution of partnership firm, the following balance of A/c is not transferred to partner's capital A/cs:

(a) General reserve A/c (b) Reserve fund A/c (c) Profit and loss A/c (d) Joint life policy reserve A/c

Q2. The account is not closed at the time of dissolution of Partnership firm :

(a) Realization A/c (b) Partner's loan A/c (c) Partner's capital A/c (d) Partner's personal A/c

Q3. The dissolution of partnership firm is called when (a) The partnership among the all partners is dissolved (b) The relations between all the partners are dissolved (c) The assets of the firm are distributed among the partners (d) the liabilities are paid by the partners .

#### 4 Marks Questions

Q1.Explain any two causes with which a partnership firm is dissolved and explain those A/c which are prepared at the time of dissolution of partnership firm (i)Realization A/c (ii) Partners loan A/c

Or

A and b are partners sharing profit or losses equally. Their balance sheet as on 31<sup>st</sup> dec 2020 was as follows:

Liabilities	Amount	Assets	Amount
Capital A/c		Cash in hand	35,00
A 20,000		Cash at bank	17,800
B 20,000	40,000	Debtors	12,400
creditors	11,600	Furniture	2,800
Billpay	1,800	Plant&Machinery	6,000
Reserve fund	6,000		22,500
	<hr/>		<hr/>
	59,000		59,000

Adjustments : They decide to dissolve the firm on the following terms:

(a)The assets are realized as follow: stock Rs 18,200,debtors Rs 10,600 Furniture Rs 1800 , plant &Machinery Rs 19,000.

(b)Creditors are paid ,less 2% of actual value . (c) Realization expenses are Rs544.

Prepare realization expenses A/c partner's A/c of dissolved firm .

Q2.Differntiate between Revaluation A/c and Realization a/c .

Or

Deepa and Raj are partners sharing profit or losses equally. Their balance sheet as on 31<sup>st</sup> dec 2020 was as follows:

Liabilities	Amount	Assets	Amount
Capital A/c		Business Assets	15,000
Deepa 15,000		Investments	5000
Raj 12,000	27,000	Debtors	2,000
Profit and loss A/c	1,500	Stock	4,000
creditors	2000	Bank	4,000
O/S expenses	6,000	Cash	2,000
Reserve fund	<hr/>		<hr/>
	31,000		31,000

Adjustments : They decide to dissolve the firm on the following terms:

(a)The assets are realized as follow: stock Rs 18,000,debtors Rs 1,800,Stock Rs 2,800.

(b)Creditors are paid ,less 5% of actual value . (c) A liability for damages has to be paid for Rs 3,100

(d)Realization expense are Rs 400 .(e) Deepa took over the investments for Rs 3,800.

Prepare realization expenses A/c partner's A/c of dissolved firm .

Q1.Explain any two causes with which a partnership firm is dissolved and explain those A/c which are prepared at the time of dissolution of partnership firm (i)Realization A/c (ii) Partners loan A/c

Or

Sita ,Rita and Meeta are partners sharing profit or losses equally2:2:1. Their balance sheet as on 31<sup>st</sup> dec 2020 was as follows:

Liabilities	Amount	Assets	Amount
Capital A/c		Cash	2,5,00
Sita 5,000		stock	2,500
Rita 2,000		Debtors	2,000
Meeta 1,000	8,000	Furniture	1,000
creditors	2,000	Plant&Machinery	4,500
Reserve fund	2,500		<hr/>
	<hr/>		<hr/>
	12,500		12,500

Adjustments : They decide to dissolve the firm on the following terms:

(a)The plant &Machinery realized Rs 4,250,stock Rs 3,500 ,Debtors Rs 1,850 and Furniture Rs 750.

(b)For the service of sita is paid Rs 60 (c) Realization expenses Rs 450.(d) An unrecorded asset of Rs 200 is taken by Rita at Rs 200

.(e) Creditors arte paid less 2%.

Prepare realization expenses A/c partner's A/c of dissolved firm .

Q Difference between dissolution of Partnership firm and dissolution of partnership.

**Book Volume -2**

**Chapter - 8(Issueof shares and Forfeiture /re-issue of share capital)**

**Year - 2024 1 Marks Questions**

Q1.(Assertion)The meaning of forfeiture of shares is to terminate shareholder's membership and all rights from company.

(Reason) The forfeited shares can be re -issued at more then the value of their face value:

(a) both A and R are correct and R is the correct explanation of A (b) Both A and R are correct, but R is not the correct explanation of A (c) Assertion is true ,but reason is false .(d) Assertion is incorrect but reason is correct.

Q2.(Assertion) A company is created under the company's act 2013.

(Reason) Company is an artificial person, which is a separate entity from its shareholders.

(a) both A and R are correct and R is the correct explanation of A (b) Both A and R are correct, but R is not the correct explanation of A (c) Assertion is true ,but reason is false .(d) Assertion is incorrect but reason is correct.

Q2.If 10 shares of Rs 80 each are forfeited on the non-payment of first call of first call of Rs 2 per sharte and further re- issued these shares @Rs 9per share, the value of capital reserve will be : (a) Rs 640 (b) Rs 80(c) Rs 560 (d) Rs 720

Q3. If 40 shares of Rs 10 each are forfeited on the non-payment of first call of Rs 3 per share and further re-issued these shares @Rs 7 per share, the value of capital reserve will be : (a) Rs 260 (b) Rs 160 (c) Rs 280 (d) Rs 400

**Year -2017 2 marks question** Q1. What do you mean by under subscription? Q2. What is the meaning of preference share? Q3. What do you mean by reissue of share? Q4. What is the meaning of equity share? Q5. What is meaning of over subscription of share?

**3 marks question** Q1. What do you mean by shares? Q2. What is private placement of share? Q3. What is employees stock option plan?

**Year - 2018 2 marks question**

Q1. What do you mean by share capital ? Q2. What do you mean by under subscription of share ?

Q3. What do you mean by authorized capital ? Q4. What do you mean by Pro -Rata allotment of share ?

Q5. What do you mean by reserve capital? Q6. What do you by over subscription of shares ?

**3 marks question** Q1. What do you mean do share premium ? For what purpose can the amount of share premium be utilized ? Q2. What are the characteristics of a company ? Explain . Q3. What do you mean by call in arrears and call in advance ?

**Year-2019 1 marks question**

Q1. In a table F is adopted the rate interest on call in arrear will be: a. 6% b. 5% c. 8% d. 10%

Q2. The number of member of private company can not exceed ? a. 50 b. 100 c. 10 d. 500

Q3. The rate of interest on calls in advance will be ? a. 6% b. 10% c. 12% d. 15 %

**2 marks question** Q1. What do you mean by preference share ? Q2. What are call in arrear ? Q3. What is issued capital

Q4. What are equity share ? Q5. What do you understand by forfeiture of shares? Q6. What is subscribed capital ?

Q7. What is call in advance ? **4 marks question**

Q1. The directors of a company forfeited 2,000 shares of rs 100 each for non payment of final call of rs 20 per share

. Subsequently these shares are reissued as fully paid up for rs 100 per share . Pass journal entries.

Q2. The director of the company forfeited 500 of rs 10 each for non payment of final call of rs 3 per share . Subsequently these share were reissued as fully paid up for rs 10 per share . Pass journal entries

Q3. Ankit company Ltd . forfeited 200 shares of rs 100 each rs 80 paid for the non payment of final call of rs 20 per share. Out of these 160 shares were reissue to Mr. Rahul for rs 75 per share . Pass the journal entries

**Year-2020 1 marks question** Q1. Interest on partners loan is paid at the rate of a. 4% b. 5% c. 6% d. 10%

Q2. Premium received on issue of shares is shown at a. Assets side b. Equity and liability c. Dr. side of P&L A/C d. Cr. Side of P&L

**2 marks question** Q1. What are preference shares ? Q2. What is the meaning of capital reserve ?

Q3. What is minimum subscription? Q4. What is meant by reissue of share ? Q5. What is sweat equity share ?

**4 marks question** Q1. Aditi Ltd. Issued 1000 share of rs 10 each to Reeta at a premium of rs 5 per share . Reeta had paid rs 3 per share on application and rs 8 on allotment but could not pay rs 2 on 1<sup>st</sup> call . The director forfeited her shares and reissued to Bhanu as rs 8 for fully paid . Pass journal entries.

Q2. The directors of company forfeited 4000 shares of rs 100 each , rs 75 paid up for non payment of the final call of rs 25 . 2000 of the share were reissued as fully paid for 60 per shares . Pass journal entries.

Q3. A company makes an issue of 5000 shares of rs 100 each . The net amount payable on application rs 20 , on allotment rs 20 , on 1<sup>st</sup> call rs 30 and on final call rs 30 . A share were forfeited and out of these 100 share didn't pay the final call money . his share were forfeited and out these share 40 shares were reissued to Mr. y at rs 70 per share . Pass journal entries.

Q4. A company makes an issue of 10,000 shares of rs 10 each . The net amount payable on application rs 3 , on allotment rs 2 (premium 2) , on 1<sup>st</sup> call rs 5 . 15,000 applications were received for purchasing the shares. the company made pro-rata allotment to 12,000 applications. The remaining applications were rejected and application money was returned. The excess application money on allotted shares was utilized towards allotment and call. Vinay having 400 shares failed to pay the allotment and call . his shares were forfeited after first call . from these 400 forfeited shares, 300 shares were re- issued as fully paid for Rs 8 per share. Pass necessary journal entries and prepare bank A/c and balance sheet of the company.

Q5. Pass necessary journal entries in the following cases: (a) X Ltd. Purchased a plant from Y Ltd. For Rs 1,80,000 and issued Rs. 10 fully paid shares in payment: (i) At Par (ii) At 20% premium (b) 7,000 shares of Rs 10 each issued to the promoters at a premium of 10% the services rendered by him.

**Year-2021 1 marks question** Q1. Shareholders get: (a) Interest (b) Commission (c) Dividend (d) Profit

**2 marks question** Q1. What is share capital ?

**3 marks question** Q1. Difference between reserve capital and capital reserve ?

**4 marks question** Q1. What is securities premium and explain the provision of section 52 regarding the use of securities premium amount

**Year-2022 1 marks question** Q1. What are the type of shares (a) 1 (b) 2 (c) 3 (d) 4

Q2. Minimum time between every call should be a. One month b. Two months c. Fifteen months d. None of these Q3. The forfeited share can be reissued at a. Par b. Premium c. Discount d. All of these

**2 marks question** Q1. What is under subscription ? Q2. What is over subscription ? Q3. What pro rata allotment ? **4 marks question**

Q1. A holds shares of Rs. 10 each on which he has paid Rs 1 per share as application money . B holds 200 of shares of Rs 10 each on which he has paid Rs 1 and Rs 2 per share as application and allotment money . C holds 300 shares of Rs 10 each and he has paid Rs 1 on application Rs 2 on allotment and Rs 3 on 1<sup>st</sup> call . They failed to pay arrear on the 2<sup>nd</sup> call of Rs 2 per share and the director therefore their share The shares are reissued for Rs 11 per shares as fully paid . Pass the transaction .

Q2. Shines Star Ltd issued 10,000 shares of Rs 10 each at par . The amount payable was:

Rs 2.50 on application , Rs 2.50 on allotment , Rs 3 on first call and Rs 2 on final call . The company did not made final . Gopal a shareholder of 1000 shares failed to pay the amount of allotment and 1<sup>st</sup> call money . Director forfeited his shares and immediately reissued the forfeited shares at rs 8.50 per share.

**Year - 2024 1 marks question**

**Q1. Equity shareholders are:**a. Creditors b. Owners c. Directors d. Debenture **Q2. After reissued of forfeited share the balance of shares forfeited a/c is transferred to** Capital account b. Capital reserve a/c c. General reserve a/c d. Reserve capital a/c **Q3. Share in a company are**

a. Movable asset b. Paper currency c. Immovable asset d. Negotiable instrument

**Q4. Assertion(A) Company makes pro-rata allotment of shares, when there is over subscription of applications**

**Reason®** In case of over-subscription, it is not possible to allot shares to all applications. (a) both A and R are correct and R is the correct explanation of A (b) Both A and R are correct, but R is not the correct explanation of A (c) Assertion is true, but reason is false. (d) Assertion is incorrect but reason is correct.

**Q5. If 60 shares of Rs 10 each are forfeited on the non-payment of first call of Rs 4 and after sometimes these shares are re-issued for Rs 8 per share, the capital reserve will be** a) Rs 360 (b) Rs 240 (c) Rs 480 (d) 120

**2 marks question** Q1. What are authorized capital ?

**4 marks question** Q1. P LTD forfeited 500 shares of Rs 10 each issued at premium of Rs 2 per share for the non payment of 1<sup>st</sup> call money of Rs 2 per share. The final call of Rs 3 per share has not been made yet. Of these forfeited shares were reissued to L at Rs 8 per share fully up. Pass the entries

**Q2. Shyam Ltd forfeited 800 shares of Rs 10 each fully called up to Ram. He paid on these shares Rs 3 on application but could not pay Rs 3 on allotment and Rs 4 on call. 500 shares were reissued to Ravi for Rs 8 per share as fully. Pass the entries.**

**Q3. Rohan Ltd issued 1500 shares of Rs 10 each payable Rs 2 on application Rs 3 on allotment, Rs 2 on 1<sup>st</sup> call and Rs 3 on final call. The directors didn't make final call. All the shares were applied and allotted. All money called on shares were received except the 1<sup>st</sup> call on 500 shares. These shares were forfeited and then reissued at Rs 5, Rs 7 paid up. Give journal entries.**

**Year – 2024 2 marks question**

**Q1. What is the meaning of Pro-rata allotment? Describe** **Q2. Explain the difference between preference shares and equity shares.** **Q3. Where the amount of premium on shares received can be utilized? Describe.** **Q4. What is the meaning of oversubscription? Explain.**

**3 marks question** Q1. Manish Ltd. issued a prospectus for 10,000 shares of Rs. 10 each of the public. The shares were payable as follows : on application Rs 3, Allotment Rs 3, Rs 2 on first call and balance of 2<sup>nd</sup> call. Applications are received for 9,000 shares are allotted. All the money is received expect 100 shares of two calls pass necessary journal entries and prepare bank A/c.

**4 marks question** Q1. A Ltd. company issued 20,000 shares of Rs. 10 each payable as follows : Rs. 2 per share on application, Rs per share on allotment (including premium) on allotment, Rs 3 per share on first call and Rs per share on second call. All the share money are received expect X money and Y who holding 200 shares who paid up to allotment. All these shares are forfeited after first call. After sometime 400 forfeited shares (including whole shares of X are re-issued to Z on payment of Rs 6 per share, assumed paid, up to first call. Pass necessary journal entries, prepare bank A/c and balance sheet.

**Q2. Atul Co Ltd. Issued 10,000 shares of Rs 100 each at premium of Rs 10 per share, payable as Rs 30 on Application, Rs 50 on allotment (including premium) and balance on first call. All the shares are subscribed and allotted. A shareholder having 200 shares, not paid the first call. Expenses on issue of shares are Rs 500. Share issue expenses are to be written from securities premium reserve A/c pass necessary journal entries and prepare bank a/c.** **Q3. A company issued 40,000 shares of Rs 10 each at a premium of 2 per share, payable as follows : on app. Rs 2, on Allot Rs 5 (Including premium), on first call Rs 2 and in final call Rs 3 per share. Applications are received for 70,000 shares. Allotment is made on pro-rata to the applicants for 50,000 shares, remaining applications being refused. Money overpaid on applications will be applied towards sum due to allotments and calls. A to whom 1500 shares are allotted failed to pay the allotment and calls money. B to whom 2,000 shares are allotted failed to pay two calls. These shares are forfeited after 2<sup>nd</sup> call. 3,000 forfeited shares further re-issued @ Rs 9 per share fully paid up whose forfeited shares of A included for re-issued. Pass necessary journal entries, bank A/c and balance sheet.**

## **Chapter - 9 (Accounting for Debenture)**

**2017 2 marks question** Q1. Explain secured debenture. **Q2. What are redeemable debentures.** **Q3. Explain any two features of debenture.** **3 marks question** Q1. Write any three advantages of issuing the debenture. **Q2. Write the difference between share and debenture.** **Q3. Explain the advantages of debenture.**

**4 marks question** Q1. Journalise the following transaction at the time of issue and redemption : Debenture of Rs 100 each issued at Rs 95 and repayable at Rs 110 **Q2. Journalise the following transaction at the time of issue and redemption : A debenture issued at Rs 95 and repayable at Rs 100. The face value of debenture is Rs 100.** **Q3. Journalise the following transaction at the time of issue and redemption : Debenture issued at Rs 100 made repayable at Rs 105. The face value of debenture is Rs 100**

**Year - 2018 2 marks question** Q1. What are redeemable debentures? **Q2. Explain secured debenture?** **Q3. What do you mean by bear debenture?**

**3 marks question** Q1. What is meant by debenture? Give three characteristics of debenture. **Q2. What do you mean by redemption of debenture? Name four methods of redemption of debenture** **Q3. What are the advantages of issuing debenture.**

**4 marks question** Q1. On March 31, 2016, Y Ltd redeemed Rs 40,000 12% debenture out of profits. Pass the necessary entries. **Q2. On March 31, 2015, Z Ltd redeemed Rs 50,000, 12% debenture out of profit. Pass the necessary entries.**

**Q3. On March 31, 2015, X Ltd redeemed Rs 80,000, 12% debenture out of profit. Pass the necessary entries.**

**Year - 2019 1 marks question** Q1. Debenture can not be redeemed at a. Premium b. Par c. Discount d. More than 10% premium **Q2. Debenture cannot be redeemed out of this ; a. Profit b. Capital c. Provision d. All of these** **Q3. Debenture holder is** a. Owner of the company b. Debtors of the company c. Trustee of the company d. Lenders of the company

**2 marks question** Q1. Write any two characteristics of the debenture. **Q2. What are registered debentures.**

**Q3. What do you mean by issue of debenture as collateral security?** **Q4. What are convertible debentures?** **Q5. What are debentures?** **Q6. What are irredeemable debentures?**

**4 marks question** Q1. Vibhor Ltd redeemed Rs 1,10,000, 15% debenture out of the profit. Pass the necessary entries.

**Q2. Vipasha Ltd redeemed Rs 2,00,000, 12% debenture out of the profit. Pass the necessary entries.** **Q3. Gaurav Ltd redeemed Rs 1,18,000, 12% debenture out of the profit. Pass the necessary entries.**

**Year - 2020 1 marks question** Q1. The balance of debenture redemption reserve is finally transferred to:

a. Sinking fund a/c b. Debenture redemption fund a/c c. General reserve a/c d. Debenture redemption fund investment a/c Q2. Interest on sinking fund investment is credited to :a. Sinking fund a/c b. Statement of P&L a/c c. General reserve a/c d. Sinking fund investment a/c Q3. Discount on issue of debenture is an asset :a. Fixed asset b. Current asset c. Fictitious asset d. None of these

**2 marks question** Q1. What is mean by redemption of debenture ?Q2. What are zero coupon bond?

Q3. What is the meant by redemption of debenture out of profits ?

Q4. What is meant by issues of debenture as collateral security ?Q5. What is meant by deep discount bond ?

Q6. Explain the benefits of debenture .

**4 marks question** Q1. Tata Ltd..purchased from Bata Ltd a machine for rs 3,60,000 payables in 15% debenture of Rs 100 each . Give necessary journal entries in the books of tata ltd if debenture are issued :At par , At 20% premium Q2. Rani Ltd has outstanding Rs 5,00,000 14% debenture divided into debenture of rs 100 each due for redemption . Record necessary journal entries regarding redemption assuming that there is a balance of Rs 30,00,000 in debenture redemption reserve account on the date of redemption .

Q3. Journalized the following transaction at the time of issue and redemption :

10,000 12% debenture if Rs 100 each par , but redeemable at a premium of 5% after 5 years .

**Year - 2021 1 marks question** Q1. Debenture issued by companyare proof of :a. Capital b. Loan c. Cash d. None of these **2**

**marks question** Q1. What do you mean secured debenture ?Q2. Write down any two feature of debentures?**1 marks question** Q1.

Rate of interest on debenture is at :a. 12% b. 20% c. Fixed rate d. 15%Q2. Debenture represent :a. Investment by equity shareholder b. Directors share in company

c. Long term liability of business

d. None of the above **2 marks question** Q1. What are zero coupon bond **.4 marks question**

Q1. Write the difference between share and debentures.

**Year - 2022 1 marks question** Q1. Debenture are a. Long term liability of the business b. Investment by the equity shareholders c.

Share of directors in the company d. All of these Q2. Debenture application account is :a. Current account b. Nominal account c.

Personal account d. Real account

Q3. When debenture are issued at discount and redeemable at premium , then loss on such issue is debited to:a.Loss on issue of debenture a/c b. Premium on redemption of debenture a/c c. Debenture a/c d. Bank a/c Q4. Premium on redemption of

debenture a/c is :a. Asset b. Expenditure c. Liability d. Revenue Q5. When a company is liquidated , the debenture holders have a prior right for

a. Principal amount b. Interest c. Both a and b d. None of theseQ6. When debenture are redeemed out of profit an

equivalent amount is transfer:a.General reserve account b. Capital reserve a/c c. Debenture redemptiond. Profit and loss account

Q7. If debenture purchased from open market are not cancelled immediately then it is :

a. Investment b. Fixed assets c. Current assets d. Current liability

Q8. Debenture cannot be redeemed a. At par b. At discount c. At premium d. All of these

Q9. Discount on debenture is :Deferred revenue expenditure a.Capital loss b.Revenue loss c.None of these Q10. Premium on redemption of debenture is provided:

A. Issue of debenture b. Redemption of debenture c. Written off d. After 10 years Q11. Premium on redemption of debenture is :a. Personal a/c b. Real a/c c. Nominal a/c d. Suspense a/c

**2 marks question** Q1. Explain any two feature of debenture Q2. What are redemption of debenture .

Q3. What is the difference between bonds and debenture

**3 marks question**Q1. Explain the sinking fund method of redemption of debenture .Q2. What do you mean by redemption of debenture ? Write the names of various methods of redemption of debenture .

Q3. Explain the guidelines given by SEBI for the redemption of debenture .

**4 marks question** Q1. Journalized the following A ltd redeemed 500 12% debenture of rs200 each by converting them into equity share of rs 1000 each at par .B ltd redeemed 2500 13% debenture of rs 100 each by converting them into equity share of rs 10

eachatpremium of 25%.Q2. Journalized the following Z ltd issued 10,000 10% debenture of rs 100 each at a discount of

10%redeemable at par after 4 years by converting them into equity shares of rs 100 each issued at premium of 25%.

Pass journal entries for the issue and redemption of debenture.

Q3. Journalized the following transaction C ltd redemption 3000 , 14% debenture of Rs 100 each which were issued at 10% discount by converting them into equity shares of Rs 10 each at par .

D ltd redemption 2,000 , 14% debenture of Rs 100 each which were issued at a 5% by converting them into equity shares of Rs 10 each at a premium of 25% .( before maturity )

**Year - 2023 2 marks question**

Q1. What are secured debenture ?Q2. Explain the feature of debenture .Q3. What is the meaning if redemption of debenture

?Q4. What is the difference debenture holders and share holders ?Q5. What are the advantages of debenture ?Q6. What are the difference between redeemable debenture and irredeemable debenture ?

**3 marks question** Q1. X LTD issue 20,000 , 15% debenture of rs 100 each at a discount of 3% to be redeemed at par at the end of 5<sup>th</sup> years. Give the journal entries at the time of issue on 1<sup>st</sup> April 2015 and redemption after 5 years on 31<sup>st</sup> march ,2020 .

Q2. Y LTD issue 15,000 ,15% debenture of rs 100 each at a premium of 3% to be redeemed at a pr at the end of 5<sup>th</sup> years . Give the necessary journal entries at the time of issues on 1<sup>st</sup> April 2014 and redeemed after 5 years on 31<sup>st</sup> march 2019 Q3. On 31<sup>st</sup> march 2020 Raj ltd redeemed r 80,000 , 12% debenture out of profits. Pass the necessary journal entries.

**Year-2024 1 marks question**Q1.The redemption of debentures means :(a) Payment of shareholders (b) Payment of debenture-holder (c) Payment to creditors (d) Payment to debtors Q2.The debentures are considered (a)Unsecured loan (b)Secured loan (c) Both A&B (d) Misc. Exp

Q3.The profit on redemption on the redemption of debenture is transferred to ⓐa)P&L A/c (b) General fund (c)Capital reserve (d) Specific A/c Q4.Loss on deb.is treated as : (a) intangible assets (b) Current assets (c) Current lia (d) Miscellaneous expenditure

.Q5The debenture can not be redeemed ⓐa) at Premium (b) At discount (c) at par value (d)More than 10% premium .

**Year – 2024 2 marks question**

Q1.Explain the difference between debentures and shares . Q2.Ram Ltd.issued 9% ,Rs 400,000 debentures at a discount of 5%, repayable at the end of 2<sup>nd</sup> year . show debenture discount A/c for 2 years .Q3. What is the meaning of bonds? Describe.Q4.Describe types of debenture from record point of view . Q4.Ram Ltd.issued 6% ,Rs 300,000 debentures at a discount of 3%, repayable at the end of 2<sup>nd</sup> year . show debenture discount A/c for 2 years.Q5. Describe the sinking fund methods of redemption of debenture . Q5. A co. ltd had Rs 4,00,000 ,6% debentures due redemption. For the redemption of debenture company issued Rs 4,00,000 ,4% debentures at a premium of 6%. Pass necessary journal entries.Q6.AbC It. issued 8%Rs 2,00,000 deb at a discount of 2%,repayable at the end of 2<sup>nd</sup> year.show debenture discount A/c for two years.Q7.Describe two points , which are considered at the time of redemption of debentures?

**3 marks question**Q1.B co. ltd had Rs 5,00,000, 9% debentures for redemption. For the redemption of debentures company issued Rs 5,00,000, 5% deb at a premium of 7%. Pass necessary journal entries .

Q2. Xltd had Rs 3,00,000, 8% debentures for redemption. For the redemption of debentures company issued Rs 3,00,000, 6% deb at a premium of 5%. Pass necessary journal entries .

**Volume – 3 Chapter – 1(Financial statement of the company)**

**Year- 2017 2 Marks Questions**

**Q1.Under which headings the following items are shown in balance sheet of a company?**

(i)Debenture (ii) Vechiles (iii) Provision for Tax (iv) Sundry Debtors

**Q2.What is the meaning of financial statements ?**

**Q3.How would you disclosed the following items in the balance sheet?(i)Stock (ii) Bills Payable (iii) Goodwill (iv) Preliminary expenses Q4.What is meant by financial statement ?**

**Q5.Show he following items n balance sheet under the right heading.(i) Capital reserve (ii)Goodwill (iii) Bank balance (iv) Profit &loss A/c credit Q6.Write the importance of financial analysis for any two parties ?**

**Year – 2018Q1.What are the main heads on the liabilities side of balance sheet of a company ?write their names.**

**Q2.Write two limitation of analysis of financial statement .Q3.Name the items which are shown under the headings,Miscellaneous expenditure in a company balance sheet . Q4.What are the objectives of balance sheet ?**

**Year -2019Q1.Name the items which are shown under the headings ,Intangible assets.Q2.State any two objectives of financial statement.Q3.Write the advantages of financial statement analysis . Q4.Name the items which are shown under the heading , Tangible Assets.Q5.State any two limitation of Analysis of financial statement.**

**Q6 Show the order of sub headings current liabilities in the balance sheet of a company Q7.What is meant by financial statement of a financial statement?**

**Year -2020Q1.Under which headings the following items are shown in balance sheet of a company?**

(i)Goodwill (ii) Loose tools (iii) Provision for Tax (iv) General reserve

**Q2.Give the limitation of financial statements.Q3.Under which headings the following items are shown in balance sheet of a company?(i)Unclaimed dividend (ii)Capital reserve (iii) Bills Payable (iv) Live stock**

**Q4.Under which headings the following items are shown in balance sheet of a company?(i)Securities premium reserve (ii)Prepaid insurance (iii) Mortgage loan (iv) Long term investment**

**Year -20211 Marks questions Q1 A company is created by:(a)Special Act of parliament (b)Companies act (c)General law**

**(d)Agreement between two Q2.Provision fortax appears in acompany's balance sheet under the sub head :(a) Long term provision (b)Short term provision (c)Other current liabilities (d) None of theseQ3.Financial analysis are known as :(a) Financial statements (b) Comparative statement (c) Analysis of financial statement (d) None of these2 Marks questions Q1.Under which headings the following items are shown in balance sheet of a company?(i)Goodwill (ii)Cash (iii)Shares capital (iv) Preliminary expenses**

**Q2.What is Analysis of financial statement**

**Year -20221 Marks questions Q1.Which of the following are the financial statement of a company ?**

(a)Balance sheet (b)Statement of profit and loss (c)Both a and b (d)None of these

**Q2.Financial analysis is useful for:(a) Investor (b)Shareholder (c)Debenture holder (d) All of these**

**Q3.Building and trademark come under the head/sub head :(a)Curent assets (b)Non- Current investment (c) Non current assets (d) None of these**

**Q4.A good financial statement should have the characteristics :(a) As per objectives (b) Helpful in analysis (c) Simplicity (d)All of these Q5.Closing stock is shown in assets side under the head/sub head:**

(a) Current assets (b) Fixed assets (c) Non-Current assets (d)None of these

**2 Marks questions Q1.Write the names of four items are shown under long term borrowings in balance sheet of a company?Q2.Write the names of four items are shown under Reserve and surplus in balance sheet of a company?Q3.Write the names of four items are shown under Shareholder funds in balance sheet of a company?**

**Year -20231 Marks questions Q1.Which of the following items is not considered as cash :(a) Bank overdraft (b) Commercial bill (c) Treasury bill (d) Investment Q2.Interest on loan is (a) Indirect expenses (b)Direct expenses (c)operating expenses(d) None of theseQ3.An annual report is issued by company to its :(a) Directors (b) Auditors (c)Shareholder (d) Management**

**2 Marks questions Q1.What are the significance of financial statement Q2.What is the main objectives of tools of financial analysis ?Q3.Write the uses of analyzing the financial statement .**

**Year -2024 1 Marks questions Q1.Live stock is shown in the balance sheet :(a ) Investment (b)Loan and advances (c)**

**Miscellaneous expenditure (d) None of these.Q2. Unclaimed dividend is shown in the balance sheet: (a) Share capital (b) Secured loans (c) Long term liabilitiesQ3. According to company's Act the following is not compulsory to prepare for a company(a) Trading A/c (b) Fund flow statement (c) Profit –loss A/c (d) Balance sheet.**

**2 marks questions Q1.Under which heads oe sub-heads, the following items are shown in the balance sheet under company's Act⊗a) Bill Rec. (b) Provision for taxation (c) Copy rights (d) Prepaid expenses**

**Q2.Under which heads sub-heads, the following items are shown in the balance sheet under company's Act a)Plant and Machinery (b) Proposed dividend (c) Outstanding expenses (d) Prepaid expenses Q3. Under which heads or sub-heads,the following items are shown in the balance sheet under company's Act⊗a) Buildings )b) goodwill (c)Accrued income (d) Unpaid dividend**

**Chapter -5(Accounting Ratios)**

## 2 Marks questions Year - 2017

Q1. Current ratio is 2.5, working Capital is Rs 60,000, calculate Current Asset and Current liability.

Q2. Current Liability Rs 75,000, Current ratio is 3.1, if asset test ratio is 1:1 then calculate Current asset, Liquid asset and stock.

Q3. Current Ratio is 4.5:1, Quick Ratio is 3:1, Assuming inventories are Rs 72,000, find current asset and current

liability. Q4. Current ratio is 2.5, working Capital is Rs 60,000, calculate Current Asset and Current liability. Q5. Current Liability Rs

75,000, Current ratio is 3.1, if asset test ratio is 1:1 then calculate Current asset, Liquid asset and stock. Q6. Current Ratio is

4.5:1, Quick Ratio is 3:1, Assuming inventories are Rs 72,000, find current asset and current liability. **Year - 2018** Q1. Current asset

of the company are Rs 3,15,000. Its Current ratio is 3:1, Quick Ratio is 1.5:1. calculate value of Current liability, liquid Asset,

stock. Q2. Current liability are Rs 1,50,000, Current Ratio is 3:1, Quick ratio is 1:1. calculate C A, Liquid asset and stock

. Q3. Current ratio is 2.1, Working capital Rs 60,000, calculate current asset, Current liability.

**Year - 2019** 1 Marks Questions 1. Current Ratio is : (a) Liquidity ratio (b) Solvency ratio (c) Profitability ratio (d) Activity ratio 2.

Debt Equity Ratio is : (a) Liquidity ratio (b) Solvency ratio (c) Profitability ratio (d) Activity ratio 3. Liquidity ratio is known by

this name : (a) Acid Test Ratio (b) Quick Ratio (c) Both of Above (d) None of the Above **2 marks questions** Q1. Calculate the quick

ratio from the following information ;

Current Asset- Rs 90,000, Current Liability- Rs 60,000, Prepaid Expenses- Rs 5000, Stock Rs 25,000, Sundry Dr. Rs 20,000 **2 marks**

**questions** Q2. Calculate Debtors Turnover ratio from the following :

Opening debtors Rs 20,000, Credit Sales - Rs 1,12,500, Closing debtors- Rs 2500, Cash sale- Rs 87,500

Q3. Calculate Gross profit Ratio : Sales Rs 5,50,000, Sales return Rs 50,000, Cost of goods sold Rs 3,00,000

**Year - 2020** 4. what is Ideal Current Ratio? (a) 1:1 (b) 2:1 (c) 1:2 (d) 3:4

5. what is Ideal Quick Ratio? (a) 1:1 (b) 1:6 (c) 2:1 (d) 1:2

6. Current Ratio : (a) Current Asset / CL (b) Fixed asset / CL (c) Quick ratio / CL (d) None of the above

**2 marks questions** Q1. If Current ratio is 5:2, Working capital Rs 81,000 then calculate amount of Current asset and Current

Liability. Q2. From the following data calculate inventory turnover ratio : cost of goods sold Rs 3,00,000, purchase Rs

3,30,000, opening stock Rs 60,000

Q3. Debtors Rs 1,00,000, Current asset Rs 2,00,000, Working capital Rs 2,00,000 calculate current ratio.

**Year-2021** 7. Debt-equity Ratio shows which feature of Business

(a) Profitability (b) long term Financial position (c) Activity (d) Short term financial position

8. The ideal Liquid Ratio is : (a) 2:1 (b) 1:1 (c) 0.5:1 (d) 1:5

9. Current Ratio is : (a) Liquidity ratio (b) Solvency ratio (c) Profitability ratio (d) Activity ratio

**2 marks questions** Q1. From the following data calculate Liquid ratio Current asset : Rs 40,000, Stock Rs 6000, Prepaid Expenses Rs

2000 working capital Rs 33,600 If debtors Rs 1,00,000, other current asset Rs 2,00,000, Working Capital Rs 2,00,000 find out

current ratio.

Q2. Calculate value of stock if Current ratio is 2.5:1 or is 5.5:1 and Current asset is Rs 2,00,000.

Q3. Difference between Quick Ratio and Current Ratio. Q4. Calculate the gross profit ratio from following data ;

Cash sale being 25% of the total sale ; purchase Rs 3,45,000; Credit sale Rs 3,00,000 ; Excess of closing stock over opening stock is 25000

**Year - 2022** 12. Debt Equity Ratio is : (a) Liquidity ratio (b) Solvency ratio (c) Profitability ratio (d) Activity ratio

13. Ratios are measure of the speed with which various account are converted into sales and cash:

(a) activity (b) Debt (c) Solvency (d) Liquidity

14. what is the ideal debt equity ratio: (a) 1:1 (b) 1:2 (c) 2:1 (d) 3:1

15. Debit equity ratio : (a) Liquidity ratio (b) Profitability ratio (c) Solvency ratio (d) Turnover ratio

16. Debtor Turnover ratio is : (a) Debtor / Final stock (b) debtor / Sale (c) Net Credit Sale / Average Account Receivable (d) None of the Above

17. Ideal Quick ratio is : (a) 1:1 (b) 1:6 (c) 1:2 (d) 2:1

18. The basic measures of liquidity are : (a) Stock and Debtors turnover ratio (b) Current Ratio and Operating Ratio (c) Current ratio and Liquid ratio (d) Gross and net profit ratio

19. comparative Income Statement shows: (a) increase or decrease (b) Cost of Goods sold (c) Gross Profit or loss (d) All the above

**2 marks questions** Q1. Calculate Quick ratio from the following information :

Current ratio Rs 5,40,000, stock Rs 95,000, Prepaid expenses Rs 5,000, Current Liability Rs 4,40,000.

A company Current Asset of Rs 3,00,000 and Current liability is Rs 1,00,000 after that purchased goods for Rs 2,00,000 Credit. calculate the new Current ratio After the Purchase.

Q2. Calculate working capital turnover ratio : Cost of goods sold Rs 1,50,000, Current asset Rs 1,00,000 CL Rs 75,000 Q3. If Current

Ratio 2.5, Working Capital is Rs 1,50,000 Calculate amount of current asset and current liability. Q4. From the following

information calculate Inventory Turnover ratio :

Interest at beginning Rs 1,00,000, Interest at end Rs 1,00,000 Revenue from operation Rs 5,00,000

Purchase Rs 4,00,000 Wages Rs 80,000, Carriages Rs 20,000

Q5. If Current ratio is 2:1 or Quick ratio is 1.5:1 and current liability is Rs 80,000. Calculate the value of inventory. **Year - 2023** Q2.

The Formula of Proprietary ratio is : (a) total asset / Debts (b) Equity / Total asset (c) Debt / Equity (d) None of these Q3.

which of the following ratio is most important in determining the long term solvency of a company? (a) profitability ratio (b) Debt equity ratio (c) working capital turnover ratio (d) All of these Q4. If total assets Rs 7,70,000, Total Liabilities Rs 2,60,000,

Current Liabilities Rs 40,000 then Total assets to debt ratio is (a) 3.5:1 (b) 2.56:1 (c) 2.8:1 (d) 3:1

Q7. If equity Share capital is Rs 15,00,000 Reserve and surplus Rs 7,50,000 Total Assets Rs 45,00,000 then proprietary ratio is : (a) 50% (b) 33.3 % (c) 200% (d) 25%

Q8. Limitations of ratio analysis is : (a) Qualitative factor are ignored (b) Lack of proper standard (c) Window Dressing (d) All

Q9. The Ratio showing the ability to pay short term liability is : (a) liquidity ratio (b) Profitability ratio (c) Solvency ratio

Q10. Profitability ratio is generally expressed in : (a) Simple ratio (b) Percentage (c) times (d) none of these **3 marks**

**questions** Q1. Calculate current ratio ; Working capital Rs 9,00,000, Trade payable Rs 90,000, Other current liabilities Rs

2,10,000 Q2. Calculate Inventory turnover ratio : Purchases Rs 4,84,000, Opening stock (inventory) Rs 58,000, Revenue from

operation Rs 6,40,000, Gross profit is 25% on sale. Q3. Calculate Inventory turnover ratio : Revenue from operation Rs 3,00,000 Purchase Rs 2,50,000 Closing inventory Rs 41,000. Direct Expenses Rs 12,000 Gross profit is 15% revenue from operation. Year -2024 1 Marks questions Q1 Which items is not included, while calculating current ratio ? (a) Cash at bank (b) Stock (c) Prepaid expense (d) Plant Q2. Liquidity ratio is related to (a) Short-term solvency (long term solvency (c) Efficiency of management (d) Profitability of business.

2 marks questions Q1. Explain two advantages of ratio analysis. Q2. Write two limitations of ratio analysis .

Q3. Write the name of four types of ratio analysis. 3 marks questions Q1. If current assets of a company are Rs 5,00,000 its current ratio is 2.5:1 and quick ratio 1:1 calculate current liabilities , liquid assets and stock . Q2. If current assets , current liabilities and liquid assets if current ratio 4:1 , liquid ratio 2:1 and stock Rs 40,000. Q3. Calculate current assets, current liabilities and liquid assets, if working capital is Rs 1,20,000 and current ratio 3:1 , stock Rs 75,000 and prepaid expenses Rs 75,00.

### Chapter- 6 (Cash Flow Statement)

Year -2017 2 marks questions Q1. What is the importance of cash flow statement? Q2. What is meant by Cash Flows? Q3. What is meant by cash equivalents?

3 marks questions 1. Compute Cash from operating activities from the following details:

Particular	2015	2014
Profit & Loss A/c	1,10,000	1,20,000
Debtors	50,000	62,000
Outstanding Rent	24,000	42,000
Goodwill	80,000	76,000
Prepaid Insurance	8,000	4,000
Creditors	26,000	38,000
Particular	2014	2015
Profit & Loss A/c	30,000	25,000
Stock	1,00,000	1,20,000
Debtors	40,000	37,500
Outstanding Expenses	3,500	-----
Prepaid Expenses	3,000	5,000
Creditors	22,500	29,000

6. Compute Cash from operating activities from the following details:

Particular	31.03.2021	31.03.2020
Profit & Loss A/c	50,000	1,80,000
Debtors	50,000	30,000
Creditors	25,000	20,000
Bills Receivables	10,000	12,000
Outstanding Expenses	1,800	1,000
Bills Payable	40,000	25,000
Accrued Income	6,000	7,000

Year – 2018 2 marks questions Q1. Explain the limitations of cash flow statement. Q2.. Describe the importance of Cash Flow Statement. Q3. Describe the objectives of cash flow statement.

3 marks questions Q1 . Compute Cash from operating activities from the following details:

Particular	2016	2017
Balance of Profit and Loss Account	60,000	65,000
Debtors	87,000	40,000
Bills Receivable	62,000	1,03,000
General Reserves	2,02,000	2,37,000
Dividend Equalisation Fund	78,000	1,00,000
Salary Outstanding	30,000	12,000
Wages Prepaid	5,000	7,000
Goodwill	80,000	70,000

Q2. Compute Cash from operating activities from the following details:

Particular	2017	2016
Profit & Loss A/c	2,20,000	2,40,000
Accounts Receivable	1,00,000	1,24,000
Outstanding Rent	48,000	84,000
Goodwill	1,60,000	52,000
Amount Payable in advance	16,000	8,000
Account Payable	52,000	76,000

Q3. Compute Cash from operating activities from the following details:

Opening Cash Balance	30,000
Closing Cash Balance	34,000
Decrease in Stock	16,000
Increase in Bills Payable	24,000
Sale of Fixed Assets	60,000
Repayment of long term loan	1,00,000
Net Profit for the year	4,000

**Year -2023 1 Marks questions** Q1. which one of the following is not a non - cash items ?(a)Cash Sales (b) Goodwill written off (c)

Depreciation (d)Provision for bad debts

Q2. Which of the following is not a cash outflow. (a) Increase in creditors (b) Increase in stock (c) Increase in prepaid expenses (d)

none of these Q3. Which of the following is not considered as cash equivalent:

(a) Bank overdraft (b) Commercial papers (c) Treasury Bills (d) Investments

**2 Marks questions** Q4. Explain briefly the limitations of cash flow statement .

Marks

Q1. Compute operating activity.

Particular	2017	2018
Profit and loss A/c	75,000	60,000
Goodwill	15,000	11,250
Bills Receivables	1,80,000	1,87,500
Outstanding expenses	-	6,000
General expenses	37,500	60,000
Prepaid Expenses	45,000	-
Bills Payable	45,000	63,000

Q2. From the following summarized balance sheet , calculate cash flow from operating activities .

Liabilities	2015	2016	Assets	2015	2016
Creditors	10,000	12,500	Cash	10,000	5,000
Bills Payable	10,000	2,500	Marketable sec.	20,000	15,000
Other current liabilities	20,000	22,500	Stock	15,000	22,500
6% Debentures	30,000	40,000	Debtors	15,000	20,000
Profit & Loss A/c	40,000	55,000	Gross Block	50,000	70,000

**Year - 2020 1 marks question** Q1. Which calculating operating net profit which item will be added to net profit : a. Refund of tax b. dividend received c. Creation of general reserve d. gain on sale of asset

Q2. In flow of cash take place due to : a. Issue of shares b. decrease in capital c. Decrease in the value of tax d. payment of

tax Q3. An example of cash flow from investing activities is : a. Issue of debenture b. repayment of long term loans c. Purchase of raw materials in cash d. sale of investment by non financial enterprises

**3 marks question** Q1. Calculate the operating activity :

Particular	2017	2018
Statement of profit and loss A/c	60,000	65,000
Debtors	87,000	50,000
Bills Receivable	62,000	1,03,000
General reserve	2,02,000	2,37,000
Outstanding salary	30,000	12,000
Prepaid wages	5,000	7,000
Goodwill	80,000	70,000

Q2. Calculate the operating activity:

Particular	2015	2016	
Debtors	50,000	40,000	
Bills Receivable	10,000	12,500	
Creditors	25,000	20,000	
Outstanding exp.	800	1,000	
Bills payable	40,000	25,000	
Accrued income	6,000	7,000	
Profit & Loss A/c	50,000	1,80,000	

Q3. The following is the position of current assets and Current liabilities of surya ltd:

Particulars	2017	2018
Provision for doubtful debts	1,000	-
Short term loan	10,000	19,000
Creditors	15,000	10,000
Bill Payable	20,000	40,000

The company incurred a loss of Rs.45,000 during the year. Calculate cash from operating activities .

Q4. Distinguish between fund flow statement and cash flow statement . Calculate the operating activity :

**Year – 2021 1 marks question** Q1. Which of the following is not the source of cash a. Issue of shares b. purchase of machinery c.

Sale of assets d. dividend received Q2. Flow of cash will take due to: a. Issue of shares b. decrease in capital c. Decrease in value of land d. Payments of taxes Q3. Cash flow statement is required for the financial planning of : a. Short term asset b.

long term asset c. Medium of term d. very long term asset **4 marks question** Q1. Distinguish between fund flow statement and

cash flow statement . Q2. Calculate cash flow statement from operating activities for the following figures :

Particular	2017	2018
Debtors 50,000	40,000	
bills receivable	10,000	13,000
outstanding expenses	800	1,000
bill payable	40,000	24,500
accrued income	25,000	20,000
profit and loss A/C	50,000	1,80,000

**Year – 2022 1 marks question** Q1. Cash flow statement classifies cash flow c=according to :

- a. Operating and non operating flow      b. inventory and non operating flow      b. Inflow and out flow      d. operating , investing and financing activities
- Q2. Cash from operating will increase due to:** a. Decrease in current asset    b. increase in current asset    c. Decrease in current liabilities    d. none of these
- Q3. Cash from operating activities consists of :** a. Operational net profit    b. decrease in current asset    c. Increase in current liabilities
- Q4. How many methods are there for the preparation of cash flow statement :** a. 4                      b. 3                      c. 2                      d. 5

**Q1. Calculate cash flow from operating activity:**

Particular	31.12.2020	31.12.2021
Stock	15,000	20,000
Debtors	20,000	15,000
Bill rec.	5,000	4,000
Prepaid exp.	4,000	3,000
Accrued income	7,000	8,000
Creditors	18,000	21,000
o/s	2,000	2,500
Expenses bills payable	6,000	5,000
Income received in advance	500	800

**Q2. Calculate cash flow from operating activities from figure:**

Particular	31.03.2020	31.03.2021
Statement of profit and loss	60,000	65,000
Debtors	87,000	50,000
Bills Rec.	62,000	1,03,000
General reserve	2,02,000	2,37,000
O/S exp.	30,000	12,000
prepaid wages	5,000	7,000
Goodwill	80,000	70,000

**Q3. Calculate cash flow from operating activities from figure:**

Particular	31.03.2020	31.03.2021
Statement of profit and loss	1,20,000	1,10,000
Account Rec.	62,000	50,000
O/S Rent	42,000	24,000
Goodwill	76,000	80,000
Prepaid Insurance	4,000	8,000
Account payable	38,000	26,000

**Year -2023 1 marks question**

**Q1. Cash flow statement is prepared from :** a. Additional information    b. statement of profit and loss    c. Balance sheet    d. All of these

**Q2. Which of the following is an example of cash flow from financing activities :**

- a. Payment of dividend    b. Purchased of fixed asset    c. Dividend received on investment    d. sale of fixed asset

**4 marks question 1. Calculate Cash Flow from operating activities from the following information:**

Particulars	31.03.2018	31.03.2019
Profit and Loss Account	50,000	1,80,000
Debtors	50,000	30,000
Creditors	25,000	20,000
Bills Receivable	10,000	12,000
Outstanding Expenses	1,800	1,000
Bills Payable	40,000	25,000
Accrued Income	6,000	7,000
General Reserves	40,000	50,000
Goodwill	80,000	76,000

**2. From the following information, calculate Cash Flow from Investing Activities:** 3

Particular	Purchased	Sold
Building	5,00,000	---
Machinery	3,40,000	4,50,000
Investment	4,10,000	60,000

**Additional Information:** a) Dividend paid on Equity Share Capital Rs. 50,000. b) Dividend Received on Shares held as Investment Rs. 10,000 c) Interest Received on Debentures Rs. 8,000.

**3. From the following information, calculate Cash Flow from Investing Activities:** 3

Particular	Purchased	Sold
Land	5,00,000	1,00,000
Investment	2,20,000	1,20,000
Machinery	3,00,000	2,00,000
Patents	-----	50,000

**Additional Information:** a) Interest received on Debentures held as Investment Rs. 10,000 b) Dividend Received on shares held as investment.

**Year -2024 1 Marks questions**

**Q1 From the following , not cash inflow :**

- (a) Decrease in Dr. (b) Issue of shares (c) Decrease in creditors (d) Sale of fixed assets .

Q1.Match the following items :

- |                       |                                       |
|-----------------------|---------------------------------------|
| (A)Cash equivalents   | (i) Dr. side of the profit & loss A/c |
| (b)Operating activity | (ii) Goodwill                         |
| (c)Depreciation       | (iii)Cash inflow                      |
| (d)Intangible Assets  | (iv)Convertible into cash at any time |

(A) (A)-(iv),(b)-iii ,(c)-i ,(d) –ii (B) (A)-(iii),(b)-ii ,(c)-i ,(d) –iv (C) (A)-(ii),(b)-i,(c)-iv,(d) –iii (D) (A)-(i),(b)-iv,(c)-ii ,(d) –iiiQ3.From the following items included while preparing cash flow statement: (a) Cash from financing activities (b) Cash from Investing activities (c) Cash from operating activities (d) All of the above

**2 marks question** Q1 Explain two limitations of cash flow statement.

**3 marks question** 1.Calculate Cash Flow from operating activities from the following information:

Particulars	31.03.2022	31.03.2021
Profit and Loss Account	80,000	40,000
Debtors	10,000	12,000
Creditors	6,000	4,000
Bills Receivable	8,000	5,000
Outstanding Expenses	3,000	2,000
Goodwill	4,000	5,000

2.Calculate Cash Flow from operating activities from the following information:

- |  |          |
|--|----------|
| 1.Decrease in trade debtors                        | 30,000   |
| 2.Increase in prepaid expenses                     | 5,000    |
| 3.Decrease in trade creditors                      | 15,000   |
| 4.Increase of outstanding expenses                 | 3,000    |
| 5.Depreciation                                     | 25,000   |
| 6.Closing inventory is less than opening inventory | 50,000   |
| 7.Net profit                                       | 1,70,000 |

Q3.Calculate cash from operating activities from the following details :

Particulars	31.03.2022	31.03.2021
Profit and Loss Account	20,000	30,000
Debtors	14,000	18,000
Creditors	30,000	32,000
Bills Receivable	1600	4,000
Outstanding Expenses	20,000	16,000
Goodwill	14,000	18,000