

NEMANI CLASSES

A PREMIER INSTITUTE OF COMMERCE

ACCOUNTANCY	ECONOMICS	BUSINESS STUDIES	I.P
XI & XII	B.COM	B.B.A & M.B.A	QT & F.M

Name.....
.....
Class.....
.....
Subject.....
.....
School.....
.....

**SPECIAL CLASSES OF
QT AND FM
BY NEMANI SIR**

DIRECTOR
Dr.PIYUSH NEMANI

**M.COM, (ABST, EAFM), DIM, PGDIM, PGDFM, MBA,
B.ED, CMA, SET AND NET QUALIFIED**

MEMBER OF ALL INDIA ACCOUNTING ASSOCIATION & ALL INDIA COMMERCE ASSOCIATION.

**ADDRESS: 97 PARK VIEW APARTMENT, NEAR NURSERY
CIRCLE,
VAISHALI NAGAR, JAIPUR**
CONTACT

www.nemanisir.com
E-Mail:- piyush88jaihuman@yahoo.com

Mob:- 94149-90222, 99830-44580

NEMANI CLASSES 9414990222

NEMANI CLASSES

Class XII Theory Notes

XII –Accountancy

Objective Type Question Bank

Index/Contents

	Page No.
1. Accounting for Partnership Firms – Fundamentals	Pg. 2 to 14
2. (A) Change in Profit Sharing Ratio among the Existing Partners	Pg. 15 to 31
(B) Admission of a Partner	
3. Retirement or Death of a Partner	Pg. 32 to 42
4. Dissolution of a Partnership Firm	Pg. 43 to 57
5. Financial Statement of Not-for-Profit Organizations	Pg. 58 to 72
6. Company Accounts – Issue of Shares	Pg. 73 to 88
7. Company Accounts	Pg. 89 to 107
(A) Issue of Debentures	
(B) Redemption of Debentures	
8. (A) Financial Statement of Companies	Pg. 108 to 123
(B) Financial Statement Analysis	
(C) Tools for Financial Analysis	
(D) Common Size Statements	
9. Accounting Ratios	Pg. 124 to 133
10. Cash Flow Statement	Pg. 134 to 146

Objective Type Question Bank

UNIT – 1 Accounting for Partnership Firms – Fundamentals

Typology of Questions

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

Fill in the blanks :

Remembering

1. Interest on loan taken by a partner is recorded on _____ of Profit and Loss Account.
[Credit side]
2. Interest on Capital are under the Fixed Capital Account method is credited to _____.
[Partners Current A/c]
3. In the absence of partnership deed rate of interest on partner loan will be _____.
[6% p. a.]
4. If drawings of equal amount are made in the beginning of every month for 9 month ending 31st March, then interest on drawing will be calculated for an average period for _____ Months.
[5]
5. The maximum numbers of partners in case of limited liability partnership is _____.
[Unlimited]
6. In case of guarantee of minimum profit to a partner deficiency of guaranteed partner is from shared by remaining partner in _____.
[Agreed Ratio]
7. If partner's capital is fixed interest on drawing will be recorded on _____.
[Partner's Current A/c]
8. Profit and Losses are to be shared in _____ irrespective of their capital contribution.
[Agreed Ratio]
9. Interest at the rate of _____ is to be allowed on a partner's loan to the firm. [6% p. a.]
10. In the absence of the date of withdrawal, interest should be charged for _____ month on the whole amount.
[Six]
11. Manager's commission is a _____ against profits.
[charge]
12. Interest on partner's loan is not credited to the partner's _____.
[capital]
13. Goodwill is an _____ assets.
[Intangible]

Understanding

14. Under _____ method the goodwill can be calculated by deducting the actual capital employed from the capitalized value of the average profits.

- [Capitalization of average Profits]
15. Under weighted average method it is considered to be better to give a _____ Weightage to the profit to the recent years. [Highest]
16. The person who purchases a running business of the firm must pay in the form of _____ a sum which is equal to the profits he is likely to receive for the first few years. [Goodwill]
17. Super profit is the excess of _____ over the normal profits. [Actual]

Application

18. Following two main steps are involved in valuing the goodwill under the _____ Method :
1. Calculate super profit
 2. Multiply super profit X number of years purchase [Super Profit]
19. If average capital employed in a firm is Rs. 5,00,000, actual profit is Rs. 70,000 and normal rate of return is 10%, then super profit is: _____ . [20,000]
20. If Drawings are made at the beginning of each month , the interest on drawing is calculated for _____ months. (6.5)

Analysis & Evaluation

21. A and B are Partners .A drew Rs 32,000 .If the rate of Interest on Drawing is 12% per annum then _____ will amount of interest on drawing . (Rs 1920)
22. A drew Rs 50,000 during the year. If the rate of Interest on Drawing is 10% then _____ will be the amount of Interest on Drawing . (Rs 5,000.)
23. If average capital employed in a firm is Rs 12,00,000 , actual profit is Rs 1,50,000 and Normal rate of return is 10% per annum . The amount of super profit will be _____ (Rs 30,000) .
24. The Goodwill of firm Rs 1,80,000 valued at three year's purchase of super profit . If capital employed is Rs 2,00,000 and Normal rate of return is 10% per annum .The amount of average profit will be _____ .(Rs 80,000)
25. Goodwill is an _____ asset , but not a _____ asset (Intangible , Fictious)

True/False

Remembering

1. The nature of Profit and Loss Account is real. [F]
2. Registration of partnership is optional. [T]
3. A body corporate can be a partner in partnership firm. [F]
4. Sleeping partner are those who do not take part in conduct of the business. [F]

Understanding

5. When the Partnership agreement is silent about the treatment of interest on capital then it will be treated as charge on profit. [F]
6. Fixed capital always shows Debit balance. [F]
7. When a partnership firm gives loan to its partner then interest on loan will be debited in profit and loss account. [T]
8. In case of fixed capital account method drawing out of capital is shown in partner current account. [F]
9. Manager's commission is shown in Profit and Loss Appropriation Account. [F]
10. Interest as a charge means interest on capital is to be allowed whether the firm has earned profit or incurred loss. [T]
11. In the absence of partnership deed mutual relations are governed by the Indian partnership act 2013. [T]
12. Capital in the beginning is calculated by subtracting drawing and adding profit distributed. [F]

Application

13. Drawing against capital means drawing by a partner out of his/her expected share in the profit of the current year. [F]
14. The net profit of the firm is Rs. 8,00,000 partners are entitled to salary Rs. 1,00,000 p.a. if 10% of divisible profit to be transferred to general reserve then amount will be Rs. 80,000. [F]
15. When new partner share of profit is more than the guaranteed profit then he is given only the guaranteed amount of profit. [F]
16. Private assets of the partners cannot be used to meet the liability of the firm in case firm's assets are insufficient to meet its liabilities. [F]
17. It is compulsory to have a partnership agreement in written. [F]
18. Current account of partners are maintained under the fluctuating capital account. [F]

Analysis & Evaluation

19. Business of the firm can be conducted even by one partner. [T]
20. Unless otherwise specified, the partners have to share profits and losses in proportion of the capital contributed by them. [F]
21. In the absence of Partnership deed, partners are entitled to interest on capital. [F]
22. Interest on loan advanced by a partner to the firm shall be paid even if there are losses in the business. [T]
23. Under Fixed Capital method, any addition to capital will be shown in Partner's Capital Account. [T]
24. Liability of the partner is limited. [F]
25. Average profit method takes into consideration the future maintainable profits. [T]

MCQ

1. [R] Super profit can be calculated:-
a. Average profit – Normal profit
b. Net profit – Average profit
c. Capital Employed –Net Profit
d. Net Profit – Capital Employed [a]
2. [R] Which step is not involved in valuing the goodwill according to super profit method:-
a. Ascertain Average Profit
b. Ascertain Super Profit
c. Ascertain Normal Profit
d. Multiply Super Profit with Number of years purchased [a]
3. [R] Better quality of product will increase the sales and profit. Identify the factor:-
a. Capital Employed
b. Efficiency of Management
c. Location
d. Risk [b]
4. [A] If Average Profit = Rs. 1, 60,000
Actual Capital Employed = Rs. 5, 00,000
If rate of Normal Profit = 20%
What is the amount of Super Profit?
a. Rs. 60,000
b. Rs. 1,00,000
c. Rs. 20,000
d. Rs. 80,000 [a]
5. [A&E] If Goodwill is Rs. 1,20,000, Average Profit is Rs. 60,000 Normal. Rate of Return is 10% on Capital Employed Rs. 4,80,000. Calculate capitalized value of the firm:-
a. Rs. 6,00,000
b. Rs. 5,00,000
c. Rs. 4,00,000
d. Rs. 7,00,000 [a]
6. [A&E] Tangible Assets of the firm are Rs. 14,00,000 and Outside liabilities are Rs. 4,00,000, Profit of the firm is Rs. 1,50,000 and normal rate of return is 10% Calculate capital employed
a. Rs. 10,00,000
b. Rs. 1,00,000
c. Rs. 50,000
d. Rs. 20,000 [a]
7. [A] A business has earned Super profit of Rs. 1,00,000 during the last few years and Normal rate of returns is 10% Calculate goodwill
a. Rs. 10,00,000
b. Rs. 54,000

- c. Rs. 20,000
 d. Rs. 36,000 [a]
8. [U] Rani and Shyam is partner in a firm. They are entitled to interest on their capital but the net profit was not sufficient for paying his interest, then the net profit will be disturbed among partner in
 a. 1 : 2
 b. Profit Sharing Ratio
 c. Capital Ratio
 d. Equally [c]
9. [U] Which one of the following items is recorded in the Profit and Loss appropriation account
 a. Interest on Loan
 b. Partner Salary
 c. Rent paid to Partner's
 d. Managers Commission [b]
10. [U] A,B and C were partner in a firm sharing Profit in the ratio of 3:2:1 during the year the firm earned profit of Rs. 84,000.

Calculate the amount of Profit or Loss transferred to the capital A/c of B.

- a. Loss Rs. 87,000
 b. Profit Rs. 87,000
 c. Profit Rs.28,000
 d. Profit Rs.14,000 [c]
11. [U] Closing entry for interest on loan allowed to partners
 a. Interest on partner's loan ...Dr.
 To Profit and Loss A/c
 b. Interest on loan ...Dr.
 To Profit and Loss Appropriation A/c
 c. Profit and Loss Appropriation A/c ...Dr.
 To interest on partner's loan A/c
 d. Profit and Loss Appropriation A/c ...Dr.
 To interest on loan A/c [c]
12. [R] Salary to a partner under fixed capital account is credited to
 a. Partner's Capital A/c
 b. Partner's current A/c
 c. Profit & Loss A/c
 d. Partner's Loan A/c [b]
13. In the absence of partnership deed partner share profit and loss in
 a. Ratio of capital Employed
 b. Equal Ratio
 c. 2 : 1
 d. 1 : 2 [b]
14. [R] As per section a minor may be admitted for the benefit of the partnership if:-
 a. One partner agree
 b. More than one agree
 c. All partners agree
 d. Both (a) or (b) [c]

15. [R] If the partner carries on the business that is similar to firm competition with the firm and profit earned from it, the profit
- Shall be retained by the partner
 - Shall be paid to firm
 - Can be retained or gained to the firm
 - Both (a) or (b)
- [b]
16. [R] The relation of the partner with the firm is that of
- An owner
 - An agent and A Principal
 - An agent
 - Manager
- [b]
17. [A&E] A, B, and C are partner's sharing profits in the ratio of 5:3:2 According to the partnership agreement C is to get a minimum amount of Rs. 10,000 as his share of profits every year. The net profit for the year ended 31st March, 2019 amounted to Rs. 40,000. How much amount contributed by A?
- Rs. 1,350
 - Rs. 1,250
 - Rs. 750
 - Rs. 1,225
- [b]

Sequence

18. [A] A partnership firm earned divisible profit of Rs. 5,00,000, interest on capital is to be provided to partner is Rs. 3,00,000, interest on loan taken from partner is Rs. 50,000 and profit sharing ratio of partners is 5:3 sequence the following in correct way
- Distribute profits between partners
 - Charge interest on loan to Profit and Loss A/c
 - Calculate the net profit Transfer to Profit and Loss appropriation A/c
 - Provide interest on capital
- [ii, iii, iv, i]
19. [A] Which one of the following item cannot be recorded in Profit and Loss Appropriation Account?
- Interest on Capital
 - Manager's Commission
 - Interest on Drawings
 - Partner's Salary
- [b]
20. [A & E] A and B are partner's sharing profit equally. A draw regularly Rs. 4,000 at the end of every month for 6 months. Year ended on 30th September 2018, calculate interest on drawings @ rate 5% p.a.
- Rs. 350
 - Rs. 450
 - Rs. 150
 - Rs. 250
- [d]
21. [R] Which section of the partnership act defines partnership as the relation between person who have agreed to share the profit of the business carried on by all or any of them acting for all?
- Section 61
 - Section 130

c. Section 4

d. Section 48

[b]

22. [A & E] A and B are the partner sharing profit in the ratio of 2:3. They admitted C as a new partner for 1/5th share in the profit of the firm Rs. 50,000 for the year ended 31st March 2019. What will be C's share in profit

a. Rs. 5,000

b. Rs. 10,000

c. Rs. 20,000

d. Rs. 8,000

[B]

23. [A & E] A and B are partner's sharing profit in the ratio 2:1 on 31st March 2019, firm's net profit is Rs. 86,000 the partnership deed provided interest on capital A and B Rs. 5,000 to Rs. 7,000 respectively and Interest on drawing from charged A. Rs 1,000 per month. Calculate profit to be transferred to Partner's Capital A/c.

a. Rs. 10,00,000

b. Rs. 95,000

c. Rs. 10,000

d. Rs. 86,000

[d]

24. [A & E] If fixed amount is withdraw on the last day of every month and interest on drawing charged is 10% p.a. Interest on drawing amounted to Rs 2,750 what will be drawing amount.

a. Rs. 2,500p.m.

b. Rs. 10,000p.m.

c. Rs. 7,500p.m.

d. Rs. 5,000 per month

[d]

Q25 [A & E] A firm had Assets of Rs 1,50,000 partner's capital account showed a balance of Rs 1,20,000 and reserves constituted the rest . If normal rate of return is 10% per annum and Goodwill is valued at Rs48,000 at four years purchase of super profits , find the super profit of firm :

(a) Rs 6,000

(b) Rs 18,000

(c) Rs 12,000

(d) Rs 8,000

[c]

Match The following :

1.[R]

1. According to companies act 2013 maximum numbers of partners in a firm can be	a)50 b)100
---	---------------

[1-a]

2.[R]

1. Item which may be debited to partners capital account	a) Interest on Capital b) Interest on Drawings
2. Item which may be credited to partners capital account	

[1-b, 2-a]

3.[U]

1. Rent paid to a partner 2. Salary paid to partner	a) Charge against profit b) Appropriation of profit c) Both
--	---

[1-a, 2-b]

4.[U]

1) remuneration to partner 2) interest on loan	a) Not paid to any partner in the absence of partnership deed b) Paid 6% p. a. c) Not charged from partners
---	---

[1-a, 2-b]

5.[A]

1. when drawings are made at the end of quarter 2. when drawings are made in middle of every quarter	a) 6 b) 7.5 c) 4.5
---	--------------------------

[1-c, 2-a]

6.[U]

1. Guarantee of a profit is allowed even in case of	a) Loss b) profit c) both
---	---------------------------------

[1-a]

7.[R]

1) Partners current account are opened when their capital accounts are 2) Partners capital accounts are opened when their capital accounts are	a) fixed b) fluctuating c) both d) none
---	--

[1-a, 2-c]

8.[U]

1) Product method	a) amount of drawing is uniform b) amount of drawing is irregular c) time intervals between the two drawings is also uniform
-------------------	--

[1- b]

9.[U]

1) when partnership deed does not provide interest on capital 2) when partnership deed provides for interest on capital but is silent on whether it is charge or appropriation	a) interest on capital is not allowed b) interest on capital is allowed in all circumstances c) interest on capital is allowed if only profit is their
---	--

[1-a, 2-c]

10.[A&E]

1. If actual capital employed is 5,00,000 and capitalized value of average profit is 4,00,000 goodwill would be	a) 1,00,000 b) (1,00,000) c) Nil
---	--

[1-b]

11.[A&E]

1) Closing stock under valued 2) Closing stock over valued	a) Deducted to the current year and added to the previous year b) Added to the current year and deducted from previous year c) No effect
---	--

[1-b, 2-a]

12.[A]

Identify weight for the past years while calculating goodwill by weighted average profit-

1. 2016	a) 1
2. 2018	b) 2
3. 2019	c) 3
4. 2017	d) 4
	e) 5

[1-a, 2-c, 3-d, 4-b]

13[U].

1. Goodwill which is acquired by making a payment	a) Inherit goodwill b) purchase goodwill
---	---

[1-b]

14.[U]

1. The method in which goodwill is calculated on the basis of surplus profit in comparison to average profit	a) Super profit b) Average profit
--	--------------------------------------

[1-a]

15.[R] Identify the factors affecting the value of goodwill-

	a) Favourable location
1. Experienced management increased	b) Longevity of business
2. Increased number of customers over a period of time	c) Efficiency of management
	d) Risk involved

[1-c, 2-a]

16. [U]

1) Interest on capital allowed to partners	a) Profit and Loss A/c is Credited
2) Interest on drawing charged by firm	b) Credited to partners' capital A/c
	c) Debited to partners' capital A/c
	d) Profit and Loss A/c is debited

[1-b, 2-c]

17.[A]

1. Interest on capital	a) Cr. Side of Profit and Loss Appropriation A/c
2. Interest on drawing	b) Dr. side of Profit and Loss Appropriation A/c
	c) Dr. of Partner Loan

[1-b, 2-a]

Q18 .[U]

1. Fixed capital	a) Additional Capital Introduced
2. Fluctuating capital	b) Interest on Drawing
	c) Interest on Partner Loan
	d) Rent to Partner

[1-a, 2-b]

Q19 [A]

1 In the absence of Partnership Deed , Interest on loan of a partner is allowed	(a) 8% per annum
2 In the absence of Partnership Deed Interest on Drawing of a partner is charged	(B) 9 % per annum
	(C) 6% per annum
	(d) No Interest is charged

[1- c ; 2- d]

Q20 [A&E]

1 A and B are Partners. The net divisible profit as per Profit & Loss Appropriation account is Rs 2,50,000 . The total interest on partner's Drawing is Rs 4,000 . A' salary Rs 4,000 per quarter and B' salary is Rs 40,000 per annum. What will net profit or loss earned during the year .	(a) Rs 2,50,000
2 A and B are Partners . The net divisible profit as per Profit & Loss Appropriation account is Rs 2,50,000 . The total interest on partner's Drawing is Rs 4,000 . A' salary Rs 4,000 per quarter and B' salary is Rs 40,000 per annum. What will be A' s share of profit .	(b) Rs 1,25,000
	(c) Rs 3,02,000
	(d) Rs 3,06,000

(1: c ; 2- b)

Q21 [A&E]

1 A entitled to a salary of Rs 10,000 per annum and commission of 10 % Of the Net profit after charging his salary but before charging his commission . The Net profit Rs 2,30,000. What will be the amount of A' s Commission.	(a) Rs 23,000
2 B entitled to commission of 10 % on net profit after charging his commission . The Net profit Rs 2,20,000 .what will be the amount of B' s Commission .	(b) Rs 22,000
	(c) Rs 20,000

	(d) Rs 25,000
--	---------------

(1- b ; 2-b)

Q22[A&E]

1 When a partner is given guarantee by other partner's loss on such guarantee is borne by :	(a) Partnership firm
2 When a partner is given guarantee of profit by other , Profits above on such guarantee is borne by :	(b) All the other partner's
	(c) Partners who gave the guarantee
	(d) No Partners will borne

(1- c ; 2 - d)

Q23[A&E]

1 A Drawings Rs 50,000 during the year .The rate of Interest on Drawing is 10% per annum . what will be amount of interest on drawing :	(a) Rs 5,000
2 A drawing Rs 50,000 during the year . The rate of Interest on Drawing 10 % . What will be amount of interest on drawing :	(b)Rs 2,500
	(c) Rs 10,000
	(d) Rs 15,000

(1- b ; 2- a)

Q24 [U]

1 Ratio in which Partners share profit & losses before reconstitution of firm	(a) New profit sharing ratio
2 Ratio in which Partners surrenders their share of profit in favour of other partner's	(b) Gaining Ratio
3 Ratio in which all the Partners share the future profit and losses	(c) Sacrificing Ratio
4 Ratio in which Partners acquire the share from other	(d) Old Ratio

(1- b, 2- c ; 3- a ; 4 - b)

Q25 [A]

1 Drawing against profits	(a) Debited to partner's capital account
2 Drawing against capital	(b) Credited to partner's capital account
	(c) Debited to drawing account
	(d) Credited to drawing account

[1 - c ; 2 - a]

UNIT – 2

(A) Change in Profit Sharing Ratio among the Existing Partners

(B) Admission of a Partner

FILL IN THE BLANKS :

Remembering

- [1] Reserve appearing in the Balance Sheet at the time of admission of a partner, is distributed among partners in their _____ Ratio.(Old)
- [2] At the time of admission, the assets are revalued and liabilities are reassessed. The increase or decrease in the values is debited or credited in _____ Account.(Revaluation)
- [3R] Sacrificing ratio is computed at the time of _____(Reconstitution)
- [4R] Revaluation Account is prepared at the time of _____(Reconstitution)
- [5R] At the time of admission, Gain (Profit) or Loss on revaluation is shared by the old partners in their _____ratio.(Old)
- [6RU] Revaluation account is a _____account.(Nominal)
- [7R] The Revaluation Account shows _____in Values of assets and liabilities. (increase or decrease)

Understanding

- [8U] In the case of downward revaluation of an asset, Revaluation Account is _____.(Debited)
- [9U] In case of upward revaluation of a liability, Revaluation Account is _____.(Debited)
- [10U] At the time of admission of a partner new profit-sharing ratio is used for sharing future _____' (Profits)
- [11AU] At the time of admission, if claim of Workmen Compensation is more than the Workmen Compensation Reserve, the amount of Workmen Compensation Reserve and the claim is transferred to _____ account.(Provision for workmen compensation liability)

[12U] At the time of admission, if the book value and the market value of investment is same Investment Fluctuation Reserve is transferred to _____ account of the old partners in their _____ ratio. (capitals , old)

[13U] For the distribution of revaluation profit in case firm is following Fixed Capital Accounts method is transferred to _____ accounts (current)

[14U] An amount previously written off as bad debt is promised to be paid by the debtor. The promised amount will not be credited to _____ Account. (debtors)

[15U] The newly admitted partner brings his / her share of capital for which he will get _____ in firm.
(Profit share)

Application

[16A] Balance sheet prepared after the new Partnership Deed, the assets and liabilities are shown at _____ if Revaluation Account is prepared. (Revised values)

[17A] In valuation of Goodwill, the Weighted Average Profit Method is preferred over average method when profits are _____. (Trends)

[18AU] At the time of admission of partner if an unrecorded liability is recognized, it is debited in _____ Account. (Revaluation)

[19U] A, B and C share profits and losses in the ratio of 3:2:1. On admission of D, they agree to share profits and losses in the ratio of 5:4:2:1. Sacrificing Ratio of A, B and C will be _____. (only A sacrifice by 1/12)

[20R] The formula for calculating Super profit is Average Profit – _____ Profit. (normal profit)

[21A] R and S are partners sharing profits equally. They admitted T for 1/3rd. share in the firm. New Profit-sharing Ratio will be..... (equally)

Analysis & Evaluation

[22A & E] A and B are partners sharing profits and losses in the ratio of 3 : 2. A's capital is Rs. 60,000 and B's capital is Rs. 30,000. They admit C for 1/5th share of profits. C should bring Rs. _____ as capital. (22,500)

[23 A & E] A and B are partners sharing profit and losses in the ratio of 3 : 2. They admit C for 1/5th share of profits. The sacrificing ratio between A and B will be..... (3:2)

[24 A & E] If the new partner brings in his share of goodwill in kind (Furniture), _____ account will be debited . (Assets)

[25 A & E] If the new partner does not brings in his share of goodwill in cash _____ account will be debited . (current)

MULTIPLE CHOICE QUESTION

Remembering

Q1 When goodwill is not recorded in the books at all on admission of a partners ?

A If paid privately

B If brought in cash

C If not brought in cash

D If brought in Kind

[a]

Q2 The Need of revaluation of assets and liabilities on admission

A Assets and Liabilities should appears at revised values

B Any profit and loss an account of change in values belong to old partners

C All unrecorded assets and liabilities get recorded

D None of Above

[b]

Q3 On admission of a partner, which of the following items the Balance Sheet is transferred to the credit of Capital Accounts of old partners in the old Profit-sharing Ratio, if Capital Accounts are maintained following Fluctuating Capital Accounts Method

(a) Deferred Revenue Expenditure;

(b) Profit and Loss Account (Debit Balance);

(c) Profit and Loss Account (Credit Balance);

(d) Balance in Drawings Account of partners.

(c)

Q4 If the new partner brings his share of goodwill in cash , it will shared by old partner in :

A Sacrificing ratio

B Old profit sharing Ratio

C New Ratio

D Capital ratio [a]

Q5 Revaluation Account is a :

A Real Account

B Nominal Account

C Personal Account

D None of the Above [b]

Q6 When new partner brings cash for goodwill , the amount is credited to :

A Realisation Account

B Cash account

C Premium for Goodwill Account

D Revaluation Account [c]

Understanding

Q6 The balance in the investment Fluctuation fund after meeting the fall in book value of investment , at the time of admission of partner will transferred to :

A Revaluation Account

B Capital Account of old Partners

C General Reserve

D capital Account of All Partners [b]

Q7 A and B are Partners sharing Profits in the ratio of 3:2. They Admit C for $\frac{1}{4}$ share who contributed Rs 30,000 for his share of goodwill. The total value of the goodwill of the firm will be :

A Rs 1,50,000

B Rs 1,20,000

C Rs 1,00,000

D Rs 1,60,000 [b]

Q8 The Credit Balance of Profits and Loss appears in the books at the time of admission of partner will be transferred to :

A Profit and loss appropriation account

B All partners capital Account

C Old partners capital Account

D Revaluation Account

[c]

Q 9 Goodwill of the firm is valued at Rs 1,00,000 . Goodwill also appears in the books at Rs 50,000 . C is admitted for $\frac{1}{4}$ Share . The amount of goodwill to be brought in by c will be :

A Rs 20,000

B Rs 25,000

C Rs 30,000

D Rs 40,000

[b]

Q10 If the new partner brings any additional amount of cash other than his capital contributions then it is termed as :

A Capital

B Reserves

C Profits

D Premium for Goodwill

[d]

Applying

[11] X and Y are partners sharing profits and losses in the ratio of 3 : 2. Z is admitted for $\frac{1}{5}$ th share in profits which he gets from X. New profit sharing ratio will be

(a) 12 : 8 : 5

(b) 8 : 12 : 5

(c) 2 : 2 : 1

(d) 2 : 2 : 2

(c)

[12] A and B are partners sharing profit and losses in the ratio of 3 : 2. A's capital is Rs. 1,20,000 and B's capital is Rs. 60,000. They admit C for $\frac{1}{5}$ th share of profits. C should bring as his capital

(a) Rs. 36,000

(b) Rs. 48,000

(c) Rs. 58,000

(d) Rs. 45,000

(d)

[13] A and B are partners sharing profits and losses in the ratio 5 : 3. On admission, C brings by cheque Rs. 70,000 as Capital and Rs. 48,000 as Goodwill. New Profit-sharing Ratio among A, B and C is 7 : 5 : 4. Sacrificing ratio between A and B is :

(a) 3 : 1

(b) 4 : 7

(c) 5 : 4

(d) 2 : 1

(a)

[14] X and Y are partners sharing profits in the ratio 5 : 3. They admitted Z for $\frac{1}{5}$ th share in profits, for which he paid Rs. 1,20,000 as Capital and Rs. 60,000 as Goodwill. Capitals for each partner, taking Z's capital as base capital will be:

(a) 3,00,000, 1,20,000 and 1,20,000 (b) 3,00,000, 1,20,000 and 1,80,000

(c) 3,00,000, 1,80,000 and 1,20,000 (d) 3,00,000, 1,80,000 and 1,80,000

(c)

[15] A and B are partners sharing profits in the ratio of 7 : 3. C is admitted as a new partner. "A" gave $\frac{1}{7}$ th of his share and "B" gave $\frac{1}{3}$ rd of his share to C. New Profit-sharing Ratio will be:

(a) 6 : 2 : 2

(b) 4 : 1 : 1

(c) 3 : 2 : 2

(d) None

(a)

[16] X and Y share profits and losses in the ratio of 4 : 3. They admit Z in the firm for $\frac{3}{7}$ th share which he gets $\frac{2}{7}$ th from X and $\frac{1}{7}$ th from Y. New Profit-sharing Ratio will be :

(a) 7 : 3 : 3

(b) 2 : 2 : 3

(c) 5 : 2 : 3

(d) 2 : 3 : 3

(b)

[17] A and B are partners, sharing profits in the ratio of 5 : 3. They admit C for $\frac{1}{5}$ th share in profits, which he acquires equally from both A and B. New profit sharing ratio will be:

(a) 21 : 11 : 8

(b) 20 : 10 : 4

(c) 15 : 10 : 5

(d) 10 : 5 : 4

(a)

Analysis & Evaluation

- [18] A, B and C share profits and Losses in the ratio, of 3 : 2 : 1. D is admitted for $\frac{1}{6}$ th share which he gets from A. New ratio will be:
- (a) 2 : 2 : 1 : 1 (b) 3 : 1 : 1 : 1
(c) 2 : 2 : 2 : 1 (d) 1 : 1 : 2 : 2 (a)
- [19] A, B and C are partners sharing profits in the ratio of 4 : 3 : 2. D is admitted for $\frac{2}{9}$ th share of profits. He brings Rs. 30,000 as capital. New Profit-sharing Ratio is 3 : 2 : 2 : 2. Goodwill amount will be credited in the capital account of :
- (a) A only (b) A, B and C (equally)
(c) A, and B (equally) (d) A, and C (equally) (b)
- [20] A and B are partners sharing profits in the ratio of 3 : 2. On admission of C for $\frac{1}{5}$ th share, Land is appreciated by 10% (Book Value Rs. 80,000), Building is decreased by 20% (Rs. 2,00,000), Unrecorded Debtors of Rs. 1,250 are brought in the books and Creditors of Rs. 2,750 need not be paid. The Gain (profit) /loss on revaluation will be:
- (a) Loss Rs. 28,000 (b) Loss Rs. 40,000
(c) Profit Rs. 28,000 (d) Profit Rs. 40,000 (a)
- [21] Amit and Anil are partners sharing profits in the ratio of 5 : 3 having Capitals of Rs. 2,50,000 and Rs. 2,00,000 respectively. Atul was admitted as partner for $\frac{1}{5}$ th share in profits who brings Rs. 50,000 as Capital and Rs. 16,000 as Goodwill. Capitals are to be in proportion to profit-sharing ratio based on Atul's share. Capitals of Amit, Anil and Atul respectively after admission of Atul will be:
- (a) 1,25,000 : 75,000 : 50,000 (b) 2,20,000 : 1,82,000 : 66,000
(c) 2,92,500 : 2,25,000 : 50,000 (d) 2,82,500 : 2,19,500 : 66,000 (a)

- [26] A and B are partners sharing profits in ratio of 3 : 2. A's Capital is Rs. 30,000 and B's Capital is Rs. 15,000. They admit C for $\frac{1}{5}$ th share of profits. C will bring as his capital
- (a) Rs. 9,000 (b) Rs. 12,000
(c) Rs. 14,500 (d) Rs. 11,250 (d)
- [27] X and Y are partners. Z is admitted as partner for $\frac{1}{7}$ th share. New Profit-sharing Ratio will be
- (a) 2 : 3 : 1 (b) 3 : 3 : 1
(c) 6 : 5 : 2 (d) 1 : 1 : 1 (b)
- [28] A, B, C and D are partners. They change their profit sharing ratio to 2 : 2 : 1 : 1. C's sacrifice is
- (a) $\frac{1}{6}$ (b) $\frac{1}{12}$
(c) $\frac{1}{24}$ (d) $\frac{2}{6}$ (b)
- [29] A and B share profits equally. They admit C for $\frac{1}{7}$ th share. New Profit-sharing Ratio of A and B is:
- (a) $\frac{4}{7}, \frac{1}{7}$ (b) $\frac{3}{7}, \frac{3}{7}$
(c) $\frac{2}{7}, \frac{2}{7}$ (d) $\frac{2}{7}, \frac{4}{7}$. (b)
- [30] A and B are partners. C is admitted for $\frac{1}{5}$ th share. C brings Rs. 1,20,000 as his share in Capital. Net worth of the firm is:
- (a) Rs. 1,00,000 (b) Rs. 4,00,000
(c) Rs. 1,20,000 (d) Rs. 6,00,000 (d)
- [31] A and B share profits in the ratio of 3:2. A's capital is Rs. 48,000, B's capital is Rs. 32,000. C is admitted for $\frac{1}{5}$ th share in profits. C will bring as his Capital
- (a) Rs. 20,000 (b) Rs. 16,000
(c) Rs. 1,00,000 (d) Rs. 64,000 (a)

[32] A and B share profits in the ratio of 3: 4. C is admitted for $\frac{1}{5}$ th share. New Profit-sharing ratio will be

- (a) 3: 4: 1 (b) 12: 16: 7
(c) 16: 12: 7 (d) 12 : 6 : 7 (b)

[33] A and B share profits and losses in the ratio of 3: 2. Their respective capitals are Rs. 1,20,000 and Rs. 54,000. C is admitted for $\frac{1}{3}$ rd share in profits who brings Rs. 75,000 as his share of capital. Capitals of A and B to be adjusted according to C's share. A will withdraw from capital

- (a) Rs. 30,000 (b) Rs. 32,000
(c) Rs. 15,000 (d) Rs. 28,000 (a)

[34] A and B are partners. C is admitted with a guaranteed profit of Rs. 10,000 from A. New Profit-sharing ratio is 3:2:1. Profit for the year 2018 – 19 is Rs. 1,20,000. C will get

- (a) Rs. 10,000 (b) Rs. 20,000
(c) Rs. 30,000 (d) None of these (b)

TRUE / FALSE :

- [R] . In the absence of agreement, consent of all partners is required to admit a partner. (T)
- [R]. Goodwill is an intangible current asset. (F)
- { R} Self-generated Goodwill is recorded in the books of accounts and shown in the Balance Sheet as an asset as per Accounting Standard -26, Intangible Assets.(F)
- [R] In case of admission of a partner, all existing partners sacrifice.(F)
- [U] New partner may or may not contribute Capital at the time of admission.(T)
- [U] New partner may bring his share of goodwill premium in kind.(T)
- [U] At the time of admission of partner, the partnership firm is dissolved.(F)
- [R] Super profit is a profit a firm earns above the normal profits.(T)
- [A] The goodwill brought at the time of admission of partner will be distributed among all the partners in new Profit-sharing Ratio.(F)
- [A] Claims of Workmen Compensation if more than Workmen Compensation Reserve is debited to Revaluation Account (T)
- [A] Increase in Provision for Doubtful Debts will be credited to Revaluation Account.(F)
- [R] Efficiency of management is a factor affecting goodwill of a firm.(T)

13. [U] When there is change in Profit-sharing Ratio among partners assets are revalued and liabilities are re-assessed.(T)
14. [U] New partner brings goodwill in the firm to get share in the past profits.(F)
15. [A&E] Gaining Partner(s) compensate Sacrificing Partner(s) when Profit-sharing Ratio changes. (T)
16. [A] Reserves and accumulated profits are distributed in old Profit-sharing Ratio at the time of change in Profit-sharing Ratio.(T)
17. [U] Admission of a partner changes the relationship between / among existing partners. (T)
18. [U] Goodwill appearing in the Balance Sheet means Purchased Goodwill.(T)
19. [A&E] While computing goodwill, abnormal incomes and expenses are not ignored to calculate the value of goodwill.(F)
20. [A&E] Weighted Average Method is preferred over Average Profit method at the time of falling profits.(F)
21. [A&E] Hidden Goodwill arises when total capital is computed based on the New Partner's Capital is less than total capitals of remaining partners after all adjustments.(F)
22. [U] Employee Provident Fund is a part of Accumulated Profits and Reserves.(F)
23. [A] Gaining partner always compensates the Sacrificing Partner.(T)
24. [U] Additional Capital requirement and skill of the new partner are examples of reasons for admitting a partner.(T)
25. [A &E]At the time of admission, reserves may be decided by the partners to be carried forwarded. (T.)

Match the Following:

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

1. Match items in List I with items in List II using the codes given below the Lists-

List I	List II
A. Partner's Current A/c	1. Dissolution of Partnership
B. Goodwill Account	2. Admission of a partner
C. Partner's Drawings A/c	3. Fixed capital of partners
D. Realisation A/c	4. Goods taken by a partner for self consumption

Codes:

(a) A-1, B-4; C-2; D-3

(b) A-3; B-2; C-4; D-1

(b) A-1; B-2; C-4; D-3

(d) A-3, B-4; C-2; D-1 (b)

2. Match items in List I with items in List II using the codes given below

List I	List II
A. Permanent Drawings	1. Credit side of Partner's Current A/c
B. Partner's Salary	2. Debit side of Partner's Capital A/c
C. Fresh Capital introduced	3. Debit side of Partner's current A/c
D. Interest on Drawings	4. Credit side of Partner's Capital A/c

(a) A – 2, B – 1, C – 4, D – 3

(b) A – 1, B – 2, C – 4, D – 3

(c) A – 2, B – 1, C – 3, D – 4

(d) A – 4, B – 2, C – 1, D – 3 (a)

3. Match the assets in List I with the types of assets in List II using the codes given

below

List I (Assets)	List II (Types of Assets)
A. Land & Building	1. Fictitious Assets
B. Profit and Loss Account (Dr.)	2. Wasting Assets
C. Mines	3. Fixed Assets
D. Goodwill	4. Intangible Assets

(a) A - 3, B - 1, C - 2, D - 4

(b) A - 1, B - 2, C - 3, D - 4

(c) A - 3, B - 4, C - 1, D - 2

(d) A - 3, B - 1, C - 4, D - 2 (a)

4. A firm does not have a Partnership Deed. Based on this fact, Match items in List I with items in List II using the codes given below

List I	List II
A. Interest will be allowed @ 6% pa	1. Drawings of partners
B. Interest will not be allowed	2. Net loss of the firm for an accounting year
C. No interest will be charged	3. Capitals contributed by the partners
D. Partners shall share equally	4. Loan given by a partner to the firm.

(a) A - 1; B - 3; C - 2; D - 4

(b) A - 4; B - 3; C - 2; D - 1

(c) A - 3; B - 2; C - 4; D - 1

(d) A - 4; B - 3; C - 1; D - 2 (d)

[5] [A]

DESCRIPTION	OPTIONS
(a) Hidden Goodwill (at the time of admission)	(1) Written off in new PSR
(b) Goodwill appearing in the books (at the time of change in PSR)	(2) Written off in old PSR
	(3) Total capital based on New partner share - total of all partners capital

	(4) Total of all partners capital – total capital based on new partner
--	--

[6] [U]

DESCRIPTION	OPTIONS
(1) Premium for goodwill a/c is opened	(a) At the time of retirement
	(b) At the time of death
	(c) at the time of admission
	(d) At the time of reconstitution of partnership firm

[7] [R]

DESCRIPTION	OPTIONS
(a) Admission of a new partner	[1] with the consent of any existing partner
	[2] With the consent of majority of existing partners
	[3] with the consent of all partners
	[4] old-new
	[5] New-old

[8] [U]

DESCRIPTION	OPTIONS
[1] Profit and loss adjustment a/c	
[2] Partners capital a/c	
	(a) Revaluation a/c
	(b) Personal A/c
	(c) P&L suspense a/c
	(d) Real a/c

[9] [A] Where the following will be shown

[1] Rs. 2,00,000 introduced by new partner	[A] Partners Capital Account
[2] Goodwill given in old balance sheet	[B] Balance sheet
	[C] Profit & loss Appropriation Account
	[D] Revaluation Account

[10] [A]

[1] Increase in value of Machine	[A] Dr. Revaluation Account
[2] Provision for doubtful debts no longer required	[B] Cr. Revaluation Account
	[C] No Change

[11] [A]

[1] Bad Debts Recovered	[A] Dr. Revaluation Account
[2] unrecorded investment	[B] Cr. Revaluation Account
	[C] No Change

[12] [U]

[1] Goodwill appearing in the balance sheet at the time of admission of new partners	[A] Written off in old ratio
	[B] Written off in new ratio

[13] [U]

[1] When new partner brings his/her share goodwill in cash	[A] New Partners Capital A/c Dr. To Sacrificing Partners Capital A/c
	[B] Cash A/c Dr. To Premium for goodwill
	[C] No entry passed in the books of accounts

[14] [A] Treatment of above on admission of new partner

[1] Creditors over valued	[A] No treatment required
[2] creditors under valued	[B] Dr. Revaluation Account
	[C] Cr. Revaluation Account

[15] [A] Treatment on admission on the following

[A] Profit on revaluation account	[1] No treatment required in partners capital
[B] Profit & loss (Dr) Balance	[2] Cr. in partners' capital account
	[3] Dr. in partners' capital account

[16] [A&E]

when the new partner brings additional cash other than his capital	Capital
When the new partner brings Assets other than cash for his capital	Reserves
	Profit
	Premium for goodwill

[17] [A]

When new partner gives his/her goodwill personally or privately	[A] old partners capital Dr To bank
When old partners withdraws goodwill amount	[B] Cash A/c Dr. To Premium for goodwill
	[C] No entry passed in the books of accounts

[18][A]

When new partner is unable to bring his/her share goodwill in cash	[C] No entry passed in the books of accounts
When new partner is bring his/her share goodwill in cash	[A] New Partners Capital A/c Dr. To Sacrificing Partners Capital A/c
	[B] Cash A/c Dr. To Premium for goodwill

[19] [A]Treatment of above on admission of new partner

	[A] No treatment required
[1] Building undervalued	[B] Dr. Revaluation Account
[2] Building overvalued	[C] Cr. Revaluation Account

[20] [A]Treatment of above on admission of new partner

Book value of land = Market value of land	[A] No treatment required
Book value of land > Market value of land	[B] Dr. Revaluation Account
	[C] Cr. Revaluation Account

[21] [A]Treatment on admission on the following

General Reserves	[1] No treatment required in partners capital
Advertisement suspense	[2] Cr. in partners' capital account
	[3] Dr. in partners' capital account

[22] [A&E] Treatment on admission on the following

No profit/loss on revaluation account	[1] No treatment required in partners capital
Loss on revaluation account	[2] Cr. in partners' capital account
	[3] Dr. in partners' capital account

[23] [A&E]

DESCRIPTION	OPTIONS
-------------	---------

Revaluation a/c is open	(e) At the time of retirement
	(f) At the time of death
	(g) at the time of admission
	(h) At the time of reconstitution of partnership firm

[24][U]

DESCRIPTION	OPTIONS
Sacrificing ratio	[1] with the consent of any existing partner
Gaining Ratio	[2] With the consent of majority of existing partners
	[3] with the consent of all partners
	[4] old-new
	[5] New-old

25 [U] Match items in List I with items in List II using the codes given below

List I	List II
A. Capital withdrawn	1. Credit side of Partner's Current A/c
B. opening balance of capital	2. Debit side of Partner's Capital A/c
	3. Debit side of Partner's current A/c
	4. Credit side of Partner's Capital A/c

UNIT – 3 Retirement or Death of a Partner

R- Remembering
U- Understanding
A – Application
A&E- Analysis & Evaluation

True / False

1. (R)In Death of a partner the share of profit of deceased partner is calculated either on time basis or on turnover basic. [T]
2. (U)Profit sharing ratio of remaining partner is decided according to mutual agreement among the remaining partners. [F]
3. (A&E)The amount paid to the retiring partners is excess of his capital after adjusting accumulated profits/losses revaluation profits/losses, share of goodwill etc is taken as his share of hidden goodwill of the firm. [T]
4. (A)The gaining partners should compensate the sacrificing partners to the extent of their gain for the respective share of goodwill. [T]
5. (A&E)Goodwill will be debited with the agrees value less already shown in the Balance sheet.[F]
6. (A)Goodwill may be written off in all the partners are in old profit sharing ratio. [T]
7. (R) The death of a partner, deceased partner share in the goodwill is divides equally among continuing partners. [F]
8. (U)Death of a partner is like a compulsory retirement. [T]
9. (A)Retiring partners' share of goodwill is debited to his his/her capital account at the time of retirement. [F]
10. (U)Goodwill is recorded in the books only when it is purchased. [T]
11. (A&E) Partner capital account is debited with his/her share of goodwill is credited in their gaining ratio. [F]
12. (A) In case of goodwill account written off the capital account of all partners is credited. [F]
13. (U)Retiring Partner remains liable for all the acts of the firm up to the date of his retirement. [T]
14. (R) Provident Fund is credited to all partners in their old ratio at the time of Retirement of a Partner. [F]
15. (A)On the death of a partner, Cr. Balance of P&L A/c appearing in the Balance sheet should be credited to the capital A/c of the remaining partners in their new profit sharing ratio. [F]
16. (A)Share in profit of deceased partner is transferred to P&L suspense A/c. [T]
17. (A)The share of goodwill of the retiring partner is debited to remaining partner in their gaining ratio. [T]
18. (U)Remaining partners acquire the share of profit of the retiring partner in old ratio. [F]
19. (A&E) A, B and C are partners sharing profits in the ratio of 5:2:1.On retirement of C, the gaining ratio will be 5:2. [T]
20. (A) The retiring partner's capital account is debited with his/her share of goodwill and remaining partner's capital account is credited. [F]
21. (A&E) In case, goodwill account written off the capital account of all partners is credited. [F]
22. (A)At the time of death of a partner his share of goodwill is divided equally among continuing partners. [F]

23. (A) Retiring partner's share of goodwill is debited to his/Her capital account at the time of retirement. (F)
24. (A) Amount finally paid to deceased is transferred to executors account. (T)
25. (A&E) At the time of retirement of a partner there is a workmen compensation reserve Rs 25,000 and claim of it Rs 30,00 Then Rs 5,000 will be credited to Revaluation account. (F)

Fill in the blanks:

1. (R) Goodwill will be debited with the agreed value _____ goodwill already shown in the book. [Less]
2. (U) Market value of the business – net worth of the business = _____. [Goodwill]
3. (R) The executor is entitled to all the right of a _____. [Deceased Partner]
4. (A) Share of goodwill of the deceased partner is _____ to his capital account. [Credited]
5. (R) In case of death of a partner the profit may be estimated on the basis of _____ and _____. [Time, Sales]
6. (U) The balance in the capital account of the deceased partner is transferred to his _____ account. [Executor's]
7. (U) Interest on drawings due from deceased partner till the date of the death is _____ to his capital account. [Debit]
8. (U) The executor of the deceased partner is entitled to all the right of _____. [Deceased Partner]
9. (A) Share of goodwill of the deceased partner is _____ to his capital account. [Credited]
10. (A) The balance in the capital account of the deceased partner is transferred to his _____ account. [Executor]
11. (A) Interest on drawing due from deceased partner till the date of the death is _____ to his capital account. [Debited]
12. (A) When a partner retires or dies his share of profit taken over by the remaining partners in _____ ratio. [Gaining]
13. (A) At the time of retirement of partner the amount of goodwill of retiring partner will be paid by the continuing partners in _____ ratio. [Gaining]
14. (R) New ratio – old ratio = _____ ratio. [Gaining]
15. (R) As per section 37 of the Indian partnership act 1932, in the absence of partnership deed, the retiring partner is entitled to interest @ _____ till the time amount due to him is not paid. [6%]
16. (A) The share of profit of deceased partner from the closure of last balance sheet till the date of his death is credited to _____ account. [Profit and Loss A/c]
17. (A & E) A, B, C, are partners sharing profits in the ratio of 7:5:4. C died on 30th June, 2018 and profits for the year 2017-18 were Rs. 24,000. C's share in profit will be _____. [Rs. 1,500]
18. (A) In case of death of a partner the profit may be estimated on the basis of time or _____. [Turnover]
19. (A & E) Ram Mohan and Sohan are partner sharing profit in the ratio of 4:3:2, Mohan died on 1st Oct 2019, new ratio will be 1:2 among Ram and Sohan, goodwill of the firm is valued at Rs. 6,00,000 _____ amount will be transfer to Mohan capital A/c. [Rs.2,00,000]

20. (A&E) Mohan a partner died on 30th sep 2019 he withdraw Rs.4,000 per month in the beginning of every month. Rate of interest charged on drawings is 12% p.a. Amount of interest on drawing will be _____ if firm closes its account at the end of every year. [Rs.840]
21. (A&E) X, Y, Z are partners Z died on 31 march 2019. There is balance in P&L A/c in the assets side in the balance sheet Rs. 60,000, Amount transfer to _____ side of partner's capital account. [Debit]
- 22 (A) _____ is the ratio in which retiring partner is compensated by continuing partners (Gaining)
- 23 (A) _____ account is prepared when amount payable to outgoing partner is paid in installments with interest. (Loan)
- 24 (A) In case of retirement of a partner, any one of continuing partner sacrifice his share then his capital will be _____. (credited)
- 25 (A) At the of retirement of a partner Provision for bad and doubtful debts appears in in balance sheet and all Debtors become good at the time of retirement , then provision for bad & doubtful debts will be _____ in revaluation account. (credited)

MCO's

1. (R) Gain of Revaluation at the time of retirement is transferred to:
 (a) **All Partners**
 (b) Outgoing partner
 (c) Remaining Partner
 (d) Retiring Partner [a]
2. (R) Gaining ratio is calculated by
 (a) Old ratio – new share
 (b) Old share + acquired share
 (c) **New share – old share**
 (d) New share + old share [c]
3. (R) Gaining ratio is calculated at the time of
 (a) Admission of a partner
 (b) **Retirement of a Partner**
 (c) Dissolution of a partnership firm
 (d) Both (a) and (c) [b]
4. (A) If Goodwill is appearing in the balance sheet , it will be Credited to
 (a) Gaining partner
 (b) Retiring partners
 (c) **All partners**
 (d) Remaining Partners' [c]
5. (A) If the retiring partner is not paid full amount due to him immediately on retirement, his balance is transferred to his :
 (a) **Loan A/c**
 (b) Capital A/c
 (c) Bank A/c
 (d) Suspense A/c [a]

6. (A&E)A, B, C were partners sharing Profit and Losses in the ratio of 3:2:1 Books are closed on 31st March every year. C dies on 30th, Nov 2018. Under the partnership deed, the executors of deceased partner are entitled to his share of profit up to the date of death, Profit as on ended 31st Mar 2018 was Rs. 2,40,000 C's share of profit will be
- (a) 26667 [a]
 (b) 40000
 (c) 30000
 (d) 53333
7. (A)A, B, C are partners sharing profit and losses in the ratio of 4:3:1: B retires and gives his share of profit to A Rs. 3,600 and C Rs. 4,500. What is the Gaining sharing ratio of A and C?
- (a) 4:5 [a]
 (b) 2:1
 (c) 68:48
 (d) 4: 1
8. (U)In which ratio Retiring partner is compensated by the continuing partner for his share of goodwill, in which ratio?
- (a) Gaining ratio [d]
 (b) Sacrificing ratio
 (c) Old ratio
 (d) New ratio
9. (R)Revaluation account is prepared at the time of :
- (a) Admission of partner
 (b) Retirement of a partner
 (c) Death of a partner
 (d) Reconstitution of the firm [d]
10. If three partners A, B, C are sharing profit as 5:3:2, then on the death of a partner A, how much B and C will pay to A executor on account of goodwill. Goodwill is to be calculated on the basis of 2 years purchase of last 3 years average profit, profits for the last 3 years are Rs. 3,28,000 Rs. 3,46,000 and Rs. 4,00,000.
- (a) Rs. 3,16,000 and Rs.1,42,000
 (b) Rs. 2,44,000 and Rs.2,16,000
 (c) Rs. 4,29,600 and Rs. 2,86,400 [c]
 (d) Rs. 2,16,000 and Rs. 1,44,000
11. (U)Revaluation account is prepared to calculate gain or loss at the time of
- (a) Admission of partner
 (b) Retirement of a partner
 (c) Death of a partner
 (d) All of a above [d]
12. (U)An account prepared to ascertain the gain or loss at the time of death of a partner is called
- (a) A realisation Account
 (b) Executors Account
 (c) Revaluation Account [c]
 (d) Decreased Partner
13. (R)Amount due to outgoing partner is shown on the balance sheet as his
- (a) Liability

- (b) Asset
(c) Capital
(d) **Loan** [d]
14. (A)A, B and C are partners in a firm sharing profit and losses in 3:4:2 B retire from the firm. The profit on revaluation on that date was Rs. 72,000, New ratio between A and C is 5:3 Profit on revaluation will be distributed as:
(a) A Rs. 32,000 B Rs. 24,000 C Rs. 16,000
(b) **ARs. 24,000 B Rs. 32,000 C Rs. 16,000**
(c) A Rs. 45,000 C Rs. 27,000
(d) ARs. 47,250 CRs. 24,750 [b]
15. P, Q and R sharing profit and losses in the ratio of 8:5:3. Q retire from the firm takes 3/16 from P and R takes 5/16 from P. New profit sharing ratio between Q and R will be
(a) **1:1**
(b) 10:6
(c) 9:7
(d) 5:3 [a]
16. (A)In the event of death of a partner of employees provided fund appears in the balance will be shown in
(a) Capital A/c (Cr.)
(b) Account (Dr.)
(c) **Liability side [Balance Sheet]**
(d) Asset side[Balance Sheet] [c]
17. (A)Share of goodwill of the retiring partner is debited to remaining partners in their
(a) Old ratio
(b) New ratio
(c) **Gaining ratio**
(d) Sacrificing ratio [c]
18. (A)At the time death of a partner general reserve appearing in the balance sheet should be credited to:
(a) **All partners including deceased partner in their old profit sharing ratio**
(b) Remaining partners in the new profit sharing ratio
(c) Neither the decreased nor the remaining partners
(d) Remaining partner in gaining ratio [a]
19. (U)Retiring or outgoing partner
(a) Is liable for firm liabilities
(b) Not liable for any liabilities of the firm
(c) **Is liable for obligation incurred before his retirement**
(d) Is liable for obligation incurred before and after his retirement [c]
20. A, B and C are partner with Profit and Losses in the ratio of 4:3:2. B retires if A and C share profit of b in 5:3 then find the new profit sharing ratio
(a) **47:25**
(b) 17:11
(c) 31:11
(d) 14:21 [a]
21. (A)Outgoing partner give his share of profit remaining partners. In what ratio do the remaining partners contribute to such compensation amount?
(a) **Gaining ratio**

- (b) Capital ratio
- (c) Sacrificing ratio
- (d) Old profit sharing ratio [a]

22. (U) Claim of the retiring partner is payable in the following form

- (a) Fully in cash
- (b) Fully transferred to loan A/c to be paid later with some interest on it
- (c) Party in cash and party as loan repayable later with agreed interest
- (d) Any of the above method [d]

23. (A) A, B and C sharing profit in ratio 3:2:1 C retires from the firm. Goodwill is to be valued at Rs. 60,000 find the amount payable to retiring on account of goodwill

- (a) Rs. 30,000
- (b) Rs. 20,000
- (c) Rs. 10,000
- (d) Rs. 60,000. (B)

Q24 (A) A , B & C are partners sharing profits in ratio 3:2:1. C retired from the firm . The total capital of new firm is fixed at Rs 60,000 . What will be the new capital of A and B :

- A Rs 30,000 and Rs 30,000
- B Rs 24,000 and Rs 36,000
- C Rs 36,000 and Rs 24,000
- D Rs 40,000 and Rs 20,000 (c)

Q25 (A&E) A , B and C are partners sharing profits in the ratio 2:2:1. B retires from the firm . The capital account of A, B and C are Rs 60,000 Rs 70,000 and Rs 50,000 respectively after adjustment of goodwill , reserved and revaluation . B was to be paid in cash brought in by A and C in such a way that their capital are in proportion of new ratio . How much amount A and C must bring to pay B :

- A Rs 50,000 by A & Rs 20,000 by B
- B Rs 60,000 by A & Rs 10,000 by B
- C Rs 35,000 by A and Rs 35,000 by B
- D Rs 40,000 by A and Rs 30,000 by B (B)

Match the following

Q1 (A)

1. The share of goodwill of the retiring partner is Credited to remaining partners in their	A. Capital Ratio
2. In the event of death of a partner the general reserve is transferred to partners' capital A/c	B. New Ratio
	C. Gaining Ratio
	D. Old Ratio

[1-C, 2-D]

Q2 (A)

1. At the end of the accounting period profit and loss suspense A/c is closed by transferring its balance to the	A. Profit and Loss A/c
--	------------------------

2. Balance of profit and loss A/c appears in the balance sheet is transferred to	B. Profit and Loss Appropriation A/c
	C. Capital A/c

[1-A, 2-C]

Q3 (A&E)

1. According to the Indian Partnership Act 1932 interest payable to the deceased partner on amount left will be	A. 6% p.a.
2. Interest payable on partners' loan	B. 12%p.a.
	C. The Bank Rate

[1-A, 2-A]

Q4 (U)

1. Gaining ratio is used at the time of	A. Change in profit sharing ratio
2. Sacrificing ratio is used at the time of	B. Admission of a partner
	C. Retirement or death of a partner

[1-C, 2-B]

Q5 (A)

1. Balance of advertisement Suspense A/c appearing in Balance Sheet at the time of death of a partner is debited to all partners 'Capital A/c in	A. New Ratio
2. Profit earned after retirement of partner is distributed among remaining partner in	B. Old Ratio
	C. Sacrifice Ratio
	D. Gaining Ratio

[1-B, 2-A]

Q6(A)

1. Salary outstanding is recorded	A. Debit Side Revaluation A/c
2. Creditors of Rs. 12,000 were not likely to be claimed	B. Credit Side Revaluation A/c
	C. Debit Partner Capital A/c
	D. Credit Partner Capital A/c

[1-A, 2-B]

Q7(U)

1. Credit the share of profit of the deceased partner.	A. Revaluation A/c
2. Profit On Revaluation of deceased partner	B. Profit and Loss A/c Suspense A/c
	C. Profit and Loss A/c Appropriation A/c

[1-B, 2-A]

Q8(R)

1. Profit on revaluation on retirement	A. Old profit sharing ratio
2. Share of goodwill of retiring partner	B. New profit sharing ratio
	C. Sacrificing ratio
	D. Gaining ratio

[1-A, 2-D]

Q9(A&E)

A at the time of retirement Workmen Compensation Reserve in Balance Sheet is Rs. 20,000	A. Debit Workmen Compensation Reserve and credit partners' capital A/c
1. Actual claim for Workmen Claim is Rs. 15,000	B. Debit revaluation credit Provision for Workmen Claim
2. Actual claim for Workmen Claim is Rs. 22,000	C. Debit prov. For Workmen Claim revaluation A/c
	D. Debit partners' capital A/c and credit Workmen Compensation Reserve

[1-A, 2-B]

Q10(R)

1. Profit on revaluation will be credited to	A. Partners' Capital A/c
2. Loan on revaluation will be debited to	B. Profit and Loss A/c
	C. Profit and Loss Appropriation A/c

[1-A, 2-A]

Q11(R)

1. Goodwill appearing in Balance Sheet at the time of retirement is	A. Credited to Partners Loan A/c
2. General reserve appearing in Balance Sheet at the time of retirement is	B. Debited to Partners' Capital A/c

[1-B, 2-A]

Q12(A)

1. Increase in value of furniture	A. Debited to Revaluation A/c
2. Increase in creditors	B. Credited to Revaluation A/c
	C. Debited to Realisation A/c
	D. Credited to Realisation A/c

[1-B, 2-A]

Q13(A)

1. Partner's share gain or loss from Revaluation of assets and assessment of liabilities is distributed in	A. Capital Ratio
2. Partner's share of Loss on Revaluation	B. New Ratio
	C. Gaining Ratio
	D. Old Ratio

[1-D, 2-D]

Q14(U)

1. Decrease in value of machine	A. Debited to Revaluation A/c
2. Decrease in bills payable	B. Credited to Revaluation A/c
	C. Debited to Realisation A/c
	D. Credited to Realisation A/c

[1-A, 2-B]

Q15(A)

1. Profit & Loss Appropriation Account	A. Distribution of General Reserve
2. Profit & Loss Suspense	B. Distribution of Net Profit
	C. Distribution of Profit upto the date of death

[1-B, 2-C]

Q16(A)

1. Retirement of a partner leads to :	A. No change in profit sharing ratio
2. Death of a partner leads to :	B. Loss in profit sharing ratio
	C. Gain in profit sharing ratio

[1-C, 2-C]

Q17(U)

1. On Retirement of a partner credit balance of Profit & Loss Account	A. Remaining partner capital account is credited
2. On the death of a partner Debit balance of Profit & Loss Account	B. Remaining partner capital account is Debited
	C. All partner capital account is credited
	D. All partners capital account is debited

[1-C, 2-D]

Q18(A)

1. At the time of retirement of a partner , profit on revaluation is credited to :	A. Capital Account of retiring partners
2. At the time of retirement of a partner, loss on revaluation is debited to ;	B. Capital Account of all partners in old ratio
	C. Capital Account of remaining partners in new ratio
	D. Capital Account of remaining partners in old ratio

[1-B, 2-B]

Q19(U)

1. At the time of retirement of a partner profit on revaluation is divided among partners in :	A. New Ratio
2. At the time of retirement of a partner general reserves is divided among partners in :	B. Gaining Ratio
	C. Sacrificing Ratio
	D. Old Ratio

[1-D, 2-D]

Q20(A&E)

1. The deceased partner's share of profit up to his death is recorded in :	A. Profit & Loss Adjustment
2. The deceased partner's share of loss up to	B. Profit & Loss

his death is recorded in :	
	C. Profit & Loss Appropriation
	D. Profit & Loss Suspense

[1-D, 2-D]

Q21(A&E)

1. A, B & C are partners in the firm. B retires from the firm. The capital of A and C after all adjustment is Rs. 50,000 and Rs. 60,000. Adjust their capitals in new profit sharing ratio. Calculate the new capital of C.	A. 65,000
2. A, B & C are partners in ratio 2:1:1. B retires from the firm. The capital of new firm is fixed at Rs 1,20,000. Calculate the new capital of partner of A.	B. 55,000
	C. 40,000
	D. 80,000

[1-B, 2-D]

Q22(A&E)

1. A, B & C are partners in firm. C retires. What will be the gaining ratio between A and B.	A. 3:2
2. A, B & C are partners in firm. C retires. C gives share to A for Rs. 8,000 and to B for Rs. 4,000. Calculate gaining ratio between A and B.	B. 4:3
	C. 1:1
	D. 2:1

[1-C, 2-D]

Q23(A&E)

1. Y & Z are partners sharing ratio 4:3:3. Z retires and the new ratio between X and Y is 7:3. Which partner gain?	A. X and Y both gains.
2. X, Y & Z are partners sharing in ratio 6:4:5. Y retires and new ratio between X and Z is 11:4. Which partners gain?	B. Only X gains
	C. Only Y gains
	D. X and Y both sacrifice.

[1-B, 2-B]

Q24(A&E)

1. A, B & C are partners, C retires from the firm. There is workmen compensation reserve appearing in Balance Sheet of Rs. 60,000. Calculate the amount credited to C for workmen compensation reserve.	A. 10,000
2. A, B & C are partners, C retires from the firm. There is workmen compensation reserve appearing in Balance Sheet of Rs. 60,000. Claim on account of workmen compensation is Rs. 15,000. Calculate the amount credited to C for workmen compensation reserve.	B. 15,000
	C. 20,000
	D. 25,000

[1-C, 2-B]

Q25 (A&E)

<p>1 A ,B & C are partners in ratio 2:2:1. C retires from the firm . The capital balance of A B& C are Rs 1,20,000 ; Rs 1,40,000 and Rs 1,00,000. C was to be paid in cash brought in by A and B . What be the new capital of A and B of newly constituted firm.</p>	<p>A New capital of A Rs 2,40,000 and of B Rs 1,20,000.</p>
<p>2 A, B and C are partners in the ratio 2:2:1. C retires from the firm The capital balance of A B & C are Rs 1,20,000 ; Rs 1,40,000 and Rs 1,00,000 . C was to be paid in cash brought in by A and B and to leave Rs 60,000 in the Bank account . How much amount A and B should bring to pay c</p>	<p>B New capital of A Rs 1,80,000 and of B Rs 1,80,000</p>
	<p>C Amount brought in by A is Rs 2,80,000 and by B is Rs 1,40,000</p>
	<p>D Amount brought in by A is Rs 2,10,000 and by B is Rs 2,10,000</p>

Answer 1 – B ; 2 - D

UNIT - 4 Dissolution of a Partnership Firm

Fill in the blanks

Remembering

1. When any asset is taken by the partner at the time of dissolution of the partnership firm then _____ Account will be debited. [Partner's Capital]
2. In case of dissolution of the partnership firm, Provision for Doubtful Debts is transferred to _____ Account. [Realisation]
3. Dissolution of Partnership may or may not involve _____ of the firm. [Dissolution]
4. Realisation Account is _____ in nature. [Nominal]
5. Loss of realization Account is debited to Partner's Capital Account is the _____. [Ratio]
6. Profit on realisation is credited to Partner's Capital Account in their _____. [Profit-Sharing Ratio]
7. Asset taken by a partner at the time of dissolution is _____ to partner's capital Account. [Debited]
8. When Realisation expenses are paid by a partner on behalf of the firm, Partner's Capital Account will be _____. [Credited]

Understanding

9. A firm may be compulsory dissolved when all the partners or all the partners except one become _____. [Insolvent]
10. Firm's Property is applied first for settling _____. [Firm's debts]

11. In case of dissolution of firm _____ relationship between/among the partners comes to an end. [Economic]
12. When any of the partners agrees to carry out dissolution for an agreed remuneration, including Realisation expenses, _____ Account will be credited. [Partner's Capital]
13. B, a partner was appointed to look after the process of dissolution for which he was allowed a remuneration of Rs. 5,000. B agreed to bear the dissolution expenses. Actual dissolution expenses Rs.3,000 paid by B. Realisation Account will be debited by _____. [Rs. 5,000]
14. Accumulated Profits/losses are distributed amongst the partners in their_ ratio at the time of Dissolution of Partnership Firm. [Profit sharing]

*Application

15. Stock was sold Rs. 20,000 (being 25% more than the book value). Amount of stock transferred to Realisation Account is _____. [Rs. 16,000]
16. If Partner's loan is appearing on the assets side of the balance sheet at the time of dissolution of firm, it is transferred to _____ Account. [Partner's Capital]
17. At the time of dissolution of Partners' firm closing balances of Partners' Capital Account is transferred to _____ Account. [Cash/Bank]
18. Creditors of Rs. 30,000 and Bills Payable of Rs. 8,000 were due on an average basis of one month after 31stMarch, 2019 but they were paid immediately on 31stMarch, 2019 @ 6% discount p.a., the amount debited to Realisation Account will be _____. [Rs. 37,810]

*Analysis and Evaluation

19. Furniture of Rs. 5,500 appears in the balance sheet on the date of dissolution of the Partnership firm, realised at a loss of 10% on selling price. Amount collected from furniture _____. [Rs. 5,000]
20. If Workmen Compensation Reserve appears at Rs. 20,000 in the balance sheet and there is a claim of Rs. 15,000 to be paid against it, then _____ will be transferred to Realisation Account. [Rs. 15,000]
21. At the time of Dissolution of firm, goodwill appearing the balance sheet is transferred to _____ Account. [Realisation]
22. If a partner becomes a person of unsound mind and therefore the firm is dissolved, this type of dissolution is called dissolution by _____. [Court]
23. Unrecorded assets, though brings in cash on its disposal, but are not transferred in _____ Account. [Realisation]
24. If investments are not given on the assets side of the balance sheet and only Investment Fluctuation Reserve is given on the liabilities side, it is transferred to _____ Account [Partner's Capital]
25. If workmen compensation reserves appearing in balance sheet at Rs 30,000 and there is claim of Rs 18,000 to be paid against it then _____ amount will be transferred to partners capital account . (12,000)

TRUE AND FALSE

REMEMBERING

1. Dissolution of Partnership is different from Dissolution of Partnership Firm. [T]
2. The court can order the Dissolution of a Partnership Firm, if any of the partners become a person of unsound mind. [T]
3. For paying off firm's debts all partners are jointly and separately liable to pay. [T]
4. Partner's Loan Account is transferred to Realisation Account. [F]
5. When the Expenses are borne and paid by the Partner out of his own pocket. Then Journal Entry for realization expenses is passed. [F]
6. Dissolution of Partnership means change in existing relations of the partners [T]
7. When the business of the firm is unlawful then it is compulsory Dissolved. [T]

UNDERSTANDING

8. Change in Business Relationship among the Partner's is Dissolution of Partnership. [T]
9. Assets having provisions are recorded in Realisation Account at its net value. [F]
10. Partners Loan is an outside Liability. [F]
11. Partners' wife's loan is transferred to Realisation Account. [T]
12. When a liability is discharge by a partner, it is credited to his account. [T]
13. Court does not intervene in the Dissolution of Partnership. [T]

APPLICATION

14. If creditor is Rs. 20,000, loan Rs. 10,000 and capital is of Rs. 1,50,000 cash balance is Rs. 30,000, then Remaining Assets will be Rs. 1,80,000. [F]
15. Debtors of Rs. 50,000 are realized at a loss of 2% the amount thus realised is Rs. 49,000. [T]
16. At the time of dissolution, balance sheet reveals capital of Rs. 90,000 general reserve Rs. 1,00,000, loan of Rs. 50,000. Cash Balance Rs. 1,00,000. Then assets are realised at 30% giving a loss of Rs. 6,60,000. [F]
17. Raju a partner, bear all Expenses of Realisation, for which he is paid Rs. 4,000 Raju paid Rs. 5,000 as Dissolution Expenses then Realisation Account is debited by Rs. 5,000. [F]
18. Creditors of Rs. 80,000 are paid 20% less hence the amount paid is Rs. 64,000. [T]

ANALYSIS & EVALUATION

19. When it is agreed that a partner will bear the Realisation Expenses and for which he is paid an agreed amount, then Realisation Account is debited by the amount payable to the partner. [T]
20. Furniture worth Rs. 30,000 taken over by partner a, then cash account is debited and Realisation Account is credited. [F]
21. Liabilities to third parties do not include Accumulated Profits. [T]
22. Realisation Expenses Rs. 15,000 were to be borne and paid by Rohit, then Realisation Account is debited. [F]
23. No entry will be made if debtors of Rs. 18,000 agreed to pay the Realisation Expenses of Rs. 17,500, in full settlement of his account. [F]
24. Creditor of Rs. 20,000 accepted investments of Rs. 17,000 in full settlements of his claim recorded in Realisation Account. [F]
25. Debtors of Rs . 25,000 were taken over by the partner at this value ,it will be recorded in the credit side of partner capital account (F)

Multiple Choice Questions

Remembering

1. Nature of realisation Account :-
(a) **Nominal Account**
(b) Real Account
(c) Personal Account [a]
2. Partners Loan Account is :-
(a) **Personal Account**
(b) Real Account
(c) Nominal Account [a]
3. Nature of bank Account is :-
(a) **Artificial Personal Account**
(b) Natural Personal Account
(c) Representative Personal Account [a]
4. Court may pass order of the dissolution of the firm where :-
(a) Expiry of the term for which the firm was constituted
(b) **When the business of the firm can't be carried on except at a loss**
(c) On completion of the venture [b]
5. Section 48 of the Indian partnership act 1932 deals with :-
(a) Payment of firms debts and privatedebts
(b) **Settlement of account when the firm is dissolved**
(c) Dissolution of the firm [b]

6. Liabilities to third parties in case of dissolution of partnership firm do not include :-
(a) Reserves
(b) Credit Balance of P&L Account
(c) Partners loan
(d) **All of the Above.** [d]
7. When Realisation expenses are borne & paid by the same partner :-
(a) **No entry will be passed**
(b) Realisation Account will be debited, Cash Account will be credited
(c) None of above [a]
8. Partners loan Account is not transferred to :-
(a) Bank Account
(b) **Realisation Account**
(c) Partners loan Account [b]
9. Dissolution of the Partnership does not include :-
(a) Admission of a partner
(b) Death of a partner
(c) Change in Profit-Sharing Ratio
(d) **Dissolution of firm** [d]

Understanding

10. Dissolution of the Partnership firm means :-
(a) Change in existing ratio of partners
(b) **Dissolution of Partnership among all partners**
(c) Death of a Partner
(d) Dissolution of firm [b]
11. Liability which is not shown in balance sheet but paid at the time of dissolution :-
(a) Outstanding Expenses
(b) Bills payable
(c) **Unrecorded liability** [c]
12. Third party liabilities are shown in Realisation Account :-
(a) Debits side of Realisation Account
(b) **Credit side of Realisation Account**
(c) Debit side of Partner Capital Account
(d) Credit side of Partner Capital Account [b]

13. Accumulated Profit /Loss are transferred to Partner's Capital Account in case of dissolution in their
(a) New Ratio
(b) Gaining Ratio
(c) **Profit Sharing Ratio**
(d) None of the above [c]
14. On Dissolution goodwill Account is transferred to :-
(a) Credit side of Bank Account
(b) Debit side of Partners Capital Account
(c) **Debit side of Realisation Account**
(d) Credit side of Realisation Account [c]
15. Change in existing agreement between Partners is called :-
(a) **Dissolution of Partnership**
(b) Dissolution of Partnership Firm
(c) Admission of a Partner
(d) Death of a Partner [a]
16. On dissolution goodwill realised shown in balance sheet is recorded as :-
(a) **Bank/cash A/cDr., To RealisationA/c**
(b) Partner's Capital A/cDr., To Bank/CashA/c
(c) Realisation A/c Dr., To Bank/CashA/c
(d) Realisation A/c Dr., To Bank/CashA/c [a]
17. If a partner undertakes to pay the liability of a firm on dissolution it will be recorded as :-
(a) RealisationA/c Dr., To Bank/CashA/c
(b) **RealisationA/c Dr., To Partners Capital A/c**
(c) Bank/Cash Dr., To Partners Capital A/c
(d) None of the above [b]
18. On dissolution advertisement suspense appearing in balance sheet is shown in :-
(a) RealisationAccount
(b) **Partner's Capital Account**
(c) Bank Account
(d) Revaluation Account [b]
19. On dissolution of partnership firm the personal debt of a partner will be paid out of :-
(a) **Partners personal asset**
(b) Firm profit
(c) Both (a) and (b)
(d) All of the above [a]

Analysis & Evaluation

20. If a partner has taken some of the Sundry Asset at Rs. 7,200 (being 10% less than book value) its book value is :-
(a)Rs. 7,920
(b)Rs. 8,000
(c)Rs. 7,200
(d)Rs. 7,000 [b]
21. Realisation expenses of Rs. 7,000 were to be paid by the partner. The firm will be paying him a remuneration of Rs. 7,500 for the dissolution work. The Partner's Capital Account will be credited with and Rs. :-
(a)Rs. 7,500
(b)Rs. 14,500
(c)Rs. 7,000
(d)Rs. 7,300 [a]
22. 'A' one of the Partners was to bear all the Realisation Expenses for which he was given a commission of 3% of net cash realised from Dissolution. Cash realised from Assets was Rs. 25,000. Amount paid for paying off liabilities amounted to Rs. 5,000. The amount of commission will be:-
(a) Rs. 750
(b) Rs. 150
(c) Rs. 800
(d) Rs. 600 [d]
23. If WCR was not given in balance sheet & liability arises of Rs. 10,000, the Journal Entry will be :-
(a) WCR A/cDr., To Partner Capital A/c
(b) Realisation A/c Dr., To Bank A/c
(c) Bank A/c Dr., To RealisationA/c
(d) No Entry [b]
24. While preparing memorandum Balance Sheet if the Asset side is more than the Liabilities side & Partners Capital is already appearing on the Liabilities side, the balancing figure will be :-
(a) Profit and Loss (Dr.)
(b) Creditors
(c) Furniture
(d) Cash [b]
25. There were investment worth Rs. 1,20,000, 75% of the investment were taken over by a Partner at 75% of their book value. The value at which the investment are taken over is:-
(a) Rs. 90,000
(b) Rs. 67,500
(c) Rs. 80,000
(d) Rs. 65,000 [b]

26. 50% of the Furniture valued at Rs. 20,000, taken by a Partner at Rs. 18,000, and remaining 50% will be sold at 20% less than the book value, amount transferred to Bank Account will be:-
- (a) Rs. 20,000
 - (b) Rs. 10,000
 - (c) **Rs. 16,000**
 - (d) Rs. 18,000

[c]

Match the following

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

Q1[R]

1. All the partners are liable jointly and severally for	a) Private debts
2. If partner has taken loan by mortgaging his Private property then his private property can't be applied first for setting	b) Firms debts

[1-b, 2-b]

Q2[R]

1. On the event of Dissolution of the Partnership Firms	a) Realisation Account is not prepared
2. On the event of Dissolution of Partnership	b) Books of the firm are closed
	c) Business of the firm become unlawful

[1-b, 2-a]

Q3[R]

1. Realisation Account is	a) Personal in Nature
2. Partner's Capital Account is	b) Nominal in Nature
	c) Real in Nature

[1-b, 2-a]

Q4[U]

1. Partners loan to the firm	a) Is asset for firm
2. Firm loan to the partner	b) Is liability for the firm

[1-b, 2-a]

Q5[R]

1. Credit Balance of Bank Account is transferred to	a) Realisation Account and Partner's Capital Account
2. Liability due to Partner's is not transferred to	b) Bank Account
	c) Realisation Account

[1-c, 2-c]

Q6[R]

1. Employees Provident Fund is recorded in	a) Realisation and Cash Account
2. Asset taken by the Partner is recorded in	b) Realisation Account

	c) Partner Capital Account
	d) Realisation and Partner Capital Account

[1-a, 2-d]

Q7[R]

1. Third party liability of a firm	a) Partner's Capital
2. Internal liability of a firm	b) Creditors
	c) Employees

[1-b, 2-a]

Q8[U]

1. Cash realised from sale of asset is transferred to	a) Revaluation Account
2. Payment made to Partner's capital is transferred to	b) Realisation Account
	c) Cash Account
	d) Partner Capital Account

[1-b, 2-c]

Q9[U]

1. Death of the Partner	a) Compulsory Dissolution
2. Unlawful business	b) Happening of an event
3. Person of unsound firm	c) Mutual Agreement
4. Dissolution with the consent of the partners	d) Dissolution by court

[1-b, 2-a, 3-d, 4-c]

Q10 [A] If goodwill appear in the Balance Sheet

1. On transfer of Goodwill to Realisation Account	a) Partner Capital A/cDr. To Realisation A/c
---	---

2. If realised in cash	b) Realisation A/c Dr. To goodwill A/c
3. If any asset taken by any partner	c) Bank A/cDr. To RealisationA/c

[1-b, 2-c, 3-a]

Q11[U]

1. All the Partners become insolvent	a) Happening of an event
2. On completion of venture	b) Compulsory Dissolution

[1-b, 2-a]

Q12[A]

1. A's wife loan taken over by A	a) Realisation Account
2. Provision for doubtful debts	b) Partners Capital Account
3. Bank overdraft	c) Bank Account
4. Partners loan	d) Partners loan Account

[1-b, 2-a, 3-a, 4-d]

Q13[A&E]

1. Workmen Compensation Reserve appears in the Balance Sheet at Rs. 20,000	a) Workmen Compensation Reserve A/c...Dr.20,000 To Realisation A/c12,000 To Partner's CapitalA/c8,000
2. Workmen Compensation Reserve appears in the Balance Sheet at Rs. 20,000 liability arise at Rs. 12,000	b) Workmen Compensation Reserve A/c Dr. 20,000 To Realisation A/c 20,000 Realisation A/c ...Dr. 25,000 To Bank A/c 25,000
3. Workmen Compensation Reserve appears in the Balance Sheet at Rs. 20,000 and liability arises at Rs. 25,000	c) Realisation ...Dr. 20,000 To Bank A/c 20,000
4. Workmen Compensation Reserve does not	d) Workmen Compensation Reserve A/c Dr. 20,000

appears in the Balance Sheet and liability Asset Rs. 20,000	To Partners Capital A/c 20,000
--	--------------------------------

[1-d, 2-a, 3-b, 4-c]

Q14[U]

1) Revaluation Account	a) All Assets and Liabilities are recorded
2) Realisation Account	b) Only changes in assets and liabilities are recorded

[1-b, 2-a]

Q15 [A&E]

1) Creditor Rs. 20,000 took over the stock of Rs.15,000 in full settlement of his debt	a) Cash A/c Dr. 5,000 To Realisation A/c 5,000
2) Creditor Rs.20,000 took over the stock of Rs.15,000	b) No entry
3) Creditors Rs.20,000 took over the stock of Rs. 25,000 and paid the balance of firm	c) Realisation A/c Dr. 5,000 To cash A/c 5,000

[1-b, 2-c, 3-a]

Q16[A]

1) Unrecorded liability taken by partner	a) No entry
2) Unrecorded liability paid in cash	b) Realisation A/c Dr. To cash A/c
	c) Realisation A/c Dr. To Partner's Capital A/c

Q17[A]

1) Unrecorded asset sold for cash	a) No entry
	b) Cash Account Dr. To Realisation A/c

[1-b]

Q18[A]

1. Dr. Balance of Profit and Loss Account	a) Partner's Capital A/c ...Dr. To Profit and Loss A/c
2. Cr. Balance of Profit and Loss Account	b) Profit and Loss A/c ...Dr. To Partner's Capital A/c

[1-a, 2-b]

Q19[A]

1) Debt already written off is now received at the time of dissolution is recorded in	a) Partners Capital A/c ...Dr. To Realisation A/c
2) Asset taken by partner	b) Realisation A/c ...Dr. To Partners Capital A/c

3) Partner paid his wife loan	c) No entry
4) Creditors taken investments	d) Bank A/c ...Dr. To Realisation A/c

[1-d, 2-a, 3-b, 4-c]

Q20 [A]

1 Realisation expenses paid by partner and was to be borne by him only	a) Partner capital will be credited
2 Realisation expenses paid by firm but it was to borne by a partner	b) No effect on partner capital
	c) Partner capital will debited
	d) Realisation will be debited

[1 – b; 2- c]

Q 21[A&E]

1 Realisation expenses Rs 20,000 paid by firm , out of which Rs 12,000 was to be borne by a partner :	a) Partners Capital will be credited Rs 12,000
2 Realisation expenses paid Rs 20,000 paid by partner , out of which Rs 8,000 was to borne by the firm	b) Partner capital will be debited Rs12,000
	c) Partner capital will be credited Rs8,000
	d) Partners Capital will be debited Rs 8,000

[1 – b; 2- c]

Q22[A&E]

1 If one of a partner takes sundry Assets for Rs99,000 which is 10 % less than book value . Find Book value of Sundry Assets:	a) Rs1,00,000
2 If one of a partner takes sundry Assets for Rs 99,000 which is 10% more than book value . Find Book value of Sundry Assets	b) Rs 1,10,000

	c) Rs 1,11,000
	d) Rs 90,000

[1- b; 2 d]

Q23[A&E]

1 Bank overdraft will be transferred to :	a) Partners Capital account
2 Bank loan will be transferred to :	b) Partners current account
	c) Bank account
	d) Realisation account

[1 – d ; 2 – d]

Q24[A]

1 At the time of dissolution of a Partnership firm Partners Capital account will be closed by :	a) Realisation account
2 At the time of dissolution of a Partnership firm Partner loan account will be closed by :	b) Partner current account
	c) Partners Capital account
	d) Bank account

[1-d; 2- d]

Q25[A]

1 Dissolution of Partnership which account is prepared:	a) Profit and loss account
2 Dissolution of Partnership firm which account is prepared :	b) Realisation account
	c) Revaluation account
	d) Profit and loss Appropriation account

[1 – c ; 2 – b]

UNIT – 5 Financial Statement of Not-For-Profit Organizations

R – Remembering

U- Understanding

A – Application

A&E- Analysis & Evaluation

Fill In the Blanks

1. (R) Hospitals, schools, clubs, are examples of _____ [NPO]
2. (R) Donation for Building is shown in _____ side of balance sheet. [Liabilities]
3. (R) The total of income side of Income and Expenditure Account is more than the total of expenditure side by Rs.25,000. Rs.25,000 is _____ [Surplus]
4. (A) Rent paid by Jaipur Club was Rs.40,000. If rent outstanding for the years ended 31stMarch, 2019 and 31st March, 2018 is Rs. 15,000 and Rs. 2,000 respectively. Rent shown in Income and Expenditure Account will be _____. [Rs. 53,000]
5. (A) The Balance Sheet as at 31st March, 2019 of Rotary Club of Jaipur shows total asset at Rs. 5,99,500. If the creditors for Medicines and Rents is Rs.99,000 and Rs. 500 respectively and Surplus of the Club for the year was Rs. 50,000. The Opening Capital Fund was _____ [Rs. 4,50,000]
6. (R) Subscription received in advance in the current year is shown on _____ side of Balance Sheet. [Liabilities]
7. (A&E) A club has 400 members each paying an annual subscription of Rs. 300. On 31st March, 2019 Advance Subscription is Rs. 2,000 and Outstanding Subscription is Rs. 7,000. Income and expenditure will be credited by _____ as subscription for the year ended 31st March, 2019. [Rs. 1,20,000]
8. (A & E) A Society has 500 members each paying Rs. 100 as annual subscription. It received Rs. 40,000 towards subscription during the year. Subscription received in advance at the beginning of the year was Rs. 12,000. In the Receipts and Payments Account Subscription Received will be shown as _____. [Rs. 40,000]
9. (U) Subscription income for the year is a _____ income. [Revenue]

10. (R) General Donation is shown in _____. [Income and Expenditure Account]

11. (R) Legacy Donation received for a specific purpose is shown in _____. [Balance Sheet]

12. (A & E) club has 250 members each paying an annual subscription of Rs. 1,000. The receipt and payments account for the year ended 31st March, 2019 showed Rs. 2,65,000 received as subscription. Additional information provided is:

Subscription outstanding on 31st March, 2018 Rs. 40,000

Subscription received in Advance as on 31st March, 2019 Rs. 30,000

Subscription received in Advance as on 31st March, 2018 Rs.12,000

_____ Amount that will be shown as Outstanding Subscription as on 31st March, 2019

[Rs. 43,000]

13. (A) Subscription outstanding at the beginning of current year is _____ from the amount of subscription on the credit side of Income and Expenditure Account. [Deducted]

14. (U) Income and Expenditure Account shows the amount of subscription for the _____ irrespective of the fact whether it is received or not. [Current year]

15. (A&E) Star Sports Club received Rs. 62,000 as subscription for the year ending 31st March, 2018. There are 250 members each paying an annual subscription of Rs. 400 each. Subscription of Rs. 10,000 was received in advance on 31st March, 2017. The amount of subscription outstanding for the current year is _____ [Rs. 28,000]

16. (A & E) Income and Expenditure Account of a cricket club shows Rs. 36,000 as the amount of subscription for the year ended 31st March, 2018. Subscription outstanding at the end of year was Rs. 8,000. Subscription received in advance at the end of the year was Rs. 6,000. The amount of subscription to be shown on the receipts side of Receipts and Payments Account will be _____ [Rs. 34,000]

17. (U) Subscriptions are _____ in nature for a Not for Profit Organisation. [Revenue]

18. (R) Not for Profit Organisation is a _____ Legal entity. [Separate]

19. (U) Capital fund is also known as _____ (Accumulated Fund)

20. (R) An NPO does not have _____ like proprietorship, partnership and joint stock company. [Capital]

21. (R),Y and Z were doctors and they started a dispensary in rural area. They provided free service to poor and charged fee from others. The Organization is not an example of _____[Not for Profit Organisation]
22. (U)X and Y provided services of providing education to below BPL children charging nominal fee for running the school. It is a _____.[Not for Profit Organization]
23. (R)The regular source of income of a club is _____[Subscription]
24. (U)Subscription is of _____nature therefore it is shown in Income and Expenditure Account.[Revenue]
25. (A) National sports club received Rs. 25,000 as subscription during the year 2018-19. The club has 300 members each pay Rs. 100p.a, during the year 2017-18, 10 members had paid their subscription for year 2018-19. The amount of subscription outstanding for the year 2018-19 will be _____.[Rs. 4,000]
26. (A)A club has 350 members. Each pay Rs. 10 p.a as subscription, Outstanding Subscription for the year 2018-19 was Rs. 500. How many members have paid their subscription during the year 2018-19_____.[300 members]

True /False

1. (R) Life membership fees and Endowment Fund are examples of capital Receipts. (T)
2. (A)Creditors for Stationary in the beginning of the year are added to the amount of stationary purchase while calculating the amount of stationary consumed during the year . (F)
3. (U)Both revenue and capital payment are shown on the expenditure side of Income and Expenditure Account. (F)
4. (A)Subscriptions in Arrears at the end of the year has a debit balance. (T)
5. (R)Specific donations are shown in the asset side of Balance Sheet. (F)
6. (A) Surplus increases the credit balance of capital. (T)
7. (U)A NPO distributes its surplus or deficit to its members. (F)
8. (U)Outstanding subscription is an asset. (T)
9. (A)Deficit in an NPO is debit balance of Receipts and Payments Account. (F)

10. (R)/Capital Fund normally has a credit balance. (F)
11. (A&E)If a Club has 400 members each paying a monthly subscription of Rs. 100, Subscription to be credited to Income and Expenditure Account is Rs. 40,000. (T)
12. (A) Bank overdraft is shown on credit side of Receipts and Payments Account in the beginning of the year. (T)
13. (R)Deficit decreases the credit balance of Capital Fund. (T)
14. (U)Income and Expenditure Account is prepared on cash basis while Receipts and Payments Account is prepared on accrual basis. (F)
15. (R) In Poor Girls Marriage Fund of Rs. 1,00,000, further donation received towards the fund is added. (T)
16. (U))Receipts and Payments Account is a summary of all capital receipts. (F)
17. (A) Surplus as per Income and Expenditure Account is deducted from Capital Fund. (F)
18. (A) Government grant received by a school for scholarship is revenue receipt. (T)
19. (A)Legacy (If purpose specified), Life membership Fees, Specific Donation etc, is added in Capital Fund. (T)
20. (R) Receipts and Payments Account is a nominal account whereas Income and Expenditure Account is a real account. (F)
21. (A&E) If Match Fund is Rs.20,000 while match expenses are Rs. 23,000, 3,000 will be debited to Income and Expenditure Account. (T)
22. (A&E) due to be received' in the current year is added to subscription on the credit side of Income and Expenditure Account. (T)
23. (A&E)If there appears a sports fund , the expense incurred on sports activities will be shown on debit side of income and expenditure account . (F)
24. (R)Donation for specific fund is always capitalized . (T)
25. (R) A Non - profit organisation never undertakes trading activities (F)

MULTIPLE CHOICE QUESTIONS

1. (R)Receipts and Payments Accounts generally shows:
(a) A Debit balance
(b) A Credit balance
(c) Surplus or deficit
(d) Capital Fund (a)
2. (R) Subscription received by a school for organizing annual function is a:
(a) Capital receipts
(b) Revenue receipts
(c) Assets
(d) Earned income (b)
3. (A&E) Subscription received in cash Rs 60,000; subscription received in advance for next year Rs 3,000 and received in advance during previous year is Rs 2,000.Subscription in arrears at the end of current year Rs 5,400 . Amount credited to Income and Expenditure Account will be :
(a) Rs 53,600
(b) Rs. 55,600
(c) Rs. 66,400
(d) Rs. 64,400 (d)

4. (A& E) How much amount will be shown in Income and Expenditure A/c in the following case:

	2019(Rs.)	2020(Rs.)
Creditors for medicines.	10,000	12,000
Stock of Medicines.	8,000	13,000

Payment made for Medicines during 2019-20 was Rs. 2,50,000

- (a) Rs. 2,53,000
(b) Rs. 2,47,000
(c) Rs. 2,57,000
(d) Rs. 2,43,000 (b)
5. (U)Excess of Income over Expenditure is:
(a) Deficit
(b) Capital Fund
(c) Surplus
(d) Deficiency (d)
6. (A&E)Opening balance of sports material was Rs 10,000. During the year, sports material purchased for Rs 12,000; Rs 3,000 of sports material were found defective and hence returned during the year. At the end of the year, unused stock of sports material were Rs. 16,500. Amount of Sports Material consumed during the year is:
(a) Rs. 1,500
(b) Rs. 3,500

(c) Rs. 5,500

(d) Rs. 2,500

(d)

7. (A&E) Total Assets at the end are Rs.2,25,000. External Liabilities are Rs. 1,00,000. If surplus for the year is Rs. 20,000, Opening Capital Fund will be:

(a) Rs.1,05,000

(b) Rs.1,25,000

(c) Rs. 25,000

(d) Rs. 1,00,000

(a)

8. (A)In Receipts and Payments Account, items entered are:

(a) Capital receipts

(b) Revenue receipts

(c) Both a and b

(d) None of the above

(c)

9. (U)Income and Expenditure Account shows:

(a) Surplus

(b) Deficit

(c) Capital Fund

(d) Surplus or Deficit

(d)

10. (R) Subscription received by a Library is:

(a) Capital receipt

(b) Revenue receipt

(c) Asset

(d) Unearned income

(b)

11. (A & E) Salary outstanding in the beginning of the year is Rs 10,000 and at the end of the year it is Rs 20,000, if the amount Debit to Income and Expenditure Account is Rs 1,00,000, what is the cash paid to Salary Account:

(a) Rs.1,10,000

(b) Rs.1,20,000

(c) Rs. 90,000

(d) Rs. 70,000

(c)

12. (A)The transactions shown in Income and Expenditure Account are:

(a) Revenue in nature

(b) Capital in nature

(c) Both (a) and (b)

(d) Assets and Liabilities

(a)

13. (R) Amount received from sale as gross by a club is:

(a) Capital receipt

(b) Revenue receipt

(c) Asset

(d) Liability (b)

14. (U)Subscription received in advance during the Current year:

- (a) an Income
- (b) an Assets
- (c) a Liability
- (d) an expense (c)

15. (U)Donation received for a special purpose is accounted as an:

- (a) Asset
- (b) Liability
- (c) Income
- (d) Fund. (d)

16. (R)The two main sources of income of a Not for Profit Organisation is:

- (a) Subscriptions
- (b) Donations
- (c) Both (a) and (b)
- (d) Neither (a) nor (b) (c)

17. (R) Subscription received in advance in the current year is :

- (a) An income
- (b) An assets
- (c) A liability
- (d) Expense (c)

18 (A&E) Subscription received in cash during the year Rs 40,000 ; subscription outstanding at the end of previous year was Rs 1,500 and outstanding at the end of current year was Rs 2,000 . Subscription received in advance for the next year was Rs 800. The amount credited to income & expenditure account will be :

- (a) Rs 38,700
- (b) Rs 39,700
- (c) Rs 40,300
- (d) Rs 41,300 (b)

19 (A&E)Amount paid for stationary purchased Rs 45,000 . the creditor for stationary in the beginning and end of the year Rs 4,000 and Rs 6,500. Cash purchase of stationary is Rs 15,000 . calculate the amount of stationary purchased in the current year :

- (a) Rs47,500
- (b) Rs37,500
- (c) Rs52.500
- (d) Rs 62,500 (d)

20 (A&E)Cash purchase of stationary is 20% of total purchase of stationary of current year . If amount paid for stationary Rs 70,000 and the creditor for the stationary in the beginning and at the end is Rs 10,000 and Rs 20,000. ,calculate amount of total purchases of stationary for the current year .

- (a) Rs 80,000
- (b) Rs 1,00,000
- (c) Rs 90,000
- (d) 70,000

(b)

21 (A& E)The opening balance of tournament fund was Rs 32,800. During the year , donation received towards this fund amount to Rs 15,400 ; amount spent tournament was Rs 12,300 and interest received on tournament fund investment Rs 4,000 . The closing balance of tournament fund will be :

- (a) Rs56,500
- (b) Rs64,500
- (c) Rs 39,900
- (d) Rs 31,900

(c)

22(R) Main source of income for NPO's :

- (a) subscription
- (b) specific donation
- (c) legacy
- (d) entrance fees

(a)

23 (A) Amount received by sale of crockery should be treated as :

- (a) Revenue Receipts
- (b) Capital receipts
- (c) Assets
- (d) Unearned income

(b)

24(A&E) Subscription received for the year ended 31st march 2016 is Rs 1,80,000 ; subscription outstanding on 31st march 2015 is Rs 15,000 (out of which Rs 10,000 is received in 2016) and subscription outstanding on 31st march 2016 is Rs 18,000. What will be the outstanding subscription for the year 2015- 2016 :

- (a) Rs18,000
- (b) Rs15,000
- (c) Rs 13,000
- (d) Rs 10,000

(c)

25 (A& E)Subscription received for the year ended 31st march 2016 is Rs 2,00,000 ; subscription received in advance on 31st march 2015 is Rs 15,000 and subscription received in advance on 31st march 2016 is Rs 18,000. There 200 members each paying Rs 1000 per annum for annual subscription What will be the outstanding subscription for the year 2015- 2016 :

(a) Rs 5,000

(b) Rs 4,000

(c) Rs 3,000

(d) Rs 2,000

(c)

Matching Questions:

1 (R) Match the following items in NPO

Description	Options
1 It is like a summary of cash transactions.	A .Income and Expenditure A/c
2 It is like a Profit and Loss A/c	b.Opening Balance Sheet
	c.Receipts and Payment A/c

[1 – c; 2 – a]

2. (R) Match the following items in NPO

Description	Options
1 Surplus is	a.Excess of Expenditure over Income
2 Opening capital fund is	b.Excess of Liabilities over Assets
3 Deficit is	c.Excess of Income and Expenditure
	d.Excess of Assets over Liabilities

[1 – c; 2 – d; 3 – a]

3. (A) Match the following items in NPO

Description	Option
1 Tournament Fund Rs 45,000 and Tournament ExpenseRs 40,000	a.Rs 20,000 will be shown in Balance Sheet (Liabilities)
2 Tournament Fund Rs 60,000 and Tournament Expenses Rs 40,000	b.Rs 12,000 is Debited as expense and Rs. 18000 is Credited as Income.
3 Tournament Receipts Rs 18,000 and Tournament Expenses Rs 12,000	c.Rs 5,000 will be shown in Balance Sheet (Liabilities)
4 Tournament Receipts Rs16000 and Tournament Exp. Rs 21000	d. Rs 5,000 will be debited to Income and Expenditure Account.

[1 – c; 2 –a; 3 – b; 4 – d]

4. (U) Match the following items in NPO

Description	Options
1 Legacy donation for specific purpose is shown in Balance Sheet because it is	a.Opening Balance Sheet and Closing Balance Sheet and Income and Expenditure A/c
2 Entrance Fees is shown in	b. Shown in Receipts and Payment A/c

3 Opening and Closing Cash Balance are shown in	c.Capital Nature Income
	d.Income and Expenditure A/c

[1 – c; 2 – d; 3 – b]

5(R) Match the following items in NPO

1. Subscription of current year is shown in	a Will not be shown
2. Tournament Fund is shown in	b Debit side of Income and Expenditure A/c
3.Tournament Expenses is shown in	c Credit side of Income and Expenditure A/c
4. Salary is shown in	d Liabilities side of Balance Sheet
5. Salary Outstanding is show in	e Deducted from Tournament Fund
6.Depreciation	

[1 – c; 2 – d; 3 – b; 4 – b; 5 – d; 6 – b]

6 (R) Match the following items in NPO

1. Receipts and PaymentsAccount is a	a Cash basis
2. Receipts and PaymentsAccount record transactions of	b Non-cash items
3. in Receipts and Payments Account all transactions are recorded on	c Capital and Revenue Nature
4. in Receipts and Payments Account, no adjustment are made for	D Real Account

[1 – d; 2 – c; 3 – a; 4 – b]

7.(U) Match the following items in NPO

1.Outstanding rent of current year	(a) '+' to rent on Dr. side of Income &ExpenditureAccount
2. Outstanding rent of previous year	(b) '+' to rent on Cr. side of Income &ExpenditureAccount
3. Prepaid rent of current year	(c) '-' to rent on Dr. side of Income &ExpenditureAccount
4. Prepaid rent of previous year	(d) '-' from rent on Cr. side of Income &ExpenditureAccount

[1.(a) 2(c) 3(c) 4(a)]

8. (U) Match the following items in NPO

1. Donation for Building	(a) Dr Side of Income and Expenditure A/c
2. Arrears of subscription at the beginning of the year	(b) Cr. Side of Income and Expenditure A/c
3. Endowment Fund	(c) Opening Balance Sheet (Asset Side)
4. Deficit of a Fund	(d) Liabilities side of Closing Balance Sheet

[1-d, 2-c, 3-d,4-a]

9(U) .Match the following items in NPO

1. Receipts and Payments Accounts is a	a. Profit organization
2. Receipts and Payment Account is prepared for a	b. Summary of cash book
	c. Not for profit organization

[1 – b; 2 – c]

10(R) .Match the following items in NPO

1. Receipts and Payments Accounts shows	a. Excess of Income over Expenditure
2. Receipts and Payments Account does not show	b. Cash in hand
	c. Excess of Expenditure over Income
	d. Cash at Bank

[1 – (b) and (d); 2 – (a) and (c)]

11.(R)Match the following items in NPO

1. Receipts and Payments Account is prepared	a. Liabilities side of Balance Sheet
2. Income and Expenditure shows Surplus in case of	b. Income and Expenditure A/c
	c. Capital Fund or General Fund
	d. Excess of Income over Expenditure
	e. On Cash Basis

[1 – e; 2 – d]

12(U) . Match the following items

1. Revenue Receipts for the NPOs	a. Legacy
2. Capital Expenditure for the NPOs	b. Purchase of books
	c. Subscription received

[1 – c; 2 – b]

13.(A) Match the following items

1. Rent received will be shown	a. as expense in Income and Expenditure A/c
2. Donations received for Swimming Pool is a	b. Capital Receipts
	c. Capital Expenditure
	d. Receipts side of Receipts and Payments Account

[1 – d; 2 – b]

14.(A&E) club has 1000 Members each pays an annual subscription of Rs. 100. 15 members did not pay their subscription for the year. 10 members paid subscription in advance for next year. 5 of them had given subscription of this year in previous year. Based on these facts, match the following items:

1. Subscription Income to be credited in Income and Expenditure Account	a. Rs. 1,500
2. Subscription to be debited in Receipts and Payments Account	b. Rs. 500
3. Subscription received in advance in the beginning	c. Rs. 1,00,000
4. Subscription received in advance at the end	d. Rs. 99,000
5. Subscription outstanding at the end of the year	e. Rs. 1,000

[1 – c; 2 – d; 3 – b; 4 – e; 5 – a]

Q15(A)

1 Specific Donation	a) Receipt & Payment account
2 General Donation	b) Income & Expenditure account
	c) Balance sheet
	d) Trading account

[1- c ; 2 – b]

Q16(A)

1 Account that provides information of cash position of Non Profit Organization	a) Balance sheet
2 Account that provides information of financial status of Non Profit Organization	b)Receipt& Payment
	c)Income & Expenditure
	d)Subscription Account

[1 – b ; 2 a]

Q17(A)

1 Endowment fund	a)Set up to grant loan for specific purpose
------------------	---

2 Prize fund	b) Arising out of bequest or gift
	c) Set up to use for distribution of prizes

[1 - b ; 2 - c]

Q18(A)

1 sale of sports materials	a) Revenue receipts
2 sale of sports Equipment	b) Revenue expenditure
	c) Capital receipt
	d) Capital Expenditure

[1 - a 2 - c]

Q19 (A)

1 Receipt and payment account is prepared on basis of :	1 Accrual basis
2 Income and expenditure account is prepared on basis of :	2 Cash basis
	3 None of the above

[1 - b ; 2 - a]

Q20 (A)

1 Subscription Received is shown in :	a) Trading Account
2 Subscription Receivable is shown in :	b) Receipt & Payment Account
3 Subscription received in advance is shown in :	c) Income & Expenditure Account
	d) Balance sheet

[1 - b ; 2 - d ; 3 - d]

Q21(A&E)

1 Amount paid for the stationary is shown in :	a) Trading account
2 Creditor for stationary is shown in :	b) Receipt & Payment account
3 Advance paid to supplier of stationary is	c) Balance sheet

shown in :	
4 Closing stock of stationary is shown in :	d) Income & Expenditure account

[1- b ; 2- c; 3 – c; 4 – c]

Q22(A& E)

1 How are not for profit organisation organised :	a)Partners
2 How are not for profit organisation managed :	b)Societies
	C)Shareholder
	d)Executive committee

[1 – b ; 2 – d]

Q23(A&E)

1 How much amount will be shown in income and expenditure if club has 400 members each paying an annual subscription of Rs 100 . Outstanding subscription for current year is Rs 2,000	a)Rs 1,00,000
2 How much amount will be shown in income and expenditure if club has 500 members each paying an annual subscription of Rs 200 . Outstanding subscription for current year is Rs 5,000 and subscription received in advance Rs 3,000.	b)Rs 42,000
	c)Rs 40,000
	d)Rs 1,02,000

[1 – c ; 2 – a]

Q24 (A&E)

1 Salary paid by club is Rs 1,20,000 in current year , how much amount will be shown in income & expenditure account if unpaid salary Rs 5,000 and salary paid in advance for the current year was Rs 1,000.	a) RS 1,22,000
2 Salary paid by club is Rs 1,20,000 in current year , how much amount will be shown in income & expenditure account if unpaid salary Rs 5,000 for Previous year and salary paid in advance for the current year was Rs 1,000	b)Rs 1,24,000
	c)Rs 1,16,000
	d)Rs 1,14,000

[1- b ; 2- d]

Q25(A&E)

1 Amount paid for sports material during the year is Rs 20,000 ; stock of sports material at the beginning and end of year Rs 3,300 and Rs 2,900 . Creditors for sports materials at the beginning and end is Rs 5,000 and Rs 4,000 . how much amount is shown on debit side of Income and expenditure Account .	a)Rs 20, 400
2 Purchase of sports material during the year is Rs 20,000 ; stock of sports material at the beginning and end of year Rs 3,300 and Rs 2,900 . Creditors for sports materials at the beginning and end is Rs 5,000 and Rs 4,000 . how much amount is shown on debit side of Income and expenditure Account .	b)Rs 19,400
	c)Rs 19,600
	d)Rs 20,600

[1- b ; 2- c]