

Model Paper Set :- 1 Solution

* Objective Questions

1. Which of the following is not a non-profit organisation

- a College
- b Tata Motors (✓)
- c Sports club
- d Hospital

2. Legacies should be treated as

- a liability (✓)
- b Revenue receipts
- c Income
- d None of these

3. In an ordinary partnership maximum members of partners can be

- a 10
- b 20 (✓)
- c 30
- d 40

4. Partnership agreement can be

- a Oral
- b written
- c oral and written (✓)
- d None of these

5. Equity Share holder are :-

- a Creditors of the company
- b owners of the company (✓)
- c Customers of the company
- d None of these

6. Liability of partner is:
a. limited
b. unlimited (✓)
c. determined by the court
d. determined by the Partnership A/c

7. A Company has:
a. Separate legal entity
b. Perpetual existence
c. limited liability
d. All of the above (✓)

8. The Capital is divided of company is divided into small unit which unit is called :-
a. Debenture
b. share (✓)
c. Stock
d. Bond

9. Left side of Balance sheet is called
a. Assets
b. liabilities (✓)
c. Both
d. None of these

10. which is not source of income
a. Issue of share
b. Purchase of Machinery (✓)
c. Sales of Assets
d. Dividend received

- 11 Income and expenditure A/c is
- Personal A/c
 - Real A/c
 - Nominal A/c (✓)
 - None of these
- 12 Items recorded in Income & expenditure A/c is
- Capital items
 - Revenue items (✓)
 - Both
 - None of these
- 13 Essential elements of Partnership firm except
- At least two persons
 - There is an agreement between all partners
 - Equal share of Profit & losses (✓)
 - Partnership agreement is for some business
- 14 The relation of partner with the firm is that of
- An owner
 - An agent (✓)
 - An owner or an agent
 - Manager
- 15 Number of partners in a partnership firm can be
- Maximum Two
 - Maximum Ten
 - Maximum one hundred
 - Maximum fifty (✓)

* Fill in the blanks

21. Forming a partnership deed is Compulsory.
22. Goodwill is an intangible assets.
23. Excess of the credit side over side of dissolution account is Profit.
24. If a partner retires, other partners have a gain in their profit sharing ratio.
25. Computer software is an example of intangible assets.
26. Equity share holders are owner of the company.
27. Share holders get dividend.
28. Debenture cannot be redeemed at discount.
29. Net working capital = Current Assets - Current liabilities.
30. Life membership fee received by club is shown in liability side.
31. Current account of the partners should be opened when capital are fixed.
32. Unrecovered liability will be recorded in debit side of resolution account.

* Very short answer type questions

33. Give any one difference between Receipts and Payment A/c and a Cash book.
- The one difference between receipts and payment a/c and a cash book are :-

Receipt & Payment a/c	Cash Book.
Receipt & Payment a/c is prepaid once a year.	Cash book is prepaid day by day.

34. How will you calculate interest on drawing of equal amounts on the first day of the every month of a year.

→ Interest on drawing \rightarrow Total Drawing $\times \frac{R}{100} \times \frac{6.5}{12}$

35. Give the formula of calculating gain ratio.

→ Gain ratio = New ratio - old ratio

36. What is the reconstitution of Partnership?

→ Change in agreement among partners without closing partnership is called reconstitution of Partnership.

37. The Profit for the last three years of a firm were as follows 2017 - ₹ 200000, 2018 - ₹ 300000, 2019 - 100000. Calculate average profit.

→ Average profit = $\frac{\text{Total Profit of the year}}{\text{No. of year}}$

$$= \frac{200000 + 300000 + 100000}{3} = \frac{600000}{3} = 200000 \text{ Ans.}$$

38. A and B are partners. C is admitted for $\frac{1}{4}$ th share. What is sacrificing ratio of A and B.

→ old Ratio = 1:1

Hence, Sacrificing ratio = 1:1

39. What is meant by dissolution of Partnership firm?

→ Shutdown or close the partnership firm is called dissolution of Partnership firm.

40. What do you mean by issued capital of company?

→ The part of authorised capital which are offered to Public is called issued capital.

41. Calculate the income from Subscription for the year 2019 from the following information of ABC Club.

	Date	1.1.2019	31.12.19
Subscription received in advance	amt.	₹ 10,000	₹ 4000

The Subscription received during the year 2019 is ₹ 40,000. There are 300 members in the club each member pay ₹ 200 / p.a.

Total Subscription receivable = 300×200
= 60,000

Working Note
Outstanding Subscription = $60,000 - (40,000 + 10,000 - 4,000)$
= $60,000 - 46,000$
= 14,000

Subscription for 2019.

Total received	40,000
(+) Advance (1.1.19)	10,000
(-) Advance (31.1.19)	4,000
(+) Outstanding (2019)	14,000
	<hr/> 60,000

42. X, Y and Z are partners in the ratio of 5:3:2. Z acquires 1/20th share from X. X acquires 1/20th from Y. Find out new Profit sharing ratio.

→ old Ratio = 5:3:2

Z gain = $\frac{1}{5}$, X's sacrifice = $\frac{1}{5}$, X's gain = $\frac{1}{20}$, Y's gain = $\frac{1}{20}$

New ratio = old + gain - sacrifice

X = $\frac{5}{10} + \frac{1}{20} - \frac{1}{5} = \frac{10+1-4}{20} = \frac{7}{20}$

Y = $\frac{3}{10} - \frac{1}{20} = \frac{6-1}{20} = \frac{5}{20}$

Z = $\frac{2}{10} + \frac{1}{5} = \frac{2+2}{10} = \frac{4}{10}$

New ratio = $\frac{7}{20} : \frac{5}{20} : \frac{4}{10}$

= $\frac{7:5:8}{20}$ = 7:5:8 Ans.

43. Ram Ltd. Purchased Machinery worth Rs. 40,000 from Shyam Ltd on 1-01-2019 ₹ 10,000 were paid immediately and the balance was paid by issue of ₹ 30,000 at 12% debentures. Pass the necessary Journal entries in the book of Ram LTD.

Particulars		Debit	Credit
		2,50,000	
① Bank A/c			2,50,000
To Equity share application			
(Being: Application money received).			
Equity share Application A/c	Dr	2,50,000	
To Equity share application			2,50,000
(Being: Application transfer to Capital).			
② Equity share Allotment A/c	Dr	2,50,000	
To Equity share Capital A/c			2,50,000
(Being: Allotment money due)			
Bank A/c	Dr	2,50,000	
To Equity share allotment A/c			2,50,000
(Being: Allotment Money received)			
Equity share first call A/c	Dr	2,50,000	
To Equity share Capital			2,50,000
(Being: 1st first call ^{due} received).			
Bank A/c	Dr	2,50,000	
To Equity share first call			2,50,000
(Being: First call received).			
Equity share final call A/c	Dr	2,47,000	
To Equity share Capital			2,47,000
(Being: final call, ^{except} 100 due)			
Bank A/c (990 x 25)	Dr	2,47,000	
To Equity share final call.			2,47,000
(Being: final call received except 100)			

④ Compute Cash flow from the operating Activities of the following

	31.03.2018	31.03.2019
Trade receivable	2,50,000	2,05,000
Provision for doubtful debt	20,000	25,000
Trade Payable	100,000	1,10,000
Inventories	400,000	500,000
Cash & Cash Equivalent	50,000	10,000
Very Short term investment	30,000	50,000
		10,000

34. Mas on. → In the Book of Ram Ltd.

Particular	Debit	Credit
Machine A/c Dr. To Shyam A/c (Being Machine Purchase)	40,000	40,000
Shyam Ltd. A/c Dr. To Bank A/c To ₹ 127. Adventure (Being Payment made to Shyam Ltd)	40,000	10,000 30,000

35. From following compute Current Ratio

Total Assets = 1,00,000, Shareholder fund = 60,000, Non Current liabilities = 20,000, Non Current Assets = 50,000

36. A

Sol. Current Ratio = $\frac{\text{Current Assets}}{\text{Current liabilities}}$

Current Assets = Total Assets - Non-Current Assets
 $1,00,000 - 50,000 = 50,000$

38. Current liabilities = Total Assets - (Shareholder fund + Non current liabilities)
 $= 1,00,000 - (60,000 + 20,000) = 20,000$

39. $= \frac{50,000}{20,000} = 2.5 : 1$ Ans.

45. Ashish Ltd issued 10,000 equity shares of ₹ 100 each payable at ₹ 25 on application, ₹ 25 on allotment, ₹ 25 on first call and the balance ₹ 25 on final call. All the shares were fully subscribed and paid except of a share holder having 100 shares who could not pay for the final call. Give journal entries to record these transactions.