

CUET Accountancy Solved Paper-2023

Held on 25 May 2023 (Shift-I)

1. Calculate Current Assets when.

Inventory Turnover Ratio - 4 times

Closing inventory is ₹ 20,000 more than opening inventory

Revenue from operations is ₹3,00,000. Gross Profit Ratio 20% of revenue from operations.

Current Liabilities ₹40,000

Quick Ratio 0.75 : 1

- (a) ₹ 1,10,000 (b) ₹ 1,00,000
(c) ₹ 1,20,000 (d) ₹ 1,50,000

2. Match List-I with List-II.

List - I

List - II

- (A) Gaining Ratio (I) Admission of a partner
(B) Sacrificing Ratio (II) Retirement of a partner
(C) Realisation Account (III) Death of a partner
(D) Profit and Loss Suspense Account (IV) Dissolution of Partnership firm

Choose the correct answer from the options given below:

- (a) A-III, B-I, C-IV, D-II (b) A-II, B-III, C-IV, D-I
(c) A-II, B-I, C-IV, D-III (d) A-III, B-I, C-II, D-IV

3. While computing cash from operations, which item will not affect the cash from operations.

- (a) Increase in value of prepaid expenses
(b) Decrease in value of Inventory
(c) Increase in share capital
(d) Increase in value of trade receivables

4. Identify which is not a tool of analysis of financial statements.

- (a) Trend Analysis (b) Ratio Analysis
(c) Cash Flow Analysis (d) Historical Cost Analysis

5. Which among the following are shown in Realisation A/C?

- A. Investment Fluctuation Reserve
B. Provision for Doubtful Debts
C. General reserve appearing in Balance Sheet
D. Asset taken over by partner for settlement of dues.
E. Dissolution expenses paid by one partner on behalf of other partner.

Choose the correct answer from the options given below:

- (a) C, E only
(b) A, B, D only
(c) A, C only
(d) A, B, C only

6. Match List-I with List-II.

List - I

List - II

- (A) Liquidity Ratio (I) Proprietary Ratio
(B) Solvency Ratio (II) Fixed Asset Turnover Ratio
(C) Activity ratio (III) Earning per share
(D) Profitability Ratio (IV) Quick Ratio

Choose the correct answer from the options given below:

- (a) A-I, B-II, C-III, D-IV (b) A-II, B-III, C-IV, D-I
(c) A-III, B-IV, C-I, D-II (d) A-IV, B-I, C-II, D-III

7. Which of the following is false for dissolution of partnership firm?

- (a) Dissolution of a partnership is different from dissolution of a firm.
(b) A partnership is dissolved when there is death of a partner.
(c) A firm is compulsorily dissolved when a partner decide to retire.
(d) A firm is dissolved when all partners give consent to it.

8. What is the treatment of receipt from charity show and expenses on charity show?

- A. This is a specific fund and separate account should be maintained.
B. Separate account should be maintained and excess of receipt over expenses shown in Balance Sheet
C. Receipt in Receipt side. Expense in Expenditure side. Balance in specific Fund account.
D. Receipt from charity show on credit side and expenses should be deducted from receipts on credit side of Income and Expenditure Account.
E. There is no specific Account for this.

Choose the correct answer from the options given below:

- (a) A, B & D only (b) A and B only
(c) A, B & C only (d) D and E only

9. Comparative statements are also known as:

- (a) Dynamic Analysis (b) Horizontal Analysis
(c) Vertical Analysis (d) External Analysis

10. Identify the Account that shows Surplus or Deficit as the Balance at the end of the accounting period.

- (a) Receipt and payment Account
(b) Income and Expenditure Account
(c) Cash Book
(d) Statement of Affairs

11. A, B and Care partners in a firm. If D is admitted as a new partner

- (a) Old firm is dissolved.
(b) Old firm and old partnership is dissolved.
(c) Old partnership is reconstituted.
(d) New partnership firm is established.

12. Arrange following steps in sequence with regard to the procedure of share issue, forfeiture and reissue.
- Receipt of Applications
 - Allotment of shares
 - Issue of prospectus
 - Forfeiture of shares
 - Reissue of shares
- Choose the correct answer from the options given below:
- (a) A, B, C, D, E (b) A, C, B, D, E
(c) C, A, B, D, E (d) C, E, A, B, D
13. This ratio determines the number of times stock is converted into revenue from operations during the accounting period under consideration.
- Investment Turnover Ratio
 - Inventory Turnover Ratio
 - Working Capital Turnover Ratio
 - Trade Receivables Turnover Ratio
14. "The business of a partnership firm may be carried on by all the partners or any of them acting for all."
- Identify the feature of the partnership indicated by the above statement.
- Agreement
 - Business
 - Mutual Agency
 - Sharing of profits
15. Select the item of investing activities:
- Issue of Shares
 - Revenue from operations
 - Purchase of furniture
 - Redemption of debentures
16. Choose the amount of Interest on Drawings charged from Ajay if he withdrew ₹ 10,000 at the beginning of each month from the firm for his personal use during the year ending March 31, 2022 for whole year and interest on Drawing is charged @8% p.a.
- ₹4,800
 - ₹4,200
 - ₹5,200
 - ₹9,600
17. Arrange the following in correct sequence for cash flow statements as per schedule III of Companies Act. 2013.
- Profit before Tax & Extraordinary Items.
 - Cash from/(used in) Operating Activities
 - Profit after Tax and Extraordinary Items
 - Operating profit before working capital changes
 - Cash from Operating Activities before Tax Paid
- Choose the correct answer from the options given below:
- (a) C, A, E, D, B (b) C, A, D, E, B
(c) A, C, D, E, B (d) A, C, E, B, D
18. Rahul and Samarth were partners sharing P & Lin ratio 2:1. Their fixed capitals were ₹ 8,00,000 and ₹ 10,00,000 respectively for the year ended March 31, 2023, the profits of ₹ 6,00,000 were distributed without providing for Interest on Capitals @ 10% p.a. as provided in deed. While Passing adjustment entry. Samarth's Current A/C will be _____ by ₹ _____.
- Debited ₹ 40,000
 - Credited ₹ 40,000
 - Debited ₹ 60,000
 - Credited ₹ 1,00,000
19. Correct sequence of Balance Sheet
- Short term Loans and Advances
 - Deferred tax liability (Net)
 - Shareholders Fund
 - Capital (work in-progress)
 - Current Liabilities
- Choose the correct answer from the options given below:
- (a) C, B, A, E and D (b) C, B, D, E and A
(c) C, B, D, A and E (d) C, B, E, D and A
20. Rahul a partner decided to pay off creditor of ₹ 50,000 in full settlements of loan to Rahul by firm of 50,000 at the time of dissolution. Entry to be passed will be:
- Rahul's loan Dr. ₹ 50,000
To Realisation A/C ₹ 50,000
 - Realisation A/C Dr. ₹ 50,000
To Rahul's Loan A/C ₹ 50,000
 - Realisation A/C Dr. ₹ 60,000
To Rahul's Loan A/C ₹ 60,000
 - No entry is required to be passed
21. The shares are offered by a company and public subscribed more than the number of shares offered for issue.
- The possibilities arise in this case are :
- Allot shares on Pro-Rata basis to all the applicants
 - Public never subscribe more than number of share offered.
 - Reject the excess applications.
 - SEBI guidelines says only 10% of over subscription can be made on pro-rata basis rest amount has to be refunded.
 - Pro-rata allotment to some applicants and full allotment to some application.
- Choose the correct answer from the options given below:
- (a) A & B only (b) A & C only
(c) A, C & E only (d) A & D only
22. As per schedule III of Companies Act. 2013 Sundry Debtors and Sundry Creditors have been replaced by the terms:
- Trade Debtors and Trade Creditors
 - Debtors and Creditors
 - Trade Receivables and Trade Payables
 - Sundry Receivables and Sundry Payables
23. Which Act prescribes the maximum numbers of partners in a partnership firm?
- Indian Contract Act 1872
 - Indian Partnership Act 1932
 - Indian Companies Act 2013
 - Negotiable Instruments Act 1882

24. Rambo Ltd. took over Assets of ₹ 28,00,000 and Liabilities of ₹ 3,50,000 from Amber Ltd. & issued them ₹ 30,000, 12% debenture of ₹ 100 each at 10% discount. Determine the amount of Goodwill or capital reserve.
- (a) Capital Reserve ₹ 2,50,000
 (b) Goodwill ₹ 2,50,000
 (c) Capital Reserve ₹ 5,50,000
 (d) Goodwill ₹ 5,50,000
25. If the profits made during the year are ₹ 50,000 and the bills receivables have decreased by ₹ 10,000 during the year then the cash flow from operating activities will be :
- (a) ₹ 50,000 (b) ₹ 40,000
 (c) ₹ 60,000 (d) ₹ 70,000
26. Which of the following will be paid from amount realised from sale of Assets at the time of Dissolution of firm.
- (a) Payment for Partner's Loan
 (b) Payment for Partners Capital
 (c) Payment of Outsider's Liabilities
 (d) Amount distributed amongst partner's in their profit ratio
27. Following are various reasons for which a partnership firm can be dissolved. Which of the following will lead to compulsory dissolution?
- A. With consent of all partners.
 B. When business becomes illegal.
 C. When a partner dies.
 D. When all partners become insolvent.
 E. When a partner becomes insane.
- Choose the correct answer from the options given below:
- (a) A, C only (b) A, C, D only
 (c) B, C, D only (d) B, D only
28. A and B share profits in 3:2. They admit C as a new partner and new profit sharing ratio between them becomes 2 : 1 : 2. Determine the sacrificing ratio between A and B.
- (a) 1 : 1 (b) 3 : 2
 (c) 2 : 1 (d) 1 : 2
29. Arrange following items of Statement of Profit & Loss in a sequence of its appearing as per schedule III of Companies Act, 2013:
- A. Expenses
 B. Tax Expenses (Paid)
 C. Revenue from operations
 D. Profit before Tax
 E. Profit after Tax
- Choose the correct answer from the options given below:
- (a) C, A, D, B, E (b) C, A, B, D, E
 (c) C, B, A, D, E (d) C, B, D, A, E
30. While computing cash from Operating activities following treatments are done:
- A. Increase in value of creditors is added.
 B. Increase in income received in advance is added.

- C. Decrease in value of inventory is deducted.
 D. Increase in value of patent is added.
 E. Conversion of debentures into shares is deducted.

Choose the Correct answer from the options given below:

- (a) A & B only (b) A, B & C only
 (c) D & E only (d) A & E only

31. Rama and Shama are two partners sharing profits & losses in ratio of 3:5. Their capital accounts showed balances of ₹ 1,50,000 and ₹ 2,00,000 on 1 April 2021. Calculate interest on capital to be paid for the year ending 31 March 2022, if partnership deed provides for interest on capital @10% and the firm has earned a profit of ₹ 28,000 during the year.

- (a) ₹ 15,000 and ₹ 20,000
 (b) ₹ 14,000 and ₹ 14,000
 (c) ₹ 12,000 and ₹ 16,000
 (d) ₹ 10,500 and ₹ 17,500

32. Match List-I with List-II.

List - I

- (A) DBMS
 (B) SQL
 (C) REDO
 (D) UNDO

List - II

- (I) ctrl + y
 (II) ctrl - z
 (III) Structured Que Language
 (IV) Database Management System

Choose the correct answer from the options given below:

- (a) A-IV, B-III, C-II, D-I
 (b) A-IV, B-III, C-I, D-II
 (c) A-IV, B-I, C-III, D-II
 (d) A-IV, B-I, C-II, D-III

33. Identify the codes in which a range of numbers are partitioned into a desired number of sub-ranges and each sub-range is allotted to a specific group.

- (a) Block Codes
 (b) Sequential Codes
 (c) Mnemonic Codes
 (d) Accommodating Codes

34. Umesh and Mahesh are partners in a firm sharing profit in the ration of 5 : 3. They admit Brijesh as a new partner for 1/7 share in the profit. The new profit sharing ratio is 4 : 2 : 1. What will be sacrificing ratio of Umesh and Mahesh?

- (a) 3 : 4 (b) 4 : 2
 (c) 3 : 5 (d) 5 : 3

35. Identify the full form of GAAP.

- (a) Generally Accepted Accounting Postulates
 (b) Generally Accepted Accountancy Principles
 (c) Generally Accepted Accounting Principles
 (d) Generally Accepted Accountancy Postulates

36. Based on the following information, select the amount that is to be shown in the Balance Sheet of a Not-for-Profit Organisation.

Details	₹
Match Expenses	16,000
Match Fund	8,000
Donation for Match Fund	5,000
Sale of Match tickets	1,000
(a) ₹ 2,000	
(b) ₹ (-) 2,000	
(c) No effect on Balance Sheet	
(d) ₹ 4,000	

37. "These ratios are calculated for measuring the efficiency of operation of business based on effective utilisation of resources." Identify and choose the correct option.
- (a) Liquidity Ratios (b) Solvency Ratios
(c) Activity Ratios (d) Profitability Ratios
38. Sequence of the items appear in the cash flow statement:
- A. Cash & Cash Equivalents at the end of the period.
B. Proceeds from sale of Equipment.
C. Net profit before Tax and Extra ordinary Items.
D. Decrease in Trade payable and Increase in Trade Receivables.
E. Amortisation of depreciation and patents.

Choose the correct answer from the options given below:

- (a) C, D, E, B, A (b) C, E, D, B, A
(c) C, D, E, A, B (d) C, E, D, A, B
39. Match List-I with List-II.

List - I	List - II
(A) Redemption in lumpsum	(I) Company purchases own debentures for cancellation
(B) Redemption in installments	(II) Company gives offer to convert to shares or new class of debentures
(C) Redemption by purchase in open market	(III) Company draws number of lots out of debentures outstanding
(D) Redemption by conversion	(IV) Company pays entire amount to debenture holders

Choose the correct answer from the options given below :

- (a) A-I, B-IV, C-III, D-II
(b) A-IV, B-III, C-I, D-II
(c) A-III, B-I, C-IV, D-II
(d) A-III, B-IV, C-I, D-II
40. At the time of reconstitution of firm. Building was appearing in Old Books at a certain amount, which was overvalued by 20%. After reconstitution, Building appeared in the Books at ₹4,00,000. Determine the amount at which Building was appearing in Books before reconstitution.

- (a) ₹ 5,00,000 (b) ₹ 3,20,000
(c) ₹ 5,20,000 (d) ₹ 4,80,000

DIRECTIONS (Qs. 41-45): Based on following case answer question.

A and B are partners in a firm sharing profits in the ratio 2 : 1. C is admitted into the firm with 1/4 share in profits. He will bring in ₹ 30,000 as capital and capitals of A and B are to be adjusted in the profit sharing ratio.

The balance sheet of A and B as on March 31, 2017 (before C's admission) was as under:

Balance Sheet of A and B as at March 31, 2017

Liabilities	Amount (₹)	Assets	Amount (₹)
Creditors	8,000	Cash in hand	2,000
Bills payable	4,000	Cash at Bank	10,000
General Reserve	6,000	Sundry Debtors	8,000
Capital:	82,000	Stock	10,000
A 50,00			
B 32,000			
		Furniture	5,000
		Machinery	25,000
		Building	40,000
	1,00,000		1,00,000

Other terms of agreement are as under:

- C will bring in ₹ 12,000 as his share of goodwill.
 - Building was valued at ₹ 45,000 and Machinery at ₹ 23,000
 - A provision for bad debts is to be created @6% on debtors.
 - The capital accounts of A and B are to be adjusted by opening current accounts.
41. Calculate New Profit sharing ratio.
- (a) 4 : 2 : 1 (b) 6 : 3 : 1
(c) 2 : 1 : 1 (d) 1 : 1 : 1
42. Journal entry for adjustment of Goodwill brought by new partner C.
- (a) (i) Cash A/C Dr 12,000
To Goodwill/Premium A/C 12,000
(ii) Goodwill/Premium A/C Dr 12,000
To A's Capital A/C 8,000
To B's Capital A/C 4,000
(b) Goodwill A/C Dr 12,000
To A's Capital A/C 6,000
To B's Capital A/C 6,000
(c) Goodwill A/C Dr 12,000
To A's Capital A/C 3,680
To B's Capital A/C 8,320
(d) Goodwill A/C Dr 12,000
To A's Capital A/C 4,000
To B's Capital A/C 8,000

43. Calculate the Fixed Capital of A and B respectively.
 (a) ₹60,000 and 30,000 (b) ₹50,000 and 32,000
 (c) ₹63,680 and 38,840 (d) ₹65,000 and 35,000
44. Calculate the profit or loss on Revaluation of Assets and liabilities.
 (a) ₹ 2,480 (loss) (b) ₹ 1,680 (profit)
 (c) ₹ 2,520 (Profit) (d) ₹ 5,000 (profit)
45. Calculate the current account balances of A and B respectively.
 (a) ₹13,680 and 6,840 (b) ₹3,680 and 8,840
 (c) ₹9,680 and 4,840 (d) ₹50,000 and 32,000
- DIRECTIONS (Qs. 46-50):** Read the following case study and answer question.
- Suvidha Ltd. was on the verge of expansion. It was requiring ₹40 Lakhs for modernisation of its Machinery. It decided to issue ₹30 lakhs. 7% debentures to public for cash and to borrow ₹10 lakhs from SBI Bank as long term loan, with a condition from SBI to issue ₹12 lakhs. 7% debentures as a subsidiary security besides the primary security, to which the company agreed. The face value of 7% debenture was ₹100.
46. Identify the amount that would be shown under the sub-head long term borrowings in the Balance Sheet of Suvidha Ltd.
- (a) ₹40 lacs (b) ₹52 lacs
 (c) ₹22 lacs (d) ₹92 lacs
47. Identify the term used for the 7% debentures issued to SBI Bank as subsidiary security.
 (a) Debentures issued for cash
 (b) Debentures issued for consideration other than cash
 (c) Debentures issued as collateral security
 (d) Debentures issued as Secured debentures
48. Select the number of 7% debentures issued to public.
 (a) 40,000 (b) 30,000
 (c) 12,000 (d) 42,000
49. Under which Major head in Balance Sheet, debentures and bank loans are shown.
 (a) Current Liabilities
 (b) Long term borrowings
 (c) Non current liabilities
 (d) Machinery Plant equipment and Intangible Assets
50. Identify the debentures that are transferrable by mere delivery
 (a) Redeemable debentures
 (b) Convertible debentures
 (c) Registered debentures
 (d) Bearer debentures

Hints & Explanations

1. (b) Revenue from operations = 3,00,000
 Cost of goods sold (COGS) = Revenue from operations
 – Gross Profit = 3,00,000 – (20% of 3,00,000)
 Cost of goods sold (COGS) = 3,00,000 – 60,000
 = 2,40,000
- $$\text{Inventory Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$$
- $$4 \text{ times} = \frac{2,40,000}{\text{Average Inventory}}$$
- $$\text{Average Inventory} = \frac{2,40,000}{4} = 60,000$$
- $$\text{Average Inventory} = \frac{\text{Opening Inventory} + \text{Closing Inventory}}{2}$$
- Let opening inventory be x.
 Then closing Inventory = x + 20,000
- $$60,000 = \frac{x + x + 20,000}{2}$$
- $$1,20,000 = 2x + 20,000$$
- $$2x = 1,00,000 \rightarrow x = \frac{1,00,000}{2} \rightarrow x = 50,000$$
- Hence, Closing Inventory = 50,000 + 20,000 = 70,000

We know that, Quick Ratio = $\frac{\text{Quick assets}}{\text{Current liabilities}}$

$$0.75 = \frac{\text{Quick assets}}{40,000} \rightarrow \text{Quick Assets} = 40,000 \times 0.75$$

$$= 30,000$$

Quick Assets = Current assets – Closing Inventory
 30,000 = Current assets – 70,000
 Current assets = 30,000 + 70,000
 Hence, **Current Assets = 1,00,000**

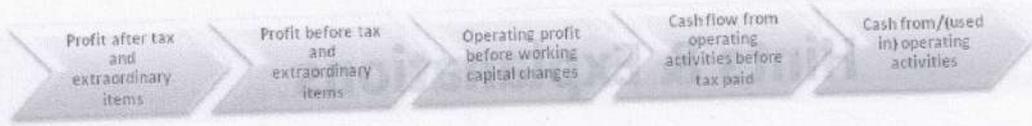
2. (c) Goodwill adjustment is to be done in gaining ratio at the time of retirement of a partner. Goodwill adjustment is to be done in sacrificing ratio at the time of admission of a partner. Realisation Account is prepared at the time of dissolution of partnership firm, whereas Profit & Loss Account is opened to give profit to executors of deceased partner in year of death of a partner.
3. (d) Credit revenue from operations results increase in trade receivables, which does not involve any flow of cash.
4. (d) There are various tools of analysis of financial statements viz. Comparative statements, Common-size statements, Cash Flow Analysis, Ratio Analysis.

5. (b) Investment Fluctuation Reserve and Provision for Doubtful debts are to be transferred to credit side of Realisation Account as these are against Investment and Debtors respectively. Assets taken over by partner are shown in credit side of Realisation Account.
6. (d) Liquidity ratios comprises quick ratio. Solvency ratio comprises proprietary ratio. All turnover ratios belong to Activity ratios. Earning per share belongs to Profitability ratios.
7. (c) Retirement of a partner results reconstitution of a partnership firm. It does not amount to dissolution of firm.
8. (d) Expenses and receipts related to a specific event/item are to be shown either in expenditure side or in receipt side in Income & Expenditure Account with **net amount**. There is no specific account for it, which is to be shown in Balance Sheet.
- Condition :** Specific event/item pertains to only current financial year.
9. (b) Comparative statements are known as horizontal analysis, whereas common-size statements are known as vertical analysis.
10. (b) In any Not-for-profit Organisation, Income & Expenditure Account reveals surplus/deficit during the year.
11. (c) Reconstitution of partnership firm occurs in case of Admission/Retirement/Death of a partner.
12. (c) **Procedure of Share issue, forfeiture and re-issue**



13. (b) Inventory (Stock) turnover ratio determines the rate at which stock is converted in Revenue from operations.
14. (c) In partnership context, mutual agency depicts principal agent relationship between partners.
 "The business of a partnership firm may be carried on by all the partners or any of them acting for all."
15. (c) Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Hence purchase of furniture (acquisition) is an investing activity.
16. (c) Interest on drawings = $(10,000 \times 12) \times 8\% \times 6.5/12 = 5,200$

17. (b) **Procedure of cash flow statements as per Schedule III**



18. (b)

Particulars	Rahul		Samarth		Firm	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
(a) Interest on capital @ 10% p.a.	—	80,000	—	1,00,000	1,80,000	—
(b) Adjusted Profit (2:1)	1,20,000		60,000			1,80,000
	1,20,000	80,000	60,000	1,00,000	1,80,000	1,80,000
Balancing	40,000 Dr.		40,000 Cr.			

19. (d) **Balance Sheet**

EQUITY AND LIABILITIES	Rs.
(a) Shareholder funds (C)	
(b) Non-Current Liabilities	
• Deferred tax liabilities (B)	
(c) Current Liabilities (E)	
ASSETS	Rs.
(a) Non-current assets	
• Capital WIP (D)	
(b) Current Assets	
• Short term Loans and Advances (A)	

20. (c) In case of dissolution of firm, whenever creditors are paid off; Realisation Account is debited. In case of dissolution of firm, Loan to partner by firm is recovered; Partner's Loan A/c is credited.
21. (c) In case of oversubscription of shares, Pro-rata allotment was made or rejection of excess applications or both.
22. (c) Trade Receivable and Trade Payable are sub-head in Balance Sheet of Company as per Schedule III of Companies Act, 2013.
23. (c) Companies Act, 2013 prescribed maximum number of partners in a firm, which is 50.
24. (b) Here, Net assets < Purchase consideration; Difference amount is treated as "Goodwill".
 Net Assets = 28,00,000 - 3,50,000 = 24,50,000

Purchase Consideration = 30,00,000 - (10% of 30,00,000) = 27,00,000

Goodwill = 27,00,000 - 24,50,000 = 2,50,000

25. (c) In cash flow statement, Decrease in current asset is to be added to profits.

Cash Flow from operating Activities = 50,000 + 10,000 = 60,000

26. (c) In the dissolution of firm, amount realized from sale of assets is to be allocated towards payment of outsiders liabilities.

27. (d) An event can make it unlawful for the firm to carry on its business. In such cases, it is compulsory for the firm to dissolve.

Apart from it, in case of insolvency of all partners, there is compulsory dissolution of partner.

Note: In case of insolvency/Death of a partner, there is no compulsory dissolution.

28. (a) Sacrificing share = Old share - New share

$$A's \text{ sacrifice} = \frac{3}{5} - \frac{2}{5} = \frac{1}{5}$$

$$B's \text{ sacrifice} = \frac{2}{5} - \frac{1}{5} = \frac{1}{5}$$

Sacrificing Ratio = 1 : 1

29. (a) Statement of Profit and Loss

Revenue from operations (C)	
Less: Expenses (A)	
Profit before tax (D)	
Less: Tax paid (B)	
Profit after tax (E)	Rs.

30. (b) While calculating cash flow from operating activities, changes in current assets and current liabilities are considered.

So increase in value Patent (Non-current asset) and conversion of debentures into shares will not be considered.

31. (c) Net profit (₹28,000) is insufficient as compared to Interest on Capital (15000 + 20000). In this situation Net profit is given to partners as interest on capital in ratio, i.e. 3:4.

Interest on Capital:

Rama = 28,000 × 3/7 = ₹12,000

Shama = 28,000 × 4/7 = ₹16,000

32. (b) Learn full form of DBMS, SQL and short-cut keys of UNDO and REDO.

33. (a) In a block code, a range of numbers is partitioned into a desired number of sub-ranges and each sub-range is allotted to a specific group.

34. (c) Sacrificing share = Old share - New share

$$\text{Umesh's sacrifice} = \frac{5}{8} - \frac{4}{7} = \frac{3}{56}$$

$$\text{Mahesh's sacrifice} = \frac{3}{8} - \frac{2}{7} = \frac{5}{56}$$

Sacrificing ratio = 3 : 5

35. (c) Learn full form of GAAP which are rules of Accounting.

36. (c)

Match Fund	8,000
Add : Donation for Match fund	5,000
Add : Sale of Match Tickets	1,000
Less : Match Expenses	(16,000)
	(-) 2,000

Negative balance of fund ₹2,000 will be transferred to debit side of Income & Expenditure Account. No balance is to be shown in Balance Sheet. Only positive balances are to be shown in Balance Sheet.

37. (c) Activity Ratios are calculated for measuring the efficiency of main business operating relating purchases and sales.

38. (b) CASH FLOW STATEMENT (extract)

Cash Flow from operating activities	xx
Net profit before tax and extra ordinary items (C)	xx
Add: Amortization (E)	xx
Operating profit before working capital changes	xx
Less : Decrease in Trade payable (D)	xx
Less : Increase in Trade receivable	xx
Cash Flow from Investing activities	
Proceed from sale of Equipment (B)	xx
Cash Flow from Financing activities	xx
Net Flow from all activities	xx
Add: Opening balance of Cash & Cash Equivalents	xx
Closing balance of Cash & Cash Equivalents (A)	xx

39. (b) There are four methods of redemption of debentures viz. Redemption in lumpsum, Redemption in installments, Redemption by purchase in open market and Redemption by conversion. Learn the meaning of each type of redemption for this question.

40. (d) Value of Building in old firm = 4,00,000 + (4,00,000 × 20/100) = ₹4,80,000

OR

Value of Building in old firm = 4,00,000 × 120/100 = ₹4,80,000

41. (a) C's share = $\frac{1}{4}$

Remaining share = $1 - \frac{1}{4} = \frac{3}{4}$

$$A's \text{ New share} = \frac{3}{4} \times \frac{2}{3} = \frac{2}{4}$$

$$B's \text{ New share} = \frac{3}{4} \times \frac{1}{3} = \frac{1}{4}$$

$$C's \text{ New share} = \frac{1}{4}$$

New profit-sharing Ratio = 2 : 1 : 1

42. (a) In case of Admission of a partner, Premium for goodwill brought by incoming partner is distributed among sacrificing partners in sacrificing ratio. There are two journal entries viz. Goodwill premium brought and Distribution of Goodwill premium. Accordingly Journal entries:

(a) Cash A/c Dr. 12,000
To Premium for Goodwill/Goodwill Premium A/c 12,000

(b) Premium for Goodwill/Goodwill Premium A/c Dr. 12,000
To A's Capital A/c 8,000
To B's Capital A/c 4,000

Note: Whenever no specific information is given, we shall assume all old partners are sacrificing partners and old ratio is sacrificing ratio.

43. (a) Total Capital of the firm = C's Capital \times Reciprocal of C's share = $30,000 \times \frac{4}{1} = 1,20,000$
A's Capital = $1,20,000 \times \frac{2}{4} = \text{Rs.}60,000$
B's Capital = $1,20,000 \times \frac{1}{4} = \text{Rs.}30,000$

Note: Capital of A and B are calculated as new profit sharing ratio (2:1:1) calculated in solution of Q.41

44. (c) You may calculate profit and loss on revaluation by adding all profit and deduct all losses in MCQ
Net Revaluation Profit = $5,000 - 2,000 - 480 = \text{₹}2,520$

45. (c) Calculation of Current Account balances

Adjusted Capital of "A"	New Capital of "A"
Opening balance + Share in Reserve + Share in Rev. profit + Share in good will premium	Calculated in solution of Q.43
$50,000 + 4,000 + 1,680 + 8,000 = \text{Rs.}63,680$	$\text{₹}60,000$

A's Current = $63,680 - 60,000 = 3,680$

Adjusted Capital of "B"	New Capital of "B"
Opening balance + Share in Reserve + Share in Rev. profit + Share in goodwill premium	Calculated in solution of Q.43
$32,000 + 2,000 + 840 + 4,000 = \text{₹}38,840$	$\text{₹}30,000$

A's Current = $38,840 - 30,000 = 3,840$

Note: You may find the current account balance by preparing the partner capital accounts as studied in Class XII curriculum, but the same would be more lengthy and not preferable in MCQ.

46. (a) 7% Debenture of Rs.30 Lakhs (Public-issue) and Borrowing from SBI of Rs.10 Lakhs will be comprised in Balance Sheet. Accordingly, Rs.40 Lakhs would be shown under Long term borrowing.

Issue of 7% Debenture of Rs.12 lac as collateral security/subsidiary security will not be part of balance sheet. It will be disclosed only for disclosure purpose.

47. (c) A company may have to issue debentures as a subsidiary or secondary security in addition to the principal security when it takes a loan from a bank or from other party, this is known as Issue of Debentures as Collateral Security. Collateral security is the secondary security in addition to the principal security.

48. (b) Number of 7% Debentures = $\frac{30,00,000}{100} = 30,000$ Debenture

49. (b) As per schedule III prescribed by Companies Act, 2013; Debenture and Long term loan are to be shown under sub-head 'Long term borrowings' and major head 'Non-current liabilities'.

50. (d) Bearer debentures are the debentures which can be transferred by way of delivery and the company does not keep any record of the debenture holders.