

Accountancy Sample Paper - 2

Total Question : 40

Q.No. 1

Identify the limitations of financial statements :

- A. Can be biased
- B. Report on stewardship function
- C. Aggregate information
- D. Only interim reports
- E. Basis of fiscal policies

Choose the correct answer from the options given below:

(A)

A C. B only

(B)

A, C D only

(C)

E A, D only

(D)

B, A, C only

Q.No. 2

Calculate the amount of yearly interest payable on 9% debentures (10,000 debentures of Rs 100) issued as collateral security.

(A)

No Interest payable

(B)

Rs 90,000

(C)

Rs 9000

(D)

Rs 99000

Q.No. 3

‘What is the correct sequence of types of capital in company’s Balance sheet while preparing notes to accounts.

- A. Issued Capital
- B. Subscribed and fully paid up capital
- C. Share forfeited Balance
- D. Authorised Capital
- E. Subscribed but not fully paid up capital

Choose the correct answer from the options given below:

(A)

C,B,D,E,A

(B)

D.A.B.E.C

(C)

A,B,C, D,E

(D)

B,A, D, E, C

Q.No. 4

Nidiya limited was incorporated on 1st April 2017 with registered office in Mumbai. The capital clause of memorandum of Association reflected a registered capital of 8,00,000 equity shares of Rs 10 each and 1,00,000 preference shares of Rs 50 each.

Since some large investments were required for building and machinery the company in consultation with vendors, Ms VPS Enterprises, issued 1,00,000 equity shares and 20,000 preference shares at par to them in full consideration of assets acquired. Besides this the company issued 2,00,000 equity shares for cash at par payable as Rs 3 on application, 2 on allotment, 3 on first call and 2 on second call.

Till date second call has not yet been made and all the shareholders have paid except Mr. Ajay who did not pay allotment and calls on his 300 shares and Mr. Vipul who did not pay first call on his 200 shares. Shares of Mr. Ajay were then forfeited and out of them 100 shares were reissued at Rs 12 per share.

Based on above information you are required to answer the question.

What amount of share forfeiture would be reflected in the balance sheet?

- (A) ₹600
- (B) ₹900
- (C) ₹200
- (D) ₹300

Q.No. 5

Match List I with List II in context of not having partnership deed.

LIST I		LIST II	
A.	Interest on loan	I.	Equal
B.	Interest on drawings	II.	Will not be charged
C.	Salary	III.	@ 6% p a
D.	Profit sharing ratio	IV.	Will not be allowed provided

Choose the correct answer from the options given below :

(A)

A-IV,B-I,C-III, D-II

(B)

A-III, B-IV, C-II, D-I

(C)

A-IV, B-III, C-II, D-I

(D)

A-III, B-II, C-IV, D-I

Q.No. 6

What are the different types of liquidity ratios

A. Interest coverage ratio

B. Current ratio

C. Inventory turnover ratio

D. Gross profit ratio

E. Acid test ratio

Choose the correct answer from the options given below :

(A)

A&B only

(B)

B&E only

(C)

B& D only

(D)

D & E only

Q.No. 7

Match List I with List II

LIST I: Basis of Debenture		LIST II: Types of Debenture	
A	Tenure	I	Zero coupon rate
B	Interest rate point of view	II	Irredeemable
C	Security	III	Registration
D	Bearer	IV	Secured

Choose the correct answer from the options given below :

(A)

A-I, B-III, C-II, D-IV

(B)

A-IV, B-III, C-II, D-I

(C)

A-II, B-I, C-IV, D-III

(D)

A-III, B-IV, C-I, D-II

Q.No. 8

Read the following hypothetical text and answer the given questions on the basis of the same: Krishika an alumni of IIM Ahmedabad initiated her startup Krishika Ltd. in 2018. The profits of Krishika Ltd. in the year 2019-20 after all appropriations was ₹ 31,25,000. This profit was arrived after taking into consideration the following items:-

S. No.	Particulars	Amount (in ₹)
1.	Gain on sale of fixed tangible assets	12,50,000
2.	Goodwill written off	7,80,000
3.	Transfer to General Reserve	8,75,000
4.	Provision for taxation	4,37,500

Additional Information:-

Particulars	31.03.2020 (in ₹)	31.03.2019 (in ₹)
Prepaid Expenses	7,50,000	5,00,000
Inventory	10,50,000	8,20,000
Trade Payables	4,50,000	3,50,000
Trade Receivables	6,20,000	5,90,000

Cash from operating activities before tax will be ₹

(A) 35,57,500

(B) 40,67,500

(C) 37,87,500

(D) 35,67,300

Q.No. 9

At the time of death of partner if goodwill exist in the books of account it will be written off among

(A)

Old partners in sacrificing ratio

(B)

All the partners in new ratio

(C)

New partners in gaining ratio

(D)

Old partners in old profit sharing ratio

Q.No. 10

Identify the steps in preparation of final accounts of not for profit organisation (NPO)

A. Prepare Balance Sheet of NPO

B. Prepare Income and Expenditure Account from Receipts and payment statement Account

C. Prepare Receipts and payment Account

D. Adjust outstanding/prepaid expenditure/Income and determine surplus/ Deficit

E. Prepare cash book

Choose the correct answer from the options given below:

(A)

E, C, B, D, A.

(B)

D, E, A, B, D

(C)

A, B, C, D, E

(D)

E, C, A, B, D

Q.No. 11

Instructions: Read the passage carefully and answer the following question:

XYZ Ltd is registered with an authorised capital of Rs 20 lakh divided into 2 lakh equity shares of Rs 10 each.

The company is in manufacturing of pickles and spices. Due to the increase in Passage: demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

If the company is unable to get minimum subscription the shared cannot be issued and amount must be refunded within 8 days from the date of closure. If not, company shall be liable to pay % interest p. a.

(A)

10%

(B)

15%

(C)

6%

(D)

5%

Q.No. 12

At the time of admission of a new partner general reserve appearing in the old Question: balance sheet is transferred to.....

(A)

All Partner's Capital A/C

(B)

New Partner's Capital A/C

(C)

Old Partner's Capital A/C

(D)

Gaining Partner's Capital A/C

Q.No. 13

Which of the following arguments in a financial function represents the total number of payments

(A)

FV

(B)

PV

(C)

NPer

(D)

Rate

Q.No. 14

When the total amount withdrawn is given but the date of withdrawal is not given then interest on drawings is charged for a period of:

(A)

3 months

(B)

6 months

(C)

9 months

(D)

12 months

Q.No. 15

Match List I with List II

LIST I		LIST II	
A.	Cash Equivalents	I.	Interim Dividend paid
B.	Financing Activities	II.	Selling & Distribution expenses paid
C.	Operating Activities	III.	Marketable securities
D.	Investing Activities	IV.	Dividend received on Shares held as investment

Choose the correct answer from the options given below:

(A)

A-IV, B-I, C-II, D-III

(B)

A-III, B-I, C-II, D-IV

(C)

A-III, B-IV, C-II, D-I

(D)

A-II, B-IV, C-I, D-II

Q.No. 16

On retirement of a partner, the retiring partner's capital account will be credited with

(A)

His/her share of Goodwill

(B)

Good will of the firm

(C)

Share of Good will of Remaining Partners

(D)

His/her share of Goodwill and share of Goodwill of Remaining Partners

Q.No. 17

Sale of copy rights are considered as a part of

(A)

Investing Activities

(B)

Financing Activities

(C)

Operating Activities

(D)

Financing & Operating Activities

Q.No. 18

At the time of admission of a new partner general reserve appearing in the old Question: balance sheet is transferred to

(A)

All Partner's Capital A/C

(B)

New Partner's Capital A/C

(C)

Old Partner's Capital A/C

(D)

Gaining Partner's Capital A/C

Q.No. 19

Identify the correct sequence to find out profit after tax while preparing comparative income statement

- A. Deduct expenses
- B. Find out total revenue by adding other incomes to revenue from operations
- C. Find out profit after tax
- D. Deduct tax
- E. Calculate profit before tax

Choose the correct answer from the options given below :

(A)

E, B, A, D, C

(B)

B, A, E, D, C

(C)

B, E, A, C, D

(D)

E, C, B, A, D

Q.No. 20**Case Study :**

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liabilities on the date of dissolution was:

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A. 1,00,000		Building	90,000
B. 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

A. A wanted to start the business in sole proprietorship. So he took Building and Furniture at 10% less than book value.

B. All the debtors proved good except a person C who did not pay Rs 10,000.

Due to the ill health of B, they decided to dissolve the firm. It comes under form of dissolution.

(A)

Dissolution by Notice

(B)

On the happening of certain contingencies

(C)

Dissolution by court

(D)

Dissolution by Agreement

Q.No. 21

Instructions: Read the passage carefully and answer the following question:

XYZ Ltd is registered with an authorised capital of Rs 20 lakh divided into 2 lakh equity shares of Rs 10 each.

The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

The following refer to the maximum amount of share capitals issued by a company in its life times except:

(A)

Subscribed Capital

(B)

Authorised Capital

(C)

Nominal Capital

(D)

Registered Capital

Q.No. 22

Identify the components of equity:

A. Money received against share warrants

B. Working capital Question:

C. Share capital

D. Reserves & surplus

E. Cash Revenue from operations

Choose the correct answer from the options given below:

(A)

A. C &Eonly

(B)

B. C & Donly

(C)

A B &C only

(D)

A C &Donly

Q.No. 23

Read the following hypothetical text and answer the given questions: Dr. Rajani Mehta a qualified M.B.B.S. doctor got voluntary retirement at the age of 50 years from a renowned hospital. She was residing in a flat of a wide apartment which is surrounded by a slum which is inhabited by economically weaker strata of the society. As the people in that area were not aware about importance of health care, a widespread ailment had been persistently prevailing. Rajani met with some of the well-off people of apartment and decided to open a dispensary named as 'LOCAL Clinic' to provide them cost free medical assistance and make them aware about hygienic living, physical fitness, and economic balance diet. Many of the apartment members agreed to it. She approached health department of the town with her proposal which was accepted and an initial one time grant of ₹ 2,00,000 was sanctioned immediately for purchase of medical equipment and test kits for pathological tests. 10 members of the apartment contributed ₹ 20,000 each as lifetime subscription to the clinic. Rajni decided to charge ₹10 as one time registration fee from patients. Apart from above Rajni made following transactions for first year:

S. No.	Particulars	Amount in (₹)
1	Purchased Equipment	1,20,000
2	Purchased Medicines	95,000
3	Purchased Furniture	10,000
4	Rent paid	12,000
5	Fee received for medical tests	45,000
6	Honorarium paid to Yoga teacher	35,000
7	Honorarium paid to physiotherapist and sports teacher	38,000

Honorarium paid to Physiotherapist and sports teacher Will be posted to

(A) Debit side of Income and Expenditure Account

(B) Debit side of Receipt and Payment Account

(C) Debit side of Profit and Loss Account

(D) Credit side of Income And Expenditure account

Q.No. 24

Case study:

A and B were partners in a partnership firm. Due to the ill health of B they decided to dissolve the firm. The position of Assets and Liability on the date of to dissolve the firm. The position of Assets and Liability on the date of dissolution was :

Balance Sheet

Liabilities	₹	Assets	₹
Loan by B	20,000	Goodwill	30,000
Capitals		Furniture	40,000
A 1,00,000		Building	90,000
B 1,40,000	2,40,000	Debtors	50,000
		Cash	50,000
	2,60,000		2,60,000

It was agreed that following transactions will take place :

A. A wanted to start the business in sole proprietorship So he took Building and Furniture at 10% less than book value.

B. All the debtors proved good except a person C who did not pay Rs 10,000.

The treatment of Goodwill appearing in the balance sheet will be

(A)

Transferred to Debit of Realisation A/C

(B)

Written off among partners in old ratio

(C)

Transferred to credit of Realisation A/C

(D)

Raised and written off

Q.No. 25

The capital accounts of partners will always show a balance under fixed capital account method

(A)

Debit

(B)

Credit

(C)

Zero

(D)

Negative

Q.No. 26

The term ' field' as applied to database table means

(A)

Name of the table

(B)

Horizontal row of the table

(C)

Size of the table

(D)

Vertical column of the table

Q.No. 27

If the net profit earned during the year is Rs 1,00,000 and the amount of Bills Question: receivables in the beginning and the end of the year is Rs 20,000 and Rs 40,000 respectively, then cash flow from operating activities will be:

(A)

60,000

(B)

1,00,000

(C)

80,000

(D)

1,20,000

Q.No. 28

Journal entry to be passed for **unrecorded** assets for preparing Revaluation A/C at the time of Retirement of a partner will be

(A)

Assets A/C Dr. To all Partners capital A/C

(B)

Assets A/C Dr. To Revaluation A/c

(C)

Revaluation A/C Dr. To assets A/C

(D)

Revaluation A/C Dr. To old partner's capital A/C

Q.No. 29

Sterlingenterprises is a partnership business with Ryan, Williams and Sania as partners engaged in production and sales of electrical items and equipment.

Their capital contributions were Rs 50,00,000, Rs 50,00,000 and Rs 80,00,000 respectively with the profit sharing ratio of 5:5:8. As they are now looking forward to expanding their business, it was decided that they would bring in sufficient cash to double their respective capitals.

This was duly followed by Ryan and Williams but due to unavoidable reasons Sania could not do so and ultimately it was agreed that to bridge the shortfall in the required capital a new partner should be admitted who would bring in the amount that Sania could not bring and that the new partner would get share of profits equal to half of Sania's share which would be sacrificed by Sania only.

Consequent to this agreement Ejaz was admitted and he brought in the required capital and Rs 30,00,000 as premium for goodwill.

Based on the above information you are required to answer the question.

What will be the new profit-sharing ratio of Ryan, Williams, Sania and Ejaz?

- (A) 1:1:1:1
- (B) 5:5:8:8
- (C) 5:5:4:4
- (D) None of the above

Q.No. 30

Instructions: Read the passage carefully and answer the following question:

XYZ Ltd is registered with an authorised capital of Rs 20 lakh divided into Rs 2 lakh equity shares of Rs10 each.

The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

In order to raise money by issuing the shares in the market the company must get applications for at least.

- (A)
1,00,000 shares
- (B)
80,000 shares
- (C)
72,000 shares
- (D)
20,000 shares

Q.No. 31

Aman and Mohan, partners of a firm decided to dissolve the business on 31-03-22. Question: The firm decided to pay realisation expenses of Rs 1,000 on behalf of Mohan. Rs1000 will be debited to

(A)

Realisation A/C

(B)

Mohan's capital A/C

(C)

Bank A/C

(D)

Aman's capital A/C

Q.No. 32

At the time of retirement of a Partner the remaining gaining partners should compensate the

(A)

Remaining Partners only

(B)

Retiring Partners only

(C)

Retiring Partners as well as remaining partners who have sacrificed

(D)

Sacrificing partners only

Q.No. 33

When debentures are issued at premium with the term of redeeming them at par. The amount of premium received at the time of issue will be:

(A)

Debited to premium on Redemption of Debenture A/C

(B)

Credited to Premium on Redemption of Debentures A/C

(C)

Debited to Securities Premium Reserve A/C

(D)

Credited to securities premium Reserve A/C

Q.No. 34

What is the correct sequence of allotment of shares

- A. Allotment money received
- B. Inviting applications from investors
- C. Allotment Due
- D. Application money Received
- E. Share Call Money Due

Choose the correct answer from the options given below :

(A)

E, C, A, B, D

(B)

A B C, D E

(C)

B, D, C, A, E

(D)

C, A, E, D, B

Q.No. 35

If a partner retires in the middle of the year his/her share of profit from the date of last balance sheet till the date of retirement will be transferred to

(A)

Profit & Loss A/C credit side

(B)

Profit & Loss suspense A/C debit side

(C)

Retiring partners capital A/C debit side

(D)

Profit & Loss suspense A/C credit side

Q.No. 36

Talent sports Club is engaged in the activity of identifying and promoting sports talent from rural and tribal areas of the country. Identifying with this Noble cause Mr Manohar a renowned industrialist donated ₹ 50,00,000 on 1st July 2020, for the construction of a new hostel and mess for upcoming sportsmen.

Besides this Mr Manohar offered the services of his personal chartered accountant, free of charge, to streamline the account of Total Sports Club. The chartered accountant visited the office of the NPO on 31st March 2021 and found that till date rupees 35,00,000 had been spent on construction of hostel and mess building. he also noted that the NPO had a capital fund of Rs. 1,20,00,000 in the beginning of the year. Other important points that he noted were that NPO had 2000 regular members each having an annual subscription of Rs. 2000 per annum.

On 1st April 2020, 180 members had not paid for subscription of previous year and 20 members had paid for 2020-2021 in advance (out of which 5 had paid advance of 2021-2022 as well) 31st March 2021, 110 Members had outstanding balance (including 50 who had not paid for 2019-20 as well) and 25 members had paid for 2021-2022 in advance (including all 5 who had paid in advance in 2019-20)

Since the accountant of NPO was not clear about how to deal with all the above information he drafted a set of questions for guidance.

Considering that you are the Chartered Accountant of Mr. Manohar answer the question based on the information detailed above.

The amount of subscription in advance on 31st March 2021 is:

- (A) ₹ 40,000
- (B) ₹ 50,000
- (C) ₹ 10,000
- (D) None of these

Q.No. 37

Instructions: Read the passage carefully and answer the following question.

XYZ Ltd is registered with an authorised capital of Rs 20 lakh divided into 2 lakh equity shares of Rs 10 each. The company is in manufacturing of pickles and spices. Due to the increase in demand of packed food in the market they decided to diversify its operation. For this purpose they decided to issue 1 lakh equity share of Rs 10 each. The company issued 20,000 equity shares to a vendor to supply the machinery required to manufacture the packed food. Rest of the equity shares were issued to general public for subscription. The application were received for 46,000 equity shares. Due to undersubscription of equity shares the shares were not issued to public.

The process of issuing shares to a vendor in exchange of any asset is known as:

- (A)
Issue of share for cash
- (B)
Issue of share at discount
- (C)
Issue of share at premium
- (D)
Issue of share for consideration other than cash

Q.No. 38

Match List I with List II in context of cashflow statement

LIST I		LIST II	
A	Sale of fixed asset	I	Outflow in operating activities
B	Purchase of Goodwill	II	Inflow in Investing Activities
C	Tax Paid	III	Outflow in Investing Activities
D	Dividend Paid	IV	Outflow in Financing Activities

Choose the correct answer from the options given below:

(A)

A-II,B-I,C-IV,D-III

(B)

A-II,B-III,C-I,D-IV

(C)

A-I,B-I,C-III,D-IV

(D)

A-III,B-II,C-IV,D-I

Q.No. 39

Identify the correct sequence of current assets in company's Balance sheet?

A. Bills Receivables

B. Cash & cash equivalents

C. Short term loans & advances

D. Inventories

E. Current investments

Choose the correct answer from the options given below:

(A)

C,A,B,E,D

(B)

D,C,E,A,B

(C)

B,D,E,C,A

(D)

E,D,A,B,C

Q.No. 40

What are the internal controls designed to do ?

(A)

Only ensure accurate accounting records

(B)

Safeguard assets and optimize use of resource

(C)

Only safeguard assets

(D)

Only achieve maximum revenue

Answer Sheet

Q.No	Answer
Q.No. 1	(B)
Q.No. 2	(A)
Q.No. 3	(B)
Q.No. 4	(A)
Q.No. 5	(D)
Q.No. 6	(B)
Q.No. 7	(C)
Q.No. 8	(A)
Q.No. 9	(D)
Q.No. 10	(A)
Q.No. 11	(B)
Q.No. 12	(C)
Q.No. 13	(C)
Q.No. 14	(B)
Q.No. 15	(B)
Q.No. 16	(A)
Q.No. 17	(A)
Q.No. 18	(C)
Q.No. 19	(B)
Q.No. 20	(D)
Q.No. 21	(A)
Q.No. 22	(D)

Q.No. 23	(D)
Q.No. 24	(A)
Q.No. 25	(B)
Q.No. 26	(D)
Q.No. 27	(C)
Q.No. 28	(B)
Q.No. 29	(C)
Q.No. 30	(C)
Q.No. 31	(B)
Q.No. 32	(C)
Q.No. 33	(D)
Q.No. 34	(C)
Q.No. 35	(B)
Q.No. 36	(B)
Q.No. 37	(D)
Q.No. 38	(B)
Q.No. 39	(D)
Q.No. 40	(B)