

Time allowed: 45 minutes

Maximum marks: 200

*General Instructions: Same as Practice Paper-1.**Choose the correct option:*

- If at the time of admission, there are some unrecorded furniture and fixtures, they will be:**
 - Debited to Revaluation A/c
 - Credited to Revaluation A/c
 - Transferred to Old Partners' Capital A/cs
 - Transferred to All Partners' Capital A/cs
- On dissolution, goodwill account is transferred to:**
 - the capital accounts of partner
 - the credit side of cash account
 - the debit side of realisation account
 - the credit side of realisation account
- On the death of a partner, Sashi, his share in the profits of the firm ₹42,000 till the date of his death is transferred to the:**
 - Debit of Profit and Loss Account
 - Credit of Profit and Loss Account
 - Debit of Profit and Loss Suspense Account
 - Credit of Profit and Loss Suspense Account
- As per the following information relating to Ganesh Charitable Society, what will be the closing balance of cash for the year ending 31st March, 2022?**

Particulars	(₹)
Opening balance of Cash	20,000
Subscription received:	
2020-21 25,000	
2021-22 1,00,000	
2022-23 <u>15,000</u>	1,40,000
Entrance fees received	45,000
Sale of old sports material	5,000
Rent paid	19,000
Donations received for construction of building	1,00,000
Office expenses paid	23,000

- ₹2,68,000
 - ₹3,10,000
 - ₹2,50,000
 - None of the above
- Debentures that are not repayable during the life time of the company are known as:**
 - Bearer Debentures
 - Second Debentures
 - Redeemable Debentures
 - Irredeemable Debentures

- 7. Glassware Ltd. issued 30,000, 6% Debentures of ₹100 each at a premium of ₹10. It will credit 6% Debentures Account by**
 (a) ₹33,00,000 (b) ₹30,00,000 (c) ₹27,00,000 (d) ₹24,00,000
- 8. In case of issue of debentures as a collateral security for loan from the bank, which account will be debited?**
 (a) Bank account (b) Bank loan account
 (c) Debenture account (d) Debenture suspense account
- 9. Which of the following statements is/are true?**
 (i) Nominal Capital means such capital as the company issues from time to time for subscription.
 (ii) When the entire face value (nominal value) of the shares has been called by the company and is also received by the company, these shares will be classified and shown as 'Subscribed and fully paid-up'.
 (iii) In case of 'Subscribed but not fully paid-up', the company has called-up the entire nominal value of the shares but it has not received the full amount.
 (iv) Capital Reserve is shown under the head 'Reserves and Surplus' on the equity and liabilities side of the Balance Sheet.
 (a) Only (i) and (iii) (b) Only (ii) and (iii) (c) Only (ii), (iii) and (iv) (d) Only (i), (ii) and (iii)
- 10. A firm's Balance Sheet had a workmen compensation reserve of ₹20,000. Ram, a new partner is admitted. The liability against workmen compensation reserve was determined to be ₹15,000. What amount out of workmen compensation reserve is distributed among old partners?**
 (a) ₹20,000 (b) ₹15,000 (c) ₹35,000 (d) ₹5,000
- 11. L and T are partners sharing profits in the ratio 8 : 3. With effect from 1st April, 2021, they agreed to share future profits equally. Partners' gain and sacrifice are:**
 (a) L sacrifices and T gains by 5/22 share
 (b) L sacrifices and T gains by 8/11 share
 (c) T gains and L sacrifices by 5/22 share
 (d) no gain, no sacrifice
- 12. Given below are two statements—Statement (A) and Statement (B):**
Statement (A) : Goodwill can be defined as the present value of anticipated profits.
Statement (B) : Under capitalisation of Super Profit method, goodwill is ascertained by capitalising the Super Profit on the basis of Normal Rate of Return.
Choose the correct alternative from the following:
 (a) Both statement (A) and statement (B) are correct.
 (b) Statement (A) is correct and statement (B) is incorrect.
 (c) Statement (A) is incorrect and statement (B) is correct.
 (d) Both statement (A) and statement (B) are incorrect.
- 13. A, B and C were partners in a firm sharing profits and losses in the ratio of 4 : 3 : 2. B retired and his share was taken over by A and C equally. Calculate the gaining ratio.**
 (a) 4 : 2 (b) 2 : 4 (c) 1 : 1 (d) 4 : 3
- 14. A company forfeited 8,000 shares of ₹10 each on which application money of ₹3 has been paid. Out of these 4,000 shares were reissued as fully paid up and ₹8,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued.**
 (a) ₹10 per share (b) ₹9 per share (c) ₹11 per share (d) ₹8 per share
- 15. Safal Ltd. purchased heavy machinery for ₹75,00,000 out of which ₹30,00,000 were paid in cash. Balance amount was paid by issue of equity shares of ₹10 each at 25% premium. How many shares will be issued by the company?**
 (a) 1,20,000 shares (b) 2,00,000 shares (c) 3,60,000 shares (d) 30,00,000 shares

- 16. Rainbow Ltd. issued 25,000 shares of ₹10 each credited as fully paid to the promoters for their services. It also issued 15,000 shares of ₹10 each credited as fully paid to the underwriters for their commission.**
Incorporation Expenses will be:
 (a) debited by ₹2,50,000 (b) credited by ₹2,50,000 (c) debited by ₹1,50,000 (d) credited by ₹1,50,000
- 17. Given below are two statements—Statement (A) and Statement (B):**
Statement (A) : Profit and Loss Account or Statement of Profit and Loss in case of Companies determines net profit or loss in the financial year.
Statement (B) : Capital Fund determines the surplus or deficit in the financial year.
Choose the correct alternative from the following:
 (a) Both statement (A) and statement (B) are correct.
 (b) Statement (A) is correct and statement (B) is incorrect.
 (c) Statement (A) is incorrect and statement (B) is correct.
 (d) Both statement (A) and statement (B) are incorrect.
- 18. At the time of retirement of a partner, partners' Capital Accounts are debited**
 (a) to record the General Reserve (b) to record the gain on revaluation
 (c) to record the Profit and Loss A/c (Dr.) (d) to record the shortage of capital brought in
- 19. At the time of death of partner, _____ are debited to Revaluation A/c.**
 (a) Unrecorded Assets (b) Unrecorded Liabilities (c) Accumulated Profits (d) Accumulated Losses
- 20. Identify Capital receipt for a Sports Club from the following:**
 (a) Rent Receipt (b) Sports Expenses (c) Entrance Fees (d) Life Membership Fees
- 21. General Donations received by a Literary Club are shown on the**
 (a) Debit side of Income and Expenditure Account (b) Credit side of Income and Expenditure Account
 (c) Assets side of Balance Sheet (d) Liabilities of Balance Sheet
- 22. Which of the following is a method of 'Redemption of Debentures'?**
 (a) Proceeds from fresh issue of shares (b) Out of profit
 (c) Sinking Fund (d) All of the above
- 23. Which of the following is created and set-up purposely for repaying debt, particularly debentures?**
 (a) Sinking Fund (b) Capital Fund (c) Reserve Fund (d) General Fund
- 24. Which of the following accounts are required to be prepared at the time of dissolution of a partnership firm?**
 (i) Revaluation A/c (ii) Realisation A/c
 (iii) Receipts and Payments A/c (iv) Partner's Capital A/c
 (v) Cash/Bank A/c
 (a) (i), (ii), (iii) (b) (i), (iii), (iv), (v) (c) (ii), (iv), (v) (d) (i), (ii), (iii), (iv), (v)
- 25. Anu, Bina and Charan are partners. The firm had given a loan of ₹20,000 to Bina. They decided to dissolve the firm. In the event of dissolution, the loan will be settled by**
 (a) transferring it to debit side of Realisation Account (b) transferring it to credit side of Realisation Account
 (c) transferring it to debit side of Bina's Capital Account (d) Bina paying Anu and Charan privately.
- 26. Calculate the amount of stationery to be posted to Income and Expenditure Account of Indian Cultural Society for the year ending 31st March, 2018 from the following information :**

Particulars	1st April, 2017(₹)	31st March, 2018 (₹)
Stock of stationery	21,000	18,000
Creditors for stationery	11,000	23,000

Stationery purchased during the year ended 31st March, 2018 was ₹75,000.

- (a) ₹78,000 (b) ₹96,000 (c) ₹90,000 (d) ₹92,000

27. Which of the following is considered a 'Special receipt' in case of NPOs?

- (a) Subscriptions (b) Rent Received
(c) Entrance Fees (d) Contribution for Annual Party

28. Given below are two statements—Statement (A) and Statement (B):

Statement (A) : Redeemable preference shares are shown as long-term Borrowings in the Balance Sheet.

Statement (B) : Cumulative Preference shares are such shares which carry the right to receive arrears of dividend before dividend payment to equity shareholders.

Choose the correct alternative from the following:

- (a) Both statement (A) and statement (B) are correct.
(b) Statement (A) is correct and statement (B) is incorrect.
(c) Statement (A) is incorrect and statement (B) is correct.
(d) Both statement (A) and statement (B) are incorrect.

29. Accumulated profits at the time of death of a partner are _____ to Partner's Capital Accounts, including deceased partner in their _____.

- (a) Debited, Old profit-sharing ratio (b) Credited, Old profit-sharing ratio
(c) Credited, new profit-sharing ratio (d) Debited, gaining ratio

30. In a partnership firm, ₹75,200 is to be transferred to General Reserve from Net profit of ₹2,10,000, journal entry would be:

- | | | | |
|---------------------------------------|-----|-----------|-----------|
| (a) General Reserve A/c | Dr. | ₹75,200 | |
| To Profit and Loss Appropriation A/c | | | ₹75,200 |
| (b) Profit and Loss Appropriation A/c | Dr. | ₹75,200 | |
| To General Reserve A/c | | | ₹75,200 |
| (c) Profit and Loss A/c | Dr. | ₹75,200 | |
| To General Reserve A/c | | | ₹75,200 |
| (d) Profit and Loss Appropriation A/c | Dr. | ₹2,10,000 | |
| To General Reserve A/c | | | ₹2,10,000 |

31. Rent paid to a partner is recorded on the debit side of:

- (a) Profit and Loss Appropriation Account (b) Partners' Capital Account
(c) Balance Sheet (d) Profit and Loss Account

32. Ajay, Binod and Chandra entered into partnership on 1st April, 2022 with a capital of ₹3,00,000, ₹2,00,000 and ₹1,00,000 respectively. In addition to capital, Chandra has advanced a loan of ₹1,00,000. Since they had no agreement to guide them, they faced following issues during and at the end of the year:

- (i) Ajay wanted interest on capital to be provided @8% p.a.
(ii) Chandra wanted that interest on loan be paid to him @ 6% p.a.
(iii) Ajay and Binod demanded to share profits in the ratio of their capital contribution.
(iv) Binod, being working partner, demands a lump sum payment of ₹40,000 as remuneration.

Which of the above mentioned demands will be fulfilled by the firm in the absence of a partnership deed?

- (a) Only (iii) (b) Only (ii) (c) Both (ii) and (iv) (d) Both (ii) and (iii)

33. The amount of securities premium reserve can be utilised:

- (a) To pay dividends (b) To compensate the losses of business
(c) To pay taxes (d) To write off preliminary expenses

34. If ₹8 was received against share of ₹10 and it was forfeited, then it can be re-issued at least at:

- (a) ₹2 (b) ₹10 (c) ₹8 (d) ₹12

36. A and B are partners. C is admitted for 1/5th share. C brought ₹1,20,000 as his share of capital. The total capital of firm will be:
 (a) ₹1,00,000 (b) ₹2,00,000 (c) ₹4,00,000 (d) ₹6,00,000
37. A and B are partners sharing profits. They admit C as a new partner. C contributes stock ₹30,000; furniture ₹40,000; machinery ₹1,00,000 and cash ₹20,000 towards the capital and goodwill. Goodwill on the date of admission was valued at ₹1,80,000. C's share of goodwill and capital respectively will be:
 (a) ₹60,000 and ₹1,30,000 (b) ₹60,000 and ₹1,90,000
 (c) ₹60,000 and ₹60,000 (d) None of the above
38. 'Depreciation ₹18,000 on Plant and machinery omitted to be recorded in the books'. At the time of admission of a partner, it will be shown on:
 (a) debit side of Revaluation A/c (b) credit side of Revaluation A/c
 (c) debit side of Partners' Capital A/cs (d) credit side of Partners' Capital A/cs
39. There are two fundamental ratios to measure liquidity:
 (a) Gross profit and operating ratio (b) Current ratio and quick ratio
 (c) Current ratio and gross profit ratio (d) Current ratio and operating ratio
40. Which of the following ratio measures the proportion of total assets financed by the proprietor's funds?
 (a) Liquid Ratio (b) Return on Investment Ratio
 (c) Debt to Equity Ratio (d) Proprietary Ratio
41. **Assertion (A) :** Solvency Ratio is calculated to measure the enterprise's ability to pay interest or long-term liabilities at maturity.
Reason (R) : Proprietary Ratio establishes a relationship between long-term assets and current liabilities.
Alternatives:
 (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 (c) Assertion (A) is true but Reason (R) is false
 (d) Assertion (A) is false but Reason (R) is true
42. Given below are two statements—Statement (A) and Statement (B):
Statement (A) : Proceeds from sale of non-current investments can be classified as Financing activities while preparing Cash Flow Statement.
Statement (B) : Redemption of preference shares is a financing activity.
Choose the correct alternative from the following:
 (a) Both statement (A) and statement (B) are correct.
 (b) Statement (A) is correct and statement (B) is incorrect.
 (c) Statement (A) is incorrect and statement (B) is correct.
 (d) Both statement (A) and statement (B) are incorrect.
43. Cash from operations will increase due to:
 (a) Decrease in current assets (b) Increase in current liabilities
 (c) Neither of the two (d) Both (a) and (b)
44. The prescribed form of Balance Sheet for the companies has been given in the Schedule:
 (a) III, Part I (b) VI, Part I (c) VI, Part II (d) None of these
45. Pick the 'Odd One Out':
 (a) Goodwill (b) Patents (c) Trade Receivables (d) Investments in Property
46. In a company, fixed tangible assets are ₹5,40,000 and total assets are ₹9,00,000. What will be the percentage of fixed tangible assets to total assets?
 (a) 57% (b) 60% (c) 65% (d) 44%

47. Which of the following statements is incorrect?

- (i) When the assets, liabilities and share capital are shown in comparative form to know the increase or decrease in these items then it is called comparative balance sheet.
 - (ii) Generally revenue from operations (sales) figure is assumed to be 100 in case of common size income statement.
 - (iii) Comparative balance sheet is helpful in knowing the trend of change and the direction of change.
 - (iv) In Common size Balance Sheet, changes in individual items can be analysed in relation to revenue from operations.
- (a) Only (iii) (b) Only (iv) (c) Both (iii) and (iv) (d) All (i), (ii), (iii) and (iv)

48. Match the following columns:

- | | |
|--|--|
| (i) Final Dividend Paid | (A) Operating Activity |
| (ii) Payment to Trade Payables | (B) No Flow of Cash |
| (iii) Acquisition of patents | (C) Financing Activity |
| (iv) Encashment of Drafts | (D) Investing Activity |
| (a) (i) (C), (ii) (A), (iii) (D), (iv) (B) | (b) (i) (C), (ii) (A), (iii) (B), (iv) (C) |
| (c) (i) (C), (ii) (A), (iii) (B), (iv) (D) | (d) (i) (A), (ii) (C), (iii) (B), (iv) (D) |

49. Yojana Bank Ltd. issued 4,00,000, 6% Debentures of ₹100 each for subscription. Issue was subscribed. The amount of receipt will be shown as:

- (a) Operating Activity (b) Investing Activity (c) Financing Activity (d) General Activity

50. Following information is related to Queen Ltd.

Dr. Machinery Account		Cr.	
Particulars	(₹)	Particulars	(₹)
To Balance b/d	10,00,000	By Bank A/c	6,000
To Bank A/c (Purchase)	2,94,000	By Accumulated Depreciation A/c	16,000
		By Statement of Profit and Loss (Loss on sale of machinery)	2,000
		By Balance c/d	12,70,000
	<u>12,94,000</u>		<u>12,94,000</u>

While preparing Cash Flow Statement, which of the following is correct?

- (a) ₹2,94,000 will be shown under Operating Activities. (b) ₹2,94,000 will be shown under Investing Activities.
- (c) ₹12,70,000 will be shown under Operating Activities. (d) ₹12,70,000 will be shown under Investing Activities.

PRACTICE PAPER — 13

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|---------|---------|---------|---------|---------|---------|---------|
| 1. (b) | 2. (c) | 3. (c) | 4. (d) | 5. (a) | 6. (d) | 7. (b) |
| 8. (d) | 9. (c) | 10. (d) | 11. (a) | 12. (a) | 13. (c) | 14. (b) |
| 15. (c) | 16. (b) | 17. (b) | 18. (c) | 19. (b) | 20. (d) | 21. (b) |
| 22. (d) | 23. (a) | 24. (c) | 25. (c) | 26. (a) | 27. (d) | 28. (c) |
| 29. (b) | 30. (b) | 31. (d) | 32. (b) | 33. (d) | 34. (a) | 35. (a) |
| 36. (d) | 37. (a) | 38. (a) | 39. (b) | 40. (d) | 41. (c) | 42. (c) |
| 43. (d) | 44. (a) | 45. (c) | 46. (b) | 47. (b) | 48. (a) | 49. (c) |
| 50. (b) | | | | | | |