

Previous Year Paper

6th October 2022 (Shift 1)

- Q1.** As per Receipts and Payments Account for the year ended on March 31, 2020, subscriptions received were ₹2,50,000 subscriptions outstanding on 1-4-2019 ₹50,000, Subscriptions received in advance as on 31-03-2020 are ₹30,000. Subscriptions for the year 2019-20 will be:

(a) ₹2,30,000
(b) ₹1,50,000
(c) ₹2,40,000
(d) ₹1,70,000

- Q2.** At the time of admission of a new partner general reserve appearing in the old 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

- Q3.** 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 give below:

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

- Q4.** 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

- Q5.** Journal entry to be passed for unrecorded assets for preparing Revaluation A/c at the time of Retirement of 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

- Q6.** Match List I with List II

LIST I: Major Head		LIST II: Sub Head	
A.	Non-Current assets	I.	Short term provisions
B.	Current Assets	II.	Money received against share warrants
C.	Current Liabilities	III.	Non-Current investment
D.	Shareholder's Funds	IV.	Inventories

Choose the correct answer from the options given below:

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

- Q7.** 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-III, B-IV, C-I, D-II

- Q8.** At the time 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

- Q9.** 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 Partner's Capital A/c debit side
(d) Profit & Loss Suspense A/c credit side

- Q10.** If debentures are converted into equity shares, it is a/an: _____

(a) Inflow of cash

- (b) No flow of cash
(c) Outflow of cash
(d) Cash and Cash equivalents

Q11. 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-II
(c) A-IV, B-III, C-II, D-I
(d) A-III, B-II, C-IV, D-I

Q12. 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

Q13. 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

Q14. 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

Q15. If net profit 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) ₹40,000
(b) ₹60,000
(c) ₹30,000
(d) ₹20,000

Q16. The capital accounts of partners will always show a ____ balance under fixed capital account method

- (a) Debit
(b) Credit
(c) Zero
(d) Negative

Q17. Aman and Mohan, partners of a firm decided to dissolve the business on 31-03-22. The firm decided to pay realisation expenses of ₹1,000 on behalf of Mohan. ₹1000 will be debited to

- (a) Realisation A/c
(b) Mohan's capital A/c
(c) Bank A/c
(d) Aman's capital A/c

Q18. Common size analysis is also known as

- (a) Horizontal Analysis
(b) Vertical Analysis
(c) Cash Flow Analysis
(d) Ratio Analysis

Q19. Calculate the amount of yearly interest payable on 9% debentures (10,000 debentures of ₹100) issued as collateral security.

- (a) No Interest payable
(b) ₹90,000
(c) ₹9,000
(d) ₹99,000

Q20. If the net profit earned during the year is ₹1,00,000 and the amount of Bills receivables in the beginning and the end of the year is ₹20,000 and ₹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

Q21. Sale of copy rights are considered as a part of

- (a) Investing Activities
(b) Financing Activities
(c) Operating Activities
(d) Financing & Operating Activities

Q22. Romi Ltd. purchased Building worth ₹1,50,000, Machinery worth ₹1,40,000 and Furniture worth ₹10,000 from XYZ Co. and took over its liabilities of ₹20,000 for a purchase consideration of ₹3,15,000. They paid the purchase consideration by issuing 12% debentures of ₹100 each at a premium of 5%. What will be the number of debentures issued by Romi Ltd.

- (a) 4,000
- (b) 3,500
- (c) 3,000
- (d) 2,000

- Q23.** Securities premium Reserve can be utilised ____
- A. to return excess money received on application
 - B. to write off preliminary expenses
 - C. to issue partly paid bonus shares
 - D. for premium paid on Redemption of Debentures or preference shares
 - E. for buy back of shares

Choose the correct answer from the options given below:

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

- Q24.** What are different types of debentures from the view point of registration?

- A. Convertible
- B. Bearer
- C. Redeemable
- D. Secured
- E. Registered

Choose the correct answer from the options given below:

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

- Q25.** 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 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

- Q26.** 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-II, B-I, C-III, D-IV
- (d) A-III, B-II, C-IV, D-I

- Q27.** 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

- Q28.** 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

- Q29.** Identify the components of equity:

- A. Money received against share warrants
- B. Working capital
- C. Share capital
- D. Reserves & surplus
- E. Cash Revenue from operations

Choose the correct answer from the options given below:

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

- Q30.** 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

- Q31.** 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

- Q32.** While preparing common-size Balance sheet, each item of Balance sheet is expressed as % of
- (a) Non-current assets
 - (b) Current assets
 - (c) Non-current liabilities
 - (d) Total assets or Total Liabilities
- Q33.** It is the amount-paid to the person who is not the regular employee of the institution.
- (a) Wages
 - (b) Honorarium
 - (c) Salary
 - (d) Donation
- Q34.** 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
- Q35.** At the time of admission of partner if goodwill exists 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
- Q36.** Rani, Sandhya and Kangana are partners sharing profits in the ratio of 4:3:2, Rani retires. Sandhya and Kangana decided to share profits in future in the ratio of 5:3. Gaining ratio of Sandhya and Kangana will be
- (a) 11:21
 - (b) 21:11
 - (c) 31:12
 - (d) 23:13
- Q37.** 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
- Q38.** How many blank worksheets are shown when a new workbook is created.
- (a) Four
 - (b) Three
 - (c) Two
 - (d) One
- Q39.** Which of the following arguments in a financial function represents the total number of payments
- (a) FV
 - (b) PV
 - (c) NPer

- (d) Rate

Q40. 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

Instructions: Read the passage carefully and answer the following questions 41-45)

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
Capital		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 ₹10,000.

Q41. Due to the ill health of B, they decided to dissolve the firm. It comes under ____ from of dissolution.

- (a) Dissolution by Notice
- (b) On the happening of certain contingencies
- (c) Dissolution by court
- (d) Dissolution by Agreement

Q42. The amount recovered from the debtors is:

- (a) ₹1,00,000
- (b) ₹40,000
- (c) ₹50,000
- (d) ₹60,000

Q43. Following items appear on the debit side of Realisation A/c except:

- A. Transfer of Assets
- B. Payment of liabilities
- C Provisions
- D. Realisation expenses
- E. Asset taken over by partner

Choose the correct answer from the options given below:

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

Q44. 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

Q45. The accumulated profits and reserve are transferred to:

- (a) Revaluation A/c
- (b) Realisation A/c
- (c) Partner's Capital A/c
- (d) Cash/Bank A/c

Instructions: Read the passage carefully and answer the following questions 46-50)

XYZ Ltd is registered with an authorised capital of ₹20 lakh divided into 2 lakh equity shares of ₹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. They 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 applications were received for 46,000 equity shares. Due to undersubscription of equity shares were not issued to public.

Q46. The company issued 20,000 equity shares of ₹10 each to vendor. After issuing them the shares the vendor will be considered as:

- (a) Creditors
- (b) Owners
- (c) Customer
- (d) Lender

Q47. 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

Q48. 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 of discount
- (c) Issue of share at premium
- (d) Issue of share for consideration other than cash

Q49. If the company is unable to get minimum subscription, the shares cannot be issued and the amount must be refunded within 15 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%

Q50. The following refer to the maximum amount of share capital issued by a company in its life times except:

- (a) Subscribed Capital
- (b) Authorised Capital
- (c) Nominal Capital
- (d) Registered Capital

SOLUTIONS

S1. Ans. (d)

Subscription for the year 2019-20 = 2,50,000 – 30,000 – 50,000 = ₹1,70,000

S2. Ans. (c)

At the time of admission of a partner, general reserve in old Balance Sheet is transferred Old Partner's Capital A/cs.

S3. Ans. (c)

Tenure- Irredeemable
Interest point of view- Zero Coupon Rate
Security-Secured
Bearer-Registration

S4. Ans. (a)

On retirement of a partner, the retiring partner's capital account will be credited with his/her share of goodwill.

S5. Ans. (b)

Assets A/c Dr.
To Revaluation A/c

S6. Ans. (b)

Non-current assets – Non-current Investments
Current Assets- Inventories
Current Liabilities- Short-Term Provisions
Shareholder's Funds- Money Received Against Share Warrants

S7. Ans. (b)

Cash Equivalents- Marketable Securities
Financing Activities- Interim Dividend Paid
Operating Activities- Selling and Distribution Expenses Paid
Investing Activities – Dividend received on Shares held as investment

S8. Ans. (c)

At the time of retirement of a partner the remaining gaining partners should compensate the retiring partners as well as remaining partners who have sacrificed.

S9. Ans. (b)

It will be transferred to debit side of Profit and Loss Suspense A/c.

S10. Ans. (b)

If debentures are converted into equity shares, there is no flow of cash.

S11. Ans. (d)

Interest on Loan- 6%p.a
Interest on Drawings- Will not be charged
Salary- Will not be provided/allowed
Profit Sharing Ratio- Equal

S12. Ans. (c)

Correct Sequence
(a) Inviting applications from investors
(b) Application Money Received
(c) Allotment Due

(d) Allotment Money Received

(e) Share Call Money Due

S13. Ans. (b)

Correct Sequence
(a) Authorised Capital
(b) Issued Capital
(c) Subscribed and Fully Paid Capital
(d) Subscribed but not Fully paid-up capital
(e) Share Forfeiture Balance

S14. Ans. (b)

Correct Sequence
(a) Find out total revenue by adding other incomes to revenue from operations
(b) Deduct Expenses
(c) Calculate Profit before Tax
(d) Deduct Tax
(e) Find out profit after tax

S15. Ans. (b)

Cash Flow from Operating Activities = 50,000 + 10,000 = ₹60,000

S16. Ans. (b)

Under fixed capital method, capital accounts of partners will always show a Credit Balance.

S17. Ans. (b)

S18. Ans. (b)

S19. Ans. (a)

S20. Ans. (c)

Cash Flow from Operating Activities = 1,00,000 – 20,000 = ₹80,000

S21. Ans. (a)

S22. Ans. (c)

No. of debentures issued = $\frac{3,15,000}{100+5} = 3,000$

S23. Ans. (d)

Securities Premium can be utilised for following 3 purposes:

- (i) To write off preliminary expenses.
- (ii) For premium payable on redemption of debentures or preference shares.
- (iii) For buy-back of shares.

S24. Ans. (c)

S25. Ans. (a)

Steps in preparation of final accounts of not-for-profit organisation (NPO):

- (a) Prepare Cash Book
- (b) Prepare Receipts and Payments Account
- (c) Prepare Income and Expenditure Account
- (d) Adjust outstanding/prepaid expenditure/income and determine surplus/deficit
- (e) Prepare Balance Sheet

S26. Ans. (b)

Sale of Fixed Asset - Inflow in Investing Activities
 Purchase of Goodwill - Outflow in Investing Activities
 Tax Paid - Outflow in Operating Activities
 Dividend Paid - Outflow in Financing Activities

S27. Ans. (b)**S28. Ans. (b)**

Current Ratio and Acid Test Ratio are part of Liquidity Ratios.

S29. Ans. (d)

Money received against share warrants. Share capital and Reserves and Surplus are components of Equity.

S30. Ans. (d)

Correct Sequence:

- (a) Current Investments
- (b) Inventories
- (c) Bills Receivables
- (d) Cash and Cash Equivalents
- (e) Short-term Loans and Advances

S31. Ans. (d)**S32. Ans. (d)****S33. Ans. (b)**

Honorarium is the amount paid to the person who is not the regular employee of the institution.

S34. Ans. (b)

When the total amount withdrawn is given but the date of withdrawal is not given, the interest on drawings is charged for a period of 6 months.

S35. Ans. (d)

At admission, goodwill appearing in the Balance Sheet is written off among old partners in old profit-sharing ratio.

S36. Ans. (b)

Old Ratio between Rani, Sandhya and Kangana = 4: 3: 2

New Ratio between Sandhya and Kangana = 5: 3

$$\text{Sandhya's Gain} = \frac{5}{8} - \frac{3}{9} = \frac{21}{72}$$

$$\text{Kangana's Gain} = \frac{3}{8} - \frac{2}{9} = \frac{11}{72}$$

Gaining Ratio = 21: 11

S37. Ans. (b)**S38. Ans. (b)**

Three blank worksheets are shown when a new workbook is created.

S39. Ans. (c)

N-Per financial function shows the total number of payments.

S40. Ans. (d)

Field means vertical column of a table.

S41. Ans. (d)

It is dissolution by Mutual Agreement.

S42. Ans. (b)

Amount recovered from Debtors = 50,000 - 10,000 = ₹40,000

S43. Ans. (d)

Payment of liabilities and assets taken over by partners will not appear on debit side of Realisation Account.

S44. Ans. (a)

Goodwill appearing in Balance Sheet is transferred to debit side of Realisation A/c on dissolution of partnership firm.

S45. Ans. (c)

Accumulated Profits and Reserves will be transferred to Partner's Capital A/cs

S46. Ans. (b)

After issuing shares to vendors, they will be considered as owners.

S47. Ans. (c)

The company must receive application for at least 90% of the shares issued. So, company should receive application of 90% of 80,000 = 72,000 shares

S48. Ans. (d)

Issuing of shares to vendors is known as issue of share for consideration other than cash.

S49. Ans. (b)

Company shall be liable to pay 15%p.a., if the amount is not refunded within 15 days.

S50. Ans. (a)