

**Time allowed: 45 minutes**

**Maximum marks: 200**

**General Instructions:** Same as Practice Paper-1.

**Choose the correct option:**

1. At the time of firm's dissolution, Balance of general reserve shown in the Balance Sheet is credited to:
 

(a) Realisation Account	(b) Creditors Account
(c) Partners' Capital Accounts	(d) Profit and Loss Account
2. P and Q are partners. S is admitted for 1/5th share and he brings his share of capital of ₹ 25,000. The total capital of firm will be:
 

(a) ₹ 75,000	(b) ₹ 1,00,000	(c) ₹ 1,25,000	(d) ₹ 1,50,000
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3. 'Investment Fluctuation Reserve' of ₹80,000 at the time of retirement of Xavier, when investments (market value ₹3,80,000) appears at ₹4,00,000. The firm has three partners Jain, Yatin, and Xavier. Xavier's Capital Account will be:
 

(a) debited by ₹40,000	(b) credited by ₹40,000
(c) credited by ₹20,000	(d) debited by ₹20,000
4. Interest on advances given to the firm, provided by partners is:
 

(a) an appropriation of profit	(b) a gain
(c) a charge on profit	(d) None of these
5. Specific donations received by Not-for-profit organisations are shown on the \_\_\_\_\_ side of \_\_\_\_\_.
 

(a) Liabilities, Balance Sheet	(b) Assets, Balance Sheet
(c) debit, Income and Expenditure Account	(d) credit, Income and Expenditure Account
6. Beta Ltd. agreed to issue 9% debentures of ₹100 each at ₹120 to the vendors for the purchase of machinery worth ₹1,25,000.  
 In the Journal entry for the settlement of purchase consideration, which of the accounts given will be credited?
 

(a) Machinery, 9% debentures	(b) Machinery, Cash
(c) 9% debentures, Machinery	(d) 9% debentures, Securities Premium Reserve
7. 15,000, 8% debentures were issued by the Times Sports Ltd. During the year, 2021-22, the company suffered a huge loss.
 

(a) Debentureholders will be entitled to interest of the year 2021-22.
(b) Debentureholders will not be entitled to interest of year 2021-22.
(c) Debentureholders will be entitled to interest of year 2021-22 at lower rates.
(d) Debentureholders will be entitled to interest of year 2021-22 at half rates.

8. A debenture having nominal value of ₹100 is to redeemed by paying ₹110, it is case of redemption of debentures:  
 (a) at par (b) at premium (c) at discount (d) Both (a) and (c)
9. When share allotment amount is due, which of the following account is credited?  
 (a) Share Allotment A/c (b) Share Capital A/c  
 (c) Bank A/c (d) None of the above
10. Which of the following statements is correct about admission of a partner?  
 (i) Revaluation A/c is prepared to record realised value of assets and liabilities  
 (ii) Admission of a partner is one of the modes of reconstitution of a partnership firm.  
 (iii) Sacrificing ratio is calculated because the premium for goodwill brought in by the new partner is divided among the old partners in their sacrificing ratio.  
 (iv) When premium of goodwill is paid privately by incoming partner, no entry will be recorded in the books of accounts.  
 (a) Only (ii) and (iii) (b) Only (iii) and (iv) (c) All (ii), (iii) and (iv) (d) All (i), (ii), (iii) and (iv)
11. Given below are two statements—Statement (A) and Statement (B):  
**Statement (A) :** Average profit is the average of the profits of past few years, whereas super profit is the excess of average profits over normal profits.  
**Statement (B) :** Goodwill = Capitalised Value of Average Profits – Net Assets  
**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.
12. Meera, Myra and Neera were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹ 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be :  
 (a) ₹ 18,000, ₹ 18,000 and ₹ 9,000 (b) ₹ 15,000, ₹ 15,000 and ₹ 15,000  
 (c) ₹ 21,000, ₹ 15,000 and ₹ 9,000 (d) ₹ 22,500, ₹ 22,500 and Nil
13. Mukul, Naksha and Jain are partners sharing profits and losses in the ratio of 2:2:1. Naksha retires from the firm, at that time goodwill of the firm is valued at ₹2,70,000. What contribution has to be made by Mukul, and Jain in order to pay Naksha?  
 (a) ₹72,000 and ₹36,000 (b) ₹1,20,000 and ₹60,000  
 (c) ₹1,35,000 and ₹1,35,000 (d) ₹54,000 and ₹72,000
14. Advance or loan taken by the partner from the firm is \_\_\_\_\_ to the deceased partner's \_\_\_\_\_.  
 (a) Credited, Capital Account (b) debited, Capital Account  
 (c) debited, Current Account (d) Credited, Current Account
15. An issue of shares made by company to public in general for subscription is called:  
 (a) ESOP (b) Private Placement of Shares  
 (c) Initial Public Offer (d) None of the above
16. Kumaran holding 2,700 shares of ₹10 each failed to pay allotment money of ₹2 per share and call money ₹4 per share. His shares were forfeited and out of these 1,800 shares were reissued at ₹7 per share fully paid up. The amount of Capital Reserve will be:  
 (a) ₹3,600 (b) ₹1,800 (c) ₹2,400 (d) ₹2,700
17. If a share of ₹10 issued at a premium of ₹3 on which the full amount has been called and ₹8 has been (including premium) paid on it, is forfeited, the share capital account is debited with:  
 (a) ₹13 (b) ₹10 (c) ₹8 (d) ₹6

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

**Statement (A) :** All receipts from sale of consumable items are treated as revenue receipts and debited to Income and Expenditure Account.

**Statement (B) :** Entrance fees should be treated as revenue receipts and it will be shown on the debit side of Income and Expenditure Account.

**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.

**19. Which of the following is debited to partners' capital accounts at the time of retirement of a partner?**

- (a) General Reserve
- (b) Profit on revaluation
- (c) Accumulated losses
- (d) Accumulated profits

**20. If a shareholder fails to pay allotment money and his shares are forfeited, the Share Allotment A/c is \_\_\_\_\_ with arrear amount of allotment.**

- (a) debited
- (b) credited
- (c) may be debited or credited
- (d) None of these

**21. From the following information, calculate the amount of medicines to be posted to Income and Expenditure Account of Sargam Hospital for the year ending 31st March, 2022:**

Particulars	1st April, 2021 (₹)	31st March, 2022 (₹)
Stock of Medicines	25,000	20,000

**Medicines purchased during the year ended 31st March, 2022 was ₹1,00,000.**

- (a) ₹1,05,000
- (b) ₹1,00,000
- (c) ₹45,000
- (d) ₹95,000

**22. While preparing financial statements of a not-for-profit organisation, match the following:**

- (i) Capital Fund
  - (ii) Sports Material used
  - (iii) Entrance Fees
  - (iv) Cash in Hand
  - (A) Assets side of Balance Sheet
  - (B) Credit side of Income and Expenditure Account
  - (C) Debit side of Income and Expenditure Account
  - (D) Liabilities side of Balance Sheet
- (a) (i)-(D), (ii)-(A), (iii)-(B), (iv)-(C)      (b) (i)-(D), (ii)-(C), (iii)-(A), (iv)-(B)
- (c) (i)-(D), (ii)-(C), (iii)-(B), (iv)-(A)      (d) (i)-(C), (ii)-(D), (iii)-(B), (iv)-(A)

**23. Debenture Redemption Investments (DRI) is not made by:**

- (a) All the companies
- (b) Bank Company
- (c) Unlisted companies other than NBFCs/HFCs
- (d) All of the above

**24. Colourful Ltd. an unlisted company has 15,000, 5% Debentures of ₹100 each due for redemption at a premium of 5%. It already has a balance of ₹50,000 in Debentures Redemption Reserve. How much amount the company is required to transfer to Debentures Redemption Reserve?**

- (a) ₹1,00,000
- (b) ₹2,50,000
- (c) ₹10,00,000
- (d) ₹10,50,000

**25. D, a creditor of ₹20,000 (unrecorded in the books) agreed to accept computer (unrecorded in the books) at ₹15,000 plus ₹2,000 in full settlement of his claim.**

**For the settlement of creditors, Realisation A/c will be :**

- (a) debited by ₹20,000
- (b) debited by ₹15,000
- (c) debited by ₹2,000
- (d) debited by ₹3,000

**26. At the time of Dissolution, expenses of Realisation ₹8,500 were paid by Puneet, a partner**

**Which of the following is correct?**

- (a) Dr. Puneet's Capital A/c, Cr. Realisation A/c
- (b) Dr. Realisation A/c, Cr. Puneet's Capital A/c
- (c) Dr. Realisation A/c, Cr. Cash A/c
- (d) Dr. Realisation A/c, Cr. Puneet's Current A/c

**27. Subscriptions Received in Advance will be taken to:**

- (a) Payments side of Receipts and Payment A/c (b) Assets side of the Balance Sheet  
(c) Liabilities side of the Balance Sheet (d) None of these

**28. Excess of expenditure over Income is**

- (a) added to Capital Fund in the Balance Sheet  
(b) subtracted Capital Fund in the Balance Sheet  
(c) shown on the debit side of Receipts and Payments A/c  
(d) shown on the credit side of Receipts and Payments A/c

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

**Statement (A) :** The amount of loss on issue of debentures is credited to a separate account called 'Loss on Issue of Debentures'.

**Statement (B) :** A private company is required to issue a compulsory minimum number of debentures to commence its business.

**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.

**30. Kumar, Guneet and Ayan are partners in a firm, sharing profit in the ratio of 2:2:1. Their capital accounts stand as ₹3,00,000, ₹3,00,000 and ₹1,50,000 respectively. Guneet retired from the firm and balance in the reserve on that date was ₹90,000. If goodwill of the firm is ₹1,80,000 and loss on revaluation is ₹42,300, what amount will be transferred to Guneet's loan account?**

- (a) ₹4,20,920 (b) ₹24,920 (c) ₹3,91,080 (d) None of these

**31. Kiran and Muskaan are partners sharing profits in 3 : 2 ratio, having fixed capitals ₹8,00,000 and ₹4,00,000 respectively. Interest on capital is to be provided @8% p.a. Firm had a profit of ₹60,000 in the year 2021. As per Partnership deed, interest on capital is charge on profits. The amount of interest on capital will be:**

- (a) Kiran ₹64,000; Muskaan ₹32,000 (b) Kiran ₹20,000; Muskaan ₹10,000  
(c) Kiran ₹31,200; Muskaan ₹20,800 (d) None of these

**32. What share of profits would a "Sleeping Partner" who has contributed more than 51% of the total capitals, get in the absence of a deed?**

- (a) 80% of the total profit (b) 1/8th of the total profit  
(c) equal share (d) as per his demand

**33. A machinery for ₹2,50,000 was purchased from strength Ltd. The payment was made by issuing equity shares of ₹10 each at a premium of 25%. Which of the following journal entry is correct?**

- (a) Strength Ltd. Dr. ₹2,50,000  
To Equity Share Capital A/c ₹2,50,000  
(b) Strength Ltd. Dr. ₹2,50,000  
To Equity Share Capital A/c ₹2,00,000  
To Securities Premium Reserve A/c ₹50,000  
(c) Strength Ltd. Dr. ₹2,50,000  
To Equity Share Capital A/c ₹2,00,000  
To Bank A/c ₹50,000  
(d) None of the above

**34. The authorised capital of Dreamland Ltd. is ₹45,00,000 divided into 30,000 shares of ₹150 each. Out of these, company issued 15,000 shares of ₹150 each at a premium of ₹10 per share. The amount was payable as follows:**

₹50 per share on application, ₹40 per share on allotment (including premium), ₹30 per share on first call and balance on final call. Public applied for 14,000 shares. All the money was duly received.

As per Schedule III Part I of the Companies Act, 2013, in the Balance Sheet of Company, subscribed and fully paid-up will be shown as:

- (a) ₹21,40,000 (b) ₹21,00,000 (c) ₹22,00,000 (d) ₹22,50,000

35. Goodwill of the firm on the basis of 2 years' purchase of average profit of the last 3 years is ₹25,000. Find average profit.

- (a) ₹50,000 (b) ₹25,000 (c) ₹10,000 (d) ₹12,500

36. Kabir and Mihir are partners with capitals of ₹1,60,000 and ₹1,20,000 respectively. They admit Nahar as a partner on 1st April, 2019 for 1/4th share in the profits of the firm. Nahar brings in ₹1,60,000 as his share of capital. On Nahar's admission, the amount of goodwill brought in by him is:

- (a) ₹1,00,000 (b) ₹2,00,000 (c) ₹50,000 (d) ₹1,60,000

37. X, Y and Z are partners in a firm sharing profits and losses in the ratio of 2:2:1. They admitted D for 1/4th share with effect from 1st April 2020. An extract of their Balance Sheet as at 31st March, 2020 is as follows:

Liabilities	(₹)	Assets	(₹)
Workmen Compensation Reserve	80,000		

If the claim for workmen compensation is estimated at ₹1,00,000, which of the following accounts will be debited and by what amount?

- (a) Workmen Compensation Reserve by ₹20,000  
 (b) Provision for Workmen Compensation Reserve by ₹20,000  
 (c) Revaluation A/c by ₹80,000  
 (d) Revaluation A/c by ₹20,000

38. In the Balance Sheet prepared after new partnership agreement, unrecorded assets and liabilities are recorded at:

- (a) Original value (b) Revalued value (c) At realisable value (d) At historical cost

39. \_\_\_\_\_ ratios are a measure of the speed with which various accounts are converted into sales or cash.

- (a) Activity (b) Liquidity (c) Debt (d) Profitability

40. When there are cash balance ₹10,000, inventories ₹25,000, bills receivables ₹5,000, creditors ₹22,000 and Bank overdraft ₹8,000; then current ratio will be:

- (a) 1 : 2 (b) 3 : 4 (c) 2 : 1 (d) 4 : 3

41. Which one of the following is correct?

- (i) Liquid assets are those assets which are either in the form of cash or cash equivalents or can be converted into cash within a very short period without a loss of value.  
 (ii) Inventory Turnover Ratio establishes relationship between the cost of goods sold during a given period and the average inventory carried during that period.  
 (iii) Debt to Equity Ratio is also known as Debt Service Ratio.

(iv) Trade Receivable Turnover Ratio = 
$$\frac{\text{Net Credit Revenue from Operations, i.e., Net Credit Sales}}{\text{Average Trade Receivables}}$$

Options:

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

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

**Statement (A) :** Payment of preference shares is considered outflow from financing activities.

**Statement (B) :** The primary objective of preparing cash flow statement is to find out the inflows and outflows of cash and cash equivalents from Operating, Investing and Financing activities during a specific period.

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. Ayana Ltd., a non financing company received dividend on shares. It will be presented while preparing 'Cash Flow Statement' under:**

- (a) Operating Activity      (b) Investing Activity      (c) Financing Activity      (d) Any of these

**44. Proposed Dividend of a current year is a:**

- (a) Contingent Liability      (b) Surplus      (c) Non-current Liability      (d) Long-term Loan

**45. Read the following statements—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**

**Assertion (A):** Fixed assets are those assets which are held by a company not with the purpose of sale but with the purpose to increase earnings of the business.

**Reason (R):** Work-in-progress can never be classified under fixed intangible assets.

**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

**46. Analysis of 'Financial Statements' cannot be conducted by:**

- (a) Cash Flow Statement      (b) Ratio Analysis
- (c) Comparative Statements      (d) Machinery Account

**47. If a company has total equity and liabilities of worth ₹9,00,000 and shareholders' funds of ₹3,00,000, then find out the percentage of shareholders' funds to total equity and liabilities?**

- (a) 50%      (b) 33.33%      (c) 25%      (d) 25.50%

**48. A company acquired machinery for ₹10,00,000, paying 10% immediately in cash and accepting a draft for the balance in favour of the vendor, payable after one year. The amount to be shown in cash flow from investing activities would be:**

- (a) Cash flow from investing activities ₹1,00,000
- (b) Cash used in investing activities ₹1,00,000
- (c) Cash flow from investing activities ₹10,00,000
- (d) Cash used in investing activities ₹10,00,000

**49. Which of the following is included in financing activities while preparing a cash flow statement?**

- (i) Issue of debenture for cash
- (ii) Issue of debenture for consideration other than cash
- (iii) Buy-back of equity shares
- (iv) Interest received

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

**50. Paid ₹ 4,00,000 to acquire shares in R.V. Ltd. and received a dividend of ₹ 40,000 after acquisition. These transactions will result in**

- (a) Cash used in investing activities ₹4,00,000
- (b) Cash generated from financing activities ₹4,40,000
- (c) Cash used in investing activities ₹3,60,000
- (d) Cash generated from financing activities ₹3,60,000

## PRACTICE PAPER — 15

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