

Time allowed: 45 minutes

Maximum marks: 200

General Instructions: Same as Practice Paper-1.

Choose the correct option:

1. Where will you record commission paid to a partner, when partners are having fixed capital accounts?
(a) On the debit side of Partner's Capital Account (b) On the credit side of Partner's Capital Account
(c) On the debit side of Partner's Current Account (d) On the credit side of Partner's Current Account
2. Interest on advance given to the firm by a partner, is:
(a) An appropriation of profit (b) A gain
(c) A charge (d) None of these
3. When a partner withdraws ₹5,000 in the beginning of each month upto 1 year, then Interest on drawings @5% p.a. will be:
(a) ₹1,625 (b) ₹1,675 (c) ₹2,500 (d) ₹1,500
4. On the admission of a new partner:
(a) Old firm has to be dissolved (b) Old partnership has to be dissolved
(c) Both old firm and partnership have to be dissolved (d) Neither partnership nor firm has to be dissolved
5. The profit on revaluation of assets and liabilities is distributed amongst old partners in their:
(a) Sacrificing ratio (b) Old profit-sharing ratio
(c) New profit-sharing ratio (d) Gaining ratio
6. A and B were partners in a firm sharing profits and losses in the ratio of 4 : 3. They admitted C as a new partner. The new profit sharing ratio among A, B and C was 3 : 2 : 2. A surrendered 1/4th of his share in favour of C. Which of the partners sacrificed a larger share?
(a) A (b) B
(c) Both sacrificed equal share (d) cannot be assessed
7. If discount on reissue of shares is less than the amount forfeited, the surplus is transferred to
(a) Securities Premium Reserve (b) Statement of Profit and Loss
(c) Capital Reserve (d) General Reserve
8. On an equity share of ₹10, the company has called-up ₹9, but the actual amount received is ₹8 only, the difference of ₹1 will be debited to:
(a) Calls-in-Advance Account (b) Calls-in-Arrears Account
(c) Share Forfeited Account (d) Share Capital Account

9. Securities Premium Reserve can be used for:

- | | |
|------------------------------|---|
| (a) Paying interest on bonds | (b) Meeting the cost of issue of shares |
| (c) Paying tax liability | (d) Paying dividend on shares |

10. Excess value of net assets over purchase consideration at the time of purchase of business is:

- | | |
|---|--------------------------------------|
| (a) Credited to the Capital Reserve | (b) Debited to the Goodwill Account |
| (c) Credited to the General Reserve Account | (d) Credited to the Vendor's Account |

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

Statement A : Gaining ratio is obtained by deducting new ratio from old ratio.

Statement B : At the time of retirement, only tangible assets are revalued.

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. Pick the odd one out:

- | | |
|-----------------------------------|------------------------------------|
| (a) Receipts and Payments Account | (b) Income and Expenditure Account |
| (c) Profit and Loss Account | (d) Balance Sheet |

13. In the beginning of the accounting year, a club has ₹9,000 assets; ₹2,500 liabilities; ₹900 outstanding subscription of previous year. The opening Capital Fund is:

- | | | | |
|------------|------------|------------|-------------|
| (a) ₹5,600 | (b) ₹7,400 | (c) ₹9,000 | (d) ₹12,400 |
|------------|------------|------------|-------------|

14. At the time of dissolution of a firm, Yash a partner undertakes to carry out the dissolution proceeding, is paid the amount for the same. What will be the journal entry?

- | | |
|-----------------------------|-----|
| (a) Realisation A/c | Dr. |
| To Realisation Expenses A/c | |
| (b) Realisation A/c | Dr. |
| To Cash/Bank A/c | |
| (c) Realisation A/c | Dr. |
| To Yash's Capital A/c | |
| (d) Yash's Capital A/c | Dr. |
| To Realisation A/c | |

15. Which of the following has a priority in case of payment at the time of dissolution?

- | | |
|--|---|
| (a) Partner with greater share of profit | (b) Partner who bear realisation expenses |
| (c) Partner's relative's loan | (d) Partner with lower share of profit |

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

Statement A : The share of goodwill of the retiring partner is credited to his capital account and continuing partners' capital accounts will be debited with share of goodwill of the retiring partner in gaining ratio.

Statement B : The retiring partner or the heirs of deceased partner are entitled to his share of goodwill because the level of reputation enjoyed by the firm or goodwill earned by the firm is the result of efforts of all partners of firm in the past.

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.

17. On 1st April, 2019 JN Ltd. had 10,000 9% Debentures of ₹100 each outstanding.
On 1st April, 2022 the company redeemed at par debentures of ₹4,00,000 by draw of a lot.
When redemption is due,
(a) 9% Debentures A/c will be credited (b) Bank Debentures A/c will be credited
(c) Debentureholders A/c will be credited (d) None of the above
18. Income and Expenditure Account is prepared:
(a) To know gross profit (b) To know net profit
(c) To know Surplus/Deficit (d) To know profit on revaluation of assets and liabilities
19. Salaries paid during the current year amount to ₹ 8,500 at the end of the year. Outstanding salaries for previous year amount to ₹ 300. Salaries paid in advance last year related to the current year amounted to ₹ 500. Prepaid salaries for the next year amount to ₹ 250. Total amount paid for salaries for the current year is:
(a) ₹ 6,550 (b) ₹ 7,500 (c) ₹ 7,550 (d) ₹ 8,450
20. Credit balance of Profit and Loss Account appearing in the Balance Sheet on the death of a partner is credited to:
(a) Deceased partner's capital account
(b) All partners' capital accounts (including deceased partner's capital account)
(c) Remaining partners' capital account
(d) None of the above.
21. P, Q and R are partners sharing profits in the ratio of 4 : 3 : 1. P retires and his share is taken by Q and R equally. Calculate new profit-sharing ratio of Q and R.
(a) 1 : 1 (b) 4 : 3 (c) 3 : 4 (d) 5 : 3
22. Given below are two statements—Statement (A) and Statement (B):
Statement A : A partnership will come to an end immediately whenever a partner dies, although the firm may continue with the remaining partners.
Statement B : The payment of deceased partner's share will be received by his heirs/executors.
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.
23. If shares are issued for consideration other than cash, i.e., for purchase of assets, then which account will be debited?
(a) Share application account (b) Assets account (c) Share allotment account (d) Vendor account
24. The authorised capital of a company is divided into 2,000 shares of ₹100 each. The company has issued 1,000 shares to the public and received applications for 1,200 shares. The amount of issued capital will be:
(a) ₹2,00,000 (b) ₹1,00,000 (c) ₹1,20,000 (d) ₹20,000
25. Deepak Ltd. forfeited 200, 8% preference shares of 100 each issued at a premium of ₹5 per share for the non-payment of final call of ₹30 per share. Out of the forfeited shares, 150 shares were reissued as fully paid up at such a price that ₹9,000 was transferred to capital reserve.
At the time of reissue of shares, Forfeited Shares A/c will be debited with an amount of:
(a) ₹13,500 (b) ₹1,500 (c) ₹14,000 (d) ₹12,500
26. Amla, Bimla and Kavita were partners sharing profits and losses in the ratio of 4 : 3 : 1. Bimla retires and gives her share of profit to Amla for ₹ 3,600 and to Kavita for ₹ 3,000. The gaining ratio of Amla and Kavita will be _____.
(a) 6 : 5 (b) 3.6 : 3 (c) 5 : 6 (d) 4 : 1
27. Partner's capital account is credited when there is:
(a) Profit on revaluation (b) Transfer of general reserve
(c) Transfer of accumulated profits (d) All of the above

28. The total capital of firm of Sakshi, Mehak and Megha is ₹1,00,000 and the market rate of interest is 15%. The net profits for the last 3 years were ₹30,000, ₹36,000 and ₹42,000. Goodwill is to be valued at 2 years' purchase of the last 3 years' super profit. Calculate the goodwill of the firm.

(a) ₹42,000 (b) ₹50,000 (c) ₹55,000 (d) ₹46,000

29. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R):

Assertion (A): In case of shares issued on Pro-rata basis, excess money received at the time of application can be utilised till allotment only.

Reason (R): Company has to pay interest on calls in advance @12% p.a. for amount adjusted towards calls (if any).

In the context of the above two statements, which of the following is correct?

Codes:

- (a) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
 (b) Both (A) and (R) are true and (R) is a correct explanation of (A).
 (c) Both (A) and (R) are false.
 (d) (A) is false, but (R) is true.

30. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R):

Assertion (A): Revaluation A/c is prepared at the time of Admission of a partner.

Reason (R): It is required to adjust the values of assets and liabilities at the time of admission of a partner, so that the true financial position of the firm is reflected.

In the context of the above two statements, which of the following is correct?

Codes:

- (a) Both (A) and (R) are correct and (R) is the correct reason of (A).
 (b) Both (A) and (R) are correct but (R) is not the correct reason of (A).
 (c) Only (R) is correct
 (d) Both (A) and (R) are wrong.

31. Premium received on Debentures can be used:

- (i) For writing off discount on issue of debentures
 (ii) To write off premium on redemption of preference shares
 (iii) To write off capital loss

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

32. If debentures of ₹9,00,000 are issued for consideration of net assets of ₹10,00,000, then the difference of ₹1,00,000 will be credited to:

(a) Goodwill A/c (b) Capital Reserve A/c
 (c) General Reserve A/c (d) Statement of Profit and Loss

33. A Ltd. issued 1,000, 10% debentures of ₹ 100 each at 5% premium. What will be the total interest for 1 year?

(a) ₹ 5,000 (b) ₹5,250 (c) ₹ 10,000 (d) ₹10,500

34. Following items are related to the year ended 31st March, 2022 of Aisko Club:

Particulars	Dr. (₹)	Cr. (₹)
Tournament Fund		1,50,000
Tournament Fund Investment	1,50,000	
Income from Tournament Fund Investments		18,000
Tournament Expenses	12,000	

Interest accrued on Tournament Fund Investments ₹6,000.

In the Balance Sheet as at 31st March, 2022, Tournament Fund will be shown:

- (a) On the liabilities side at ₹1,50,000 (b) On the liabilities side at ₹1,62,000
(c) On the assets side at ₹1,50,000 (d) On the assets side at ₹1,62,000

35. Which will be the correct sequence of events?

- (i) Preparation of Profit and Loss Appropriation A/c (ii) Preparation of Profit and Loss A/c
(iii) Preparation of Balance Sheet (iv) Preparation of Partners' Capital A/cs

Choose the correct option:

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

36. Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5 : 3 : 2. On 1st Jan., 2021 they admitted Yogita as a new partner for 1/10th share in the profits. On Yogita's admission, the Profit and Loss Account of the firm was showing a debit balance of ₹20,000 which :

- (a) will be credited to the capital accounts of Geeta, Sunita and Anita
(b) will be credited to the capital accounts of Geeta, Sunita, Anita and Yogita
(c) will be debited to the capital accounts of Geeta, Sunita and Anita
(d) will be debited to the capital accounts of all the partners

37. At the time of dissolution, sundry stock with book value of ₹16,000 was taken by Anshula, a partner, at ₹14,000. The amount to be debited to Anshula's capital account is _____.

- (a) ₹14,000 (b) ₹16,000 (c) ₹2,000 (d) None of the above

38. A and B are partners sharing profit in equal ratio. A's capital is ₹1,80,000 and B's capital is ₹1,20,000. They admit C and agree to give him 1/5th share in future profit, C brings ₹1,40,000 as his capital. Value of hidden goodwill at the time of admission of C is:

- (a) ₹1,40,000 (b) ₹2,60,000 (c) ₹3,50,000 (d) ₹3,00,000

39. Which of the following is not included in Short-term Borrowings?

- (a) Loans repayable on demand (b) Bank Overdraft
(c) Retirement benefits to employees (d) Cash Credit from Banks

40. The main objective of analysis of financial statements includes:

- (i) Attain managerial efficiency
(ii) Have knowledge of solvency capacity
(iii) Compare financial results

Choose the correct option:

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

41. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R):

Assertion (A) : Quick ratio of 1:1 is considered to be a satisfactory ratio, since for every rupee of current liabilities, there is a rupee of liquid assets.

Reason (R) : This ratio is a better test of short-term debt paying capacity of the business firm than the current ratio, as it considers only those assets which can be easily and readily converted into cash.

In the context of the above two statements, which of the following is correct?

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.

43. M Ltd. provides the following information:

Particulars	31st March, 2019	31st March, 2018
Equity Share Capital	₹ 20,00,000	₹ 18,00,000
10% Debentures	₹ 2,00,000	₹ 3,00,000
Securities Premium Reserve	₹ 1,00,000	₹ 80,000

Interest paid on debentures during the year ₹ 20,000.

How much amount will be shown under financing activity for Cash Flow Statement?

- (a) Cash Inflow ₹ 2,20,000 (b) Cash Outflow ₹ 2,20,000
(c) Cash Inflow ₹ 80,000 (d) Cash Outflow ₹ 80,000

44. 9% Debentures repayable during the current year will be shown under the Major head _____ in the Balance Sheet.

- (a) Non-current Liabilities (b) Current Liabilities (c) Shareholders' Funds (d) Both (a) and (b)

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

Statement (A) : Cash Flow Statement does not help in short-term financial planning although it provides information about sources and application of cash and cash equivalents for a specific period.

Statement (B) : However, a Cash Flow Statement helps in efficient cash management as it gives information relating to surplus and deficit of cash.

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.

46. It is important to know 'Net Revenue from Operations' for the calculation of which of the following ratios?

- (i) Operating Ratio (ii) Operating Profit Ratio
(iii) Gross Profit Ratio (iv) Working Capital Turnover Ratio
(a) (i) and (ii) (b) (i), (ii) and (iii) (c) (i), (ii) and (iv) (d) All (i), (ii), (iii) and (iv)

47. Match the following:

Column I	Column II
(i) Trade Payables Turnover Ratio	(A) Profitability Ratio
(ii) Return on Capital Employed	(B) Activity Ratio
(iii) Proprietary Ratio	(C) Solvency Ratio
(iv) Inventory	(D) Current asset

Choose the correct option:

- (a) (i)-(A), (ii)-(C), (iii)-(B), (iv)-(D) (b) (i)-(A), (ii)-(B), (iii)-(D), (iv)-(C)
(c) (i)-(B), (ii)-(A), (iii)-(C), (iv)-(D) (d) (i)-(D), (ii)-(C), (iii)-(B), (iv)-(A)

48. In case of a financial enterprise, dividend received will be shown under:

- (a) Financing Activities (b) Operating Activities (c) Investing Activities (d) None of the above

49. Which of the following transactions will result into flow of cash?

- (a) Deposited ₹ 40,000 into bank.
(b) Withdrew cash from bank ₹ 54,000.
(c) Sold marketable securities of ₹ 25,000 at par.
(d) Sold machinery of book value of ₹ 50,000 at a gain of ₹ 10,000.

- 50.** As per the following information relating to year ended 31st March, 2022, what will be Net Profit before Tax and Extraordinary Activities?

Particulars	(₹)
Surplus, i.e., Balance in Statement of Profit and Loss (Opening)	1,00,000
Surplus, i.e., Balance in Statement of Profit and Loss (Closing)	2,24,000
Transfer to Debentures Redemption Reserve	50,000
Proposed Dividend for the Previous Year	60,000
Interim Dividend paid during the year	48,000
Provision for Tax made during the Current Year	1,00,000
Income Tax Paid	72,000

(a) ₹2,58,000

(b) ₹3,34,000

(c) ₹3,82,000

(d) ₹2,82,000

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