

Time allowed: 45 minutes

Maximum marks: 200

General Instructions: Same as Practice Paper-1.

Choose the correct option:

1. In case of admission of a new partner, the accumulated profits or losses, reserves and fictitious assets should be transferred to _____ in their _____ ratio.
(a) Old Partners' Capital /Current Accounts, old profit-sharing ratio
(b) Old Partners' Capital /Current Accounts, new profit-sharing ratio
(c) All Partners' Capital /Current Accounts, new profit-sharing ratio
(d) Old Partners' Capital /Current Accounts, Sacrificing ratio
2. Sundry creditors amounted to ₹9,000 were paid at a discount of 5%. Realisation account will be debited by:
(a) ₹9,000 (b) ₹8,550 (c) ₹450 (d) ₹9,450
3. The balance of Revaluation Account is transferred to:
(a) Trading A/c (b) Profit and Loss A/c
(c) Balance Sheet (d) Capital A/cs of partners
4. K and L are two partners contributed ₹5,00,000 and ₹1,00,000 respectively. The profit for the year is ₹50,000. L's share in profit would be:
(a) ₹10,000 (b) ₹50,000 (c) ₹30,000 (d) ₹25,000
5. Income and Expenditure Account is a :
(a) Personal Account (b) Real Account (c) Nominal Account (d) None of these
6. Narain Laxmi Ltd. invited applications for issuing 7,500, 12% debentures of ₹100 each at a premium of ₹35 per debenture. The full amount was payable on application.
Applications were received for 10,000 debentures. Applications for 2,500 debentures were rejected and the application money was refunded. Debentures were allotted to the remaining applicants.
At the time of allotment, for the refund of money, Bank A/c will be credited by:
(a) ₹3,37,500 (b) ₹2,62,500 (c) ₹75,000 (d) ₹3,50,000
7. At the time of issue of debentures at Premium, Debentures Account is:
(a) credited by the amount received (b) credited by the face value of debentures
(c) credited by the issue price of the debentures (d) none of the above.
8. Debentures are part of :
(a) Shareholders' Funds (b) Borrowed Funds
(c) Borrowings from Bank (d) None of these

- (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. On which basis the amount of profit payable to the legal representative of a deceased partner in the year of death can be calculated?
- (a) On the basis of Last year's profit/Average profits of last given number of years
 (b) On the basis of Turnover/Sales.
 (c) Both (a) and (b)
 (d) None of the above
19. 'Workmen Compensation Reserve' of ₹70,000 at the time of death of Neeti, when there is a claim of ₹25,000 against it. The firm has three partners Raveena, Neeti and Rajat.
- Which of the following is correct in the context of above situation?
- (a) Workmen Compensation Reserve A/c will be debited by ₹25,000.
 (b) Workmen Compensation Reserve A/c will be credited by ₹25,000.
 (c) Provision for Workmen Compensation Reserve A/c will be debited by ₹25,000.
 (d) Provision for Workmen Compensation Reserve A/c will be credited by ₹25,000.
20. Healing Souls Health Club has income of ₹50,000 and 'deficit' debited to Capital Fund of ₹7,000 for the year 2020-21, then expenditure for the year 2020-21 is:
- (a) ₹ 57,000 (b) ₹ 7,000 (c) ₹ 43,000 (d) None of these
21. Property received from dead person in a not-for-profit organisation, is termed as:
- (a) Legacy (b) Donation (c) Honorarium (d) Subscription
22. At the time of dissolution of partnership firm, Deferred Revenue Expenditure (Advertisement Expenditure) is transferred to:
- (a) Capital accounts of partners (b) Realisation A/c
 (c) Cash A/c (d) Partner's loan A/c
23. By which reason, a firm may dissolve without the intervention of court?
- (a) On completing the objectives of partnership (b) On death of any partner
 (c) On completing the duration of partnership (d) All of the above
24. As per the Companies Act, 2013 at the time of redemption of debentures it is required for a company to transfer at least an amount equal to 10% of the face value of debentures to:
- (a) General Reserve (b) Debenture Redemption Reserve
 (c) Debentureholders' Account (d) None of the above
25. Unique Air Conditioners Ltd. decides to redeem 5,000, 8% Debentures of ₹10 each on 31st March, 2020. The company should invest in specified securities on or before:
- (a) 30th April, 2019 (b) 31st December, 2019
 (c) 30th April, 2020 (d) 31st December, 2018
26. As per the following information, what will be the amount of sports material that will be debited to the 'Income and Expenditure Account' of Bright Sports Club for the year ended 31st March, 2022.

Particulars	1st April, 2021 ₹	31st March, 2022 ₹
Stock of Sports Material	1,10,000	1,50,000
Creditors for Sports Material	25,000	60,000
Advance paid for Sports Material	25,000	70,000

Additional Information:

Cash purchase of sports material during the year was ₹ 2,50,000. ₹ 1,50,000 were paid to the creditors of sports material.

- (a) ₹ 1,40,000 (b) ₹ 3,40,000 (c) ₹ 2,35,000 (d) ₹ 3,50,000

27. Which of the following is a revenue receipt?

- (i) Subscriptions (ii) Sale of used sports material
(iii) Endowment fund (iv) Entrance fees
(a) Only (i) and (ii) (b) Only (ii) and (iii)
(c) All (i), (ii) and (iii) (d) All (i), (ii) and (iv)

28. Given below are two statements:

Statement (A): D Ltd. invited applications for issuing 10,00,000 equity shares of ₹10 each. The public applied for 8,55,000 shares. The company cannot proceed for the allotment of shares.

Reason (R) : The minimum subscription has not been received which should be 90% of the shares offered for subscription (i.e., 9,00,000).

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

Alternatives:

- (a) Both Statement (A) and (B) are true. (b) Both Statement (A) and (B) are false.
(c) Statement (A) is true but Statement (B) is false. (d) Statement (A) is false but Statement (B) is true.

29. Revaluation A/c is prepared at the time of:

- (a) Admission of new partner (b) Retirement of a partner
(c) Death of any partner (d) All of the above

30. Which of the following is not a feature of partnership?

- (a) Agreement (b) Profit Sharing
(c) Limited Liability (d) Two or more than two persons

31. The profit at the end of the year will be distributed among the partners:

- (a) in equal ratio (b) in ratio of their capital contributions
(c) in ratio decided by the partners (d) None of these

32. 'Interest on Capital' ₹6,000 was transferred to Arun, a Partner's Capital A/c:

Date	Particulars	L.F.	Dr. (₹)	Cr. (₹)
	X Dr. To Y (Being interest on Capital provided on partner's Capital)		6,000	6,000

Here X and Y denotes:

- (a) Arun's Capital A/c, Interest on Capital A/c (b) Arun's Current A/c, Interest on Capital A/c
(c) Arun's Current A/c, Profit and Loss Appropriation A/c (d) Interest on Capital A/c, Arun's Capital A/c

33. Issued share capital of a company cannot exceed:

- (a) Authorised capital (b) Subscribed capital (c) Paid-up capital (d) All of the above

34. Hathway Ltd. issued 3,00,000 equity shares of ₹10 each. The amount was payable as follows:

On application – ₹3 per share.

On allotment – ₹4 per share.

On first and final call – balance

Applications for 2,85,000 shares were received and shares were allotted to all the applicants. Sonam to whom 1,500 shares were allotted failed to pay allotment money and Gautam paid his entire amount due including the amount due on first and final call on the 2,250 shares allotted to him along with allotment. The amount received on allotment was

- (a) ₹12,00,000 (b) ₹12,50,750 (c) ₹11,40,750 (d) ₹9,00,250

35. If a share of ₹10 on which ₹8 has been paid up, is forfeited, it can be reissued at the minimum price of _____.

- (a) ₹10 per share (b) ₹8 per share (c) ₹5 per share (d) ₹2 per share

36. The capitals of A and B are ₹48,000 and ₹32,000 respectively and their profit sharing ratio is 3:2. C is admitted for 1/5th share. The sacrificing ratio of A and B will be:
 (a) 1 : 1 (b) 3 : 2 (c) 5 : 1 (d) 4 : 3
37. At the time of admission of new partner, the increase in the value of assets is debited to:
 (a) Revaluation A/c (b) Assets A/c
 (c) Capital A/cs of old partners (d) None of these
38. Simran and Vani are partners sharing profits in the ratio of 2 : 1. They admit Maithali into partnership for 1/3rd share in profits. At the time of admission of Maithali, the Balance Sheet of Simran and Vani was as under:

Liabilities	(₹)	Assets	(₹)
Capital Accounts:		Plant	66,000
Simran 70,000		Furniture	30,000
Vani <u>60,000</u>	1,30,000	Investment	40,000
General Reserve	18,000	Stock	46,000
Bank Loan	18,000	Debtors 38,000	
Creditors	72,000	Less: Provision for Doubtful Debts <u>4,000</u>	34,000
		Cash	22,000
	2,38,000		2,38,000

It was decided to:

- (i) Reduce the value of stock by ₹10,000.
- (ii) Plant is to be valued at ₹80,000.
- (iii) An amount of ₹3,000 included in Creditors was not payable.
- (iv) Half of the Investments were taken over by Simran and remaining were valued at ₹25,000.

There will be a:

- (a) Revaluation Profit ₹12,000 (b) Revaluation Profit ₹17,000
- (c) Revaluation Loss ₹12,000 (d) Revaluation Loss ₹17,000

39. Which of the following ratios measures a company's return on their investment in property, plant and equipment by comparing net sales with fixed assets?

- (a) Working Capital Turnover Ratio (b) Fixed Assets Turnover Ratio
- (c) Current Assets Turnover Ratio (d) Both (a) and (b)

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

Assertion (A): Solvency Ratios are calculated to measure the enterprise's ability to pay interest or long-term liabilities at maturity.

Reason (R): Acid Test Ratio establishes a relationship between long-term assets and current liabilities.

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.

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

Statement (A) : 'Operating activities are related to main revenue generating activities of business, i.e., purchase and sale of goods and services whereas investing activities are related to purchase and sale of long-term assets.

Statement (B) : Redemption of preference shares will result into outflow 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.

42. If the Gross Profit Ratio of current year is lower than previous year, then the reason may be:

- (i) the sale has declined
- (ii) the value of inventory has been decreased
- (iii) price of raw material have decreased

Choose the correct option:

- (a) Only (i) is correct
- (b) Only (iii) is correct
- (c) Only (i) and (ii) are correct
- (d) Only (i) and (iii) are correct

43. Which of the following activities comes under 'Financing Activities'?

- (a) Receipts from issuance of Debentures
- (b) Cash sales
- (c) Sale of Investment
- (d) Purchase of Debentures

44. 'Claims against the company not acknowledged as debts' is shown in the Balance Sheet of a company as:

- (a) Non-current Liability
- (b) Reserves and Surplus
- (c) Current liability
- (d) Contingent Liability

45. Which of the following is not a main head of the Balance Sheet of a Company as per Schedule III of the Companies Act, 2013?

- (a) Shareholders' Funds
- (b) Non-current liabilities
- (c) Long-term Provisions
- (d) Non-current Assets

46. In a common size balance sheet, which figure is assumed to be equal to 100?

- (a) Shareholders' funds
- (b) Equity and Liabilities
- (c) Non-Current Assets
- (d) Current Assets

47. Which of the following statements is/are true?

- (i) Determining operating efficiency and profitability is an objective of financial analysis.
- (ii) Financial statement analysis does not ignore qualitative elements.
- (iii) Horizontal analysis is based on one year's financial data.

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

48. Match the following columns:

- | | |
|--|--|
| (i) Payment of Long-term Loan | (A) No Flow of Cash |
| (ii) Sale of office Equipments | (B) Operating Activity |
| (iii) Cash Received as Royalty | (C) Investing Activity |
| (iv) Cash deposited in Bank | (D) Financing Activity |
| (a) (i) (D), (ii) (A), (iii) (B), (iv) (C) | (b) (i) (D), (ii) (B), (iii) (A), (iv) (C) |
| (c) (i) (D), (ii) (C), (iii) (B), (iv) (A) | (d) (i) (C), (ii) (D), (iii) (B), (iv) (A) |

49. Payment received from 'long-term loans and advances' is classified under:

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

50. There was cash balance on 1st April, 2021 ₹6,00,000. There were cash used in operating activities ₹84,000, issue of debentures ₹2,40,000 and purchase of plant and machinery ₹1,92,000 during the year. The cash balance on 31st March, 2022 will be:

- (a) ₹3,60,000
- (b) ₹2,82,000
- (c) ₹5,64,000
- (d) ₹3,66,000

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