

Time allowed: 45 minutes

Maximum marks: 200

General Instructions: Same as Practice Paper-1.

Choose the correct option:

- Which of the following items, does not appear in the Profit and Loss Appropriation Account?  
(a) Salaries to partners  
(b) Interest on capital  
(c) Interest on drawings  
(d) Drawings
- Interest on capital is provided to partners, when:  
(a) Capitals are more than ₹5,00,000  
(b) A loan is provided by partner  
(c) Drawings are not made by partners  
(d) It is provided in the partnership deed
- In the absence of partnership deed, partnership firm is entitled to receive interest on drawings at the rate of:  
(a) No interest  
(b) 4% p.a.  
(c) 6% p.a.  
(d) 10% p.a.
- X and Y are partners in a firm sharing profits and losses in proportion of 2:1. They admit a new partner, Z for 1/6th share in profit. What is the new profit-sharing ratio of X, Y and Z?  
(a) 5 : 3 : 10  
(b) 2 : 1 : 6  
(c) 1 : 1 : 1  
(d) 10 : 5 : 3
- For which of the following situations, the old profit-sharing ratio of partners is used at the time of admission of a new partner?  
(a) When new partner brings only a part of his share of goodwill.  
(b) When new partner is not able to bring his share of goodwill.  
(c) When, at the time of admission, goodwill already appears in the Balance Sheet.  
(d) When new partner brings his share of goodwill in cash.
- \_\_\_\_\_ is the excess of desired total capital of the firm over the actual combined capital of all the partners.  
(a) Hidden Goodwill  
(b) Actual Goodwill  
(c) Combined Capital  
(d) Adjusted Capital
- Share Allotment Account is:  
(a) Personal account  
(b) Real account  
(c) Nominal account  
(d) None of these
- An issue of shares which is not a Public issue but an offer to a selected group of persons is called:  
(a) Public Offer  
(b) Private Placement of Shares  
(c) Initial Public Offer  
(d) None of the above
- If ₹9 have been called-up on shares of nominal value of ₹12, it will be shown as:

- (a) Subscribed and fully paid-up  
(c) Subscribed but not fully paid-up
- (b) Issued share capital  
(d) None of the above

10. What will be the correct sequence of events?

- (i) Calls-in-arrear  
(ii) Non-payment of calls  
(iii) Share Forfeited A/c debited  
(iv) Share Forfeited A/c credited

Choose the correct option:

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

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

**Statement (A) :** A partner is entitled to his own share of goodwill at the time of his retirement.

**Statement (B) :** There is no need to compute the gaining ratio when the continuing partners decide to share profits in the same ratio that existed among them prior to retirement.

Choose the correct alternative from the following:

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

12. Which of the following is not a revenue receipt?

- (a) Donations for Tournament  
(c) Subscriptions
- (b) Government Grants  
(d) Entrance Fees

13. The difference of assets and liabilities side of balance sheet of a not-for-profit organisation is known as:

- (a) Reserve fund  
(c) Capital fund
- (b) Capital  
(d) General Reserve

14. At the time of dissolution of partnership firm, when some unrecorded asset is taken over by partner, the journal entry passed would be:

- (a) Asset A/c Dr.  
    To Partner's Capital A/c
- (b) Asset A/c Dr.  
    To Realisation A/c
- (c) Partner's Capital A/c Dr.  
    To Realisation A/c
- (d) None of these

15. The amount of Sundry Assets transferred to Realisation Account is ₹80,000. Assets realised 85% of their book value. The amount should be credited to Realisation Account is:

- (a) ₹80,000  
(c) ₹1,48,000
- (b) ₹1,20,000  
(d) ₹68,000

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

**Statement (A) :** A company has issued 5,000, 10% Debentures of ₹1,000 each as collateral security for a loan of ₹45,00,000. It may or may not pass an entry for the issue of such 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 true and statement (B) is incorrect.  
 (c) Statement (A) is false and statement (B) is correct.  
 (d) Both statement (A) and statement (B) are incorrect.

**17. Interest on debentures is:**

- (a) Appropriation of profit  
 (b) Capital gain  
 (c) Charge against profit  
 (d) Dividend

**18. From the following information related to a 'Health Club', calculate the amount of subscriptions received during the year ended 31st March, 2022:**

Particulars	₹
Income from subscriptions for the year ended 31st March, 2022	1,20,000
Subscriptions received in advance during the year ended 31st March, 2022	10,000
Subscriptions outstanding on 1st April, 2021	27,000
Subscriptions outstanding on 31st March, 2022	22,000
Subscriptions received in advance on 1st April, 2021	8,000

- (a) ₹1,57,000  
 (b) ₹1,27,000  
 (c) ₹1,79,000  
 (d) ₹1,49,000

**19. Small amount of general donation is shown in:**

- (a) Debit side of Receipts and Payments Account  
 (b) Credit side of Receipts and Payments Account  
 (c) Assets side of Balance Sheet  
 (d) Liabilities side of Balance Sheet

**20. At the time of retirement of Manu, from the firm of Shahid, Arora and Manu the balance sheet showed a workmen compensation reserve of ₹15,000 on the liabilities side after meeting the employees compensation liabilities thereof. For calculating the amount payable to Manu, the balance will be transferred:**

- (a) to the credit of the capital accounts of Manu only  
 (b) to the credit of the capital accounts of Manu, Arora and Shahid  
 (c) to the debit of the capital accounts of Manu, Arora and Shahid  
 (d) to the credit of the capital accounts of Arora and Shahid only

**21. Neetu, Seetu and Keetu have been sharing profit in the ratio of 3:5:7 respectively. Keetu retires and his share is taken up by Neetu and Seetu in the ratio of 3:2, the new ratio will be:**

- (a) 12:13  
 (b) 3:5  
 (c) 2:1  
 (d) 3:2

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

**Statement (A) :** A not-for-profit organisation does not prepare Balance Sheet as financial statement.

**Statement (B) :** The surplus from Income and Expenditure Account is added to the closing Capital Fund while the deficit is deducted from it.

**Choose the correct alternative from the following:**

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

23. In case of over subscription of shares, if provides so in the articles of association, excess application money can be adjusted to:

- (a) Share Allotment A/c
- (b) Calls-in-Advance A/c
- (c) Share First Call A/c
- (d) All of the above

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

- (i) Issued Capital < Subscribed Capital
  - (ii) Subscribed Capital  $\leq$  Issued Capital
  - (iii) Authorised Capital < Nominal Capital
  - (iv) Authorised Capital < Subscribed Capital
- (a) Only (i)
  - (b) Only (ii)
  - (c) Both (i) and (iii)
  - (d) Both (ii) and (iii)

25. Janta Ltd. had an authorised capital of 2,00,000 equity shares of ₹10 each. The company offered to the public for subscription of 1,00,000 shares. Applications were received for 97,000 shares. The amount was payable as follows:

On application was ₹ 2 per share, ₹4 was payable each on allotment and first and final call. A shareholder holding 600 shares failed to pay the allotment money. His shares were forfeited. The company did not make the first and final call.

As per Schedule III of the Companies Act, 2013, Subscribed but not fully paid-up capital of the company will be:

- (a) ₹ 5,78,400
- (b) ₹ 5,78,000
- (c) ₹ 5,50,000
- (d) ₹ 5,79,600

26. M, N and P are partners in a firm sharing profit in the ratio of 2:2:1. Their capital accounts stand as ₹1,00,000, ₹1,00,000 and ₹50,000 respectively. N retired from the firm and balance in the general reserve on that date was ₹30,000. If goodwill of the firm is ₹60,000 and profit on revaluation is ₹14,100, what amount will be transferred to N's loan account?

- (a) ₹1,41,640
- (b) ₹17,640
- (c) ₹1,01,640
- (d) None of these

27. Calculate the value of goodwill at 3 years' purchase when: Capital employed ₹2,50,000; Average profit ₹30,000 and normal rate of return is 10%.

- (a) ₹3,000
- (b) ₹25,000
- (c) ₹30,000
- (d) ₹15,000

28. R, S and T sharing profits and losses in the ratio of 1:2:3, decided to share future profit and losses equally. They also decided to adjust the following accumulated profits, losses and reserves without affecting their book figures, by passing a single adjustment entry:

	(₹)
General Reserve	40,000
Profit and Loss A/c (Cr.)	30,000
Deferred revenue expenditure	10,000

The necessary adjustment entry will be:

- (a) Dr. R and Cr. T by ₹10,000
- (b) Dr. T and Cr. R by ₹10,000
- (c) Dr. S and Cr. R by ₹10,000
- (d) Dr. R and Cr. S by ₹10,000

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

**Statement (A) :** At the time of admission of a partner, General Reserve is distributed among the old partners only.

**Statement (B) :** General Reserve prior to admission belongs to the old partners as they have sacrificed a part of their profits to create it.

**Choose the correct alternative from the following:**

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

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

**Statement (A) :** When a company purchases certain assets from vendor/supplier on credit, or when it purchases a business instead of making payment to vendor in cash, the company issues fully paid shares to the vendor.

**Statement (B) :** At the time of issue of shares for consideration other than cash, Share Capital Account is debited with the amount of fully paid up shares.

**Choose the correct alternative from the following:**

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

**31. A company has issued 5,000, 6% Debentures of ₹100 each at a premium of ₹10. The prefix '6%' is:**

- (a) the rate of interest payable on the debentures
- (b) to distinguish from other debentures issued by the company
- (c) both (a) and (b)
- (d) None of the above

**32. On 1st Oct., 2021 PK Ltd. issued 500, 9% Debentures of ₹500 each at a discount of 4%. Debentures' interest for the year ended 31st March, 2022 will be:**

- (a) ₹11,250
- (b) ₹10,800
- (c) ₹22,500
- (d) None of these

**33. Utsav Ltd. decided to redeem its 4,000, 9% Debentures of ₹100 each which were issued at a discount of 8%, and were redeemable at a premium of 10%. The amount transferred to Debenture Redemption Reserve will be:**

- (a) ₹4,00,000
- (b) ₹2,00,000
- (c) ₹40,000
- (d) ₹1,00,000

**34. Capital Fund is calculated as:**

- (a) Income – Expenses
- (b) Assets – Liabilities
- (c) Capital + Liabilities
- (d) None of the above

**35. Vidit and Seema were partners in a firm sharing profits and losses in the ratio of 3 : 2. Their capitals were ₹1,20,000 and ₹2,40,000, respectively. They were entitled to interest on capitals @10% p.a. The firm earned a profit of ₹18,000 during the year. The interest on Vidit's capital will be:**

- (a) ₹12,000
- (b) ₹10,800
- (c) ₹7,200
- (d) ₹6,000

**36. At the time of admission of a partner, which of the following is prepared?**

- (i) Revaluation Account
- (ii) Partners' Capital Accounts
- (iii) Realisation Account
- (iv) Balance Sheet

**Options:**

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

**37. At the time of realisation, when an asset is transferred to Realisation Account, its corresponding provision or reserve is transferred to \_\_\_\_\_ Account on the \_\_\_\_\_ side.**

- (a) Realisation, Debit
- (b) Realisation, Credit
- (c) Asset, Credit
- (d) Asset, Debit

**38. Tuli and Neeli are partners sharing profits and losses in equal ratio. Pakhi is admitted for 1/4th share which she acquires completely from Tuli. Pakhi brings ₹65,000 as goodwill and ₹3,00,000 as capital. Mention the amount of goodwill, Neeli acquires at the time of admission of Pakhi.**



(iii) Window Dressing

(iv) Disregards changes in price level

Choose the correct option:

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

48. There was cash balance on 1st April, 2018 ₹2,00,000. There were cash used in operating activities ₹28,000, issue of debentures ₹80,000 and purchase of plant and machinery ₹64,000 during the year. The cash balance on 31st March, 2019 will be:

(a) ₹1,20,000      (b) ₹94,000      (c) ₹1,88,000      (d) ₹1,22,000

49. Dividend received by financial enterprise is shown in cash flow statement under:

(a) Operating activity      (b) Investing activity      (c) Financing activity      (d) None of these

50. XYZ Ltd. provided the following information, calculate net cash flows from financing activities:

Particulars	31st March, 2015 (₹)	31st March, 2016 (₹)
Equity Share Capital	10,00,000	12,00,000
12% Long-term Borrowings (Debentures)	1,00,000	2,00,000

Additional Information:

(i) Interest paid on Debentures ₹12,000

(ii) Dividend paid ₹50,000

(a) ₹2,88,000      (b) ₹2,43,000      (c) ₹3,00,000      (d) ₹2,38,000

## PRACTICE PAPER – 3

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

## PRACTICE PAPER – 3

4. Let total share = 1, Z's share =  $1/6$   
 Remaining share =  $1 - 1/6 = 5/6$   
 X's share =  $5/6 \times 2/3 = 10/18$   
 Y's share =  $5/6 \times 1/3 = 5/18$   
 New profit-sharing of X, Y and Z  
     =  $10/18 : 5/18 : 1/6$   
     =  $10 : 5 : 3$
15. Amount of Assets Realisation =  $80,000 \times 85/100$   
     = ₹ 68,000

18. **Calculation of amount of Subscriptions received**

Particulars	(₹)
Income from Subscriptions (As per Income and Expenditure Account)	1,20,000
<i>Add:</i> Advance receipt as on 31st March, 2022	10,000
<i>Add:</i> Outstanding Subscriptions as on 1st April, 2021	27,000
	1,57,000
<i>Less:</i> Advance receipt as on 1st April, 2021	(8,000)
<i>Less:</i> Outstanding Subscriptions as on 31st March, 2022	(22,000)
Subscriptions received during the year	1,27,000