

Time Allowed: 90 Minutes

Maximum Marks: 40

General Instructions:

Read the following instructions very carefully and strictly follow them:

1. This question paper comprises three **PARTS – I, II and III**. There are 69 questions in the question paper.
2. **Part - I** -is compulsory for all candidates.
3. **Part - II** Analysis of Financial Statement and Part -III Computerized Accounting. You have to attempt only one of the given **OPTIONS**.
4. There is an internal choice provided in each Sections.
 - i. **Part-I**, contains three Sections -A, B and C. **Section A** has questions from 1 to 18 and **Section B** has questions from 19 to 36, you have to **attempt any 15 questions** each in both the sections.
 - ii. **Part I, Section C** has questions from 37 to 41. You have to **attempt any four questions**.
 - iii. **Part II**, contains two Sections – A and B. **Section A** has questions from 42 to 48, you have to **attempt any five questions** and **Section B** has questions from 49 to 55, you have to attempt **any six questions**.
 - iv. **Part III**, contains two Sections – A and B. **Section A** has questions from 49 to 62, you have to attempt any five questions and **Section B** has questions from 63 to 69, you have to attempt **any six questions**.
 - v. All questions carry equal marks. There is no negative marking.
 - vi. Specific Instructions related to each Part and subdivisions (Section) is mentioned clearly before the questions. Candidates should read them thoroughly and attempt accordingly.

Part – I

Section – A

Instructions:

From question number 1 to 18, attempt any 15 questions.

1. Which one of the following items cannot be recorded in the profit and loss appropriation account?
 - a. Interest on capital
 - b. Interest on drawings
 - c. Rent paid to partners
 - d. Partner's salary
2. At the time of admission of a partner, what will be the effect of the following information? Balance in Workmen compensation reserve ₹ 50,000. Claim for workmen compensation is Nil.
 - a. ₹ 45,000 Debited to the Partner's capital Accounts.
 - b. ₹ 40,000 Debited to Revaluation Account.
 - c. ₹ 5,000 Debited to Revaluation Account.
 - d. ₹ 50,000 credited to Partners capital Account.

3. The Goodwill of firm Rs 1,80,000 valued at three year's purchase of super profit . If capital employed is Rs 2,00,000 and Normal rate of return is 10% per annum .The amount of average profit will be :
 - a. Rs 60,000
 - b. Rs 20,000
 - c. Rs 18,000
 - d. Rs 80,000
4. Anna, Kavya and Gouri are partners sharing profits in the ratio of 3:3:2. According to the partnership agreement, Gouri is to get a minimum amount of ₹80,000 as his share of profits every year and any deficiency on this account is to be personally borne by Anna. The net profit for the year ended 31st March 2021 amounted to ₹3,12 ,000. Calculate the amount of deficiency to be borne by Anna?
 - a. ₹1,000
 - b. ₹4,000
 - c. ₹8,000
 - d. ₹2,000
5. Anish Ltd, issued a prospectus inviting applications for 4,000 shares. Applications were received for 5,000 shares and pro- rata allotment was made to the applicants of 4,800 shares. If Dhruv has been allotted 80 shares, how many shares he must have applied for?
 - a. 96
 - b. 94
 - c. 98
 - d. 100
6. A and B are the partner sharing profit in the ratio of 2:3. They admitted C as a new partner for 1/5thshare in the profit of the firm Rs. 50,000 for the year ended 31st March 2019. C's share in profit will be:
 - a. Rs. 5,000
 - b. Rs. 10,000
 - c. Rs. 20,000
 - d. Rs. 8,000
7. Calculate the amount of second & final call when Abhirami Ltd, issues Equity shares of ₹100 each at a premium of 40% payable on Application ₹30, On Allotment ₹50, On First Call ₹20.
 - a. Second & final call ₹30.
 - b. Second & final call ₹10.
 - c. Second & final call ₹40.
 - d. Second & final call ₹4.
8. Ambrish Ltd offered 2,00,000 Equity Shares of ₹10 each, of these 1,98,000 shares were subscribed. The amount was payable as ₹3 on application, ₹4 an allotment and balance on first call. If a shareholder holding 8,000 shares has defaulted on first call, what is the amount of money received on first call?
 - a. ₹ 9,000.
 - b. ₹ 5,85,000.
 - c. ₹ 5,70,000.
 - d. ₹ 6,09,000.
9. In the absence of Partnership Deed, the firm can apply Provisions of Partnership Act. Which of the following is not incorporated in the Partnership Act?
 - a. Right of partner to demand the dissolution of the firm.
 - b. Right of partner to demand the winding up of the firm.
 - c. Right of partner to demand the liquidation of the firm.
 - d. Right of partner to demand the redemption of his share.

- a. Profit and loss are to be shared equally
 - b. No interest is to be charged on capital
 - c. Interest on loan to be charged @6% p.a.
 - d. Interest on drawings to be charged @6% p.a.
10. In which of the following situation Companies Act 2013 allows for issue of shares at discount?
- a. Issued to vendors.
 - b. Issued to public.
 - c. Issued as sweat equity.
 - d. None of the above
11. Revaluation of assets at the time of reconstitution is necessary because their present value may be different from their:
- a. Market Value.
 - b. Net Value.
 - c. Cost of Asset
 - d. Book Value.
12. Which of the following is not true with respect to Admission of a partner?
- a. A new partner can be admitted if it is agreed in the partnership deed.
 - b. If all the partners agree, a new partner can be admitted.
 - c. A new partner has to bring relatively higher capital as compared to the existing partners.
 - d. A new partner gets right in the assets of the firm.
13. Kalki and Kumud were partners sharing profits and losses in the ratio of 5:3. On 1st April,2021 they admitted Kaushtubh as a new partner and new ratio was decided as 3:2:1. Goodwill of the firm was valued as ₹3,60,000. Kaushtubh couldn't bring any amount for goodwill. Amount of goodwill share to be credited to Kalki and Kumud Account's will be: -
- a. ₹ 37,500 and ₹22,500 respectively
 - b. ₹ 30,000 and ₹30,000 respectively
 - c. ₹ 36,000 and ₹24,000 respectively
 - d. ₹ 45,000 and ₹15,000 respectively
14. Chaithanya and Bharatheeya are the partner sharing profit in the ratio of 2:3. They admitted Chanakya as a new partner for $\frac{1}{5}$ th share in the profit of the firm . The Profit of the firm is Rs. 50,000 for the year ended 31st March 2019. What will be Chanakya's share in profit.
- a. Rs. 5,000
 - b. Rs. 10,000
 - c. Rs. 20,000
 - d. Rs. 8,000.
15. As per Section 52 of Companies Act 2013, Securities Premium Reserve cannot be utilised for:
- a. Writing off capital losses.
 - b. Issue of fully paid bonus shares.
 - c. Writing off discount on issue of securities.
 - d. Writing off preliminary expenses.

16. When shares are forfeited, Share Capital Account is debited with:
- Nominal (face) value of shares.
 - Called-up share capital.
 - Paid-up value of shares.
 - Market value of shares.
17. What will be the correct sequence of events?
- (i) Forfeiture of shares. (ii) Default on Calls.
 (iii) Re-issue of shares. (iv) Amount transferred to capital reserve. Options:
- (i), (iv), (ii), (iii)
 - (ii), (iv), (i), (iii)
 - (ii), (i), (iii), (iv)
 - (iii), (iv), (i) (ii)
18. Increase in the value of liability at the time of admission of a partner will be :
- Debited to Revaluation Account.
 - Credited to Revaluation Account
 - Debited to Partners Capital Account
 - Credited to Partners Capital Account

Part – I
Section – B

Instructions:

From question number 19 to 36, attempt any 15 questions.

19. Mohan Ltd. Forfeited 160 shares of Rs.10 each on which the holder had paid only the application money of rs.2 per share. Out of these shares 40 shares were re-issued to Gaurav as fully paid for Rs.9 per share. The gain on re-issue is:
- Rs.320
 - Rs.160
 - Rs.40
 - None of these
20. Given below are two statements, one labeled as Assertion (A) and the other labeled as Reason (R)
- Assertion (A): At the time of admission of a new partner, unrecorded liabilities are debited to Revaluation account.
- Reason(R): Unrecorded liabilities are the gain for the partnership firm.
- Both Assertion (A) and Reason (R) are true.
 - Both Assertion (A) and Reason (R) are false.
 - Assertion (A) is true and Reason (R) is false.
 - Assertion (A) is false and Reason (R) is true.
21. Given below are two statements, one labeled as Assertion (A) and the other labeled 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 explanation of working capital management.
 - 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.
22. Apaar Ltd forfeited 10,000 shares of ₹20 each, fully called up, on which only application money of ₹6 has been paid. Out of these 4,000 shares were reissued and ₹16,000 has been transferred to capital reserve. Calculate the rate at which these shares were reissued.
- a. ₹ 0 Per share
 - b. ₹ 22 Per share
 - c. ₹ 18 Per share
 - d. ₹ 8 Per share
23. Devu and Ponnu are partner's sharing profits in the ratio of 2:1. Kashi was admitted for 1/4 share of which 1/8 was gifted by Devu. The remaining was contributed by Ponnu. Goodwill of the firm is valued at ₹ 40,000. How much amount for goodwill will be credited to Ponnu's Capital account?
- a. ₹ 2,500.
 - b. ₹ 5,000.
 - c. ₹ 20,000.
 - d. ₹ 40,000.
24. Prasad Ltd. forfeited 20 shares of ₹10 each, ₹8 called up, on which John had paid application and allotment money of ₹5 per share, of these, 15 shares were reissued to Parker as fully paid up for ₹6 per share. What is the balance in the share Forfeiture Account after the relevant amount has been transferred to Capital Reserve Account?
- a. ₹ 0
 - b. ₹ 5
 - c. ₹ 25
 - d. ₹ 100
25. Mohit had been allotted for 600 shares by a Govinda Ltd on pro rata basis which had issued two shares for every three applied. He had paid application money of ₹3 per share and could not pay allotment money of ₹5 per share. First and final call of ₹2 per share was not yet made by the company. His shares were forfeited. the following entry will be passed:
- | | | |
|-------------------------------|----|----|
| Equity Share Capital A/c | Dr | ₹X |
| To share Forfeited A/c | | ₹Y |
| To Equity Share Allotment A/c | | ₹Z |
- Here X, Y and Z are:
- a. ₹ 6,000; ₹2,700; ₹3,000 respectively.
 - b. ₹ 9,000; ₹2,700; ₹4,500 respectively.
 - c. ₹ 4,800; ₹2,700; ₹2,100 respectively.
 - d. ₹ 7,200; ₹2,700; ₹4,500 respectively.
26. A and B are partners sharing profits in the ratio of 2 : 3. Their Balance Sheet shows Machinery at ₹2,00,000; Stock at ₹80,000 and Debtors at ₹1,60,000. C is admitted and new profit sharing ratio is agreed at 6 : 9 : 5. Machinery is revalued at ₹1,40,000 and a

provision is made for doubtful debts @5%. A's share in loss on revaluation amount to ₹20,000. Revalued value of Stock will be:

- ₹ 62,000
- ₹ 1,00,000
- ₹ 60,000
- ₹ 98,000

27. At the time of admission of new partner Kasi, Old partners Abhi and Archa had debtors of ₹6,20,000 and a provision for doubtful debts of ₹20,000 in their books. As per terms of admission, assets were revalued, and it was found that debtors worth ₹15,000 had turned bad and hence should be written off. Which journal entry reflects the correct accounting treatment of the above situation?

(A)	Bad Debts A/c To Sundry Debtors	Dr.	15,000	15,000
	Provision for Doubtful Debts A/c To Bad Debts A/c	Dr.	15,000	15,000
(B)	Bad Debt A/c To Sundry Debtors	Dr.	15,000	15,000
	Revaluation A/c To Provision for Doubtful Debts A/c	Dr.	15,000	15,000
(C)	Revaluation A/c To Sundry Debtors A/c	Dr.	15,000	15,000
(D)	Bad Debt A/c To Revaluation A/c	Dr.	15,000	15,000

28. Anubhav, Shagun and Pulkit are partners in a firm sharing profits and losses in the ratio of 2:2:1. On 1st April 2021, they decided to change their profit-sharing ratio to 5:3:2. On that date, debit balance of Profit & Loss A/c ₹30,000 appeared in the balance sheet and partners decided to pass an adjusting entry for it. Which of the under mentioned options reflect correct treatment for the above treatment?
- Shagun's capital account will be debited by ₹3,000 and Anubhav's capital account credited by ₹3,000
 - Pulkit's capital account will be credited by ₹3,000 and Shagun's capital account will be credited by ₹3,000
 - Shagun's capital account will be debited by ₹30,000 and Anubhav's capital account credited by ₹30,000
 - Shagun's capital account will be debited by ₹3,000 and Anubhav's and Pulkit's capital account credited by ₹2,000 and ₹1,000 respectively.
29. Ganga and Avanthi are partners in the ratio of 3:2. Gokul is admitted as a partner and he takes $\frac{1}{4}$ th of his share from Ganga. Avanthi gives $\frac{3}{16}$ from her share to Gokul. What is the share of Gokul?
- $\frac{1}{4}$
 - $\frac{1}{16}$
 - $\frac{1}{6}$
 - $\frac{1}{16}$

30. A and B are partners sharing profits and losses in the ratio of 3:2 with capitals Rs 5,00,000 each. According to partnership deed, interest on capital is allowed @ 10% p.a. The profit for the year is Rs 50,000. What amount will be credited to A and B in such condition?
- Rs 50,000 to A and B each
 - Rs 25,000 to A and B each
 - Rs 30,000 to A and Rs20,000 to B
 - None of the above.

31. Match the following items :

a)	Revaluation A/c	i)	Personal A/c
b)	Partners' Capital A/c	ii)	Real A/c
c)	Goodwill	iii)	Revaluation A/c
d)	Profit and loss adjustment A/c	iv)	Nominal A/c

- a-ii) b- iv) c - i) d – iii)
 - a- iv) b – iii) c – i) d – i)
 - a – iv) b – i) c – ii) d – iii)
 - a- iii) b – i) c – iv) d – ii)
32. Ramesh, Sumesh and Girish sharing profits and losses in the ratio of 4:3:2, decided to admit Manish as a new partner with effect from 1st April, 2021. Their Balance Sheet as at 31st March showing an investment of ₹ 2,00,00 and Investment Fluctuation Reserve ₹ 18,000.If the market value of investment is ₹ 1,91,000, What would be the accounting treatment?
- ₹ 9,000 can distribute among partners and debit to their capital account.
 - ₹ 18,000 can distribute among partners and credit to their capital account.
 - ₹ 9,000 should transferred to Investment account
 - ₹ 18,000 should show in the Reconstituted firms' Balance sheet
33. Abhay and Baldwin are partners sharing profit in the ratio 3:1. On 31st March 2021, firm's net profit is ₹1,25,000. The partnership deed provided interest on capital to Abhay and Baldwin ₹15,000 & ₹10,000 respectively and Interest on drawings for the year amounted to ₹6000 from Abhay and ₹4000 from Baldwin. Abhay is also entitled to commission @10% on net divisible profits. The profit to be transferred to Partners Capital A/c's:
- ₹ 1,00,000
 - ₹ 1,10,000
 - ₹ 1,07,000
 - ₹ 90,000
34. Which of the following statement is/are true?
- Authorized Capital < Issued Capital
 - Authorized Capital \geq Issued Capital
 - Subscribed Capital \leq Issued Capital
 - Subscribed Capital > Issued Capital
- (i) only
 - (i) and (iv) Both
 - (ii) and (iii) Both
 - (ii) only

35. Mickey, Tom and Jerry were partners in the ratio of 5:3:2. On 31st March 2021, their books reflected a net profit of ₹2,10,000. As per the terms of the partnership deed they were entitled for interest on capital which amounted to ₹80,000, ₹60,000 and ₹40,000 respectively. Besides this a salary of ₹60,000 each was payable to Mickey and Tom. Calculate the ratio in which the profits would be appropriated.
- 1:1:1
 - 5:3:2
 - 7:6:2
 - 4:3:2
36. Ajay and Vinod are partners in the ratio of 3:2. Their fixed Capital were ₹3,00,000 and ₹4,00,000 respectively. After the close of accounts for the year it was observed that the Interest on Capital which was agreed to be provided at 5% pa was erroneously provided at 10%p.a. By what amount will Ajay's account be affected if partners decide to pass an adjustment entry for the same?
- Ajay's Current A/c will be Debited by ₹15,000.
 - Ajay's Current A/c will be Credited by ₹6,000.
 - Ajay's Current A/c will be Credited by ₹35,000.
 - Ajay's Current A/c will be Debited by ₹20,000.

Part – I
Section – C

Instructions:

From question number 37 to 41, attempt any 4 questions.

Question no.'s 37 and 40 are based on the hypothetical situation given below.

Nidiya limited was incorporated on 1st April 2017 with registered office in Mumbai. The capital clause of memorandum of Association reflected a registered capital of 8,00,000 equity shares of Rs.10 each and 1,00,000 preference shares of Rs.50 each.

Since some large investments were required for building and machinery the company in consultation with vendors, Ms.VPS Enterprises, issued 1,00,000 equity shares and 20,000 preference shares at par to them in full consideration of assets acquired. Besides this the company issued 2,00,000 equity shares for cash at par payable as Rs 3 on application, 2 on allotment, 3 on first call and 2 on second call.

Till date second call has not yet been made and all the shareholders have paid except Mr. Ajay who did not pay allotment and calls on his 300 shares and Mr. Vipul who did not pay first call on his 200 shares. Shares of Mr. Ajay were then forfeited and out of them 100 shares were reissued at Rs.12 per share.

Based on above information you are required to answer the following questions.

37. Shares issue to vendors of building and machinery, Ms. VPS Enterprises, would be classified as:
- Preferential Allotment
 - Employee Stock Option Plan
 - Issue for Consideration other than cash
 - Right Issue of Shares

38. How many equity shares of the company have been subscribed?
- 3,00,000
 - 2,99,500
 - 2,99,800
 - None of these
39. What is the amount of security premium reflected in the balance sheet at the end of the year?
- ₹200
 - ₹600
 - ₹400
 - ₹ 1,000

Question no.'s , 40 and 41 are based on the hypothetical situation given below. 125

Tanuja and Renu were partners in trading in Hand Sanitizer. Their profit sharing ratio is 3:2. Their fixed capitals on 1-Apr-2020 were Rs. 3 lakhs and 6 lakhs respectively. During the COVID pandemic, all partners decided to help the poor daily workers personally. For this Tanuja took hand sanitizer mounting to Rs24000 from the firm. And distributed those to the workers family. On the other hand, Renu withdrew Rs. 1 Lakh from her capital on 1-Jan-2021 and provided a medical mobile Van in the containment zone. The Partnership deed provides for charging interest on drawings @ 6% PA. and allowing interest on capital @ 9% PA.

Based on the above information, you are required to answer the following questions:

40. Interest on Tanuja's drawings will be:
- Rs. 1440
 - Rs. 720
 - NIL
 - Rs. 240
41. Interest on Partners drawings will be debited to
- Profit and Loss A/c
 - Partners' Capital A/c
 - Profit and Loss Appropriation A/c
 - Partners Current A/c

Part – II
Section – A

Instructions: From question number 42 to 48, attempt any 5 questions.

42. (A) Assertion- The standard current ratio is 2:1.

(R) Reason – Current assets include such assets as inventory, trade receivables etc. from which full amount can not be realised. Hence even if half the amount is realised from the current assets on time, the firm can still meet its liabilities in full.

- Both (A) and (R) are true and (R) is the correct explanation of (A)
- Both (A) and (R) are true and (R) is not the correct explanation of A
- (A) is true, but (R) is false
- (A) is false, but (R) is true

43. The formula for calculating Trade payable turnover ratio:
- Net credit purchases/Average creditors
 - Net Credit Purchases/ Average creditors +Average Bills payable
 - Cash Purchases /Total creditors
 - None of the above
44. What will be the operating profit ratio, if operating ratio is 88.94%?
- 13.6%
 - 11.06%
 - 12.6%
 - 14%

45. Which one of the following is correct ?
- A ratio is simply one number expressed in terms of another.
 - While calculating current ratio, current assets include loose tools, spares and stores.
 - Liquidity is the ease with which assets are converted into cash without loss.
 - Trade investment is Non-current investment.
 - Loan on mortgage is current liability
- 1,2, and 3 are correct
 - 1,3 and 4 are correct
 - 1,2,5 and 4 are correct
 - All are correct

46. When bad position of a company is tried to be depicted as good, it is known as.....
- Personal bias
 - Price level changes
 - Window dressing
 - All of the above.

47. Match the following :

I Cheques in hand	a. Other current liability
II Work in progress	b. Long term borrowings
III Debenture redeemable within one year	c. Non-current assets
IV Bonds	d. Inventory
V Computer software	e. Cash and cash equivalents

- I-e, II-d, III-a, IV – b, V-c
- I-c, II-b, III-a, IV – d, V-e
- I-e, II-d, III-c, IV – b, V-a
- I-e, II-a, III-d, IV – c, V-b

48. Which ratio indicates the margin of safety available to providers of long-term loans?
- Debt-Equity ratio
 - Total assets to debt ratio
 - Proprietary ratio
 - Return on Investment

Part – II
Section - B

Instructions:

From question 49 to 55 attempt any 6 questions.

49. A company earns a gross profit of 20% on cost. Its credit revenue from operations are twice its cash revenue from operations. If the credit revenue from operations is Rs.4,00,000, calculate the gross profit ratio of the company.

- a. 26%
- b.16.67%
- c.20%
- d.8.4%

50. Calculate Operating profit ratio from the following information:

Revenue from operations Rs.8,00,000

Gross profit 25% on cost

Office and administrative expenses Rs.20,000

Selling expenses Rs.28,000

Loss by fire Rs.10,000

- a.14%
- b.18%
- c.25%
- d.20%

51. A company has issued 2,00 equity shares of Rs.10 each and it has called the entire nominal value of the share. It has received the entire amount except final call of Rs.3 per share on 5,000 share. Subscribed capital will be shown as follows:

a. Subscribed and fully paid

2,00,000 equity shares of Rs.10 each	20,00,000	
Less: calls in arrears	<u>15,000</u>	19,85,000

b. Subscribed but not fully paid

2,00,000 equity shares of Rs.10 each	20,00,000	
Less: calls in arrears	<u>15,000</u>	19,85,000

c. Subscribed and fully paid

195,000 equity shares of Rs.10 each		19,50,000
Subscribed but not fully paid up		
5,000 equity shares of Rs.10 each	50,000	
Less: calls in arrears	<u>15,000</u>	<u>35,000</u>
		<u>19,85,000</u>

d. Can be shown as b or c

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

(A)Assertion – Inventory is included in the liquid assets because it can be converted into cash

(R)Reason - Liquid ratio indicates the long term solvency of the business enterprise.

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.

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

(A)Assertion – A higher proprietary ratio is generally treated as indicator of sound financial position .

(R) Reason – Because a large proportion of total assets are provided by equity and firm is less dependent on external sources of funds

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.

54. The current ratio of a company is 2.5:1, Which of the following suggestions would improve the ratio ?

- (i) Payment to trade payables
- (ii) Sell machinery against cheque.
- (iii) Sale of inventory at a loss on credit
- (iv)Cash collected from trade receivable.

- (A) Only (i) is correct
- (B) Only (ii) is correct
- (C) Only (i) and (ii) are correct
- (D) Only (ii) and (iii) are correct

55. Classify the asset based on the following information :

Operating cycle in Months – 17

Expected period of realisation of trade receivables (Months) – 15

- a. Current asset
- b. Non - current asset
- c. None of these
- d. Both a and b
