

Previous Year Paper

Accountancy-12th June 2023 (Shift 3)

- Q1.** Consider the following facts about valuation of Goodwill of a partnership firm.
- A. Goodwill valuation is done on change in profit sharing ratio among the existing partners.
 - B. Goodwill is valued on admission of a partner, to know the amount to be paid by him to compensate sacrificing partner(s).
 - C. Goodwill valuation is done on the retirement of a partner to know the amount to be paid to him as compensation for his sacrifice.
 - D. Goodwill valuation is done at the time of dissolution of a firm which involves sale of business as a going concern.
 - E. Goodwill valuation is done during the distribution of profits of the partnership firm.
- Choose the correct answer from the options given below:
- (a) A, B & C only
 - (b) A, C, D & E only
 - (c) A, B & D only
 - (d) A, B, C & D only
- Q2.** If the partner's capital accounts are fixed, where will you record drawings made by a partner out of his capital during the year.
- (a) Debit side of Partner's Current A/c
 - (b) Debit side of Partner's Capital A/c
 - (c) Credit side of Partner's Capital A/c
 - (d) Credit side of Partner's Current A/c
- Q3.** Select the correct statements from the following.
- A. Preference Share Capital is a part of Share Capital.
 - B. Preference Share Capital is a part of Non-Current Liability.
 - C. Preference Share Capital is a Current Liability
 - D. Preference Share-holders do not have voting right.
 - E. Preference Share Capital is repaid before the payment of Equity share-holders in case of winding up of the company.
- Choose the correct answer from the options given below:
- (a) A and D only
 - (b) B and C only
 - (c) A, D and E only
 - (d) C and D only
- Q4.** "The alpha characters from left to right" in a worksheet is known as_____.
- (a) Rows
 - (b) Cell
 - (c) Function
 - (d) Column
- 5.** If the consideration for issue of Debentures is less than the amount of debentures issued, then the difference is
- (a) credited to Goodwill Account
 - (b) credited to Capital Reserve Account
 - (c) debited to Goodwill Account
 - (d) debited to Capital Reserve Account
- Q6.** When Debentures are issued at par and are redeemable at a premium, the Loss on such an issue is debited to:
- (a) Statement of Profit & Loss A/c
 - (b) Loss on issue of Debentures A/c
 - (c) Debentures Application & Allotment A/c
 - (d) Profit on Issue of Debentures A/c
- Q7.** Arrange the following activities in correct order with reference to Cash Flow Statement:
- A. Income Tax Paid
 - B. Net profit before tax and extra ordinary items.
 - C. Sale of Non-current Investments
 - D. Operating profit before working capital changes
 - E. Redemption of Debentures
- Choose the correct answer from the options given below:
- (a) B, A, D, C, E
 - (b) A, D, E, C, A
 - (c) B, D, A, C, E
 - (d) A, B, C, D, E
- Q8.** Anita and Bindu are partner in firm sharing profits in the ratio of 3:2. they admitted Meria as a new partner for 1/4 share. the new profit-sharing ratio between Anita and Bindu will be 2:1. What will be their sacrificing ratio?
- (a) 2:1
 - (b) 3:2
 - (c) 2:3
 - (d) 1:2
- Q9.** Securities Premium cannot be used:
- (a) to issue fully paid bonus shares
 - (b) to write-off preliminary expenses of the company.
 - (c) to pay premium on the redemption of preference shares or debentures of the company.
 - (d) to pay dividend to the shareholders of the company
- Q10.** Under rule 10 of the companies (Miscellaneous) Rules 2014. what is the maximum number of partners a partnership firm can have?
- (a) 20
 - (b) 50
 - (c) 100
 - (d) unlimited
- Q11.** Arrange following in a sequence to determine the residue available for Equity Shareholders of a company.
- A. Profit after Interest before Tax and Dividend

- B. Preference Dividend paid
C. Profit after Interest and Tax before Dividend
D. Tax paid
E. Profit after Interest, Tax and Dividend

Choose the correct answer from the options given below:

- (a) A, D, B, C, E
(b) A, D, C, E, B
(c) A, D, C, B, E
(d) A, D, B, C, E

Q12. This tool of Analysis of financial statement indicates the relationship between different items of a financial statement with a common item by expressing each item as a percentage of that common item. Identify this analysis tool.

- (a) Comparative statement
(b) Common Size statement
(c) Ratio Analysis
(d) Trend Analysis

Q13. Balance in "Call in Advance account" is shown as a separate item under the sub head _____ in company's Balance Sheet.

- (a) Short term borrowings
(b) Trade payable
(c) Other current liabilities
(d) Short term provisions

Q14. Match List I with List II

LIST I		LIST II	
A.	Revenue from operation.	I.	Goodwill written off
B.	Finance Cost	II.	Sale of Services
C.	Amortization Expenses	III.	Profit sale of Investment
D.	Other Income	IV.	Interest on Debentures

Choose the correct answer front the options given below:

- (a) A-I, B-II, C-III, D-IV
(b) A-II, B-IV, C-I, D-III
(c) A-II, B-I, C-III, D-IV
(d) A-IV, B-I, C-III, D-II

Q15. Gross Profit Ratio of a company was 25%. If credit revenue from, operation was ₹20,00,000 and cash revenue from operation is 20% of total revenue. If indirect expense of the company was ₹50,000. Calculate Net Profit Ratio?

- (a) 33.32%
(b) 25%
(c) 27.55%
(d) 23%

Q16. Where a new partner brings his share of capital and goodwill in cash. Identify the correct treatment from the following options:

- (a) New partner's capital and his premium, both will be distributed among the existing partners in existing profit-sharing ratio.
(b) Only new partner's capital will be distributed among the existing partners in existing profit-sharing ratio.
(c) Only new partners premium will be distributed among sacrificing partners in the sacrificing ratio.
(d) Only new partner's premium will be distributed among gaining partner in their gaining ratio.

Q17. Book debts were ₹1,00,000 as given in the balance sheet as on 31st March, 2022. On 1st April, 2022 the partners decided to share profits equally instead of distributing the profits in their capital ratio. On the date, bad debts for ₹40,000 were written off and a new provision for doubtful debt is to be maintained @5%. How will you treat their adjustment in revaluation account of the firm

- (a) revaluation account - debited by ₹45,000
(b) revaluation account - credited by ₹45,000
(c) revaluation account - debited by ₹43,000
(d) revaluation account - credited by - ₹43,000

Q18. Match List I with List II

LIST I		LIST II	
A.	Procurement of loans	I.	Cash and Cash Equivalents
B.	Receipt from dividends	II.	Financing Activity'
C.	Payment to suppliers for goods	III.	Investing Activity
D.	Demand deposits with banks	IV.	Operating Activity

Choose the correct answer from the options given below:

- (a) A-I, B-III, C-IV, D-II
(b) A-III, B-II, C-I, D-IV
(c) A-II, B-III, C-IV, D-I
(d) A-IV, B-III, C-II, D-I

Q19. In the absence of only information regarding the acquisition of share in profit of the retiring partner by the remaining partners, it is assumed that they will acquire his/her share in:

- (a) Old profit-sharing ratio
(b) Capital ratio
(c) Equal ratio
(d) Sacrificing ratio

- Q20.** Which of the following will affect the Revaluation Gain or Loss at the time of reconstitution.
 A. Undervaluation of Building
 B. Overvaluation of Stock
 C. Valuation of Goodwill
 D. Reserve appearing in Books
 E. Unrecorded Assets
 Choose the correct answer from the options given below:
 (a) A, B & E only
 (b) C & D only
 (c) A, B, C & D only
 (d) C, D & E only
- Q21.** A and B share profits in the ratio of 3:4. They admitted C for 1/5th share in future profits with a guarantee that his share of profits shall be at least ₹30,000. In the above case, any deficiency to C will be borne by A and B in the ratio of:
 (a) 1:1
 (b) 3:4
 (c) 4:3
 (d) 4:1
- Q22.** The Debentures that are payable on the expiry of the specific period either in lumpsum or in instalments during life time of the company are called:
 (a) Secured Debentures
 (b) Redeemable Debentures
 (c) Perpetual Debentures
 (d) Specific Coupon Rate Debentures
- Q23.** Select the correct sequence from the following:
 A. Issued capital
 B. Subscribed but not fully paid-up capital
 C. Authorised capital
 D. Subscribed and fully paid-up capital
 E. Share forfeited Account
 Choose the correct answer from the options given below:
 (a) A, B, C, D, E
 (b) B, A, C, D, E
 (c) C, D, E, A, B
 (d) C, A, D, B, E
- Q24.** Identify that out of the following which facilitates a Not-for-Profit organisation in preparation of its financial statements at the end of an accounting period.
 (a) Receipt and Payment Account
 (b) Income and Expenditure Account
 (c) Balance Sheet
 (d) Trial Balance
- Q25.** Consider the following facts related to Revaluation Account, its adjustments and treatment of reserves.
 A. Revaluation profit is distributed in the capital ratio of the partners.
 B. Revaluation Account is considered as Nominal Account.
 C. When all debtors are good, existing provision for doubtful debt is not distributed and continued in future.
 D. Under-valuation of Inventories is adjusted on the credit side of Revaluation Ac.
 E. Excess amount of workmen compensation claim over workmen compensation reserve is transferred to debit side of Revaluation A/c.
 Choose the correct answer from the options given below:
 (a) A, D and E only
 (b) B and D only
 (c) B, D and E only
 (d) B, C and D only
- Q26.** Identify the ratio, that represent one of the activity ratios.
 (a) Interest Coverage Ratio
 (b) Quick Ratio
 (c) Inventory Turnover Ratio
 (d) Operating Ratio
- Q27.** Processing of accounting transactions through the use of hardware and software in order to produce accounting records and reports" is called_____.
 (a) Electronic accounting system
 (b) Computerized accounting system
 (c) Database management system
 (d) Information accounting system
- Q28.** In case of preparation of spreadsheet, when we apply the command of "Round down" in the value of -3.2469 as "= ROUND DOWN (-3.2469, 3)". What will the outcome of using the above command?
 (a) -3.240
 (b) -3.247
 (c) -3.246
 (d) -3.200
- Q29.** Arrange the following items as per vertical form of Balance Sheet of a company
 A. Trade Receivable
 B. Current investment
 C. Cash and Cash equivalents
 D. Inventories
 E. Short term loans and advances
 Choose the correct answer from the options given below:

- (a) A, B, C, D, E
(b) C, B, A, D, E
(c) B, D, A, C, E
(d) B, A, C, D, E

Q30. Deferred Tax Assets are the part of

- (a) Non-current liabilities
(b) Non-current assets
(c) Current liabilities
(d) Current assets

Q31. M and N are partners sharing profit in the ratio of 3:1. They admit O as a new partner on 1st April, 2022. O brings ₹40,000 as his share of premium and the new profit-sharing ratio is 2:2:1.

Identify the correct option related to treatment of Goodwill.

- (a) M's Capital A/c Dr. ----- ₹30,000
Premium for Goodwill A/c Dr. ----- ₹40,000
To N's Capital A/c ----- ₹70,000
- (b) M's Capital A/c Dr. ----- ₹40,000
N's Capital A/c Dr. ----- ₹30,000
To Premium for Goodwill A/c ----- ₹70,000
- (c) Premium for Goodwill A/c Dr ----- ₹70,000
To M's Capital A/c ----- ₹40,000
To N's Capital A/c ----- ₹30,000
- (d) Premium for Goodwill A/c Dr ----- ₹40,000
N's Capital A/c Dr. ----- ₹30,000
To M's Capital A/c ----- ₹70,000

Q32. Match List I with List II

LIST I		LIST II	
A.	Endowment fund	I.	Expenditure side of Income & Expenditure A/c
B.	Honorarium	II.	Income side of Income & Expenditure A/c
C.	Accrued Subscription	III.	Liability side of Balance Sheet
D.	Donation	IV.	Assets side of Balance Sheet

Choose the correct answer from the options given below:

- (a) A-I, B-II, C-III, D-IV
(b) A-III, B-IV, C-II, D-I
(c) A-III, B-I, C-IV, D-II
(d) A-I, B-III, C-II, D-IV

Q33. Profit and Loss Suspense Account is debited at the time of death of partner _____

- (a) for the share of loss from the date of last Balance Sheet till the date of death of partner.
(b) for the share of profit from the date of last Balance Sheet till the date of death of partner
(c) for the share of loss from the date of death of partner till the closing of the year of death

- (d) for the share of profit from the date of death of partner till the closing of the year of death

Q34. Match List I with List II

LIST I		LIST II	
A.	Liquidity Ratio	I.	Operating Ratio
B.	Solvency Ratio	II.	Working Capital Turnover Ratio
C.	Activity Ratio	III.	Quick Ratio
D.	Profitability Ratio	IV.	Interest Coverage Ratio

Choose the correct answer from the options given below:

- (a) A-III, B-IV, C-II, D-I
(b) A-I, B-II, C-III, D-IV
(c) A-III, B-II, C-I, D-IV
(d) A-II, B-IV, C-III, D-I

Q35. Identify the account statement that a Not- for -Profit organisation is not required to prepare.

- (a) Trading and Profit & Loss Account
(b) Receipt and Payment Account
(c) Income and Expenditure Account
(d) Balance Sheet

Q36. Match List I with List II

LIST I		LIST II	
A.	Capital called only in the event of winding up of the company	I.	Nominal Capital
B.	Other name of Registered Capital	II.	Issued Capital
C.	Subscribed Capital is a part of which capital	III.	Capital Reserve
D.	A type of capital profit	IV.	Reserve Capital

Choose the correct answer from the options given below:

- (a) A-III, B-I, C-II, D-IV
(b) A-IV, B-I, C-II, D-III
(c) A-III, B-II, C-I, D-IV
(d) A-IV, B-II, C-I, D-III

Q37. Identify the period, from the date of acquisition, for which an investment normally qualifies as cash equivalents.

- (a) Two months or less
(b) Three months or less
(c) Four months or less
(d) Six months or less

Q38. Out of the following identify which is not cash and cash equivalent.

- (a) Marketable securities
(b) Non-current investment
(c) Commercial paper
(d) Treasury Bill

Q39. In the context of a partnership firm, need for valuation of goodwill arises in the following circumstances.

- A. Change in the profit-sharing ratio among the existing partners.
B. Admission of new partner
C. Retirement of a partner
D. Amalgamation of partnership firms
E. When firm earns super profits.

Choose the correct answer from the options given below:

- (a) A, B, C, & E only
- (b) A, B, D & E only
- (c) A, B, C & D only
- (d) B, C & E only

Q40. This key combination collapses the ribbon.

- (a) [ctrl] + [F1]
- (b) [ctrl] + [F3]
- (c) [ctrl] + [F5]
- (d) [ctrl] + [F7]

Direction for [Q41 – Q45]

Sita, Rita and Meeta are partners sharing profits and losses equally. On 31st March, 2022, they decided to dissolve the business. On that date, the Capital Account Balance were Sita-₹1,00,000; Rita-₹80,000 and Meeta-₹60,000. Creditors for ₹30,000 and Reserve Fund for ₹30,000 were also lying in the books of the firm while on Assets side Sundry Assets were existing at ₹2,70,000. Sundry assets included patents for ₹20,000. The tangible assets were realised at 90% of the book value while creditors were settled at 110%. Realisation expenses were ₹10,000 paid by Sita. There was an unrecorded asset of ₹5,000 which was taken over by Meeta. Answer question on the basis of above information.

Q41. Identify the account/statement which is not required in case of Dissolution of partnership firm.

- (a) Realisation A/c
- (b) Partner's Capital A/c
- (c) Bank A/c
- (d) Post-Dissolution Balance Sheet

Q42. Select the realisable value of Intangible Assets from the following.

- (a) ₹2,50,000
- (b) ₹2,25,000
- (c) Nil
- (d) ₹20,000

Q43. Calculate the loss/profit on realisation of assets and liabilities on the basis of preparation of Realisation A/C.

- (a) ₹ 48,000 - Profit on Realisation
- (b) ₹ 33,000 Loss on Realisation
- (c) ₹ 53,000 Loss on Realisation
- (d) ₹ 18,000 Profit on Realisation

Q44. Calculate the balance of Bank A/C of the firm before dissolution?

- (a) ₹ 20,000
- (b) ₹ 50,000
- (c) ₹ 10,000
- (d) ₹ 30,000

Q45. Identify the nature of Realisation A/c.

- (a) Real A/c
- (b) Nominal A/c
- (c) Personal A/c
- (d) Representative Personal A/c

Direction for [Q46 – Q50]

High Light India Ltd. invited applications for 30,000 shares of ₹100 each at a premium of ₹20 per share payable as follows:

On Application	₹40 (including ₹ 10 premium)
On Allotment	₹30 (including ₹ 10 premium)
On First Call	₹30
On Second and Final call	₹20

Applications were received for 40,000 shares and pro-rata allotment was made on the application for 35,000 shares. Excess application money was utilised towards allotment.

Rohan to whom 600 shares were allotted failed to pay the allotment money and his shares were forfeited immediately after allotment.

Aman who applied for 1,050 shares failed to pay first call and his share were forfeited immediately after first call.

Second and final call was made. All the money due on second call have been received.

Of the shares forfeited, 1,000 shares were reissued as fully paid-up for ₹80 per share, which included the whole of Aman's shares.

Answer the question on the basis of the information given,

Q46. Which Account will be debited to record default on payment of any call?

- (a) Calls in Advance
- (b) Calls in Arrear
- (c) Forfeited Shares
- (d) Capital Reserve

Q47. Pro-rata allotment means_____.

- (a) Directors fully accept some applications and totally reject others.
- (b) Directors fully accept all applications.
- (c) Directors opt to make proportionate allotment to all applicants.
- (d) Directors opt to make proportionate allotment to half applicants

Q48. At time of forfeiture of Rohan's shares, Forfeited Shares A/c will be credited by_____.

- (a) ₹16,000
- (b) ₹22,000
- (c) ₹14,000
- (d) ₹28,000

Q49. Final call will be made due on _____ shares.

- (a) 35,000
- (b) 30,000
- (c) 29,400
- (d) 28,500

Q50. State the treatment of profit on the shares reissued.

- (a) Credit General Reserve by ₹26,667
- (b) Credit Capital Reserve by ₹28,666
- (c) Credit Forfeited shares by ₹26,667
- (d) Debit Capital Reserve by ₹18,333

SOLUTIONS

S1. Ans. (d)

Sol. Goodwill valuation in a partnership firm is conducted during specific events that impact the value of the firm's intangible assets. These events include a change in the profit-sharing ratio among existing partners, admission of a new partner, and retirement of a partner. Each of these events can alter the firm's value, necessitating a revaluation of goodwill. Goodwill is also valued at the dissolution of the firm, particularly if the business is sold as a going concern. However, goodwill valuation is not typically done during the distribution of profits.

S2. Ans. (b)

Sol. When partners' capital accounts are fixed, any drawings made by them out of their capital are recorded on the debit side of their Capital Accounts only. This is because fixed capital accounts represent the invested capital which should not ordinarily change except when additional capital is introduced or when capital is withdrawn. Drawings reduce the capital and hence are treated as withdrawal of capital and are therefore debited to the capital account.

S3. Ans. (c)

Sol. Preference Share Capital forms a part of the company's Share Capital and is usually considered a long-term source of finance, but not a liability. Preference shareholders do not have voting rights, and in the event of winding up, the preference share capital is repaid before the equity shareholders. They are not categorized as a current liability or non-current liabilities.

S4. Ans. (d)

Sol. In spreadsheets, columns are labelled with alpha characters (like A, B, C...) and extend from the top to the bottom of the sheet, running left to right. Each column is used to store data in a vertical arrangement, making it a fundamental component of organizing and managing data in rows and columns.

S5. Ans. (c)

Sol. When the consideration received is less than the nominal value of the debentures, the difference is treated as goodwill and is debited to the Goodwill Account.

S6. Ans. (b)

Sol. Issuing debentures at par but redeemable at a premium represents a future financial obligation that exceeds the initial proceeds from the issue. The loss (i.e., the premium payable at redemption) is recognized by debiting the 'Loss on issue of Debentures Account,' which reflects the additional cost the company will incur in the future.

S7. Ans. (c)

Sol. The correct sequence for preparing a Cash Flow Statement:
B. Net profit before tax and extra ordinary items.
D. Operating profit before working capital changes
A. Income Tax Paid
C. Sale of Non-current Investments

E. Redemption of Debentures

S8. Ans. (c)

Sol. New Ratio = Anita : Bindu = 2 : 1

$$\text{Meria's share} = \frac{1}{4} = \frac{3}{12}$$

$$\text{New Ratio} = \text{Anita : Bindu : Meria} = 6 : 3 : 3$$

$$\text{Sacrificing Ratio} = \text{Old Ratio} - \text{New Ratio}$$

$$\text{Anita} = \frac{3}{5} - \frac{2}{4} = \frac{2}{20}$$

$$\text{Bindu} = \frac{2}{5} - \frac{1}{4} = \frac{3}{20}$$

$$\text{Sacrificing Ratio} = \text{Anita : Bindu} = 2 : 3$$

S9. Ans. (d)

Sol. The Securities Premium Account, which accumulates from issuing shares above their face value, has specific uses under The Companies Act, 2013. It can be used for issuing fully paid bonus shares, writing off preliminary expenses, and paying the premium on redemption of preference shares or debentures. However, it cannot be used for distributing dividends to shareholders, as dividends are generally paid out of profits.

S10. Ans. (b)

Sol. As per Rule 10 of the Companies (Miscellaneous) Rules 2014, the maximum number of partners allowed in a partnership firm is 50. This limitation is set to distinguish between a partnership and a company, which can have more than 50 members. The rule ensures that larger business entities operate under the more stringent regulatory framework applicable to companies.

S11. Ans. (c)

Sol. The sequence to determine the residue available for Equity Shareholders of a company:

- A. Profit after Interest before Tax and Dividend
- D. Tax paid
- C. Profit after Interest and Tax before Dividend
- B. Preference Dividend paid
- E. Profit after Interest. Tax and Dividend

S12. Ans. (b)

Sol. Common Size statement analysis represents items in a financial statement as percentages of a common base figure. This method simplifies comparison across different periods or companies by normalizing values, making it a valuable tool for financial analysis.

S13. Ans. (c)

Sol. The balance in the 'Call in Advance' account, representing money received from shareholders before it is due, is shown under 'Other Current Liabilities' in a company's balance sheet. This classification reflects its nature as a liability to the company until the call is made.

S14. Ans. (b)

Sol. The correct match is given below:

LIST I		LIST II	
A.	Revenue from operation.	II.	Sale of Services
B.	Finance Cost	IV.	Interest on Debentures

C.	Amortization Expenses	I.	Goodwill written off
D.	Other Income	III.	Profit sale of Investment

S15. Ans. (d)

Sol. Cash revenue from operation is 20% of total revenue which means Credit Revenue from Operation is 80% of Total Revenue

$$\text{Total Revenue} = ₹20,00,000 \times \frac{100}{80} = ₹25,00,000$$

$$\text{Gross Profit Ratio} = \frac{\text{Gross profit}}{\text{Revenue from Operation}} \times 100$$

$$25\% = \frac{\text{Gross Profit}}{25,00,000} \times 100$$

$$\text{Gross Profit} = ₹6,25,000$$

$$\text{Net profit} = ₹6,25,000 - ₹50,000 = ₹5,75,000.$$

$$\text{Net profit Ratio} = \frac{\text{Net profit}}{\text{Revenue from Operations}} \times 100$$

$$\text{Net profit Ratio} = \frac{₹5,75,000}{₹25,00,000} \times 100 = 23\%$$

S16. Ans. (c)

Sol. When a new partner brings capital and a premium for goodwill, only the premium (goodwill) portion is distributed among the existing partners who are sacrificing their profit share in favour of the new partner. This distribution is done in the sacrificing ratio.

S17. Ans. (c)

Sol. Doubtful Debts = Book Debts – Bad Debts = ₹1,00,000 – ₹40,000 = ₹60,000

$$\text{New Provision for doubtful debt} = ₹60,000 \times 5\% = ₹3,000$$

Since, Bad Debts and Provision on Doubtful Debts both represent increase in liability, revaluation account will be debited by ₹40,000 + ₹3,000 = ₹43,000

S18. Ans. (c)

Sol. The correct match is given below:

LIST I		LIST II	
A.	Procurement of loans	II.	Financing Activity
B.	Receipt from dividends	III.	Investing Activity
C.	Payment to suppliers for goods	IV.	Operating Activity
D.	Demand deposits with banks	I.	Cash and Cash Equivalents

S19. Ans. (a)

Sol. In the absence of specific information, it is assumed that the remaining partners acquire the retiring partner's share in profit in the old profit-sharing ratio. This is the default assumption as it reflects the pre-existing agreement among the partners.

S20. Ans. (a)

Sol. Revaluation gain or loss at reconstitution is affected by changes in the value of assets and liabilities. Undervaluation of Building, Overvaluation of Stock, and Unrecorded Assets directly impact asset values and, consequently, the revaluation account. Valuation of Goodwill and Reserves do not affect revaluation gain or loss.

S21. Ans. (b)

Sol. Any deficiency to C will be borne by A and B in their original profit-sharing ratio, which is 3:4. This ratio determines how they share both profits and responsibilities, including making up any shortfall in C's guaranteed share.

S22. Ans. (b)

Sol. Redeemable debentures are those that are to be repaid by the issuing company either in a lump sum or in instalments during the lifetime of the company. This term specifies the debentures have a fixed term of maturity.

S23. Ans. (d)

Sol. The correct sequence is given below:

- C. Authorised capital
- A. Issued capital
- D. Subscribed and fully paid-up capital
- B. Subscribed but not fully paid-up capital
- E. Share forfeited Account

S24. Ans. (d)

Sol. A Trial Balance is essential for any organization, including Not-for-Profit organizations, as it provides a summary of all ledger accounts, helping in the preparation of financial statements. It ensures that the accounts are accurately balanced before proceeding to the final statements.

S25. Ans. (c)

Sol. The Revaluation Account is a Nominal Account. Under-valuation of Inventories is corrected on the credit side of Revaluation Account, representing an increase in asset value. Excess of workmen compensation claim over the reserve is debited to Revaluation A/c, indicating a loss or expense.

S26. Ans. (c)

Sol. The Inventory Turnover Ratio is an activity ratio that measures how efficiently a company is managing and selling its inventory. It shows how many times inventory is sold and replaced over a period, indicating operational efficiency.

S27. Ans. (b)

Sol. A Computerized Accounting System refers to the use of computers and software applications to manage and process accounting transactions and compile accounting data and reports, streamlining the accounting process with automation and efficiency.

S28. Ans. (c)

Sol. The ROUNDDOWN function in spreadsheets rounds a number down, towards zero. For -3.2469 rounded down to 3 decimal places, the result is -3.246. This function truncates rather than rounding to the nearest value.

S29. Ans. (c)

Sol. The sequence of items as per vertical form of Balance Sheet of a company:

- B. Current investment
- D. Inventories
- A. Trade Receivable
- C. Cash and Cash equivalents
- E. Short term loans and advances

S30. Ans. (b)

Sol. Deferred Tax Assets are recognized on the balance sheet as Non-Current Assets. They arise due to timing differences between the accounting income and taxable income and are expected to be recovered in future periods when taxable income exceeds accounting income.

S31. Ans. (d)

Sol. Sacrificing Ratio:

$$M = \frac{3}{4} - \frac{2}{5} = \frac{7}{20} \text{ (Sacrifice)}$$

$$N = \frac{1}{4} - \frac{2}{5} = -\frac{3}{20} \text{ (Gain)}$$

O's Goodwill = ₹40,000 for $\frac{1}{5}$ th share

M's will be credited by = ₹40,000 $\times \frac{5}{1} \times \frac{7}{20} = ₹70,000$

N will be debited by = 40,000 $\times \frac{5}{1} \times \frac{3}{20} = ₹30,000$

Journal Entry

Particulars	Debit (₹)	Credit (₹)
Premium for Goodwill A/c Dr	40,000	
N's Capital A/c Dr	30,000	
To M's Capital A/c		70,000

S32. Ans. (c)

Sol. The correct match is given below:

LIST I		LIST II	
A.	Endowment fund	III.	Liability side of Balance Sheet
B.	Honorarium	I.	Expenditure side of Income & Expenditure A/c
C.	Accrued subscription	IV.	Assets side of Balance Sheet
D.	Donation	II.	Income side of Income & Expenditure A/c

S33. Ans. (b)

Sol. When a partner dies, their share of profit from the last balance sheet date up to the date of death is calculated. This amount is debited to the Profit and Loss Suspense Account, which temporarily holds this calculated profit share until it is finalized and distributed to the deceased partner's account.

S34. Ans. (a)

Sol. The correct match is given below:

LIST I		LIST II	
A.	Liquidity Ratio	III.	Quick Ratio
B.	Solvency Ratio	IV.	Interest Coverage Ratio
C.	Activity Ratio	II.	Working Capital Turnover Ratio
D.	Profitability Ratio	I.	Operating Ratio

S35. Ans. (a)

Sol. Not-for-Profit organizations do not engage in trading activities for profit. Therefore, they are not required to prepare a Trading and Profit & Loss Account, which is typically used by businesses to show their trading results and net profit or loss. Instead, these organizations focus on accounts like Receipt and Payment, Income and Expenditure, and the Balance Sheet.

S36. Ans. (b)

Sol. The correct match is given below:

LIST I		LIST II	
A.	Capital called only in the event of winding up of the company	IV.	Reserve Capital
B.	Other name of Registered Capital	I.	Nominal Capital
C.	Subscribed Capital is a part of which capital	II.	Issued Capital
D.	A type of capital profit	III.	Capital Reserve

S37. Ans. (b)

Sol. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. An investment is generally classified as a cash equivalent when it has a maturity of three months or less from the date of acquisition, ensuring high liquidity and low risk of change in value.

S38. Ans. (b)

Sol. Non-current investments are not considered cash and cash equivalents as they are intended for long-term holdings and are not easily convertible into cash. Marketable securities, commercial papers, and treasury bills, due to their high liquidity and short-term nature, are considered cash equivalents.

S39. Ans. (c)

Sol. The need for goodwill valuation in a partnership firm arises during significant changes affecting the firm's value: when there's a change in profit-sharing ratio among existing partners, admission of a new partner, retirement of a partner, or amalgamation of partnership firms. Valuing goodwill during these events ensures fair distribution of profits and compensations.

S40. Ans. (a)

Sol. In many software applications, particularly in Microsoft Office programs like Word, Excel, and PowerPoint, the key combination [Ctrl] + [F1] is used to collapse or minimize the ribbon. This feature is handy for users who want to maximize the working area on the screen by temporarily hiding the ribbon, which contains the toolbars and menu options.

S41. Ans. (d)

Sol. In the context of the dissolution of a partnership firm, a Post-Dissolution Balance Sheet is not required. A Post-Dissolution Balance Sheet is typically prepared because, at the end of the dissolution process, the firm ceases to exist, and all the accounts are closed after the final settlements. The purpose of the dissolution process is to wind up all affairs of the firm, leaving no need for a balance sheet post-dissolution.

S42. Ans. (c)

Sol. The only intangible asset mentioned is Patents and no information is given about its realisation. Therefore, it will be assumed to have not realised any amount.

S43. Ans. (c)

Sol.

Dr.		Realisation Account		Cr.	
Particulars	Amount (₹)	Particulars	Amount (₹)		
To Sundry Assets	2,70,000	By Creditors	30,000		
To Bank (Creditors)	33,000	By Bank (Tangible Assets)	2,25,000		
To Sita's Capital (Realisation Expenses)	10,000	By Meeta's Capital (unrecorded Asset)	5,000		
		By Loss on Realisation:			
		Sita's Capital: ₹17666			
		Rita's Capital: ₹17667			
		Meeta's Capital: ₹17667			
			53,000		
	3,13,000		3,13,000		

S44. Ans. (d)

Sol. Bank Balance Before Dissolution = Total Capital + Reserves + Creditors – Sundry Assets
 Bank Balance Before Dissolution = 30,000 + 30,000 + 1,00,000 + 80,000 + 60,000 – 2,70,000 = ₹30,000

S45. Ans. (b)

Sol. The Realisation Account is a type of Nominal Account. When a partnership firm is dissolved, the Realisation Account is created to record the process of liquidating the firm's assets and settling its liabilities.

S46. Ans. (b)

Sol. When a shareholder fails to pay the amount due on a call, the amount is recorded in the 'Calls in Arrear' account. This account is debited to reflect the unpaid amount, indicating that the company expected to receive this money, but it remains unpaid. The 'Calls in Arrear' account is used to track these outstanding amounts and is critical for a company to accurately represent its financial position regarding expected but unrealized income from share calls.

S47. Ans. (c)

Sol. Pro-rata allotment occurs when a company receives more applications for shares than it can fulfil. Instead of fully accepting some applications and rejecting others, the company's directors opt to allocate shares proportionately among all applicants. This method ensures a fair distribution of shares, where each applicant receives a portion of the shares they applied

for, based on the total number of available shares. This approach is often used to handle oversubscription in an equitable manner.

S48. Ans. (b)

Sol. Excess amount received on Rohan's application
 Rohan has been allotted = 600 Shares
 He must have applied for $\frac{35,000}{30,000} \times 600 = 700$ shares
 Share forfeiture account will be credited Total
 Amount paid by Rohan = $600 \times 30 + (700 - 600) \times 40 = ₹22,000$

S49. Ans. (d)

Sol. Shares allotted to Aman = $\frac{30,000}{35,000} \times 1050 = 900$ shares.
 No. of shares on which final Call was made = $30,000 - 600 - 900 = 28,500$

S50. Ans. (b)

Sol. 1000 shares have been reissued including 900 shares of Aman and Balance 100 shares of Rohan.

Particulars		₹
Gain on 100 shares	$\frac{22,000}{600} \times 100$	₹3,666
Gain on 900 shares	900×50	₹45,000
		₹48,666
Less: Loss on reissue of 1,000 shares		(₹20,000)
Transferred to Capital Reserve		₹28,666