1. Investing Activities includes:
(A) Loan given to third party
(B) Acquire shares warrants
(C) Repayments of amount borrowed
(D) Dividend received from Investment
(E) Issue of shares

Choose the correct answer from the options given below:
(1) (C), (A) and (D) only
(2) (C), (A) and (E) only
(3) (A), (B) and (D) only (4)
(4) (B), (A) and (C) only
2. Which of the following items is shown under the head 'Current assets' while preparing company's Balance Sheet?
(1) Investment in Property
(2) Patents
(3) Inventories
(4) Vehicles
3. Match List - I with List - II.

List - I
(A) Application Money should be at least
(B) The interest rate on calls in Arrears
(C) The interest rate on calls in Advance
(D) The amount of calls should not exceed

List - II
(I) $25 \%$ of face value
(II) $12 \%$ p.a.
(III) $10 \%$ p.a.
(IV) $5 \%$ of face value

Choose the correct answer from the options given below :
(1) (A)-(IV), (B)-(II), (C)-(I), (D)-(III)
(2) (A)-(IV), (B)-(II), (C)-(III), (D)-(I)
(3) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
(4) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
4. $A$ \& $B$ are partners sharing profits \& losses in the ratio of $3: 2$. They admit $C$ for $1 / 4$ th share in the profits. On the date of admission, there exists a General Reserve of Rs. 4,60,000. They decided to retain it in the new Balance Sheet. The accounting treatment for it would be :
(1) C's capital a/c will be debited by Rs. 1,15,000
(2) C's capital a/c will be credited by Rs. 1,15,000
(3) A's capital a/c will be debited by Rs. 69,000
(4) B's capital a/c will be debited by Rs. 46,000
5. At the time of retirement of partner, If General Reserve appears in Balance Sheet of the firm, it will be distributed among the partners in :
(1) Gaining Ratio
(2) Sacrificing Ratio
(3) Old Profit Sharing Ratio
(4) New Profit Sharing Ratio
6. Which alignment is assigned to most values by default?
(1) Right
(2) Centre
(3) Left
(4) Decimal
7. Cash equivalents include :
(A) Commercial paper issue by a company
(B) Marketable Securities
(C) Demand deposit
(D) Cash in hand
(E) Investment in shares

Choose the correct answer from the options given below:
(1) (A), (B) and (C) only
(2) (B), (A) and (C) only
(3) (A), (C) and (E) only
(4) (B), (C) and (D) only
8. $X$ and $Y$ are partners in a firm. $X$ withdraws Rs. 5,000 in the beginning of each month for his personal use. As per partnership deed, interest on drawings is charged @12\% p.a. The interest on drawings will be :
(1) Rs. 325
(2) Rs. 3,900
(3) Rs. 3,600
(4) Rs. 3,300
9. Interest paid on long term borrowings is presented as an addition to Net Profit before tax, being a
(1) Non Cash item
(2) Operating item
(3) Non-operating item
(4) Cash Expense
10. Dissolution of Partnership Firm Means:
(A) Assets are sold and liabilities are paid off
(B) The business of the firm is closed
(C) The books of account are closed
(D) Economic relationship between the partners continues.
(E) Assets are revalued and liabilities and reassessed
Choose the correct answer from the options given below:
(1) (B), (C) and (D) only
(2) (A), (B) and (D) only
(3) (A), (C) and (E) only
(4) (A), (B) and (C) only
11. If the partnership deed is silent than interest on capital will be charged for:
(1) 1 month
(2) 6 months
(3) 1 year
(4) No interest
12. Following extracts of Balance Sheet is taken from the financial statements of $P Q R$ limited.

| Particulars | 2021 -22 | 2020 -21 |
| :--- | ---: | ---: |
| Equities and Liabilities |  |  |
| Shareholders Funds |  |  |
| (a) Equity share capital | $20,00,000$ | $20,00,000$ |
| (b) Preference Share capital (8\%) | $7,50,000$ | $5,00,000$ |
| Reserves and Surplus |  |  |
| Statement of Profit \& Loss | $4,50,000$ | $3,00,000$ |

An interimdividend of $10 \%$ was declared on Equity Share. Preference Shares were issued on $31^{\text {st }}$ March 2022. Net cash flows during the year from Financing Activities will be :
(1) Rs. 2,50,000 inflow
(2) Rs. 2,40,000 outflow
(3) Rs. 10,000 inflow
(4) Rs. 50,000 outflow
13. A company has an outstanding balance of Debentures of Rs. 10,00,000. It issued Debentures of Rs.2,50,000 as collateral security for a loan of Rs. 2,00,000. How much amount will be shown in Balance Sheet against Debentures under long term Borrowing?
(1) Rs. 13,00,000
(2) Rs. 7,50,000
(3) Rs. 10,00,000
(4) Rs. 12,50,000
14. Comparison of financial statements of one year with that of another year is possible only when concept
$\qquad$ is followed.
(1) Going Concern
(2) Materiality
(3) Consistency
(4) Accrual
15. $A, B$ and $C$ are partners sharing profits in the ratio of $5: 3: 2$. On retirement of $C$, the goodwill already appears in the balance sheet at Rs. 24,000 . The goodwill will be written off :
(1) By debiting all partner's capital accounts in their old profit sharing ratio.
(2) By debiting remaining partner's capital accounts in their new profit sharing ratio
(3) By debiting retiring partner's capital accounts for his share of goodwill
(4) By crediting all partner's capital accounts in their old profit sharing ratio
16. Match List - I with List - II.

## List-I

(A) It contains complete information about the company and the manner in which money is to be collected
(B) The amount of authorised capital together with the number of shares in which it is divided is stated in
(C) Balance of share forfeited comes under heading after re-issue of forfeited shares
(D) The balance of share forfeited account after reissue of ail forfeited shares transferred to

## List - II

(I) Memorandum of association
(II) Capital reserve
(III) Share Capital
(IV) Prospectus

Choose the correct answer from the options given below:
(1) (A)-(III), (B)-(I), (C)-(II), (D)-(IV)
(2) (A)-(I), (B)-(III), (C)-(II), (D)-(IV)
(3) (A)-(IV), (B)-(I), (C)-(III), (D)-(II)
(4) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
17. "A partner has agreed to undertake the dissolution work and agreed to pay and bear the realisation expenses himself" Choose the correct entry for the given case.
(1) Partner's Capital A/c Dr

To Bank A/c
(2) Realisation A/c Dr

To Partner's Capital A/c
(3) No entry is required
(4) Realisation A/c Dr

To Bank A/c
18. Subscription received during the year is Rs. 20,000 ; amount received in advance for the next year is Rs. 1,200; amount outstanding for the current year is Rs. 1,600 . Select the amount of subscription to be credited to the Income \& Expenditure Account is :
(1) Rs. 16,000
(2) Rs. 20,400
(3) Rs. 16,800
(4) Rs. 18,400
19. Identify the correct sequence to be followed at the time of Dissolution of Partnership firm:
(A) Payment of Partner's Loan Account
(B) Realisation of Assets
(C) Prepare Cash/Bank Account
(D) Prepare Partner's Capital Account
(E) Payment of outsiders liability

Choose the correct answer from the options given below:
(1) (B), (C), (A), (D), (E)
(2) (B), (E), (A), (D), (C)
(3) (B), (A), (C), (D), (E) (4) (B), (D), (C), (A), (E)
20. The correct sequence for preparing Receipt and Payment Account:
(A) Take the opening balance of Cash in hand and Cash at bank
(B) Find out the difference between total of Debit side and total of Credit side of the Account and enter the same on credit side as closing balance of cash/bank
(C) Total amounts of all receipts on its debit side
(D) Total amounts of all payments on its credit side
(E) None of the receivable income and payable expenses is to be entered in this account
Choose the correct answer from the options given below:
(1) (C), (B), (A), (D), (E)
(2) (A), (C), (D), (E), (B)
(3) (A), (D), (B), (C), (E)
(4) (A), (B), (C), (D), (E)
21. Which of the following options in a financial function indicates the interest for a period?
(1) FV
(2) Nper
(3) PV
(4) Rate
22. Calculate interest on Tushar's drawings $14 \%$ p.a. If he had drawn Rs. 1,35,000 during the year.
(1) Rs. 9,450
(2) Rs. 18,900
(3) Rs. 10,237
(4) Rs. 9,375
23. If a share of Rs. 10 issued at a premium of Rs. 3, on which the full amount has been called and Rs. 8 has been paid on it (including premium), is forfeited, then the share capital is debited with :
(1) Rs. 8
(2) Rs. 5
(3) Rs. 10
(4) Rs. 13
24. Dividend paid by a non finance company is
(1) Operating Activity
(2) Investing Activity
(3) Financing Activity
(4) Cash \& Cash Equivalents
25. On Dissolution of a firm, debtors were Rs. 17,000 of these Rs. 500 become bad and rest realised at $60 \%$. Which account will be debited and with how much amount?
(1) Realisation A/c by Rs. 16,500
(2) Profit \& Loss A/c by Rs. 500
(3) Cash A/c by Rs. 9,900
(4) Debtors A/c by Rs. 7,100
26. A partnership firm with partners $A, B$ and $C$ sharing profits in the ratio of $2: 2: 1$. On 1st April, 2022 they decided to change the profit sharing ratio to $5: 3$ : 2. On that date debit balance of Profit \& Loss Account was Rs. 75,000 appeared in the Balance Sheet and partners decided to pass an adjusting entry for it.
Which of the undermentioned options reflect the correct treatment for the above information?
(1) B's capital Account will be debited by Rs. 7,500 and A's capital Account will be credited by the same amount
(2) A's capital account will be debited by Rs. 7,500 and B's capital account will be credited by Rs. 7,500
(3) B's capital account will be debited by Rs. 7,500 and C's capital account will be credited by Rs. 7,500
(4) B's capital account will be debited by $\% 7,500$ and A's capital account and C's capital account are credited by Rs. 5,000 and Rs. 2,500 respectively
27. Unrecorded assets when taken over by a partner are shown in:
(1) Debit of Bank A/c
(2) Debit of Realisation A/c
(3) Credit of Bank A/c
(4) Credit of RealisationA/c
28. Retiring/Deceased partner is compensated for his share of goodwill by the continuing partners in their
$\qquad$ .
(1) Sacrificing ratio
(2) Old ratio
(3) Gaining ratio
(4) New ratio
29. Increase in Bank overdraft of Rs. 50,000 will be shown as:
(1) Inflow of finance activities
(2) Outflow of finance activities
(3) Inflow of investing activities
(4) Added as increase in current liabilities in operating activities
30. Method of Codification should be:
(1) Such that it leads to grouping of accounts
(2) An identification of mark
(3) Easy to understand
(4) To safeguard assets
31. Goodwill amortised is $\qquad$ the profit made during the year for calculating the cash flow from operating activities.
(1) Deducted from
(2) Added to
(3) Multiplied by
(4) Never included in
32. Capital Employed in a partnership firm is Rs. $50,00,000$. Its average profit is Rs. $6,00,000$. The normal rate of return in similar type of business is $10 \%$. The amount of super profit is:
(1) Rs. 5,00,000
(2) Rs. $6,00,000$
(3) Rs. 11,00,000
(4) Rs. 1,00,000
33. Choose the correct option from the following regarding sequencing of items given below:
(A) Salary to employee
(B) Partner's salary
(C) Net profit
(D) Divisible profit
(E) Manager's Commission

Choose the correct answer from the options given below:
(1) (A), (E), (B), (C), (D)
(2) $(A),(E),(D),(C),(B)$
(3) (A), (E), (C), (B), (D)
(4) (A), (E), (C), (D), (B)
34. Match List - I with List - II.

List - I
(A) Not for Profit Organisation
(B) Part of issued capital which can be called only in the event of winding up
(C) Issue of Debentures
(D) Cash flow statement

## List - II

(I) Collateral security
(II) Operating Activity
(III) Reserve Capital
(IV)Income and Expenditure A/c

Choose the correct answer from the options given below:
(1) (A)-(IV), (B)-(III), (C)-(I), (D)-(II)
(2) (A)-(III), (B)-(IV), (C)-(II), (D)-(I)
(3) (A)-(II), (B)-(I), (C)-(IV), (D)-(III)
(4) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
35. maximum number of Partners in a Partnership firm is :
(1) 100
(2) 50
(3) 250
(4) 200
36. At the time of reconstitution of partnership firm, recording of an unrecorded asset will lead to
$\qquad$ -
(1) Loss to existing partners
(2) Gain to existing partners
(3) Neither gain nor loss to the existing partners
(4) Decrease in Reserves of the firm
37. Financing Activities include:
(A) Purchase of Investment
(B) Proceed from Long term borrowings
(C) Repayment of Bank Loan
(D) Payment of Dividend
(E) Sale of Investments

Choose the correct answer from the options given below:
(1) (B), (C) and (D) only
(2) (A), (B) and (C) only
(3) (A), (C) and (E) only
(4) (A), (B) and (D) only
38. $M, N$ and $S$ are partners in a firm sharing profit in the ratio of $2: 1: 1 \mathrm{~N}$ retires and M and S are decided that capital of the new firm will be fixed at Rs. 1,20,000. Calculate the new capital of $M$ and $S$.
(1) M's capital Rs. 40,000 N's capital Rs. 80,000
(2) M's capitalRs. 60,000 N's capital Rs. 30,000 S's capital Rs. 30,000
(3) M's capitalRs. 80,000 S's capital Rs. 40,000
(4) N's capitalRs. 80,000 S's capital 40,000
39. Arrange the following categories of capital in correct sequence.
(A) Issued Capital
(B) Subscribed Capital
(C) Authorised Capital
(D) Called up Capital
(E) Paid up Capital

Choose the correct answer from the options given below:
(1) (C), (A), (B), (D), (E)
(2) (A), (B), (C), (D), (E)
(3) (D), (B), (C), (A), (E)
(4) (B), (A), (C), (D), (E)
40. Match List - I with List II.

## List-I

(A) Activity Ratios
(B) Profitability Ratios
(C) Solvency Ratios
(D) Liquidity Ratios

## List - II

(I) Ratios which help in the analysis of profit in relation to revenue from operations
(II) Ratios which determine the ability of a business to meet its short term commitments
(III) Ratios that are calculated for measuring the efficiency of operations of business based on effective utilisation of resources
(IV)Ratios that determine the ability to meet its contractual obligations towards stakeholders
Choose the correct answer from the options given below :
(1) (A)-(I), (B)-(II), (C)-(III), (D)-(IV)
(2) (A)-(II), (B)-(IV), (C)-(I), (D)-(III)
(3) (A)-(IV), (B)-(III), (C)-(II), (D)-(I)
(4) (A)-(III), (B)-(I), (C)-(IV), (D)-(II)

Direction for questions 41 to 45: Based on following case, answer question.

A Ltd issued 2000, 10\% debenture of Rs. 100 each on April 1, 2019 at a discount of $10 \%$ redeemable at a premium of $10 \%$ after five years. Company purchased assets of the book value of Rs. 2,20,000 from B Ltd. at
book value and agreed to make payment of purchase consideration by issuing another 2000, 10\% Debentures of Rs. 100 each at a premium of $10 \%$ on above mentioned date only.
41. Debenture issued will be shown in the Balance Sheet as at Mar. 31, 2020 under :
(1) Other Long Term Liabilities
(2) Long Term Borrowings
(3) Research and Surplus
(4) Short Term Borrowings
42. Entry for issue of Debentures to B Ltd. would be:
(1) B Ltd. Dr

Rs. 2,20,000
To 10\% Debentures A/c
Rs. 2,00,000
To Capital Reserve A/c
Rs. 20,000
(2) Assets A/c Dr

To B Ltd.
Rs. 2,20,000
Rs. 2,20,000
(3) B Ltd. Dr To 10\% Debentures A/c

Rs. 2,20,000
Rs. 2,20,000
(4) B Ltd. Dr

Rs. 2,20,000
To 10\% Debentures A/c
Rs. 2,00,000
To Securities premium reserve A/c Rs. 20,000
43. Calculate interest on Debenture for year 2019-20 from the above given information:
(1) Rs. 20,000
(2) Rs. 1,60,000
(3) Rs. 40,000
(4) Rs. 1,40,000
44. On 31st March 2020, Premium on Redemption of Debentures will be shown in Balance Sheet under :
(1) Shareholder's funds
(2) Other long-term liabilities
(3) Long term provisions
(4) Current liabilities
45. Loss on issue of Debentures $\mathrm{A} / \mathrm{c}$ to be written off our of statement of $P$ and $L$ will be :
(1) Rs. 40,000
(2) Rs. 60,000
(3) Rs. 20,000
(4) Rs. 10,000

Direction for questions 46 to 50 : On the basis of the following information, answer the question:

| Particulars | Amount (Rs.) |
| :--- | ---: |
| Share Capital: |  |
| Equity share capital (Rs. 10 each) | $12,00,000$ |
| $12 \%$ Preference share capital | $3,00,000$ |
| Reserves \& Surplus | $5,00,000$ |
| $10 \%$ Debentures | $12,00,000$ |
| Current Liabilities | $3,00,000$ |
| Fixed Assets | $28,00,000$ |
| Current Assets | $7,00,000$ |
| Net profit after tax as per Statement | $4,50,000$ |
| of Profit \& Loss | $1,50,000$ |
| Tax | 34 |

46. Return on Investment will be
(1) $18.45 \%$
(2) $22.5 \%$
(3) $17.52 \%$
(4) $35.08 \%$
47. Debt - Equity ratio of the company is :
(1) $0.6: 1$
(2) $0.75: 1$
(3) $0.8: 1$
(4) $1: 1$
48. Debt-Equity ratio is a measure of :
(1) Profitability of business
(2) Liquidity position of business
(3) Efficiency in use of business resources
(4) Solvency of business
49. To measure the short term financial position
$\qquad$ ratio can be calculated.
(1) Gross Profit Ratio
(2) Current Ratio
(3) Total Assets to Debt Ratio
(4) Proprietary Ratio
50. Interest on Debentures will be :
(1) Rs. 60,000
(2) Rs. 1,00,000
(3) Rs. 1,20,000
(4) Rs. 2,40,000
