Previous Year Paper

16th June 2023 (Shift 3)

Q1. Balance of Debenture Redemption Reserve A/c after the redemption of debenture is credited to:
(a) Security Premium Account
(b) Capital Reserve Account
(c) Statement of profit and Loss account
(d) General Reserve Account

Q2. Nawab, Shanaya and Hritik are partners sharing profits and losses in the ratio of 5 : 3 : 2. The partnership deed provides for charging interest on drawings @10% p.a. The drawings of Nawab, Shanaya and Hritik were ₹20,000, ₹15,000 and ₹10,000 respectively. After final accounts have been prepared, it was discovered that interest on drawings has not been charged. The adjusting entry will be:

(a) Shanaya Capital A/c Dr.	75	---
Hritik Capital A/c Dr.	50	---
To Nawab Capital A/c		125
(b) Shanaya Capital A/c Dr.	125	--
To Hritik Capital A/c Dr.		50
To Nawab Capital A/c		75
(c) Nawab Capital A/c Dr.	125	--
To Shanaya Capital A/c		75
To Hritik Capital A/c		50
(d) Shanaya Capital A/c Dr.	150	--
Hritik Capital A/c Dr.	100	--
To Nawab Capital A/c		250

Q3. In case of dissolution of partnership firm, all assets, except cash/bank and fictitious assets, are transferred to debit side of:
(a) Capital Account
(b) Current Account
(c) Realisation Account
(d) Bank Account

Q4. Mr. Kunal withdrew ₹10,000 per month at the end of each month from a firm for his personal use during the year ending March 31, 2022. What will be the interest on drawings if charged @8% p.a.?
(a) ₹600
(b) ₹5,200
(c) ₹4,800
(d) ₹4,400

Q5. What are the accounting aspects that are involved at the time of retirement or death of a partner.
(A) Ascertainment of profit or loss upto the date of retirement or death of partner.
(B) Realisation of assets and liabilities that are shown in the books of Accounts only.
(C) Adjustment of capital.
(D) Calculation of new profits sharing ratio and gaining ratio.
(E) Treatment of Goodwill
Choose the correct answer from the options given below:
(a) A, C, D and E only
(b) A, C, and D only
(c) A, B and D only
(d) A, C and E only

Q6. Calculate the Cash Flow from investing activities from the following particulars:

	1.4.2016 (₹)	31.03.2017 (₹)
Machine at cost	5,00,000	9,00,000
Accumulated depreciation	3,00,000	4,50,000

During this year machine costing ₹2,00,000 were sold at a profit of ₹1,50,000 and depreciation charged ₹2,50,000.
(a) ₹3,50,000 outflow
(b) ₹3,50,000 outflow
(c) ₹2,00,000 outflow
(d) ₹3,00,000 inflow

Q7. The proper steps in the preparation of Income and Expenditure accounts are:
A. Exclude Capital receipt and Capital payment
B. Close the account to find out surplus or deficit for current year.
C. Consider only revenue receipts and revenue payment
D. Pursue the receipts and payment account
E. Make adjustment for outstanding and prepaid expenses and income.
Choose the correct answer from the options given below:
(a) A, B, C, D, E
(b) B, C, D, E, A
(c) C, D, E, A, B
(d) D, A, C, E, B

Q8. On retirement of a partner, the retiring partner's capital account will be credited with:
(a) His/her share of goodwill
(b) Goodwill (valued) of the firm
(c) Share of goodwill of remaining partners
(d) Existing goodwill of the firm

Q9. What are the matters that need adjustments at the time of Reconstitution of partnership:
A. Preparation of Realisation A/c
B. Calculation of Sacrificing ratio
C. Distribution of accumulated profits
D. Valuation of goodwill
E. Preparation of partner's loan A/c
Choose the correct answer from the options given below:
(a) A, D, and E only
(b) B, C, and D only
(c) A, B, and C only
(d) A, B, and D only

Q10. Match List I with List II

	List – I		List – II
A.	Dissolution of Agreement	I.	When a partner becomes insane

B.	Dissolution by Court	II.	By the completion of venture
C.	Compulsory dissolution	III.	In accordance with contract between partners
D.	On happening of certain Contingencies	IV.	Event making it unlawful for partners to carry on business

Choose the **correct** answer from the options given below:
(a) A-III, B-I, C-IV, D-II
(b) A-IV, B-II, C-III, D-I
(c) A-III, B-IV, C-I, D-II
(d) A-I, B-III, C-II, D-IV

Q11. Which of the following are cash outflow from Operating Activities.
A. Payment of Dividend
B. Payment of employee benefit expenses
C. Payment of taxes
D. Purchase of Inventory from suppliers
E. Purchase of furniture for cash.
Choose the correct answer from the options given below:
(a) A, B and D only
(b) C, D and E only
(c) B, C and E only
(d) B, C and D only

Q12. Calculate cash flow from financing activities.

	01.04.2016 ₹	31.03.2017 ₹
Long Tern Loans	2,00,000	2,50,000

During the year company repaid a loan of ₹1,00,000.
(a) ₹1,50,000
(b) ₹1,00,000
(c) ₹50,000
(d) ₹2,00,000

Q13. Which of the following are shown in Revaluation A/c?
A. Unrecorded Asset
B. Workmen Compensation Reserve
C. Decrease in fixed Asset
D. Increase in Inventory
E. Drawings of partner
Choose the correct answer from the options given below:
(a) A and B only
(b) B and E only
(c) A, C and D only
(d) C and D only

Q14. Buy back of shares cannot be done out of the following sources:
(a) Open Market
(b) Odd lot shareholders
(c) Employees of the company
(d) Existing Debenture holders

Q15. Match List I with List II

	List – I		List – II
A.	Sacrificing Ratio	I.	New Ratio – Old Ratio
B.	New Ratio	II.	Old Ratio – New Ratio
C.	Gaining Ratio	III.	Old ratio + Gaining Ratio
D.	Value of goodwill	IV.	Average profit × No. of years purchase

Choose the **correct** answer from the options given below:
(a) A-II, B-III, C-I, D-IV
(b) A-III, B-I, C-II, D-IV
(c) A-II, B-I, C-III, D-IV
(d) A-I, B-III, C-II, D-IV

Q16. An extract of Balance Sheet as on 31 March 2023

Liabilities	**₹**	**Assets**	**₹**
Provision for legal damages	4,800	Furniture	41,000
		Premises	85,000

Additional Information:
Premises found under-valued by 15% and provision for legal damages to be created upto ₹6,000.
On the basis of above information pass journal entry at the time of reconstitution of firm.
(a) Revaluation A/c Dr ₹16,500
To Premises A/c ₹15,000
To Provision for legal damages A/c ₹1,500
(b) Premises A/c Dr ₹15,000
To Revaluation A/c ₹15,000
Revaluation A/c Dr ₹1,200
To provision for legal damages A/c ₹1,200
(c) Premises A/c Dr ₹15000
To Revaluation A/c ₹15,000
Provision for legal damages A/c Dr. ₹1,200
To Revaluation A/c ₹1,200
(d) Premises A/c Dr ₹12,750
To Revaluation A/c ₹12,750
Revaluation A/c Dr ₹1,200
To provision for legal damages A/c ₹1,200

Q17. A club received ₹20,000 as subscription during the year 2016-17 of which ₹3,000 relates to the year 2015-16, and ₹2,000 to the year 2017-18; and at the end of year 2016-17, ₹6,000 are still receivable. The amount to be shown in the Income and Expenditure account for the year 2016-17 is:
(a) ₹26,000
(b) ₹17,000
(c) ₹21,000
(d) ₹15,000

Q18. Arrange the following activities in correct order while preparing Cash Flow Statement.
A. Increase in prepaid Insurance.
B. Purchase of Copyrights
C. Operating profit before working capital changes
D. Income tax paid
E. Redemption of preference shares.
Choose the correct answer from the options given below:
(a) A, C, D, E, B
(b) C, A, D, B, E
(c) C, D, A, B, E
(d) A, D, B, C, E

Q19. The term 'Field' as applied to database table means:
(a) Vertical column of table

(b) Size of the table
(c) Horizontal row of the table
(d) Name of the table

Q20. Computerised Accounting System refers to:
(a) Printing of Balance Sheet and Profit and Loss account using computer
(b) Processing of accounting transaction through computer and producing records and reports
(c) Processing of accounting related data and printing reports
(d) Data, Report, Leger, Hardware

Q21. The amount on any calls should not exceed _____ of face value of shares.
(a) 10% of face value of share
(b) 15% of face value of share
(c) 25% of face value of share
(d) 5% of face value of share

Q22. Correct sequences of activities involved in case of admission of a partner is-
A. Calculation of New and Sacrificing ratios
B. Preparing of Revaluation account
C. Preparation of partner's Capital account
D. Adjustments of Capitals
E. Preparation of New Balance Sheet.
Choose the correct answer from the options given below:
(a) B, A, C, D, E
(b) A, B, C, D, E
(c) C, D, E, A, B
(d) E, A, B, C, D

Q23. Record journal entry for the following on dissolution of a firm:
Firm has a stock of ₹2,40,000. Arun, a partner took over 50% of the stock at a discount of 15%-

(a) Bank A/c	Dr	₹1,02,000	
To Realisation A/c			₹1,02,000
(b) Realisation A/c	Dr.	₹1,02,000	
To Arun's Capital A/C			₹1,02,000
(c) Arun's Capital A/c	Dr	₹1,02,000	
To Realisation A/c			₹1,02,000
(d) Stock A/c	Dr	₹1,02,000	
To Realisation A/c			₹1,02,000

Q24. A, B and C are partners profits in the ratio of 4:3:2. A retired, B and C decided to take his share in the ratio of 3:2. Calculate B's gain.
(a) $\frac{4}{15}$
(b) $\frac{12}{48}$
(c) $\frac{4}{18}$
(d) $\frac{12}{40}$

Q25. The correct sequence involved in calculation of goodwill by weighted average profit method is:
A. Adjust the profit taking into account abnormal gain/losses.
B. Multiply the weighted average profit by number of years of purchase.
C. Assign weight to each year's profit
D. Find out weighted average profit by dividing total weighted profit by total weight.
E. Find out weighted profit.
Choose the correct answer from the options given below:
(a) A, C, E, D, B
(b) A, B, C, D, E
(c) B, C, D, E, A
(d) C, D, E, A, B

Q26. The dissolution of partnership firm takes place in following order.
A. Outsiders' liabilities are paid out.
B. Partner's capital account is settled.
C. All assets and outside liabilities are transferred to realisation account
D. Partner's loan is repaid in proportion
E. Assets are sold and realised
Choose the correct answer from the options given below:
(a) B, E, D, C, A
(b) C, E, A, D, B
(c) A, D, E, B, C
(d) C, A, D, E, B

Q27. If a share of ₹50, on which ₹40 is called-up and ₹35 is paid, is forfeited, then with what amount the share capital account will be debited?
(a) ₹50
(b) ₹40
(c) ₹35
(d) ₹30

Q28. Salaries and wages are shown in the Statement of Profit and Loss under the head:
(a) Finance Cost
(b) Other Income
(c) Other Expenses
(d) Employee Benefit Expenses

Q29. The item that is not recorded in the Income and Expenditure account is:
(a) Subscription received for current year
(b) Subscription for the previous year received in current year
(c) Subscription for the current year received in previous year
(d) Subscription outstanding for current year not yet received

Q30. At the time of dissolution of partnership firm, following accounting adjustments are considered:-
A. Partner's current A/C are transferred to respective partner's loan A/C.
B. Accumulated losses are transferred to partners capital A/c in profit sharing ratio.
C. All assets except cash and fictitious assets are transferred to debit side of Realisation A/c.
D. Partners' loans are transferred to Realisation A/c.
E. All external liabilities are transferred to the credit side of Realisation A/c.
Choose the correct answer from the options given below:
(a) A, B and C only
(b) B, C and D only
(c) C, D and E only
(d) B, C, and E only

Q31. Match List I with List II

	LIST – I		LIST – II
A.	Voting Rights	I.	Debentures
B.	Artificial person	II.	Shareholders
C.	Convertible	III.	Shares
D.	Not secured by any charge	IV.	Company

Choose the correct answer from the options given below:
(a) A-I, B-IV, C-III, D-II
(b) A-IV, B-I, C-III, D-II
(c) A-II, B-IV, C-III, D-I
(d) A-II, B-IV, C-I, D-III

Q32. On the admission of a partner, increase in the value of asset is debited to:
(a) Profit and Loss adjustment A/c
(b) Asset A/c
(c) Old Partners Capital A/c
(d) Profit and Loss Account

Q33. Match List I with List II – When the partner's capital is fixed.

	LIST – I		LIST – II
A.	Additional capital introduced	I.	Credit side of current account
B.	Withdrawal of capital	II.	Debit side of current account
C.	Drawings	III.	Debit side of partner capital account
D.	Salary payable to partner	IV.	Credit side of partner capital account

Choose the correct answer from the options given below:
(a) A-IV, B-III, C-II, D-I
(b) A-I, B-II, C-III, D-IV
(c) A-II, B-I, C-III, D-IV
(d) A-II, B-III, C-IV, D-I

Q34. Which section of Companies Act, 2013 defines cash flow statement-3 (AS-3)?
(a) Section 3(1)
(b) Section 2(40)
(c) Section 3(2)
(d) Section 2(5)

Q35. Match List I with List II

	List – I		List – II
A.	Issued Capital	I.	Amount of capital company is authorised to issue
B.	Authorised Capital	II.	Part of capital which has not been called
C.	Called-up Capital	III.	Amount of capital issued to public
D.	Uncalled Capital	IV.	Part of capital called by the company

Choose the correct answer from the options given below:
(a) A-III, B-I, C-IV, D-II
(b) A-III, B-I, C-II, D-IV
(c) A-II, B-I, C-IV, D-III
(d) A-I, B-II, C-III, D-IV

Q36. A and B are partners in a firm sharing profit in 4:1 ratio. They admitted "C" as a new partner for 25% share in the profit, which he acquired wholly from A. Determine the new profit-sharing ratio.
(a) 11:4:5
(b) 4:1:1
(c) 3:1:1
(d) 8:1:1

Q37. The Journal entry for payment of unrecorded liability at the time of admission of partner is:

(a) Unrecorded liability A/c Dr	xxx	----
To Revaluation A/c	----	xxx
(b) Unrecorded liability A/c Dr	xxx	----
To Cash A/c	---	xxx
(c) Revaluation A/c Dr	xxx	----
To Cash	----	xxx
(d) Liability A/c Dr	xxx	----
To Revaluation A/c	----	xxx

Q38.

Particulars	01.04.14 amount ₹	31.03.15 amount ₹
Creditor for medicines	25,000	17,000
Stock of medicines	62,000	54,000
Advance to supplier of medicine	11,500	18,200

Amount paid for purchase of medicine during the year 2014-15 was ₹3,70,000. The amount of medicine consumed during the year 2014-15 was:
(a) ₹3,70,000
(b) ₹3,63,300
(c) ₹3,83,000
(d) ₹3,63,000

Q39. The mathematical operator is represented by asterisk (*) is:
(a) Exponentiation
(b) Addition
(c) Subtraction
(d) Multiplication

Q40. Receipt and payment account records:
(a) Only capital item
(b) Only revenue item
(c) All outstanding expenses
(d) All receipts and payments realised and made during the year

Direction (Q41.-Q45.) Read the following information carefully and answer the question.
A Limited took over assets of ₹3,00,000 and liabilities of ₹10,000 from X and co. Ltd. for an agreed purchase consideration of ₹2,70,000 to be satisfied by issue of 10% debentures of ₹100 each at a premium of 20%.
The company also took a loan of ₹10,00,000 from Punjab National Bank and issued 10% debentures of ₹12,00,000 of

₹100 each as collateral security. The rate of Interest on loan is 12% p.a.

Q41. Calculate the amount of fixed obligation of the company.
(a) ₹22,500
(b) ₹1,20,000
(c) ₹1,42,500
(d) ₹2,62,500

Q42. The amount of Capital Reserve is:-
(a) ₹3,00,000
(b) ₹10,000
(c) ₹2,70,000
(d) ₹20,000

Q43. Calculate the number of Debentures issued by A Ltd. for consideration other than cash:-
(a) 2,250
(b) 2,500
(c) 14,250
(d) 12,250

Q44. 'Discount on issue of debenture', which is to be written off under one operating cycle is shown under:-
(a) Other Non-current Assets
(b) Other Current Assets
(c) Other Non-current Liabilities
(d) Other Current Liabilities

Q45. Loan taken by A Ltd from Punjab National Bank will be classified under following head.
(a) Shareholders' fund
(b) Current Liabilities
(c) Non-current Liabilities
(d) Non-current Assets

Direction (Q46. to Q50.) Read the following information carefully and answer the question.
The Balance Sheet of ABC Ltd as at 31 March 2022:-

Liabilities	**Amount (₹)**	**Assets**	**Amount (₹)**
Share capital: Equity (₹. 10)	4,00,000	Fixed Assets	9,50,000
12% preference shares	1,00,000	Current Assets	2,34,000
General Reserve	1,84,000		
10% Debentures	4,00,000		
Current Liabilities	1,00,000		
	11,84,000		11,84,000

Additional information:
1. Market price of share = ₹34
2. Net profit after tax = ₹1,50,000
3. Tax = ₹50,000

Q46. The return on investment will be:
(a) 35.07%
(b) 26.67%
(c) 17.50%
(d) 22.14%

Q47. Shareholder's fund will be:
(a) ₹6,84,000
(b) ₹5,00,000
(c) ₹4,00,000
(d) ₹5,84,000

Q48. Earning Per Share (EPS) will be:
(a) ₹3
(b) ₹3.75
(c) ₹3.45
(d) ₹2.76

Q49. Book value per share will be:
(a) ₹10
(b) ₹14.60
(c) ₹11.68
(d) ₹12.1

Q50. The Price Earning (P/E) ratio will be:
(a) 9.86 times
(b) 10 times
(c) 11.67 times
(d) 12 times

SOLUTIONS

S1. Ans. (d)

Sol. After debentures are redeemed, the balance in the Debenture Redemption Reserve (DRR) account is transferred to the General Reserve Account. This is because the DRR's purpose, ensuring funds are available for debenture redemption, is fulfilled. The transfer reallocates these funds for broader corporate use, reflecting their availability for various company needs.

S2. Ans. (a)

Sol. Statement showing Net effect of Omitting Interest on Drawings

Particulars	Nawab (₹)	Shanaya (₹)	Hritik (₹)	Total (₹)
Amount which should have been debited by way of interest on drawings	1,000	750	500	2,250
Amount that should have been credited by way of share of profit	1,125	675	450	2,250
Required Adjustment	Cr. 125 (Short)	Dr. 75 (Excess)	Dr. 50 (Excess)	

Journal Entry

Particulars		Debit (₹)	Credit (₹)
Shanaya Capital A/c	Dr.	75	
Hritik Capital A/c	Dr.	50	
To Nawab Capital A/c			125

Note: Interest on drawings will be calculated for an average period of 6 months.

S3. Ans. (c)

Sol. During the dissolution of a partnership firm, all assets (except cash/bank balances and fictitious assets like preliminary expenses, underwriting commission, etc.) are transferred to the debit side of the Realisation Account. This account is specifically created to handle the process of dissolving the firm. It records the realisation of assets and settlement of liabilities. This process helps in determining the profit or loss on realisation, which is eventually shared among the partners as per their profit-sharing ratio.

S4. Ans. (d)

Sol. Average Period= $\frac{11+0}{2} = 5.5$ months.

Interest on Drawings= $₹10{,}000 \times 12 \times \frac{8}{100} \times \frac{5.5}{12} =$ ₹4,400

S5. Ans. (a)

Sol. At the time of retirement or death of a partner, several accounting aspects are involved:

(A) Ascertainment of profit or loss up to the date of retirement or death: This involves calculating the share of profit or loss of the retiring or deceased partner up to the date of retirement or death.

(C) Adjustment of capital: This includes revaluating assets and liabilities to reflect their current values and adjusting the capital accounts accordingly.

(D) Calculation of new profit-sharing ratio and gaining ratio: This is necessary to determine how the remaining partners will share future profits and losses and how the gain from the change in the profit-sharing ratio is distributed among the remaining partners.

(E) Treatment of Goodwill: The retirement or death of a partner often necessitates a revaluation of the firm's goodwill and its subsequent adjustment in the capital accounts of the partners.

S6. Ans. (a)

Sol.

Dr. Provision for Depreciation A/c Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Machinery A/c (Bal. Fig)	1,00,000	By Balance b/d	3,00,000
		By Depreciation A/c	2,50,000
To Balance c/d	4,50,000		
Total	5,50,000	Total	5,50,000

Dr. Machinery Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	5,00,000	By Provision for Depreciation A/c	1,00,000
To Profit and Loss A/c	1,50,000	By Bank A/c (Sale)	3,50,000
To Bank A/c (Bal. Fig) (Purchase)	7,00,000	By Balance c/d	9,00,000
Total	13,50,000	Total	13,50,000

Cash Flows from Investing Activities

Particulars	(₹)
Inflow from sale of Machinery	3,50,000
Outflow from purchase of machinery	(7,00,000)
Net cash outflows from Investing Activities	(3,50,000)

S7. Ans. (d)

Sol. The proper steps in the preparation of Income and Expenditure accounts for non-profit organizations are:

(D) Pursue the receipts and payment account: This involves analysing the Receipts and Payments account, which is a summary of cash transactions during the period.

(A) Exclude capital receipt and capital payment: Capital receipts and payments, which are not part of the regular operations, are excluded from the Income and Expenditure account.

(C) Consider only revenue receipts and revenue payments: This step involves focusing only on the transactions that relate to the regular operational activities of the organization.

(E) **Make adjustment for outstanding and prepaid expenses and income:** Adjustments are made for items like outstanding expenses, prepaid expenses, accrued income, and income received in advance to ensure that the income and expenditure reflect the correct period.

(B) **Close the account to find out surplus or deficit for current year:** Finally, the account is closed to determine the surplus (excess of income over expenditure) or deficit (excess of expenditure over income) for the current period.

S8. Ans. (a)

Sol. When a partner retires, their capital account is credited with their share of the firm's goodwill. Goodwill represents the value of the firm's reputation, brand, and other intangible assets. The retiring partner's share of this goodwill is acknowledged as part of their capital account settlement. This amount is typically calculated based on the agreed-upon value of the firm's goodwill and the retiring partner's share in the profit-sharing ratio.

S9. Ans. (b)

Sol. At the time of reconstitution of a partnership (which can happen due to admission, retirement, or death of a partner), certain matters need adjustment:

(B) **Calculation of Sacrificing ratio:** This is necessary particularly when a new partner is admitted. It determines how much profit the existing partners are sacrificing in favour of the incoming partner.

(C) **Distribution of accumulated profits:** Accumulated profits or reserves need to be distributed among the partners as per their profit-sharing ratio. This adjustment ensures that all partners receive their fair share of the profits earned up to the point of reconstitution.

(D) **Valuation of goodwill:** Goodwill of the firm needs to be valued and accounted for at the time of reconstitution. This is crucial as the incoming or outgoing partner must be compensated for their share of goodwill.

S10. Ans. (a)

Sol. The correct match is given below:

List – I		List – II	
A.	Dissolution of Agreement	III.	In accordance with contract between partners
B.	Dissolution by Court	I.	When a partner becomes insane
C.	Compulsory dissolution	IV.	Event making it unlawful for partners to carry on business
D.	On happening of certain Contingencies	II.	By the completion of venture

S11. Ans. (d)

Sol. Cash outflows from operating activities are expenditures that are directly related to the day-to-day operational activities of a business. These include:

(B) **Payment of employee benefit expenses:** This is a regular expense related to the payment of salaries, wages, and other benefits to employees, which is a part of the operational expenses of a company.

(C) **Payment of taxes:** Taxes paid on business operations are considered operating expenses. This includes income taxes and other taxes directly associated with the operational activities of the business.

(D) **Purchase of Inventory from suppliers:** Buying inventory is a core operational activity for most businesses, particularly those in the retail or manufacturing sectors. This is a direct cost associated with producing goods or services for sale.

S12. Ans. (c)

Sol.

Dr. Long Term Loan Account Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Bank A/c (Repayment)	1,00,000	By Balance b/d	2,00,000
To Balance c/d	2,50,000	By Bank A/c (Loan Acquired) (Bal Fig)	1,50,000
	3,50,000		3,50,000

Cash Flows from Financing Activities

Particulars	(₹)
Loan Repaid New Loan Raised	(1,00,000) 1,50,000
Net inflow from Cash Flows from Financing Activities	50,000

S13. Ans. (c)

Sol. The Revaluation Account in partnership accounting is used to reflect the changes in the value of assets and liabilities when there is a reconstitution of the partnership (like admission, retirement, or death of a partner). The items typically shown in the Revaluation Account include:

(A) **Unrecorded Asset:** If there is an asset which was not previously recorded in the books, but now needs to be accounted for, its value is included in the Revaluation Account.

(C) **Decrease in fixed Asset:** Any decrease in the value of fixed assets, like property, plant, or equipment, due to reasons like depreciation, impairment, etc., is recorded in the Revaluation Account.

(D) **Increase in Inventory:** If there is an appreciation or increase in the value of inventory, it is also accounted for in the Revaluation Account.

S14. Ans. (d)

Sol. Buyback of shares is typically funded from various sources, including the open market, odd lot shareholders, and employees of the company. However, it is not typically funded through existing debenture holders, as their investments are in the form of debt, and buybacks usually involve repurchasing company shares from existing shareholders.

S15. Ans. (a)

Sol. The correct match is given below:

	List – I		List – II
A.	Sacrificing Ratio	II.	Old Ratio – New Ratio
B.	New Ratio	III.	Old ratio + Gaining Ratio
C.	Gaining Ratio	I.	New Ratio – Old Ratio
D.	Value of goodwill	IV.	Average profit × No. of years purchase

S16. Ans. (b)

Sol. Premises found under-valued by 15% which means the actual value must have been higher than the book value

Increase in Value of Premises=$85{,}000 \times \frac{15}{85} = ₹15{,}000$

Increase in Provision for Legal damages =$₹6{,}000 - ₹4{,}800 = ₹12{,}000$.

S17. Ans. (c)

Sol. Subscriptions as per Income and Expenditure account = ₹20,000(Subscriptions Received) - ₹3,000(Previous Year) + ₹6,000(Outstanding for current Year) - ₹2,000(Advance for next year) = ₹21,000

S18. Ans. (b)

Sol. The correct order for preparing the Cash Flow Statement is as follows:

C. Operating profit before working capital changes
A. Increase in prepaid Insurance.
D. Income tax paid
B. Purchase of Copyrights
E. Redemption of preference shares

S19. Ans. (a)

Sol. In the context of a database table, the term "Field" refers to a vertical column of the table where specific types of data are stored. It represents a single attribute or piece of information within the table.

S20. Ans. (b)

Sol. A computerized accounting system involves the processing of accounting transactions using a computer to maintain financial records and generate reports. It goes beyond just printing reports and encompasses the entire process of recording, processing, and reporting financial data using computer technology.

S21. Ans. (c)

Sol. The amount on any call should not exceed 25% of the face value of shares.

S22. Ans. (b)

Sol. Correct sequences of activities involved in the admission of a partner are typically as follows:

A. Calculation of New and Sacrificing ratios
B. Preparing of Revaluation account
C. Preparation of partner's Capital account
D. Adjustments of Capitals
E. Preparation of New Balance Sheet

S23. Ans. (c)

Sol. Value of Stock taken over by Arun=$₹2{,}40{,}000 \times \frac{1}{2} \times 85\% = ₹1{,}02{,}000$

Journal Entry

Particulars	Debit (₹)	Credit (₹)
Arun's Capital A/c Dr	1,02,000	
To Realisation A/c		1,02,000
(Being Stock Taken over by Arun)		

S24. Ans. (a)

Sol. B's Gain = A's share × B's Share of takeover

B's Gain = $\frac{4}{9} \times \frac{3}{5} = \frac{4}{15}$

S25. Ans. (a)

Sol. The correct sequence involved in calculating goodwill by the weighted average profit method is as follows:

A. Adjust the profit taking into account abnormal gain/losses.
C. Assign weight to each year's profit.
E. Find out the weighted profit.
D. Find out the weighted average profit by dividing the total weighted profit by the total weight.
B. Multiply the weighted average profit by the number of years of purchase.

S26. Ans. (b)

Sol. The dissolution of a partnership firm typically takes place in the following order:

C. All assets and outside liabilities are transferred to the realization account.
E. Assets are sold and realized.
A. Outsiders' liabilities are paid out.
D. Partner's loan is repaid in proportion.
B. Partner's capital account is settled.

S27. Ans. (b)

Sol. When a share is forfeited, the amount by which the share capital account will be debited is the called-up amount, which is ₹40 in this case.

S28. Ans. (d)

Sol. Salaries and wages are shown in the Statement of Profit and Loss under the head "Employee Benefit Expenses." This category includes all expenses related to employee compensation, such as salaries, wages, bonuses, and benefits

S29. Ans. (b)

Sol. The item that is not recorded in the Income and Expenditure account is subscription for the previous year received in the current year. Income and Expenditure account records the transactions related to the current year, so subscription for a previous year received in the current year would not be included in this account.

S30. Ans. (d)

Sol. During the dissolution of a partnership firm, the following accounting adjustments are considered:

B. Accumulated losses are transferred to partners' capital accounts in profit-sharing ratio.
C. All assets except cash and fictitious assets are transferred to the debit side of the Realization Account.
E. All external liabilities are transferred to the credit side of the Realization Account.

S31. Ans. (d)

Sol. The correct match is given below:

	List I		List II
(A)	Voting Rights	(II)	Shareholders
(B)	Artificial person	(IV)	Company
(C)	Convertible	(I)	Debentures
(D)	Not secured by any charge	(III)	Shares

S32. Ans. (b)

Sol. On the admission of a partner, when there is an increase in the value of an asset, it is debited to the Asset A/c. This adjustment reflects the revaluation of assets to their current market or fair value, and it is important to update the asset values in the books of accounts.

S33. Ans. (a)

Sol. The correct match is given below:

List - I	List - II
A. Additional capital introduced	IV. Credit side of partner capital account
B. Withdrawal of capital	III. Debit side of partner capital account
C. Drawings	II. Debit side of current account
D. Salary payable to partner	I. Credit side of current account

S34. Ans. (b)

Sol. Financial Statements are defined in Companies Act, 2013 (Section 2 (40)] and includes Cash Flow Statement prepared in accordance with Accounting Standard- 3 (AS-3)- Cash Flow Statement

S35. Ans. (a)

Sol. The correct match has been given below:

	List I		**List II**
(A)	Issued Capital	(III)	Amount of capital issued to public
(B)	Authorised Capital	(I)	Amount of capital company is authorised to issue
(C)	Called-up Capital	(IV)	Part of capital called by the company
(D)	Uncalled Capital	(II)	Part of capital which has not been called

S36. Ans. (a)

Sol. A's New ratio $= \frac{4}{5} - \frac{1}{4} = \frac{11}{20}$

B's New ratio $= \frac{1}{5} = \frac{4}{20}$

C's share=25%$=\frac{1}{4} = \frac{5}{20}$

New Ratio = A : B : C = 11 : 4 : 5

S37. Ans. (c)

Sol.

Particulars		**Debit (₹)**	**Credit (₹)**
Revaluation A/c	Dr	xxxxx	
To Cash A/c			xxxxx

S38. Ans. (b)

Sol. Cost of medicines consumed

Details	**Amt. (₹)**
Payment for purchases of medicine	3,70,000
(+) Creditors for medicines Purchases 31.03.15	17,000
(+) Advance for medicines Purchases on 01.04.14	11,500
	3,98,500
(-) Creditors for medicines Purchases 01.04.14	(25,000)
(-) Advance for medicines Purchases on 31.03.15	(18,200)
Purchase of medicine During the Year 2011	3,55,300
(+) Opening stock of medicine as on 01.04.14	62,000
(-) Closing stock of Medicine as on 31.03.15	(54,000)
Medicine consumed during the year 2014-15	3,63,300

S39. Ans. (d)

Sol. The mathematical operator represented by an asterisk (*) is used for multiplication in arithmetic operations.

S40. Ans. (d)

Sol. A Receipt and Payment Account records all the cash receipts and payments made by an organization during a specific accounting period, including both capital and revenue items. It provides a summary of cash transactions, which includes items related to both income and expenses, as well as capital items.

S41. Ans. (c)

Sol. Number of Debentures issued=$\frac{₹2,70,000}{120} = 2,250$

Amount of fixed obligation= Interest on Loan+ Interest on issued debentures

Amount of fixed obligation= $₹12,00,000 \times 10\% + 2,250 \times 100 \times 10\%$

Amount of fixed obligation= $₹1,20,000 + ₹22,500 = ₹1,42,500$.

S42. Ans. (d)

Sol. Amount of Capital Reserve=Assets − liabilities − Purchase Consideration = ₹3,00,000 − ₹10,000 − ₹2,70,000 = ₹20,000

S43. Ans. (a)

Sol. Number of Debentures issued=$\frac{₹2,70,000}{120} = 2,250$

S44. Ans. (b)

Sol. "Discount on issue of debenture" that is to be written off under one operating cycle is typically shown under Other Current Assets in the balance sheet. This is because it represents a deferred expense that will be amortized or written off within a short period, usually within the same operating cycle.

S45. Ans. (c)

Sol. A loan taken by A Ltd from a bank like Punjab National Bank, is considered a form of non-current liability. This is because it represents a long-term obligation that is not expected to be settled within the current operating cycle or within one year, which is the typical definition of non-current liabilities.

S46. Ans. (d)

Sol. Net profit after tax = ₹1,50,000; Tax = ₹50,000

Net profit before tax = ₹1,50,000+₹50,000=₹2,00,000

Capital Employed = Equity Share Capital + Preference Share Capital + Reserves + Debentures

Capital Employed = ₹4,00,000 + ₹1,00,000 + ₹1,84,000 + ₹4,00,000 = ₹10,84,000

Return on Investment=$\frac{\text{Profit before Interest and Tax}}{\text{Capital Employed}} \times 100$

Return on Investment=$\frac{2,40,000}{10,84,000} \times 100 = 22.14\%$

S47. Ans. (a)

Sol. Shareholders' Fund = Equity Share Capital + Preference Share Capital + General Reserve

Shareholders' Fund= ₹4,00,000 + ₹1,00,000 + ₹1,84,000 = ₹6,84,000

S48. Ans. (c)

Sol. Profit available for Equity Shareholders = ₹1,50,000 - 12%×₹1,00,000 = ₹1,38,000

EPS = $\frac{\text{Profit available for Equity Shareholders}}{\text{Number of Equity Shares}} = \frac{₹1,38,000}{₹40,000} =$ ₹3.45

S49. Ans. (b)

Sol. Number of Equity Shares = $\frac{\text{Equity share capital}}{\text{Face value per share}} = \frac{4,00,000}{10}$= 40,000 shares

Book Value per share = $\frac{\text{Equity Shareholders' fund}}{\text{No.of equity shares}} = \frac{₹5,84,000}{40,000} =$ ₹14.60

S50. Ans. (a)

Sol. P/E Ratio = $\frac{\text{Market price of a share}}{\text{Earnings per share}} = \frac{34}{3.45} = 9.86$ Times