

# Solved Paper 2022

## ACCOUNTANCY (TERM-I)

Time : 90 Minutes

Class-XII

Max. Marks : 40

### General Instructions :

- (i) This question paper contains 60 questions out of which 40 questions are to be attempted. All questions can equal marks.
- (ii) This question paper consists of three parts – Part-I, II and III.
- (iii) Part-I is compulsory for all candidates. Attempt either Part-II or Part-III.
- (iv) Part-I comprises of three sections - Section A, B and C.
- (v) From Part-I (Q. No. 1 to 36) – attempt any 14 questions each from Section A and B. Attempt any three questions from Section C.
- (vi) From Part-II OR III – (Q. No. 37 to 60) – attempt four questions from Section A and any five questions from Section B.
- (vii) Attempted first desired number of questions only, in each Part/Section will be evaluated.
- (viii) There is only one correct option for every multiple choice questions (MCQs). Marks will not be awarded for answering more than one option.
- (ix) There is no negative marking.

Series: SSK/3

067/3/4

### PART - I (SECTION A)

Attempt any 14 questions from question number 1 to 16.

1. The document that contains the terms of partnership is called: 1
- (a) Partnership Agreement (b) Partnership Contract  
(c) Partnership Deed (d) Partnership Rules

Ans. Option (c) is correct.

*Explanation:* According to Section 5 of the Indian Partnership Act, 1932, Partnership Deed is an agreement between the partners determining their mutual contracted relationship and its limitation for better and effective operation of business. It contains rules and conditions for operation of business.

2. A, B, C and D are partners in a firm. They want to expand their business for which additional capital and more managerial experts are required. For this they want to admit more members in their firm. What is the maximum number of additional members that can be admitted by them in the firm: 1
- (a) 02 (b) 50 (c) 20 (d) 46

Ans. Option (d) is correct.

*Explanation:* The maximum number of members in a Partnership firm can be 50. As there are 4 partners already, so a maximum of  $[(50 - 4) = 46]$  members can be added.

3. Vijay and Rattan are partners in a firm. The partnership agreement provides for interest on drawings @ 12% per annum. Which of the following accounts will be debited to transfer interest on drawings to Profit and Loss Appropriation Account: 1
- (a) Interest on Drawings account (b) Bank account  
(c) Partners Current accounts (d) Partners Capital accounts

Ans. Option (a) is correct.

*Explanation:* Interest on Drawing account is debited to the Profit and Loss Appropriation Account, it is transferred to the Profit and Loss Appropriation Account. Partners Current Account (in case of fixed Capital) or Partners Capital Account (in case of flexible capital) is debited with Interest on Drawings Account.

4. A and B were partners in a firm. Their capitals at the end of the year ending on 31.3.2021 were ₹ 3,00,000 and ₹ 1,50,000 respectively. During the year B withdrew ₹ 10,000, which was debited to his capital account. Profit for the year ended 31<sup>st</sup> March, 2021 was ₹ 32,000 which was credited to their capital accounts. During the year B introduced additional capital ₹ 32,000. What was B's capital on 1.4.2020? 1

(a) ₹ 1,50,000                      (b) 1,60,000                      (c) ₹ 1,12,000                      (d) ₹ 1,52,000

Ans. Option (c) is correct.

*Explanation:*

Dr.

Cr.

Date	Particulars	Amount (Rs.)	Date	Particulars	Amount (Rs.)
31.3.2021	To Drawings	10,000	1.4.2020	By Balance b/d (Balancing figure)	1,12,000
	To Balance c/d	1,50,000	31.3.2021	By Net Profit $\left(32,000 \times \frac{1}{2}\right)$	16,000
			31.3.2021	By Bank A/c	32,000
		1,60,000			1,60,000

The profit will be shared equally as the ratio is not mentioned.

5. P, Q and R were partners in a firm sharing profits and losses in the ratio 2:2:1. They admitted L as a new partner for 1/5 share in the profits. L was given a guarantee that - his share of profit shall be 1,00,000. Any deficiency arising on account of guarantee to L will be borne by Q. The profit of the firm during the year ended 31.3.2021 was ₹ 4,00,000. The amount of deficiency borne by Q was: 1

(a) ₹ 80,000                      (b) ₹ 20,000                      (c) ₹ 100,000                      (d) ₹ 6,667

Ans. Option (b) is correct.

*Explanation:*

Profit sharing Ratio = 2 : 2 : 1

Profit Earned = 4,00,000

L's share of profit =  $\frac{1}{5}$ th

=  $\frac{1}{5} \times 4,00,000$

= ₹ 80,000

Amount of Guarantee given = ₹ 1,00,000

Amount to be borne by Q = ₹ 1,00,000 - ₹ 80,000 = ₹ 20,000

6. X and Y were partners in a firm sharing profits and losses equally. Their capitals were ₹ 2,00,000 and ₹ 3,00,000 respectively. Z was admitted as a new partner for 1/4<sup>th</sup> share in the profits of the firm. Z brought ₹ 2,00,000 as his capital. The goodwill of the firm was: 1

(a) ₹ 1,00,000                      (b) ₹ 25,000                      (c) ₹ 2,00,000                      (d) ₹ 7,00,000

Ans. Option (a) is correct.

*Explanation:*

Old share of X and Y = 1 : 1

Z's share =  $\frac{1}{4}$ th

Capital as per Z's share = ₹ 2,00,000  $\times$  4 = 8,00,000

Capital of X and Y combined = ₹ 8,00,000 - ₹ 2,00,000 = ₹ 6,00,000

Capital as per the balance sheet = ₹ 5,00,000

Goodwill = ₹ 1,00,000

7. R and M were partners in a firm, sharing profits and losses in the ratio of 5:3. L was admitted as a new partner for 1/5<sup>th</sup> share in the profits of the firm. The new profit ratio was 2:2:1. L brought ₹ 1,54,000 for his capital and did not bring his share of goodwill premium. Goodwill of the firm on L's admission was estimated at ₹ 4,50,000. It was decided not to raise goodwill account on L's admission. 1

Out of the following what will be the correct treatment of goodwill on L's admission?

(a) Debit L's current A/c by ₹ 90,000 and credit R's and M's capital A/cs by ₹ 45,000 each.

(b) Debit L's current A/c by ₹ 90,000, Debit M's capital A/c by ₹ 11,250, credit R's capital A/c by ₹ 1,01,250.

- (c) Debit L's current A/c by ₹ 90,000 and credit R's capital A/c by ₹ 56,250 and credit M's capital A/c ₹ 33,750.  
 (d) Debt L's current A/c by ₹ 4,50,000 and credit R's and M's capital Mc by ₹ 2,25,000 each.

Ans. Option (b) is correct.

*Explanation:*

$$\begin{aligned} \text{Old Ratio} &= 5 : 3 \\ \text{New Ratio} &= 2 : 2 : 1 \\ \text{R's change in share} &= \frac{5}{8} - \frac{2}{5} = \frac{25}{40} - \frac{16}{40} = \frac{9}{40} \\ \text{M's change in share} &= \frac{3}{8} - \frac{2}{5} = \frac{15}{40} - \frac{16}{40} = -\frac{1}{40} \\ \text{L's share in Goodwill} &= \frac{1}{5} \times 4,50,000 = ₹ 90,000 \end{aligned}$$

As M is a gaining partner, he also needs to bring the amount of goodwill.

Debit L's current A/c by ₹ 90,000, M's capital A/c by ₹ 11,250 and credit R's Capital A/c by ₹ 1,01,250.

8. Sharma and Verma were partners in a firm. The partnership deed provided that interest on partners' drawings will be charged @ 12% per annum. During the year, Sharma withdrew ₹ 6,000. Interest on his drawings will be: 1

- (a) ₹ 600                                      (b) ₹ 330                                      (c) ₹ 360                                      (d) ₹ 720

Ans. Option (c) is correct.

*Explanation:* Interest on drawing =  $\frac{6000 \times 12 \times 6}{100 \times 12} = ₹ 360$

9. When a combined "Share Application and Allotment Account" is opened in the books of the company, which of the following accounts will be debited for money refunded on rejected application: 1

- (a) Share Application Account                                      (b) Share Application and Allotment Account  
 (c) Share Allotment Account                                      (d) Bank Account

Ans. Option (b) is correct.

*Explanation:* As a joint Share Application and Allotment Account is opened, so when the money was received it was credited. Thus, when the money is refunded or rejected, the same account will be debited.

10. Shubham Ltd. purchased a machinery of ₹ 3,80,000 from Ganpati Ltd. The payment was made by issue of 3,000 equity shares of ₹ 100 each at a premium of 10% and the balance by issuing a cheque. The amount of cheque issued in favour of Ganpati Ltd. was: 1

- (a) ₹ 80,000                                      (b) ₹ 3,80,000                                      (c) ₹ 30,000                                      (d) ₹ 50,000

Ans. Option (d) is correct.

*Explanation:*

Amount of Machinery Purchased	₹ 3,80,000
Amount through 3,000 shares of ₹ 100 at a premium of 10% (3,000 × 100 + 10% of 3,00,000)	<u>3,30,000</u>
Amount to be paid by cheque	<u>50,000</u>

11. Pooja Ltd. issued 50,00,000 equity share of ₹ 100 each at a premium of ₹ 30 per share. Half of the premium amount was payable on allotment and the remaining half was payable on first call. Raja to whom 500 shares were allotted failed to pay the first call and second and final call. His shares were forfeited. On forfeiture of shares the amount debited to 'securities premium reserve account' was: 1

- (a) 7,500                                      (b) ₹ 15,000                                      (c) Nil                                      (d) ₹ 50,000

Ans. Option (a) is correct.

*Explanation:* Amount of premium paid on allotment by Raja = 500 × 15 = ₹ 7,500  
 ∴ The amount to be debited = ₹ 7,500

12. Y Ltd. invited applications for issuing 1,00,000 equity shares of ₹ 10 each at a premium of ₹ 8 per share. The amount per share was payable as follows: 1

- On Application – ₹ 8 per share (including ₹ 5 premium)  
 On Allotment – ₹ 8 per share (including ₹ 3 premium)

On first and final call – Balance.

Applications for 1,50,000 shares were received. Mohan who had applied for 4,000 shares paid the entire share money, on shares applied, with application. The application money received was:

- (a) ₹ 12,00,000                      (b) 8,00,000                      (c) 12,40,000                      (d) ₹ 10,00,000

Ans. Option (c) is correct.

*Explanation:*

Amount received from share application (1,50,000 × 8)	12,00,000
Extra amount received from Mohan [4000 × (18 – 8)]	<u>40,000</u>
	<u>12,40,000</u>

13. Which of the following accounts will be debited for transferring loss on revaluation of assets and reassessment of liabilities at the time of admission of a new partner into the partnership firm: 1

- (a) Old partner's capital accounts in old profit sharing ratio  
 (b) Old partners capital accounts in sacrificing ratio  
 (c) All partners capital accounts (including incoming partner) in new profit sharing  
 (d) Revaluation account

Ans. Option (a) is correct.

*Explanation:* Revaluation Account is made to adjust the value of assets and liabilities of the firm during restructuring of the firm. The profit or loss so arising is transferred to the current/capital accounts in the old profit sharing ratio.

14. A business earned average profits of ₹ 60,000 during the last three years. The normal rate of return on similar business is 12%. The value of net assets of the business is ₹ 4,00,000. Its goodwill by capitalisation of Average Profits Method will be 1

- (a) ₹ 1,00,000                      (b) ₹ 2,00,000                      (c) ₹ 4,00,000                      (d) ₹ 50,000

Ans. Option (a) is correct.

*Explanation:* Capitalised Value =  $\frac{\text{Actual Average Profit} \times 100}{\text{Normal Rate of Return}} = \frac{60,000 \times 100}{12} = ₹ 5,00,000$

Goodwill = Capitalised Value – Assets  
 = ₹ 5,00,000 – ₹ 4,00,000 = ₹ 1,00,000

15. Due to change in the profit sharing ratio, Anisha's gain is 1/5<sup>th</sup> while Harit's sacrifice is 1/5<sup>th</sup>. They decided to adjust the following without affecting their book values, by passing a single adjustment entry: 1

General Reserve                      ₹ 20,000

Profit & Loss Account (Dr.)      ₹ 30,000

The necessary adjustment entry will be:

- (a) Debit Anisha's capital account by ₹ 2,000 and credit Harit's capital account by ₹ 2,000.  
 (b) Debit Anisha's capital account by ₹ 10,000 and credit Harit's capital account by ₹ 10,000.  
 (c) Debit Harit's capital account by ₹ 2,000 and credit Anisha's capital account by ₹ 2,000.  
 (d) Debit Harit's capital account by ₹ 10,000 and credit Anisha's capital account by ₹ 10,000.

Ans. Option (c) is correct.

*Explanation:*  $\frac{1}{5} \times 20,000 = 4,000$  (General Reserve)

Profit & Loss Adjustment =  $\frac{1}{5} \times 30,000 = 6,000$

Total = 10,000

16. Leela and Meeta were partners in a firm sharing profits and losses in the ratio of 7:3.

Geeta was admitted as a new partner for a 3/13<sup>th</sup> share in the profits of the firm. The new profit sharing ratio will be: 1

- (a) 7:3:7                              (b) 7:3:3                              (c) 3:7:7                              (d) 1:1:1

Ans. Option (b) is correct.

*Explanation:*

$$\begin{aligned} \text{Old Ratio} &= 7 : 3 \\ \text{Leela's share} &= \frac{7}{10} \\ \text{Meeta's share} &= \frac{3}{10} \\ \text{Geeta's share} &= \frac{3}{13} \\ \text{Share left} &= 1 - \frac{3}{13} = \frac{10}{13} \\ \text{Leela's New share} &= \frac{7}{10} \times \frac{10}{13} = \frac{7}{13} \\ \text{Meeta's New share} &= \frac{3}{10} \times \frac{10}{13} = \frac{3}{13} \\ \text{New share} &= 7 : 3 : 3 \end{aligned}$$

**PART - I**  
**(SECTION B)**

**Instructions:** Attempt any 14 questions from question number 17 to 32.

17. Given below are two statements one labelled as Assertion (A) and the other labelled as Reason (R): 1

Assertion (A): Co-ownership of property amounts to partnership.

Reason (R): The element of business is present in co-ownership.

In the context of the above two statements which of the following is correct.

- (a) Both (A) and (R) are correct and (R) is correct reason for (A).  
 (b) Both (A) and (R) are incorrect  
 (c) (A) is correct but (R) is incorrect.  
 (d) Both (A) and (R) are correct but (R) is not the correct reason for (A).

**Ans.** Option (b) is correct.

*Explanation:* In case of partnership, neither does co-ownership of property nor the element of business amount to partnership. It is an agreement between the partners to enter into a business.

18. Z Ltd. forfeited 800 shares of ₹10 each on which ₹8 per share was called and ₹6 per share was paid. The amount with which share capital account debited on the forfeiture of these shares was: 1

- (a) ₹ 8,000                      (b) ₹ 6,400                      (c) ₹ 4,800                      (d) ₹ 3,200

**Ans.** Option (b) is correct.

*Explanation:* Called up amount is transferred to share capital A/c that is  $800 \times ₹ 8 = ₹ 6,400$

19. A situation where number of shares offered to the public for subscription are less than the number of shares for which applications have been received is called: 1

- (a) Under subscription                      (b) Fully subscribed  
 (c) Over subscription                      (d) Both (B) and (C)

**Ans.** Option (c) is correct.

*Explanation:* When shares offered > share application = Under subscription

Shares offered < share application = Over subscription

Shares offered = share application = Fully subscribed

20. Which of the following statements are correct: 1

- (i) The liability of a partner for acts of the firm is unlimited.  
 (ii) Private assets of a partner can also be used for paying the debts of the firm.  
 (iii) Each partner is liable jointly with all other partners and also severally to the third parties for all the acts of the firm done, while he is a partner.  
 (iv) The liability of a partner is limited to the extent of his capital contribution
- (a) Only (iii)                      (b) (i) and (ii)                      (c) (i), (ii) and (iii)                      (d) (i), (ii), (iii) and (iv)

Ans. Option (c) is correct.

*Explanation:* Statement (iv) is incorrect because the liability of a partner is not limited to the capital contribution unless otherwise mentioned in the partnership deed.

21. Which of the following statement is not true for fixed capital account? 1
- The capital account balance remains unchanged unless there is addition to or withdrawal of capital.
  - The capital accounts always show a credit balance.
  - Each partner has only one account. i.e. capital account, under this method.
  - All adjustments for drawings, salary, interest on capital etc. are made in the current accounts.

Ans. Option (c) is correct.

*Explanation:* Each partner has two accounts namely capital and current account under the fixed capital amount method.

22. Amar and Samar were partners in a firm sharing profits and losses in the ratio of 1:5. On 1.4.2021, Ganesh was admitted for  $\frac{1}{5}$ <sup>th</sup> share in the profits. On the date of Ganesh's admission, the balance sheet of Amar and Samar showed a debit balance of ₹ 60,000 in the profit and loss account. The accounting treatment for the same in the books of accounts of the firm on Ganesh's admission will be: 1
- Amar's and Samar's Capital Accounts will be debited by ₹ 10,000 and ₹ 50,000 respectively and Profit and Loss Account will be credited by ₹ 60,000.
  - Profit and Loss Account will be debited by ₹ 60,000 and Amar's and Samar's Capital Accounts will be credited by ₹ 10,000 and ₹ 50,000 respectively.
  - Revaluation Account will be debited by ₹ 60,000 and Profit and Loss Account will be credited by ₹ 60,000.
  - Profit and Loss Appropriation Account will be debited by ₹ 60,000 and Profit and Loss Account will be credited by ₹ 60,000.

Ans. Option (a) is correct.

*Explanation:* Amar's share =  $\frac{1}{6} \times 60,000 = ₹ 10,000$

Samar's share =  $\frac{5}{6} \times 60,000 = ₹ 50,000$

23. On the reconstitution of a firm, the value of land was to be appreciated by ₹ 2,00,000 and plant and machinery was to be reduced to ₹ 7,00,000 from ₹ 10,00,000. Gain or Loss on revaluation will be: 1
- Gain ₹ 1,00,000
  - Loss ₹ 1,00,000
  - Loss ₹ 5,00,000
  - Gain ₹ 5,00,000

Ans. Option (b) is correct.

*Explanation:* Amount Reduced of Plant & Machinery = ₹ 3,00,000  
 Amount Appreciated of Fund = ₹ 2,00,000  
 Loss = ₹ 1,00,000

24. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R). 1
- Assertion (A): Goodwill is an intangible asset.  
 Reason (R): It is the value of the reputation of a firm in respect of the profits expected in future over and above the normal profits.
- In the context of the above statements which of the following is correct?
- Both (A) and (R) are correct.
  - (A) is wrong but (R) is correct.
  - (A) is correct but (R) is wrong.
  - Both (A) and (R) are wrong.

Ans. Option (a) is correct.

*Explanation:* Goodwill is an intangible asset as it cannot be touched and is calculated as the value of the reputation of the firm with respect to the profits earned.

25. When a new partner is admitted, the balance of 'General Reserve' appearing in the Balance Sheet is credited to: 1
- Profit and Loss Appropriation Account
  - Capital Accounts of all partners
  - Revaluation Account
  - Capital Accounts of old partners

Ans. Option (d) is correct.

*Explanation:* The amount of 'General Reserve' in the Balance Sheet during the restructuring of the firm is transferred to the old partner's capital account in the old profit sharing ratio.

26. Kavita and Karan are partners in a firm sharing profits and losses in the ratio 4 : 1. On 1<sup>st</sup> April, 2021, they admitted Mohit for 1/4<sup>th</sup> share in the profits of the firm. The balance sheet of Kavita and Karan showed stock at ₹ 45,000. On admission of new partner, the stock was found undervalued by 10%. The journal entry to give effect to the above adjustment on Mohit's admission will be: 1

		Debit Amount (₹)	Credit Amount (₹)
(a)	Revaluation A/c To Stock A/c	Dr. 5,000	5,000
(b)	Stock A/c To Revaluation A/c	Dr. 4,500	4,500
(c)	Stock A/c To Revaluation A/c	Dr. 5,000	5,000
(d)	Revaluation A/c To Stock A/c	Dr. 4,500	4,500

Ans. Option (c) is correct.

*Explanation:* Let the value of stock be  $x$

$$x - 10\% \text{ of } x = ₹ 45,000$$

$$\frac{90}{100}x = ₹ 45,000$$

$$x = \frac{45,000 \times 100}{90} = ₹ 5,000$$

27. Sangeet and Suman were partners in a firm sharing profits and losses in the ratio of 7 : 3. During the year ended 31.3.2021, the firm earned a profit of ₹ 1,00,000. After preparation of the financial statements it was discovered that salary to Suman @ ₹ 3,000 per month had been omitted. The necessary adjustment entry for the same will be: 1

		Dr. (₹)	Cr. (₹)
(a)	Profit and Loss Appropriation A/c Suman's Capital A/c	Dr. 36,000	36,000
(b)	Sangeet's Capital A/c Suman's Capital A/c	Dr. 36,000	36,000
(c)	Profit and Loss Adjustment A/c Suman's Capital A/c	Dr. 36,000	36,000
(d)	Sangeet's Capital A/c Suman's Capital A/c	Dr. 25,200	25,200

Ans. Option (d) is correct.

*Explanation:*

$$\text{Total salary} = ₹ 3,000 \times 12 = ₹ 36,000$$

$$\text{Amount of Profit} = ₹ 1,00,000$$

$$\text{Amount of Profit to be credited} = ₹ 64,000$$

$$\text{Share of Profit Sangeet} = \frac{7}{10} \times 64,000 = 44,800$$

$$\text{Profit shared: Sangeet} = 70,000$$

$$\text{Amount Received less} = 70,000 - 44,800 = ₹ 25,200$$

28. Roopa and Daya were partners in a firm. They admitted Navin as a new partner for 1/3<sup>rd</sup> share in the profits. On Navin's admission, it was found that there was a claim against the firm for damages for which a liability for damages should be created, Which of the following accounts will be debited for creating the liability: 1

- Profit and Loss Appropriation Account
- Profit and Loss Account
- Revaluation Account
- Profit and Loss Adjustment Account

Ans. Option (c) is correct.

*Explanation:* Any amount of liability is transferred to the Revaluation account.

29. Given below are two statements, one labelled as Assertion (A) and the other as Reason (R). 1  
 Assertion (A): In case the company fails to receive minimum subscription, it cannot proceed for the allotment of shares.

Reason (R): When the company fails to receive minimum subscription it has to return the application money within 120 days from the date of issue of prospectus.

In the context of the above two statements which of the following is correct:

- (a) Both (A) and (R) are correct.  
 (b) (A) is correct but (R) is incorrect.  
 (c) Both (A) and (R) are incorrect.  
 (d) (A) is incorrect but (R) is correct.

Ans. Option (b) is correct.

*Explanation:* Reason (R) wrong as the application should be returned within 130 days of the issue of prospectus.

30. X Ltd. invited applications for issuing 10,00,000 equity shares of ₹ 10 each at a premium of ₹ 9 per share. The amount was payable as follows: 1

On Application – ₹ 6 per share (including premium ₹ 3)

On Allotment – ₹ 8 per share (including premium ₹ 4)

On first and final call – Balance

Applications for 15,00,000 shares were received. Shares were allotted on pro-rata basis to all applicants. Excess application money received with applications was adjusted towards sums due on allotment. Dharam to whom 600 shares were allotted failed to pay the allotment money. Allotment amount that was not paid by Dharam was:

- (a) ₹ 4,800                      (b) ₹ 600                      (c) ₹ 3,000                      (d) ₹ 2,400

Ans. Option (c) is correct.

*Explanation:* Shares bought by Dharam =  $600 \times \frac{15,00,000}{10,00,000} = 900$

Amount paid =  $900 \times 6 = ₹ 5,400$

Amount for allotted share =  $600 \times 6 = ₹ 3,600$

Amount adjusted = 1,800

Amount to be received on allotment ( $600 \times 8$ ) = 4,800

₹ 3,000

31. PP Ltd. invited applications for issuing 10,000 equity shares of ₹ 10 each. Applications for 9,500 shares were received and allotment was made to all the applicants. Ravi a shareholder holding 200 shares failed to pay allotment money and his shares were forfeited. Mohan to whom 100 shares were allotted failed to pay the first call and his shares were forfeited immediately after the first call was made. Afterwards, the second and final call was made. The second and final call will be due on how many shares? 1

- (a) 9,500                      (b) 9,300                      (c) 9,200                      (d) 10,000

Ans. Option (c) is correct.

*Explanation:*  $9,500 - 200 - 100 = 9,200$

32. Raman Ltd. was registered with an authorised capital of ₹ 5,00,00,000 divided into shares of 10 each. The company offered for subscription 4,00,000 shares. Applications were received for 4,50,000 shares. Applications for 50,000 shares were rejected. A shareholder holding 10,000 shares failed to pay the first and final call of ₹ 2 per share. The subscribed capital of the company is: 1

- (a) ₹ 5,00,00,000              (b) ₹ 40,00,000              (c) ₹ 45,00,000              (d) ₹ 39,80,000

Ans. Option (d) is correct.

*Explanation:* Amount received on issue of 4,50,000 shares = ₹ 45,00,000

Amount rejected on 50,000 shares = ₹ 5,00,000

₹ 40,00,000

Amount not paid on 10,000 shares ( $10,000 \times 2$ ) = 20,000

Amount of authorised capital = ₹ 39,80,000



**PART - I**  
**(SECTION C)**

Instructions: From question numbers 33 to 36, attempt any 3 questions.

Question number 33 and 34 are based on the hypothetical situation given below:

Sun India Ltd. invited applications for issuing equity shares of ₹ 10 each at a premium of 10%. The premium was payable on allotment. Because of over-subscription, all the applicants were divided into three categories for the purpose of allotment:

Category I – Applications for 1,00,000 shares were allotted shares in full.

Category II – 3,00,000 shares were allotted to the applicants of this category. For every 5 shares applied, 3 shares were allotted.

Category III – 8,00,000 shares were allotted to the applicants of 12,00,000 shares. Amount payable per share was as follows:

On Application – ₹ 2 per share

On Allotment – ₹ 5 per share (including premium)

On First and Final call – Balance

Excess money received with applications was adjusted towards sums due on allotment.

1

33. How many shares were offered to the public for subscription ?

- (a) 12,00,000                      (b) 24,00,000                      (c) 14,00,000                      (d) 30,00,000

Ans. Option (a) is correct.

*Explanation:*

Allotment to category I	=	1,00,000
Allotment to category II	=	3,00,000
Allotment to category III	=	<u>8,00,000</u>
		12,00,000

34. What was the amount of money received on allotment?

1

- (a) ₹ 60,00,000                      (b) ₹ 12,00,000                      (c) ₹ 6,00,00,000                      (d) ₹ 48,00,000

Ans. Option (d) is correct.

*Explanation:*

	₹
Amount received on Application in I = 1,00,000 × 2	= 2,00,000
Amount received on Application in II = 3,00,000 × $\frac{5}{3}$ × 2	= 10,00,000
Amount received on Application in III = 12,00,000 × 2	= <u>24,00,000</u>
Amount received	36,00,000
Less: Amount that was needed to be received	= <u>24,00,000</u>
Balance Amount	12,00,000
Amount to be received on Allotment	60,00,000
Amount received on Allotment = 60,00,000 – 12,00,000	= 48,00,000

Question number 35 and 36 are based on the hypothetical situation given below:

On 1.4.2018, A and B started business with capitals of ₹ 8,00,000 and ₹ 16,00,000 respectively. They decided to share the future profits in the ratio of their capitals. On 1.4.2019, they admitted C as a new partner. A surrendered  $\frac{1}{4}$ <sup>th</sup> of his share in favour of C and B surrendered  $\frac{1}{9}$ <sup>th</sup> from his share in favour of C. On 1.4.2020, D was admitted as a new partner for  $\frac{1}{6}$ <sup>th</sup> share. On 1.4.2021, E was admitted for  $\frac{1}{5}$ <sup>th</sup> share in the profits and it was decided that all the partners will share the future profits equally.

35. The profit sharing ratio of A, B and C was:

1

- (a) 9:20:7                      (b) 8:21:7                      (c) 10:19:7                      (d) 7:22:7

Ans. Option (a) is correct.

*Explanation:* Old Share of A and B = 1 : 2

$$\text{A's New share} = \frac{1}{3} \times \left(1 - \frac{1}{4}\right)$$

$$= \frac{1}{3} \times \frac{3}{4} = \frac{1 \times 9}{4 \times 9} = \frac{9}{36}$$

$$\text{B's New share} = \frac{2}{3} - \frac{1}{9} = \frac{6}{9} - \frac{1}{9} = \frac{5 \times 4}{9 \times 4} = \frac{20}{36}$$

$$\text{C's share} = 1 - \frac{9}{36} - \frac{20}{36} = \frac{36}{36} - \frac{9}{36} - \frac{20}{36} = \frac{7}{36}$$

$$\therefore \text{A : B : C} = 9 : 20 : 7$$

36. The profit sharing ratio of A, B, C and D was:

(a) 45 : 105:30:36

(b) 45: 100:35:36

(c) 45: 105:30:36

(d) 40:100:40:36

Ans. Option (b) is correct.

*Explanation:*

$$\text{D's share} = \frac{1}{6}$$

$$\text{Remaining share} = 1 - \frac{1}{6} = \frac{6}{6} - \frac{1}{6} = \frac{5}{6}$$

$$\text{A's New share} = \frac{9}{36} \times \frac{5}{6} = \frac{45}{216}$$

$$\text{B's New share} = \frac{20}{36} \times \frac{5}{6} = \frac{100}{216}$$

$$\text{C's New share} = \frac{7}{36} \times \frac{5}{6} = \frac{35}{216}$$

$$\text{A's adjusted share} = \frac{1}{6} \times \frac{36}{36} = \frac{36}{216}$$

$$\therefore \text{A : B : C : D} = 45 : 100 : 35 : 36$$

**PART - II**  
**(SECTION A)**

Attempt any 4 questions from question number 37 to 42.

37. The ratios that analyse profits in relation to revenue from operations or funds employed in the business are called: 1

(a) Profitability Ratios

(b) Turnover Ratios

(c) Solvency Ratios

(d) Liquidity Ratios

Ans. Option (a) is correct.

*Explanation:* A profitability ratio is a measure of profitability, which is a way to measure a company's performance.

38. Because of exclusion of non-liquid current assets which of the following ratio is considered better than current ratio as a measure of liquidity position of the business? 1

(a) Debt-Equity Ratio

(b) Acid Test Ratio

(c) Proprietary Ratio

(d) Interest Coverage Ratio

Ans. Option (b) is correct.

*Explanation:* As it eliminates the non-cash assets, Quick ratio or Acid Ratio is considered a better ratio than current ratio as a measure of liquidity position.

39. Which of the following ratio establishes relationship of 'Shareholders funds' to 'Net assets'? 1

(a) Return on Investment

(b) Interest Coverage Ratio

(c) Proprietary Ratio

(d) Debt – Equity Ratio

Ans. Option (c) is correct.

$$\text{Explanation: Proprietary Ratio} = \frac{\text{Shareholder's Funds}}{\text{Total Assets}}$$

40. Which of the following ratio establishes the relationship between 'Credit revenue from operations' and 'Trade receivables'? 1

- (a) Inventory Turnover Ratio (b) Interest Coverage Ratio  
 (c) Trade Payables Turnover Ratio (d) Trade Receivables Turnover Ratio

Ans. Option (d) is correct.

$$\text{Explanation: Trade Receivables Turnover Ratio} = \frac{\text{Net Credit Revenue from Operation}}{\text{Average Trade Revenue}}$$

41. Given below are two statements, one labelled as Assertion (a) and the other labelled as Reason (R): 1

Assertion (a): Profitability ratios are calculated to analyse the combining capacity of the business.

Reason (R): Profitability ratios are calculated to determine the ability of the business to service its debt in the long run.

In the light of the above two statements, which of the following is correct:

- (a) Both (A) and (R) are correct.  
 (b) Both (A) and (R) are wrong.  
 (c) (A) is correct but (R) is wrong  
 (d) (A) is wrong but (R) is correct.

Ans. Option (c) is correct.

Explanation: Solvency Ratio are calculated to determine the ability of the business to service its debt in the long run.

42. Match the items given in Column I with the headings / sub-headings of Column II under which these are shown according to Schedule III Part 1 of the Companies Act, 2013: 1

	I		II
(i)	Securities Premium Reserve	(a)	Non current Liabilities
(ii)	Patents	(b)	Current Liabilities
(iii)	Short Term Loans and Advances	(c)	Current Assets
(iv)	Trade Payables	(d)	Intangible Assets
(v)	Long Term Borrowings	(e)	Reserves and Surplus

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

Ans. Option (a) is correct.

Explanation:

- (i) Securities Premium Reserve is shown under the head of Reserves and Surplus.  
 (ii) Patents is an intangible assets.  
 (iii) Short term loans and Advances is a type of Current Asset.  
 (iv) Trade Payable are a type of Current liabilities.  
 (v) Long Term Borrowings is a type of Non-Current liabilities.

**PART - II**  
**(SECTION B)**

Attempt any 5 questions from question number 43 to 48.

43. Current ratio of a company is 3: 1. The value of its current liabilities is ₹ 4,00,000. Its current assets will be: 1  
 (a) ₹ 3,00,000 (b) ₹ 12,00,000 (c) ₹ 2,00,000 (d) ₹ 9,00,000

Ans. Option (b) is correct.

*Explanation:* Current Ratio =  $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

$$3 : 1 = \frac{\text{Current Assets}}{4,00,000}$$

$$3 \times 4,00,000 = \text{Current Assets}$$

$$\text{Current Assets} = ₹ 12,00,000$$

44. Gross Profit Ratio of a Company is 25%. Cost of revenue from operations are  $\frac{3}{4}$ <sup>th</sup> of revenue from operations. If revenue from operations is ₹ 60,00,000, the Gross Profit of the Company will be: 1  
 (a) ₹ 25,00,000 (b) ₹ 45,00,000 (c) ₹ 15,00,000 (d) ₹ 11,25,000

Ans. Option (c) is correct.

*Explanation:* Gross Profit =  $\frac{\text{Revenue from Operations} \times \text{Gross Profit Ratio}}{100}$   
 $= \frac{60,00,000 \times 25\%}{100} = ₹ 15,00,000$

45. Following information has been obtained from the statement of Profit and Loss of a Company:

Revenue from Operations – ₹ 20,00,000, cost of materials consumed – ₹ 8,00,000, Employees benefit expenses – ₹ 20,000, Finance cost – ₹ 5,000, Depreciation – ₹ 25,000. 1

Its Profit before tax will be:

- (a) ₹ 12,00,000 (b) ₹ 11,80,000 (c) ₹ 11,75,000 (d) ₹ 11,50,000

Ans. Option (d) is correct.

*Explanation:*

	₹	
Revenue from Operations	20,00,000	
Less: Cost of Material consumed	₹ 8,00,000	
Employees Benefit Expenses	₹ 20,000	
Finance Cost	₹ 5,000	
Depreciation	₹ 25,000	<u>8,50,000</u>
		11,50,000

46. Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R): 1

Assertion (A): 'Sale of goods for cash' does not effect Debt-Equity ratio.

Reason (R): 'Sale of goods on cash basis' neither affect 'Debt' nor 'Equity'

In the context of the above two statements which of the following is correct:

- (a) Both (A) and (R) are correct and (R) is the correct reason of (A).  
 (b) Only (A) is correct.  
 (c) Only (R) is correct.  
 (d) Both (A) and (R) are incorrect.

Ans. Option (a) is correct.

*Explanation:* As Sale of goods for cash do not affect Debt or Equity, it does not affect Debt to Equity ratio.

47. Following are two statements, one labelled as Assertion (A) and the other labelled Reason (R): 1

Assertion (A): Operating ratio is = 100 – operating profit ratio.

Reason (R): Operating ratio is computed to reveal the operating margin on products sold.

In the context of the above two statements which of the following is correct:

- (a) Both statements are incorrect.

- (b) (A) is correct but (R) is incorrect.  
 (c) (A) is incorrect but (R) is correct.  
 (d) Both (A) and (R) are correct and (R) is the correct reason of (A).

Ans. Option (b) is correct.

*Explanation:* Operating Ratio + Operating Profit Ratio = 100

Operating Ratio is computed to find the efficiency of the management to generate revenue.

48. During the year ended 31.3.2021, Soma Ltd. earned net profit after tax ₹ 6,00,000. The company has a long term 10% debt of ₹ 50,00,000. The tax rate is 40%. The interest coverage ratio of the company will be: 1
- (a) 2 times                      (b) 3 times                      (c) 1.2 times                      (d) 1.5 times

Ans. Option (b) is correct.

*Explanation:* Interest on Loan = 10% of 50,00,000 = ₹ 5,00,000  
 Net Profit after interest and tax = ₹ 6,00,000  
 Add: Interest = ₹ 5,00,000  
 Add: Tax (40% of 10,00,000) = ₹ 4,00,000  
 Net Profit before interest and tax = ₹ 15,00,000

Let the profit before tax be x

$$60\% \text{ of } x = 6,00,000$$

$$x = \frac{6,00,000 \times 100}{60} = ₹ 10,00,000$$

$$\text{Interest coverage Ratio} = \frac{\text{Net Profit before Interest \& Tax}}{\text{Interest on long term Loans}} = \frac{15,00,000}{5,00,000} = 3 \text{ times}$$

**\*\*PART - III  
(SECTION A)**

Instruction: From question number 49 to 54 attempt any 4 questions.

49. "Hardware, software and data are some of the components of computerised accounting system." Identify the missing component from the statement:
- (a) Procedure and people                      (b) Timely access  
 (c) Network                      (d) Raw facts
50. Which of the following is not a feature of computerised accounting system:
- (a) Transparency and control                      (b) Data are prone to hacking  
 (c) Scalability                      (d) Reliability
51. A sequential code is the one which:
- (a) range of numbers is partitioned into desired number of sub-ranges.  
 (b) consists of alphabets or abbreviations as symbols to codify a piece of information.  
 (c) enables identification of missing documents.  
 (d) sub-ranges are allotted to specific groups.
52. Method of codification should be:
- (a) An identification mark.  
 (b) Easy to understand, cryptic and leads to grouping of accounts.  
 (c) Explains a group of information.  
 (d) Such that it leads to grouping of accounts.
53. Which type of software package is suitable for an organisation where the volume of accounting transactions is very low and adaptability is very high:
- (a) Specific                      (b) Generic  
 (c) Tailored                      (d) (A) and (C) both
54. Which of the following is not a limitation of computerised accounting system:
- (a) Data may be lost or corrupted due to power interruptions.  
 (b) Faster obsolescence forces investment for shorter time.  
 (c) Data is not made available to everybody.  
 (d) Unprogrammed and un-specified reports cannot be generated.

**\*\*PART - III  
(SECTION B)**

**Instruction :** From question number 55 to 60 attempt any 5 questions.

55. Which of the following is not contained on formula tab on Excel ribbon:  
(a) Page layout                      (b) Function library                      (c) Defined names                      (d) Calculations
56. Identify from the following what will be displayed on the screen when numeric value in the formula or function is invalid while working on excel:  
(a) Correct a# REFI Error                      (b) Correct a# NUM! Error  
(c) Correct a #DIV/0! Error                      (d) Correct a# N/A Error
57. As you type a number in a cell, what mode appears in the status bar:  
(a) Ready mode                      (b) Edit mode                      (c) Enter mode                      (d) Record mode
58. Which of the following is not included in calculation of 'Earning' while preparing payroll for current period?  
(a) Basic pay                      (b) Transport allowance  
(c) Medical allowance                      (d) Provident fund
59. What is the outcome of an arithmetic expression or function called?  
(a) Basic Value                      (b) Derived Value                      (c) Vertical Vector                      (d) Horizontal Vector
60. How is Navigation conducted from first to last filled cells of clusters when moving one cell at a time in a Row"?  
(a) Home +Right arrow (+)                      (b) End +Right arrow (→)  
(c) CTRL +Right arrow (→) successively                      (d) CTRL + END