

- Q1.** Mona and Tina were partners in a firm sharing profits in the ratio of 3 : 2. Naina was admitted with $\frac{1}{6}$ th share in the profits of the firm. At the time of admission, Workmen's Compensation Reserve appeared in the Balance Sheet of the firm at ₹ 32,000. The claim on account of workmen's compensation was determined at ₹ 40,000. Excess of claim over the reserve will be: **1 Mark**
- A Credited to Revaluation Account. B Debited to Revaluation Account.
C Credited to old partner's Capital Account. D Debited to old partner's Capital Account.
- Q2.** Which of the following is not included in cash and cash equivalents? **1 Mark**
- A Balances with banks. B Bank deposits with 100 days of maturity.
C Cheques and drafts on hand and. D Cash on hand.
- Q3.** Joy Ltd. issued 1,00,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
- On application – ₹ 3 per share.
On allotment – ₹ 4 per share.
On 1st and final call – balance.
- Applications for 95,000 shares were received and shares were allotted to all the applicants. Sonam to whom 500 shares were allotted failed to pay allotment money and Gautam paid his entire amount due including the amount due on first and final call on the 750 shares allotted to him along with allotment. The amount received on allotment was
- A ₹ 3,80,000. B ₹ 3,78,000. C ₹ 3,80,250. D ₹ 4,00,250.
- Q4.** A, B and C were partners in a firm sharing profits and losses in the ratio of 5 : 3 : 2. C retired and his capital balance after adjustments regarding reserves, accumulated profits/ losses and his share of gain on revaluation was ₹ 2,50,000. C was paid ₹ 3,22,000 including his share of goodwill. The amount credited to C's capital account, on his retirement, for goodwill will be: **1 Mark**
- A ₹ 72,000 B ₹ 7,200 C ₹ 24,000 D ₹ 36,000
- Q5.** Red, Blue and White were partners in a firm sharing profits in the ratio of 1 : 2 : 2. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹ 22,500 in Deferred Revenue Expenditure Account. The amount to be debited respectively to the capital accounts of Red, Blue and White for writing off Deferred Revenue Expenditure will be: **1 Mark**
- A ₹ 7,500, ₹ 7,500, and ₹ 7,500 B ₹ 4,500, ₹ 9,000, and ₹ 9,000
C ₹ 10,500, ₹ 7,500, and ₹ 4,500 D ₹ 11,250, Nil, and ₹ 11,250
- Q6.** Piyush, Karan and Aarush were partners sharing profits in the ratio of 5 : 3 : 2. Piyush retired on 31st March, 2019. Balance in this Capital Account after all adjustments except goodwill was ₹ 7,10,000, but he was paid ₹ 8,00,000 including his share of goodwill. The amount credited to his Capital Account on account of goodwill was: **1 Mark**
- A ₹ 45,000 B ₹ 27,000 C ₹ 90,000 D ₹ 18,000
- Q7.** Nirman Ltd. issued 50,000 equity shares of ₹ 10 each. The amount was payable as follows: **1 Mark**
- On application - ₹ 3 per share
On allotment - ₹ 2 per share
On first and final call - The balance
- Applications for 45,000 shares were received and shares were allotted to all the applicants. Pooja, to whom 500 shares were allotted, paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares. The amount received at the time of making first and final call was:
- A ₹ 2,25,000 B ₹ 2,20,000 C ₹ 2,21,000 D ₹ 2,19,500
- Q8.** Nidhi, Kunal and Kabir are partners in a firm sharing profits in the ratio of 2 : 1 : 2. Kunal retired and the balance in his capital account after making necessary adjustments on account of reserves, revaluation of assets and reassessment of liabilities was ₹ 80,000. Nidhi and Kabir agreed to pay him ₹ 1,00,000 in full settlement of his claim. Kunal's share of goodwill of the firm, on his retirement was: **1 Mark**
- A ₹ 4,000 B ₹ 20,000 C ₹ 16,000 D ₹ 1,80,000
- Q9.** Meera, Myra and Neera were partners sharing profits in the ratio of 2 : 2 : 1. They decided to share future profits in the ratio of 7 : 5 : 3 with effect from 1st April, 2019. Their Balance Sheet as on that date showed a balance of ₹ 45,000 in Advertisement Suspense Account. The amount to be debited respectively to the capital accounts of **1 Mark**

Meera, Myra and Neera for writing off the amount in Advertisement Suspense Account will be:

A ₹ 18,000, ₹ 18,000 and ₹ 9,000

B ₹ 15,000, ₹ 15,000 and ₹ 15,000

C ₹ 21,000, ₹ 15,000 and ₹ 9,000

D ₹ 22,500, ₹ 22,500 and Nil

Q10. On the retirement of Hari from the firm of 'Hari, Ram and Sharma' the balance sheet showed a debit balance of ₹ 12,000 in the profit and loss account. For calculating the amount payable to Hari this balance will be transferred. **1 Mark**

1. To the credit of the capital accounts of Hari, Ram and Sharma equally.
2. To the debit of the capital accounts of Hari, Ram and Sharma equally.
3. To the debit of the capital accounts of Ram and Sharma equally.
4. To the credit of the capital accounts of Ram and Sharma equally.

Q11. Gurpreet, Vishal and Ananya are partners in a firm sharing profits in the ratio of 2 : 3 : 1. Vishal retires and the balance in his capital account after making necessary adjustments on account of reserves, revaluation of assets and re-assessment of liabilities is ₹ 1,20,000. Gurpreet and Ananya agreed to pay him ₹ 1,80,000 in full settlement of his claim. **1 Mark**

Vishal share of goodwill of the firm, on his retirement is:

A ₹ 1,20,000

B ₹ 60,000

C ₹ 30,000

D ₹ 15,000

Q12. A, B and C were partners in a firm sharing profits in the ratio of 2 : 2 : 1. C retired. The balance in this capital account after adjustments **1 Mark**

regarding reserves, accumulated profits/ loss and revaluation of assets and liabilities was ₹ 4,40,000. C was paid ₹ 5,00,000 including his share of goodwill. The amount that was credited to his capital account on account of goodwill was:

A ₹ 60,000

B ₹ 3,00,000

C ₹ 1,00,000

D ₹ 12,000

Q13. Sun and Star were partners in a firm sharing profits in the ratio of 2 : 1. Moon was admitted as a new partner in the firm. New profit sharing ratio was 3 : 3 : 2. Moon brought the following assets towards his share of goodwill and his capital: **1 Mark**

Machinery	₹ 2,00,000
Furniture	₹ 1,20,000
Stock	₹ 80,000
Cash	₹ 50,000

If his capital is considered as ₹ 3,80,000, the goodwill of the firm will be:

A ₹ 70,000

B ₹ 2,80,000

C ₹ 4,50,000

D ₹ 1,40,000

Q14. Gaurav, Sonu and Anita are partners in a firm sharing profits in the ratio of 4 : 3 : 2. Sonu retires and the balance in his capital account after making necessary adjustments on account of reserves, revaluation of assets and re-assessment of liabilities is ₹ 4,00,000. Gaurav and Anita agreed to pay him ₹ 4,60,000 in full settlement of his claim. Sonu's share of goodwill of the firm, on his retirement is: **1 Mark**

A ₹ 20,000

B ₹ 60,000

C ₹ 1,80,000

D ₹ 1,20,000

Q15. On the death of a partner, his share in the profits of the firm till the date of his death is transferred to the: **1 Mark**

A Debit of Profit and Loss Account.

B Credit of Profit and Loss Account.

C Debit of Profit and Loss Suspense Account.

D Credit of Profit and Loss Suspense Account.

Q16. Rohan, Mohan and Sohan were partners sharing profits equally. At the time of dissolution of the partnership firm, Rohan's loan to the firm will be: **1 Mark**

A Credited to Rohan's Capital Account.

B Debited to Realisation Account.

C Credited to Realisation Account.

D Credited to Bank Account.

Q17. Akshita and Anurag are partners in a firm sharing profits in the ratio of 2 : 1. Akshat is admitted in the firm with $\frac{1}{3}$ share in profits. Akshat acquires $\frac{2}{3}$ of his share from Akshita and $\frac{1}{3}$ of his share from Anurag. The new profit sharing ratio of Akshita, Anurag and Akshat will be: **1 Mark**

A 3 : 2 : 4

B 4 : 3 : 2

C 2 : 1 : 1

D 4 : 2 : 3

Q18. 'A' and 'B' were partners in a firm sharing profits and losses in the ratio of 7 : 1. 'A' withdrew a fixed amount of ₹ 12,000 at the beginning of each quarter. Interest on drawings is charged @ 6% p.a. The journal entry for charging interest on drawings at the end of the year will be: **1 Mark**

A Interest on drawing ₹ 1,800
(a) s A/c Dr.

To A's Capital A/c ₹ 1,800

B Interest on drawing ₹ 1,800
(b) s A/c Dr.

To A's Current A/c ₹ 1,800

C (c)A's Capital A/c Dr. ₹ 1,800

To Interest on drawings A/c ₹ 1,800

D Profit and Loss Appropriation A/c Dr. ₹ 1,800

To Interest on drawings A/c ₹ 1,800

Q19.Closing stock should be valued at Cost or Market price, whichever is lower. What Resembles with the nature of statement above? **1 Mark**

- A** Postulates **B** Personal Judgements **C** Recorded Facts **D** Accounting Conventions

Q20.For a company discount on issue of debentures is: **1 Mark**

- A** Capital Loss **B** Revenue Loss **C** General Loss **D** None of these

Q21.If debenture of ₹ 1,00,000 were issued for discount of ₹ 10,000, which are redeemable after four years. Then amount of discount to be written off from P. & L. Account each year is : **1 Mark**

- A** ₹ 3,000 **B** ₹ 4,000 **C** ₹ 2,500 **D** ₹ 5,000

Q22.Evaluation of capital budgeting proposals is based on cash flows because_____. **1 Mark**

- A** Cash flows are easy to calculate **B** Cash flows are suggested by SEBI
C Cash is more important than profit **D** None of the above

Q23.A company just starting in business purchased three inventory items at the following prices: first purchase 80: second purchase 95: third purchase 85. If the company sold two units for a total of 200 and used LIFO costing, the gross profit for the period would be _____. **1 Mark**

- A** 25 **B** 35 **C** 20 **D** 10

Q24.F Ltd. purchased machinery for a book value of ₹ 4,00,000. The consideration was paid by issue of 10% Debentures of ₹ 100 each at a discount of 20%. The Debenture Account will be credited by: **1 Mark**

- A** ₹ 4,00,000 **B** ₹ 5,00,000 **C** ₹ 3,20,000 **D** ₹ 4,80,000

Q25.Purchase of office equipment on credit results in _____. **1 Mark**

- A** Decrease in liability **B** Decrease in Capital **C** Increase in Capital **D** Increase in assets

Q26.Which of the following is correct? **1 Mark**

- A** Capital Suspense Account can be used in place of Annuity Suspense Account. **B** There is very much difference between accounting in case of death of a partner and retirement of a partner.
C At the time of retirement of a partner, the goodwill of the firm is evaluated on the basis of market price of assets of the firm. **D** A partner who devotes more time to a business than other partners is entitled to get a salary.

Q27.Which of the following is an exception to the partnership at will, as provided under section 7 of the Indian Partnership Act, 1932? **1 Mark**

- A** Where there is a provision for the duration of the partnership. **B** where there is a provision for determination of the partnership.
C both (a) and (b) **D** only (a) and not (b)

Q28."Dividend is not relevant in determining the value of the company". Who among the following held this opinion? **1 Mark**

- A** J.E. Walter **B** Ezra Soloman **C** Modigilani-Miller **D** M.J. Gordon

Q29.The key issue in an international cash management is: **1 Mark**

- A** Giving sufficient independence to individual subsidiaries. **B** Centralizing and minimizing independence of subsidiaries.
C Deciding whether hedging is required or not. **D** Striking the right balance between decentralization and centralization.

Q30.Garner Vs Murray requires _____. **1 Mark**

- A** That all partners should bring in cash equal to their respective shares of the loss on realization. **B** That all partners should bring in cash equal to their respective shares of the loss on realization and deficiency of insolvent partner should be borne by solvent partners in their profit sharing ratio.
C That all partners including insolvent partner should bring in cash equal to their respective shares of the loss on realization and deficiency of insolvent partner should be borne by solvent partners in their last agreed capital ratio. **D** That the solvent partners capital loss should be borne in the ratio of their capitals standing in the balance sheet on the date of dissolution of the firm.

Q31.In Garner v. Murray, the deficiency of the insolvent partners is borne by other partners in the _____. **1 Mark**

- A** Profit sharing ratio **B** Ratio of their capitals **C** Equal share by each **D** None of the above
- Q32.** Rajesh & co. Ltd. purchased assets worth Rs. 28,80,000. It issued debentures of Rs. 100 each at a discount of 4 per cent in full satisfaction of the Purchase Consideration. The number of debentures issued to vendor is: **1 Mark**
- A** 35000 **B** 30000 **C** 33000 **D** 320000
- Q33.** Which of these information is not readily available from financial statements: **1 Mark**
- A** Net profit **B** Provision for taxation **C** Gross block **D** Cost of production
- Q34.** On Dissolution of a partnership firm, out of total debtors of ₹2,50,000, ₹10,000 become bad and the rest realised 70%. In the given case, ___ will be debited by ___. **1 Mark**
- A** Realisation A/c, ₹1,75,000 **B** Realisation A/c, 1,68,000
C Bank A/c, ₹1,82,000 **D** Bank A/c ₹1,68,000
- Q35.** Murlidhar Industries issued 10,000.10% debentures of Rs. 100 each at 10% discount and redeemable at 10% premium. What is the required journal entry? **1 Mark**
- A** Dr. Bank A/c Rs. 900,000, Discount on issue
 Debenture A/c Rs. 80,000, Cr. Debenture A/c Rs.
 800,000, Premium of Redemption of Debenture A/c
 Rs. 80,000 **B** Dr. Bank A/c Rs. 1000,000, Loss on redemption of
 debenture Rs. 80,000, Cr. Debenture A/c Rs.
 10,00,000, Loss on issue of Debenture A/c Rs. 80,000
C Dr. Bank A/c Rs. 900,000, Discount on issue
 Debenture A/c Rs. 100,000, Loss on Redemption of
 Debenture A/c Rs. 100,000 Cr. Debenture A/c Rs.
 10,00,000, Premium of Redemption of Debenture
 A/c Rs. 100,000 **D** Dr. Bank A/c Rs. 800,000, Loss on redemption of
 debenture Rs. 80,000, Cr. Debenture A/c Rs. 800,000,
 Loss on issue of Debenture A/c Rs. 80,000
- Q36.** Income or expenses that arises from events or transactions that are clearly distinct from the ordinary activities of the enterprises and therefore are not expected to recur frequently or regularly are called _____. **1 Mark**
- A** Prior-period items **B** Extraordinary items **C** Abnormal items **D** Non-ordinary items
- Q37.** When debentures are issued at par and are redeemable at premium, the credit given to premium of redemption of debenture account is in the nature of. **1 Mark**
- A** Personal Account **B** Real Account **C** Nominal A/c **D** Nominal Account-Income
- Q38.** When the operating ratio is 81.5 the ratio of operating profit to sales will be _____. **1 Mark**
- A** 191.5% **B** 18.5%
C 181.5% **D** Cannot be known from the given information
- Q39.** Anmol Ltd. forfeited 20 shares of Rs. 10 each and of which Rs. 4 per share were paid. What minimum price company must charge if the forfeited shares are re-issued as Rs. 8 per share paid up? **1 Mark**
- A** Rs. 2 per share **B** Rs. 4 per share **C** Rs. 8 per share **D** Rs. 10 per share
- Q40.** New profit earned + non working capital expense = **1 Mark**
- A** Sinking fund **B** Use of funds
C Funds provided by operation **D** Cash provided by operation
- Q41.** A, B and C are in partnership A and C are adjudicated insolvent, while B wants to continue the firm. **1 Mark**
- A** Firm is also declared insolvent **B** B has to repay the debts of the firm
C Firm is automatically dissolved and hence B cannot
 continue **D** The Court has to give order for dissolution
- Q42.** Which of the following items would be specifically included in the statement of cash flows constructed in compliance with AS-3? **1 Mark**
- A** Conversion of debt to equity **B** Acquiring an asset through lease
C Operating and non-operating cash flow information **D** Purchasing a building by given a mortgage to the
 seller
- Q43.** At the time of dissolution, total assets are of 12,00,000 and external liabilities are of 4,80,000. If assets realised 120% and realisation expenses paid were 16,000. The gain or loss on realisation will be: **1 Mark**
- A** Gain 2,40,000 **B** Loss 2,40,000 **C** Loss 2,24,000 **D** Gain 2,24,000
- Q44.** Which of the following is not a characteristic of Bearer Debentures? **1 Mark**
- A** Their transfer requires a deed of transfer. **B** They are treated as negotiable instruments.
C They are transferable by mere delivery. **D** The interest on it is paid to the holder irrespective of
 identity.
- Q45.** If operating expenses is 75% then operating profit will be _____. **1 Mark**
- A** 25% **B** 100% **C** 50% **D** 175%

- Q46.** Against the Changes in current assets and liabilities during the period. Adjustments should be made as Increase in current assets and decrease in current liabilities are to be _____. **1 Mark**
- A None of the Above B Added Up C Deducted D Ignored
- Q47.** The old profit sharing ratio among Rajendra, Satish and Tejpal were 2 : 2 : 1. The new profit sharing ratio after Satish's retirement is 3 : 2. The gaining ratio is: **1 Mark**
- A 3 : 2 B 2 : 1 C 1 : 1 D 2 : 2 A
- Q48.** If the expected price earnings ratio and earnings per share are 33.3 and Rs. 7.5 respectively and the required rate of return and current dividend are 15% and Rs. 20, the growth rate of the stock is _____. **1 Mark**
- A 3.75% B 4.25% C 6.48% D 8%
- Q49.** While calculating operating profit which will be added to net profit: **1 Mark**
- A Interest received B Profit on sale of Asset
C Increase in General Reserve D Refund of Tax
- Q50.** X.Ltd. issued Rs1,00,000 12% debentures of Rs100 each at a premium of 10%, which are redeemable after 10 years at a premium of The amount of loss on redemption of debentures to be written off every year= ? **1 Mark**
- A Rs10,000 B Rs30,000 C Rs20,000 D Rs40,000
- Q51.** In periods of inflation, accounting depreciation is _____ relative to replacement cost and real economic income is _____. **1 Mark**
- A overstated, overstated B overstated, understated
C understated, overstated D understated, understated
- Q52.** Using Second Method, Which Account Is to debited When Debentures are Issued of 10,000, 9% debentures of Rs. 100 each as collateral security for bank loan of Rs. 10,00,00. **1 Mark**
- A Debenture Suspense A/c B Loan Account
C 9% Debentures A/c D Interest On Debentures A/c
- Q53.** Payment received from Debtor _____. **1 Mark**
- A Decreases the total assets B Increases the total assets
C Results in no change in the total assets D Increases the total liabilities
- Q54.** Profitability Index, when applied to Divisible Projects, impliedly assumes that _____. **1 Mark**
- A Project cannot be taken in parts B NPV is linearly proportionate to part of the project taken up
C NPV is additive in nature D Both B and C
- Q55.** A, B and C are sharing profit and loss in the ratio of 3:2:1, D is admitted into the firm with 1/7th share of profit which he purchases from A. How the goodwill brought in by D would be distributed amongst the old partners on the facts given in question? **1 Mark**
- A 3:2:1 B Equally
C In capital ratio D Only A would get goodwill
- Q56.** If normal profit is Rs.50000, average profit is Rs.75000 than calculate Goodwill for 2 years of purchase under super profit method _____. **1 Mark**
- A Rs.45000 B Rs.50000 C Rs.55000 D Rs.48500
- Q57.** The amount of sundry assets transferred to Realisation account was Rs. 110000, 60% of them have been sold at a profit of Rs. 10000. 40% of the remaining were sold at a discount of 20% .The amount realised from the sale is: **1 Mark**
- A Rs. 44000 B Rs. 76000 C Rs. 90080 D None of the above
- Q58.** A and B enter into a Joint Venture sharing profits and losses in the ratio 3 : 2. A purchased good costing 2,00,000. Other expenses of A 10,000. B sold the goods for 1,80,000. Remaining goods were taken over by B at 20,000. The amount of final remittance to be paid by B to A will be: **1 Mark**
- A 2,15,000 B 2,05,000 C 2,10,000 D None of these
- Q59.** The Real Cashflows must be discounted to get the present value 'M' at a rate equal to _____. **1 Mark**
- A Money Discount Rate B Inflation Rate
C Real Discount Rate D Risk free rate of interest
- Q60.** Where will you show purchase of goodwill in Cash Flow Statement: **1 Mark**
- A Cash Flow from Operating Activities B Cash Flow from Investing Activities
C Cash Flow from Financing Activities D Cash Equivalent