Q1. Arrange following in a sequence in which amount realised from Assets will be utilized to pay.

A. Partner’s Loan

B. Partner’s Capital

C. Secured debts of the firm

D. Unsecured debts of the firm

E. Residue to partners

Choose the correct answer from the options given below:

(a) C, D, E, A, B

(b) C, D, E, B, A

(c) C, D, A, B, E

(d) C, D, A, E, B

Q2. Which of the following will not be shown in Realisation Account?

(a) Unrecorded Asset realised

(b) Unrecorded Liabilities paid off

(c) Partner’s Loan to the firm

(d) Realisation Expenses

Q3. Arrange the following in correct sequence according to the form and content of statement of Profit and Loss.

(A) Employee Benefit Expenses

(B) Tax provided

(C) Revenue from operations

(D) Purchase of stock in Trade

(E) Dividend Income

Choose the correct answer from the options given below:

(a) (C), (E), (D), (A), (B)

(b) (C), (D), (E), (B), (A)

(c) (C), (D), (E), (A), (B)

(d) (C), (A), (B), (D), (E)

Q4. Securities Premium cannot be used:

(a) to issue fully paid bonus shares

(b) to write-off preliminary expenses of the company.

(c) to pay premium on the redemption of preference shares or debentures of the company.

(d) to pay dividend to the shareholders of the company

Q5. Match List I with List II

|  |  |
| --- | --- |
| LIST - I | LIST - II |
| A. | Employee benefit expenses | I. | Investing activity |
| B. | Dividend received | II. | Operating activity |
| C. | Loan raised | III. | Extraordinary item |
| D. | Proceeds from earthquake disaster management | IV. | Financing activity |

Choose the correct answer from the options give below:

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

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

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

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

Q6. During financial year 2021-22, Surjeet withdrew ₹30,000 quarterly in the beginning of every quarter. If interest to be charge is 8% p.a. Calculate the amount of interest on drawings:

(a) ₹3,600

(b) ₹4,800

(c) ₹2,400

(d) ₹6,000

Q7. A, B, C were partners in a partnership firm their profit-sharing ratio was 5:3:2. B retires and the new profit-sharing ratio between A and C was 3:2. Calculate gaining ratio.

(a) 3:8

(b) 1:3

(c) 7:2

(d) 1:2

Q8. Match List - I with List – II.

|  |  |
| --- | --- |
| LIST - I | LIST - II |
| (A) | No. of years purchase | (I) | Excess of average profit over normal profit |
| (B) | Super profit | (II) | Expected profit in the industry |
| (C) | Normal profit | (III) | Total profit divided by number of years |
| (D) | Average profit | (IV) | No. of years the firm continues to earn same profit |

Choose the correct answer from the options given below:

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

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

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

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

Q9. Identify the other name by which Liquid ratio is known:

(a) Current Ratio

(b) Activity Ratio

(c) Quick Ratio / Acid Test Ratio

(d) Solvency Ratio

Q10. The Debentures that are payable on the expiry of the specific period either in lumpsum or in instalments during life time of the company are called:

(a) Secured Debentures

(b) Redeemable Debentures

(c) Perpetual Debentures

(d) Specific Coupon Rate Debentures

Solutions

S1. Ans. (c)

Sol. According to Indian Partnership Act, 1932, when the firm is dissolved, cash received on sale of assets are applied in following order:

1. In paying the secured debts of the firm to the third parties

2. In paying unsecured debt of firm to third parties

3. In paying each partner proportionately what is due to him/her from the firm for advances as distinguished from capital (Partner’s Loan)

4. Paying to each partner proportionately what is due to him/her on account of capital

5. The residue, if any shall be divided among the partner's in their profit sharing ratio

Hence, the correct answer C, D, A, B, E.

S2. Ans. (c)

Sol. Partner's Loan to the firm is not included in the Realisation Account, as it represents a claim of the partner against the firm and is settled separately between the partner and the firm through Partner’s Loan Account, not through the Realisation Account.

S3. Ans. (a)

Sol. The correct sequence for the form and content of the statement of Profit and Loss is:

(C) Revenue from operations,

(E) Dividend Income,

(D) Purchase of stock in Trade,

(A) Employee Benefit Expenses,

(B) Tax provided.

S4. Ans. (d)

Sol.

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

S5. Ans. (c)

Sol.

|  |  |
| --- | --- |
| LIST I | LIST II |
| A. | Employee benefit expenses | II | Operating activity  |
| B. | Dividend received | I | Investing activity |
| C. | Loan raised | IV | Financing activity  |
| D. | Proceeds from earthquake disaster management | III | Extraordinary item |

S6. Ans. (d)

Sol.

Average Period = $\frac{Months left after first drawing+Months left after last drawing}{2}=\frac{12+3}{2}=\frac{15}{2}=7.5 months$

Interest on Drawings=$₹30,000×4×8\%×\frac{7.5}{12}=₹6,000$

S7. Ans. (d)

Sol.

Gaining Ratio = New Ratio – Old Ratio

A’s Gain=$\frac{3}{5}-\frac{5}{10}=\frac{1}{10}$

C’s Gain = $\frac{2}{5}-\frac{2}{10}=\frac{2}{10}$

Gaining ratio = A : C = 1 : 2

S8. Ans. (a)

Sol.

|  |  |
| --- | --- |
| LIST - I | LIST - II |
| (A) | No. of years purchase | (IV) | No. of years the firm continues to earn same profit |
| (B) | Super profit | (I) | Excess of average profit over normal profit  |
| (C) | Normal profit | (II) | Expected profit in the industry  |
| (D) | Average profit | (III) | Total profit divided by number of years  |

S9. Ans. (c)

Sol.

The other name by which the Liquid ratio is known is Quick Ratio or Acid Test Ratio. This ratio measures a company's ability to meet its short-term liabilities using its most liquid assets and is often used to assess its short-term financial health

S10. Ans. (b)

Sol.

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