

Q1. Calculate credit revenue from operations using following information:

Total revenue from operations: Rs 4,00,000, Cash received from operations are 25% of Credit revenue from operations.

- (a) Rs 80,000
- (b) Rs 1,60,000
- (c) Rs 3,20,000
- (d) Rs 4,00,000

Q2. Rahul Limited purchased building from Handa Limited for Rs.5,40,000 and the payment is to be made by the issue of shares of Rs. 100 each. The number of shares to be issued at premium of 20% is:

- (a) 5,400 shares
- (b) 4,500 shares
- (c) 6,000 shares
- (d) 5,200 shares

Q3. Shares can be forfeited:

- (a) for non-payment of call money
- (b) for failure to attend meetings
- (c) for failure to repay the loan to the bank
- (d) for which shares are pledged as a security

Q4. Keshav, Nirmal and Pankaj are partners sharing profits and losses in the ratio of 4: 3: 2. Nirmal retires and the goodwill is valued at Rs. 72,000. Keshav and Pankaj decided to share future profits and losses in the ratio of 5:3. Gaining Ratio of Keshav and Pankaj is:

- (a) 13/24: 11/24
- (b) 7/12: 5/12
- (c) 11/24: 13/24
- (d) 5/12:7/12

Q5. If partnership deed is silent on the profit sharing ratio and other provisions; interest @ _____ per annum is allowed on loans advanced by partners-

- (a) 8%
- (b) 6%
- (c) 10%
- (d) 12%

Q6. Match **List-I** with **List-II**

List-1	List-II
(A) Issued Capital	(I) It is that part of the issued capital which has been actually subscribed by the public.
(B) Uncalled Capital	(II) Capital which can be called only in the event of winding up of the company.
(C) Reserve Capital	(III) That portion of the subscribed capital which has not yet been called up.
(D) Subscribed Capital	(IV) It is that part of the authorised capital which is actually issued to the public for subscription

Choose the **correct** answer from the options given below:

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

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Q7. Which of the following is True about analysis of financial statements-

- (A) The financial statements of a business enterprise include cash flow statement.
- (B) Financial analysis is used only by the creditors.
- (C) Comparative statements are the form of horizontal analysis.
- (D) Financial analysis helps an analyst to arrive at a decision.

Choose the **correct** answer from the options given below:

- (a) (A), (B) and (D) only
- (b) (A), (B) and (C) only
- (c) (B), (C) and (D) only
- (d) (A), (C) and (D) only

Q8. Match **List-I** with **List-II**

List-I	List-II
(A) Shareholders fund	(I) Long-term loans and advances
(B) Non-current Liabilities	(II) Reserves and Surplus
(C) Current Liabilities	(III) Long term provisions
(D) Non-Current Assets	(IV) Trade payables

Choose the **correct** answer from the options given below:

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

Q9. At the time of admission of a partner, undistributed profits appearing in the balance sheet of the old firm is transferred to the capital account of:

- (a) old partners in old profit sharing ratio
- (b) all the partner in the new profit sharing ratio
- (c) old partners in new profit sharing ratio
- (d) old partner in the sacrificing ratio

Q10. Match **List-I** with **List-II**

List-I	List-II
(A) Liquidity Ratio	(I) Trade payable Turnover Ratio
(B) Solvency Ratio	(II) Quick Ratio
(C) Activity Ratio	(III) Proprietary Ratio
(D) Profitability Ratio	(IV) Price earning ratio

Choose the **correct** answer from the options given below:

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

Q11. A company failed to receive Rs 2,00,000 on First and final call. Interest on calls in arrears is charged according to 'Table' at:

- (a) 6% p.a
- (b) 8% p.a
- (c) 10% p.a
- (d) 12% p.a

Q12. Arrange the following capitals in correct sequence as they appears in notes to account-

- (A) Subscribed and Not Fully paid-up
- (B) Subscribed and Fully paid-up

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- (C) Issued Capital
(D) Nominal Capital

Choose the **correct** answer from the options given below:

- (a) (D), (C), (B), (A)
(b) (C), (A), (B), (D)
(c) (B), (A), (D), (C)
(d) (C), (B), (D), (A)

Q13. A and B are partners in a firm sharing profits in the ratio of 5:3. They admit C as a new partner for $\frac{1}{7}$ th share in the profits. The new profit sharing ratio will be 4:2:1. The sacrificing ratio of A and B is

- (a) 5:3
(b) 4:3
(c) 3.5
(d) 2:5

Q14. Match **List-I** with **List-II**

List-I	List-II
(A) Secured Debentures	(I) Which are payable on the expiry of the specific period either in lump sum or in Instalments during the life time of the company.
(B) Unsecured Debentures	(II) Debentures where a charge is created on the assets of the company for the purpose of payment in case of default.
(C) Redeemable Debentures	(III) These debentures are repayable on the winding-up of a company or on the expiry of a long period.
(D) Irredeemable Debentures	(IV) Debentures do not have a specific charge on the assets of the company.

Choose the **correct** answer from the options given below:

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

Q15. The current ratio is 2.5: 1. Current assets are Rs. 50,000 and current liabilities are Rs. 20,000. How much must be the reduction in the current assets to bring the ratio to 2: 1

- (a) Rs. 20,000
(b) Rs. 10,000
(c) Rs.5,000
(d) Rs. 25,000

Q16. Excess value of net assets over purchase consideration at the time of purchase of business is credited to

- (a) General reserve
(b) Capital reserve
(c) Vendors' account
(d) Debenture Redemption reserve

Q17. Unrecorded liabilities when paid are shown in:

- (a) Debit of Realisation Account
(b) Debit of Bank Account
(c) Credit of Realisation Account
(d) Not shown anywhere

Q18. Dissolution of a firm cannot take place in which of the situation-

- (a) Dissolution by Agreement

- (b) On the happening of certain contingencies
- (c) Dissolution by Court
- (d) Voluntary retirement by any one partner

Q19. The best way to get started in Excel 2007 is to click the _____.

- (a) View toolbar.
- (b) Home tab.
- (c) Microsoft Office Button
- (d) Status bar

Q20. Which of the following is not a types of graphs and charts

- (a) Area chart
- (b) Pie chart
- (c) Bar chart
- (d) Pictorial chart

Q21. The _____ may indicate that the firm is experiencing stockouts and lost sales.

- (a) Average payment period
- (b) Inventory turnover ratio
- (c) Average collection period
- (d) Quick ratio

Q22. Which Factor does not Affect the Value of Goodwill-

- (a) Nature of business
- (b) Market situation
- (c) Location and Address of Partners
- (d) Efficiency of management

Q23. In the absence of any information regarding the acquisition of share in profits of the retiring/deceased partner by the remaining partners, it is assumed that they will acquire his/her share in following-

- (a) Gaining Ratio
- (b) Old Profit Sharing Ratio
- (c) New Sharing Ratio
- (d) Equal Ratio

Q24. Arrange the following steps for calculating Goodwill under Capitalisation of Average Profits Method in correct sequence-

- (A) Ascertain the actual firm's capital (net assets) by deducting outside liabilities from the total assets.
- (B) Compute the value of goodwill by deducting net assets from the capitalised value of average profits.
- (C) Ascertain the average profits based on the past few years' performance.
- (D) Capitalize the average profits on the basis of the normal rate of return to ascertain the capitalised value of average profits.

Choose the **correct** answer from the options given below:

- (a) (D), (B), (C), (A)
- (b) (B), (C), (D), (A)
- (c) (B), (A), (D), (C)
- (d) (C), (D), (A), (B)

Q25. Which of the following is the feature of fluctuating capital-

- (a) Under this method, two separate accounts are maintained for each partner, viz., 'capital account' and 'current account'.
- (b) Each partner has one account, i.e. capital account under this method
- (c) The capital accounts always show a credit balance
- (d) The capital account balance remain unchanged unless there is addition or withdrawal of capital.

Q26. In case of dissolution of a firm, Losses including deficiencies of capital, shall be paid first out of

- (a) Capital of partners
- (b) Amount provided by partners individually in thier profit sharing ratio.
- (c) Profit

(d) Debts

Q27. In case partner's capital is fixed, then where interest on drawings charged will be shown?

- (a) Debit side of partner's capital account
- (b) Credit side of partner's capital account
- (c) Debit side of partner's current account
- (d) Credit side of partner's current account

Q28. Contents of the Partnership Deed does not include

- (a) Names and Addresses of all partners
- (b) Mode of auditor's appointment, if any
- (c) The date of commencement of partnership
- (d) Bank Details of Nominee

Q29. Arrange different items of Balance Sheet as per revised Schedule III to the Companies Act, 2013-

- (A) Shareholder's Funds
- (B) Non-Current Assets
- (C) Current Liabilities
- (D) Share Application money pending allotment
- (E) Current Assets

Choose the **correct** answer from the options given below:

- (a) (A), (B), (E), (C), (D)
- (b) (A), (E), (C), (B), (D)
- (c) (A), (D), (C), (B), (E)
- (d) (C), (B), (D), (A), (E)

Q30. Match **List-I** with **List-II**

List-I	List-II
(A) Comparative Statements	(I) It describes the significant relationship which exists between various items of a balance sheet and a statement of profit and loss of a firm.
(B) Common Size Statements	(II) It is a technique of studying the operational results and financial position over a series of years.
(C) Trend Analysis	(III) These are the statements which indicate the relationship of different items of a financial statement with a common item by expressing each item as a percentage of that common item.
(D) Ratio Analysis	(IV) These are the statements showing the profitability and financial position of a firm for different periods of time.

Choose the **correct** answer from the options given below:

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

Q31. Arrange different Classification of Activities for the Preparation of Cash Flow Statement-

- (A) Cash and Cash equivalents
- (B) Cash flow from Financing Activities
- (C) Cash flow from Investing Activities
- (D) Cash flow from Operating Activities

Choose the **correct** answer from the options given below:

- (a) (D), (C), (B), (A)
- (b) (A), (C), (B), (D)

- (c) (B), (A), (D), (C)
(d) (C), (B), (D), (A)

Q32. Which of the following statements are True about ratio analysis-

- (A) A ratio reflects quantitative and qualitative aspects of results.
(B) Long-term borrowings are concerned about the ability of a firm to discharge its obligations to pay interest and repay the principal amount
(C) A ratio is always expressed as a quotient of one number divided by another.
(D) Ratios help in comparisons of a firm's results over a number of accounting periods as well as with other business enterprises.

Choose the **correct** answer from the options given below:

- (a) (B) and (D) only
(b) (B) and (C) only
(c) (C) and (D) only
(d) (B), (C) and (D) only

Q33. Amitabh and Babul are partners sharing profits in the ratio of 3:2, with capitals of Rs. 50,000 and Rs. 30,000 respectively. Interest on capital is agreed @ 6% p.a. Babul is to be allowed an annual salary of Rs. 2,500. Manager is to be allowed commission Rs. 5,000. Amitabh has also given a Loan on April 01, 2019 of Rs. 50,000 to the firm without any agreement. During the year 2019-20, the profits earned is Rs. 22,250. What amount of profit will be transferred to Profit and Loss Appropriation account -

- (a) Rs. 14,500
(b) Rs. 14,250
(c) Rs. 14,750
(d) Rs. 14,350

Q34. Steps for Forfeiture of Shares-

- (A) Issue of Prospectus
(B) Shares Forfeiture
(C) Receipt of Application
(D) Allotment of Shares

Choose the **correct** answer from the options given below:

- (a) (A), (C), (D), (B)
(b) (A), (C), (B), (D)
(c) (B), (A), (D), (C)
(d) (C), (B), (D), (A)

Q35. Which combination of following statements are Incorrect (False) about debentures-

- (A) Debenture is a part of owned capital.
(B) The payment of interest on debentures is a charge on the profits of the company.
(C) The debentures cannot be issued at a discount of more than 10% of the face value.
(D) Debentures cannot be converted into shares.
(E) Redeemable debentures are those debentures, which are payable on the expiry of the specific period.

Choose the **correct** answer from the options given below:

- (a) (A), (B) and (D) only
(b) (A), (C) and (E) only
(c) (A), (B), (C) and (E)
(d) (A), (C) and (D) only

Q36. On dissolution of a firm, partner's loan account is transferred to:

- (a) Bank Account
(b) Realisation Account
(c) Partner's Capital Account
(d) Partner's Current Account

Q37. Which of the following combination of statements are true about dissolution-

- (A) A firm is compulsorily dissolved when a partner decide to retire.
(B) Dissolution of a partnership is different from dissolution of a firm.

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- (C) A partnership is dissolved when there is a death of a partner.
 (D) Dissolution of a firm necessarily involves dissolution of partnership.
 Choose the **correct** answer from the options given below:

- (a) (A), (B) and (D) only
 (b) (A), (B) and (C) only
 (c) (B), (C) and (D) only
 (d) (A), (C) and (D) only

Q38. _____ are especially interested in the average payment period, since it provides them with a sense of the bill-paying patterns of the firm.

- (a) Customers
 (b) Stockholders
 (c) Lenders and suppliers
 (d) Borrowers and buyers

Q39. Which combination of statements are correct about Death of a partner-

- (A) Ascertainment of new profit sharing ratio and gaining ratio
 (B) Preparation of Realization Account
 (C) Revaluation of assets and liabilities
 (D) Adjustment of capital, if required

Choose the **correct** answer from the options given below:

- (a) (A), (B) and (D) only
 (b) (A), (B) and (C) only
 (c) (A), (C) and (D) only
 (d) (B), (C) and (D) only

Q40. Financial analysis is useful and important to different users. Which of the following is not the user of Financial analysis-

- (a) Finance manager
 (b) Top management
 (c) Investors
 (d) Non Competitive Firms

Comprehension:

(41-45) Answer the next 5 questions from the passage-

A, B and C are partners in a firm sharing profits in the ratio of 3: 2: 1. D is admitted into the firm for $\frac{1}{4}$ th share in profits, which he gets as $\frac{1}{8}$ th from A and $\frac{1}{8}$ th from B. The total capital of the firm is agreed upon as Rs. 1,20,000 and D is to bring in cash equivalent to $\frac{1}{4}$ th of this amount as his capital. The capitals of other partners are also to be adjusted in the ratio of their respective shares in profits. The capitals of A, B and C after all adjustments are Rs. 40,000, Rs. 35,000 and Rs. 30,000 respectively.

Q41. The New Profit Sharing Ratio in this case is-

- (a) 9: 5: 4: 2
 (b) 9: 5: 4: 6
 (c) 9: 4: 3: 2
 (d) 9: 3: 4: 7

Q42. D will bring in cash as his capital -

- (a) Rs. 30,000
 (b) Rs. 40,000
 (c) Rs. 20,000
 (d) Rs. 35,000

Q43. C will withdraw the capital amount after capital are adjusted in the ratio of their respective shares in profits. The amount is-

- (a) Rs. 20,000
 (b) Rs. 15,000
 (c) Rs. 10,000
 (d) Rs. 5,000

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Q44. Required capitals of all partners is-

- (a) A = Rs. 40,000 B = Rs. 20,000 C = Rs. 25,000 D = Rs. 35,000
- (b) A = Rs. 45,000 B = Rs. 25,000 C = Rs. 20,000 D = Rs. 30,000
- (c) A = Rs. 35,000 B = Rs. 25,000 C = Rs. 30,000 D = Rs. 30,000
- (d) A = Rs. 55,000 B = Rs. 25,000 C = Rs. 15,000 D = Rs. 25,000

Q45. The capitals of other partners are also to be adjusted in the ratio of their respective shares in profits. A will bring in cash as capital after adjustment amount-

- (a) Rs. 40,000
- (b) Rs. 5,000
- (c) Rs. 15,000
- (d) Rs. 10,000

Comprehension:

[46-50] Answer the next 5 Questions from this passage-

High Light India Ltd. invited applications for 30,000 Shares of Rs. 100 each at a premium of Rs. 20 per share payable as follows:

On Application Rs. 40 (including Rs. 10 premium)

On Allotment Rs. 30 (including Rs. 10 premium)

On First Call Rs. 30

On Second and Final Call Rs. 20

Applications were received for 40,000 shares and pro-rata allotment was made on the application for 35,000 share. Excess application money was utilised towards allotment.

Rohan to whom 600 shares were allotted failed to pay the allotment money and his shares were forfeited immediately after allotment.

Aman who applied for 1,050 shares failed to pay first call and his share were forfeited immediately after first Call.

Second and final call was made. All the money due on second call have been received.

Of the shares forfeited, 1,000 share were reissued as fully paid-up for Rs. 80 per share, which included the whole of Aman's shares.

Q46. Amount received on allotment-

- (a) Rs. 6,00,000
- (b) Rs. 6,50,000
- (c) Rs. 6,86,000
- (d) Rs. 7,00,000

Q47. Allotment money received in advanced alongwith application is

- (a) Rs. 1,00,000
- (b) Rs. 2,00,000
- (c) Rs. 3,00,000
- (d) Rs. 4,00,000

Q48. Rohan to whom 600 shares were allotted must have applied for-

- (a) 650 Shares
- (b) 750 Shares
- (c) 700 Shares
- (d) 800 Shares

Q49. Choose journal entries in the books of High Light India Ltd on receiving Application money -

- (a) Bank A/c Dr. 16,00,000 To Share Application A/c 16,00,000
- (b) Bank A/c Dr. 14,00,000 To Share Application A/c 14,00,000
- (c) Bank A/c Dr. 12,00,000 To Share Application A/c 12,00,000
- (d) Bank A/c Dr. 20,00,000 To Share Application A/c 20,00,000

Q50. Money received on First Call is

- (a) Rs. 9,00,000
- (b) Rs. 8,82,000
- (c) Rs. 8,75,000
- (d) Rs. 8,55,000