

SAMPLE Question Paper

1

Maximum Marks : 200

Time : 45 Minutes

General Instructions:

- (i) This paper consists of 50 MCQs, attempt any 40 out of 50 .
- (ii) Correct answer or the most appropriate answer: Five marks (+5) .
- (iii) Any incorrect option marked will be given minus one mark (– 1) .
- (iv) Unanswered/Marked for Review will be given no mark (0) .
- (v) If more than one option is found to be correct then Five marks (+5) will be awarded to only those who have marked any of the correct options .
- (vi) If all options are found to be correct then Five marks (+5) will be awarded to all those who have attempted the question .
- (vii) If none of the options is found correct or a Question is found to be wrong or a Question is dropped then all candidates who have appeared will be given five marks (+5).
- (viii) Calculator / any electronic gadgets are not permitted .

1. Income and Expenditure Account records :

- (1) Receipts and Payments of Revenue and Capital nature both
- (2) Income and Expenditure of Revenue nature only
- (3) Expenditure of Capital nature only
- (4) Receipts of Revenue nature only

2. Jaipur Club has a prize fund of ₹ 6,00,000. It incurs expenses on prizes amounting to ₹ 5,20,000. The expenses should be :

- (1) debited to income and expenditure account.
- (B) presented on the assets side of the balance sheet.
- (3) debited to income and expenditure account and presented on the assets side of the balance sheet.
- (4) deducted from the prize fund on the liabilities side of the balance sheet.

3. The following information has been extracted from the financial statements of a not-for-profit organization for the year ended 31st March, 2019 :

Particulars	Amount (₹)
Opening Balance of Match Fund	5,00,000
Sale of Match tickets	3,75,000
Donation for Match Fund received during the year	1,24,000
Match expenses	10,00,000

Which of the following statements is correct for the presentation of the above items in the financial statements of the not-for-profit organization ?

- (1) Negative Balance of Match fund ₹ 1,000 will be shown on the liabilities side of the Balance Sheet as at 31st March, 2019.

(2) Opening Balance of Match Fund ₹ 5,00,000 will be shown on the liabilities side of Balance Sheet as at 1.4.2018.

(3) Negative balance of match fund ₹ 1,000 will be shown on the expenditure side of the Income and Expenditure Account for the year ended 31.3.2019.

(4) Both (2) and (3).

4. Subscription received in advance during the current year is :

- (1) An income
- (2) An asset
- (3) A liability
- (4) None of the above

5. The following information below is related to an NPO :

Dr. Receipts and Payments A/c [An Extract] Cr.

Receipts	Amount (₹)	Payments	Amount (₹)
To Interest on Investments	Nil	By 8% Investments [01-10-18]	60,000

If the firm closes its accounts on 31st March every year, what amount of accrued interest on investments will be shown in the Balance Sheet of the firm on 31-03-19 ?

- (1) ₹ 2,400
- (2) ₹ 4,800
- (3) ₹ 6,000
- (4) None of these

6. Pick the odd one out :

- (1) Entrance fees
- (2) Subscription
- (3) Government grant
- (4) Life membership fees

7. The mathematical operator is represented by asterisk (*) is:
- (1) Exponential (2) Addition
(3) Substraction (4) Multiplication
8. Following are the essential elements of a partnership firm except:
- (1) At least two persons
(2) There is an agreement between all partners
(3) Equal share of profits and losses
(4) Partnership agreement is for some legal business
9. Pick the odd one out :
- (1) Interest on capital
(2) Interest on drawings
(3) Interest on partner's loan
(4) Salary to partner
10. Identify the journal entry for transferring interest on drawings to the Profit and Loss Appropriation A/c.
- (1) Partners' Capital/Current A/cs Dr.
 To Interest on drawings A/c
(Being interest on drawings transferred to Profit & Loss Appropriation A/c)
- (2) Interest on Drawings A/c Dr.
 To Partners' Capital/Current A/cs
(Being interest on drawings transferred to Profit & Loss Appropriation A/c)
- (3) Interest on Drawings A/c Dr.
 To Profit and Loss Appropriation A/c
(Being interest on drawings transferred to Profit & Loss Appropriation A/c)
- (3) Profit & Loss Appropriation A/c Dr.
 To Interest on Drawings A/c
(Being interest on drawings transferred to Profit & Loss Appropriation A/c)
11. Which of the following items is not dealt through Profit and Loss Appropriation Account ?
- (1) Interest on partner's loan
(2) Partner's salary
(3) Interest on partner's drawings
(4) Partner's commission
12. Which of the following does not result in the change in the profit sharing ratio?
- (1) When one or more partners acquire an interest in the business from another partner or partners
(2) When a partner is admitted in the firm.
(3) When a partner goes on a vacation.
(4) When a partner dies.
13. At the time of change in profit sharing ratio, it is important to determine the _____ and _____ of partners.
- (1) Sacrificing ratio, gaining ratio
(2) Profit, loss
(3) Goodwill, profit
(4) Capital, Profit
14. Bishan and Sudha were partners in a firm sharing profits and losses in the ratio of 5 : 3. Alena was admitted as a new partner. It was decided that the new profit sharing ratio of Bishan, Sudha and Alena will be 10 : 6 : 5. The sacrificing ratio of Bishan and Sudha will be :
- (1) 5 : 3 (b) 25 : 78
(c) 6 : 5 (4) 2 : 1
15. Which of the following best describes the computerised accounting system?
- (1) A manual system of recording financial transactions.
(2) A software-based system that automates accounting tasks.
(3) A system that relies on calculators for financial calculations.
(4) A system that uses typewriters for documentation.
16. **Assertion (A):** New Profit Sharing Ratio is the ratio in which old partners including the new partner, share the profits or losses of the firm.
- Reason (R):** When a new partner is admitted to the firm it is necessary to calculate the new profit sharing ratio with the help of the share agreed to forgo by the old partners.
- (1) Both Assertion (A) and Reason (R) are true, and Reason (R) is the correct explanation of Assertion (A).
(2) Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
(3) Assertion (A) is true, but Reason (R) is false.
(4) Assertion (A) is false, but Reason (R) is true.
17. Analyse the case given below and answer the questions that follow :
- Alia, Karan and Shilpa were partners in a firm sharing profits in the ratio of 5 : 3 : 2. Goodwill appeared in their books at the value of ₹ 60,000. Karan decided to retire from the firm. On the date of his retirement, goodwill of the firm was valued at ₹ 2,40,000. The new profit sharing ratio decided among Alia and Shilpa was 2 : 3. Give the answers to the questions given below:
17. How much will be transferred to Karan's Capital Account of the existing goodwill?
- (1) ₹18,000 (2) ₹30,000
(3) ₹12,000 (4) ₹72,000
18. What is Alia's gaining or sacrificing ratio:
- (1) $\frac{1}{10}$ Gain (2) $\frac{1}{10}$ Sacrifice
(3) $\frac{4}{10}$ Gain (4) $\frac{4}{10}$ Sacrifice
19. What is Shilpa's gaining or sacrificing ratio:
- (1) $\frac{1}{10}$ Gain (2) $\frac{1}{10}$ Sacrifice
(3) $\frac{4}{10}$ Gain (4) $\frac{4}{10}$ Sacrifice

20. What amount of goodwill will be credited to Karan's Capital account?

- (1) ₹ 96,000 (2) ₹ 72,000
(3) ₹ 24,000 (4) ₹ 18,000

21. Saurabh, Shirin and Somesh are partners in a firm sharing profits and losses in the ratio of 3 : 2 : 1. Somesh retires and the new profit sharing ratio between Saurabh and Shirin in 3 : 2. The gaining ratio between Saurabh and Shirin will be :

- (1) 3 : 2 (2) 3 : 1
(3) 1 : 1 (4) 2 : 1

22. On the basis of the following data, how much final payment will be made to a partner on firm's dissolution?

Credit balance of capital account of the partner was ₹ 50,000. Share of loss on realisation amounted to ₹ 10,000. Firm's liability taken over by him was for ₹ 8,000.

- (1) ₹ 32,000 (2) ₹ 48,000
(3) ₹ 40,000 (4) ₹ 52,000

23. The account which is prepared on dissolution of a partnership firm :

- (1) Revaluation Account
(2) Realisation Account
(3) P & L Appropriation Account
(4) None of the above

24. On dissolution of a firm, a liability taken over by a partner is credited to :

- (1) Realisation Account
(2) Profit and Loss Account
(3) Partner's Capital Account
(4) None of the above

25. The first stage of incorporating a company is :

- (1) Registration
(2) Promotion
(3) Commencement of business
(4) None of the above

26. Those preference shares which do not carry the right to receive arrears of dividend :

- (1) Non-participating Preference Shares
(2) Irredeemable Preference Shares
(3) Non-convertible Preference Shares
(4) Non-cumulative Preference Shares

27. Subscription of shares should not be less than _____ % of the issued shares.

- (1) 85% (2) 90%
(3) 95% (4) 100%

28. Balance in Share Forfeiture Account is shown in the balance sheet under the head of :

- (1) Reserves and Surplus
(2) Long-term Borrowings
(3) Share Capital
(4) Other Current Liabilities

29. The Journal Entry to acquire an asset from vendor will be :

	Particulars	L.F.	Amount	
			Dr. (₹)	Cr. (₹)
(1)	Sundry Assets A/c Dr. To Vendor's A/c			
(2)	Vendor's A/c Dr. To Sundry Assets A/c			
(3)	Sundry Assets A/c Dr. To Cash A/c			
(4)	Cash A/c Dr. To Vendor's A/c			

30. HR Limited issued 10,000 equity shares @ ₹ 10 each at 10% premium. All shares were subscribed and amount was received. Identify the amount to be transferred to Securities Premium Reserve A/c.

- (1) ₹ 10,000 (2) ₹ 1,000
(3) ₹ 1,00,000 (4) ₹ 9,000

31. Which of the following is not a purpose for which the Securities Premium amount can be used ?

- (1) Issuing fully paid bonus shares to shareholders
(2) Issuing partly paid up bonus shares to shareholders
(3) Writing off preliminary expenses of the company
(4) In purchasing its own shares (buy back)

32. Debenture interest is paid as :

- (1) based on the net profit of company
(2) at a predetermined rate
(3) at variable rate
(4) none of the above

33. At the time of issue of debentures, Debentures Account is :

- (1) Credited by the amount received
(2) Credited by issued price of debentures
(3) Credited by the nominal (face) value of the debentures
(4) None of the above

34. Premium on Redemption of Debentures Account is a _____ Account.

- (1) Real Account (2) Nominal Account
(3) Personal Account (4) None of these

35. The loss on issue of Debentures is written-off from (as first priority) :

- (1) Capital Reserve
(2) Secret Reserve
(3) Reserve Capital
(4) Share Premium Reserve Account

36. The term 'Field' as applied to database table means:

- (1) Vertical column of table
(2) Size of the table
(3) Horizontal row of table
(4) Name of the table

37. What journal entry will be passed when purchase consideration is equal to net assets while purchasing business from vendor :

- (1) Sundry Assets A/c Dr.
Goodwill A/c Dr.
To Vendor's A/c
- (2) Sundry Assets A/c Dr.
To Capital Reserve A/c
To Vendor's A/c
- (3) Sundry Assets A/c Dr.
To Sundry Liabilities A/c
To Vendor's A/c
- (4) Capital Reserve A/c Dr.
To Vendor's A/c

38. Which of the following is not a part of Finance Cost (in Statement of Profit and Loss) ?

- (1) Bank Charges
(2) Interest Paid on Debentures
(3) Interest Paid on Public Deposits
(4) Loss on Issue of Debentures

39. What is the potential limitation of using a computerised accounting system?

- (1) Improved accuracy in financial calculations.
(2) Enhanced data security and control.
(3) Dependency on technology and potential system failures.
(4) Reduction in time spent on manual tasks.

40. Which of the following is a limitation of financial analysis ?

- (1) It is just a study of reports of the company.
(2) It judges the ability of the firm to repay its debts.
(3) It identifies the reasons for change in financial position.
(4) It ascertains the relative importance of different components of the financial position of the firm.

41. Pick the odd one out :

- (1) Horizontal Analysis
(2) Comparative Statement of Profit and Loss
(3) Comparative Balance Sheet
(4) Common-Size Balance Sheet

42. The _____ may indicate that the firm is experiencing stock outs and lost sales.

- (1) Average payment period
(2) Inventory turnover ratio
(3) Average collection period
(4) Quick ratio

43. Current ratio of Vidur Pvt. Ltd. is 3 : 2. Accountant wants to maintain it at 2 : 1. Following options are available :

- (i) He can repay bills payable
(ii) He can purchase goods on credit
(iii) He can take short-term loan

Choose the correct option :

- (1) Only (i) is correct.
(2) Only (ii) is correct.
(3) Only (i) and (iii) are correct.
(4) Only (ii) and (iii) are correct.

44. Which of the following is not an activity ratio ?

- (1) Inventory turnover ratio
(2) Interest coverage ratio
(3) Working capital turnover ratio
(4) Trade receivables turnover ratio

45. The _____ measures the activity of a firm's inventory.

- (1) average collection period
(2) inventory turnover
(3) liquid ratio
(4) current ratio

46. Pick the odd one out :

- (1) Cash in hand
(2) Cash at bank
(3) Marketable Securities
(4) Non-current Investments

47. **Balance Sheet (Extract)**

Liabilities	31-03-2018 (₹)	31-03-2017 (₹)
Fixed Assets	23,80,000	17,50,000

Additional Information :

Depreciation on fixed assets was ₹ 2,00,000 for the year. How much amount for 'Purchase of fixed assets' will be shown in investing activity for cash flow statement prepared on 31st March, 2018 ?

- (1) Outflow ₹ 8,30,000
(2) Inflow ₹ 42,600
(3) Outflow ₹ 6,30,000
(4) None of these

48. Payment of income tax is classified under :

- (1) Operating activity
(2) Financing activity
(3) Investing activity
(4) None of the above

49. Which of the following transactions will not result into flow of cash?

- (1) Issue of equity shares of ₹ 1,00,000
(2) Purchase of machinery of ₹ 1,75,000
(3) Redemption of 9% debentures ₹ 3,50,000
(4) Cash deposited into bank ₹ 15,000

50. Cash Flow Statement is based upon :

- (1) Accrual basis of accounting
(2) Cash basis of accounting
(3) Accounting equation
(4) None of the above

