

Previous Years Paper

10th June 2023 (Shift 3)

Q1. Steps to print non-contiguous ranges in MS-Excel are:-

- Click the office Button and select print
- Select the first range to be printed
- In print what section, select selection
- Press [ctrl] + select second range to be printed and more, if required
- Click print

Choose the correct from the options given below:

(a) B→D→A→C→E

(b) A→B→D→C→E

(c) B→D→C→A→E

(d) A→B→C→D→E

Q2. Match List I with List II

List - I		List - II	
(A)	Secured debenture	(I)	do not carry specific rate of interest
(B)	Registered debenture	(II)	convertible into equity share
(C)	Convertible debenture	(III)	charge is created on the assets of company
(D)	Zero coupon debenture	(IV)	Details of debenture holder are entered in register

Choose the correct answer from the options given below:

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

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

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

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

Q3. A and B are partners their respective capitals are ₹50,000 and ₹30,000. Interest on capital is agreed @ 6% p.a. B is allowed an annual salary ₹2,500. Profit during the year prior to calculation of Interest on capital but after charging B's salary is ₹12,500. 5% of net profit is paid to manager as commission. The amount of commission paid to manager is

(a) ₹1,500

(b) ₹1,250

(c) ₹1,000

(d) ₹750

Q4. A, B and C are partners in a firm sharing profits in the ratio of 2:2:1. D is admitted for 1/5th share in profits. He will bring ₹35,000 as his capital in the firm. The capitals of A, B and C after all the adjustments are ₹40,000, ₹35,000 and ₹30,000 respectively. What will be the share of goodwill of D?

(a) ₹14,000

(b) ₹30,000

(c) ₹35,000

(d) ₹7,000

Q5. At the time of admission of a partner following was the extract of Balance Sheet

Investment fluctuation reserve	₹2,00,000	Investment (market value ₹6,00,000)	₹6,40,000
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What entry will be passed?

(a) Investment Fluctuation Reserve A/c Dr. ₹2,00,000

To Investment A/c ₹40,000

To Partner's Capital A/c (Old Ratio) ₹1,60,000

(b) Investment Fluctuation Reserve A/c Dr. ₹2,00,000

To Investment A/c ₹40,000

To Partner's Capital A/c (New Ratio) ₹1,60,000

(c) Investment Fluctuation Reserve A/c Dr. ₹2,00,000

To Partner's Capital A/c (Old Ratio) ₹2,00,000

(d) Investment Fluctuation Reserve A/c Dr. ₹2,00,000

To Partner's Capital A/c (New Ratio) ₹2,000

Q6. Gobind, Hari and Pratap are partners. On the retirement of Gobind, the goodwill already appears in the books at ₹24,000. The goodwill will be written off

(a) By debiting all the partner capital account in old profit-sharing ratio

(b) By debiting remaining partner capital amount in the new profit-sharing ratio

(c) By debiting retiring partner's capital account from his share of Goodwill

(d) By crediting all partner's capital account in their old profit-sharing ratio

Q7. Select the items which will be recorded in Partner's capital Accounts as per Fixed Capital method.

A. Withdrawal of capital

B. Drawings

C. Additional Capital

D. Interest on Capital

E. Interest on Drawings

Choose the correct answer from the options given below:

(a) A and C only

(b) A, B and C only

(c) B, D and E only

(d) A, C and D only

Q8. Cash Flow statement of an enterprise helps to ascertain _____

(a) Liquidity

(b) Solvency

(c) Profitability

(d) Turnover

Q9. Match List I with List II

List - I		List - II	
(A)	Interest on Advances by partner	(I)	Not charged

(B)	Interest on Drawings	(II)	6% p.a.
(C)	Interest on capital	(III)	Equal
(D)	Profit sharing ratio	(IV)	Not allowed

Choose the correct answer from the options given below:

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

Q10. Rearrange the following items of "Shareholder's funds" in an order as prescribed by companies Act 2013 in Schedule III of Companies Act, 2013

- A. Shares forfeited A/c
B. Subscribed and fully paid capital
C. Subscribed but not fully paid capital
D. Issued capital
E. Authorised capital

Choose the correct answer from the options given below:

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

Q11. Payment of income tax is classified under

- (a) Financing activity
(b) Investing activity
(c) Operating activity
(d) Cash and cash equivalents

Q12. When Debentures are issued as collateral security to obtain loan from a bank, identify the account that is debited for recording the entry of issue of such debentures

- (a) Bank A/c
(b) Bank Loan A/c
(c) Debentures A/c
(d) Debentures suspense A/c

Q13. Match List I with List II

List - I		List - II	
A.	CTRL + HOME Key	I.	Beginning of Row
B.	Home key	II.	Cell at intersection of last column containing data
C.	CTRL + Right Arrow (→) key	III.	Top of worksheet
D.	CTRL + End key	IV.	Moving consecutively to first and last filled cell of cluster of filled cells in a row

Choose the correct answer from the options given below:

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

Q14. Match List I with List II

List - I		List - II	
A.	Receipt and payment account	I.	Akin to trading and profit and loss account

B.	Income and Expenditure account	II.	Financial position
C.	Balance sheet	III.	Summary of cash book
D.	Revenue Item	IV.	Printing and stationery

Choose the correct answer from the options given below:

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

Q15. During financial year 2021-22, Sahil 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

Q16. Capital gain tax paid by the company on sale of land held as Investment is

- (a) an outflow under Operating activity
(b) an outflow under Investing activity
(c) an Inflow under Financing Activity
(d) an outflow under Financing activity

Q17. While computing cash from operating activities, which of the following will not be considered while calculating the Net profit?

- A. Increase in value of creditors
B. Decrease in income received in advance
C. Decrease in value of inventory
D. Increase in value of patent
E. Issue of share

Choose the correct answer from the option given below:

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

Q18. Goodwill was of ₹80,000 on March 31st 2023 and was of ₹60,000 on March 31st 2022. How will you treat the above, while preparing cash flow statement for the year ended March 31, 2023?

- (a) Add ₹20,000 in Cash from operating Activities
(b) Subtract ₹20,000 Cash from Operating Activities
(c) Inflow of ₹20,000 in Cash from Investing Activities
(d) Outflow of ₹20,000 Cash from Investing Activities

Q19. Which step completes an entry and move the pointer to the cell to the right?

- (a) pressing [Enter]
(b) Pressing [Tab]
(c) Pressing [Shift]+[Tab]
(d) Pressing [Shift]+[Enter]

Q20. X Ltd. Purchased assets of ₹6,30,000 from Y Ltd. X Ltd. Issued 9% Debentures of ₹100/- each full paid in consideration. Calculate number of Debentures to be issued if debentures are issued at 20% premium.

- (a) 6,300
(b) 5,250
(c) 7,875
(d) 9,000

- Q21.** Arrange the following steps in correct order to calculate the value of Goodwill by super profit method.
 A. Calculate Capital Employed
 B. Calculate of Average profit
 C. Calculate Super profit
 D. Calculate normal profit
 E. Calculate value of Goodwill
 Choose the correct answer from the options given below:
 (a) B, A, D, C, E
 (b) A, B, C, D, E
 (c) B, D, C, A, E
 (d) B, A, C, D, E
- Q22.** XYZ Ltd. Extends credit terms of 40 days to its customers. Its credit collection would be considered poor if its average collection period is
 (a) 30 days
 (b) less than 40 days
 (c) more than 40 days
 (d) 35 days
- Q23.** Rearrange the following items of Current Assets in an order as prescribed in schedule III of companies Act 2013 for Balance Sheet Preparation.
 A. Inventories
 B. Trade receivables
 C. Short term loans and advances
 D. Cash and Cash equivalent
 E. Current investment
 Choose the correct answer from the options given below:
 (a) C, D, E, A, B
 (b) E, A, B, D, C
 (c) A, B, C, D, E
 (d) C, B, D, E, A
- Q24.** The numbers of blank worksheets that are visible automatically when a new worksheet is generated/opened.
 (a) One
 (b) Two
 (c) Three
 (d) Four
- Q25.** Goodwill of a company will be shown in Balance sheet under the sub-heading-
 (a) Tangible Asset
 (b) Intangible Asset
 (c) Current Investment
 (d) Other Non-current Assets
- Q26.** Arrange in correct sequence with respect to the issue of shares by company.
 A. Allotment of shares
 B. Forfeiture of shares
 C. Application of shares received by the company
 D. Reissue of shares
 E. Transfer to Capital Reserve
 Choose the correct answer from the options given below:
 (a) C, A, D, B, E
 (b) C, A, B, D, E
 (c) A, C, B, D, E
 (d) A, C, D, B, E
- Q27.** In case of change in profit sharing ratio among partners in a firm, the Stock Account stood at ₹55,000 in the Balance Sheet of the old firm and at the time of reconstitution, it was observed that Stock A/c was overvalued by 10%. Identify the correct option with respect to treatment of stock account in Revaluation Account.
 (a) Stock A/c will be debited by ₹5,500
 (b) Stock A/c will be credited by ₹5,000
 (c) Stock A/c will be debited by ₹5,000
 (d) Stock A/c will be credited by ₹5,500
- Q28.** Identify the basis on which Income and Expenditure Account is prepared by a Not-for-profit organisation
 (a) Accrual Basis
 (b) Cash Basis
 (c) Partial use of both Accrual as well as cash basis
 (d) Management criteria Basis
- Q29.** _____ is an extension of Profit & Loss A/c in case of partnership firm.
 (a) Revaluation A/c
 (b) Partner's Capital A/c
 (c) Suspense A/C
 (d) Profit & Loss appropriation A/c
- Q30.** A Company issued ₹100,000, 9% Debentures of ₹100 each at a discount of 5% but redeemable at premium of 5%. The total amount received on such debenture is
 (a) ₹1,00,000
 (b) ₹95,000
 (c) ₹1,05,000
 (d) ₹1,10,000
- Q31.** Valuation of Goodwill does not arise in which of the following circumstances:
 (a) Admission of new partner
 (b) Retirement of a Partner
 (c) Death of a Partner
 (d) Dissolution of Partnership firm
- Q32.** Consider the following facts with regard to Cash Flow Statement and identify the correct statements.
 A. Proceeds from sale of land will appear under Investing Activities
 B. Decrease in value of Inventory is added to the net profit to compute cash flow from Operating Activities.
 C. Conversion of Debentures into Equity Shares involve issue of Equity Shares and shown under Financing Activities
 D. Issue of Debentures as collateral securities are shown under Investing Activities.
 E. Income tax paid is subtracted from Cash generated from operations to compute cash flow from Operating Activities.
 Choose the correct answer from the options given below:
 (a) A, B and C only
 (b) A, B and D only
 (c) A, B and E only
 (d) A, C and E only

- Q33.** Select from the following the final accounts, that a Not-for-Profit organisation is not required to prepare.
 (a) Receipt and Payment Account
 (b) Income and Expenditure Account
 (c) Cash Flow Statement
 (d) Balance Sheet

Q34. Match List I with List II

List – I		List – II	
A.	Finance cost	I.	Decrease in value of fixed assets
B.	Depreciation	II.	Expenses on salary, wages, leave encashment
C.	Employee benefit expenses	III.	Purchase of goods for trading
D.	Purchase of Stock in Trade	IV.	Expenses towards interest charges on borrowing

Choose the correct answer from the options given below:

- (a) A-III, B-IV, C-I, D-II
 (b) A-I, B-III, C-IV, D-II
 (c) A-IV, B-I, C-III, D-II
 (d) A-IV, B-I, C-II, D-III
- Q35.** Goodwill brought by new partner is distributed among the existing partners in their _____
 (a) Old Ratio
 (b) New Ratio
 (c) Sacrificing Ratio
 (d) Gaining Ratio
- Q36.** From the following details calculate interest coverage ratio:
 Net profit after tax ₹1,20,000
 10% long term Debt ₹20,00,000
 And tax rate is 40%
 (a) 1.84 times
 (b) 1.5 times
 (c) 2 times
 (d) 1.8 times
- Q37.** A and B are partners sharing profits in the ratio 4:3. They admit C as a partner. C gets 25% of A's share and $\frac{1}{3}$ rd from B. Calculate new profit-sharing ratio
 (a) 4:3:1
 (b) 10:2:9
 (c) 9:2:10
 (d) 2:10:9
- Q38.** In case of retirement, a retiring partner is entitled to get-
 A. Share in profits made by firm after his retirement
 B. His share of Goodwill
 C. His share in Accumulated Reserve
 D. Share in Employees Provident Fund
 E. Share in Revaluation Gain
 Choose the correct answer from the options given below:
 (a) A, B and C only
 (b) A, C and E only
 (c) B, C and E only
 (d) C, D, and E only

- Q39.** _____ of spreadsheet makes easier to read and understand the information that are important.
 (a) Form
 (b) Cell
 (c) Pivot Table
 (d) Formatting

- Q40.** Which of the following items will be added to the net profit while calculating Cash Flow from operating activities.
 A. Increase in Creditors
 B. Increase in Patents
 C. Decrease in Prepaid expenses
 D. Increase in Share capital
 E. Increase in Building
 Choose the correct answer from the options given below:
 (a) A and C only
 (b) A, B and E only
 (c) A, B and C only
 (d) A, D and E only

Direction(Q41-Q45): Based on following answer the questions:

Meena and Tina are partners in a firm and sharing profit at 3:2. They decided to dissolve their firm on March 31, 2017 when their Balance Sheet was as follows:

**Balance Sheet Meena and Tina
as at March 31, 2017**

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital:		Machinery	70,000
Meena 90,000		Investments	50,000
Tina 80,000	1,70,000	Stock	22,000
Sundry creditors	60,000	Sundry Debtors	1,03,000
Bills payable	20,000	Cash at bank	5,000
	2,50,000		2,50,000

The assets and liabilities were disposed off as follows:

- (a) Machinery was given to creditors in full settlement of their account and stock were given to bills payable in full settlement
 (b) Investments were taken over by Tina at book value. Sundry debtors of book value ₹50,000 took over by Meena at 10% less and remaining debtors realised ₹51,000.
 (c) Realisation expenses amount to ₹2,000.
- Q41.** At what value of Sundry debtor taken over by Meena?
 (a) ₹50,000
 (b) ₹45,000
 (c) ₹50,100
 (d) ₹40,000
- Q42.** The amount transferred to Capital as Profit/Loss on Realisation is:
 (a) Loss – Meena ₹12,600; Teena ₹8,400
 (b) Profit – Meena ₹12,600; Teena ₹8,400
 (c) Loss – Meena ₹8,400; Teena ₹12,600
 (d) Profit – Meena ₹8,400; Teena ₹12,600
- Q43.** The amount paid/received to/from Meena and Tina on account of final settlement is:

- (a) Paid to Meena ₹32,400; received from Tina ₹21,600
- (b) Paid to Meena ₹21,600; paid to Tina ₹32,400
- (c) Paid to Meena ₹32,400; paid to Tina ₹21,600
- (d) Received from Meena ₹32,400; from Tina ₹21,600.

Q44. The Book Value of remaining debtor realised is:

- (a) ₹51,000
- (b) ₹50,000
- (c) ₹48,000
- (d) ₹53,000

Q45. The value of machinery given to creditor in full settlement of their claim will be:

- (a) Debited to creditor account by ₹70,000
- (b) Credited to Realisation account by ₹70,000
- (c) Debited to Cash/bank A/c by ₹70,000
- (d) No entry is passed

Direction(Q460-Q50): Based on following answer the question:

Bharat Ltd. Has been registered with the capital as ₹50,00,000 divided into 5,00,000 shares of ₹10 each. 3,00,000 shares of ₹10 each are offered by the company to the public for subscription, amount payable as ₹4 on application, ₹3 on allotment and the balance on call. The company received application for 2,70,000 shares and the company finalized the allotment accordingly. The company did not make the final call. The Company received all money excepts allotment money on 5,000 shares held by Rahul. His shares were forfeited. You are required to answer the following on the basis of the given information.

Q46. The Nominal Capital of the Bharat Ltd. Is ____.

- (a) ₹30,00,000
- (b) ₹27,00,000
- (c) ₹50,00,000
- (d) ₹26,50,000

Q47. In the case Bharat Limited the shares have been:

- (a) Fully subscribed
- (b) Over subscribed
- (c) Under subscribed
- (d) Partly subscribed

Q48. Calculate the amount forfeited by the company related to Rahul's shares and hence transferred to Forfeited Share Amount.

- (a) ₹50,000
- (b) ₹20,000
- (c) ₹15,000
- (d) ₹35,000

Q49. The portion of Subscribed Capital which has not yet been called up by the company is called ____.

- (a) Paid up capital
- (b) Reserve capital
- (c) Uncalled up capital
- (d) Called up capital

Q50. Determine the amount which Company may ask from shareholders on calls.

- (a) ₹9,00,000
- (b) ₹7,95,000
- (c) ₹12,00,000
- (d) ₹10,80,000

SOLUTIONS

S1. Ans. (a)

Sol. Sequence of steps to print non-contiguous ranges in MS-Excel:

- B. **Select the first range to be printed:** Start by selecting the first range of cells that you want to print.
- D. **Press [Ctrl] + select the second range to be printed and more, if required:** While holding the Ctrl key, select additional non-contiguous ranges that you want to print.
- A. **Click the Office Button and select Print:** After selecting all the desired ranges, go to the Office Button (or File, depending on your Excel version) and choose the Print option.
- C. **In the "Print What" section, select "Selection":** In the Print settings, choose the option to print the selected cells or ranges.
- E. **Click Print:** Finally, click the Print button to print the selected non-contiguous ranges.

S2. Ans. I The correct match is given below:

List - I		List - II	
(A)	Secured debenture	(III)	charge is created on the assets of company
(B)	Registered debenture	(IV)	Details of debenture holder are entered in register
I	Convertible debenture	(II)	convertible into equity share
(D)	Zero coupon debenture	(I)	do not carry specific rate of interest

S3. Ans. (d)

Sol. Net profit = 12,500 + 2500 = ₹15,000
Commission paid to manager = ₹15,000 × $\frac{5}{100}$ = ₹750

S4. Ans. (d)

Sol. Total Capital of the firm on the basis of D's capital = $35,000 \times \frac{5}{1} = ₹1,75,000$
Goodwill of the firm = 1,75,000 – 40,000 – 35,000 – 30,000 – 35,000 = ₹35,000
D's share in Goodwill = $35,000 \times \frac{1}{5} = ₹7,000$

S5. Ans. (a)

Sol. Since, decrease in investment is less than the Investment Fluctuation Reserve, the fall in value will be deducted from Investment Fluctuation Reserve and the balance reserve will be divided among the partners in old ratio.

Journal Entry:

Investment Fluctuation Reserve A/c	Dr.	₹2,00,000
To Investment A/c		₹40,000
To Partners Capital A/c (Old Ratio)		₹1,60,000

S6. Ans. (a)

Goodwill already appearing in the books is written off by debiting all the existing partner's capital accounts in the old ratio.

S7. Ans. (a)

A. **Withdrawal of capital:** Withdrawals of capital by partners are recorded in their respective capital

accounts. This reflects when partners take out their initial capital investments.

C. **Additional Capital:** Any additional capital contributed by partners is also recorded in their capital accounts. This includes when partners invest more money into the partnership.

S8. Ans. (a)

Sol. The Cash Flow Statement of an enterprise helps to ascertain its liquidity by providing information about the company's cash inflows and outflows. It shows how much cash is available to meet short-term obligations and operational needs, which is a key aspect of assessing liquidity.

S9. Ans. (b) The correct match is given below:

List - I		List - II	
(A)	Interest on Advances by partner	(II)	6% p.a.
(B)	Interest on Drawings	(I)	Not charged
(C)	Interest on capital	(IV)	Not allowed
(D)	Profit sharing ratio	(III)	Equal

S10. Ans. (c)

Sol. The correct order of "Shareholder's funds" as prescribed by the Companies Act 2013 in Schedule III is:

- E. **Authorized capital:** This represents the maximum amount of capital that the company is authorized to issue according to its memorandum of association.
- D. **Issued capital:** This is the portion of authorized capital that the company has actually issued to shareholders.
- B. **Subscribed and fully paid capital:** This refers to the portion of issued capital that shareholders have subscribed to and fully paid for.
- C. **Subscribed but not fully paid capital:** This represents the part of issued capital for which shareholders have subscribed but have not yet fully paid.
- A. **Shares forfeited A/C:** This account reflects shares that were forfeited by the company due to non-payment by shareholders.

S11. Ans. (c)

Sol. Payment of income tax is classified under operating activities in the statement of cash flows. This is because income tax is considered an operating expense and is related to the day-to-day operations of the business.

S12. Ans. (d)

Sol. When debentures are issued as collateral security to obtain a loan from a bank, it creates a temporary account known as "Debentures Suspense Account." This account is used to record the issuance of debentures as collateral until the loan is repaid.

S13. Ans. (c)

Sol. The correct match is given below:

List - I		List - II	
A.	CTRL + HOME Key	III.	Top of worksheet
B.	Home key	I.	Beginning of Row

of the company's reputation, customer relationships, and other intangible factors that contribute to its overall worth.

S26. Ans. (b)

Sol. The sequence of events with respect to the issue of shares by a company is

C. Application of shares received by the company: This is the first step where the company receives applications from prospective shareholders.

A. Allotment of shares: After receiving applications, the company evaluates them and allocates shares to applicants.

B. Forfeiture of shares: If shareholders fail to pay the allotment or call money, the company may forfeit their shares.

D. Reissue of shares: Forfeited shares can be reissued to new shareholders or existing shareholders.

E. Transfer to Capital Reserve: Any excess received on reissuing forfeited shares may be transferred to a Capital Reserve.

S27. Ans. (b)

Sol. Value of stock at ₹55,000 is overvalued which means the actual value of Stock must be less than ₹55,000. This will cause a reduction in the value of stock. Therefore, the stock should be credited in revaluation account.

Amount by which Stock should be credited = ₹55,000 × $\frac{10}{110}$ = ₹5,000.

S28. Ans. (a)

Sol. Income and Expenditure Account in a Not-for-profit organization is typically prepared on an accrual basis of accounting. This means that it records income when it is earned and expenses when they are incurred, regardless of when the cash is actually received or paid. This approach is similar to how for-profit organizations prepare their income statements.

S29. Ans. (d)

Sol. In the case of a partnership firm, the Profit & Loss Appropriation Account is an extension of the Profit & Loss Account (or Income Statement). It is used to allocate and distribute the net profit among the partners, including provisions for interest on capital, salaries, Commissions, and any other appropriation items as per the partnership agreement.

S30. Ans. (b)

Sol. Amount received on issue of debentures = $1,00,000 \times \frac{95}{100}$ = ₹95,000.

S31. Ans. (d)

Sol. Valuation of Goodwill typically does not arise in the case of the dissolution of a partnership firm. Goodwill is usually valued and accounted for when there are changes in the composition of the partnership, such as

admission of a new partner, retirement of a partner, or death of a partner.

S32. Ans. (c)

Sol. The correct statements are:

- A. Proceeds from sale of land will appear under Investing Activities
- B. Decrease in value of Inventory is added to the net profit to compute cash flow from Operating Activities
- E. Income tax paid is subtracted from Cash generated From operations to compute cash flow from Operating Activities

S33. Ans. (c)

Sol. A Not-for-Profit Organization does not prepare a Cash Flow Statement. Instead, it focuses on the Receipt and Payment Account, Income and Expenditure Account, and Balance Sheet to report its financial activities and position.

S34. Ans. (d)

List - I		List - II	
A.	Finance cost	IV.	Expenses towards interest charges on borrowing
B.	Depreciation	I.	Decrease in value of fixed assets
C.	Employee benefit expenses	II.	Expenses on salary, wages, leave encashment
D.	Purchase of Stock in Trade	III.	Purchase of goods for trading

S35. Ans. (c)

Sol. When goodwill brought by a new partner is distributed among the existing partners, it is typically distributed in their sacrificing ratio. The sacrificing ratio represents the ratio in which existing partners are willing to reduce their share of profits to accommodate the new partner.

S36. Ans. (c)

Sol. Profit before interest and taxes = profit after tax + Interest Expenses

$$\text{Profit before taxes} = ₹1,20,000 \times \frac{100}{(100-40)} = ₹2,00,000.$$

$$\text{Profit before interest and taxes} = 2,00,000 + 10\% \text{ of } ₹10,00,000 = 2,00,000 + 2,00,000 = ₹4,00,000$$

$$\text{Interest Coverage ratio} = \frac{\text{Profit before Interest and taxes}}{\text{Interest Payments}} = \frac{₹4,00,000}{2,00,000} = 2 \text{ times.}$$

S37. Ans. (c)

Sol. Share Sacrificed by A = $\frac{4}{7} \times \frac{1}{4} = \frac{1}{7}$

$$\text{A's New share} = \frac{4}{7} - \frac{1}{7} = \frac{3}{7} = \frac{9}{21}$$

$$\text{B's new share} = \frac{3}{7} - \frac{1}{3} = \frac{2}{21}$$

$$\text{C's share} = \frac{1}{7} + \frac{1}{3} = \frac{10}{21}$$

$$\text{New ratio} = A : B : C = 9 : 2 : 10.$$

S38. Ans. (c)

Sol. In case of retirement, a retiring partner is entitled to receive:

B. His share of Goodwill: The retiring partner is entitled to their share of the goodwill of the firm, typically calculated based on the agreed method in the partnership deed.

C. His share in Accumulated Reserve: The retiring partner is entitled to their share in any accumulated reserves or profits of the firm, which have not been distributed.

E. Share in Revaluation Gain: If there has been a revaluation of assets and the firm has realized a gain on revaluation, the retiring partner is entitled to their share of this revaluation gain.

S39. Ans. (d)

Sol. Formatting in a spreadsheet makes it easier to read and understand the information that is important. This includes applying various formatting options such as font styles, colours, borders, alignment, and cell formatting to present data in a clear and visually appealing manner.

S40. Ans. (a)

Sol. The items that will be added to the net profit while calculating Cash Flow from operating activities are:

A. Increase in Creditors: An increase in creditors represents an increase in liabilities, which means the company has not yet paid for goods or services received. This is added back to the net profit because it represents a non-cash expense.

C. Decrease in Prepaid Expenses: A decrease in prepaid expenses means that the company has used up prepayments for expenses. This is added back to the net profit because it represents a reduction in expenses that were previously recognized.

S41. Ans. (b)

Sol. Sundry Debtors taken over by Meena = $50,000 - 50,000 \times 10\% = ₹45,000$

S42. Ans. (a)

Sol. Realisation A/c

Particulars	₹	Particulars	₹
To Machinery	70,000	By sundry Creditors	60,000
To Investments	50,000	By Bills Payable	20,000
To Stock	22,000	By Tina's Capital (Investments)	50,000
To Sundry Debtors	1,03,000	By Meena's Capital (Part of Sundry Debtors)	45,000

To Bank (Realisation expenses)	2,000	By Bank (Part of Sundry Debtors)	51,000
		By Loss on realisation Transferred to: Meena's capital: ₹12,600 Teena's Capital: ₹8,400	21,000
Total	2,47,000	Total	2,47,000

S43. Ans. (c)

Sol. Final payments to Meena:

Meena = Capital – Loss on Realisation – Assets taken over Meena = $₹90,000 - ₹12,600 - ₹51,000 = ₹32,400$

Final payments to Teena:

Teena = Capital – Loss on Realisation – Assets taken over
Teena = $80,000 - 8,400 - 50,000 = ₹21,600$

S44. Ans. (d)

Sol. Book value of remaining debtors realised = $₹1,03,000 - ₹50,000 = ₹53,000$.

S45. Ans. (d)

Sol. When an asset is given to settle a liability in full, no entry is passed.

S46. Ans. (c)

Sol. Nominal capital refers to the maximum capital that the company can issue in its lifetime which is ₹50,00,000 in this case.

S47. Ans. (c)

Sol. Bharat limited issued 3,00,000 shares but received applications for only 2,70,000 shares. This is a case of under-subscription of shares.

S48. Ans. (b)

Sol. Amount forfeited will be equal to the total amount received on forfeited share by Rahul.
Amount forfeited = $5,000 \times 4 = ₹20,000$

S49. Ans. (c)

Sol. Uncalled up capital refers to the portion of subscribed capital that has not yet been called up or requested by the company from its shareholders. It represents the amount that shareholders are obligated to pay to the company in the future when called upon.

S50. Ans. (b)

Sol. Amount Company may ask on Calls = $(₹2,70,000 - ₹5,000) \times (₹10 - ₹4 - ₹3) = ₹2,65,000 \times 3 = ₹7,95,000$