

Q1. Rearrange the following in correct sequence of Cash Flow Statements

- A. Calculation of cash flow from investing Activities
- B. Opening Balance of cash and cash Equivalents
- C. Calculation of cash flow from operating Activities
- D. Calculation of cash flow from financing Activities
- E. Closing Balance of Cash and Cash Equivalents

Choose the correct answer from the options given below:

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

Q2. When unrecorded liabilities are paid off by partners, these liabilities are shown in:

- (a) Debit side of Realisation Account
- (b) Credit side of Realisation Account
- (c) Debit side of Bank Account
- (d) Credit side of Bank Account

Q3. In the absence of partnership deed, which of the following statement is correct?

- (a) Interest on partners' Capital will be allowed @ 6% p.a.
- (b) Interest on partners' Loan is to be given @ 6% p.a.
- (c) Profits are shared in the ratio of Capital
- (d) Interest on Drawing is to be charged @ 6% p.a.

Q4. A and B are partners in a firm sharing profit in 4:1 ratio. They admitted "C" as a new partner for 25% share in the profit, which he acquired wholly from A. Determine the new profit-sharing ratio.

- (a) 11:4:5
- (b) 4:1:1
- (c) 3:1:1
- (d) 8:1:1

Q5. Identify that will lead to dissolution of partnership.

- (a) When the business of the firm becomes illegal
- (b) When a partner becomes insane
- (c) When there is change in existing profit-sharing ratio among partners
- (d) When a partner persistently commits breach of partnership agreement

Read the passage given below and answer the questions: Q6 to Q10.

Ram Motors Ltd. invited applications on 3,000 Equity Shares of ₹100 each at a premium of ₹20. For application ₹50, on allotment ₹50 and on final call ₹20. Application also includes premium amount. Total application received were 4,000 and they were allotted on pro-rata basis and excess amount adjusted towards allotment. One shareholder holding 600 shares did not paid allotment money but paid it with final call that was made after 2 months of allotment. Final call amount received in full.

Q6. Calculate the amount adjusted in share allotment account.

- (a) ₹40,000
- (b) ₹1,10,000
- (c) ₹50,000
- (d) ₹30,000

Q7. Calculate the amount received at the time of allotment:

- (a) ₹40,000
- (b) ₹1,00,000
- (c) ₹80,000
- (d) ₹70,000

Q8. Calculate the amount of arrear at allotment.

- (a) ₹40,000
- (b) ₹20,000
- (c) ₹30,000
- (d) ₹60,000

Q9. Calculate the amount received in final call that includes arrear also.

- (a) ₹80,000
- (b) ₹6,00,000
- (c) ₹5,80,000
- (d) ₹6,15,000

Q10. What will be the rate of interest on calls in arrears if Articles of Association is silent?

- (a) @ 5% p.a.
- (b) @ 6% p.a.
- (c) @ 10% p.a.
- (d) @ 12% p.a.

Q11. This ratio determines the number of times stock is converted into revenue from operations during the accounting period under consideration.

- (a) Investment Turnover Ratio
- (b) Inventory Turnover Ratio
- (c) Working Capital Turnover Ratio
- (d) Trade Receivables Turnover Ratio

Q12. What is the correct sequence to prepare company's Balance Sheet as per the standard format given according to Schedule III of Companies Act, 2013?

- A. Non-Current Liability
- B. Non-Current Assets
- C. Shareholder's Fund
- D. Current Assets
- E. Current Liability

Choose the correct answer from the options given below:

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

Q13. When Debentures are issued at par and are redeemable at a premium, the Loss on such an issue is debited to:

- (a) Statement of Profit & Loss A/c
- (b) Loss on issue of Debentures A/c
- (c) Debentures Application & Allotment A/c
- (d) Profit on Issue of Debentures A/c

Q14. 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
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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

Q15. Comparative Statements are also known as:

- (a) Horizontal Analysis
- (b) Ratio Analysis
- (c) Cash Flow Analysis
- (d) Vertical Analysis

Solutions

S1. Ans. (d)

Sol. The correct sequence for the Cash Flow Statement is:

C. Calculation of cash flow from operating Activities

A. Calculation of cash flow from investing Activities

D. Calculation of cash flow from financing Activities

B. Opening Balance of cash and cash Equivalents

E. Closing Balance of Cash and Cash Equivalents

S2. Ans. (a)

Sol. When unrecorded liabilities are paid off by partners during the dissolution of a partnership, these liabilities are typically shown on the debit side of the Realisation Account.

S3. Ans. (b)

Sol.

In the absence of a partnership deed, Interest on partners' Loan is to be given @ 6% p.a.

S4. Ans. (a)

Sol. A's New ratio = $\frac{4}{5} - \frac{1}{4} = \frac{11}{20}$

B's ratio = $\frac{1}{5} = \frac{4}{20}$

C's share = $25\% = \frac{1}{4} = \frac{5}{20}$

New Ratio = A : B : C = 11 : 4 : 5

S5. Ans. (c)

Sol. A change in the existing profit-sharing ratio among partners can lead to the dissolution of a partnership. Other options lead to dissolution of Partnership firm.

S6. Ans. (c)

Sol.

Application amount received (including Premium)	$4,000 \times 50$ = ₹2,00,000
Less: Application amount due (including Premium)	$3,000 \times 50$ = ₹1,50,000
Amount adjusted towards Allotment	₹50,000

S7. Ans. (c)

Sol. Share applied by defaulter = $600 \times \frac{4,000}{3,000} = 800$

Calls in arrears = $600 \times 50 - (200 \times 50) = 20,000$

Allotment amount due	$3,000 \times 50$ = ₹1,50,000
Less: Amount already adjusted	₹50,000
Amount to be Received on allotment	₹1,00,000
Less: Calls in arrears	₹20,000
Amount actually received on allotment	₹80,000

S8. Ans. (b)

Sol.

Share applied by defaulter = $600 \times \frac{4,000}{3,000} = 800$

Calls in arrears= $600 \times 50 - (200 \times 50) = ₹20,000$

S9. Ans. (a)

Sol.

Amount received on first call=Amount due on first call + calls in arrears received

Amount received on first call= $(3,000 \times 20) + 20,000 = ₹80,000$

S10. Ans. (c)

Sol.

The Articles of Association of a company may empower the directors to charge interest at a stipulated rate on calls in arrears. If the articles are silent in this regard, the rule contained in Table F shall be applicable which states that the interest at a rate not exceeding 10% p.a. shall have to be paid on all unpaid amounts on shares for the period intervening between the day fixed for payment and the time of actual payment thereof.

S11. Ans. (b)

Sol. Inventory Turnover Ratio: This ratio determines the number of times stock is converted into revenue from operations during the accounting period under consideration.

S12. Ans. (c)

Sol. The sequence to prepare company's Balance Sheet as per the standard format given according to schedule III of companies Act 2013:

- Shareholder's Fund
- Non-Current Liability
- Current Liability
- Non-Current Assets
- Current Assets

Hence, the correct sequence is C, A, E, B, D.

S13. Ans. (b)

Sol.

Issuing debentures at par but redeemable at a premium represents a future financial obligation that exceeds the initial proceeds from the issue. The loss (i.e., the premium payable at redemption) is recognized by debiting the 'Loss on issue of Debentures Account,' which reflects the additional cost the company will incur in the future.

S14. Ans. (c)

Sol.

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
(C)	Convertible debenture	(II)	convertible into equity share
(D)	Zero coupon debenture	(I)	do not carry specific rate of interest

S15. Ans. (a)

Sol.

Comparative Statements, also known as Horizontal Analysis, are financial statements that allow for the comparison of financial data from different periods, usually two or more years.