

**XII ACCOUNTANCY CBT NOVEMBER 2023 BHOPAL REGION
MARKING SCHEME**

1	<p>Freedom to Choose of method of depreciation' refers to which limitation of financial statement analysis.</p> <p>a) Historical analysis. b) Qualitative aspect ignored. c) Not free from bias. d) Ignore Price level Changes.</p> <p>Ans: Not free from bias.</p>
2	<p>Debt-Equity Ratio of Dhamaka Ltd is 3 : 1. Which of the following will result in decrease in this ratio?</p> <p>a) Issue of Debentures for Cash of ₹2,00,000 b) Issue of Debentures of ₹3,00,000 to Vendors from whom Machinery was purchased. c) Goods purchased on Credit of ₹1,00,000. d) Issue of Equity Shares of ₹2,00,000</p> <p>Ans: Issue of Equity Shares of ₹2,00,000</p>
3	<p>Statement I:- Sale of Marketable Securities will result in no flow of Cash. Statement II:- Debentures issued as collateral security will result in inflow of cash.</p> <p>a) Both Statements are correct. b) Both Statements are incorrect c) Statement I is correct and Statement II is incorrect d) Statement II is incorrect and Statement I is correct</p> <p>Ans: Statement I is correct and Statement II is incorrect</p>
4	<p>Assertion (A) : Interest accrued and due is shown under 'Other current liabilities' whereas Interest accrued but not due is shown under 'Short term Provisions'</p> <p>Reason(R): Since both interest accrued and due and interest accrued but not due are payable within 12 months from the date of the balance sheet, they are shown under 'Short term Provisions'</p> <p>a) Both A and R are correct and R is the correct reason of A b) Both A and R are correct but R is not the correct reason of A c) Only R is correct d) Both A and R are wrong</p> <p>Ans: Only R is correct</p>
5	<p>A company has an operating cycle of eight months. It has accounts receivables amounting to Rs. 1,00,000 out of which Rs 60,000 have a maturity period of 11 months. How would this information be presented in the balance sheet?</p>

- a) Rs. 40000 as current assets and Rs. 60000 as non current assets
- b) Rs. 60000 as current assets and Rs. 40000 as non current assets
- c) Rs. 100000 as non current assets
- d) Rs. 100000 as Current assets

Ans: Rs. 100000 as Current assets

- 6 Which one of the following is correct?
- (i) Quick Ratio can be more than Current Ratio.
 - (ii) High Inventory Turnover ratio is good for the organisation, except when goods are bought in small lots or sold quickly at low margins to realise cash.
 - (iii) Sum of Operating Ratio and Operating Profit ratio is always 100%.
- a) All are correct.
 - b) Only (i) and (iii) are correct.
 - c) Only (ii) and (iii) are correct.
 - d) Only (i) and (ii) are correct

Ans: Only (ii) and (iii) are correct.

7 Financial statements are prepared on certain basic assumptions (pre-requisites) known as_____.

- a) Provision of Companies Act,2013
- b) Accounting Standards
- c) Postulates
- d) Basis of Accounting

Ans: Postulates

8 Choose the correct option:
Match the items given in Column I with the headings/subheadings (Balance sheet) as defined in Schedule III of Companies Act 2013.

Column I	Column II
(I) Loose Tools	(a) Intangible fixed assets
(II) Patents	(b) Other current assets
(III) Prepaid insurance	(c) Long term Borrowings
(IV) Debentures	(d) Inventories
(V) Machinery	(e) Tangible Fixed assets

- A. (I)-(a), (II)-(b), (III)- (d), (IV)- (c), (V)-(e)
- B. (I)-(d), (II)- (a), (III)-(b), (IV)- (c), (V)-(e)

	<p>C. (I)-(d), (II)- (a), (III)-(b), (IV)-(e), (V)-(c) D. D. (I)- (e), (II)- (d), (III)- (a), (IV)-(b), (V)-(b) Ans: (I)-(d), (II)- (a), (III)-(b), (IV)- (c), (V)-(e)</p>
9	<p>Current ratio of Adaar Ltd. is 2.5:1. Accountant wants to maintain it at 2:1. Following options are available.</p> <p>(i) He can repay Bills Payable (ii) He can purchase goods on credit (iii) He can take short term loan</p> <p>Choose the correct option.</p> <p>A .Only (i) is correct b. Only (ii) is correct c. Only (i) and (iii) are correct d. Only (ii) and (iii) are correct</p> <p>Ans: Only (ii) and (iii) are correct</p>
10	<p>Given below are two statements, one labelled as Assertion (A) and the other labelled as Reason (R):</p> <p>Assertion (A): Increasing the value of closing inventory increases profit. Reason (R): Increasing the value of closing inventory reduces cost of goods sold.</p> <p>In the context of the above two statements, which of the following is correct?</p> <p>A. Both (A) and (R) are correct and (R) is the correct reason of (A). B. Both (A) and (R) are correct but (R) is not the correct reason of (A). C. Only (R) is correct D. Both (A) and (R) are wrong.</p> <p>Ans: Both (A) and (R) are correct and (R) is the correct reason of (A).</p>