

DAV PUBLIC SCHOOL, HUDCO BHILAI

SUBJECT – ACCOUNTANCY (055)

CLASS –XII

MCQ/ OBJECTIVE TYPE QUESTION ANSWERS (1 mark):

UNIT 1- Financial Statement of Not- For- Profit Organizations

True / false

1. Billiard match expenses of Rs 50000 incurred by a NPO will be shown in liabilities side of Balance Sheet.

Ans. False

2. A Not- For -Profit Organization received Rs 500000 as Legacy Donation to be used for setting up a library. It will be shown as Library Fund in the liability side of Balance Sheet

Ans. True

3. Cash balance in Receipt and Payment account will show debit or nil balance

Ans. True

Fill in the blanks:

4. Sports material consumed during the year is debited to Income and Expenditure account and balance amount is carried forward in the _____.

Ans. Balance Sheet

5. Amount paid by a person at the time of becoming a member of a NPO is _____

Ans. Entrance fees

MCQ:

6. Income and Expenditure Account shows transactions of

- a) Revenue nature
- b) Capital nature
- c) Both revenue and capital nature
- d) Income of only revenue nature and expenditure of revenue and capital nature

Ans. Revenue nature

Match the following:

- | 7. Column A | Column B |
|--|-------------------------|
| 1. Subscription | a) deduct from expenses |
| 2. Outstanding expenses of current year | b) expenses and income |
| 3. Income and expenditure account | c) revenue income |
| 4. Outstanding expenses of previous year | d) add to expenses |

8. How are the following items presented in financial statements of a NPO?

- a) Tournament fund Rs 100000
- b) Tournament expenses Rs 20000

Ans. liability side of Balance sheet (Rs 100000- Rs 20000= Rs 80000)

9. Subscription received during the year ended 31st march, 2019 was Rs 400000. Subscription receivable opening was Rs 25000 and subscription receivable closing Rs 45000. What amount of subscription will be credited to Income and Expenditure account?

Ans. Rs 420000

10. How will be the following shown in the financial statements?

- | | |
|-----------------------|----------|
| Prize fund | Rs 50000 |
| Prize fund investment | Rs 5000 |
| Prize distributed | Rs 75000 |

Ans. Rs 20000(75000-50000-5000) will be shown in the Debit side of Income and Expenditure account

UNIT 2- Accounting for Partnership firms

11. Sohan, a partner in a partnership firm withdrew Rs 7000 in the beginning of each quarter. For how many months would interest on drawings be charged?

Ans. 7 ½ months

Fill in the blanks:

12. The amount earlier written off as bad debt now received is _____ to Revaluation Account.

Ans. Credited

13. Goodwill brought by incoming partner for joining in a partnership firm is taken by the sacrificing partners in their _____

Ans. Sacrificing Ratio

True/ false

14. At the time of admission of a partner, Revaluation account is credited on increase in the value of plant and machinery

Ans. True

15. X, Y and Z are partners sharing profits in the ratio of 4:5:3. Z retired and remaining partners shared profits in the ratio of 7:8. The gaining ratio will be 8:7....

Ans. False (correct gaining ratio will be 13:14)

16. Change in the business relationship among the partners is Dissolution of partnership

Ans. True

MCQs:

17. Liabilities to third parties in case of dissolution of partnership firm include:

- a) Reserves
- b) Credit balance of Profit and Loss Account
- c) Partners loan
- d) Loan by relative

Ans. loan by relative

18. If X pays Rs 150000 as his share of goodwill to Y (privately) an existing partner, the treatment will be

- a) Goodwill account will be debited by Rs 150000
- b) Goodwill account will be debited by Rs 600000
- c) Goodwill account will be credited by Rs 150000
- d) No entry will be passed

Ans. d) No entry will be passed

19. A, B and C were partners sharing profits in the ratio 2:2:1 having Capital Account as Rs 50000, Rs 50000 and Rs 25000 respectively. B retired. On that date, balance in General Reserve was Rs 15000. If firm's goodwill is value at Rs 30000 and gain on revaluation is Rs 7050, amount payable to B will be...

- a) Rs 50820
- b) Rs 70820
- c) Rs 8820
- d) Rs 9000

Ans. Rs 70820

20. X and Y are partners in a firm not having a Partnership Deed. X spends twice the time that Y devotes to business. X claims that he should get a salary of Rs 20000 per month for his extra time spent. Y does not want to give any salary. State who is correct and why?

Ans. Y is correct because in absence of Partnership Deed, a partner is not entitled to remuneration.

UNIT 3- Accounting for Companies

21. DRR is created by all companies except which companies?

Ans. All India Financial Institutions regulated by RBI and Banking Companies

True and false:

22. Collateral security is the main or principal security mortgaged for loan taken by the company.

Ans. False (it's a supplementary security)

23. Call -In - Arrears is the amount not received by the company against the amount called towards share capital

Ans. True

24. Balance in the forfeited shares account is shown in the Balance sheet under the head unsecured loans

Ans. False

Fill In the blanks:

25. SEBI prescribes that application money should not be less than _____ of the issued price.

Ans. 25%

26. Interest on Debentures is a _____ against profit.

Ans. Charge

27. Debentures can be converted into _____

Ans. Shares

28. Application money should be refunded if _____ is not received.

Ans. Minimum subscription

MCQs:

29. 10% Debentures. Here 10% is _____.

- a) Coupon rate
- b) Dividend rate
- c) Floating rate

Ans. Coupon rate

30. If a share of Rs 10 issued at a premium of Rs 2 on which the full amount has been called and Rs 8 (including premium) paid is forfeited, the share capital account should be debited with

- a) Rs 12
- b) Rs 10
- c) Rs 8
- d) Rs 6

Ans. Rs 10

UNIT4- Analysis of Financial Statements

31. Current ratio is the example of Long term Solvency ratio

Ans. False

Fill in the blanks:

32. Financial statements of a company include Statement of Profit and Loss and_____.

Ans. Balance sheet

33. Short term loans and advances are included in _____.

Ans. Current assets

34. Comparative Balance sheet is analysis of Balance sheet which is used for comparing assets, equity and liabilities _____ for two or more accounting periods.

Ans. Horizontally

35. Ratio analysis is only quantitative analysis and not _____.

Ans. Qualitative analysis

36. Why Provision for doubtful debts is deducted from current assets to calculate current ratio?

Ans. Current ratio is calculated to assess ability of the company to meet its short term commitments. The amount of provision for doubtful debts is doubtful of recovery.

MCQs:

37. The relationship between Net Profit before Interest, Tax and Dividend and Capital Employed is known as

- a) Current ratio
- b) Quick ratio
- c) ROI
- d) Net profit ratio

Ans. ROI

38. If the current ratio is 2:1. Current assets are Rs 82000. Current liabilities will be

- a) Rs 41000
- b) Rs 38000
- c) Rs 15000
- d) Rs 20000

Ans. Rs 41000

39. If revenue from operations for current year is Rs 1000000 and proportionate increase is 25%. Revenue from operations for the previous year would be?

- a) Rs 900000
- b) Rs 600000
- c) Rs 800000
- d) Rs 700000

Ans. Rs 800000

40. Name the difference between Revenue from Operations and Operating Cost.

- a) Gross profit
- b) Operating profit
- c) Operating cost
- d) Net profit before Interest and Tax

Ans. Operating profit

UNIT 5- Cash Flow Statement

profit. Mahesh brings Rs. 14,000 as his share of goodwill. He agrees to contribute capital in the new profit sharing ratio. How much capital will brought by Mahesh?

8. A, B and C are partners sharing profits in the raio of 3:2:1. They agree to admit D into the firm. A,B and C agreed to give $\frac{1}{3}$ rd, $\frac{1}{6}$ th, $\frac{1}{9}$ th share of their profit. What will be D's share of profit.

9. A, B and C are partners sharing profit & loss in the ratio of 2:3:4. A retires and after A's retirement B and C agreed to share profit and loss in the ratio of 3:4 in future. Their gaining ratio will be

- a) 2:3 b) 4:3 c) 3:4 d) 1:1

10. When the balance sheet is prepared after the new partnership agreement, the assets and liabilities are recorded at .

- a) Historical cost b) current cost c) Realisable value d) Revolved figure

11. X, Y and Z were partners in a firm sharing profits in the ratio of 3:2:1. X retired and the new profit sharing ratio between Y and Z will be 5:4. What journal entry will be passed on X's retirement if the goodwill of the firm was valued at Rs. 54000.

12. X, Y and Z are partners sharing profit in the ratio of 2:3:5. Goodwill is already appearing in their books at a value of Rs. 60,000. X retires, Y and Z decided to share future profits equally. Pass necessary journal entry.

13. A, B and C were partners sharing profit or loss in the ratio of 7:3:2. From Jan 1, 2019 they decided to share profit or loss in the ratio of 8:4:3. Due to change in profit loss sharing ratio, B's gain or sacrifice will be :

- a) Gain $\frac{1}{60}$ b) Sacrifice $\frac{1}{60}$ c) Gain $\frac{2}{60}$ d) Sacrifice $\frac{3}{60}$

14. The excess amount which the firm gets on selling its assets over and above the saleable value of its assets is called.

- a) Surplus b) Super profits c) Reserve d) Goodwill

15. Goodwill is a factious asset (True/False)

16. Capital employed by a firm is Rs. 500000. Its average profit is Rs. 60,000. The normal rate of return in similar type of business is 0%. Calculate the amount of super profit.

17. On dissolution, if a partner undertakes to make payments of a liability of the firm is debited.

18. Unrecorded liability, when paid on dissolution of a firm is debited to which account.

19. In the event of dissolution of firm, the partner's personal assets are first used for the payment of the :

- a) Firm's liabilities b) The personal liabilities c) None of the two d) Any of the two

20. Sundry creditors amounted to Rs. 8,000. These were paid at a discount of 5%. Realisation account will be debited by

21. How are the following items presented in financial statement of a not for profit organization.

- a) Prize fund - Rs. 60,000
b) Prize expense – Rs. 12,000

22. The Receipts and payments Account is a summary of

- a) Debit and credit balance of ledger accounts
b) Cash Receipts and payments
c) Expenses and income
d) Assets and liabilities

23. Subscription received in advance during the current year is

- a) An income b) an asset c) a liability d) none of thes

24. Calculate the amount to be show in income and expenditure A/c in the following case –

	31.03.2018	31.03.2019
Unpaid for medicines	10,000	12,000
Stock of medicines	8,000	13,000

Payment made for medicines during 2018-19 was Rs. 2,50,000

25. Equity shares cannot be issued for the purpose of

- a) Cash Receipts b) purchase of assets
c) Redemption of debentures d) Distribution of dividend

26. Reserve capital is a part of paid up capital (True/False)

27. What is the lock in period in case of private placement of shares?

28. According to companies Act, minimum subscription has been fixed at Of the issued amount.

29. A company issued 50,000 shares of Rs. 20 each at 5% premium Rs. 10 were payable on application and balance on allotment. What will be the allotment amount?
30. As per SEBI Guidelines, application money should not be less than of the issue price of each share.
31. 700 shares of Rs. 10 each were reissued as Rs. 9 paid up for Rs. 7 per share. What will be the entry of reissue?
32. P Ltd forfeited 150 shares of Rs. 10 each. Issued at a premium of Rs. 2, for non-payment of the final call of Rs. 3. Out of these, 100 shares were reissued at Rs. 11, per share. How much amount would be transferred to capital reserve?
33. Debenture interest is a charge against profits. (True/False)
34. Discount on issue of debenture is in the nature of
a) Reserve loss b) Capital loss c) Deferred revenue expenditure d) None of the above
35. Premium on Redemption of debenture account is
a) personal account b) Real account c) Nominal account d) All of the above
36. X Ltd wants to redeem 5000, 5% debentures of Rs. 100 each at 5% premium. How much amount it must transfer to D.R.R., if it has already a balance of Rs. 100000 in D.R.R. account?
37. Under which sub-head of in a company's balance sheet does goodwill appears.
38. 'Claims against the company not acknowledge as debts' is shown under which head.
39. Under which heading the item 'Bill Discounted but not yet matured' will be shown in the Balance sheet of a company'.
40. Trade Receivables Rs. 40,000; Trade payables Rs. 60,000; Prepaid expenses Rs. 10,000; Inventory Rs. 100000 and Goodwill is Rs. 15,000 calculate current Ratio.
41. Current ratio of a firm is 9:4. Its current liabilities are Rs. 1,20,000. Inventroy is Rs. 30,000. What will be its liquid ratio.
42. Revenue from operations is Rs. 1,80,000; Rate of gross profit is 25% on cost. What will be the gross profit?
43. Where will you show purchase of Goodwill in a cash flow statement.
44. Mention the net amount of 'source' or 'use' of cash when a fixed asset having book value of Rs. 15,000 is sold at a loss of Rs. 5,000.
45. How will you classify loans given by Tata Finance Company?

DAV PUBLIC SCHOOL , GEVRA PROJECT

Class : XII

Question Bank 2019-20

ACCOUNTANCY

1. Give types of financial analysis:

Ans a) horizontal analysis

b) vertical analysis

2. Which financial statement is a real account in the case of non profit seeking entity?

Ans receipt and payment account

3. Partnership deed is also called.....

Ans article of partnership

4. If non purchased Goodwill will be recorded in the books?

Ans never recorded in the books

5. Nature of profit and loss adjustment account is.....

Ans nominal account

6. According to CBSE guideline application money should not be less than..... of the issue price of each share.

Ans 25%

7. Which capital can be called up only at the time of winding up of a company?

Ans Reserve capital

8. Alpha company issued 5000 shares of rupees 20 each and 5% premium. Rs 10 were payable on application and balance on allotment. Calculate amount receivable on allotment?

Ans Rs 55000

8. what is endowment fund?

Ans endowment fund contain assets donated by the donor with the condition that only the income earned by these assets can be used to finance the specific activity and not the principal amount

9. What is meant by normal rate of return?

Ans normal rate of return refers to the rate of return normally earned by an average firm belonging to the same industry.

10. What is coupon rate?

Ans coupon rate is the rate of interest at which interest is paid by the company on its debenture.

11. Which of the following is not a characteristics of a good will

- a) Fictitious asset
- b) intangible assets
- c) attractive force
- d) subjective judgement of valuer

Ans (a)

12. From the following options which is not features of partnership firm:

- a) Agreements
- b) b) principal agent relations
- c) profit and loss sharing
- d) separate legal entity

Ans (d)

13. Treatment of goodwill is recorded in books of partnership form under:

- a) As 06
- b) As 26
- c) Partnership Act 1932
- d) none of these

Ans (b)

14. How the debenture redemption reserve account is closed?

Ans ,after the redemption of all the debentures the amount of debenture redemption reserve is transferred to general reserve account.

15. Purchase of share of another company is:

- a) Operating activity
- b) financing activity
- c) investing activity
- d) no entry in cash flow statement

Ans investing activity

16. Worker wages is shown in statement of profit and loss under:

- a) Employee benefit expense
- b) cost of material consumed
- c) other expenses
- d) administration expenses

Ans) a) employee benefit expense

17. What is the basis of accounting followed while preparing the income and expenditure account?

Ans actuarial basis of accounting

18. Is a sleeping partner liable to act of other partner?

Ans yes, a sleeping partner is liable to act of other partners because of mutual agency of relationship.

19. Share issued by a company to its employees or directors in consideration of intellectual property rights are called :

- a) Right equity shares
- b) bonus equity shares
- c) private equity shares
- d) sweat equity shares

Ans d) sweat equity shares

20. Give any two sources of finance for redemption of debentures.

Ans 1)out of profits

2) from the fresh issue of the share and debentures.

21. Business is tried to be depicted its bad position as good it is known as.....

Ans window Dressing

22. A & B are the partner invest capital rupees 210000 and rupees 150000 respectively. Firms profit is Rs 180000. What will be share of A in profit.

- a) Rs90000
- b) Rs105000
- c) Rs60000
- d) Rs75000

Ans a) 90000

23. Give two ways in which a partner can retire from the firm?

Ans 1) with the consent of all the partners

2) in accordance with the terms of agreement between the partners

24. Is transferred to capital reserve after the reissue of forfeited share.

Ans profit on forfeiture of share.

25. What share of profit would be get by a partner contributing 75% of the total capital when deed of partnership is absent?

26. A and B are the partners they admit Z for one third share. In the future the ratio between A and B would be 2 is to 1 find out the sacrifice ratio is:

- a) 2 :1
- b) 1:1
- c) 5:1
- d) 1:5

Ans b) 1:5

27. If share issued at premium and forfeited but amount of premium is already received. Then, the treatment of security premium account is is:

- a) Credited
- b) debited
- c) no treatment
- d) none of these

Ans c) no treatment

28. A company, need not to create debenture redemption reserve, such companies are:

- a) banking companies
- b) Housing Finance Companies
- c) financial institution regulated by RBI
- d) all of the above

Ans d) all of above

29. Name any two items shown in company balance sheet as “contingent liabilities”.

Ans a) claim against the company not acknowledged as debts

b) guarantee given by the company.

30. Income Tax paid is classified as:a) operating activity

- b) investing activity
- c) financial activity
- d) none of these

Ans a) operating activities

31. Which of the following items is not recorded in operating activities:a) depreciation

- b) purchase of fixed asset
- c) loss on sale of fixed assets
- d) dividend received

Ans b) purchase of fixed assets.

32. Do all the forms need a deed and registration?

Ans No, it is not compulsory for all the firms to have a partnership deed and registration.

33. Why new partner bring capital into the form?

Ans To get right over the Assets of the firm.

34. How the debenture redemption reserve account is closed?

Ans After redemption of all debentures the amount of debenture redemption reserve is transferred to general reserve account.

35. Amit a partner in a partnership form withdraw rupees 7000 in the beginning of each quarter. For how many months would interest on drawing be charged?

Ans 7.5 months

36. When a liability is discharged by a partner, at the time of dissolution, capital account is credited because

Ans because the claim of the partner against the firm is increased by the amount of liability assumed.

37. "Patent purchased by a company will be an Operating activity."

(true or false)

Ans false

38. What will be the effect on current ratio if a bills payable is discharge on maturity?

Ans the current ratio will be increase.

39. Give any two modes of dissolution of firm.

Ans 1) by mutual agreement

2)by notice

40. Inferred Goodwill is calculated on the basis of:

- a) super profit method
- b) average profit method
- c) capitalisation method
- d) net worth method

Ans (d) net worth method

41. Dividend is paid on:

- a) authorised capital
- b) issued capital
- c) subscribed capital that is paid
- d) none of the above

Ans (c) subscribed capital that is paid.

42. Choose the commitment from the following:

- a) interim dividend
- b) unpaid /unclaimed dividend
- c) proposed dividend
- d) dividend arrears on cumulative preference shares.

Ans b) unpaid / unclaimed dividend.

43. Give an example of an activity which is classified as financing activity in case of all Enterprises.

Ans payment of dividend on share

44. Subscription received in advance during the current year is

- a) an assets or
- b) a liability
- c) an income
- d) none of these

Ans b) a liability

45. Why new partner brings capital into the firm?

Ans to get right over the Assets of the firm.

46. Debenture can be redeemed at:

- a) at par
- b) at premium
- c) at discount
- d) all of the above
- e) a) and b) both

Ans e) a) and b) both

47. If shares are issued at purchase consideration state the formula to calculate the number of share issued at premium to vendor:

Ans number of shares issued = net payment of vendor / face value of share + premium per share.

48. In the case of dissolution of the firm which liability are to be paid first?

Answer debts of third parties are to be paid first.

49. Under which sub heading livestock are appears in company's balance sheet :

- a) investment
- b) fixed asset
- c) inventory
- d) current liability

Ans b) fixed assest

50. State reason for how qualitative aspects are ignored in financial statements analysis.

Ans because we record monetary transaction only during preparation of financial statement.

DAV PS, Chhal

Accountancy (055)

Q.1. What is fund base accounting?

Q.2 P,Q and R are running a partnership firm. P is entitled to a commission of 5% of net profit. Pass the necessary journal entry for recording this commission in the book if profit for the year amounted to Rs 500,000.

Q.3 What is meant by private placement of share?

Q.4 If prize expenses are more than prize fund than portion of excess expenses over prize fund are transferred to:

- (a) Liability side of Balance sheet
- (b) Assets side of Balance sheet.
- (c) Debit side of Income & Expenditure A/c
- (d) Credit side of Income & Expenditure A/c

Q.5 Raju and Vinod decide to admit Mr. Rajan as a new partner in their firm. He is required to bring Rs. 10,000 as capital and 2000 towards goodwill. What right can a new partner acquire by contributing towards capital and goodwill.?

Q.6 On 1st april 2017, X Ltd. Issued Rs.10,00,000, 12% debentures at a discount of 10% redeemable at a premium of 5%. Interest is payable half yearly on 30th june and 31st december, every year. What amount would be shown as interest accrued and due in the Company's Balance sheet as at 31 st march 2019?

- (a) 120000 (b) 60,000 (c) 30,000 (d) 15000

Q.7 On the basis of the following information, calculate the amount of medicines to be debited to income and expenditure account of Oppo hospital for the year ended 31-3-19.

Medicine purchased during the year were Rs. 25500

Stock of medicines 1-4-2018 rs.4000 31-3-2019 Rs5,500

Creditors for medicines 1-4-2018 Rs. 2700 31-3-2019 Rs. 3800

- (a) Rs 25500 (b) 24000 (c) 25500 (d) 29300

Q.8 Kanha, Neeraj and Pankaj were partners in a firm, They admitted Ravi their landlord as a partner in the firm. Ravi had given a loan of Rs. 100,000 @ 10% p.a. interest to the firm before he became the partner. Now the accountant of the firm is emphasizing that the interest on loan should be paid 6% p.a Is he right in doing so? Give reason in support of your answer?

Q.9 Give one difference between reseve capital and capital reserve.?

Q.10 State any two occasion when reconstitution of partnership firm take place?

Q.11 How can a partner retire from a firm?

Q.12 Income & Expenditure Account is a :

- (a) Personal account (b) Real account (c) Nominal account (d) None of the above

Q.13 Under fixed capital, interest on drawing is recorded in

- (a) Debit side of capital account (b) Debit side of current account
- © Credit side of capital account (d) credit side of current account

Q.14 A Ltd. Forfeited 100 equity shares of Rs10 each issued at a premium of 20% for non payment of Rs.5 on final call including premium. The maximum amount of discount at which these share can be issued is:

- (a) Rs.600 (b) Rs.700 (c) 800 (d) 900

Q.15 At the time of admission of partner, workmen compensation reserve appears at Rs.80,000 in the balance sheet and workmen compensation claim is estimated at Rs. 95000. Rs. 80000 will be charge from worknren compensation reserve and balance of Rs. 15000 will be charge from:

- (a) Old Partner Capital (b) New Partner Capital
- (c) Revaluation account (d) None of the above

Q.16 How do you treat General fund Investment and Interest thereon in case of not for profit organization?

- Q.17 Total capital of the firm is Rs.800,000 and normal rate of return is 15%. Profit for the year is Rs. 1,50,000. Goodwill of the firm through capitalization method is:
 (a) 100,000 (b) 200,000 (c) 300,000 (d) 400,000
- Q.18 what is meant by forfeiture of share?
 (a) Personal account (b) Real account (c) Nominal account (d) None of the above
- Q.19 40,000 equity shares of Rs,20 each were allotted to promoters for service rendered by them. Give journal entry.
- Q.20 A,B,and C are partner in a firm. During the year C withdrew Rs. 2000 at the end of the each quarter. Interest on drawing is to be charged @ 6% p.a Interest on C's drawing will be charge.
 (a) 1800 (b) 1600 (c) 2400 (d) 3000
- Q.21 What is meant by unlimited liability of a partner?
- Q.22 At the time of admission of a partner, who decides what will be the share of profit of the new partner out of the firm's profit?
- Q.23 Differentiate between called up share and paid up share capital.
- Q.24 A partnership deed provide for the payment of interest on capital but there was a loss instead of profit during the year 2018-19. At what rate will the interest on capital be allowed?
 (a) 6% (b) 8% (c) 12% (d) No interest is to be allowed
- Q.25 There are 200 members in Royal club, each paying an annual subscription of Rs.200. Total subscription received during the year were Rs, 38000 (including 3500 for last year and 1500 for next year.) Subscription outstanding for current year was:
 (a) 7000 (b)2000 (c) 5500 (d) 1500
- Q.26 Give the journal entry to distribute ' Workmen compensation Reserve' of 70,000 at the time of retirement of H when there is a claim of Rs. 40,000 against it. The firm has three partners R,H and A.
- Q.27 When does Profit and loss Suspense Account arise in case of death?
- Q.28 Identify a situation, under which the court may order for dissolution of a partnership firm.
- Q.29 The debit balance of income and expenditure account is:
 (a) Excess of income over expenditure (b) Excess of expenditure over income
 (c) Closing balance of cash (d) None of these
- Q.30 When does Profit and loss suspense Account arise in case of death?
- Q.31 Gaurav and saurabh are partners in a firm having capital balance of Rs. 90,000 and 60,000 respectively. In proportion to his profit sharing ratio will be:
 (a) Rs. 43,445 (b) 60,000 (c) 150,000 (d) cannot be determined
- Q.32 Rent paid to a partner will be shown in the book of accounts as:
 (A) Liability side of Balance sheet
 (b) Expense in Profit and loss account
 © Appropriation in profit and loss appropriation A/c
 (d) None of these
- Q.33 call in arrears is disclosed in the balance sheet of a company as:
 (a) Current assets –Trade receivables
 (b) Current liabilities-Trade Paybles
 (c) Current Liabilities- Other current liabilities
 (d) Share capital- deduction under subscribed but not fully paid.
- Q.34 Debentue can be redeemed out of profits or out of _____
- Q.35 The debit balance of income and expenditure account is:
 (a) Excess of income over expenditure (b) Excess of expenditure over income
 © Closing balance of cash (d) None of these
- Q.36 When does profit and loss suspense account arise in case of death?
- Q.37 320 equity share of 10 rs. Esch issued at par were forfeited for the non-payment of final call of rs.2 per share. These shares were afterwards issued at rs. 9 fully paid up. The amount transferred to capital reserve will be:
 (a) 400 (b) 40 (c) 80 (d) 320
- Q.38 Give the formula for determining capitalized value of average profit.
- Q.39 When is no journal entry passed in the books of accounts for treatment of goodwill, on admission of a new partner?
 (a) When incoming partner brings goodwill in kind
 (b) when incoming partner brings goodwill privately

(c) when incoming partner brings only a part of his share of goodwill.

(d) when the goodwill is to be retained in business.

Q.40 State any two uses of securities premium Reserve.

Monnet DAV Raigarh

QUESTION BANK

ACCOUNTANCY

CLASS-XII

- Q.1. Receipts and payment account is prepared at the of the accounting period.
- a) Starting
 - b) end
 - c) at any time
 - d) Middle
- Q.2. Under which of the following circumstances, the balance of the “Fixed Capital Accounts will Change?
- a) Additional capital is introduced
 - b) Interest on capital is provided
 - c) Interest on drawings is charged
 - d) None of the above
- Q.3. In case of change in profit – Sharing ratio, the accumulated profit are distribute partners in
- a) New ratio
 - b) Old ratio
 - c) Sacrificing
 - d) Equal ratio
- Q.4. When at the time of admission, a partner brings goodwill in case, the amount is credited to which account?
- a) New partner’s Capital Account
 - b) Premium for goodwill account
 - c) Cash account
 - d) None of these above
- Q5. On the retirement of a partner, reserves should be transferred to the capital account of
- a) Retiring partner
 - b) Remaining partners
 - c) All partners
 - d) None of these
- Q.6. On dissolution, goodwill account is transferred to
- a) Revaluation Account
 - b) Realisation Account
 - c) Partners capital account
 - d) Profit and loss account
- Q.7. Premium received on issue of share is shown at
- a. Assets side
 - b. Liabilities side
 - c. Debit side of statement of profit and loss
 - d. Credit side of statement of profit and loss
- Q.8. Securities premium reserve can be used for :
- a) Paying interest on debentures
 - b) Meeting the cost of issue share
 - c) Paying tax liability
 - d) Paying dividend on share
- Q.9. Provision for bad debts appearing in the book at the time of dissolution of firm is transferred to.
- a) Debtors Account
 - b) Bad debts Account
 - c) Realisation Account
 - d) Partners Capital Accounts

- Q.10. At what rate will the interest on a partner's loan be provided in the absence of a partnership deed?
a) 5%
b) 6% 1
c) 8%
d) 12%
- Q.11. If there is a "Match fund", then match expenses and incomes are transferred to : 1
a) Income and Expenditure A/c
b) Assets side of balance Sheet
c) Liabilities side of balance sheet
d) Both Income and Expenditure A/c and to balance sheet
- Q.12. The profit on revaluation of assets and liabilities is distributed amongst old partners in their 1
a) Sacrificing ratio
b) Old profit –sharing ratio
c) New profit sharing ratio
d) Gaining ratio
- Q.13. State the nature of income and expenditure account . 1
- Q14. How would you calculate interest on drawings of equal amounts drawn in the middle of every 1 th.
- Q.15. State the ratio in which the partners share profits or losses on revaluation of a 1 and liabilities, when there is a change in profit-sharing ratio amongst existing partners? 1
- Q.16. State any one purpose of admitting a new partners in a firm. 1
- Q.17. State the ratio in which the retiring partner's share of goodwill is debited to remaining partner 1
- Q.18. Realisation account is a 1
a) Personal Account
b) Real Account
c) Nominal Account
d) None of these
- Q.19. What is the name given on the "part of capital " of a company which is called – up only on winding –up? 1
- Q.20. State the nature of receipt and payment account. 1
- Q.21 Subscription received by a school for organizing annual function is treated as :
a) Capital Receipt (i.e.,Liability)
b) Revenue Receipt (i.e.Income)
c) Asset
d) Earned Income
- Q22. Share Application account is in the nature of 1
a) Real Account
b) Personal Account
c) Nominal Account
d) None of the above
- Q23. Interest on capital will be paid to the partners if provided for in the partnership deed but only out of 1
a) Profits
b) Reserves
c) Accumulated Profits
d) Goodwill
- Q24. The excess amount which the firm can get on selling its assets over and above the saleable value of its assets it called : 1
a) Surplus
b) Super Profits
c) Reserve
d) Goodwill
- Q25. Retiring partner is compensated for parting with the firm's future profits in favour of remaining partner. The remaining partners contribute to such compensation Amount in :
a) Gaining Ratio
b) Capital Ratio 1

c) Sacrificing Ratio

d) Profit Sharing Ratio

Q26. Liability of a shareholder is limited to of the share allotted to him :

a) Paid up value

b) Called up value

c) Face value

d) Reserve price

Q27. Life membership fee received by a club are shown in

(Income & Expenditure Account, Balance Sheet)

Q28. Calculation manager's commission if profit is Rs. 66,000 and commission is allowed at 10% after charging such commission

Q29. Goodwill of the firm on the basis of 3 years purchase of average profit of the last 3 years is 25,000 find average profit.

Q.30. A and B are partners Sharing profit in the ratio 3:2 C is admitted. C gets $\frac{3}{20}$ th share from A and $\frac{1}{20}$ th share from B Calculate their sacrificing ratio

Q.31. P, Q, and R are partners sharing profits in the ratio of 4:3:1. P retires and his share is taken by Q and R equally. calculate new profit Sharing ratio of Q and R

Q32. If a share of rs. 10 issued at a premium of rs. 3 on which the full amount has been called and rs.8(Including Premium) paid is forfeited, the share capital is debited with

Q.33. Receipt and payment account is a Account .

(Personal, Real, Nominal)

Q34. Equity shareholders are of the company .

(Creditors, Owner, Customers)

Q35. Sacrificing ratio is used to distribute In case of admission of a partner .

Q36. Name the account which is opened to credit the share of profit of the deceased partner, till the time of his death to his capital account.

Q.37. On dissolution if a partner undertakes to make payment of a liability of the firm is debited)

Q38. On dissolution of firm, what entry is passed for payment of an unrecorded liability ?

Q39. State the nature of income & expenditure Account.

Q40. There must be an interval of at least Month between the making of the two calls.

Q41. Under what heads the following items in the balance sheet of a company will be presented.

(i) Sundry debtors

(ii) Sundry creditors

Q42. Compute cost of materials consumed from the followi

Opening inventory of materials Rs.4,20,000; Materials purchased Rs.20,00,000;

And closing inventory of materials Rs.3,80,000.

Q43. Time –Series analysis is often used to

(a) Assets developing trends

(b) Correct errors of Judgement.

(c) Reflect performance relative to some norms

(d) Standardize results .

Q44. TheRatios provide the information critical to the long –run operation of the firm

(a) Liquidity (b) Activity (c) Solvency (d) Profitability

Q45. Interest received by a finance company is classified under which kind of activity while preparing a cash flow statement .

Q46. Nazma Ltd. Received interest on an item and the accountant classified it under investing activity while preparing cash flow statement. Name another item for which such a treatment is possible.

Q47. Cash flow operating activities + cash flow from investing activities + cash flow from financing activities =.....

Q48. Which of the following is not a source of cash?

(a) Purchase of a tangible asset

(b) Funds from operation

(c) Issue of long- term borrowing (debenture)

(d) Sale of plant

Q49. Debenture holders are

- (a) The owners of the company
- (b) The vendors of the company
- (c) The creditors of the company .

Q50.The prescribed from of the balance sheet for the companies has been given in the schedule.

- (a) VI, Part I
- (b) VII , Part I
- (c) VI, Part II
- (d) None of these

ACCOUNTANCY

ANSWER KEY

ANS.1	End	ANS.26	Face Value
ANS.2	Addition capita is introduced	ANS.27	Balance –sheet
ANS.3	Old Ratio	ANS.28	Rs.6000
ANS.4	Premium for goodwill	ANS.29	Rs.12,500
ANS.5	All partner	ANS.30	3:1
ANS.6	Realisation account	ANS.31	5:3
ANS.7	Liabilities side	ANS.32	10
ANS.8	Meeting the cost of issue share	ANS.33	Real
ANS.9	Realisation account	ANS.34	Owner
ANS.10	6%	ANS.35	Goodwill
ANS.11	Liabilities side of balance sheet	ANS.36	Profit and loss suspense a/c
ANS.12	Old profit –sharing ratio	ANS.37	Realisation account
ANS.13	It Is a nominal a/c	ANS.38	Cash/Bank account
ANS.14	Total drawing * Rate/100*6/12	ANS.39	It is like a profit and loss of profit seeking entity
ANS.15	In old profit ratio	ANS.40	One
ANS.16	A new partner's is admitted for producing additional capital.	ANS 41	(I) Sundry Debtors Heading(current Asset) Sub-Heading (Trade Receivable)
ANS.17	Retiring partners share of goodwill debited to remaing partners in the gaining ratio.		(II) Sundry Creditors Heading(Current Liabilities) Sub-Heading(Trade Payble)
ANS.18	Nominal account	ANS 42	Cost of material consumeg
ANS.19	Reserve capital	ANS 43	(A)
ANS.20	It is real a/c	ANS 44	Solvency
ANS.21	Capital receipt	ANS 45	Operating
ANS.22	Personal account	ANS 46	Dividend Recived
ANS.23	Profits	ANS 47	Net increase /decreae in cash & Cash Equivalent.
ANS.24	Surplus	ANS 48	Purchase of a tangible asset
ANS.25	Gaining Ratio	ANS 49	The creditors of the company
		ANS 50	(VI ,Part I)

D.A.V. PUBLIC SCHOOL, ACC JAMUL SUBJECT- ACCOUNTANCY CLASS (XII)

1 MARKS QUESTIONS

1	A and B are partners in a firm having a capital of ₹ 54,000 and ₹ 36,000 respectively. They admitted C for 1/3 rd share in the profits C brought proportionate amount of capital. The Capital brought in by C would be:
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	<p>a) <input type="checkbox"/> 90,000</p> <p>b) <input type="checkbox"/> 45,000</p> <p>c) <input type="checkbox"/> 5,400</p> <p>d) <input type="checkbox"/> 36,00</p>
2	Why is it necessary to revalue assets and liabilities of a firm in case of admission of a partner?
3	State the basis of accounting on which 'Receipt and Payment Account' is prepared in case of Not-for Profit Organisation.
4	One of the partners in a partnership firm has withdrawn <input type="checkbox"/> 9,000 at the end of each quarter, throughout the year. Calculate interest on drawings at the rate of 6% per annum.
5	A, B and C are partners in a firm sharing profit and losses in the ratio of 3:2:1. B died on 1 st April, 2018. C, son of B, is of the opinion that he is the rightful owner of his father's share of profits, and the profits of the firm should be now shared between A and C equally. A does not agree. Settle the dispute between A and C by giving reason.
6	What is meant by 'Employee Stock Option Plan'?
7	A and B are in partnership sharing profits and losses in the ratio of 3:2. They admit C into partnership with 1/5 th share which he acquires equally from A and B. Accountant has calculated new profit sharing ratio as 5:3:2. Is accountant correct?
8	<p>Wellness Co. Ltd. has issued 20,000, 9% Debentures of <input type="checkbox"/> 100 each at a premium of 10% on 1st April, 2018 redeemable as follows:</p> <p>31st March, 2021 – 10,000 debentures</p> <p>31st March, 2022 – 4,000 debentures 31st March, 2023 – balance debentures.</p> <p>It transferred to Debentures Redemption Reserve the required amount as applicable rules of the Companies Act and Rules, 2014 on due date. How much amount will be transferred to General Reserve on 31st March, 2021</p> <p>a) <input type="checkbox"/> 1,00,000</p> <p>b) <input type="checkbox"/> 2,50,000</p> <p>c) <input type="checkbox"/> 5,00,000</p> <p>d) <input type="checkbox"/> 20,00,000</p>

9	Amit, a partner in a partnership firm withdrew <input type="checkbox"/> 7,000 in the beginning of each quarter. For how many months would interest on drawings be charged?
10	Riyansh, Garv and Kavleen were partners in a firm sharing profit and loss in the ratio of 8:7:5. On 2 nd November 2018, Kavleen died. Kalveen's share of profits till the date of her death was calculated at <input type="checkbox"/> 9,375. Pass the necessary journal entry.
11	<p>At what rate is interest payable on the amount remaining unpaid to the executor of deceased partner, in absence of any agreement among partners, when (s)he opts for interest and not share of profit.</p> <p>(a) 12% p.a.</p> <p>(b) 8% p.a.</p> <p>(c) 6% p.a.</p> <p>(d) 7.5%p.a.</p>
12	A portion of share capital that is reserved by the company and will be utilized only on the happening of winding up of the company is called_____.
13	A and B are partners in a firm. They admit C as a partner with 1/5 th share in the profits of the firm. C brings <input type="checkbox"/> 4,00,000 as his share of capital. Calculate the value of C's share of Goodwill on the basis of his capital, given that the combined capital of A and B after all adjustments is <input type="checkbox"/> 10,00,000
14	Amit, a partner in a partnership firm withdrew <input type="checkbox"/> 7,000 in the beginning of each quarter. For how many months would interest on drawings be charged?

15	How are the following items presented in financial statements of a Not-for-Profit organisation:- (a) Tournament Fund- ₹ 80,000 Tournament expenses- ₹ 14,000
16	State the order of payment of the following, in case of dissolution of partnership firm. i. _____ to each partner proportionately what is due to him/her from the firm for advances as distinguished from capital (i.e. partner's loan); ii. _____ to each partner proportionately what is due to him on account of capital; and for the debts of the firm to the third parties;
17	A and B are in partnership sharing profits and losses in the ratio of 3:2. They admit C into partnership with $\frac{1}{5}$ th share which he acquires equally from A and B. Accountant has calculated new profit sharing ratio as 5:3:2. Is accountant correct?
18	'Complete the following statement' When a liability is discharged by a partner, at the time of dissolution, Capital Account is credited because_____.
19	What will be the effect on current ratio if a bills payable is discharged on maturity?
20	M/s Mevo and Sons.; a bamboo pens producing company, purchased a machinery for ₹ 9,00,000. It received dividend of ₹ 70,000 on investment in shares. The company also sold an old machine of the book value of ₹ 79,000 at a loss of ₹ 10,000. Compute Cash flow from Investing Activities.
21	Common size analysis is also known as _____ analysis. (fill in the blank)
22	While preparing Cash Flow Statement, match the following activities I. _____ Payment of cash to acquire _____ a. Financing activity Debt by an Investing _____ Company II. _____ Purchase of Goodwill _____ b. Investing Activity III. _____ Dividend paid by manufacturing _____ c. Operating activity company
23	Debt Equity Ratio of a company is 1:2. Purchase of a Fixed asset for ₹ 5,00,000 on long term deferred payment basis will increase, decrease or not change the ratio?
24	Under which type of activity will you classify 'Rent received' while preparing cash flow statement?
25	State any one advantage of preparing Cash Flow Statement.
26	State the importance of financial analysis for labour unions.
27	Who are mainly interested in solvency ratios?
29	State the objective of calculating solvency ratio?
30	How are the contingent liability shown in the balance sheet of the company?
31	What is meant by Preferential allotment of shares?
32	What do you mean by Sweat equity shares?
33	Define Right issue.
34	What is meant by irredeemable debentures?
35	What is meant by redemption of debentures?
36	State the provisions of the Companies Act, regarding Debentures redemption reserve.
37	Why cash or bank account is not transferred to realization account on Dissolution of the firm?
38	When an asset is taken over by the partner? why is his capital account debited?
39	When is partner's executors account prepared?
40	How can the amount due to the retiring partner be settled?
41	Why it is necessary to revalue assets and liabilities at the time of retirement of a partner?
42	How can a partner retire from the firm?
43	What do you mean by Memorandum Revaluation account?

44	Why is workmen compensation fund created?
45	State the meaning of reconstitution of the firm?
46	How does the factor location affect the goodwill of the firm?
47	What do you mean by legacy?

DAV PS, CHIRIMIRI MCO /OBJECTIVE TYPE QUESTIONS XII-ACCOUNTANCY (055)

Q 1 to 20 short answer type questions to be answered in a word or a sentence carrying 1 mark each.

01.The partnership deed is silent on payment of salary to partners. Anita, a partner claimed that since she managed the business, she should get a monthly salary of Rs.10,000. Is she entitled for the salary Give reason.

02.What are super profits?

03.State the treatment of goodwill already appears in the books at the time of admission of a new partner.

04.What are the two approaches to estimate the deceased partner's share in profit up to his time of death?

05.Give the journal entry for unrecorded investments at the time of admission of a new partner.

06.Give any two alternatives available to a company for the allotment of shares in case of over subscription.

07.What is meant by authorised capital of a company?

Ans: It is the maximum number of share capital which a company is authorised to issue by its Memorandum of Association.

08.Distinguish between 'Dissolution of partnership' and 'Dissolution of partnership firm' on the basis of 'Economic Relationship'.

09.David Ltd. a non-financing company received dividend on shares. How will it be represented while preparing 'Cash flow Statement'?

10.Why is depreciation added back to net profit while preparing 'Cash Flow Statement'?

11. State the nature of Income and expenditure account.

12.Under which type of activity 'proceeds from sale of Patents' be classified while preparing cash flow statement?

13.What is meant by cash flow statement?

14.What is the maximum amount of discount at which forfeited shares can be re-issued?

15.Calculate the amount of subscription to be credited to Income and Expenditure account for the year ended 2017-18 from the following information:

Subscription received during 2017-18	Rs.50,000
Subscription outstanding on 31-03-2018	8,000
Subscription outstanding on 01-04-2017	6,000

16.What is the name given to that part of capital of a company which is called up only on winding up?

17.If operating ratio is 68.34% what will be the operating profit ratio?

18.Why is Common-size statement called as 100% statement?

19. What is meant by solvency ratio?

20.On which major head and sub-heading Provision for employees' benefit will be shown while preparing Balance Sheet of a company?

Q.21 to 40 are of multiple-choice questions. Choose the correct answer and write.(Carrying 1 mark each)

21.Forming a partnership Deed is:

(a) Mandatory (b) Mandatory in writing (c) Not mandatory (d) None of these.

22.A and B are partners in a partnership firm without any agreement. A has withdrawn Rs.50,000 out of his capital as drawings. Interest on drawings may be charged from A by the firm:

(a) @ 5% p.a.(b) @6% p.a.(c) @6% per month (d) No interest can be charged.

23.When Goodwill is not purchased goodwill account can:

(a) Never be raised in the books (b) be raised in the books (c) be partially raised in the books (d) be raised as per agreement of the partners.

24. X and Y are partners sharing profits in the ratio of 2:1. C is admitted with $\frac{1}{4}$ th share in the profits acquires $\frac{3}{4}$ of his share from A and $\frac{1}{4}$ of his share from B. The new ratio will be:
(a) 2:1:1 (b) 23:13:12 (c) 3:1:1 (d) 13:23:12
25. Revaluation account or P/L adjustment account is a _____.
(a) Real account (b) personal account (c) Nominal account (d) Asset account.
26. A, B and C are equal partners in a firm C retires and the remaining partners decide to share the profits of the new firm in the ratio of 5:4. Gaining ratio will be _____.
(a) 1:1 (b) 1:3 (c) 2:1 (d) 5:4
27. Unrecorded liability, when paid on dissolution of a firm is debited to:
(a) Partners 'capital A/c (b) Realisation account A/c (c) Liabilities a/c (d) Asset a/c
28. Income and expenditure Account reveals:
(a) Surplus or Deficiency (b) Cash in Hand (c) Net profit (d) Capital Account
29. Donation received for a special purpose:
(a) Should be credited to income and expenditure account
(b) Should be credited to separate account and shown in the balance sheet
(c) Should be shown on the asset side
(d) Should not be recorded at all
30. As per SEBI guidelines, application money should not be less than _____ of the issue price of each share:
(a) 10% (b) 15% (c) 25% (d) 50%
31. If the vendors are issued fully paid shares of Rs.1,25,000 in consideration of net assets of Rs.1,50,000, the balance of Rs.25,000 will be credited to:
(a) Statements of profit and loss (b) Goodwill Account (c) Security premium Reserve Account (d) Capital reserve account
32. A debenture holder is entitled to:
(a) Fixed dividend (b) Share in profits (c) Voting rights in company (d) Interest at fixed rate
33. Which of the following statements is false?
(a) Debenture is a form of public borrowing.
(b) It is customary to prefix debentures with the agreed rate of interest
(c) Debenture interest is a charge against profits.
(d) The issue price and redemption value of debentures cannot differ.
34. A company issuing debentures with a maturity period of not more than _____ need not create Debenture Redemption Reserve.:
(a) 2 months (b) 6 months (c) 12 months (d) 18 months
35. Where is the 'Debenture Redemption Reserve' transferred after the redemption of all debentures? :
(a) Capital Reserve account (b) General Reserve account (c) Statement of profit and loss (d) Sinking fund account
36. Provision for Tax appear in a company's balance sheet under the sub head:
(a) Short term provision (b) Reserves and surplus (c) long term Provisions (d) other current liabilities.
37. Financial analysis becomes significant because it:
(a) Ignores price level changes
(b) Measures the efficiency of business
(c) lacks qualitative analysis
(d) is affected by personal bias

38.Fixed Assets of a company increased from Rs.3,00,000 to Rs.4,00, 000.What is the percentage of change?

(a)25% (b) 33.3% (c)20% (d) 40%

39.Revenue from operations less cost of Revenue From operations is called_____.

(a) Net profit (b) Operating (c) Gross Profit (d) None of these

40.In the Balance Sheet of a common size statement:

(a) Figure of share capital is assumed to be 100.

(b) Figure of current liabilities is assumed to be 100.

(c) Figure of fixed assets is assumed to be 100.

(c) Figure of total assets is assumed to be 100.

Q.41 to 50 to state True or false (carrying 1 mark each)

41.The assets which can be realised in cash or from which further benefit can be derived, are known as fictitious assets.

42.If current ratio is 3:1 and current liabilities are Rs.6,00,000 of a company, then quick ratio is also 3:1.

43.Debt-equity ratio is a short-term solvency ratio.

44.Accrued incomes are recorded under other current assets.

45.Ideal current ratio for better financial position of a company is 2:1.

46.Income and Expenditure account is a personal account.

47.Minimum subscription is 80 % of the issued share capital.

48.Excess of Expenditure over income from the Income and Expenditure account is known as Loss.

49.Realisation account is prepared in case of Dissolution of Partnership account.

50.In the absence of partnership deed interest charged on partner's drawings is 5%.

DAV PS, BISHRAMPUR

1 Mark Questions:

1. Legacies received as specific donations should be treated as:

a. Asset

b. Revenue receipt

c. Capital receipt

d. None of these

2. A club purchased a refrigerator for Rs. 8000 and spent Rs. 600 on stabilizer and Rs. 400 on its electric fittings. The refrigerator should be capitalized for:

a. 8000

b. 8400

c. 8600

d. 9000

3. Sale of grass in the case of a sports club is:

a. Capital receipt

b. Revenue receipt

c. An asset

d. profit

4. interest on advance given to the firm by a partner, is:

a. an appropriation of profit

b. a gain

c. a charge

d. none of these

5. rent given to a partner:

a. is a charge on profit

b. is a share of partners profit

c. is an appropriation of profit

d. all of the above

6. B drew Rs.8000 at the end of every month for 9months ending 31st March 2019. Calculate interest on drawings if rate of interest is @10% p.a.

- a. Rs.3000
 - b. Rs.3500
 - c. Rs.2400
 - d. Rs.2700
7. In case of change in profit sharing ratio, the accumulated profits are distributed to the partners in
 - a. New ratio
 - b. Old ratio
 - c. Sacrificing ratio
 - d. Equal ratio
 8. The firm earns Rs.55000. the normal rate of return is 10%, assets of the firm were Rs.550000 and liabilities were Rs.50000. value of goodwill by capitalization of average profit will be
 - a. 100000
 - b. 5000
 - c. 2500
 - d. 50000
 9. Balance sheet of a firm shows workmen compensation reserve of Rs.50000. there is a workmen compensation liability of Rs. 10000. State the ratio and amount of workmen compensation reserve that will be distributed to the partners?
 10. In which of the following cases, revaluation account is credited?
 - a. Decrease in value of liability
 - b. Increase in value of liability
 - c. Decrease in value of asset
 - d. No change in value of liability
 11. In case of change in profit sharing ratio, the gaining partner must compensate the sacrificing partners by paying the proportional amount of _____
 - a. Capital
 - b. Cash
 - c. Goodwill
 - d. None of the above
 12. A and B are partners sharing profits in the ratio 3:2. C is admitted. C gets $\frac{3}{20}$ share from A and $\frac{1}{20}$ share from B. calculate their sacrificing ratio.
 - a. 3:2
 - b. 3:1
 - c. 1:1
 - d. 2:1
 13. A and B are partners sharing profits in the ratio of 3:2. A's capital is Rs.48000 and B's capital is Rs.32000. C is admitted for $\frac{1}{5}$ share in profits. The amount of capital which C should bring:
 - a. 20000
 - b. 16000
 - c. 100000
 - d. 64000
 14. Revaluation account is a
 - a. Personal account
 - b. Real account
 - c. Nominal account
 - d. None of the above
 15. J, K and L were partners in a firm sharing profits and losses in the ratio of 5:2:3. K died and J and L decided to continue the business. Their gaining ratio was 2:3. Calculate the new profit sharing ratio of J and L.
 16. P, Q and R are partners sharing profits in the ratio of 4:3:1. P retires and his share is taken by Q and R equally. Calculate new profit sharing ratio of Q and R.
 - a. 1:1
 - b. 4:3
 - c. 3:4
 - d. 5:3
 17. If the firm is dissolved, the partner's personal assets are first used for payment of:
 - a. Firms liability

- b. Personal liabilities
 - c. Any of (a) or (b)
 - d. None of these
18. Which account is to be credited if realization expenses are paid by a partner?
 19. If creditors of the firm Rs. 50000, X's capital Rs.20000, Y's capital Rs.30000, loan from bank Rs. 50000. Find out total assets of the firm.
 20. At the time of forfeiture, share capital account is debited with:
 - a. Market value of share
 - b. Paid up value of share
 - c. Called up value of share
 - d. Nominal value of share
 21. On a share of Rs.10 issued at a premium of Rs.1, the whole amount has been called up. But in case of a shareholder only Rs.8 has been received from him. Forfeited shares account would be credited by:
 - a. 8
 - b. 2
 - c. 3
 - d. 7
 22. Discount on issue of debentures is restricted to:
 - a. 10%
 - b. 20%
 - c. 25%
 - d. None of these
 23. Premium on redemption of debentures account is:
 - a. Asset
 - b. Liability
 - c. Expenses
 - d. Revenue
 24. Nice communication Ltd decided to redeem its outstanding 5000, 6% Debentures of Rs.100. the company should at least transfer to Debenture Redemption Reserve:
 - a. 250000
 - b. 125000
 - c. 300000
 - d. 500000
 25. Which of the following is not included in Short term Borrowings?
 - a. Loans repayable on demand
 - b. Bank overdraft
 - c. Retirement benefits to employees
 - d. Cash credit from banks
 26. In a company fixed tangible assets are Rs.540000 and total assets are Rs.900000. what will be the percentage of fixed tangible assets to total assets?
 - a. 57%
 - b. 60%
 - c. 65%
 - d. 44%
 27. Higher the ratio, lower is the profitability, is applicable to:
 - a. Gross profit ratio
 - b. Operating ratio
 - c. Net profit ratio
 - d. Earnings per share
 28. The ___ ratios are primarily measures of return.
 - a. Acid test
 - b. Activity
 - c. Debt
 - d. profitability
 29. inflow of cash will take place due to:

- a. issue of shares
 - b. decrease in equity share capital
 - c. increase in the value of fixed assets
 - d. payment of tax
30. Which of the following is not a source of cash?
- a. Purchase of a tangible asset
 - b. Funds from operations
 - c. Issue of long term borrowings
 - d. Sale of plant

3 MARK QUESTIONS:

31. From the following information, calculate inventory turnover ratio; revenue from operations Rs.1600000; average inventory Rs.220000; gross loss ratio 5%.
32. K Ltd took over the assets of Rs.1500000 and liabilities of Rs.500000 of P Ltd. For a purchase consideration of Rs.1368500. Rs.25500 were paid by issuing a promissory note in favour of P Ltd. Payable after two months and the balance was paid by issue of equity shares of Rs.100 each at a premium of 25%. Pass journal entries.
33. There are 300 members of a club each paying Rs.500 per annum. Subscriptions received during the year Rs.100000. subscriptions received in advance in the beginning of the year is Rs.25000 and at the end of the year Rs.10000. calculate subscriptions outstanding at the end of the year.
34. A and B were partners in a firm sharing profits in the ratio of 5:3. Their fixed capitals on 31st March 2017 were A Rs.60000 and B Rs.80000. they agreed to allow interest on capital @12%p.a. the profit of the firm for the year ended 31st March 2018 before allowing interest on capitals was Rs.12600. pass journal entries.
35. The average profit earned by a firm is Rs.80000 which includes undervaluation of stock of Rs.8000 on an average basis. The capital invested in the business is Rs.800000 and the normal rate of return is 8%. Calculate goodwill of the firm on the basis of 7 times the super profit.

4 MARK QUESTIONS:

36. The firm of Manjeet, Sujeet and Jagjeet was dissolved on 31st March 2018. It was agreed that Sujeet will take care of the dissolution related activities and will get 10% of the value of assets realized. Sujeet agreed to bear the realization expenses. Assets realized Rs.1000750 and realization expenses were Rs.90000, which were paid from the firm's cash. Rs.450000 was paid to creditors in full settlement of their claim. Pass journal entries.
37. The directors of a company forfeited 500 shares of Rs.10 each issued at a premium of Rs.3 per share, for the nonpayment of the first call money of Rs.3 per share. The final call of Rs. 2 per share has not been made. Half the forfeited shares were reissued at Rs.2500 fully paid. Record the journal entries.
38. On 1st April 2018 R J Ltd issued Rs.1000000, 9% debentures of Rs.100 each at a discount of 10%. These debentures were redeemable at a premium of 5% after four years. Pass journal entries and prepare 9% Debentures account.
39. Under which heads and sub heads the following items will appear in the Balance Sheet of a company as per schedule III part I of the companies act2013:
- a. Premium on redemption of debentures
 - b. Patents
 - c. Security against telephone
 - d. Tax reserve
40. From the following statement of profit and loss of Suntrack Ltd for the years ended 31st March 2011 and 2012 prepare a comparative statement of profit and loss.

	2011-12	2012-13
Revenue from operation	2000000	1200000
Other income	1200000	900000
Expenses	1300000	1000000

ACCOUNTANCY XII**MARKING SCHEME**

1. Capital receipt
2. 9000
3. Revenue receipt
4. A charge
5. Is a charge on profit
6. 2400
7. Old ratio
8. 50000
9. After making provision for workmen compensation claim of Rs.10000, the surplus reserve of Rs.40000 will be distributed to all the partners in the old profit sharing ratio.
10. Decrease in value of liability
11. Goodwill
12. 3:1
13. 20000
14. Nominal account
15. 29:21
16. 5:3
17. Personal liabilities
18. Partners capital account
19. 150000
20. Called up value of share
21. 7
22. None of these
23. Liability
24. 125000
25. Retirement benefits to employees
26. 60%
27. Operating ratio
28. Profitability
29. Issue of shares
30. Purchase of a tangible asset
31. 7.64 times
32. Sundry asset a/c Dr 1500000, goodwill a/c Dr 368500 and sundry liabilities Cr 500000, P ltd Cr 1368500.
P Ltd Dr 1368500 and bills payable Cr 25500, equity share capital Cr 1074400, securities premium reserve 268600.
33. 35000
34. Interest on capital Dr 12600 and A's current a/c Cr 5400, B's current a/c 7200
P& L appropriation a/c Dr 12600 and interest on capital Cr 12600
35. Goodwill Rs.168000
36. 1. Bank a/c Dr 1000750 and Realisation a/c Cr 1000750
2. Realisation a/c Dr 100075 and Sujeets Capital a/c 100075
3. Sujeets capital a/c Dr 90000 and Cash a/c Cr 90000
4. Realisation a/c Dr 450000 and Bank a/c Cr 450000
37. Share capital a/c Dr 4000 and share first call a/c 1500, share forfeited a/c 2500
Bank a/c Dr 2500 and share capital a/c Cr 2500
Share forfeited a/c Dr 1250 and capital reserve a/c Cr 1250
38. Bank a/c Dr 900000 and debenture application and allotment a/c Cr 900000
Debenture application and allotment a/c Dr 900000, loss on issue of debenture a/c Dr 150000 and 9% debenture a/c Cr 1000000, premium on redemption of debenture a/c Cr 50000

Ledger account- 9% debenture account

Debit side To Balance C/d 1000000

Credit side By debenture application and allotment a/c 900000

By discount on issue of debenture a/c 100000

39. A. head- noncurrent liability sub head- other long term liability
 B. head- noncurrent asset sub head- fixed assets intangible
 C. head- noncurrent assets sub head- long term loans and advances
 D. head- shareholders fund sub head- reserves and surplus
40. Revenue from operation – absolute change 800000; percentage change 66.67
 Other income- absolute change 300000; percentage change 33.33
 Total revenue- absolute change 1100000; percentage change 52.38
 Expenses- absolute change 300000; percentage change 30.00
 Net profit- absolute change 800000; percentage change 72.73

DAV PUBLIC SCHOOL, PANDAVPARA

OBJECTIVE TYPE/ MULTIPLE CHOICE QUESTIONS

CLASS: XII COMMERCE
 ACCOUNTANCY(055)

SUBJECT:

Q1. Tanu and Manu are partners in a firm with capitals of Rs.70,000 and Rs.50,000 respectively. Firm's profit for the year is Rs.60,000. Manu's share of profit will be:

- A) Rs.25000 B) Rs.30000 C) Rs.35000 D) Rs.20000

Q2. If fixed amount is withdrawn by a partner on the first day of each quarter, interest on the total amount is charged formonths:

- A) 4.5 B) 6 C) 7.5 D) 3

Q3. X,Y and Z are partners in a firm with PSR 5:4:3 . X has given Z guarantee of minimum Rs.10,000 profit. Profits of the firm for the year ending March 2019 is Rs.28,800. X's share of profit in the firm will be:

- A) Rs.9200 B) 9600 C) 7200 D) 12000.

Q4. Sacrificing Ratio:

- A) New Ratio- Old Ratio B) Old Ratio-New Ratio C) Old Ratio-Gaining Ratio D) Gaining Ratio-Old Ratio

Q5. A and B are partners in a firm sharing profits and losses equally. With effect from 1st April,2019 they agreed to share profits in the ratio of 4:3. What will be A's gain or sacrifice?

- A) 1/14 gain B) 1/14 sacrifice C) 4/7 gain D) 3/7 sacrifice

Q6. Weighted Average method of calculating goodwill is used when:

- A) Profits are not equal B) Profits show a trend C) Profits are fluctuating D) None of the above

Q7. On the admission of new partner:

- A) Old firm is dissolved B) Old partnership is dissolved C) Both A & B true D) Neither A&B true.

Q8. A and B are partners share profits in the ratio 2:1. C is admitted with 1/4 share in future profits. C acquires 3/4 of his share from A and 1/4 of his share from B. What is the new ratio?

- A) 2:1:1 B) 23:13:12 C) 3:1:1 D) 13:23:12

Q9. Complete the following statement:

Sacrificing Ratio is calculated on admission of a partner to determine.....

Q10. When new partner brings his share of goodwill in cash, the amount is debited to:

- A) Goodwill A/c B) Capital Account of new partner C) Cash A/c D) Capital Accounts of old Partners.

Q11. Revaluation Account is a Nominal Account. True/ False.

Q12. What is the significance of Accounting Standard 26 in relation to valuation of goodwill?

Q13. What are the reasons for retirement of a partner from firm?

Q14. Give 3 examples of accumulated profits.

Q15. How will you treat P/L Account (Dr. balance) on the retirement of a partner?

- A) Cr. To all partners capital accounts in old ratio B) Dr. to all partners capital accounts in old ratio C) No treatment required D) taken to Dr. side of revaluation account

Q16. What is P/L Suspense Account?

Q17. Gaining Ratio is calculated on death of a partner for the treatment of:

- A) Goodwill B) His share of Profits C) His Loan D) Reserves and surplus

Q18. Revaluation Account is also known as P/L Adjustment Account. True/False.

Q19. When do we prepare Memorandum Revaluation Account?

Q20. State the treatment of payment of firm's debt and private debts.

- Q21. Give one difference between dissolution of partnership and dissolution of firm.
- Q22. Give one difference between Revaluation Account and Realization Account.
- Q23. Complete the sentence:
Unrecorded liability paid is debited toAccount.
- Q24. While transferring assets to realization account.....is omitted to be transferred.
A) Patents B) Goodwill C) Cash D) Investments.
- Q25. At the dissolution of firm,creditors are Rs.70,000. Partners capitals Rs.1,20,000. Cash balance Rs.10,000. Other assets realised Rs.1,50,000. Profit or Loss in the realization account will be: A) Loss Rs.60000 B) 80000 Profits C) Rs.40000 Loss D) Rs.30000 Loss.
- Q26. Amount received from sale of grass by a club should be treated as:
A) Capital Receipt B) Revenue Receipt C) Asset D) Liability
- Q27. What do you mean by Income and Expenditure Account?
- Q28. If there is a Match Fund and match expenses exceed match fund balance, then the difference is transferred to :
A) I/E Account B) Asset side of B/S C) Liability side of B/S D) None of the above
- Q29. Write the equation to find materials consumed in case of Not for profit organization.
- Q30. Cash Account and Receipt and Payment account are same. True/False.
- Q31. Liability of a shareholder is limited toof the shares allotted to him.
A) Paid-up value B) Called-up value C) Face value D) Market value.
- Q32. What is share capital?
- Q33. Fill in the blank: Premium received on shares is credited to.....account.
- Q34. Reserve capital and capital reserve are same. True/ False.
- Q35.
- Q36.
- Q37.
- Q38.
- Q39.
- Q40.