

KINGSTON MATRIC HR SEC SCHOOL, VANDAVASI.

OBJECTIVE TYPE QUESTIONS

CLASS : XII

MARKS : 100

ANSWER ALL THE QUESTIONS

1. Single entry system is _____.
(a) A scientific method (b) an incomplete double entry system (c) none
2. Single entry system will not be accepted by _____.
(a) Proprietor (b) Partners (c) Tax authorities
3. In Single entry system capital is calculated by
(a) $\text{Capital} = \text{assets} - \text{liabilities}$ (b) $\text{Assets} = \text{Capital} - \text{liabilities}$
(c) $\text{capital} = \text{assets} + \text{liabilities}$
4. Credit purchase is obtained from _____.
(a) Total debtors a/c (b) Total creditors a/c (c) statement of affairs
5. Statement of affairs is like a _____.
(a) Trading a/c (b) profit and loss a/c (c) balance sheet
6. State of affairs method is also called as _____ method.
7. A statement of affairs resembles a _____ sheet.
8. Single entry system maintains _____ and _____ a/c
9. The difference between capital while beginning and capital at the end indicates _____ of the business.
10. The excess of assets over liabilities is _____.
11. State the primary motive of not-for-profit organization.
(a) producing goods (b) provide service (c) both
12. State the nature of life membership subscription
(a) Cash payment (b) Cash receipts (c) none
13. On which basis receipts and payments a/c is
(a) cash basis (b) credit basis (c) both
14. Classify the subscription received during the year of not for profit organization.
(a) capital receipt (b) Revenue receipt (c) none
15. State the nature of receipt and payment a/c for Not-for-Profit organization.
(a) Real A/c (b) Personal A/c (c) Nominal A/c
16. Subscription received in advance is
(a) an asset (b) an Income (c) a liability
17. Excess of expenditure over the income, the result is _____.
18. Excess of income over expenditure, the result is _____.
19. Nature of income over expenditure, the result is _____.
20. Receipt and payment a/c is prepared as _____ basis of accounting.
21. Under fixed capital system, the capital of the partners _____ year after year.
(a) keep changing (b) remains fixed (c) both are possible
22. Under fluctuating capital system, the capitals of the partners _____ year after year.
(a) Keep changing (b) Remains fixed (c) both are possible.
23. Unfluctuating capital systems, the partners _____ accounts are opened.
(a) current (b) drawing (c) capital
24. Under fixed capital system, the profit and losses of partners will be transferred to their _____ a/c's.
(a) current (b) drawings (c) both
25. Interest on capital is calculated as the _____.
(a) opening capital (b) closing capital (c) both
26. _____ is an extension of profit and loss a/c.
(a) Balance Sheet (b) Profit and loss account (c) both
27. The partners shares the _____ of the business
28. The _____ accounts of partners may show credit or debit balance.
29. In case of fluctuating capital, where will you record drawings, interest on drawing _____.
30. Salary to the partner will be paid only if it is allowed by the _____.
31. Goodwill is valued under
(a) average profit method (b) super profit method (c) both
32. Average profit method can be further divided
(a) simple average profit (b) weighted average profit (c) both
33. Super profit is

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- (a) avg profit – normal profit (b) normal profit – avg profit (c) none
34. Kinds of goodwill
(a) purchased goodwill (b) self generated good will (c) both
35. Nature of goodwill is
(a) Reputation of business firm (b) profit of firm (c) total asset of firm
36. Goodwill brought in cash by new partner is divided amount the old partner by debiting is _____ and crediting by _____ account.
37. Calculation of goodwill under simple average profit method is _____
38. Super profit method for normal profit is _____
39. Under average profit method for normal profit is _____.
40. Factor of good will is
(a) location of the business (b) efficient management (c) none
41. At the time of admission of a partner calculation of new profit ratio is _____.
(a) not necessary (b) necessary (c) optional
42. In admission, undistributed profit or loss transferred to _____
(a) new partners only (b) old partners only (c) all the partners.
43. To get sacrificing ratio, it should be deducted from old share with _____
(a) gaining share (b) new share (c) none
44. A person who is admitted to the firm is known as _____
(a) outgoing partners (b) incoming partners (c) both
45. AT the time of admission of a new partner the following are revalued _____
(a) assets (b) liabilities (c) both
46. New profit ratio is calculated at the time of admission by deducting _____
(a) sacrificing ratio from the old ratio (b) old ratio from the sacrificing ratio
(c) Sacrificing ratio from the new ratio.
47. On the admission of a new partner
(a) old firm has to be dissolved (b) old partnership has to be dissolved (c) none
48. When a new partner brings his share of goodwill in cash, the amount is debited to _____
(a) premium a/c (b) cash a/c (c) none
49. Goodwill already appearing in the balance sheet at the time of admission of a partner is transferred to _____
(a) new partners capital a/c (b) old partners capital a/c (c) None
50. At the time of admission, the good will brought by the new partner may be credited to the capital accounts of _____
(a) all the partners (b) the old partners (c) sacrificing partners
51. On the retirement of a partner, profit on revaluation of assets and liabilities should be credited to the capital a/c of _____
(a) all partners in their old ratio (b) remaining partners in old ratio (c) none
52. On the retirement of a partner, reserves should be transferred to the capital accounts of _____
(a) retiring partner (b) remaining partner (c) all the partners
53. Credit balance of profit and loss a/c appearing in the balance sheet on the death of a partners is credited to _____
(a) deceased partners capital account (b) all partners capital account
(c) remaining partners capital account
54. P, Q and R are partners sharing profits in the ratio of 4:3 % 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) 5:3
55. In case of death of a partner, the whole amount standing to the credit of his capital A/c is transferred to _____
(a) capital a/c of all the partners (b) His executors account
(c) Revenue account of the government
56. A,B,C shares profit in the ratio of 1/2:3/10:1/5, C dies. The gaining ratio of A and B will be _____
(a) 1:1 (b) 5:3 (c) 3:1
57. On retirement of a partner, the continuing partners capital accounts are debited with retiring partners share of good will in _____
(a) gaining ratio (b) equal ratio (c) old profit sharing ratio
58. In case of retirement an old partner _____ the firm

59. At the time of retirement of a partner, his share in the _____ of the firm should be assessed.
60. At the time of retirement of partners, the existing partner stand to _____.
61. Equity share holders are _____.
62. Money received in advance from share holders before it is actually called up by the director is _____.
- (a) debited to calls in advance a/c (b) credit to calls in advance account
(c) None
63. Securities premium reserve can be used for ____.
- (a) paying interest on debentures (b) paying dividend as shares
(c) meeting the cost of issues of shares.
64. When shares are allotted which of the following account is credited ?
- (a) share capital account (b) share allotment a/c (c) share holders a/c
65. Rights to issues of share is issued to _____
- (a) directors (b) employess (c) existing share holders.
66. At what rate a company is required to change interest on calls in arrears ?
- (a) 12% p.a (b) 10 % p.a (c) 6% p.a
67. At what rate a company is required to pay interest on calls in arrears ?
- (a) 6% p.a (b) 12% p.a (c) 24 % p.a
68. The maximum calls that a company can make is _____
- (a) one (b) two (c) three
69. Capital reserve is shown on the _____ side of balance sheets.
- (a) assets (b) liability (c) both
70. Reserve capital can be issued at the time of _____.
71. The two statements which are generally included in the definition of financial statements are _____.
72. Income statement _____ the revenues and cost incurred in the process of earning revenues.
73. Financial statements are meaningful and useful only when they are _____
- (a) verified (b) presented to owners (c) analysed and interpreted.
74. Trend analysis is significant for _____.
- (a) Profit planning (b) working capital management
(c) forecasting and budgeting
75. The term current assets does not include _____
- (a) payments in advance (b) bills receivable (c) long term deferred changes
76. The term fixed assets includes ____.
- (a) stock in trade (b) furniture (c) payment in advance.
77. Financial statements disclose only _____ facts.
78. Income statements _____ the revenues and costs incurred in the process of earning revenues.
79. The arrangement of figures is necessary for _____ and _____
80. Analyses of financial statements is meant for deriving additional information for various _____ parties.
81. Accounting reports prepared according to the requirements of the user is ____.
- (a) routine accounting report (b) special purpose report (c) trial balance.
82. Current ratio indicates _____.
- (a) ability to meet short term obligations (b) efficiency of management
(c) profitability
83. Balance sheet provides information about the financial position of a business concern
- (a) over a period of time (b) as on particular date (c) for a peiod of time
84. Rs. 25000 withdrawn from a bank for office use, in which voucher type this transaction will be recorded.
- (a) contra voucher (b) receipt voucher (c) payment voucher
85. Salary account comes under which of the following head ?
- (a) Indirect expenses (b) direct expenses (c) both a & b
86. Proportion of share holders funds to total assets is called _____
- (a) Proprietary ratio (b) capital gearing ratio (c) current ratio
87. Legacy is a _____
- (a) Revenue expenditure (b) revenue receipt (c) capital receipt
88. The amount of credit sales can be computed from _____

- (a) bills payable account (b) Total creditors account
(c) Total debtors account
89. Income and expenditure account is prepared to find out _____
(a) profit or loss (b) surplus or deficit (c) financial positions.
90. The amount received over and above the par value is credited to _____
(a) securities premium account (b) calls in advance account (c) share cap a/c
91. The term "fund" refers to _____
(a) current liabilities (b) Working capital (c) fixed assets
92. Contra voucher is used for _____.
93. In which voucher type credit purchase of furniture is recorded ?
(a) Receipt voucher (b) Payment voucher (c) Journal voucher
94. Debt equity ratio is a measure of _____
(a) short term solvency (b) long term solvency (c) efficiency
95. Financial statements do not exhibit
(a) non – monetary data (b) past – data (c) long term data
96. Current assets excluding inventory and prepaid expenses is called _____
(a) reserves (b) Tangible assets (c) quick assets
97. After a forfeited shares are reissued, the balance in the forfeited shares account should be transferred to _____
(a) gen reserve account (b) capital reserve account (c) both
98. On revaluation, the increase in liabilities leads to _____
(a) Gain (b) Loss (c) Profit
99. The excess over liabilities is _____
(a) Loss (b) Cash (c) Capital
100. Income and expenditure account is a _____
(a) nominal account (b) Real Account (c) Personal Account.

Answer Key

1. (b) an incomplete double entry system
2. (c) Tax authorities
3. (a) Capital = assets – liabilities
4. (b) Total creditors account
5. (c) Balance Sheet accounts
6. Network method
7. Balance sheet
8. Cash and personal account
9. Profit and loss account
10. Capital
11. (b) Provide Service
12. (b) Cash Receipts
13. (a) Cash basis
14. (b) Revenue receipt
15. (a) Real account
16. (c) a liability
17. definite liability
18. real surplus account
19. nominal account
20. cash
21. (b) remains fixed
22. (a) keep changing
23. (b) drawings
24. (a) current
25. (a) opening capital
26. (b) Profit and loss appropriation account
27. Profit and loss
28. Current accounts
29. Debtor side of capital account
30. agreement
31. (c) both
32. (c) both
33. (a) avg profit – normal profit
34. (c) both
35. (a) reputation of business firm
36. Good will A/c , Capital Account
37. Avg Profit = Total profit / no. of years
38. Normal profit = capital employed x normal rate of return
39. avg profit / normal rate of return x 100
40. (b) Efficient management
41. (b) necessary
42. (b) old Partners account
43. (b) new share
44. (b) incoming partners
45. (c) both
46. (c) Sacrificing from the new ratio
47. (b) old partnership has to be dissolved
48. (b) cash account
49. (b) old partners capital account
50. (c) sacrificing partners
51. (a) all partners in their old ratio
52. (c) all partners
53. (b) all partners
54. (c) 5:3
55. (b) his executors account
56. (b) 5: 3
57. (a) gaining ratio
58. Leaves
59. Properties
60. gain

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61. (a) owners
62. (b) credit to calls in advance account
63. (c) meeting the cost of issues of shares
64. (a) share capital account
65. (c) existing share holders
66. (b) 10 % P.A
67. (b) 12 % p.a
68. (c) three
69. (b) liability
70. Wining up
71. Income statement and balance sheet
72. matches
73. (c) analyzed and interpreted
74. (c) forecasting and budgeting
75. (c) long-term deferred changes.
76. (b) furniture
77. Monetary
78. Matches
79. analysis and interpretations
80. Interested
81. (b) special purpose report
82. (a) ability to meet short term obligations
83. (c) for a period of time
84. (a) contra voucher
85. (a) indirect expenses
86. (a) proprietary ration
87. (c) capital receipt
88. (c) total debtors account
89. (c) surplus or deficit
90. (a) securities premium account
91. (b) working capital account
92. Withdraw of cash from bank for office use
93. (c) journal voucher
94. (b) long-term solvency
95. (a) non monetary data
96. (c) quick assets
97. (a) general reserve account
98. (b) loss
99. (c) capital
100. (a) nominal account.

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