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MAT. HR. SEC. SCHOOL

ACCOUNTANCY**GRADE: XII****TEST NO.2****MARKS: 50****I CHOOSE THE CORRECT ANSWER**

35 X 1 = 35

1. Incomplete records are generally maintained by
(a) A company (b) Government (c) Small sized sole trader business (d) Multinational enterprises
2. Opening statement of affairs is usually prepared to find out the
(a) Capital in the beginning of the year (b) Capital at the end of the year
(c) Profit made during the year (d) Loss occurred during the year
3. Which of the following items relating to bills payable is transferred to total creditors account?
(a) Opening balance of bills payable (b) Closing balance of bills payable
(c) Bills payable accepted during the year (d) Cash paid for bills payable
4. Receipts and payments account is a
(a) Nominal A/c (b) Real A/c (c) Personal A/c (d) Representative personal account
5. Balance of receipts and payments account indicates the
(a) Loss incurred during the period (b) Excess of income over expenditure of the period
(c) Total cash payments during the period (d) Cash and bank balance as on the date
6. Income and Expenditure Account is prepared to find out
(a) Profit or loss (b) Cash and bank balance (c) Surplus or deficit (d) Financial position
7. In the absence of a partnership deed, profits of the firm will be shared by the partners in
(a) Equal ratio (b) Capital ratio (c) Both (a) and (b) (d) None of these
8. As per the Indian Partnership Act, 1932, the rate of interest allowed on loans advanced by partners is
(a) 8% per annum (b) 12% per annum (c) 5% per annum (d) 6% per annum
9. When fixed capital method is adopted by a partnership firm, which of the following items will appear in capital account?
(a) Additional capital introduced (b) Interest on capital (c) Interest on drawings (d) Share of profit
10. Which of the following statements is true?
(a) Goodwill is an intangible asset (b) Goodwill is a current asset
(c) Goodwill is a fictitious asset (d) Goodwill cannot be acquired
11. The average rate of return of similar concerns is considered as
(a) Average profit (b) Normal rate of return (c) Expected rate of return (d) None of these
12. Identify the incorrect pair
a) Goodwill under Average profit method - Average profit \times Number of years of purchase
b) Goodwill under Super profit method - Super profit \times Number of years of purchase
c) Goodwill under Annuity method - Average profit \times Present value annuity factor
d) Goodwill under Weighted average - Weighted average profit \times Number of years of profit method purchase
13. Revaluation A/c is a
(a) Real A/c (b) Nominal A/c (c) Personal A/c (d) Impersonal A/c
14. At the time of admission, the goodwill brought by the new partner may be credited to the capital accounts of
(a) all the partners (b) the old partners (c) the new partner (d) the sacrificing partners
15. The profit or loss on revaluation of assets and liabilities is transferred to the capital account of
(a) The old partners (b) The new partner (c) All the partners (d) The Sacrificing partners
16. A partner retires from the partnership firm on 30th June. He is liable for all the acts of the firm up to the
(a) End of the current accounting period (b) End of the previous accounting period
(c) Date of his retirement (d) Date of his final settlement
17. On retirement of a partner, general reserve is transferred to the
(a) Capital account of all the partners (b) Revaluation account
(c) Capital account of the continuing partner (d) Memorandum revaluation account

18. At the time of retirement of a partner, determination of gaining ratio is required
 (a) To transfer revaluation profit or loss (b) To distribute accumulated profits and losses
 (c) To adjust goodwill (d) None of these
19. A preference share is one
 (i) which carries preferential right with respect to payment of dividend at fixed rate
 (ii) which carries preferential right with respect to repayment of capital on winding up
 (a) Only (i) is correct (b) Only (ii) is correct
 (c) Both (i) and (ii) are correct (d) Both (i) and (ii) are incorrect
20. At the time of forfeiture, share capital account is debited with
 (a) Face value (b) Nominal value (c) Paid up amount (d) Called up amount
21. The amount received over and above the par value is credited to
 (a) Securities premium account (b) Calls in advance account
 (c) Share capital account (d) Forfeited shares account
22. Which of the following statements is not true?
 a) Notes and schedules also form part of financial statements.
 b) The tools of financial statement analysis include common-size statement
 c) Trend analysis refers to the study of movement of figures for one year
 d) The common-size statements show the relationship of various items with some common base, expressed as percentage of the common base
23. Which of the following tools of financial statement analysis is suitable when data relating to several years are to be analysed?
 a) Cash flow statement b) Common size statement c) Comparative statement d) Trend analysis
24. Which of the following is not a tool of financial statement analysis?
 a) Trend analysis b) Common size statement c) Comparative statement d) Standard costing
25. The mathematical expression that provides a measure of the relationship between two figures is called
 (a) Conclusion (b) Ratio (c) Model (d) Decision
26. Current assets excluding inventory and prepaid expenses is called
 (a) Reserves (b) Tangible assets (c) Funds (d) Quick assets
27. Match List I with List II and select the correct answer using the codes given below:
- | List I | | | List II | |
|--------------------------|-----|------|-------------------------|------|
| Current ratio | | | - 1. Liquidity | |
| Net profit ratio | | | - 2. Efficiency | |
| Debt-equity ratio | | | - 3. Long term solvency | |
| Inventory turnover ratio | | | - 4. Profitability | |
| | (i) | (ii) | (iii) | (iv) |
| (a) | 1 | 4 | 3 | 2 |
| (b) | 3 | 2 | 4 | 1 |
| (c) | 4 | 3 | 2 | 1 |
| (d) | 1 | 2 | 3 | 4 |
- Codes:
 (a) 1 4 3 2
 (b) 3 2 4 1
 (c) 4 3 2 1
 (d) 1 2 3 4
28. Accounting report prepared according to the requirements of the user is
 (a) Routine accounting report (b) Special purpose report (c) Trial balance (d) Balance sheet
29. Which submenu displays groups, ledgers and voucher types in Tally?
 (a) Inventory vouchers (b) Accounting vouchers
 (c) Company Info (d) Account Info
30. Contra voucher is used for
 (a) Master entry (b) Withdrawal of cash from bank for office use
 (c) Reports (d) Credit purchase of assets
31. Receipts and payment accounts is a _____ in nature.
 (a) real (b) personal (c) nominal (d) all of these
32. Interest on capital is to be calculated on the capitals at the beginning for the _____
 (a) particular period (b) relevant period (c) average period (d) all of these
33. Rate of interest is 11% and the rate of risk is 9% . The normal rate of return is
 (a) 11% (b) 9% (c) 20% (d) 2%

34. Revaluation account is also called
 (a) Accumulation profit and loss account (b) Profit and loss adjustment account
 (c) Profit and loss appropriation (d) None of these
35. At the time of retirement of a partner, the existing partners stand to _____
 (a) Gain (b) Loss (c) Income (d) None of these

II ANSWER THE FOLLOWING

3 X 5 = 15

31. Raghu and Sam are partners in a firm sharing profits and losses in the ratio of 3:2. Their balance sheet as on 31st March, 2017 is as follows:

Liabilities	₹	₹	Assets	₹	₹
Capital accounts:			Machinery		30,000
Raghu	40,000		Furniture		10,000
Sam	30,000	70,000	Stock		10,000
Sundry creditors		30,000	Debtors	21,000	
			Less: Provision for doubtful debts	1,000	20,000
			Bank		30,000
		1,00,000			1,00,000

Prakash is admitted on 1.4.2017 subject to the following conditions:

- (a) He has to bring a capital of ₹ 10,000
 (b) Machinery is valued at ₹ 24,000
 (c) Furniture to be depreciated by ₹ 3,000
 (d) Provision for doubtful debts should be increased to ₹ 3,000
 (e) Unrecorded trade receivables of ₹ 1,000 would be brought into books now

Pass necessary journal entries and prepare revaluation account and capital account of partners after admission.

32. Arun, Babu and Charles are partners sharing profits and losses equally. They admit Dural into partnership for 1/4 share in future profits. The goodwill of the firm is valued at ₹ 36,000 and Dural brought cash for his share of goodwill. The existing partners withdraw half of the amount of their share of goodwill. Pass necessary journal entries on the assumption that the fluctuating capital method is followed.
33. Sathish and Sudhan are partners in a firm sharing profits and losses in the ratio of 4:3. On 1st April 2018, they admitted Sasi as a partner. On the date of Sasi's admission, goodwill appeared in the books of the firm at ₹ 35,000. By assuming fluctuating capital account, pass the necessary journal entry if the partners decide to
 (i) write off the entire amount of existing goodwill
 (ii) write off ₹ 21,000 of the existing goodwill

"There is no substitute for hard work."

ALL THE BEST